Comprehensive Annual Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2015

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Prepared by
Jeanne Tate
Finance Director

CITY OF MEBANE

1881

City of Mebane, North Carolina
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CITY OF MEBANE

1881

October 31, 2015

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

Ladies and Gentlemen:

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, 2015. 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, 2015, 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, 2015. 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 12,366. 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 a 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, the economy remains in a slow recovery from the downturn of 2008, with uncertainty regarding global economic growth and stability, fiscal policy and the willingness of businesses and households to commit to major capital purchases. In North Carolina, residential investment and construction starts have picked up, exhibiting slow but steady progression toward pre-recession levels. Throughout the very slow growth over the past five years, Mebane has continued to lead the county in homebuilding, and that trend is expected to continue. Inspections, permits and certificates of occupancy issued in 2015 continued to demonstrate continued strong growth. Retail sales also continued its improvement, boosted by local consumer spending, a benefit of having a regional shopping destination like the Tanger Outlet.

Industrial development continues in Mebane. The $48 million Morinaga America Food's candy manufacturing plant began operations, and will be a significant addition to the tax base and workforce. In addition to the $85 million, 450-job Walmart Distribution Center under construction, Mebane's western economic development zone will be adding a $125 million, 80-job distribution for Lidl, a German grocery chain. These facilities demonstrate Mebane's 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

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 North Carolina Commerce Park. 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's long-range plans are committed to maintaining a strong financial position even in challenging economic times while providing the necessary capital improvements to continue its historically high level of services.

Major initiatives of the CIP include the continuation of a phased upgrade of the wastewater treatment plant, improvements to the Graham-Mebane water plant necessary to comply with drinking water regulations and to provide service to the Walmart Distribution project and the economic development zone, extension of utility lines to the zone, and the first phase of construction of a new downtown City park. 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, 2014. 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 three 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 improve 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 unfailing support for maintaining the highest standards of professionalism in the management of the City of Mebane's finances.

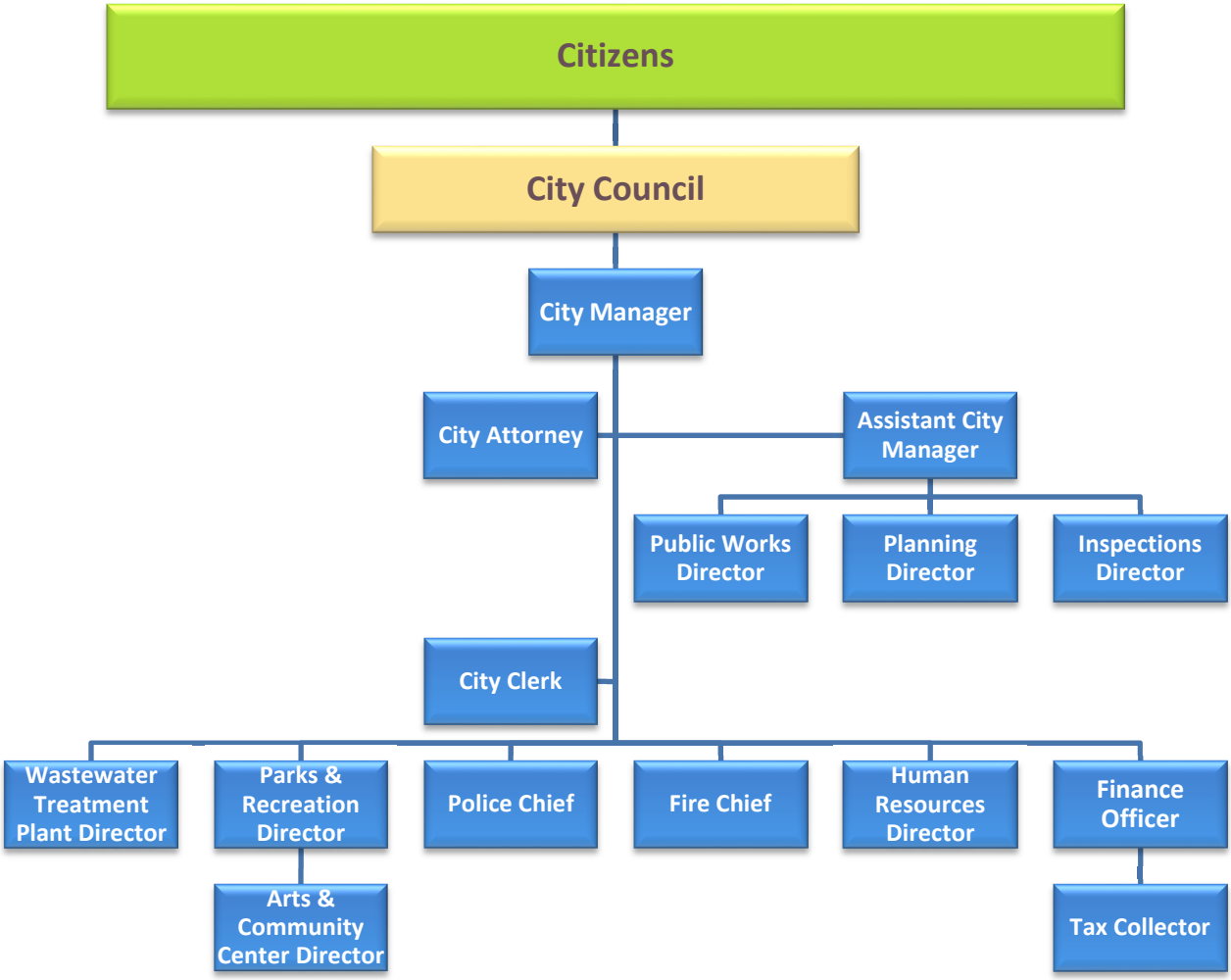
Respectfully submitted,

David S. Cheek Jeanne D. Tate

David S. Cheek, CPA
City Manager

Jeanne D. Tate
Finance Director

City of Mebane, North Carolina
Organizational Chart
June 30, 2015



Elected Officials

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

Appointed Officials

David Cheek	City Manager
Chris Rollins	Assistant City Manager
Jeanne Tate	Finance Officer
Lawson Brown	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, 2014

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, 2015, 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 opinions 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 opinions.

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

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Opinions

In our opinion 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, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 5 through 12, the Law Enforcement Officers' Special Separation Allowance's, on page 51, the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, on page 52, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 53 and 54, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 55, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mebane, North Carolina's basic financial statements. The combining and individual fund statements, budgetary schedules and other schedules as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, 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, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2015 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, grant agreements and other matters. The purpose of that 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 Ezekiel Say & Company, PA

Graham, North Carolina
October 31, 2015

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, 2015. 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.

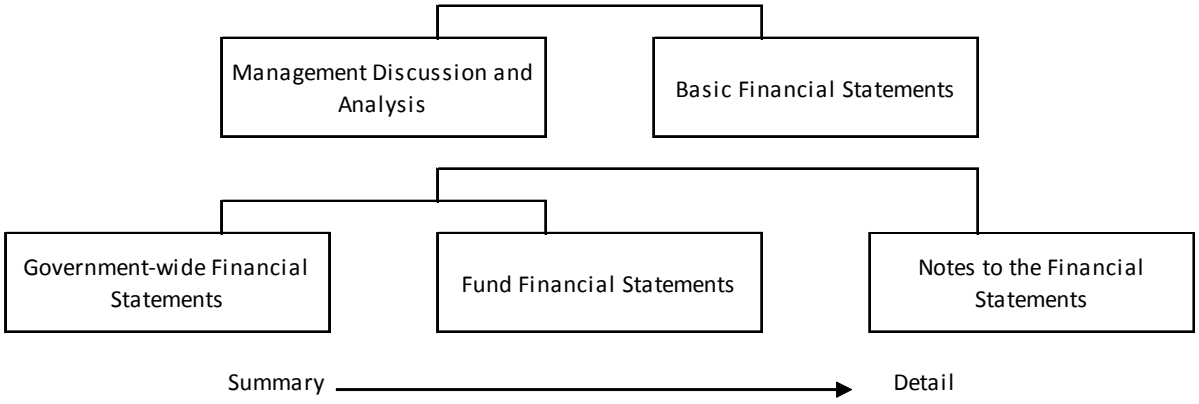
Financial Highlights

- 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 $81,213,932 (net position).
- The government's total net position increased by $1,878,701, due to increases in the government type net position by $1,032,484 and increases in the business type activities net position by $846,217. 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 the third of five transfers to pay back funding for the Forest Ridge Pump Station and a transfer from the Forest Ridge Pump Station Capital Project Fund, in the amount of $63,092, to the General Fund to begin as a partial closeout of the project.
- As of the close of the current fiscal year, the City of Mebane's governmental funds reported combined ending fund balances of $12,974,258, a decrease of $187,702 in comparison with the prior year. Approximately 40.3 percent of this total amount, or $5,253,108, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,991,002 or 36.4 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.

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 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 24 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 51 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

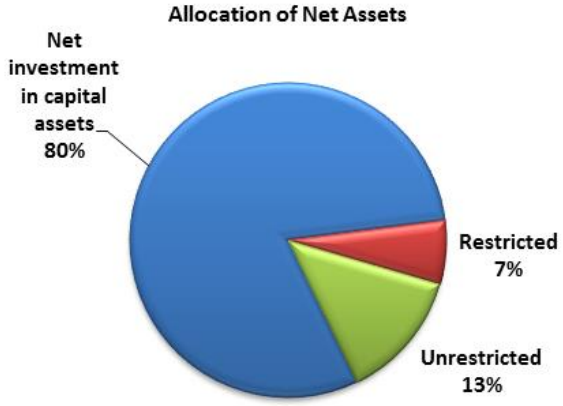
City of Mebane's Net Position (Figure 2)

	Governmental Activities			Business-Type Activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Current and other assets	$ 14,577,651	$ 14,489,911	$ 12,978,047	$ 9,447,608	$ 11,996,794	$ 9,099,032	$ 24,025,259	$ 26,486,705	$ 22,077,079
Non-current assets	1,085,302	584,906	600,000	70,907	-	-	1,156,209	584,906	600,000
Capital assets	38,525,427	37,788,354	32,293,806	40,273,852	34,287,258	33,009,328	78,799,279	72,075,612	65,303,134
Deferred outflows of resources	357,097	-	-	65,245	54,482	19,510	422,342	54,482	19,510
Total assets and deferred outflows of resources	54,545,477	52,863,171	45,871,853	49,857,612	46,338,534	42,127,870	104,403,089	99,201,705	87,999,723
Long-term liabilities outstanding	9,432,592	9,695,600	5,304,126	9,341,856	7,583,270	3,592,765	18,774,448	17,278,870	8,896,891
Other liabilities	1,444,556	1,337,603	506,277	1,551,826	717,439	486,372	2,996,382	2,055,042	992,649
Deferred inflows of resources	1,245,442	806	9,605	172,885	-	-	1,418,327	806	9,605
Total liabilities and deferred inflows of resources	12,122,590	11,034,009	5,820,008	11,066,567	8,300,709	4,079,137	23,189,157	19,334,718	9,899,145
Net position:									
Net investment in capital assets	32,011,821	33,039,857	28,863,807	33,155,614	31,622,606	29,700,671	65,167,435	64,662,463	58,564,478
Restricted	5,225,747	2,614,752	755,213	-	-	-	5,225,747	2,614,752	755,213
Unrestricted	5,185,319	6,174,553	10,432,825	5,635,431	6,415,219	8,348,062	10,820,750	12,589,772	18,780,887
Total net position	$ 42,422,887	$ 41,829,162	$ 40,051,845	$ 38,791,045	$ 38,037,825	$ 38,048,733	$ 81,213,932	$ 79,866,987	$ 78,100,578

Note: 2014 and 2013 Unrestricted Net Position have been restated to reflect prior period adjustments.

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 $81,213,932 as of June 30, 2015. The City's net position increased by $1,878,701 for the fiscal year ended June 30, 2015. However, the largest portion (80.2%) 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 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 $5,225,747 (6.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $10,820,750 is unrestricted. Also, the City of Mebane implemented GASB Statement 68 this year. With the new reporting change, the City is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by $762,270. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Mebane's management.



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 99.42%, which compares favorably with the statewide average of 98.34%.
- Other taxes increased $585,103 which included an increase in sales taxes of $273,892 and an increase in franchise tax of $312,828.
- Increased water and sewer charges for services of $274,591 due to economic growth in the City.
- Continued low cost of debt due to the City's high bond rating.

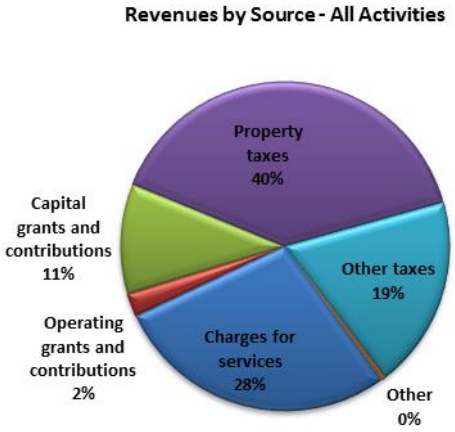
City of Mebane Changes in Net Position (Figure 3)

	Governmental Activities			Business-Type Activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Revenues:									
Program revenues:									
Charges for services	$ 762,709	$ 726,139	$ 580,195	$ 5,316,218	$ 5,041,627	$ 4,732,814	$ 6,078,927	$ 5,767,766	$ 5,313,009
Operating grants and contributions	498,060	667,594	397,732	-	-	-	498,060	667,594	397,732
Capital grants and contributions	2,157,849	912,272	2,013,681	196,230	203,400	1,051,250	2,354,079	1,115,672	3,064,931
General revenues:									
Property taxes	8,572,861	8,054,225	7,640,328	-	-	-	8,572,861	8,054,225	7,640,328
Other taxes	4,105,041	3,519,938	3,297,348	-	-	-	4,105,041	3,519,938	3,297,348
Grants and contributions not restricted to specific programs	4,500	7,000	4,000	-	-	-	4,500	7,000	4,000
Other	64,683	(5,582)	52,611	15,818	21,636	19,571	80,501	16,054	72,182
Total revenues	16,165,703	13,881,586	13,985,895	5,528,266	5,266,663	5,803,635	21,693,969	19,148,249	19,789,530
Expenses:									
General government	2,130,084	2,133,862	1,846,828	-	-	-	2,130,084	2,133,862	1,846,828
Public safety	4,929,504	4,400,496	4,283,591	-	-	-	4,929,504	4,400,496	4,283,591
Public works	3,848,791	3,887,001	3,334,622	-	-	-	3,848,791	3,887,001	3,334,622
Economic development	584,532	1,137,040	492,892	-	-	-	584,532	1,137,040	492,892
Culture and recreation	1,163,723	1,179,235	1,069,295	-	-	-	1,163,723	1,179,235	1,069,295
Interest on long-term dept	178,086	151,011	132,923	-	-	-	178,086	151,011	132,923
Water and sewer	-	-	-	4,288,957	4,493,195	3,901,404	4,288,957	4,493,195	3,901,404
Total expenses	12,834,720	12,888,645	11,160,151	4,288,957	4,493,195	3,901,404	17,123,677	17,381,840	15,061,555
Increase in net position before transfers and special item	3,330,983	992,941	2,825,744	1,239,309	773,468	1,902,231	4,570,292	1,766,409	4,727,975
Transfers	393,092	784,376	517,500	(393,092)	(784,376)	(517,500)	-	-	-
Special item	(2,691,591)	-	-	-	-	-	(2,691,591)	-	-
Increase in net position	1,032,484	1,777,317	3,343,244	846,217	(10,908)	1,384,731	1,878,701	1,766,409	4,727,975
Net position, July 1	41,829,162	40,051,845	36,478,601	38,037,825	38,048,733	36,664,002	79,866,987	78,100,578	73,142,603
Net position, restated	41,390,403	40,051,845	36,708,601	37,944,828	38,048,733	36,664,002	79,335,231	78,100,578	73,372,603
Net position, June 30	$ 42,422,887	$ 41,829,162	$ 40,051,845	$ 38,791,045	$ 38,037,825	$ 38,048,733	$ 81,213,932	$ 79,866,987	$ 78,100,578

Note: 2014 and 2013 Net Position have been restated to reflect prior period adjustments and the re-structure and expense re-allocation of City departments.

Governmental activities: Governmental activities prior to transfers and the special item increased the City's net position by $3,330,983, thereby accounting for 72.9% 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 $518,636 over the prior year.
- Other tax revenues increased by $585,103 over the prior year.
- Intergovernmental revenues include $1,115,949 from Alamance County and $100,000 from Alamance Economic Development Foundation as one-time awards in support of economic development initiatives.

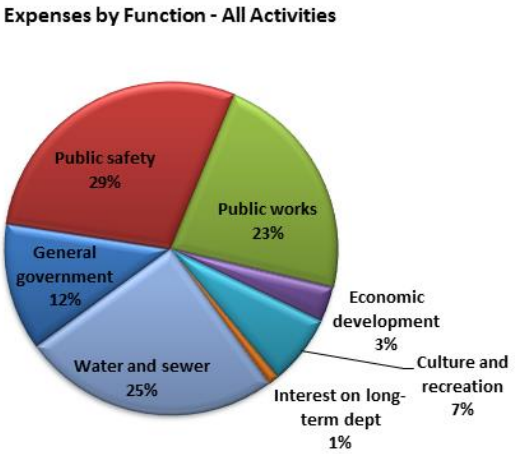


Business-type activities: Business-type activities prior to transfers increased the City of Mebane's net position by $1,239,309, accounting for 27.1% of the total growth in the government's net position. Key elements of this change in net position as compared to the prior year are as follows:

- Charges for services increased $274,591 due to local economic growth in the City.

Financial Analysis of the City's Funds

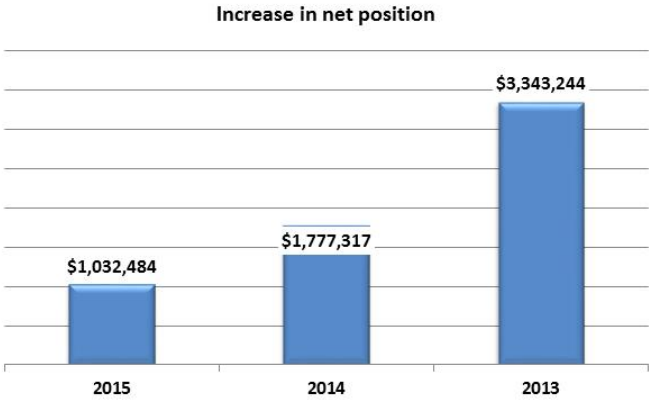
As noted earlier, the City of Mebane uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



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 $4,991,002, while total fund balance reached $11,751,378. The City currently has an available fund balance of 36.4% of general fund expenditures, while total fund balance represents 85. 7% of the same amount.

At June 30, 2015, the governmental funds of the City of Mebane reported a combined fund balance of $12,974,258, a 1.4 % decrease from last year. This decrease in fund balance is due to an increase in the general fund of $542,692 combined with an overall decrease in capital project and special revenue funds of $730,394.



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 $5,635,431. The total increase in net position was $846,217.

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, 2015, totals $78,799,279 (net of accumulated depreciation). These assets include buildings, roads, land, artwork and collections, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Capital contributions in the general fund in the amount of $941,900 and in the water and sewer fund in the amount of $196,230.
- Per an incentive agreement entered in the prior year, in FY15 the City transferred land valued at $2,691,591 to Walmart for use as a distribution center in the NC Commerce Park.
- Construction in progress in the Southside Fire Station Capital Project Fund of $1,781,305; and in the White Furniture Storm Drain Relocation Capital Project Fund of $356,732
- Construction in progress in the Water and Sewer Capital Project Fund of $20,430 for the construction of the Forest Ridge Pump Stations and Mains; $384,008 for the Wastewater Treatment Plant Upgrade; $1,556,246 for the Water Treatment Plant Stage 2; and $1,913,504 for the Water Line Extensions.

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

	Governmental Activities			Business-Type Activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Land	$ 5,536,670	$ 8,228,261	$ 5,536,670	$ 13,403	$ 13,403	$ 13,403	$ 5,550,073	$ 8,241,664	$ 5,550,073
Artwork and collections	25,600	25,600	-	-	-	-	25,600	25,600	-
Buildings and systems	13,121,871	10,357,020	10,587,696	13,499,035	11,286,807	11,679,117	26,620,906	21,643,827	22,266,813
Water and sewer systems	-	-	-	17,734,241	17,940,175	18,136,671	17,734,241	17,940,175	18,136,671
Improvements other than buildings	3,769,705	3,816,454	3,558,652	-	-	-	3,769,705	3,816,454	3,558,652
Machinery and equipment	1,132,661	686,732	591,424	226,083	207,827	100,162	1,358,744	894,559	691,586
Computer equipment	53,279	25,400	58,488	-	-	-	53,279	25,400	58,488
Infrastructure	10,886,136	9,659,960	9,586,454	-	-	-	10,886,136	9,659,960	9,586,454
Vehicles and motorized equipment	3,342,774	3,089,593	1,929,221	23,426	32,261	41,232	3,366,200	3,121,854	1,970,453
Construction in progress	656,731	1,899,334	445,201	8,777,664	4,806,785	3,038,743	9,434,395	6,706,119	3,483,944
	$38,525,427	$37,788,354	$32,293,806	$40,273,852	$34,287,258	$33,009,328	$78,799,279	$72,075,612	$65,303,134

Additional information on the City's capital assets can be found on page 31 of this report.

Long-term Debt: As of June 30, 2015, the City of Mebane had total bonded debt outstanding of $335,000 that is backed by the full faith and credit of the City.

City of Mebane's Outstanding Debt (Figure 5)

	Governmental Activities			Business-Type Activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
General obligation bonds...	$ -	$ -	$ -	$ 335,000	$ 455,000	$ 570,000	$ 335,000	$ 455,000	$ 570,000
Notes payable.....	6,514,756	7,348,610	3,430,002	6,162,611	6,788,750	2,758,161	12,677,367	14,137,360	6,188,163
Other long-term payables...	-	-	-	2,420,667	-	-	2,420,667	-	-
Pension related debt.....	2,917,836	2,346,990	1,874,124	423,578	339,520	264,604	3,341,414	2,686,510	2,138,728
Total.....	$9,432,592	$ 9,695,600	$5,304,126	$9,341,856	$7,583,270	$3,592,765	$18,774,448	$17,278,870	$8,896,891

The City of Mebane's total debt increased by $1,495,578 (8.7%) during the past fiscal year, primarily due to the Graham/Mebane Watershed agreement in the amount of $2,548,070.

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, 2014 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 $121,682,218.

Additional information regarding the City of Mebane's long-term debt can be found on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Although still high compared to the first half of this decade, the area's unemployment rate is dropping. Between Alamance County's rate of 5.7% and Orange County's rate of 5.0%, the City of Mebane's unemployment rate is well below the statewide average of 5.8% at June 30, 2015.
- 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), at the new NC Commerce Park, 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 2014. Tanger Outlets, in its fifth full year of operations, is expected to sustain much of this growth.
- Renovation of the White's Furniture building, currently under way with an expected completion of December 2015, will add 156 loft-style apartments to the downtown area. This project, along with construction of the planned new city park, are expected to enhance Mebane's vibrant downtown community.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Revenues of the City are expected to increase by 7.5% for 2016, primarily due to an increase in property and sales taxes. The City's tax base is expected to continue to grow at about 3% in FY16, and the City continued an ad valorem tax rate of $0.49 per $100 valuation. Retail sales are expected to continue their strong growth from 2015 with an expected 11% increase. The fee schedule for the FY16 budget was adjusted for a number of permits and fees in keeping with neighboring communities, with the changes intended to cover the cost of providing the related services.

Budgeted operating expenditures in the General Fund are expected to decrease by a net of about $514,000, with the completion of one-time capital expenditures in the prior year offset by increases in other areas. The Fire Department budget increased 4.3% as the new station completes its first full year of operations. The new station will provide improved response times and greater service to a fast-growing area of the City. The

Police Department's operating budget is 17%, or about $488,000, greater than FY15, and includes funding for four additional police officers, their vehicles and equipment, to better serve the growing community. Other changes undertaken to manage the City's growth include funding in the Planning Department for a comprehensive plan review and Unified Development Ordinance amendment, and the addition of two public works employees. Most other departments are continuing services as usual with no significant change beyond a 1.7% cost of living adjustment for all employees and funding for some merit pay. Along with related benefits, these pay adjustments will cost about $229,000. The City continues to maintain its commitment to improvements in roads, sidewalks and park facilities, reflected in continuing allocations for ongoing maintenance of facilities and infrastructure.

Business-type Activities: Revenue for water and sewer service is projected to increase by 11.2% due to growth and expected increases in usage. There is no increase in rates for 2016, and the budget is balanced with appropriated fund balance of about $1.5 million, $228,000 more than in FY15. Operating expenditures are expected to increase by 12.5% overall, primarily for capital expenditures including $200,000 for relocation of utility lines for the 119 Bypass project and $300,000 for an upgrade to the Farrar Lane Lift Station. Other significant costs include about $314,000 in additional debt service payments from the Walmart project and water treatment plant upgrade, and the third of five transfers of $330,000 to the General Fund to repay a loan for construction of the Forest Ridge Pump Station.

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:

Jeanne D. Tate
Finance Director
106 E. Washington Street
Mebane, NC 27302
(919) 563-5901
jtate@cityofmebane.com

Basic Financial Statements

The Basic Financial Statements provide a dual perspective summary overview of the financial position and operating results of the government as a whole (government-wide financial statements) and of all funds (fund financial statements). They also serve as a condensed introduction to the more detailed statements and schedules that follow.

CITY OF MEBANE

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City of Mebane, North Carolina
Statement of Net Position
June 30, 2015 **Exhibit 1**

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Equivalents	$ 11,679,592	$ 6,510,658	$ 18,190,250
Taxes receivables, (net)	162,249	-	162,249
Accrued interest receivable on taxes	35,609	-	35,609
Accounts receivable (net)	58,887	825,381	884,268
Due from other governments	2,455,518	3,030	2,458,548
Prepaid items	27,361	-	27,361
Restricted cash	158,435	2,108,539	2,266,974
Net pension asset	510,701	70,907	581,608
Notes receivable - Mebane Mill Lofts, LLC	574,601	-	574,601
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	6,219,001	8,791,067	15,010,068
Other capital assets, net of depreciation	32,306,426	31,482,785	63,789,211
Total capital assets	38,525,427	40,273,852	78,799,279
Total assets	54,188,380	49,792,367	103,980,747
Deferred outflows of resources	357,097	65,245	422,342
Liabilities			
Accounts payable and accrued expenses	1,404,729	511,083	1,915,812
Accrued interest payable	39,827	19,747	59,574
Due to other governments	-	712,497	712,497
Customer deposits	-	308,499	308,499
Long-term liabilities:			
Current portion of long-term liabilities	1,076,646	1,177,609	2,254,255
Due in more than one year	8,355,946	8,164,247	16,520,193
Total long-term liabilities	9,432,592	9,341,856	18,774,448
Total liabilities	10,877,148	10,893,682	21,770,830
Deferred inflows of resources	1,245,442	172,885	1,418,327
Net Position			
Net investment in capital assets	32,011,821	33,155,614	65,167,435
Restricted for:			
Stabilization by State Statute	5,183,933	-	5,183,933
Other functions	41,814	-	41,814
Unrestricted	5,185,319	5,635,431	10,820,750
Total net position	$ 42,422,887	$ 38,791,045	$ 81,213,932

City of Mebane, North Carolina
Statement of Activities
For the Year Ended June 30, 2015 **Exhibit 2**

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants & Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government: Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 2,130,084	$ 45,470	$ -	$ -	$ (2,084,614)	$ -	$ (2,084,614)
Public safety	4,929,504	13,964	66,085	-	(4,849,455)	-	(4,849,455)
Public works	3,848,791	338,920	426,525	941,900	(2,141,446)	-	(2,141,446)
Recreation	1,163,723	77,245	5,450	-	(1,081,028)	-	(1,081,028)
Economic & physical development	584,532	287,110	-	1,215,949	918,527	-	918,527
Interest on long-term debt	178,086	-	-	-	(178,086)	-	(178,086)
Total governmental activities	12,834,720	762,709	498,060	2,157,849	(9,416,102)	-	(9,416,102)
Business-type activities:							
Water and sewer	4,288,957	5,316,218	-	196,230	-	1,223,491	1,223,491
Total business-type activities	4,288,957	5,316,218	-	196,230	-	1,223,491	1,223,491
Total primary government	$ 17,123,677	$ 6,078,927	$ 498,060	$ 2,354,079	(9,416,102)	1,223,491	(8,192,611)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					8,572,861	-	8,572,861
Sales taxes					2,753,254	-	2,753,254
Franchise tax					1,062,452	-	1,062,452
Privilege license tax					190,058	-	190,058
Excise Tax					99,277	-	99,277
Grants & contributions not restricted to specific programs					4,500	-	4,500
Unrestricted investment earnings					4,083	259	4,342
Miscellaneous					60,600	15,559	76,159
Total general revenues excluding transfers and special items					12,747,085	15,818	12,762,903
Transfers					393,092	(393,092)	-
Special item: Conveyance of land for economic development					(2,691,591)	-	(2,691,591)
Total general revenues, special items, and transfers					10,448,586	(377,274)	10,071,312
Change in net position					1,032,484	846,217	1,878,701
Net position - beginning , previously reported					41,829,162	38,037,825	79,866,987
Restatement					(438,759)	(92,997)	(531,756)
Net position - beginning , restated					41,390,403	37,944,828	79,335,231
Net position - ending					$ 42,422,887	$ 38,791,045	$ 81,213,932

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

City of Mebane, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015 **Exhibit 3**

	General Fund	Capital Project Fund - Southside Fire Station	Total Non - Major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 7,808,296	$ 2,600,373	$ 1,270,923	$ 11,679,592
Restricted cash	116,621	-	41,814	158,435
Taxes receivable, net	162,249	-	-	162,249
Receivable from other governments	2,455,518	-	-	2,455,518
Due from other funds	2,512,575	-	-	2,512,575
Other receivables	58,887	-	-	58,887
Prepaid items	27,361	-	-	27,361
Total assets	$ 13,141,507	$ 2,600,373	$ 1,312,737	$ 17,054,617
Liabilties, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	1,227,074	-	177,655	1,404,729
Due to other funds	-	2,512,575	-	2,512,575
Total liabilities	1,227,074	2,512,575	177,655	3,917,304
Deferred inflows of resources	163,055	-	-	163,055
Fund balances:				
Nonspendable				
Prepaid assets	27,361	-	-	27,361
Restricted				
Stabilization by State Statute	5,183,933	-	-	5,183,933
Economic development	-	-	41,814	41,814
Assigned				
Subsequent year's expenditures	1,549,082	87,798	1,093,268	2,730,148
Unassigned	4,991,002	-	-	4,991,002
Total fund balances	11,751,378	87,798	1,135,082	12,974,258
Total liabilities, deferred inflows of resources and fund balances	$ 13,141,507	$ 2,600,373	$ 1,312,737	$ 17,054,617

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, 2015 **Exhibit 3**

Total fund balance, governmental funds		$ 12,974,258
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
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:		
Gross capital assets at historical cost	47,679,357	
Accumulated depreciation	(9,153,930)	38,525,427
Net pension asset		510,701
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		330,994
Other long-term assets (accrued interest receivable from taxes, notes receivable) are not available to pay for current-period expenditures and therefore are unavailable in the fund statements:		
Accrued Interest receivable on taxes	35,609	
Notes receivable	574,601	610,210
Liabilities for earned revenues considered deferred inflows of resources in fund statements but not the government-wide statements:		
Property taxes receivable	162,249	
Franchise and other taxes receivable	-	162,249
Pension related deferrals		(1,218,533)
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:		
Accrued interest payable	(39,823)	
Notes payable	(6,514,756)	
Compensated Absences	(389,919)	
Other postemployment benefits	(2,243,519)	
Net pension obligation	(284,402)	(9,472,419)
Net Position of Governmental Activities		$ 42,422,887

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, 2015 **Exhibit 4**

	General Fund	Capital Project Fund - Southside Fire Station	Total Non-Major Funds	Total Governmental Funds
Revenues				
Property taxes	$ 8,207,631	$ -	$ -	$ 8,207,631
Other taxes and licenses	190,058	-	-	190,058
Unrestricted intergovernmental	5,033,302	-	-	5,033,302
Restricted intergovernmental	921,089	-	-	921,089
Permits and fees	320,358	-	-	320,358
Sales and services	392,832	-	-	392,832
Investment earnings	165	260	1,321	1,746
Miscellaneous	247,478	-	12,641	260,119
Total revenues	15,312,913	260	13,962	15,327,135
Expenditures				
Current:				
General government	2,094,055	-	-	2,094,055
Public safety	4,873,188	56,579	-	4,929,767
Public works	3,708,075	-	-	3,708,075
Recreation	1,318,029	-	-	1,318,029
Economic and physical development	703,466	-	-	703,466
Debt Service:				
Principal	833,854	-	-	833,854
Interest and other charges	182,646	-	-	182,646
Capital Outlay	-	1,781,305	356,732	2,138,037
Total Expenditures	13,713,313	1,837,884	356,732	15,907,929
Excess (deficiency) of revenues over expenditures	1,599,600	(1,837,624)	(342,770)	(580,794)
Other Financing Sources (Uses)				
Transfers in	393,092	-	1,450,000	1,843,092
Transfers out	(1,450,000)	-	-	(1,450,000)
Total other financing sources and uses	(1,056,908)	-	1,450,000	393,092
Net change in fund balances	542,692	(1,837,624)	1,107,230	(187,702)
Fund balances - beginning (restated)	11,208,686	1,925,422	27,852	13,161,960
Fund balances - ending	$ 11,751,378	$ 87,798	$ 1,135,082	$ 12,974,258

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, 2015 — Exhibit 4

Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds:		$ (187,702)
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	$ 3,469,337	
Depreciation expense for governmental assets	(944,415)	2,524,922
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		330,993
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		(2,729,749)
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	941,900	
Change in unavailable revenue for tax revenues	(63,491)	
Mebane Mills Lofts Notes Receivable principal receipts	(10,304)	
Change in deferred inflows of resources-taxes receivable-at year end	(3,090)	865,015
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.		
Principal payments on long-term debt	833,853	
Increase in accrued interest payable	4,559	838,412
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	(42,753)	
Pension expense	(38,559)	
Net pension obligation	(8,037)	
Other postemployment benefits	(520,058)	(609,407)
Total changes in net position of governmental activities		$ 1,032,484

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, 2015 **Exhibit 5**

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Property Taxes	$ 8,183,862	$ 8,183,862	$ 8,207,631	$ 23,769
Other taxes and licenses	105,000	105,000	190,058	85,058
Unrestricted intergovernmental	3,326,100	3,326,100	5,033,302	1,707,202
Restricted intergovernmental	771,200	781,300	921,089	139,789
Permits and fees	143,000	143,000	320,358	177,358
Sales and services	400,450	400,450	392,832	(7,618)
Investment earnings	12,400	12,400	165	(12,235)
Miscellaneous	136,850	311,305	247,478	(63,827)
Total revenues	13,078,862	13,263,417	15,312,913	2,049,496
Expenditures				
Current:				
General government	2,352,769	2,460,052	2,094,055	365,997
Public safety	5,158,547	5,251,622	4,873,188	378,434
Public works	4,076,307	4,478,478	3,708,075	770,403
Recreation	1,251,207	1,522,068	1,318,029	204,039
Economic and physical development	1,096,550	1,293,550	703,466	590,084
Debt Service:				
Principal	833,857	833,857	833,854	3
Interest and other charges	182,763	182,763	182,646	117
Total expenditures	14,952,000	16,022,390	13,713,313	2,309,077
Excess (deficiency) of revenues over expenditures	(1,873,138)	(2,758,973)	1,599,600	4,358,573
Other Financing Sources (Uses)				
Transfers in	330,000	393,092	393,092	-
Transfers out	-	(1,450,000)	(1,450,000)	-
Fund balance appropriated	1,543,138	3,815,881	-	3,815,881
Total other financing sources and uses	1,873,138	2,758,973	(1,056,908)	3,815,881
Net change in fund balances	$ -	$ -	542,692	$ 542,692
Fund balances - beginning (restated)			11,208,686	
Fund balances - ending			$ 11,751,378	

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, 2015 **Exhibit 6**

	Water and Sewer Fund
Assets	
Current assets:	
Cash and equivalents	$ 6,510,658
Accounts receivable (net) - billed	599,545
Accounts receivable (net) - unbilled	225,836
Due from other governments	3,030
Restricted cash	2,108,539
Total current assets	9,447,608
Non-current assets:	
Net pension asset	70,907
Capital assets:	
Land and other non-depreciable assets	8,791,067
Other capital assets, net of depreciation	31,482,785
Total capital assets	40,273,852
Total non-current assets	40,344,759
Total assets	49,792,367
Deferred outflows of resources	65,245
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	511,083
Accrued interest payable	19,747
Due to other governments	712,497
Customer deposits	308,499
Compensated absences	40,067
Long-term debt - current	1,017,542
General obligation bonds payable - current	120,000
Total current liabilities	2,729,435
Noncurrent liabilities:	
Other postemployment benefits	352,720
Compensated absences	30,789
Long-term debt - noncurrent	7,565,738
General obligation bonds payable - noncurrent	215,000
Total noncurrent liabilities	8,164,247
Total liabilities	10,893,682
Deferred inflows of resources	172,885
Net Position	
Net investment in capital assets	33,155,614
Unrestricted	5,635,431
Total net position	$ 38,791,045

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, 2015 **Exhibit 7**

	Water and Sewer Fund
Operating Revenues	
Charges for services	$ 4,690,515
Water and sewer taps	18,450
Connection fees	399,990
Miscellaneous	222,819
Total operating revenues	5,331,774
Operating Expenses	
Administration	269,974
Distribution and maintenance	1,748,307
Waste collection and maintenance	1,256,737
Depreciation	910,369
Total operating expenses	4,185,387
Operating income (loss)	1,146,387
Nonoperating revenues (expenses)	
Interest and investment revenue	259
Interest expense	(64,728)
Amortization of bonds	(38,839)
Total nonoperating revenues (expenses)	(103,308)
Income (loss) before contributions and transfers	1,043,079
Capital contributions	196,230
Transfers out	(393,092)
Change in net position	846,217
Total net position, previously reported	38,037,825
Restatement	(92,997)
Total net position - restated	37,944,828
Total net position - ending	$ 38,791,045

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, 2015 **Exhibit 8**

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 4,995,128
Cash paid for goods and services	(2,038,639)
Cash paid to or on behalf of employees for services	(1,042,576)
Customer deposits received	62,646
Customer deposits returned	(43,331)
Other operating revenues	222,819
Total cash provided (used) by operating activities	2,156,047
Cash Flows from Noncapital Financing Activities	
Decrease in due to other funds	(60,884)
Transfers to other funds	(393,092)
Total cash provided (used) by non-capital financing activities	(453,976)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(3,346,924)
Principal paid on bonds and notes payable	(874,546)
Interest paid on bonds and notes payable	(148,323)
Total cash provided (used) by capital and related financing activities	(4,369,793)
Cash Flows from Investing Activities	
Investment income	1,679
Total cash provided (used) by investing activities	1,679
Net increase (decrease) in cash and equivalents	(2,666,043)
Balance, beginning	11,285,240
Balance, ending	$ 8,619,197

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, 2015 **Exhibit 8**

	Water and Sewer Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ 1,146,387
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	910,369
Pension expense	5,355
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(135,257)
Increase (decrease) in allowance for doubtful accounts	21,430
(Increase) decrease in deferred outflows of resources for pensions	(45,976)
Increase (decrease) accounts payable	142,272
Increase (decrease) salaries payable	8,094
Increase (decrease) accrued vacation	11,820
Increase (decrease) accrued OPEB	72,238
Increase (decrease) in customer deposits	19,315
Total adjustments	1,009,660
Net cash provided by operating activities	$ 2,156,047
Noncash investing, capital, and financing activities:	
Noncash capital contributions of fixed assets	$ 196,230
Unrealized gain/loss on investments	$ -

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

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, federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and general government.

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

The City reports the following non-major governmental funds:

CDBG- Mebane Mills Loft – Special Revenue 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.

White Furniture Storm Drain Relocation Capital Project Fund: This fund is used to account expenditures necessary to relocate the storm drain leading to the apartment complex being constructed in the former White Furniture manufacturing factory location.

City Park Project Capital Project Fund: This fund is used to account for the purchase of land and construction costs for a new athletics and recreation city park.

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 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially

past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts, including the City of Mebane. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Restricted Assets

The unexpended loan proceeds of the Southside Fire Station Capital Project Fund and the Water and Sewer Fund installment financing are classified as restricted assets for the individual funds because their use is completely restricted to the purpose for which the loans were originally issued. Customer deposits held by the City before any services are supplied are restricted for which the deposit was collected. Unexpended loan principal and interest receipts in the CDBG- Mebane Mills Loft Special Revenue Fund is classified as restricted assets because its use is restricted for future economic development per an agreement with the North Carolina Housing Finance Agency. Powell Bill funds are also classified as restricted cash, if applicable, because they 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.

City of Mebane Restricted Cash	
Governmental Activities	
General Fund	
Contractor reserves and bond deposits	$ 116,621
CDBG- Mebane Mills Loft Capital Project Fund	
Economic Development	41,814
Total governmental activities	158,435
Business-type Activities	
Water and Sewer Fund	
Unexpended loan proceeds	1,800,040
Customer deposits	308,499
Total business-type activities	2,108,539
Total Restricted Cash	$ 2,266,974

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's enterprise fund consist of expendable materials and supplies that are expensed 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:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	50
Improvements	25
Vehicles	10
Furniture and equipment	10
Computer equipment	3/5/10

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2015 fiscal year and unamortized bond and refunding costs for Water and Sewer debt. 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

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.

Prepaid Assets – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid assets, which are not spendable resources.

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

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

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for future community development related activities. This amount represents the balance of the total unexpended funds from the amortized repayments of the CDBG monies loaned to Mebane Mills Lofts, LLC.

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

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.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS'

fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Mebane's employer contributions are recognized when due and the City of Mebane has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 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, 2015 the City's deposits had a carrying amount of $18,456,309, and a bank balance of $18,662,385. Of the bank balance, $750,000 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, 2015 was $400.

Investments

At June 30, 2015, the City of Mebane had $2,000,515 invested with the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. The City has no policy regarding credit risk.

Receivables – Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of $247.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of the following allowances for doubtful accounts:

Funds	2015
General Fund:	
Taxes Receivable	$ 22,041
Accounts Receivable	-
Total	22,041
Enterprise Fund	252,993
Total	$ 275,034

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 8,228,261	$ -	$ 2,691,591	$ 5,536,670
Artwork and collections	25,600	-	-	25,600
Construction in progress	1,899,334	2,138,037	3,380,640	656,731
Total capital assets not being depreciated	10,153,195	2,138,037	6,072,231	6,219,001
Capital assets being depreciated:				
Buildings	12,664,639	2,998,686	-	15,663,325
Other improvements	4,257,034	47,752	-	4,304,786
Equipment	1,562,983	543,905	-	2,106,888
Computer equipment	156,108	30,569	-	186,677
Vehicles and motorized equipment	6,631,314	612,357	72,158	7,171,513
Infrastructure	10,606,598	1,420,571	-	12,027,169
Total capital assets being depreciated	35,878,676	5,653,840	72,158	41,460,358
Less accumulated depreciation for:				
Buildings	2,307,620	233,834	-	2,541,454
Other improvements	440,580	94,501	-	535,081
Equipment	876,251	97,976	-	974,227
Computer equipment	130,708	2,690	-	133,398
Vehicles and motorized equipment	3,541,721	321,018	34,000	3,828,739
Infrastructure	946,637	194,396	-	1,141,033
Total accumulated depreciation	8,243,517	$ 944,415	$ 34,000	9,153,932
Total capital assets being depreciated, net	27,635,159			32,306,426
Governmental activity capital assets, net	$ 37,788,354			$38,525,427

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

General government	$ 7,342
Public safety	257,204
Public works	533,910
Recreation	138,961
Economic & physical development	6,998
Total	$ 944,415

Business-type Activities

The fixed assets of the Enterprise Fund for the year ended June 30, 2015, was as follows:

Water and Sewer Fund:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 13,403	$ -	$ -	$ 13,403
Construction in progress	4,806,786	3,970,878	-	8,777,664
Total capital assets not being depreciated	4,820,189	3,970,878	-	8,791,067
Capital assets being depreciated:				
Lagoon	25,828	-	-	25,828
Lake Michael and dam	265,900	-	-	265,900
Ownership interest in the Graham/Mebane Water Reservoir	8,882,684	2,548,070	-	11,430,754
Lift stations, pumping stations and tanks	4,039,838	77,129	-	4,116,967
Water and sewer lines	24,027,930	255,143	-	24,283,073
Waste treatment plant & maintenance buildings	4,964,890	-	-	4,964,890
Machinery and equipment	543,375	46,161	-	589,536
Vehicles	456,202	-	5,583	450,619
Total capital assets being depreciated	43,206,647	2,926,503	5,583	46,127,567
Less accumulated depreciation for:				
Lagoon	15,776	517	-	16,293
Lake Michael and dam	265,900	-	-	265,900
Ownership interest in the Graham/Mebane Water Reservoir	2,356,653	171,121	-	2,527,774
Lift stations, pumping stations and tanks	1,602,618	128,601	-	1,731,219
Water and sewer lines	6,087,755	470,612	-	6,558,367
Waste treatment plant & maintenance buildings	2,651,387	103,197	-	2,754,584
Machinery and equipment	335,548	27,905	-	363,453
Vehicles	423,941	8,416	5,165	427,192
Total accumulated depreciation	13,739,578	$ 910,369	$ 5,165	14,644,782
Total capital assets being depreciated, net	29,467,069			31,482,785
Business-type activity capital assets, net	$ 34,287,258			$ 40,273,852

Construction Commitments

The government has active construction projects as of June 30, 2015. At year end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Contract
Wastewater Treatment Plant Upgrade	$ 25,204	$ 19,796
Water Treatment Plant Stage 2	284,374	64,306
Water Line Extensions	955,967	184,156
White Furniture Storm Drain Relocation (Contract 1)	281,739	306,288
White Furniture Storm Drain Relocation (Contract 2)	22,524	27,582
City Hall Upfit (General Fund)	5,280	19,085
Total	$ 1,575,088	$ 621,213

B. Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have

reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Mebane employees are required to contribute 6% of their compensation. Employer contributions are actuarily determined and set annually by the LGERS Board of Trustees. The City of Mebane's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Mebane were $376,970 for the year ended June 30, 2015.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2015, the City reported an asset of $581,608 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 0.099%, which was an increase of 0.006% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of $43,915. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 63,551
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,353,970
Changes in proportion and differences between City contributions and proportionate share of contributions	29,729	-
City contribution subsequent to the measurement date	376,970	-
Total	$ 406,699	$ 1,417,521

$406,699 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	(346,969)
2017		(346,969)
2018		(346,969)
2019		(346,884)
2020		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and Productivity factor
Investment rate of return	7.25 percent, net of pension plan investment Expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including

LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	$ 1,974,228	$ (581,608)	$ (2,733,539)

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

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, 2015 the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not receiving benefits	-
Active plan members	28
Total	30

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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 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, 2013 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, 2013 was 17 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	$ 38,178
Interest on net pension obligation	13,818
Adjustment to annual required contribution	(23,346)
Annual pension cost	28,650
Contributions made	(20,613)
Increase (decrease) in net pension obligation	8,037
Net pension obligation, beginning of year	276,365
Net pension obligation, end of year	$ 284,402

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:

For the Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2015	$ 28,650	72.0%	$284,402
2014	21,549	96.0%	276,365
2013	25,883	79.6%	275,508

Funded Status and Funding Progress. As of December 31, 2014, 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 $258,154. The covered payroll (annual payroll of active employees covered by the plan) was $1,228,378, and the ratio of the UAAL to the covered payroll was 21.02 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, 2015 were $285,699, which consisted of $196,302 from the City and $89,397, respectively, from the employees.

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, 2015 were $87,125, which consisted of $60,193 from the City and $26,932, respectively, from the law enforcement officers.

Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Mebane, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter'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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is $170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or

rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute $10 per month to the plan. 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 firefighter's, the City has chosen to fund the member's contributions. Contribution provisions are established by General Statute 58- 86 and may be amended only by the North Carolina General Assembly.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2015, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was $31,152. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2014 and at June 30, 2013 was 0%.

For the year ended June 30, 2015, the City recognized pension expense of $11,712 and revenue of $11,712 for support provided by the State. At June 30, 2015, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment Expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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.

Membership of the Health Care Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	10	6
Active plan members	78	27

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 12.82% of annual covered payroll. For the current year, the City contributed 13.3% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees. The City's contributions totaled $91,125 in fiscal year 2015. 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	$ 679,839
Interest on OPEB obligation	80,158
Adjustment to annual required contribution	(76,576)
Annual OPEB cost (expense)	683,421
Contributions made	(91,125)
Increase (decrease) in net OPEB obligation	592,296
Net OPEB obligation, beginning of year	2,003,943
Net OPEB obligation, end of year	$ 2,596,239

The Entity's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 were as follows:

For the Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 683,421	13.3%	$ 2,596,239
2014	587,633	15.8%	2,003,943
2013	569,739	15.9%	1,509,370

Funding Status and Funding Progress. As of December 31, 2014, the most recent valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $6,259,893. The covered payroll (annual payroll of active employees covered by the plan) was $5,004,680, and the ratio of the UAAL to the covered payroll was 125.1 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, 2014, 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 7.50 to 5.00 percent (pre-Medicare) and 5.50 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, 2014, was 30 years.

Other Employment Benefits

For the fiscal year ended June 30, 2015, the City made contributions to the State for death benefits of $8,432. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.14% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The City of Mebane received a one year reprieve because it has been contributing less than 10 years. Contributions resumed in the fiscal year beginning July 1, 2013.

Deferred Outflows and Inflows of Resources

The City has several deferred outflows and inflows of resources. Deferred outflows and inflows of resources is comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Bonding and refunding costs	$ 15,643	$ -
Pensions- differences between expected and actual experience	-	63,551
Pensions- difference between projected and actual investment earnings	-	1,353,970
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions	29,729	-
Contributions to pension plan in current fiscal year	376,970	-
Prepaid taxes and licenses (General Fund)	-	806
Taxes receivable, less penalties (General Fund)	-	162,249
Total	$ 422,342	$ 1,580,576

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.

Claims, Judgments and Contingent Liabilities

At June 30, 2015, 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, 2015 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.	$ 335,000

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.	180,000
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. .	690,000
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.	1,706,667
Note payable to Wells Fargo Bank, N.A. for the purchase of a street sweeper and a garbage truck. Consecutive principal payments of $92,960, $94,191, $95,438, $96,702, and $97,983, plus interest are due annually starting on September 11, 2014. The note bears interest at the rate of 1.32%. The street sweeper and garbage truck are security for the loan.	384,310
Note payable to BB&T for the Southside Fire Station Project. Principal payments of $86,667 plus interest are due semi-annually starting on July 23, 2014. The note bears interest at the rate of 2.84%. All property, equipment and deposits acquired with these local funds are the security for the loan.	2,426,668
Note payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of two fire trucks and related fire truck equipment and firefighting equipment for the Southside Fire Station. Principal payments of $140,889 plus interest are due annually starting on February 1, 2015 with final payment due February 1,	

2023. The note bears no interest as part of the REDL program. The fire trucks and equipment are security for the loan.	1,127,111
Serviced by the Water and Sewer Fund:	
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.	67,278
Note payable to Carolina Bank for the water treatment plant upgrade and expansion projects. Principal and interest payments are due annually on July 1, in varying amounts, starting July 1, 2015 and ending July 1, 2029. The note bears interest at the rate of 2.60%. All property, equipment and deposits acquired with these local funds are the security for the loan.	4,668,000
Note payable to Carolina Bank for the water treatment project. Consecutive principal payments of $488,000 and $494,000, plus interest are due annually starting on July 1, 2014. The note bears interest at the rate of 1.80%. All property, equipment and deposits acquired with these local funds are the security for the loan.	494,000
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%.	933,333
Total long-term debt	13,012,367
Less: Current portion of long-term debt	(1,844,071)
Non-current portion of long-term debt	$ 11,168,296

At June 30, 2015, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of $121,682,218.

The following table summarizes the annual requirements to amortize all long-term debt outstanding at June 30, 2015 (excluding vacation pay and any claims or judgments).

	General Obligation Bonds		Other Long-term Indebtedness		Total Debt Due	
Serviced by General Fund:						
Fiscal Year	**Principle**	**Interest**	**Principle**	**Interest**	**Principle**	**Interest**
2016	$ -	$ -	$ 833,932	$ 161,182	$ 833,932	$ 161,182
2017	-	-	836,327	139,463	836,327	139,463
2018	-	-	837,591	117,790	837,591	117,790
2019	-	-	778,872	96,673	778,872	96,673
2020	-	-	604,222	77,588	604,222	77,588
2021-2025	-	-	1,929,333	205,565	1,929,333	205,565
2026-maturity	-	-	694,479	44,304	694,479	44,304
Total	$ -	$ -	$ 6,514,756	$ 842,565	$ 6,514,756	$ 842,565
Serviced by Water & Sewer Fund:						
Fiscal Year	**Principle**	**Interest**	**Principle**	**Interest**	**Principle**	**Interest**
2016	$ 120,000	$ 16,080	$ 890,139	$ 157,110	$ 1,010,139	$ 173,190
2017	120,000	10,320	403,139	140,732	523,139	151,052
2018	95,000	4,560	410,139	128,617	505,139	133,177
2019	-	-	417,139	116,321	417,139	116,321
2020	-	-	424,139	103,843	424,139	103,843
2021-2025	-	-	1,511,695	344,424	1,511,695	344,424
2026-maturity	-	-	2,106,221	116,935	2,106,221	116,935
Total	$ 335,000	$ 30,960	$ 6,162,611	$ 1,107,982	$ 6,497,611	$ 1,138,942

Changes in Long-Term Liabilities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental activities:					
Notes payable	$ 7,348,610	$ -	$ 833,854	$ 6,514,756	$ 833,932
Compensated absences	347,164	242,714	199,963	389,915	242,714
Other postemployment benefits	1,723,461	520,058	-	2,243,519	-
Net pension obligation	276,365	8,037	-	284,402	-
Governmental activity long-term liabilities	$ 9,695,600	$ 770,809	$ 1,033,817	$ 9,432,592	$ 1,076,646
Business-type activities:					
Notes payable	$ 6,788,750	$ -	$ 626,139	$ 6,162,611	$ 890,139
Graham/Mebane Watershed Agreement	-	2,548,070	127,403	2,420,667	127,403
General obligation bonds	455,000	-	120,000	335,000	120,000
Compensated absences	59,038	40,067	28,247	70,858	40,067
Other postemployment benefits	280,482	72,238	-	352,720	-
Business-type activity long-term liabilities	$ 7,583,270	$ 2,660,375	$ 901,789	$ 9,341,856	$ 1,177,609

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

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

There were no balances due to/from other funds at June 30, 2015.

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, 2015 is as follows:

Transfer from General Fund to:	
White Furniture Storm Drain Relocation Capital Project Fund	$ 700,000
City Park Capital Project Fund	750,000
Transfer from Water and Sewer Fund to:	
General Fund	330,000
Transfer from Forest Ridge Pump Station Capital Project Fund to:	
General Fund	63,092
Total	$ 1,843,092

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, 2015, the City made the following one-time transfers:

1) A transfer of $700,000 from the General Fund to the White Furniture Storm Drain Relocation Capital Project for planning and construction.

2) A transfer of $750,000 from the General Fund to the City Park Capital Project for land purchase, planning, and construction.

3) A transfer of $330,000 from the Water and Sewer Fund to the General Fund as the 3rd of 5 payments to return the June 30, 2012 transfer of $1,650,000 for construction of the Forest Ridge Pump Station.

4) A transfer of $63,092 from the Forest Ridge Pump Station Capital Project Fund to the General Fund for partial close out of the project.

D. Change in Accounting Policy/Restatement

During the year ended June 30, 2015, the City changed their policy of recognizing revenues available for accrual from 60 days to 90 days. As a result, certain unrestricted intergovernmental revenues that were subject to accrual in the General Fund as of June 30, 2014 were included on the modified accrual basis of accounting as deferred revenue. Therefore, a restatement to beginning fund balance has been recorded to account for those accruals, the net effect of which increased beginning fund balance by $234,416. The government-wide statements included these revenues based on a 90 day accrual; therefore beginning net position was not affected.

Additionally, as a result of the policy change noted above, certain other unrestricted intergovernmental revenues that were subject to accrual in the General Fund as of June 30, 2014, on a modified accrual basis of accounting, were omitted. Therefore, a restatement to beginning fund balance has been recorded to account for those accruals, the net effect of which increased beginning fund balance by $230,514. Further, the government-wide statements did not include the accrual of these revenues based on a 90 day accrual; therefore an adjustment to beginning net position has been recorded to account for the accrual, the effect of which increased beginning net position by $230,514.

E. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2015, the City of Mebane has recognized on-behalf of payments for pension contributions made by the State as revenue and an expenditure of $16,612, respectively, for the 24 volunteer firemen and 24 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firefighter'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 $11,200, 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, 2015. 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. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	$ 38,525,427	$ 40,273,852
less: long-term debt	6,513,606	8,918,278
add: unexpended debt proceeds	-	1,800,040
Net investment in capital assets	$ 32,011,821	$ 33,155,614

G. 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		$ 11,751,378
Less:	Nonspendable Prepaid Assets	(27,361)
	Stabilization by State Statute	(5,183,933)
	Appropriated fund balance in 2016 budget	(1,549,082)
	Working capital	(4,991,002)
Remaining fund balance		$ -

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

Funds at June 30, 2015 were $156,953 for the General Fund, $0 for the Southside Fire Station Capital Projects Fund, and $326,975 for the Non-Major Funds.

H. 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 $2,513 to the Council during the fiscal years ended June 30, 2015.

I. 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 37 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 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, 2015. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, Graham, North Carolina, 27253.

J. Joint Operation

The City of Mebane and the City of Graham are co-owners and operators of a water supply reservoir and water treatment plant per an Intergovernmental Watershed Agreement. Since June 22, 1973, the ownership of the assets and improvements of the joint undertaking remained at 66.7% interest for the City of Graham and 33.3% interest for the City of Mebane. Due to relative growths of the populations in units of government, the parties agreed as February 3, 2014 to adjust the capacity, treatment and operational costs, improvements, upgrades, and repairs to be borne equally by the units. At this time, the City of Mebane also agreed to pay to the City of Graham an equalizing sum of $2,548,070 for their capital interest. The amount is to be paid in twenty annual installments of $127,403 with the first payment due July 31, 2014. No interest is included in the agreement. The balance of the payable as of June 30, 2015 was $2,420,667.

K. 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.

L. Significant Effects of Subsequent Events

In accordance with ASC 855, the City evaluated subsequent events through October 31, 2015, 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.

M. Special Item

During the year ended June 30, 2015 the City of Mebane, along with City of Graham, conveyed undeveloped land to a private developer. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The conveyance of the land was in accordance with the agreement related to economic development in the North Carolina Commerce Park. The land had a book value of $2,691,591.

N. Change in Accounting Principles

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by $669,273 and $92,997, respectively.

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Required Supplementary Information

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

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Funding Progress for the Other Postemployment Benefits (OPEB) Plan**
- **Schedule of Employer Contributions for the Other Postemployment Benefits (OPEB) Plan**
- **Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System**
- **Schedule of Contributions to Local Government Employees' Retirement System**
- **Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan**

CITY OF MEBANE

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City of Mebane, North Carolina
Required Supplementary Information
Law Enforcement Officers' Special Separation Allowance
June 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a-b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2014	$ -	$ 258,154	$ 258,154	0.0%	$ 1,228,378	21.0%
12/31/2013	-	238,533	238,533	0.0%	1,097,171	21.7%
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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	$ 28,650	72.0%
2014	21,549	96.0%
2013	25,883	79.6%
2012	27,256	88.1%
2011	28,847	142.2%
2010	32,526	112.3%

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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
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, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a-b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2014	$ -	$ 6,259,893	$ 6,259,893	0.0%	$ 5,004,680	125.1%
12/31/2013	-	6,370,076	6,370,076	0.0%	4,764,872	133.7%
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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	$ 683,421	13.3%
2014	587,633	15.8%
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	12/31/2014
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
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend:	
Pre-Medicare trend rate	7.75% - 5.0%
Post-Medicare trend rate	5.50% - 5.00%
Year of Ultimate trend rate	2020
*Includes inflation at	3.0%

City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Proportionate Share of Net Pension Liability (Asset)
Last Two Fiscal Years *
June 30, 2015

Local Government Employees' Retirement System

	2015	2014
Mebane's proportion of the net pension liability (asset) (%)	0.09862%	0.09260%
Mebane's proportion of the net pension liability (asset) ($)	$ (581,608)	$ 1,116,186
Mebane's covered-employee payroll	$ 5,169,065	$ 5,064,935
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(11.25%)	22.04%
Plan fiduciary net position as a percentage of the total pension liability **	102.64%	94.35%

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

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

City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Contributions
Last Two Fiscal Years
June 30, 2015

Local Government Employees' Retirement System

	2015	2014
Contractually required contribution	$ 376,969	$ 353,916
Contributions in relation to the contractually required contribution	376,969	353,916
Contribution deficiency (excess)	$ -	$ -
Mebane's covered-employee payroll	$ 5,169,065	$ 5,064,935
Contributions as a percentage of covered-employee payroll	7.29%	6.99%

City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Proportionate Share of Net Pension Liability
Last Fiscal Year *
June 30, 2015

Firefighters' and Rescue Squad Workers' Pension

		2015
Mebane's proportionate share of the net pension liability (%)		0.00000%
Mebane's proportionate share of the net pension liability ($)	$	-
State's proportionate share of the net pension liability associated with the City of Mebane		31,152
Total	$	31,152
Mebane's covered-employee payroll	$	945,728
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		3.29%
Plan fiduciary net position as a percentage of the total pension liability		93.42%

* The amounts presented for the fiscal year ending June 30, 2015 was determined as of June 30, 2014.

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Major Governmental Funds

- **The General Fund** – This 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.
- **The Southside Fire Station Capital Project Fund** – This fund is used to account for the construction of the Southside Fire Station.

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City of Mebane, North Carolina
Comparative Balance Sheets
General Fund
June 30, 2015 and 2014 **Statement A-1**

	June 30, 2015	Restated June 30, 2014
Assets		
Cash and equivalents	$ 7,808,296	$ 10,178,693
Restricted cash	116,621	93,424
Taxes receivable	162,249	225,740
Accounts receivable	58,887	55,690
Prepaid items	27,361	20,511
Due from other funds	2,512,575	60,884
Due from other governments	2,455,518	1,409,593
Total assets	$ 13,141,507	$ 12,044,535
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	$ 1,227,074	$ 465,207
Prepaid licenses and fees	-	144,096
Total liabilities	1,227,074	609,303
Deferred inflows of resources	163,055	226,546
Fund balances:		
Nonspendable:		
Prepaid assets	27,361	20,511
Restricted for:		
Stabilization by State Statute	5,183,933	2,566,389
Assigned:		
Subsequent year's expenditures	1,549,082	1,543,138
Unassigned	4,991,002	7,078,648
Total fund balances	11,751,378	11,208,686
Total liabilities, deferred inflows of resources and fund balances	$ 13,141,507	$ 12,044,535

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, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement A-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual Restated
Revenues				
Property taxes:				
Current and prior years	$	$ 8,293,739	$	$ 7,771,561
Penalties and interest, net of discounts		(86,108)		(66,516)
Total	8,183,862	8,207,631	23,769	7,705,045
Other taxes and licenses:				
Privilege licenses	105,000	190,058	85,058	199,935
Unrestricted intergovernmental:				
Local Option Sales Tax		2,559,885		2,310,756
Telecommunications sales tax		126,744		131,577
Utility franchise tax		1,062,452		757,028
Video franchise fee		66,627		64,840
Beer and wine tax		57,881		52,360
ABC profit distribution		33,564		31,343
Economic development local support		1,115,949		-
Other		10,200		11,200
Total	3,326,100	5,033,302	1,707,202	3,359,104
Restricted intergovernmental:				
Powell Bill Allocation		335,463		332,008
Controlled substance tax		20,681		20,781
ABC Revenue for law enforcement		7,094		6,826
Solid waste disposal tax		7,832		7,313
On-behalf of payments - fire		27,812		23,425
Bulletproof Vest Grant		1,250		-
FEMA Award		89,147		278,404
Fire district tax funds		431,810		356,608
Total	781,300	921,089	139,789	1,025,365
Permits and fees:				
Building permits		171,778		115,692
Inspection fees		115,332		106,379
Street and utility inspection fees		28,284		18,048
Other		4,964		3,985
Total	143,000	320,358	177,358	244,104

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, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement A-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual Restated
Revenues (continued)				
Sales and services:				
Recreation department fees	$	$ 82,695	$	$ 80,620
Sanitation fees		303,737		290,214
Other		6,400		45,250
Total	400,450	392,832	(7,618)	416,084
Investment earnings	12,400	165	(12,235)	1,983
Miscellaneous:				
Material sales		2,540		5,890
Rent		45,470		60,900
Other grants and awards		100,000		-
Other		99,468		15,205
Total	311,305	247,478	(63,827)	81,995
Total revenues	13,263,417	15,312,913	2,049,496	13,033,615
Expenditures				
General government:				
Council:				
Salaries and employee benefits		59,893		59,890
Other operating expenditures		24,446		27,141
Total	95,787	84,339	11,448	87,031
Administration:				
Salaries and employee benefits		753,360		926,734
Other operating expenditures		136,556		78,560
Capital outlay		18,055		-
Total	1,077,405	907,971	169,434	1,005,294
Finance:				
Salaries and employee benefits		374,479		340,805
Other operating expenditures		192,426		188,025
Capital outlay		32,915		-
Total	727,068	599,820	127,248	528,830
Non-departmental:				
Other operating expenditures		501,925		442,461
Total	559,792	501,925	57,867	442,461
Total general government	2,460,052	2,094,055	365,997	2,063,616

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, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement A-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual Restated
Expenditures (continued)				
Public safety:				
Police:				
Salaries and employee benefits	$	$ 2,107,967	$	$ 2,031,570
Maintenance		78,461		56,068
Other operating expenditures		420,472		277,368
Capital outlay		84,750		224,963
Total	2,861,146	2,691,650	169,496	2,589,969
Fire department:				
Salaries and employee benefits		1,488,290		1,174,852
Maintenance		75,899		65,022
Other operating expenditures		314,263		252,923
Capital outlay		303,086		1,008,871
Total	2,390,476	2,181,538	208,938	2,501,668
Total public safety	5,251,622	4,873,188	378,434	5,091,637
Public works:				
Public works and maintenance:				
Salaries and employee benefits		767,274		668,392
Maintenance		619,430		-
Other operating expenditures		499,921		1,017,530
Capital outlay		118,476		250,735
Total	2,445,520	2,005,101	440,419	1,936,657
Sanitation:				
Salaries and employee benefits		363,482		340,676
Maintenance		60,747		92,526
Tipping fees		264,589		257,164
Other operating expenditures		117,550		401,226
Capital outlay		429,302		125,911
Total	1,392,278	1,235,670	156,608	1,217,503
Public facilities:				
Salaries and employee benefits		234,074		250,631
Maintenance		82,382		-
Other operating expenditures		150,848		248,617
Capital outlay		-		54,805
Total	640,680	467,304	173,376	554,053
Total public works	4,478,478	3,708,075	770,403	3,708,213

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, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement A-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual Restated
Expenditures (continued)				
Recreation:				
Parks and recreation:				
Salaries and employee benefits	$	$ 600,798	$	$ 601,900
Maintenance		88,513		97,640
Other operating expenditures		312,933		299,397
Capital outlay		315,785		196,700
Total	1,522,068	1,318,029	204,039	1,195,637
Total recreation	1,522,068	1,318,029	204,039	1,195,637
Economic and physical development:				
Planning, zoning, and inspections:				
Salaries and employee benefits		373,030		309,196
Maintenance		13,421		2,840
Professional services		109,743		-
Other operating expenditures		79,896		77,463
Total	714,550	576,090	138,460	389,499
Economic development:				
Other operating expenditures		127,376		295,698
Capital outlay		-		2,699,386
Total	579,000	127,376	451,624	2,995,084
Total economic and physical development	1,293,550	703,466	590,084	3,384,583
Debt Service:				
Principal Retirement	833,857	833,854	3	426,667
Interest and other charges	182,763	182,646	117	119,484
Total debt service	1,016,620	1,016,500	120	546,151
Total expenditures	16,022,390	13,713,313	2,309,077	15,989,837
Excess (deficiency) of revenues over expenditures	(2,758,973)	1,599,600	4,358,573	(2,956,222)

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, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement A-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual Restated
Other Financing Sources (Uses)				
Transfers in	$ 393,092	$ 393,092	$ -	$ 575,000
Transfers out	(1,450,000)	(1,450,000)	-	-
Long-term debt obligations issued	-	-	-	1,508,299
Total other financing sources (uses)	(1,056,908)	(1,056,908)	-	2,083,299
Fund balance appropriated	3,815,881	-	(3,815,881)	-
Net change in fund balances	$ -	542,692	$ 542,692	(872,923)
Fund balances - beginning (restated)		11,208,686		12,081,609
Fund balances - ending		$ 11,751,378		$ 11,208,686

City of Mebane, North Carolina
Comparative Balance Sheets
Capital Project Fund- Southside Fire Station
June 30, 2015 and 2014 **Statement A-3**

	June 30, 2015	June 30, 2014
Assets		
Cash and equivalents	$ 2,600,373	$ 9,234
Restricted cash	-	2,600,113
Total assets	$ 2,600,373	$ 2,609,347
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ -	$ 683,925
Due to other funds	2,512,575	-
Total liabilities	2,512,575	683,925
Fund balances:		
Assigned for subsequent years' expenditures	87,798	1,925,422
Total fund balances	87,798	1,925,422
Total liabilities and fund balances	$ 2,600,373	$ 2,609,347

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, 2015 **Statement A-4**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest earnings	$ -	$ 113	$ 260	$ 373	$ 373
Total revenues	-	113	260	373	373
Expenditures					
Professional services	555,000	464,342	75,089	539,431	15,569
Supplies and materials	56,579	-	56,579	56,579	-
Construction	2,178,164	649,868	1,486,481	2,136,349	41,815
Utility construction	480,876	432,674	45,997	478,671	2,205
Equipment	180,397	6,659	173,738	180,397	-
Contingency	27,836	-	-	-	27,836
Total expenditures	3,478,852	1,553,543	1,837,884	3,391,427	87,425
Revenue over (under) expenditures	(3,478,852)	(1,553,430)	(1,837,624)	(3,391,054)	87,798
Other Financing Sources (Uses)					
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	641,876	641,876	-	641,876	-
Operating transfers out:					
To General Fund for payback of initial funding	(245,000)	(245,000)	-	(245,000)	-
Installment purchase obligations issued	2,836,976	2,836,976	-	2,836,976	-
Total other financing sources (uses)	3,478,852	3,478,852	-	3,478,852	-
Revenues and other sources over (under) expenditures and other uses	$ -	$ 1,925,422	(1,837,624)	$ 87,798	$ 87,798
Fund balance, July 1			1,925,422		
Fund balance, June 30			$ 87,798		

Non-Major Governmental Funds

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.

- **The Mebane Mills Loft Community Development Block Grant (CDBG) Special Revenue 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 White Furniture Storm Drain Relocation Capital Project Fund** – This fund is used to account for the construction of the storm drain relocation for the Lofts at White Furniture apartment complex rehabilitation.
- **The City Park Capital Project Fund** – This fund is used to account for the land purchase and construction of the city park.

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City of Mebane, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015 **Statement B-1**

	Special Revenue Fund - CDBG - Mebane Mills Loft	Capital Project Fund - White Furniture Storm Drain Relocation	Capital Project Fund - City Park Project	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ -	$ 520,923	$ 750,000	$ 1,270,923
Restricted cash	41,814	-	-	41,814
Total assets	$ 41,814	$ 520,923	$ 750,000	$ 1,312,737
Liabilties and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 177,655	$ -	$ 177,655
Total liabilities	$ -	$ 177,655	$ -	$ 177,655
Fund balances:				
Restricted				
Economic Development	41,814	-	-	41,814
Assigned				
White Furniture Storm Drain Relocation Capital Outlay	-	343,268	-	343,268
City Park Capital Outlay	-	-	750,000	750,000
Total fund balances	41,814	343,268	750,000	1,135,082
Total liabilities and fund balances	$ 41,814	$ 520,923	$ 750,000	$ 1,312,737

City of Mebane, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015 **Statement B-2**

	Special Revenue Fund - CDBG - Mebane Mills Loft	Capital Project Fund - White Furniture Storm Drain Relocation	Capital Project Fund - City Park Project	Total Nonmajor Governmental Funds
Revenues				
Program revenue	$ 12,641	$ -	$ -	$ 12,641
Interest earnings	1,321	-	-	1,321
Total revenues	13,962	-	-	13,962
Expenditures				
Engineering and Construction Administration	-	80,203	-	80,203
Capital Outlay - Other	-	276,529	-	276,529
Total expenditures	-	356,732	-	356,732
Excess (deficiency) of revenues over expenditures	13,962	(356,732)	-	(342,770)
Other Financing Sources (Uses)				
Transfers from other funds	-	700,000	750,000	1,450,000
Total Other Financing Sources (Uses)	-	700,000	750,000	1,450,000
Net change in fund balances	13,962	343,268	750,000	1,107,230
Fund balances - beginning	27,852	-	-	27,852
Fund balances - ending	$ 41,814	$ 343,268	$ 750,000	$ 1,135,082

City of Mebane, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - CDBG - Mebane Mills Loft
From Inception and For the Year Ended June 30, 2015 **Statement B-3**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
CDBG	$ 250,000	$ 250,000	$ -	$ 250,000	$ -
Program revenue- principal receipts	-	12,758	12,641	25,399	25,399
Program revenue- interest receipts	-	15,094	1,321	16,415	16,415
Total revenues	250,000	277,852	13,962	291,814	41,814
Expenditures					
Pedestrian improvements	56,700	56,700	-	56,700	-
Historic preservation	145,645	145,645	-	145,645	-
Other activities	27,655	27,655	-	27,655	-
Administration	20,000	20,000	-	20,000	-
Total expenditures	250,000	250,000	-	250,000	-
Revenue over (under) expenditures	-	27,852	13,962	41,814	41,814
Net change in fund balance	$ -	$ 27,852	13,962	$ 41,814	$ 41,814
Fund balance, July 1			27,852		
Fund balance, June 30			$ 41,814		

City of Mebane, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Fund - White Furniture Storm Drain Relocation
From Inception and For the Year Ended June 30, 2015 **Statement B-4**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Engineering and Construction Administration	$ 90,400	$ -	$ 80,203	$ 80,203	$ 10,197
Capital Outlay - Other	588,027	-	276,529	276,529	311,498
Contingency	21,573	-	-	-	21,573
Total expenditures	700,000	-	356,732	356,732	343,268
Revenue over (under) expenditures	(700,000)	-	(356,732)	(356,732)	343,268
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for capital improvements	700,000	-	700,000	700,000	-
Total other financing sources (uses)	700,000	-	700,000	700,000	-
Revenues and other sources over (under) expenditures and other uses	$ -	$ -	343,268	$ 343,268	$ 343,268
Fund balance, July 1			-		
Fund balance, June 30			$ 343,268		

City of Mebane, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Fund - City Park Project
From Inception and For the Year Ended June 30, 2015 **Statement B-5**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Professional services	$ 130,000	$ -	$ -	$ -	$ 130,000
Land Purchase	620,000	-	-	-	620,000
Total expenditures	750,000	-	-	-	750,000
Revenue over (under) expenditures	(750,000)	-	-	-	750,000
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for capital improvements	750,000	-	750,000	750,000	-
Total other financing sources (uses)	750,000	-	750,000	750,000	-
Revenues and other sources over (under) expenditures and other uses	$ -	$ -	750,000	$ 750,000	$ 750,000
Fund balance, July 1			-		
Fund balance, June 30			$ 750,000		

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Proprietary Funds

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.

- **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.
- **Water Line Extensions – Capital Project Fund –** This fund is used to account for water line extensions for the City's economic development projects.

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City of Mebane, North Carolina
Comparative Statement of Net Position
Proprietary Funds
June 30, 2015 and 2014 **Statement C-1**

	June 30, 2015	June 30, 2014
Assets		
Current assets:		
Cash and equivalents	$ 6,510,658	$ 6,416,958
Restricted cash	2,108,539	4,868,282
Accounts Receivable, net - billed	599,545	495,081
Accounts Receivable, net - unbilled	225,836	216,473
Due to other governments	3,030	-
Total current assets	9,447,608	11,996,794
Non-current assets:		
Net pension asset	70,907	-
Capital assets:		
Land and other non-depreciable assets	8,791,067	4,820,189
Other capital assets, net of depreciation	31,482,785	29,467,069
Total capital assets	40,273,852	34,287,258
Total non-current assets	40,344,759	34,287,258
Total assets	49,792,367	46,284,052
Deferred outflows of resources	65,245	54,482
Total assets and deferred outflows of resources	$ 49,857,612	$ 46,338,534
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 511,083	$ 360,717
Accrued interest payable	19,747	6,654
Due to other funds	-	60,884
Due to other governments	712,497	-
Customer deposits	308,499	289,184
Compensated absences	40,067	33,454
Long-term debt - current	1,017,542	626,139
General obligation bonds payable - current	120,000	120,000
Total current liabilities	2,729,435	1,497,032
Noncurrent liabilities:		
Other postemployment benefits	352,720	280,482
Compensated absences	30,789	25,582
Long-term debt - noncurrent	7,565,738	6,162,613
General obligation bonds payable - noncurrent	215,000	335,000
Total noncurrent liabilities	8,164,247	6,803,677
Total liabilities	10,893,682	8,300,709
Deferred inflows of resources	172,885	-
Net Position		
Net investment in capital assets	33,155,614	31,622,606
Unrestricted	5,635,431	6,415,219
Total net position	38,791,045	38,037,825
Total liabilities, deferred outflows of resources, and net position	$ 49,857,612	$ 46,338,534

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement C-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual
Revenues				
Charges for services:				
Water sales	$	$ 2,414,169	$	$ 2,266,761
Sewer charges		2,311,035		2,182,731
Water and sewer taps		18,450		17,250
Total	4,348,000	4,743,654	395,654	4,466,742
Other operating revenues:				
Other operating revenues		622,811		639,291
Total	481,050	622,811	141,761	639,291
Other nonoperating revenues:				
Interest and investment earnings		259		5,801
Total	12,500	259	(12,241)	5,801
Total revenues	4,841,550	5,366,724	525,174	5,111,834
Expenditures				
Administration:				
Salaries and employee benefits		97,298		81,089
Supplies		86,939		287,816
Other operating expenditures		60,816		18,093
Non-departmental expenditures		20,881		39,501
Total	593,400	265,934	327,466	426,499
Distribution and maintenance:				
Salaries and employee benefits		448,642		451,134
Chemicals		116,985		-
Supplies		97,672		102,296
Maintenance		89,028		80,481
Purchases of water		714,246		687,199
Other operating expenditures		261,301		322,242
Total	1,865,500	1,727,874	137,626	1,643,352
Waste collection and treatment:				
Wastewater treatment plant:				
Salaries and employee benefits		572,898		540,865
Chemicals		100,144		77,039
Supplies		29,013		33,042
Maintenance		93,686		82,724
Other operating expenditures		433,941		482,435
Total	1,414,725	1,229,682	185,043	1,216,105

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement C-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual
Expenditures (continued)				
Debt Service:				
Principal Retirement	$ 873,543	$ 873,542	$ 1	$ 810,665
Interest and other charges	183,341	148,322	35,019	116,323
Total	1,056,884	1,021,864	35,020	926,988
Capital outlay:				
Miscellaneous water	903,000	182,203	720,797	202,810
Total	903,000	182,203	720,797	202,810
Total expenditures	5,833,509	4,427,557	1,405,952	4,415,754
Excess (deficiency) of revenues over expenditures	(991,959)	939,167	1,931,126	696,080
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(330,000)	(330,000)	-	(784,376)
Total other financing sources (uses)	(330,000)	(330,000)	-	(784,376)
Fund balance appropriated	1,321,959	-	(1,321,959)	-
Revenues and other sources over expenditures and other uses	$ -	$ 609,167	$ 609,167	$ (88,296)

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014) **Statement C-2**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over expenditures and other uses.....		$ 609,167		$ (88,296)
Reconciling items:				
Principal retirement.....		873,542		810,665
Capital outlays.....		182,203		202,810
(Increase) decrease in receivable allowance.....		(44,053)		(23,533)
Increase (decrease) in unbilled receivables.....		9,364		24,962
Increase (decrease) in other receivables.....		-		(50,000)
Increase (decrease) in inventories.....		-		(132,421)
(Increase) decrease in accrued interest payable.....		(13,093)		23,800
(Increase) decrease in accrued salaries and wages.....		(8,094)		(4,213)
(Increase) decrease in vacation pay.....		(11,820)		(12,186)
Deferred outflows of resources for contributions made to pension plan in current fiscal year.....		45,976		-
Pension expense.....		(5,355)		-
Increase (decrease) in OPEB.....		(72,238)		(62,735)
Depreciation.....		(910,369)		(896,323)
Amortization of deferred loss on refunding.....		(38,839)		(6,838)
Capital contributions.....		196,230		203,400
Interest income from Water and Sewer Capital Project Funds.....		18,647		2,203
Interest expense from Water and Sewer Capital Project Funds.....		-		(9,649)
Capitalized interest on borrowings during construction				
Interest costs.....		96,688		9,649
Investment earnings on borrowed funds.....		(18,647)		(2,203)
Transfer to General fund.....		(63,092)		-
Total reconciling items.....		237,050		77,388
Change in net position.....		$ 846,217		$ (10,908)

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, 2015 **Statement C-3**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Professional services	$ 388,861	$ 378,928	$ 4,967	$ 383,895	$ 4,966
Easements	69,386	81,875	(12,489)	69,386	-
Construction	2,778,661	2,755,675	27,952	2,783,627	(4,966)
Total expenditures	3,236,908	3,216,478	20,430	3,236,908	-
Revenue over (under) expenditures	(3,236,908)	(3,216,478)	(20,430)	(3,236,908)	-
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for sewer capital improvements	3,300,000	3,356,358	-	3,356,358	56,358
Operating transfers out:					
To General Fund for closeout of project	(63,092)	-	(63,092)	(63,092)	-
Total other financing sources (uses)	3,236,908	3,356,358	(63,092)	3,293,266	56,358
Revenues and other sources over (under) expenditures and other uses	$ -	$ 139,880	$ (83,522)	$ 56,358	$ 56,358

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, 2015 **Statement C-4**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Professional services	$ 390,000	$ 91,601	$ 71,535	$ 163,136	$ 226,864
Professional services- generator	40,000	-	32,439	32,439	7,561
Construction	1,570,000	1,136,760	280,034	1,416,794	153,206
Contingency	5,300,000	-	-	-	5,300,000
Total expenditures	7,300,000	1,228,361	384,008	1,612,369	5,687,631
Revenue over (under) expenditures	(7,300,000)	(1,228,361)	(384,008)	(1,612,369)	5,687,631
Other Financing Sources (Uses)					
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)	7,300,000	2,000,000	-	2,000,000	(5,300,000)
Revenues and other sources over (under) expenditures and other uses	$ -	$ 771,639	$ (384,008)	$ 387,631	$ 387,631

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, 2015 **Statement C-5**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment earnings	$ 5,190	$ 1,212	$ 10,256	$ 11,468	$ (6,278)
Total revenues	5,190	1,212	10,256	11,468	(6,278)
Expenditures					
Professional services	604,142	258,552	144,459	403,011	201,131
Construction	2,019,500	-	1,422,043	1,422,043	597,457
Interest on borrowings	9,649	9,649	-	9,649	-
Contingency	143,490	-	-	-	143,490
Total expenditures	2,776,781	268,201	1,566,502	1,834,703	942,078
Revenue over (under) expenditures	(2,771,591)	(266,989)	(1,556,246)	(1,823,235)	948,356
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for WWTP capital improvements	157,043	157,043	-	157,043	-
Refunding costs	(923,752)	(965,561)	-	(965,561)	(41,809)
Installment purchase obligations issued	3,538,300	3,538,300	-	3,538,300	-
Total other financing sources (uses)	2,771,591	2,729,782	-	2,729,782	(41,809)
Revenues and other sources over (under) expenditures and other uses	$ -	$ 2,462,793	$ (1,556,246)	$ 906,547	$ 906,547

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
Capital Project Fund - Water Line Extensions
From Inception and For the Year Ended June 30, 2015 **Statement C-6**

		Actual			
	Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment earnings	$ 4,246	$ 991	$ 8,391	$ 9,382	$ (5,136)
Golden Leaf Foundation Grant	450,000	-	-	-	450,000
Total revenues	454,246	991	8,391	9,382	444,864
Expenditures					
Professional services	370,700	92,874	203,273	296,147	74,553
Easements	100,000	3,078	84,638	87,716	12,284
Utility construction	2,091,000	-	1,633,984	1,633,984	457,016
Contingency	4,246	-	-	-	4,246
Total expenditures	2,565,946	95,952	1,921,895	2,017,847	548,099
Revenue over (under) expenditures	(2,111,700)	(94,961)	(1,913,504)	(2,008,465)	103,235
Other Financing Sources (Uses)					
Installment purchase obligations issued	2,111,700	2,111,700	-	2,111,700	-
Total other financing sources (uses)	2,111,700	2,111,700	-	2,111,700	-
Revenues and other sources over (under) expenditures and other uses	$ -	$ 2,016,739	$ (1,913,504)	$ 103,235	$ 103,235

Additional Financial Data

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

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

CITY OF MEBANE

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City of Mebane, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2015 **Schedule D-1**

Fiscal Year	Uncollected Balance 6/30/2014	Additions	Collections and Credits	Uncollected Balance 6/30/2015
2014-2015	$ -	$ 8,223,909	$ 8,175,886	$ 48,023
2013-2014	87,351	-	61,531	25,820
2012-2013	49,146	-	24,047	25,099
2011-2012	36,564	-	18,397	18,167
2010-2011	15,183	-	2,269	12,914
2009-2010	14,919	-	3,974	10,945
2008-2009	17,065	-	2,844	14,221
2007-2008	12,108	-	921	11,187
2006-2007	8,092	-	232	7,860
2005-2006	10,315	-	261	10,054
2004-2005	5,799	-	5,799	-
	$ 256,542	$ 8,223,909	$ 8,296,161	184,290
Less: Allowance for uncollectible accounts (General Fund)				22,041
Ad valorem taxes receivable - net				$ 162,249

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 8,207,631
Add (subtract):	
Penalties and interest, net of discounts	86,108
Amount written off for tax year 2002-2003	5,799
Refunds and other adjustments	(3,377)
Total collections and credits	$ 8,296,161

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2015 **Schedule D-2**

	City - Wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Tax levy:					
Real property at current rate	$ 1,171,969,829	0.49	$ 5,742,652	$ 5,742,652	$ -
Personal property at current rate	498,060,858	0.49	2,440,498	1,936,769	503,729
Public service companies	22,232,490	0.49	108,939	108,939	-
Subtotals	1,692,263,177		8,292,089	7,788,360	503,729
Less: Homestead exemptions	(8,580,903)	0.49	(42,046)	(42,046)	-
Totals	$ 1,683,682,274		8,250,043	7,746,314	503,729
Advertising, interest cost and late filing fees			-	-	-
Gross levy			8,250,043	7,746,314	503,729
Release and adjustments			(26,134)	(26,134)	-
Net levy			8,223,909	7,720,180	503,729
Uncollected taxes at June 30, 2015			48,023	47,943	80
Current year taxes collected			$ 8,175,886	$ 7,672,237	$ 503,649
Current levy collection percentage			99.42%	99.38%	99.98%

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2015 **Schedule D-3**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (Note 1)		100%
	Current Year Rate	Prior Year Rate
Real Property	$ 1,168,811,977	$ 3,157,852
Personal Property	464,378,292	33,682,566
Public service companies (Note 2)	22,232,490	-
Total Assessed Valuation	1,655,422,759	36,840,418
Tax Rate per $100	0.49	0.49
	8,111,571	180,518
Levy		$ 8,292,089

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, 2015 **Schedule D-4**

Name	Type of Enterprise	Assessed Valuation	Tax Levy	Percentage of Total Assessed Valuation
GKN Automotive Components	Auto Components Manufacturing	$ 113,011,629	$ 553,757	6.71%
Liggett Group - One Hundred Maple, LLC	Tobacco Manufacturing	76,138,488	$ 373,079	4.52%
Sandvik, Inc.	Metal Cutting	49,370,927	$ 241,918	2.93%
Tanger Piedmont, LLC	Retail	36,994,215	$ 181,272	2.20%
Mebane Packaging - Meadwestvaco Health	Packaging Manufacturing	29,175,843	$ 142,962	1.73%
Mebane Operating Company LLC	Real Estate Management & Development	16,868,033	$ 82,653	1.00%
Wal-Mart	Retail	16,083,716	$ 78,810	0.95%
Armacell LLC - Armstrong	Pipe Insulation Manufacturing	15,646,061	$ 76,666	0.93%
Nypro, Inc.	Plastics Manufacturing	14,741,630	$ 72,234	0.88%
Spring Forest Spe 5, LLC	Apartment Complex	13,387,423	$ 65,598	0.80%
		$ 381,417,965	$ 1,868,948	22.65%

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CITY OF MEBANE

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Statistical Section

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.

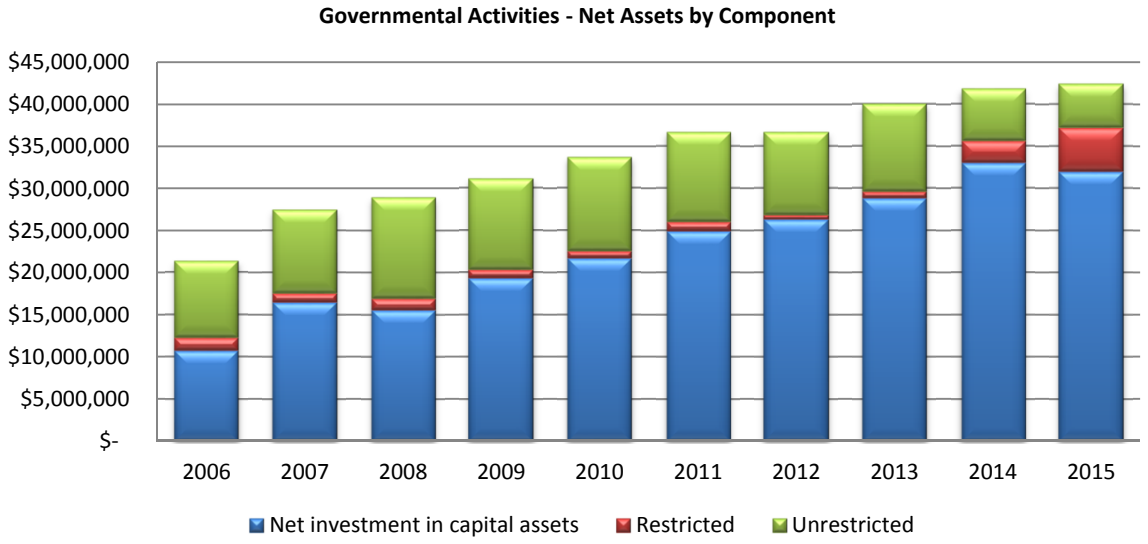
- **Financial Trends** – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** – These schedules contain information to help the reader assess the government's most significant local 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 **Table 1**
(Accrual Basis of Accounting) **Page 1 of 2**

	Fiscal Year Ending June 30,				
Governmental activities	**2006**	**2007**	**2008**	**2009**	**2010**
Net investment in capital assets	$ 10,749,593	$ 16,494,673	$ 15,562,758	$ 19,329,954	$ 21,705,437
Restricted	1,526,155	1,056,483	1,394,981	1,000,710	845,711
Unrestricted	9,074,877	9,949,510	11,998,285	10,824,598	11,125,637
Total governmental activities net position	$ 21,350,625	$ 27,500,666	$ 28,956,024	$ 31,155,262	$ 33,676,785
Business-type activities					
Net investment in capital assets	$ 17,658,679	$ 19,726,956	$ 23,419,003	$ 23,967,839	$ 24,612,653
Restricted	-	-	-	-	-
Unrestricted	5,973,684	10,104,557	8,028,179	8,384,291	9,163,444
Total business-type activities net position	$ 23,632,363	$ 29,831,513	$ 31,447,182	$ 32,352,130	$ 33,776,097
Primary government					
Net investment in capital assets	$ 28,408,272	$ 36,221,629	$ 38,981,761	$ 43,297,793	$ 46,318,090
Restricted	1,526,155	1,056,483	1,394,981	1,000,710	845,711
Unrestricted	15,048,561	20,054,067	20,026,464	19,208,889	20,289,081
Total primary government activities net position	$ 44,982,988	$ 57,332,179	$ 60,403,206	$ 63,507,392	$ 67,452,882

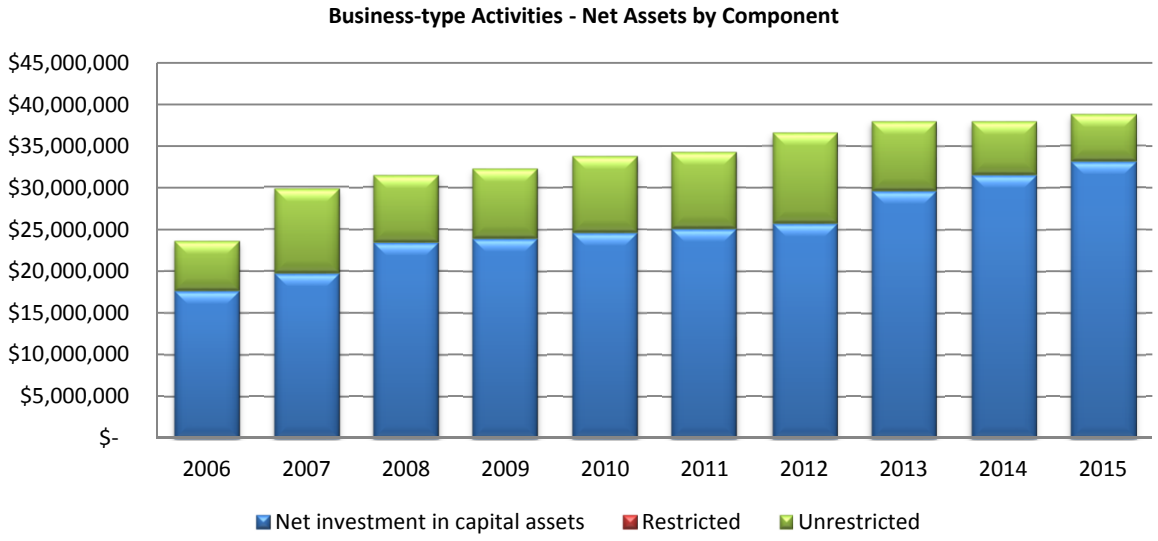
Notes:
(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.
(2) 2015 includes a prior period restatement of $(531,756); 2011 includes a prior period restatement of $230,000; 2010 includes a prior period restatement of $(279,161); 2009 includes prior period restatements of $323,564 and $(283,174); 2008 includes a prior period restatement of $(280,275).



City of Mebane, North Carolina
Net Position by Component
Last Ten Fiscal Years **Table 1**
(Accrual Basis of Accounting) **Page 2 of 2**

	Fiscal Year Ending June 30,				
Governmental activities	**2011**	**2012**	**2013**	**2014**	**2015**
Net investment in capital assets	$ 24,920,842	$ 26,347,904	$ 28,863,807	$ 33,039,857	$ 32,011,821
Restricted	1,110,038	497,614	755,213	2,594,241	5,225,747
Unrestricted	10,682,320	9,863,083	10,432,825	6,195,064	5,185,319
Total governmental activities net position	$ 36,713,200	$ 36,708,601	$ 40,051,845	$ 41,829,162	$ 42,422,887
Business-type activities					
Net investment in capital assets	$ 25,132,355	$ 25,760,951	$ 29,700,671	$ 31,622,606	$ 33,155,614
Restricted	-	-	-	-	-
Unrestricted	9,154,905	10,903,051	8,348,062	6,415,219	5,635,431
Total business-type activities net position	$ 34,287,260	$ 36,664,002	$ 38,048,733	$ 38,037,825	$ 38,791,045
Primary government					
Net investment in capital assets	$ 50,053,197	$ 52,108,855	$ 58,564,478	$ 64,662,463	$ 65,167,435
Restricted	1,110,038	497,614	755,213	2,594,241	5,225,747
Unrestricted	19,837,225	20,766,134	18,780,887	12,610,283	10,820,750
Total primary government activities net position	$ 71,000,460	$ 73,372,603	$ 78,100,578	$ 79,866,987	$ 81,213,932

Notes:
(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.
(2) 2015 includes a prior period restatement of $(531,756); 2011 includes a prior period restatement of $230,000; 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).



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				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government	$ 1,180,204	$ 1,283,811	$ 1,379,526	$ 1,468,861	$ 1,663,985
Public safety	2,680,929	3,023,083	3,890,166	3,447,735	4,207,196
Public works	1,218,641	1,693,029	1,847,567	1,717,557	1,850,162
Cultural and recreation	1,048,441	884,553	892,209	952,090	1,015,382
Economic and physical development	94,329	168,347	295,150	171,038	345,051
Interest on long-term debt	184,020	177,361	143,044	227,537	201,996
Total governmental activities expenses	6,406,564	7,230,184	8,447,662	7,984,818	9,283,772
Business-type activities	2,185,228	1,623,450	3,241,878	3,545,224	3,607,648
Total primary government expenses	8,591,792	8,853,634	11,689,540	11,530,042	12,891,420
Program revenues					
Governmental activities:					
Charges for services:					
General government	39,798	41,748	59,960	55,801	57,150
Public safety	255,795	203,646	135,198	118,440	181,616
Public works	199,320	203,983	325,371	313,800	331,857
Cultural and recreation	80,675	84,422	75,950	81,742	83,836
Economic and physical development	-	-	-	-	-
Operating grants and contributions	416,566	366,352	156,252	435,425	303,803
Capital grants and contributions	33,330	61,878	215,625	19,443	1,282,843
Total governmental activities program revenue	1,025,484	962,029	968,356	1,024,651	2,241,105
Business-type activities:					
Charges for services	3,098,969	3,457,258	3,551,393	3,717,104	3,510,744
Capital grants and contributions	705,588	4,365,342	416,275	368,356	510,712
Total business-type activities program revenue	3,804,557	7,822,600	3,967,668	4,085,460	4,021,456
Total primary government program revenue	4,830,041	8,784,629	4,936,024	5,110,111	6,262,561
Total primary government net expense	(3,761,751)	(69,005)	(6,753,516)	(6,419,931)	(6,628,859)
General revenues and other changes in net position					
Governmental activities:					
Taxes					
Property taxes, levied for general purpose	4,888,919	5,350,407	5,664,589	6,181,452	6,726,223
Other taxes	1,448,101	1,625,093	1,935,772	1,906,140	2,378,979
Grants and contributions not restricted to specific programs	864,175	4,773,025	837,918	866,810	370,000
Unrestricted investment earnings	420,782	565,175	470,362	165,200	47,149
Miscellaneous	216,707	104,496	26,023	34,615	41,839
Special item: Conveyance of land for economic development	-	-	-	-	-
Transfers	-	-	-	5,188	-
Total governmental activities general revenues	7,838,684	12,418,196	8,934,664	9,159,405	9,564,190
Business-type activities:					
Unrestricted investment earnings	-	-	355,827	106,519	27,306
Miscellaneous	-	-	534,052	263,381	982,853
Transfers	-	-	-	(5,188)	-
Total business-type activities general revenues	-	-	889,879	364,712	1,010,159
Total primary government general revenues	7,838,684	12,418,196	9,824,543	9,524,117	10,574,349
Change in primary government net position	$ 4,076,933	$ 12,349,191	$ 3,071,027	$ 3,104,186	$ 3,945,490

Notes:
(1) 2015 includes a prior period restatement of $(531,756); 2011 includes a prior period restatement of $230,000; 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)

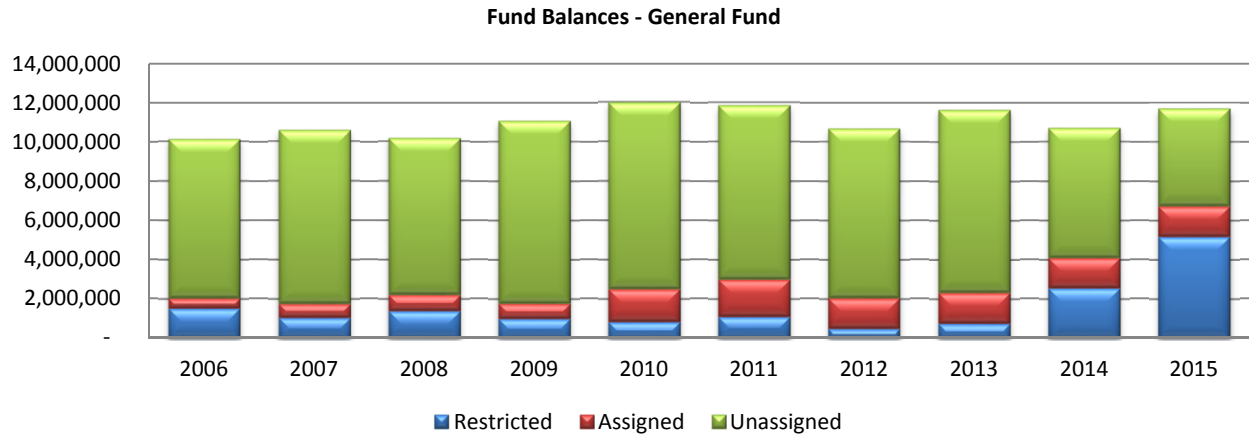
	Fiscal Year Ending June 30				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	$ 1,753,985	$ 1,854,901	$ 2,143,420	$ 2,133,862	$ 2,130,084
Public safety	3,863,952	4,107,505	4,571,950	4,400,496	4,929,504
Public works	2,800,765	2,802,874	2,879,581	3,887,001	3,848,791
Cultural and recreation	1,091,761	1,167,086	1,224,727	1,179,235	1,163,723
Economic and physical development	202,085	402,748	207,551	1,137,040	584,532
Interest on long-term debt	176,371	150,948	132,923	151,011	178,086
Total governmental activities expenses	9,888,919	10,486,062	11,160,152	12,888,645	12,834,720
Business-type activities	3,923,837	3,913,101	3,901,404	4,493,195	4,288,957
Total primary government expenses	13,812,756	14,399,163	15,061,556	17,381,840	17,123,677
Program revenues					
Governmental activities:					
Charges for services:					
General government	54,800	58,255	58,381	60,900	45,470
Public safety	209,242	104,563	130,897	12,986	13,964
Public works	318,183	318,717	316,398	355,012	338,920
Cultural and recreation	79,972	75,649	74,518	75,170	77,245
Economic and physical development	-	-	-	222,071	287,110
Operating grants and contributions	321,016	338,677	397,732	667,594	498,060
Capital grants and contributions	1,698,372	858,449	2,013,681	912,272	2,157,849
Total governmental activities program revenue	2,681,585	1,754,310	2,991,607	2,306,005	3,418,618
Business-type activities:					
Charges for services	3,942,483	4,322,571	4,732,814	5,041,627	5,316,218
Capital grants and contributions	471,250	284,300	1,051,250	203,400	196,230
Total business-type activities program revenue	4,413,733	4,606,871	5,784,064	5,245,027	5,512,448
Total primary government program revenue	7,095,318	6,361,181	8,775,671	7,551,032	8,931,066
Total primary government net expense	(6,717,438)	(8,037,982)	(6,285,885)	(9,830,808)	(8,192,611)
General revenues and other changes in net position					
Governmental activities:					
Taxes					
Property taxes, levied for general purpose	6,805,448	7,376,275	7,640,328	8,054,225	8,572,861
Other taxes	2,617,082	2,973,118	3,297,348	3,519,938	4,105,041
Grants and contributions not restricted to specific programs	4,770	3,045	4,000	7,000	4,500
Unrestricted investment earnings	22,532	14,422	11,943	2,096	4,083
Miscellaneous	793,917	10,293	40,670	(7,678)	60,600
Special item: Conveyance of land for economic development	-	-	-	-	(2,691,591)
Transfers	-	(1,650,000)	517,500	784,376	393,092
Total governmental activities general revenues	10,243,749	8,727,153	11,511,789	12,359,957	10,448,586
Business-type activities:					
Unrestricted investment earnings	14,608	31,212	9,706	5,801	259
Miscellaneous	6,659	1,760	9,865	15,835	15,559
Transfers	-	1,650,000	(517,500)	(784,376)	(393,092)
Total business-type activities general revenues	21,267	1,682,972	(497,929)	(762,740)	(377,274)
Total primary government general revenues	10,265,016	10,410,125	11,013,860	11,597,217	10,071,312
Change in primary government net position	$ 3,547,578	$ 2,372,143	$ 4,727,975	$ 1,766,409	$ 1,878,701

Notes:
(1) 2015 includes a prior period restatement of $(531,756); 2011 includes a prior period restatement of $230,000; 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 **Table 3**
(Modified Accrual Basis of Accounting) **Page 1 of 2**

	Fiscal Year Ending June 30				
	2006	2007	2008	2009	2010
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	1,526,155	1,056,483	1,394,981	1,000,710	845,711
Committed	-	-	-	-	-
Assigned	512,229	705,793	817,443	777,851	1,661,531
Unassigned	8,100,010	8,820,690	7,961,226	9,306,177	9,497,290
Total general fund	$ 10,138,394	$ 10,582,966	$ 10,173,650	$ 11,084,738	$ 12,004,532
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	352,576	315,288	3,418,439	851,001	(38,414)
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 352,576	$ 315,288	$ 3,418,439	$ 851,001	$ (38,414)
Total Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	1,526,155	1,056,483	1,394,981	1,000,710	845,711
Committed	-	-	-	-	-
Assigned	864,805	1,021,081	4,235,882	1,628,852	1,623,117
Unassigned	8,100,010	8,820,690	7,961,226	9,306,177	9,497,290
Total governmental funds	$ 10,490,970	$ 10,898,254	$ 13,592,089	$ 11,935,739	$ 11,966,118

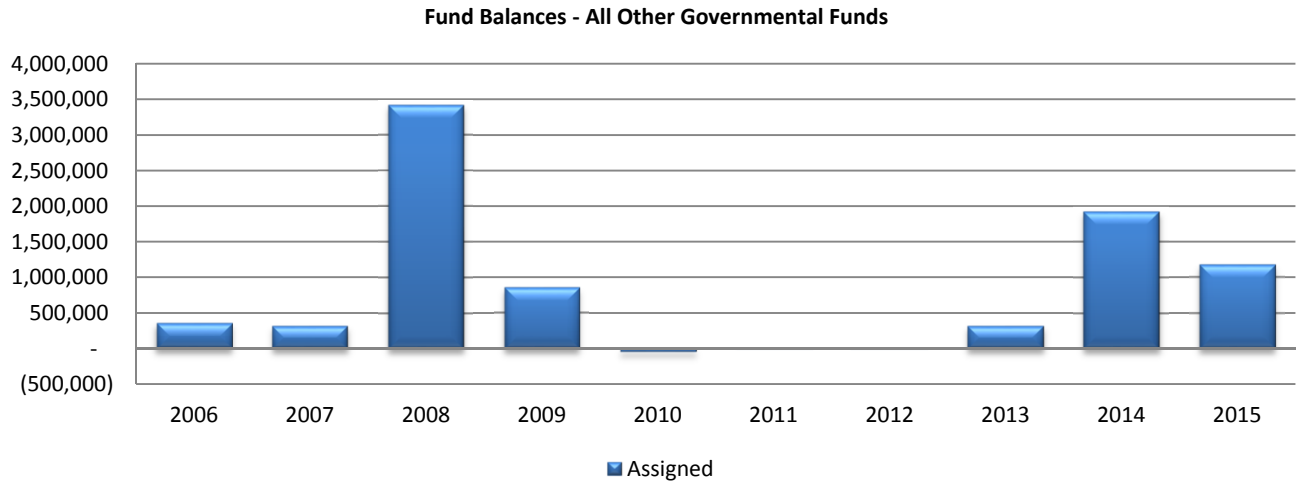
Notes:
(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.



City of Mebane, North Carolina
Fund Balances - Governmental Funds
Last Ten Fiscal Years **Table 3**
(Modified Accrual Basis of Accounting) **Page 2 of 2**

	Fiscal Year Ending June 30				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	$ -	$ -	$ -	$ 20,511	$ 27,361
Restricted	1,110,040	497,614	755,213	2,566,389	5,183,933
Committed	-	-	-	-	-
Assigned	1,888,098	1,556,073	1,586,386	1,543,138	1,549,082
Unassigned	8,865,523	8,636,871	9,309,149	6,612,572	4,991,002
Total general fund	$ 11,863,661	$ 10,690,558	$ 11,650,748	$ 10,742,610	$ 11,751,378
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	27,852	41,814
Committed	-	-	-	-	-
Assigned	(350)	(4,500)	316,850	1,925,422	1,181,066
Unassigned	-	-	-	-	-
Total all other governmental funds	$ (350)	$ (4,500)	$ 316,850	$ 1,953,274	$ 1,222,880
Total Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ 20,511	$ 27,361
Restricted	1,110,040	497,614	755,213	2,594,241	5,225,747
Committed	-	-	-	-	-
Assigned	1,887,748	1,551,573	1,903,236	3,468,560	2,730,148
Unassigned	8,865,523	8,636,871	9,309,149	6,612,572	4,991,002
Total governmental funds	$ 11,863,311	$ 10,686,058	$ 11,967,598	$ 12,695,884	$ 12,974,258

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 **Table 4**
(Modified Accrual Basis of Accounting) **Page 1 of 2**

	Fiscal Year Ending June 30				
	2006	2007	2008	2009	2010
Revenues					
Ad valorem taxes	$ 4,899,477	$ 5,339,605	$ 5,658,842	$ 6,051,214	$ 6,349,231
Other taxes and licenses	1,448,101	1,623,093	1,633,744	1,608,851	14,040
Unrestricted intergovernmental	824,190	731,730	793,568	835,870	2,396,729
Restricted intergovernmental	571,792	679,139	615,101	706,142	805,095
Permits and fees	251,782	199,343	239,888	159,173	236,153
Sales and services	288,399	312,152	291,728	345,139	356,106
Investment earnings	449,670	592,209	518,711	188,700	47,149
Miscellaneous	252,114	174,303	136,634	169,980	98,903
Total revenues	8,985,525	9,651,574	9,888,216	10,065,069	10,303,406
Expenditures					
General government	1,264,291	1,356,764	1,492,986	1,391,877	1,542,016
Public safety	2,592,021	3,501,737	3,915,193	3,287,593	3,832,452
Public works	1,346,703	2,479,696	2,335,122	2,077,510	2,085,645
Cultural and recreation	1,684,606	866,067	1,444,810	1,181,615	321,052
Economic and physical development	94,329	168,347	288,595	171,179	735,745
Debt service:					
Principal	624,549	642,080	660,302	789,142	697,638
Interest and other charges	202,870	177,361	151,349	234,778	207,030
Capital outlay	757,368	52,238	106,024	2,587,725	851,449
Total expenditures	8,566,737	9,244,290	10,394,381	11,721,419	10,273,027
Excess (deficiency) of revenues over (under) expenditures	418,788	407,284	(506,165)	(1,656,350)	30,379
Other Financing Sources (Uses)					
Transfers to other funds	-	-	-	-	(191,531)
Transfers from other funds	-	-	-	-	191,531
Issuance of debt	-	-	3,200,000	-	-
Total other financing sources (uses)	-	-	3,200,000	-	-
Net change in fund balances	418,788	407,284	2,693,835	(1,656,350)	30,379
Fund balances, beginning	10,072,182	10,490,970	10,898,254	13,592,089	11,935,739
Prior period adjustment	-	-	-	-	-
Fund balances, beginning as restated	10,072,182	10,490,970	10,898,254	13,592,089	11,935,739
Fund balances, ending	$ 10,490,970	$ 10,898,254	$ 13,592,089	$ 11,935,739	$ 11,966,118
Debt service as a percentage of noncapital expenditures	12.5%	11.1%	9.9%	12.7%	10.0%

Notes:
(1) 2015 includes a prior period restatement of $466,076.

City of Mebane, North Carolina
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years **Table 4**
(Modified Accrual Basis of Accounting) **Page 2 of 2**

	Fiscal Year Ending June 30				
	2011	2012	2013	2014	2015
Revenues					
Ad valorem taxes	$ 6,527,203	$ 6,963,505	$ 7,322,698	$ 7,705,045	$ 8,207,631
Other taxes and licenses	19,855	19,253	189,355	199,935	190,058
Unrestricted intergovernmental	3,184,785	3,183,950	3,136,030	3,323,889	5,033,302
Restricted intergovernmental	641,518	686,429	695,117	1,497,810	893,277
Permits and fees	239,333	115,955	136,214	244,104	320,358
Sales and services	364,014	378,424	382,049	416,084	392,832
Investment earnings	22,532	14,422	11,943	17,190	1,746
Miscellaneous	107,047	86,011	112,033	94,753	260,119
Total revenues	11,106,287	11,447,949	11,985,439	13,498,810	15,299,323
Expenditures					
General government	1,600,612	1,676,324	1,950,508	2,087,742	2,094,055
Public safety	4,298,873	3,872,971	4,157,723	5,091,637	4,901,955
Public works	3,125,067	3,102,904	2,818,822	3,708,213	3,708,075
Cultural and recreation	1,074,413	1,152,466	1,110,864	1,195,637	1,318,029
Economic and physical development	178,908	204,146	505,146	3,832,902	703,466
Debt service:					
Principal	707,641	613,255	426,667	426,667	833,854
Interest and other charges	181,520	155,859	135,000	119,484	182,646
Capital outlay	42,060	197,277	116,669	1,437,893	2,138,037
Total expenditures	11,209,094	10,975,202	11,221,399	17,900,175	15,880,117
Excess (deficiency) of revenues over (under) expenditures	(102,807)	472,747	764,040	(4,401,365)	(580,794)
Other Financing Sources (Uses)					
Transfers to other funds	(64,144)	(1,650,000)	(245,000)	(245,000)	(1,450,000)
Transfers from other funds	64,144	-	762,500	1,029,376	1,843,092
Issuance of debt	-	-	-	4,345,275	-
Total other financing sources (uses)	-	(1,650,000)	517,500	5,129,651	393,092
Net change in fund balances	(102,807)	(1,177,253)	1,281,540	728,286	(187,702)
Fund balances, beginning	11,966,118	11,863,311	10,686,058	11,967,598	12,695,884
Prior period adjustment	-	-	-	-	466,076
Fund balances, beginning as restated	11,966,118	11,863,311	10,686,058	11,967,598	13,161,960
Fund balances, ending	$ 11,863,311	$ 10,686,058	$ 11,967,598	$ 12,695,884	$ 12,974,258
Debt service as a percentage of noncapital expenditures	9.3%	7.7%	5.5%	4.6%	8.2%

Notes:

(1) 2015 includes a prior period restatement of $466,076.

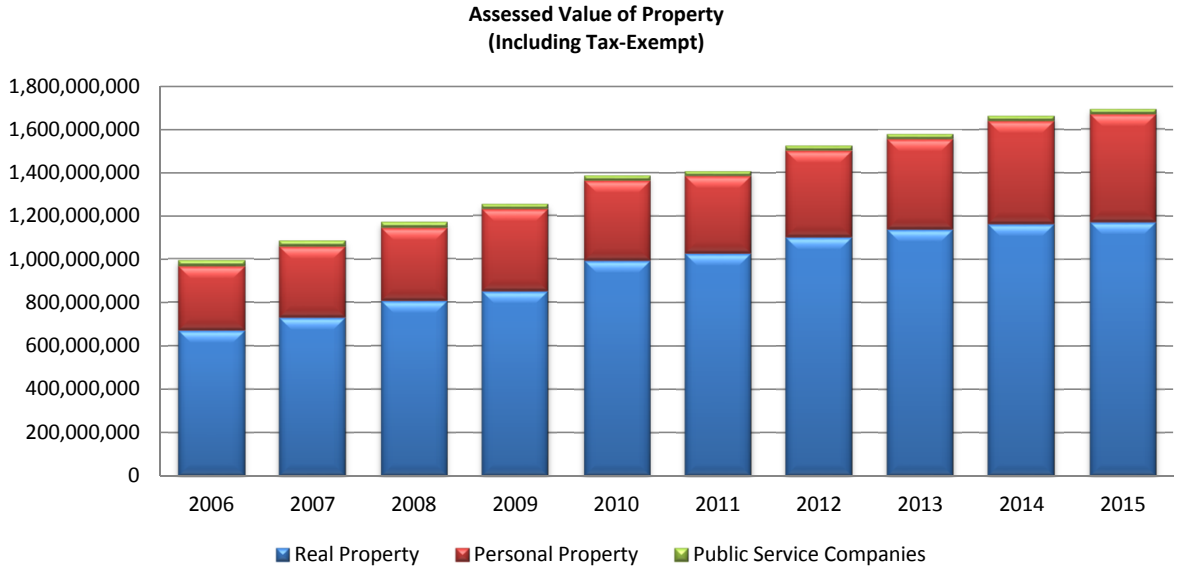
City of Mebane, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years **Table 5**

Fiscal Year	Real Property	Personal Property	Public Service Companies	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Assessed Value to Estimated Actual Value
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%
2014	1,163,814,338	476,296,137	22,343,241	(8,380,262)	1,654,073,454	0.47	1,574,895,032	105.0%
2015	1,171,969,829	498,060,858	22,232,490	(8,580,903)	1,683,682,274	0.49	1,603,949,005	105.0%

Sources:
Alamance County and Orange County Tax Departments.

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).



City of Mebane, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rates are Per $100 of Assessed Value) **Table 6**

	Direct Rate	Overlapping Rates		Combined Tax Rate	
Fiscal Year	City of Mebane	Alamance County [1]	Orange County [2]	Alamance County	Orange County
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
2014	0.47	0.540	0.858	1.010	1.328
2015	0.49	0.530	0.858	1.020	1.348

Sources:
[1] Alamance County Tax Department.
[2] 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

	2015			2006		
Taxpayer	Taxable Assessed Value [1]	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GKN Automotive Components	$ 113,011,629	1	6.71%	$ 79,241,295	1	8.63%
Liggett Group - One Hundred Maple, LLC	76,138,488	2	4.52%	[2]		
Sandvik, Inc	49,370,927	3	2.93%	20,309,557	5	2.21%
Tanger Piedmont, LLC	36,994,215	4	2.20%	[2]		
Mebane Packaging / Meadwestvaco Healthcare Packaging	29,175,843	5	1.73%	[2] 18,512,920	6	2.02%
Mebane Operating Company LLC	16,868,033	6	1.00%	[2]		
Wal-Mart	16,083,716	7	0.95%	[2]		
Armacell LLC / Armstrong	15,646,061	8	0.93%	22,661,649	4	2.47%
Nypro	14,741,630	9	0.88%	[2]		
Cottonwood Spring Forest	13,387,423	10	0.80%	[2]		
One Hundred Maple LLC	[2]			56,746,209	2	6.18%
Madison River /Mebtel	[2]			26,457,319	3	30288.00%
CEG / Deerfield Apartments	[2]			17,349,928	7	1.89%
Walter Kidde / HKID 42	[2]			16,964,190	8	1.85%
Oakland/Quaker Creek	[2]			16,311,625	9	1.78%
A.O. Smith Corporation	[2]			15,521,600	10	1.69%
Total	$381,417,965		22.65%	$290,076,292		29.29%

Source:
Alamance County Tax Department.

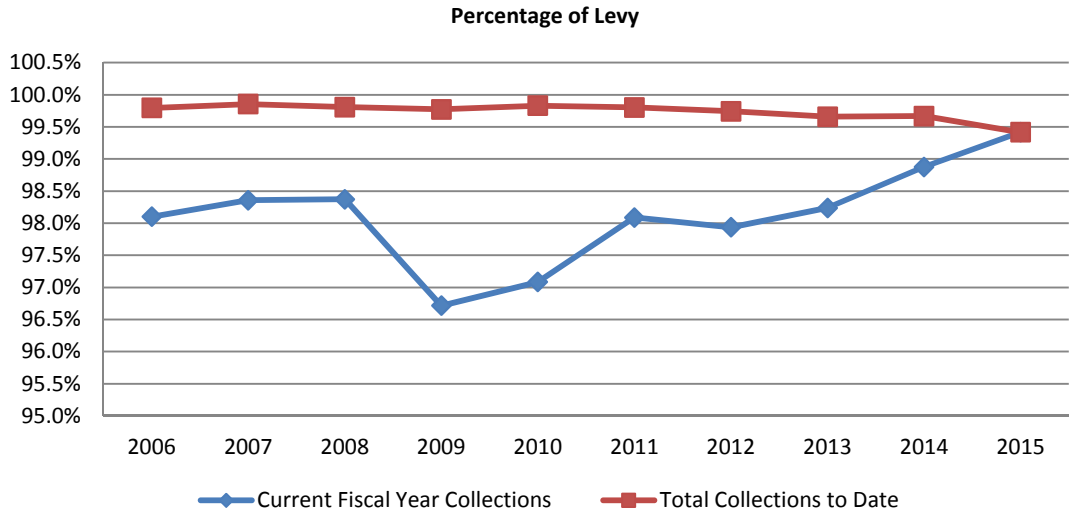
Notes:
[1] Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2015.
[2] Not within top ten ranking.

City of Mebane, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years **Table 8**

	Fiscal Year of the Levy				Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year [1]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	4,928,078	4,834,477	98.1%	83,547	4,918,024	99.8%
2007	5,394,461	5,305,833	98.4%	80,769	5,386,602	99.9%
2008	5,777,291	5,683,257	98.4%	82,848	5,766,105	99.8%
2009	6,221,517	6,017,237	96.7%	190,059	6,207,296	99.8%
2010	6,416,271	6,229,142	97.1%	176,184	6,405,326	99.8%
2011	6,517,986	6,393,383	98.1%	111,689	6,505,072	99.8%
2012	7,062,935	6,917,103	97.9%	127,665	7,044,768	99.7%
2013	7,354,497	7,224,810	98.2%	104,588	7,329,398	99.7%
2014	7,764,524	7,677,173	98.9%	61,531	7,738,704	99.7%
2015	8,223,909	8,175,886	99.4%	-	8,175,886	99.4%

Sources:
Alamance County Tax Department.

Notes:
[1] 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.

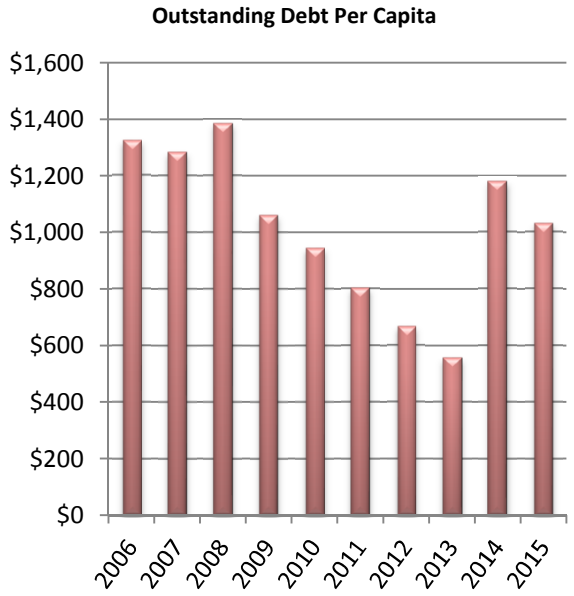


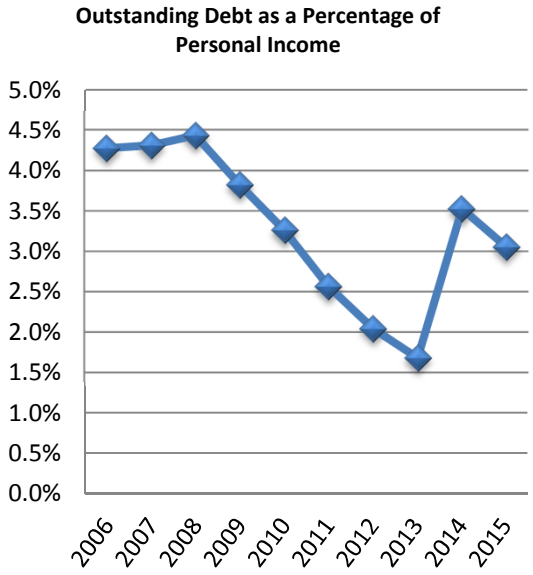
City of Mebane, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years **Table 9**

	Governmental Activities	Business-type Activities				
Fiscal Year	Installment Financing [2]	General Obligation Bonds	Installment Financing [2]	Total	Percentage of Personal Income [1]	Per Capita [1]
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%	1,061
2010	5,177,565	885,000	4,751,940	10,814,505	3.3%	945
2011	4,469,919	785,000	4,102,225	9,357,144	2.6%	804
2012	3,856,669	680,000	3,437,758	7,974,427	2.0%	666
2013	3,430,002	570,000	2,758,161	6,758,163	1.7%	557
2014	7,348,610	455,000	6,788,750	14,592,360	3.5%	1,180
2015	6,514,756	335,000	6,162,611	13,012,367	3.1%	1,032

Notes:
[1] See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

[2] 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**

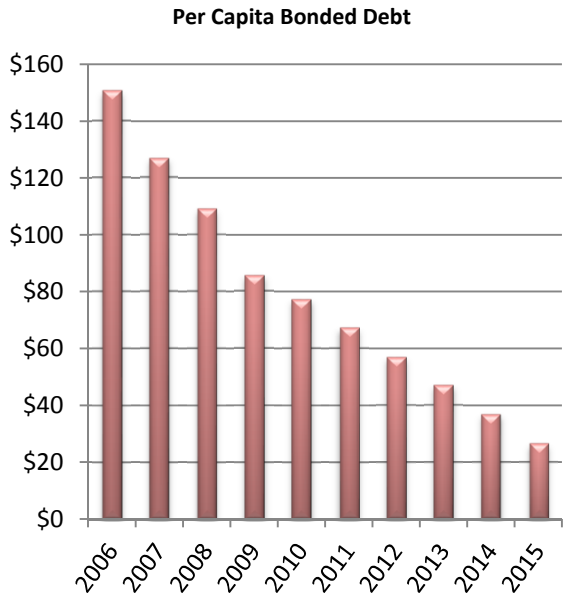
Fiscal Year	General Bonded Debt	Percentage of Actual Taxable Value of Property [1]	Per Capita Bonded Debt [2]
2006	1,250,000	0.13%	151
2007	1,165,000	0.11%	127
2008	1,075,000	0.09%	109
2009	980,000	0.08%	86
2010	885,000	0.06%	77
2011	785,000	0.06%	67
2012	680,000	0.04%	57
2013	570,000	0.04%	47
2014	455,000	0.03%	37
2015	335,000	0.02%	27

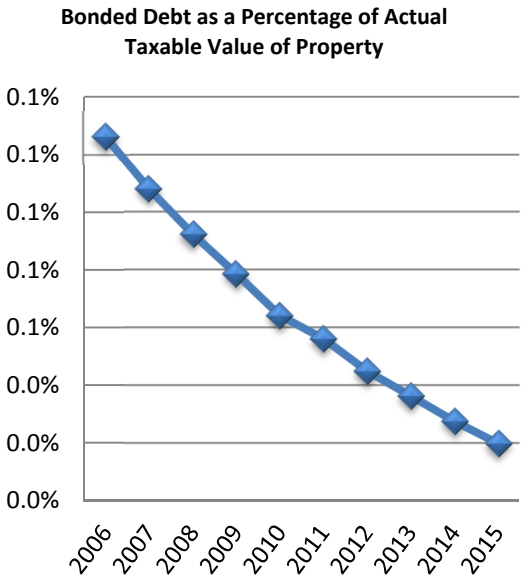
Notes:

[1] See Table 5 for Assessed Value of Taxable Property.

[2] See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

[3] 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, 2015

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Direct and Overlapping Debt
Alamance County general obligation debt	$ 73,462,333	11.35%	$ 8,337,975
Orange County general obligation debt	68,355,000	1.72%	1,175,706
Subtotal, overlapping debt			9,513,681
City of Mebane debt			6,514,756
Total direct and overlapping debt			$ 16,028,437

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.

[1] 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, 2014 were used to determine the overlapping debt percentage.

City of Mebane, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years **Table 12**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percent of Debt Limit
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%
2014	132,325,876	14,748,774	117,577,102	88.9%
2015	134,694,582	13,012,364	121,682,218	90.3%

Notes:

Legal Debt Margin Calculation for Fiscal Year 2014:

Assessed valuation	$ 1,683,682,274	
Statutory limit percentage	8.0%	
Debt limit - 8.0% of assessed value		$ 134,694,582
Gross debt:		
Total bonded debt	335,000	
Authorized and unissued bonds	-	
Lease financing agreements	12,677,367	
Total gross debt	13,012,367	
Less: statutory deductions	-	
Total amount of debt applicable to debt limit (net debt)		13,012,367
Legal Debt Margin		$ 121,682,218

City of Mebane, North Carolina
Demographic and Economic Statistics
Last Ten Calendar Years **Table 13**

Fiscal Year	Population (1)	Personal Income (2)		Per Capita Income (3)		Median Age (4)		Unemployment Rate (5)	
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	11,444	317,755,568		32,266		35.6		8.1%	
2010	11,446	331,334,588		34,410		34.5		7.9%	
2011	11,642	364,813,073		36,011		33.9		7.1%	
2012	11,965	390,349,988	*	32,929		35.4		6.5%	
2013	12,128	402,060,488	*	33,840		35.8		6.2%	
2014	12,366	414,122,302	*	34,314	*	35.8	*	6.3%	
2015	12,613	426,545,971	*	34,794	*	35.8	*	5.7%	*

Sources:

(1) - NC Office of Budget and Management, NC Deparatment of Revenue

(2) - These data elements are not published annually for municipalities. This data was estimated using the ratio of Mebane to Alamance County from the 2010 Census and the 2006-2013 American Community Survey. That ratop was then applied back to annual county data to estimate the data for the City of Mebane.

(3) - US Bureau of Economic Analysis, US Census

(4) - US Census Bureau, American Community Survey

(5) - US Census Bureau, Employment Security Commission of NC

* Data not available - estimated based on trends

City of Mebane, North Carolina
Principal Employers
Current Year and Nine Years Ago **Table 14**

	2015(1)			2006(2)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
GKN	740	1	12.8%	400+	1	8.9%
General Electric	600	2	10.4%	400+	2	8.9%
Sports Endeavors Inc	350	3	6.1%			
AKG of America	350	4	6.1%			
Liggett Group LLC	287	5	5.0%	400+	3	8.9%
Armacell	250	6	4.3%			
Nypro	217	7	3.8%			
West Rock (Meadwestvaco)	200	8	3.5%	200+	6	4.8%
Kidde	130	9	2.3%	na	7	na
Cambro	77	10	1.3%			
Kingsdown				300+	5	6.7%
A.O. Smith Electrical Components				300+	4	6.7%
Royal Home Fashions				265	8	5.9%
B.D. Diagnostics- Tripath				200+	9	4.8%
Dixie Yarns Inc				148	10	3.3%
Armstrong World Industries						
Total	3,201		55.6%	2,613		58.9%

Sources:
(1) Human Resource Directors- Phone or Email
(2) Alamance County Area Chamber of Commerce

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

Table 15

Function / Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
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	2.0	2.0	2.0
Finance & City Clerk	3.0	4.0	-	-	-	-	-	-	-	-
City Clerk	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	-	-	3.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0
Human Resources	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Tax Collector	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0	1.0	1.0
City Attorney	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Information Technology	-	-	-	-	-	-	-	-	-	1.0
Public Buildings	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0
Public Safety:										
Police Department	24.0	24.0	24.0	24.0	26.0	30.0	30.0	31.0	31.0	32.0
Fire Department	11.0	12.0	11.0	14.0	15.0	15.0	16.0	16.0	16.0	25.0
Economic and Physical Development:										
Planning	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Inspections	1.0	1.0	1.0	1.0	4.0	4.0	3.0	3.0	4.0	4.0
Public Works:										
Streets	5.0	7.0	7.0	7.0	7.0	6.0	7.0	9.0	-	-
Sanitation	5.0	5.0	5.0	6.0	6.0	5.0	5.0	7.0	7.0	7.0
Public Works	5.0	5.0	4.0	5.0	4.0	5.0	5.0	5.0	12.0	12.0
Culture and Recreation:										
Recreation	5.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0
Arts and Community Center	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Water and Sewer:										
Billing and Metering	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water distribution and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Waste Collection and Treatment:										
Pretreatment - industrial monitoring	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0
Wastewater Treatment Plant	4.0	3.0	4.0	4.0	4.0	6.0	6.0	5.0	5.0	5.0
Laboratory	0.5	0.5	0.5	0.5	0.5	1.0	1.0	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
Total	84.5	88.5	87.5	92.5	97.5	105.5	106.5	109.5	110.5	122.5

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**

Function	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2015
General Government										
Finance Department										
Vendor checks issued	NA	2,528	2,466	2,423	2,509	1,545	2,675	3,003	2,952	3,029
Human Resources										
Workers' compensation lost time (days)	287	2	2	4	-	2	155	52	122	-
Employee turnover rate	13%	21%	14%	9%	8%	6%	3%	7%	3%	5%
Public Safety										
Fire Protection										
Incident calls	1,790	1,743	1,905	1,841	1,775	873	1,812	732	823	773
Structure fires	56	63	69	80	67	37	168	303	211	15
Inspections	90	203	138	121	1,009	442	103	177	190	186
Child passenger seat inspections	89	108	78	105	157	49	197	242	191	154
Police Protection										
Physical arrests	400	410	430	459	457	240	552	653	568	501
Citations issued	1,388	1,644	2,128	1,388	960	544	1,073	1,489	1,226	1,028
Response to calls/officer initiated activity	9,832	9,560	10,378	9,672	8,470	5,625	13,163	15,363	14,942	14,685
Traffic accidents	409	410	436	428	471	198	593	583	528	491
Public Works										
Street resurfacing (miles)	0.86	1.19	2.15	0.85	1.20	1.48	3.19	0.54	2.67	1.48
Refuse collected (tons annually)	2,754	2,963	3,024	3,072	3,126	NA	3,200	3,267	3,390	3,585
Homes receiving service	3,240	3,538	3,785	4,031	4,088	NA	4,581	4,522	3,965	4,756
Recyclables collected (tons annually)	619	735	NA	707	724	NA	946	1,063	1,112	1,100
Economic & Physical Development										
Inspections										
Residential inspections conducted	NA	2,979	1,851	2,648	3,549	2,722	3,247	3,460	5,914	5,212
Commercial inspections conducted	NA	1,158	1,134	883	1,001	724	490	332	785	1,462
Total inspections conducted	6,581	4,137	2,985	3,531	4,550	3,446	3,737	3,792	6,699	6,674
Certificates of occupancy issued	227	212	100	171	171	74	136	125	131	154
Building permits issued	1,715	1,670	1,132	1,195	1,771	455	245	277	228	155
Cultural & Recreation										
Recreation										
Athletics participants	2,296	2,399	2,661	2,909	NA	NA	2,458	3,140	2,693	2,653
Water Distribution										
Accounts	3,346	3,588	3,799	3,905	4,007	4,174	4,302	4,454	4,566	4,744
Average daily consumption (mgd)	1.128	1.285	1.201	1.161	1.257	1.321	1.150	1.290	1.350	1.400
Wastewater Treatment										
Accounts	2,947	3,171	3,382	3,546	3,674	3,836	3,974	4,125	4,263	4,424
Average daily treatment (mgd)	0.963	0.980	1.080	1.120	1.093	1.082	1.000	1.100	1.340	1.202

Sources:
Various City departments

Notes:
"NA" indicates "not available"
*All years prior to 2011 were based on calendar year data

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

Table 17

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Fire Protection										
Stations	2	2	2	2	2	2	2	2	2	3
Fire trucks	12	13	12	12	12	11	12	12	13	13
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	13	16	19	22	27	30	32	32	30
Public Works										
Miles of streets	43.2	45.6	46.7	48.0	48.8	50.4	51.0	52.2	52.4	54.0
Maintenance vehicles	NA	NA	NA	NA	93	93	58	56	56	58
Brick sidewalks (linear feet)	NA	NA	NA	NA	25.3	38.2	42.9	43.0	43.0	50.1
Refuse collection trucks	NA	NA	NA	NA	6	6	5	5	6	6
Economic & Physical Development										
Storm water drainage areas	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cultural & Recreation										
Number of parks	6	6	6	6	6	6	6	6	6	6
Park acreage	275	275	275	275	275	275	275	275	275	275
Trails (miles)	2.5	2.5	3	3	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	8	8	8	8	8	8	10	10	10	10
Water and Sewer										
Miles of gravity sewer lines	NA	NA	NA	NA	82	81.8	88.1	88.7	89.1	94.3
Miles of water lines	NA	NA	NA	NA	92	91.6	100.1	103.1	104.6	111.3
Miles of sewer force mains	NA	NA	NA	NA	17	16.5	17.3	18.7	18.5	18.3
Miles of storm sewer	NA	NA	NA	NA	56	55.9	57.0	57.0	57.6	58.5

Source:
Various City departments

Notes:
"NA" indicates "not available"

Compliance Section

This section contains compliance reports for the City's Governmental and Single Audit Compliance.

- **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**
- **Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act**
- **Schedule of Findings and Questioned Costs**
- **Schedule of Expenditures of Federal and State Awards**

CITY OF MEBANE

1881

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Mebane's basic financial statements, and have issued our report thereon dated October 31, 2014.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

219 WEST ELM STREET, SUITE A P.O. BOX 387 GRAHAM, NC 27253-0387 VOICE 336.227.1495 FACSIMILE 336.222.8718
www.cel-cpa.com

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.

Cobb Ezekiel Day & Company, PA

Certified Public Accountants
Graham, North Carolina
October 31, 2015

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Directors
The City of Mebane
Mebane, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Mebane, North Carolina's, compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission, that could have a direct and material effect on each of the City of Mebane's major federal programs for the year ended June 30, 2015. The City of Mebane's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Mebane's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mebane's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Mebane complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

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Report on Internal Control Over Compliance

Management of the City of Mebane is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Mebane's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cobb Engeliel Lay & Company, PA

Certified Public Accountants
Graham, North Carolina
October 31, 2015

City of Mebane
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes __X__ none reported

Noncompliance material to financial statements noted _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified _____ yes __X__ no
- Significant Deficiency(s) identified that are not considered to be material weaknesses _____ yes __X__ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes __X__ no

Identification of major federal programs:

CFDA Numbers	**Program Name**
10.854	Rural Economic Development Loan Program

Dollar threshold used to distinguish between Type A and Type B programs $ 300,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

City of Mebane
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

City of Mebane
Corrective Action Plan
For the Year Ended June 30, 2015

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

City of Mebane
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Finding: 14-1 Segregation of Duties and Monitoring
Status: Corrected

Finding: 14-2 Charges for Services
Status: Corrected

Finding: 14-3 Reporting
Status: Corrected

City of Mebane, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
Cash Programs:					
U.S. Dept. of Justice					
Direct Program:					
Federal Equitable Sharing Funds	16.922	na	$ 19,022	$ -	$ -
Bulletproof Vest Partnership Program	16.607	na	1,250	-	1,250
Noncash Programs:					
U. S. Department of Agriculture					
Passed-through Piedmont Electric Membership Corporation:					
Rural Economic Development Loan Program (note 2).....	10.854	na	1,127,111	-	-
Total assistance - federal programs			1,147,383	-	1,250
State Awards:					
Cash Assistance:					
N.C. Department of Transportation:					
Powell Bill.....	na	2000001817	-	335,463	-
Total assistance - state programs.....			-	335,463	-
Total assistance.....			$ 1,147,383	$ 335,463	$ 1,250

Notes to the Schedule of Expenditures of Federal and State Awards:

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grantactivity of the City of Mebane and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of the basic financial statements.

2. Loans Outstanding

The City of Mebane had the following loan balances outstanding at June 30, 2015. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Rural Economic Development Loan Program (REDL)	10.854	na	$ 1,127,111

CITY OF MEBANE

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