



Agenda

Board of Commissioners Regular Meeting

7:00 PM August 14, 2023

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.

This meeting will be live streamed on the [Town of Hillsborough YouTube channel](#)

1. Public charge

The Hillsborough Board of Commissioners pledges to the community of Hillsborough its respect. The board asks community members to conduct themselves in a respectful, courteous manner with the board and with fellow community members. At any time should any member of the board or attendee fail to observe this public charge, the mayor or the mayor's designee will ask the offending person to leave the meeting until that individual regains personal control. Should decorum fail to be restored, the mayor or mayor's designee will recess the meeting until such time that a genuine commitment to the public charge is observed.

2. Audience comments not related to the printed agenda

3. Agenda changes and approval

4. Presentations

[A.](#) Fiscal Year 2021-22 Audit Presentation

5. Appointments

[A.](#) Historic District Commission – Appointment of Sara Riek to fill a vacancy for a term expiring Aug. 31, 2026

6. Items for decision – consent agenda

[A.](#) Minutes

– Regular meeting June 12, 2023

– Work session June 26, 2023

– Work session closed session June 26, 2023

[B.](#) Miscellaneous budget amendments and transfers

[C.](#) Brough Law Firm Memorandum of Understanding for Fiscal Year 2024

[D.](#) 2023 Board of Commissioners meeting schedule amendment

[E.](#) Special Event Permit – Hog Day 2023

[F.](#) Contract for design and maintenance of new town website

[G.](#) Selection of Artwork from Uproar Public Art Festival for Town Hall Campus

7. Items for decision - regular agenda

[A.](#) Employee ID cards for use in future elections

[B.](#) Retention schedule for meeting audio and video recordings

[C.](#) Hot topics for work session Aug. 28, 2023

8. Updates

101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-732-1270 | www.hillsboroughnc.gov | @HillsboroughGov

- A. Board members
- B. Town manager
- C. Staff (written reports in agenda packet)

9. Adjournment

Interpreter services or special sound equipment for compliance with the Americans with Disabilities Act is available on request. If you are disabled and need assistance with reasonable accommodations, call the Town Clerk's Office at 919-296-9443 a minimum of one business day in advance of the meeting.



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Financial Services
Agenda Section: Presentations
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Finance Director Dave McCole
Robert Bittner - Partner at PB Mares

ITEM TO BE CONSIDERED

Subject: Fiscal Year 2021-22 Audit Presentation

Attachments:

1. Presentation slides
2. Audit report

Summary:

The FY22 audit for Town of Hillsborough, Hillsborough Tourism Development Authority and Town of Hillsborough Tourism Board has been completed by PB Mares on June 29, 2023.

Financial impacts:


None

Staff recommendation and comments:

None


Action requested:

Accept the FY22 Audit Presentation for Town of Hillsborough, Hillsborough Tourism Development Authority and Town of Hillsborough Tourism Board.



TOWN OF
HILLSBOROUGH
NORTH CAROLINA


Report date: June 29, 2023



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Financial Results for the Year Ended
June 30, 2022

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Agenda




- Financial Results
 - The Annual Comprehensive Financial Report
 - Audit Opinion (Unmodified)
 - Benchmarking comparative results
- Compliance Results
 - Government Auditing Standards
 - Three significant deficiencies in internal control identified
 - One material weakness in internal control identified
 - One instance of material noncompliance identified
- Performance Indicators of Concern
 - Four performance indicators requiring response by the Board

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Components of the Annual Comprehensive Financial Report




- Management's Discussion and Analysis
- Government-wide F/S
- Fund F/S
- Notes to the F/S
- Required supplementary financial data
- Other supplementary information
- Statistical data
- Compliance

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TOWN OF HILLSBOROUGH, NC Types of Opinions

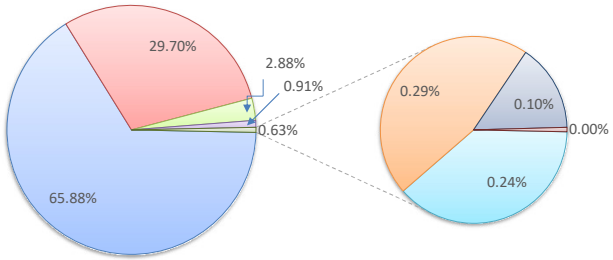



- Adverse
- Disclaim
- Qualified
- **Unmodified – “Clean” (Highest Level of Assurance)**

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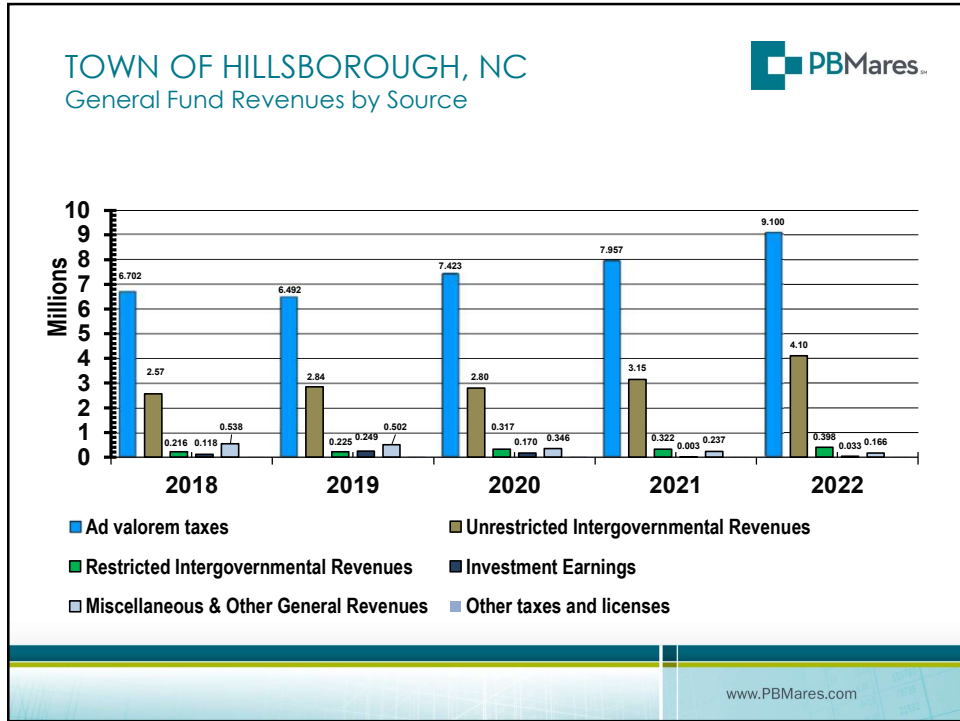
TOWN OF HILLSBOROUGH, NC General Fund Revenues For the Year Ended June 30, 2022



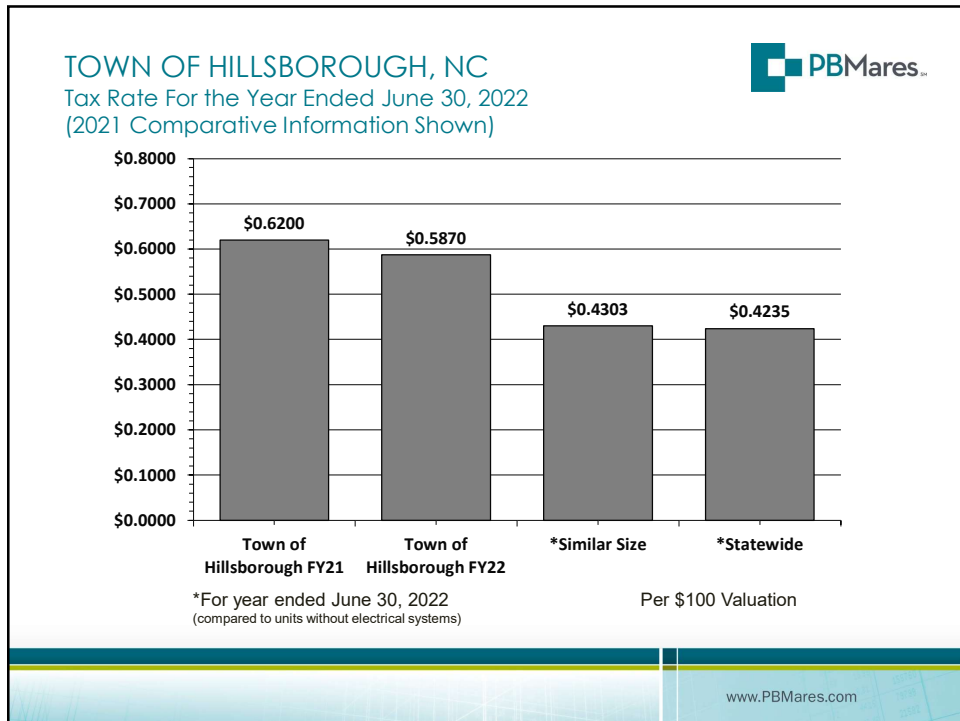
Revenue Category	Percentage
Ad valorem taxes	65.88%
Unrestricted intergovernmental revenues	29.70%
Restricted intergovernmental revenues	2.88%
Investment earnings	0.91%
Other taxes and licenses	0.63%
Use and rental fees	0.29%
Miscellaneous	0.24%
Contributions and donations	0.10%
Contributions and donations	0.00%

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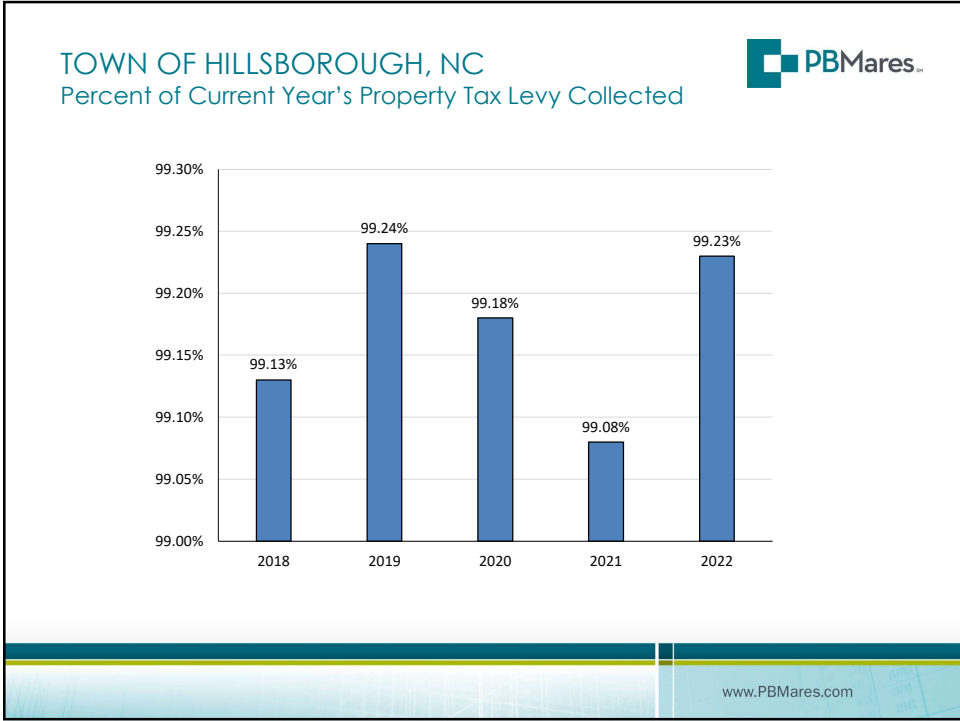
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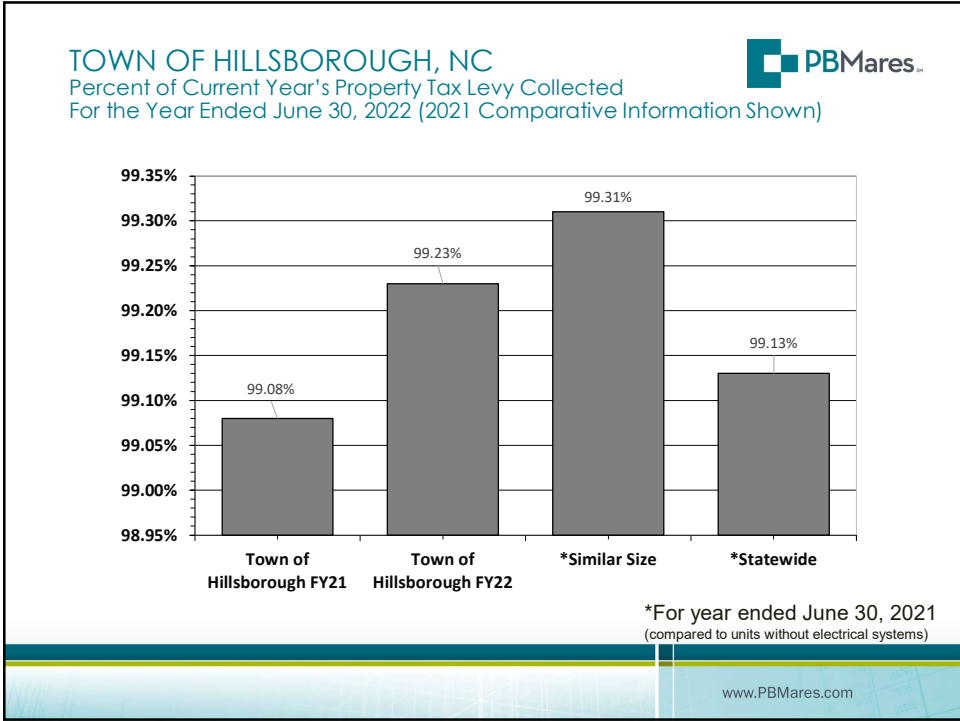
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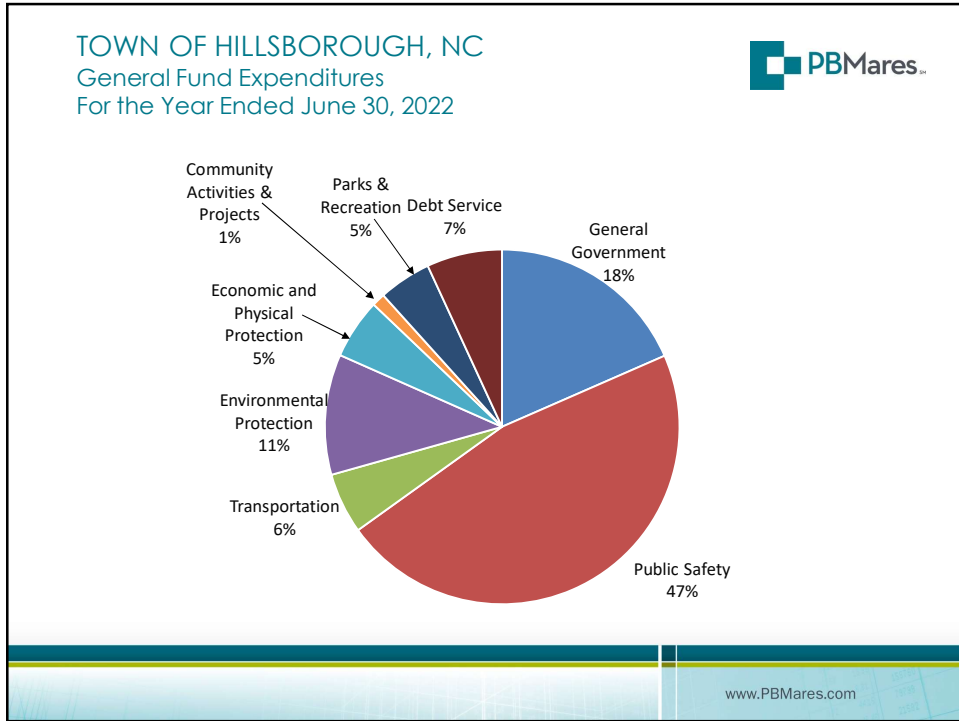
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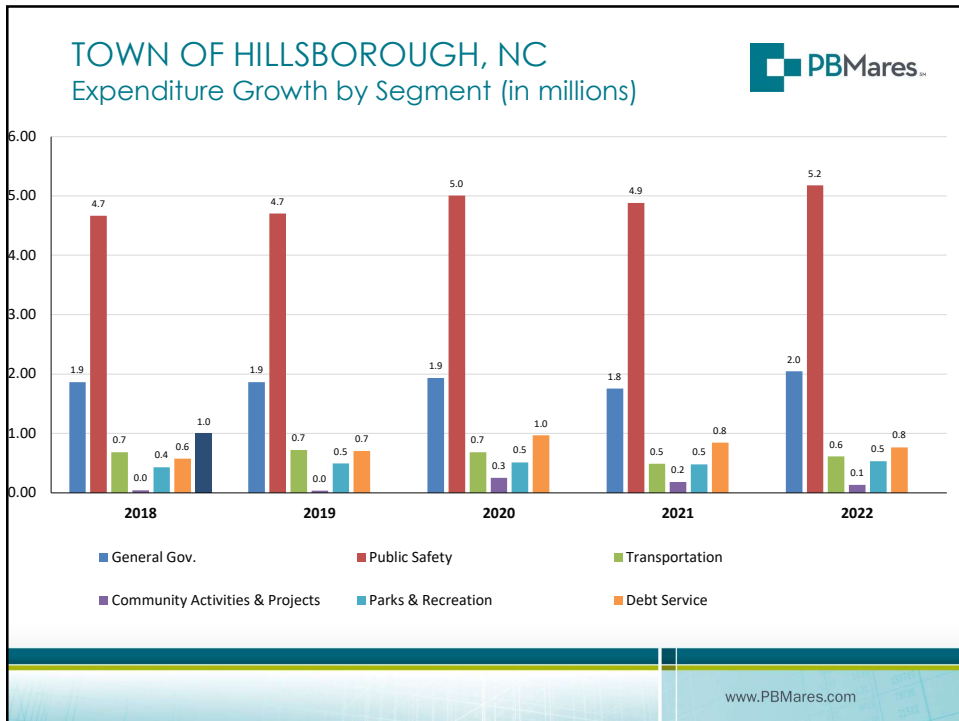
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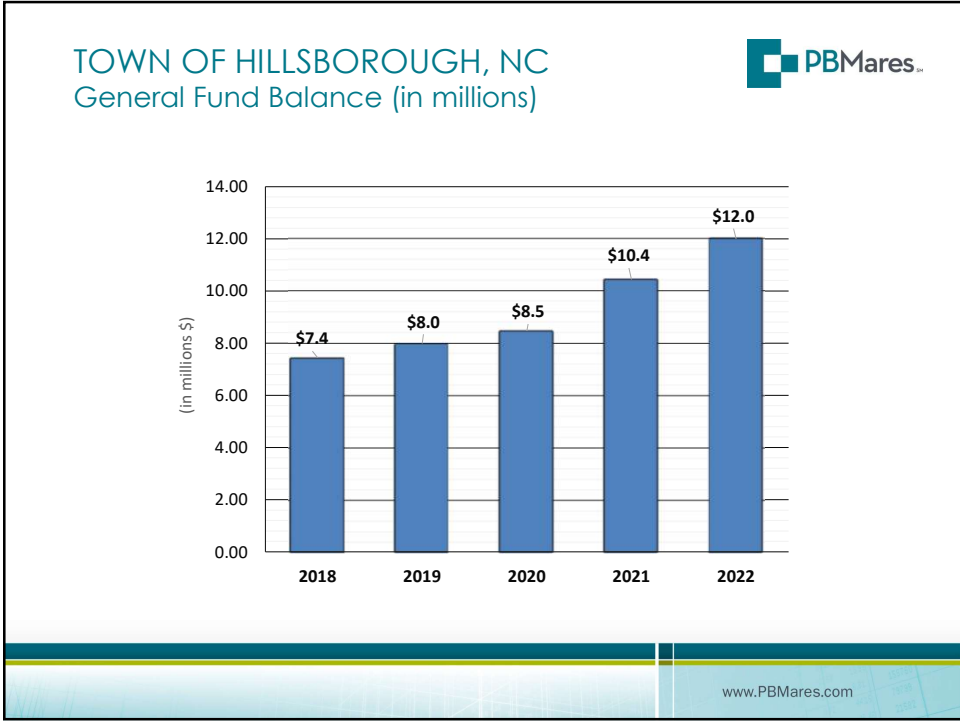
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TOWN OF HILLSBOROUGH, NC
General Fund - Fund Balance Presentation

Restricted for	
Stabilization by State Statute	2,458,060
Streets	576,846
Restricted Revenue	150,987
Committed for:	
Capital Projects	-
Assigned for:	
Subsequent Year's Expenditures	743,482
Unassigned	8,074,649
Total fund balances	<u><u>12,004,024</u></u>

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Compliance Results for the Year Ended June 30, 2022

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Reporting Requirements

- Government Auditing Standards

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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*



- **Material Weakness-** a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

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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 (Continued)*



- **Significant Deficiency-** 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.
- **Control Deficiency-** a control deficiency 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.

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Schedule of Findings and Responses



Finding 2022-001: Material Noncompliance and Material Weakness in Internal Control over Compliance – Timeliness of Audited Financial Statements Submission

- **Criteria:** North Carolina General Statute §159-34 (NCGS §159-34) requires the submission of the annual audit 4 months past the end of the fiscal year, with an extended due date at five months past the end of the fiscal year.

Condition and Context: The June 30, 2022 financial statements were not submitted to the North Carolina Local Government Commission until over eight months past the original due date or seven months past the extended due date.

Effect: The Town has not complied with NCGS §159-34.

Cause: The main cause is due to staff turnover.

Recommendation: We recommend the Town continue utilizing the third party accounting firm to aid in the timeliness of the audit.

Management’s Response: The Finance Service Department will be fully staffed entering fiscal year 23/24. Being fully staffed with qualified individuals in the Finance Service Department will enable the Town to have timely audited financial statements submitted to the Local Government Commission. The Town will continue utilizing the third-party accounting firm to aid in the timeliness of the audit.

Schedule of Findings and Responses (Continued)



Finding 2022-002: Significant Deficiency in Internal Control – Accrued Compensated Absences

- **Criteria:** Government Accounting Standards Board (GASB) Codification Section C60-Compensated Absences paragraph .104 states:

“Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:

- The employees’ rights to receive compensation are attributable to services already rendered.
- It is probable that the employer will compensate the employees for the benefits through paid time off of some other means, such as cash payments at termination or retirement.”

Condition and Context: The June 30, 2022 subsidiary ledger for accrued compensated absences was not appropriately calculating a liability for each individual employee. The subsidiary ledger did not include all employees with accrued compensated absences at June 30, 2022. For the June 30, 2021 year end, the Town failed to record the compensated absences for the “police leave” portion of the subsidiary ledger.

Effect: The Governmental Activities June 30, 2021 compensated absences were understated by \$130,627. The June 30, 2022 compensated absences are understated by \$116,428 and \$84,023 in Governmental Activities and the Water and Sewer Fund, respectively. The June 30, 2022 vacation expense is overstated in Governmental Activities by \$14,199 and understated in the Water and Sewer Fund by \$84,023.

Cause: Lack of sufficient review of the accrued compensated absences detail subsidiary ledger.

Recommendation: We recommend the Town perform a detailed review of the system-generated compensated absences subsidiary ledger to ensure completeness, accuracy, and all that all appropriate leave types are included and accrued for at year end.

Management’s Response: The Town will perform, on a quarterly basis, a detailed review of the system-generated compensated absences subsidiary ledger to ensure completeness, accuracy, and that all appropriate leave types are included and accrued for at year end.

Schedule of Findings and Responses (Continued)



Finding 2022-003: Significant Deficiency in Internal Control – Year-End Cutoff

- Criteria:** Generally Accepted Accounting Principles dictate transactions should be recorded in the period in which they occur.

Condition and Context: The Town recognized the purchase of two vehicles in the Water and Sewer Fund in the June 30, 2022 year end, where the purchase occurred in the June 30, 2023 year end. Additionally, the Town recognized revenue in the June 30, 2022 year end for revenue that occurred and should have been accrued for as a receivable in the June 30, 2021 year end in the Fiduciary Fund.

Effect: At June 30, 2022, capital assets and accounts payable in the Water and Sewer Fund are overstated by \$139,550. Revenue in the Fiduciary Fund is overstated by \$20,960 for year ending June 30, 2022.

Cause: Lack of sufficient review of cut-off invoices for both payables and receivables in the year-end accrual process.

Recommendation: We recommend the Town adhere to their prescribed policy of recording transactions in the period in which they occur. Additionally, we recommend the Town strengthen their review process to ensure reporting transactions in the appropriate reporting period.

Management's Response: The Town will adhere and strengthen their review process to ensure reporting of transactions in the appropriate reporting period.

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Schedule of Findings and Responses (Continued)



Finding 2022-004: Significant Deficiency in Internal Control – Removal of Capital Assets

- Criteria:** When retiring a capital asset, Generally Accepted Accounting Principles require the corresponding accumulated depreciation related to the retired asset be removed as well, resulting in the retirement of the capital asset net of accumulated depreciation.

Condition and Context: Prior to the fiscal year ending June 30, 2022, the Town failed to remove the accumulated depreciation for several assets. The Town recognized and corrected the error while preparing the financial statements in the current year.

Effect: The current year depreciation expense is understated by \$155,959 and \$202,690 for Governmental Activities and the Water and Sewer Fund, respectively.

Cause: Oversight and lack of review by former Town employees

Recommendation: We recommend the Town continue to appropriately remove capital assets, as was done for the June 30, 2022 fiscal year.

Management's Response: The Town will continue to appropriately remove capital assets, as was done for the June 30, 2022 fiscal year.

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Auditor's Required Communications: AU-C 260	
Area	Comments
<p>Our Responsibilities With Regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 12, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>We have issued a separate communication dated September 12, 2022, as an attachment to the above referenced arrangement letter, regarding the planned scope and timing of our audit and identified significant risks.</p>

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Auditor's Required Communication: AU-C 260 (Continued)	
Area	Comments
<p>Accounting Policies and Practices</p>	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town adopted GASB Statement No. 87, <i>Leases</i>, during the year. The objective of this statement is to better meet the information needs of financial statement users by improving the accounting and financial reporting for leases.</p> <p>Significant Accounting Policies We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Significant Unusual Transactions We did not identify any significant unusual transactions.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>

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Auditor's Required Communications: AU-C 260 (Continued)



Area	Comments
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached list of Uncorrected Misstatements. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are aware the Town engaged an outside professional CPA firm to assist in closing the books for the fiscal year ended June 30, 2022.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

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Auditor's Required Communications: AU-C 260 (Continued)



Area	Comments
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Difficult or Contentious Matters That Required Consultation	We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Internal Control Matters	We have separately communicated significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements. These are reported as audit findings in the Schedule of Findings and Responses within the compliance reporting package of the June 30, 2022 audited financial statements. Deficiencies in internal control not considered to be material weaknesses or significant deficiencies as well as management suggestions were separately communicated in the Management Letter attached as Exhibit A.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit A.

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Financial Performance Indicators 


The next several slides are titled “Performance Indicators of Concern” as defined by the Local Government Commission.

The Board of Commissioners will be responsible for responding directly to the LGC within 60 days of the formal presentation by the auditor to the Board of Commissioners for any items that are marked “red” in the next several slides.

These performance indicators are derived from the Data Input form required to be submitted with the financial statements to the LGC.

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Financial Performance Indicators of Concern 

General Performance Indicators:	2022	Target	Unit Results
The 2022 Audit Report is expected to be submitted within 5 months plus one day from the fiscal year end per the auditor. (December 1 st for most units)	No	5 months plus one day after the fiscal year end	Late
If a unit has no performance indicators of concern that would require them to submit a Response to Audit Findings, Recommendations and Fiscal Matters, but they are currently on the Unit Assistance List, they must still submit an FPIC Response Letter. Their response should discuss the financial plan they have developed to address the issues that placed them on the Unit Assistance List and the progress they have made to date.	Yes		Yes

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Financial Performance Indicators of Concern (Continued)



General Performance Indicators:	2022	Target	Unit Results
The Unit had material weaknesses, significant deficiencies, and/or statutory violations that should be addressed in the FPIC Response Letter.	Yes		Yes
The Unit had a board-appointed finance officer for the entire fiscal year.	No		No

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TOWN OF HILLSBOROUGH NORTH CAROLINA Tourism Board


Report date: June 29, 2023



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TOWN OF HILLSBOROUGH, NC
 Tourism Board
 Types of Opinions




- Adverse
- Disclaim
- Qualified
- **Unmodified – “Clean” (Highest Level of Assurance)**

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TOWN OF HILLSBOROUGH, NC
 Tourism Board Fund - Fund Balance Presentation



Restricted for	
Stabilization by State Statute	95,084
Assigned for:	
Subsequent Year's Expenditures	19,435
Unassigned	397,706
Total fund balances	512,225
Total Liabilities and Fund Balance	\$ 532,632


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TOWN OF
HILLSBOROUGH
NORTH CAROLINA
Tourism Development Authority

Report date: June 29, 2023




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TOWN OF HILLSBOROUGH, NC
Tourism Development Authority
Types of Opinions



- Adverse
- Disclaim
- Qualified
- **Unmodified – “Clean” (Highest Level of Assurance)**

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TOWN OF HILLSBOROUGH, NC
Tourism Development Authority Fund - Fund Balance
Presentation



Restricted for	
Stabilization by State Statute	88
Unassigned	351,524
Total fund balances	<u>351,612</u>
Total Liabilities and Fund Balance	<u>\$ 414,761</u>

TOWN OF HILLSBOROUGH

REPORT TO THE BOARD OF COMMISSIONERS

JUNE 29, 2023



ASSURANCE, TAX & ADVISORY SERVICES



June 29, 2023

Board of Commissioners
Town of Hillsborough
Hillsborough, North Carolina

Attention: Jenn Weaver, Mayor

We are pleased to present this report related to our audit of the financial statements of Town of Hillsborough (the Town) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

This report is intended solely for the information and use of the Board of Commissioners and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Town.

PBMares, LLP

PBMares, LLP

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Exhibits	
Exhibit A—Significant Written Communications Between Management and Our Firm	
• Representation Letter	
• Management Letter	
Exhibit B—Performance Indicators	

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 12, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 12, 2022, as an attachment to the above referenced arrangement letter, regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town adopted GASB Statement No. 87, *Leases*, during the year. The objective of this statement is to better meet the information needs of financial statement users by improving the accounting and financial reporting for leases.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected misstatements are summarized in the attached list of Uncorrected Misstatements. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are aware the Town engaged an outside professional CPA firm to assist in closing the books for the fiscal year ended June 30, 2022.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Internal Control Matters

We have separately communicated significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements. These are reported as audit findings in the Schedule of Findings and Responses within the compliance reporting package of the June 30, 2022 audited financial statements. Deficiencies in internal control not considered to be material weaknesses or significant deficiencies as well as management suggestions were separately communicated in the Management Letter attached as Exhibit A.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit A.

The North Carolina Local Government Commission (LGC) requires certain key performance indicators be communicated to those charged with governance and these indicators are attached as Exhibit B. In the event a performance indicator does not meet the LGC's minimum metrics, the Town will be required to provide a formal action plan in writing to the LGC within 60 days of the receipt of this document.

For the year ended June 30, 2022, the Town has four performance indicators that require communication to the LGC by the Board of Commissioners.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Town's June 30, 2022 financial statements.

Depreciation of Capital Assets

Accounting policy	Depreciation of capital assets is performed on a straight-line basis in accordance with US GAAP.
Management's estimation process	Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.
Basis for our conclusion on the reasonableness of the estimate	Estimation process is consistent with accounting policy and useful lives reviewed by PBMares, LLP are reasonable.

Leases

Accounting policy	The Town records a liability and an asset (expense leases) or a receivable and deferred inflow (revenue leases) as a result of GASB 87.
Management's estimation process	The lease liability or receivable is measured at discount rates based on the Town's imputed borrowing rate. Assets recorded at the present value of the future minimum lease payments as of their inception date.
Basis for our conclusion on the reasonableness of the estimate	The Town's estimation process is consistent with GAAP based on our audit procedures performed in this area.

Unbilled Usage

Accounting policy	Receivables and revenue recognition includes as estimate for unbilled usage.
Management's estimation process	Metered sales in July are calculated using a 50% estimate when taking into account the billing cycles.
Basis for our conclusion on the reasonableness of the estimate	Estimation process is consistent with the accounting policy and in accordance with US GAAP. PBMares LLP calculated the unbilled usage and tested significant inputs.

Fair Value of Investments

Accounting policy	Investments are carried at their fair value which is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Management's estimation process	All investments are measured using the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.
Basis for our conclusion on the reasonableness of the estimate	PBMares, LLP performed valuation testing and noted that management's process is consistent with the accounting policy and is in accordance with US GAAP.

Accrued Other Post Employment Benefits

Accounting policy	Accrued as a liability in the government-wide financial statements and proprietary fund financial statements.
Management's estimation process	Actuarial calculations from a third party actuary are used.
Basis for our conclusion on the reasonableness of the estimate	Estimation process is consistent with accounting policy and in accordance with GAAP based on auditor specialist's review of the actuary report.

LGERS Pension Asset (Liability) and Special Separation Allowance

Accounting policy	Recorded as an asset or liability in the government-wide financial statements
Management's estimation process	Actuarial calculations from a third party actuary are used.
Basis for our conclusion on the reasonableness of the estimate	Estimation process is consistent with accounting policy and in accordance with GAAP based on auditor specialist's review of the actuary report.

Accrued Compensated Absences

Accounting policy	Recorded as a liability in the government-wide financial statements
Management's estimation process	Year end balances of vacation as multiplied by the employee's current pay rate.
Basis for our conclusion on the reasonableness of the estimate	Estimation process is consistent with accounting policy and in accordance with GAAP.

UNCORRECTED MISSTATEMENTS

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Governmental Type Activities Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Prior prior adjustment for accumulated depreciation not appropriately removed	\$ -	\$ -	\$ (155,959)	\$ -	\$ (155,959)
Record error in June 30, 2022 accrued vacation	-	(116,428)	-	-	(116,428)
Record prior year omission of police vacation in the final accrued vacation as of June 30, 2021	-	-	130,627	-	130,627
Total effect	-	-	-	\$ -	\$ (141,760)
Balance sheet effect	\$ -	\$ (116,428)	\$ 116,428		

Business Type Activities Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjustment to reverse assets not received or put into service until FY23, however were accrued in FY22	\$ (139,550)	\$ (139,550)	\$ -	\$ -	\$ -
Adjustment for change in allocation percentage of LGERS	(28,348)	-	-	-	28,348
Prior period adjustment for accumulated depreciation not appropriately removed	-	-	(202,690)	-	(202,690)
Adjustment for error in accrued vacation	-	(84,023)	-	-	(84,023)
Total effect	-	-	-	\$ -	\$ (258,365)
Balance sheet effect	\$ (167,898)	\$ (223,573)	\$ 55,675		

Water and Sewer Fund Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjustment to reverse assets not received or put into service until FY23, however were accrued in FY22	\$ (139,550)	\$ (139,550)	\$ -	\$ -	\$ -
Adjustment for change in allocation percentage of LGERS	(28,348)	-	-	-	28,348
Prior period adjustment for accumulated depreciation not appropriately removed	-	-	202,690	-	(202,690)
Adjustment for error in accrued vacation	-	(84,023)	-	-	(84,023)
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (258,365)</u>
Balance sheet effect	<u>\$ (167,898)</u>	<u>\$ (223,573)</u>	<u>\$ (55,675)</u>		

Aggregate Non-Major Funds - Fiduciary Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To record prior year adjustment for revenue no properly recognized in FY21	\$ -	\$ -	\$ (20,960)	\$ 20,960	\$ -
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 20,960</u>	<u>\$ -</u>
Balance sheet effect	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

EXHIBIT A

Significant Written Communications Between Management and Our Firm



TOWN OF
HILLSBOROUGH
NORTH CAROLINA

June 29, 2023

PBMares, LLP
3621 John Platt Drive
Morehead City, North Carolina 28557

This representation letter is provided in connection with your audit of the basic financial statements of the Town of Hillsborough (the Town) as of and for the year ended June 30, 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 29, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 12, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

101 E. Orange St. | PO Box 429, Hillsborough, NC 27278
919-732-1270 | www.hillsboroughnc.gov | [@HillsboroughGov](https://twitter.com/HillsboroughGov)

5. The methods, assumptions and data used in making accounting estimates, including those measured at fair value, are appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. Any assumptions made properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Town. All disclosures related to estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimates and related disclosures included in the financial statements.
6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Town include:
 - a. Those with component units for which the Town is accountable.
 - b. Those with other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - c. Those with joint ventures in which the Town has an interest.
 - d. Those with jointly governed organizations in which the Town participates.
 - e. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
8. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
14. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
16. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal, if applicable.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. The Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
20. We agree with the findings of our actuary used in calculating and evaluating our benefit obligations in the Law Enforcement Officers' Special Separation Allowance, , LGERS, and in the Other Post-Employment Benefit (OPEB) Plan and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the

financial statements and underlying accounting records. We did not give or cause any instructions to be given to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuary.

21. We have recorded all adjustments need to implement GASB Statement No. 87.
22. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
23. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
24. We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2022, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Governmental Type Activities Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Prior prior adjustment for accumulated depreciation not appropriately removed	\$ -	\$ -	\$ (155,959)	\$ -	\$ (155,959)
Record error in June 30, 2022 accrued vacation	-	(116,428)	-	-	(116,428)
Record prior year omission of police vacation in the final accrued vacation as of June 30, 2021	-	-	130,627	-	130,627
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (141,760)</u>
Balance sheet effect	<u>\$ -</u>	<u>\$ (116,428)</u>	<u>\$ 116,428</u>		

Business Type Activities Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjustment to reverse assets not received or put into service until FY23, however were accrued in FY22	\$ (139,550)	\$ (139,550)	\$ -	\$ -	\$ -
Adjustment for change in allocation percentage of LGERS	(28,348)	-	-	-	28,348
Prior period adjustment for accumulated depreciation not appropriately removed	-	-	(202,690)	-	(202,690)
Adjustment for error in accrued vacation	-	(84,023)	-	-	(84,023)
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (258,365)</u>
Balance sheet effect	<u>\$ (167,898)</u>	<u>\$ (223,573)</u>	<u>\$ 55,675</u>		

Water and Sewer Fund Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjustment to reverse assets not received or put into service until FY23, however were accrued in FY22	\$ (139,550)	\$ (139,550)	\$ -	\$ -	\$ -
Adjustment for change in allocation percentage of LGERS	(28,348)	-	-	-	28,348
Prior period adjustment for accumulated depreciation not appropriately removed	-	-	202,690	-	(202,690)
Adjustment for error in accrued vacation	-	(84,023)	-	-	(84,023)
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (258,365)</u>
Balance sheet effect	<u>\$ (167,898)</u>	<u>\$ (223,573)</u>	<u>\$ (55,675)</u>		

Aggregate Non-Major Funds - Fiduciary Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To record prior year adjustment for revenue no properly recognized in FY21	\$ -	\$ -	\$ (20,960)	\$ 20,960	\$ -
Total effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 20,960</u>	<u>\$ -</u>
Balance sheet effect	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

25. We have requested an unsecured electronic copy of the auditor’s report and agree that the auditor’s report and financial statements will not be modified in any manner.

Information Provided

26. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
- b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Commissioners, or summaries of actions of recent meetings for which minutes have not yet been prepared.
27. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
28. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
29. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
30. We have no knowledge of allegations of fraud or suspected fraud affecting the Town's basic financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
31. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
32. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.
33. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

34. We have disclosed to you the identity of all of the Town's related parties and all the related-party relationships and transactions of which we are aware.
35. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize and report financial data.
36. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

37. With respect to supplementary information presented in relation to the basic financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
38. With respect to Management's Discussion and Analysis, the Local Governmental Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Liability and Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Schedules of Changes in the Total OPEB Liability presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.

- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:


- 39. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 40. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Town.
- 41. Has identified and disclosed to the auditor all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 42. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 43. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 44. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
- 45. Has a process to track the status of audit findings and recommendations.
- 46. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.

- 47. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 48. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- 49. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Town of Hillsborough


Eric J. Peterson (Jun 29, 2023 17:32 EDT)

Eric Peterson
Town Manager



Dave McCole
Finance Director



June 29, 2023

To Management
Town of Hillsborough
Hillsborough, North Carolina

In planning and performing our audit of the financial statements of the Town of Hillsborough (the Town) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We communicated the material weakness and significant deficiencies identified during our audit in the Compliance Section of the financial statements.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Internal Control Deficiencies:

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Software Access for Terminated Employees

During procedures performed over terminated employees, PBMares, LLP identified two terminated Town employees that still had login access to the cloud based financial accounting software, Smartfusion, and one terminated Town employee that still had login access to both Smartfusion and InCode, the utility billing

system. We verified the last login date on all systems corresponded with the termination date for each of the three employees, confirming they had not accessed the systems subsequent to their departure from the Town.

Recommendation

We recommends the Town adhere to the payroll checklist for employee terminations, which was revised after the finding noted above, to include verification of employee removal from all systems.

Local Government Employees Retirement System (LGERS) Allocation

During our testing of the LGERS allocation of liability, deferred outflows/inflows and expense, we noted that the change in allocation percentage resulted in unrecorded deferred outflows on both the Water and Sewer and Stormwater funds and an unrecorded deferred inflows on Governmental Activities.

Recommendation

PBMares, LLP recommends the Town perform an evaluation and review of the LGERS annual allocation percentage to ensure underlying facts and circumstances have not significantly changed for the year. If the facts and circumstances remain materially the same, we recommend the town apply the same allocation percentage each year.

Management Suggestions:

Following includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the basic financial statements of the Town as of and for the year ended June 30, 2022. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Town's practices and procedures.

Review of Software Module Accesses

During procedures performed over information technology and software systems, we noted several employees had access to certain modules in the financial accounting software that were not applicable to their role or department. We suggest that a full review of employee accesses for all systems be performed in order to ensure each employee's access is appropriate depending on their role or department.

Utility Unbilled Revenue Calculation

The Town currently calculates unbilled utility revenue at the end of each year by applying a flat 50% of the July billing register as an accrual to the prior year. Upon inspection of the July registers, there is significantly more detail available that would allow the Town to more precisely present the value of this accounting estimate. We suggest the Town consider performing a more detailed calculation based on days-in-cycle within each fiscal year to more precisely present the value of the estimate.

This communication is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

PBMares, LLP

PBMares, LLP

EXHIBIT B

Performance Indicators

PERFORMANCE INDICATORS

The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red, the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

Unit Name:	Hillsborough	Fiscal Year 2022	Explanation of Performance Indicator
Unit Number:	50181		

In the past, units of government have been grouped by population to evaluate ratios and benchmarking (including Fund Balance Available). Beginning with fiscal year 2020, we have grouped units by General Fund expenditures for purposes of evaluating the minimum amount of fund balance a unit needs to operate. A unit's General Fund expenditures proved to be a better correlation to the amount of funds balance needed to operate, especially for units with large higher education or tourism populations. Activity from Debt Service Funds (if applicable) is included in the calculation because these funds typically originate from the General Fund and are transferred to a Debt Service Fund.

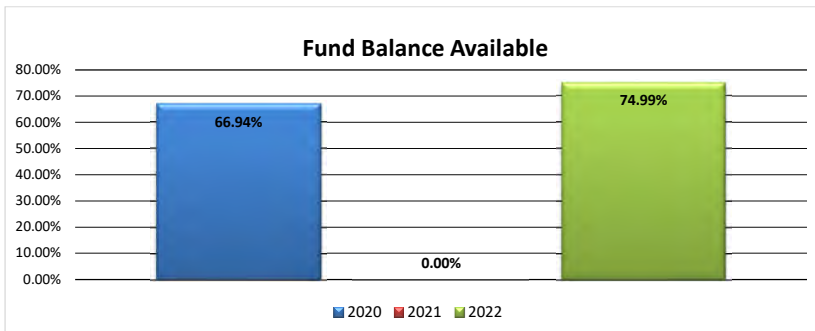
The table below lists the thresholds that are used in the analysis of your unit's fiscal health. These thresholds were determined based on an analysis of previous years general fund activity. These thresholds will be monitored and updated as applicable.

Municipalities			
General Fund Expenditures below:	Median FBA as % of Expenditures without Powell Bill	Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
\$100,000	260%	100%	12.00
\$100,000 to \$999,999	132%	71%	8.52
\$1,000,000 to \$9,999,999	63%	34%	4.08
Above \$10,000,000	46%	25%	3.00

Counties			
General Fund Expenditures below:	Median FBA as % of Expenditures without Powell Bill	Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
Below \$100,000,000	39%	20%	2.40
\$100,000,000 and above	32%	16%	1.92

Units of government are grouped by general fund expenditures for purposes of evaluating available fund balance as a percentage of expenditures (GF FBA%). Each grouping category has its own minimum threshold. If you are in the lower quartile your GF FBA% might be considered a performance indicator of concern and you might be asked to communicate to us. To the left are the minimum thresholds for Municipalities and Counties.

GENERAL FUND:	Minimum Threshold	Unit Results	
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25% -- Average of similar units is 46%

74.99%

Fund balance available for appropriation is an important reserve for local governments to provide cash flow during periods of declining revenues and to be used for emergencies and unforeseen expenditures. The information to the left indicates the amount of available cash on hand. You will also see the average for units of your size. **Note that 8.33% represents enough fund balance to cover only one month of expenditures.** Normally, a unit has to either increase revenues or decrease expenditures to increase fund balance available.

This calculation looks at fund balance available plus debt service fund balance (if applicable) less Powell Bill. This number is then divided by the total of total expenditures plus transfers out less bond proceeds.

Unit Name:		Hillsborough		Fiscal Year 2022		Explanation of Performance Indicator	
Unit Number:		50181					
GENERAL FUND:				Minimum Threshold	Unit Results		
2.	There was appropriated fund balance for the General Fund in the 2022 budget <u>AND</u> your change in fund balance was negative. Please state if fund balance was used for operations or capital purposes.			Positive Change in Fund Balance	N/A	If the General Fund has more expenditures than revenues because of operational issues and fund balance was appropriated to cover the loss, the continuation of this practice could result in deterioration of a unit's fund balance available.	
3.	The General Fund had total fund balance less than zero - Fund Deficit			Positive Fund Balance	\$12,004,024	The General Fund has a fund deficit which means that the unit's revenues and other receipts are inadequate to support its operations. G.S. 159 13(b)(2) requires that the board fund the full amount of a prior fiscal year's deficit in the current fiscal year's budget. Therefore, this deficit should have been funded immediately after the June 30, fiscal year-end. The law requires such action be taken to stop any further deterioration of the overall financial condition of the fund. Please let us know if the deficit was funded in the budget, and what actions the unit plans to take to bring the general fund balance up to an acceptable level.	

Unit Name:		Hillsborough			Fiscal Year 2022		Explanation of Performance Indicator								
Unit Number:		50181													
WATER SEWER FUND:				Minimum Threshold	Unit Results	Note: If more than one performance indicator is identified, one proposed solution may solve all water and sewer performance indicators.									
4.	<table border="1"> <caption>Quick Ratio-Water and Sewer</caption> <thead> <tr> <th>Year</th> <th>Quick Ratio</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>4.82</td> </tr> <tr> <td>2021</td> <td>0.00</td> </tr> <tr> <td>2022</td> <td>3.58</td> </tr> </tbody> </table>			Year	Quick Ratio	2020	4.82	2021	0.00	2022	3.58	Equal or greater than 1	3.58	A Quick Ratio less than 1 indicates that the unit owes more for its current bills than what it has on hand in unrestricted cash and investments plus what is owed from customers (accounts receivable). This could indicate that the fund may have difficulty paying its current bills. If this pattern continues, the water and/or sewer system may not be sustainable.	
Year	Quick Ratio														
2020	4.82														
2021	0.00														
2022	3.58														
Cash Flow Indicators:		2020	2021	2022	Minimum Threshold	Unit Results									
5.	Operating Net Income (Loss) excluding depreciation, including debt service principal and interest	\$2,421,160	\$0	\$1,877,000	Greater than zero	\$1,877,000	This calculation subtracts operating expenses from operating revenues. Depreciation expense is not included in the calculation but debt principal and interest payments are included. A negative balance indicates that your rates are not covering your operating expenses and debt service payments.								
6.	Unrestricted cash /total expenses excluding depreciation, including debt service principal and interest	123.45%	0.00%	119.64%	Greater than 16% (2 months)	119.64%	This indicator calculates how many month's worth of expenses (including debt principal and interest but not depreciation) a unit can pay based on the amount of unrestricted cash at year-end. The typical billing cycle is one month (8.33%) and one extra month usually gives a local government enough cash to handle unusual monthly expenses (16.66%). This 16% would be the bare minimum necessary to keep the fund from experiencing cash flow issues.								
7.	It appears your Water Sewer Fund has transfers-in for the support of operations that are greater than 3% of the total of operating and non-operating expenses. Please discuss the purpose of such transfers-in and if you plan to continue these transfers-in.			No		No	The rate structure of the Water and Sewer Fund should support the operating expenses of the fund without operating subsidies or transfers from other funds.								

Unit Name:		Hillsborough			Fiscal Year 2022		Explanation of Performance Indicator
Unit Number:		50181					
ELECTRIC FUND:					Minimum Threshold	Unit Results	Note: If more than one performance indicator is identified, one proposed solution may solve all electric performance indicators.
8.	<p style="text-align: center;">Quick Ratio-Electric</p> <p>1.00 _____ 0.80 _____ 0.60 _____ 0.40 _____ 0.20 _____ 0.00 _____</p> <p style="text-align: center;">0.00 0.00 0.00</p> <p style="text-align: center;">■ 2020 ■ 2021 ■ 2022</p>				Equal or greater than 1	#DIV/0!	A Quick Ratio less than 1 indicates that the unit owes mores for its current bills than what it has on hand in unrestricted cash and investments plus what is owed from customers (accounts receivable). This could indicate that the fund may have difficulty paying its current bills. If this pattern continues, the electric system may not be sustainable.
Cash Flow Indicators:		2020	2021	2022	Minimum Threshold	Unit Results	
9.	Operating Net Income (Loss) excluding depreciation, including debt service principal and interest	N/A	N/A	N/A	Greater than zero	N/A	This calculation subtracts operating expenses from operating revenues. Depreciation expense is not included the calculation but debt principal and interest payments are included. A negative balance indicates that your rates are not covering your operating expenses.
10.	Unrestricted cash /total expenses excluding depreciation, including debt service principal and interest	N/A	N/A	N/A	Greater than 16% (2 months)	N/A	This indicator calculates how many month's worth of expenses (including debt principal and interest but not depreciation) a unit can pay based on the amount of unrestricted cash at year-end. The typical billing cycle is one month (8.33%) and one extra month usually gives a local government enough cash to handle unusual monthly expenses (16.66%). This 16% would be the bare minimum necessary to keep the fund from experiencing cash flow issues.

Unit Name:		Hillsborough		Fiscal Year 2022		Explanation of Performance Indicator	
Unit Number:		50181					
GENERAL PERFORMANCE INDICATORS:			2022	Target			
11.	The 2022 Audit Report is expected to be submitted within five months plus one day from the fiscal year end per the auditor. (December 1st for most units)	No	5 months plus one day after the fiscal year end	Late	As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner. External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about your local government as well.		
			2022	Target			
12.	The budgeted ad valorem tax (including motor vehicles) for the General Fund had more than 3% uncollected for the fiscal year audited. Decreases are shown by a negative percentage.	3.96%	Less than 3%	3.96%	This indicator shows that the local government did not collect 3% (or more) of its budgeted ad valorem taxes. This could be an indicator of negative economic events, inaccurate budgeting, and/or issues with the collection process. Uncollected revenues at the 3% level represent several pennies of the tax rate.		
			2022	Target			
13.	You indicated that you expect a decrease in property value for your next property revaluation. In your FPIC Response Letter please discuss the magnitude of the drop in valuation, the overall cause of the drop and how you plan to recover the lost revenues.	N/A	Any estimated decrease	N/A	You indicated that you expect a decrease in property value for your next property revaluation which could result in lost tax revenue.		
			2022	Target			
14.	Did your audit disclose as a finding any budget violations? (Yes or No)	No	No over-expenditures	No	The unit has expenditures that exceed the legal budget ordinance. This indicates that the unit's purchase order system, contract approval process and / or payment process is not in compliance with North Carolina General Statute 159.		
			2022	Target			
15.	If a unit has no performance indicators of concern that would require them to submit a Response to Audit Findings, Recommendations and Fiscal Matters, but they are currently on the Unit Assistance List, they must still submit an FPIC Response Letter. Their response should discuss the financial plan they have developed to address the issues that placed them on the Unit Assistance List and the progress they have made to date.	Yes		Yes	As of the creation of this worksheet your unit was on the Unit Assistance List. Please provide details of what progress you have made to date to improve the issues that placed you on the list and future progress you intend to make. If you are unaware that you are on the Unit Assistance List please email LGCMonitoring@nctreasurer.com and request a copy of the letter notifying you of your status on the Unit Assistance List.		
			2022	Target			
16.	The Unit had material weaknesses, significant deficiencies, and/or statutory violations that should be addressed in the FPIC Response Letter.	Yes		Yes	This indicator lists whether the unit has any material weaknesses, significant deficiencies, or management letter comments that require a response.		
			2022	Target			
17.	The unit had a board-appointed finance officer the entire fiscal year.	No		No	This indicator is to determine if during the fiscal year, the unit was without a board-appointed finance officer.		

Unit Name:		Hillsborough		Fiscal Year 2022		Explanation of Performance Indicator	
Unit Number:		50181					
GENERAL PERFORMANCE INDICATORS:		2022	Target				
18.	The unit had problems with debt service payments being late and/or did not comply with the bond covenants.	No		No		This indicator lists whether or not the unit has issues with debt service payments or bond covenants.	
		2022	Target				
19.	Electric transfers-out have exceeded the amounts described in GS 159B-39. If your unit is a member of the North Carolina Eastern Municipal Power Agency it appears you have violated the GS. OR If you are not a member of the Eastern Municipal Power Agency it appears that you have violated your unit's transfer policy.	No		No		This indicator shows if there were electric transfers in in violation of G.S. 159B-39 or in violation of the unit's transfer policy.	
		2022	Target				
20.	Are there additional issues the unit should address that affect the fiscal health or internal controls of the unit that were communicated to the unit during the audit presentation? <u>Please include details of the issue in cell J44 to the right and in your FPIC Response.</u>	No		No		This indicator lists any other issues that the unit should address.	

HILLSBOROUGH TOURISM BOARD
REPORT TO THE BOARD OF DIRECTORS
JUNE 29, 2023



ASSURANCE, TAX & ADVISORY SERVICES



June 29, 2023

Board of Directors
Hillsborough Tourism Board
Hillsborough, North Carolina

Attention: Matthew Hughes, Chairman

We are pleased to present this report related to our audit of the financial statements of Hillsborough Tourism Board (the Board) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Board's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Board.

PBMares, LLP

PBMares, LLP

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Exhibit A—Significant Written Communications Between Management and Our Firm

- Representation Letter

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 12, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 12, 2022, as an attachment to the above referenced arrangement letter, regarding the planned scope and timing of our audit and identified significant

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Board. The Board did not adopt any applicable significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are aware the Town of Hillsborough, the contracted administrative and financial services for the Board, engaged an outside professional CPA firm to assist in closing the books for the fiscal year ended June 30, 2022.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Board, including the representation letter provided to us by management, are attached as Exhibit A.

EXHIBIT A

Significant Written Communications Between Management and our Firm



TOWN OF
HILLSBOROUGH
NORTH CAROLINA

June 29, 2023

PBMares, LLP
3621 John Platt Drive
Morehead City, North Carolina 28557

This representation letter is provided in connection with your audit of the basic financial statements of Hillsborough Tourism Board (the Board) as of and for the year ended June 30, 2022, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 29, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 12, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

101 E. Orange St. | PO Box 429, Hillsborough, NC 27278
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5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as amended.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
10. Components of net position and fund balance (restricted and unrestricted) are properly classified and, if applicable, approved.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. We have no knowledge of any uncorrected misstatements in the financial statements.
13. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report and financial statements will not be modified in any manner.

Information Provided

14. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 17. We have no knowledge of allegations of fraud or suspected fraud affecting the Board's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Board's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
- 20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 21. We have disclosed to you the identity of all of the Board's related parties and all the related-party relationships and transactions of which we are aware.
- 22. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Board's ability to record, process, summarize and report financial data.

23. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

24. With respect to supplementary information presented in relation to the financial statements as a whole:

- a. We acknowledge our responsibility for the presentation of such information.
- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

25. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Hillsborough Tourism Board


Eric J. Peterson (Jun 29, 2023 17:30 EDT)

Eric Peterson, Town of Hillsborough Town Manager

David McCole

Dave McCole, Finance Director

HILLSBOROUGH TOURISM DEVELOPMENT AUTHORITY

REPORT TO THE BOARD OF DIRECTORS

JUNE 29, 2023



ASSURANCE, TAX & ADVISORY SERVICES



June 29, 2023

Board of Directors
Hillsborough Tourism Development Authority
Hillsborough, North Carolina

Attention: Matthew Hughes, Chairman

We are pleased to present this report related to our audit of the financial statements of Hillsborough Tourism Development Authority (the Authority) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Authority.

PBMares, LLP

PBMares, LLP

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- Representation Letter

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 12, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 12, 2022, as an attachment to the above referenced arrangement letter, regarding the planned scope and timing of our audit and identified significant

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any applicable significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are aware the Town of Hillsborough, the contracted administrative and financial services for the Authority, engaged an outside professional CPA firm to assist in closing the books for the fiscal year ended June 30, 2022.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, are attached as Exhibit A.

EXHIBIT A

Significant Written Communications Between Management and our Firm



TOWN OF
HILLSBOROUGH
NORTH CAROLINA

June 29, 2023

PBMares, LLP
3621 John Platt Drive
Morehead City, North Carolina 28557

This representation letter is provided in connection with your audit of the basic financial statements of Hillsborough Tourism Development Authority (the Authority) as of and for the year ended June 30, 2022, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 29, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 12, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

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5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as amended.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
10. Components of net position and fund balance (restricted and unrestricted) are properly classified and, if applicable, approved.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. We have no knowledge of any uncorrected misstatements in the financial statements.
13. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

14. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 17. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
- 20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 21. We have disclosed to you the identity of all of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
- 22. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.

23. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information


24. With respect to supplementary information presented in relation to the financial statements as a whole:

- a. We acknowledge our responsibility for the presentation of such information.
- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

25. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Hillsborough Tourism Development Authority


Eric J. Peterson (Jun 29, 2023 17:31 EDT)

Eric Peterson, Town of Hillsborough Town Manager

David McCole

Dave McCole, Finance Director



TOWN OF HILLSBOROUGH NORTH CAROLINA



Annual Financial Report For Fiscal year ended June 30, 2022

Presented by the Financial Services Department

Melissa Bishop, Interim Finance Director

Richard Duke, Financial Analyst

TOWN OF HILLSBOROUGH, NORTH CAROLINA

Annual Financial Report

Fiscal Year Ended June 30, 2022



Prepared by the Financial Services Department



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INDEPENDENT AUDITOR'S REPORT

Members of Town Council
Town of Hillsborough, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the general fund budget to actual comparison, and the aggregate remaining fund information of the Town of Hillsborough (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Hillsborough Tourism Board and the Hillsborough Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements, budgetary schedules, other financial information, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit and the procedures as described above, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

The Supplementary Information contains summarized comparative information for the year ended June 30, 2021. The financial statements of the Town, as of and for the year ended June 30, 2021, were audited by other auditors, whose report, dated January 12, 2023, expressed an unmodified opinion on those statements.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
June 29, 2023

The seal of Hillsborough County, North Carolina, is centered in the background. It features a shield with a red chief, a white field with a yellow lion, and a red field with a white lion. The shield is surrounded by a circular border containing the text "HILLSBOROUGH COUNTY" at the top and "NORTH CAROLINA" at the bottom. The year "1754" is also visible within the seal.

INTRODUCTORY SECTION (Unaudited)

This section of the Town of Hillsborough's (the "Town") annual financial report presents general information on the Town's organization and the environment in which it operates.



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June 29, 2023

Honorable Mayor Weaver,
Board of Commissioners,
and Citizens of Hillsborough, North Carolina

The Annual Financial Report of Hillsborough, North Carolina for the fiscal year ended June 30, 2022, is submitted for your review and use. The town, 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 town has not met that threshold the past two fiscal years due to significant turnover in the Financial Services Department from February 2020 through February 2022. At one point the accounting operation was down to 1.4 employees and no finance director. During this two-year period, the town has had six acting/interim finance directors, with a finance director for one year. This level of turnover and inadequate staffing created many gaps, challenges, and operational issues. The 2021 audit was about 15 months late and was completed in January 2023.

While the 2022 audit is several months late, it is complete and operations have stabilized in the Financial Services Department thanks to use of an interim finance director, resources from the Greg W. Isley accounting firm, as well as a financial consultant with significant local government experience. They worked with staff to keep daily operations running and to finish the 2022 audit several months after the 2021 audit was completed in late January. Additionally, an operational analysis was completed in February by our financial consultant. The review identifies potential improvements, such as building redundancy; streamlining inefficient processes; enhancing staff experience via training and cross-training as many are relatively new to government finance; and assisting the new finance director, who started Feb. 6, with a plan to strengthen departmental operations. Management is optimistic that we will be able to prevent a repeat of the challenges from the past two years, as well as make the town's financial services operations more effective, efficient, and resilient during times of employee turnover.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the town. As management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the governmental and business-type activities. All disclosures necessary to gain the maximum understanding of the town's financial affairs have been included.

The town's management is responsible for establishing and maintaining an internal control structure that is designed to ensure the town's assets are protected from loss, theft, or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements which conform with accounting principles generally accepted in the United States of America (GAAP). Since the cost of internal controls should not outweigh their benefits, the town's internal control structure has been designed to provide reasonable rather than an absolute assurance that the financial statements will be free from material misstatement.

North Carolina statutes and the town's ordinance require an annual audit by independent certified public accountants. The accounting firm of PBMares, a firm of licensed certified public accountants, was selected and awarded the contract for Fiscal Year 2022. The goal of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement

presentation. Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. The town's MD&A immediately follows the independent auditor's report.

Profile of the Town and Government

Founded in 1754, Hillsborough is the seat of Orange County. Located at the intersection of interstates 85 and 40, it is part of the region known as the Research Triangle and is close to several major cities, with Durham, Chapel Hill, Raleigh, and Greensboro nearby. Several universities are close to town — the University of North Carolina at Chapel Hill, Duke, Elon, North Carolina Central, and North Carolina State. Durham Technical Community College also has a Hillsborough campus. The town's economy is centered on government, retail, service providers, manufacturing, and health care including the UNC Hospitals Hillsborough Campus. The town's historical sites and its vibrant art, music, and food scenes attract many tourists and visitors.



The historic Ruffin-Roulhac House, circa 1821, serves as Town Hall.

The town is operated under the council-manager form of government. Commissioners on the five-member, nonpartisan board serve four-year staggered terms and are elected at large. The mayor, also elected at large, serves a two-year term, chairs the board meetings, and votes when a tie occurs.

The town provides a full range of municipal services, including parks, water, sewer, police, planning, public space management, street maintenance, solid waste collection, and stormwater. Fire protection is contracted through a partnership with the Orange Rural Fire Department. The town provides financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. It has evaluated its relationship with each of these entities according to criteria established by Governmental Accounting Standards Board Statement 14 and has determined that the Hillsborough Tourism Development Authority and Hillsborough Tourism Board are required to be included in the financial report.

The town operates its own water and sanitary sewer systems. Its water treatment plant has a capacity of 3 million gallons per day and is currently treating an average daily flow of about 1.6 mgd. The water system serves about 6,500 customers, which includes residents and businesses within the corporate limits as well as out-of-town customers. The sanitary sewer system has a treatment capacity of 3 mgd, with a current average daily treated discharge of about 0.8 MGD.

The town offers a multi-week course — Hillsborough University: Government 101 — aimed at helping community members increase their knowledge of town government, as well as their interest and ability in influencing and participating in town decisions. Many graduates have gone on to serve on appointed boards and committees, to volunteer in organizations throughout the community, and to elected to the town board.

Strategic Plan

After using a balanced scorecard for strategic planning for 12 years, the town shifted to a new model in Fiscal Year 2020 to better monitor, manage, and set direction for policy and operational goals. The COVID-19 pandemic slowed developing a new way to set goals and link them to actions and performance measures. The plan is expected to be completed by budget adoption in June 2023. The town's mission and vision statements remain unchanged. The following new strategic focus areas were identified and are being developed into five subplans:



Environmental Initiatives

One of the five focus areas for the Hillsborough Strategic Plan is sustainability and resiliency. The town government’s mission statement charges personnel with enhancing “the quality of life for the living beings and land within our town.” Strategic objectives include conserving natural resources and expanding recreation, walkability, and connectivity.

Below are some environmental initiatives of the town government.

- Updating and expanding the long-term visioning and planning document (Comprehensive Plan) and combining it with long-term sustainability and climate change initiatives. The Comprehensive Sustainability Plan is expected to be completed in mid-2023.
- Serving as an Orange County Climate Council member. The council was formed in 2019 by Orange County and the towns of Carrboro, Chapel Hill, and Hillsborough as a collaborative effort among the municipal governments, the school systems, the University of North Carolina, nonprofit organizations, and residents. The council’s mission is to accelerate joint action addressing the climate emergency by sharing successful strategies and identifying equitable opportunities to reduce greenhouse gas emissions, provide stewardship of the natural world, and protect all county residents from climate impacts.
- Supporting the goal in an adopted town resolution of using 100 percent clean energy by 2050 and fostering a resilient and sustainable community.
- Working as a designated Tree City USA to protect the town’s trees and educate citizens about the importance of urban forestry through the Public Space and Sustainability Division and the Tree Board.
- Working as a Bee City USA to raise awareness of the role pollinators play in sustaining more than 75 percent of the world’s plant species and to help expand pollinator-friendly practices and environments in town. The Public Space and Sustainability Division and Tree Board partner with the Hillsborough Garden Club to develop the program and educational materials, including actions residents can take.
- Operating the Stormwater and Environmental Services Division to comply with many state and federal mandates for environmental stewardship.
- Partnering with Orange County for curbside collections of recyclables throughout town and to provide collection bins for recyclables downtown and along the Riverwalk greenway. The town has invested in a battery-powered cart for use by Public Works Division employees when collecting trash and recyclables along Riverwalk. Additionally, the town collects appliances and scrap metal for recycling.
- Preventing sanitary sewer overflows and the environmental damage they cause through the Water Distribution and Wastewater Collection Division. The division’s fats, oil, and grease program provides educational presentations at schools and public events about keeping these blockage-causing substances out of the town’s sewer system.

Local Economy

The Town of Hillsborough, Orange County, and the Research Triangle Park area are considered among the most desirable areas of the country to live and work, according to several national surveys. Hillsborough's economy is diversified with government, education, health care, wholesale and retail businesses, and many service providers. About 40% of Hillsborough's tax base is commercial in nature — a strong indicator of a healthy and diverse property tax base.

The town's unemployment rate has been below state and national rates throughout recent history. Traditionally, Orange County has the lowest unemployment rate in North Carolina. This is in part due to a high percentage of residents working for area universities, hospitals, medical offices, and state and local governments that tend to not lose as many employees as private corporations during economic downturns. While there were concerns about the economy due to COVID-19, the issuance of building permits for residential and commercial developments, as well as frequent inquiries from developers, continued to be exceptionally strong through June 2022.



This mural was added in fall 2021 to the building that houses The News of Orange County newspaper in downtown Hillsborough.

Government, Education, and Health Care

Orange County government is a major employer in Hillsborough. Many of the county's administrative buildings are located within town limits. One of those buildings is the Historic Orange County Courthouse (c. 1844), a Greek-revival building designed and built by local builder John Berry. The courthouse is still in use for county judicial business and is open to the public for free visits. The courthouse lawn is home to many outdoor musical performances and festivals and acts as a town square in many respects. The Orange County Board of Education is in Hillsborough and serves 13 schools throughout the county. Three of the schools are within the town limits, and seven are served by Hillsborough's water and sewer system.

Durham Tech has a 20-acre campus in Hillsborough. The community college occupies a 40,000 square-foot brick structure that holds 22 instructional spaces, including classrooms, computer and science labs, a library, flexible-use space, instructional and student support services areas, and faculty and student lounges. The facility has many green buildings features that contribute to energy efficiency and cost savings.



Duke University Hospital and UNC Hospitals have a variety of medical offices, urgent care, and other facilities in Hillsborough, as the town is about 20 minutes from their base locations in Durham and Chapel Hill. The largest medical presence is the UNC Hospitals Hillsborough Campus in the Waterstone development. The hospital is an extension of UNC Hospitals in Chapel Hill and includes a medical office building, outpatient surgery, inpatient services, as well as support services to provide integrated, convenient, and patient-centered care.

The campus is home for several UNC specialty programs, including family medicine, geriatrics, physical medicine, and rehabilitation, which is moving from Chapel Hill to Hillsborough. The hospital also has many elective surgical programs, including joint replacement, spine, ophthalmology, urology, benign gynecology, and general surgery. It is the first in North Carolina to receive the Geriatric Emergency Department Accreditation from the American College of Emergency Physicians and is one of about 20 hospitals accredited nationwide, certifying that its staff is specially trained to more comprehensively assess older patients. The campus also has earned the Joint Commission's Gold Seal of Approval® for Total Hip and



A new patient tower opened in May 2022 at UNC Hospitals Hillsborough Campus.

Knee Replacement Certification by demonstrating continuous compliance with performance standards. The hospital, which opened in 2015, added a 107,000-square-foot patient tower in May 2022. The tower includes 80 patient beds and 6 in-patient dialysis bays. The addition brings the total licensed beds at the campus to 163. The facility’s combined footprint now measures about 365,000 square feet, and the additional tower added 100 jobs. The Hillsborough Campus treats more than 25,000 patients a year and is the primary workplace for about 500 UNC Health employees.

Recreational, Visitor, and Cultural Events

The town’s 3 percent hotel/motel and 1 percent prepared food and beverage taxes have provided a dedicated resource for promoting Hillsborough as a destination for arts and culture, unique cuisine, outdoor recreation, and historical landmarks. While many events were canceled in 2020 and 2021 due to COVID, these activities have rebounded strongly with far more public events during 2022 than previous years.



The Riverwalk greenway is a favorite destination.

The Tourism Development Authority — a component unit of the town — promotes travel, tourism, and conventions; sponsors tourism-related events; and finances tourism-related capital projects. The Tourism Board drives economic development by promoting travel, tourism, and visitor services. It sponsors programs and activities designed to improve Hillsborough’s attractiveness to visitors. The Tourism Board has contracted with the Alliance for Historic Hillsborough to operate the Hillsborough Visitors Center. The center offers a gift shop, tours, exhibits, and gardens.

Hillsborough has many festivals and events throughout the year, such as: Art in the Heart of Hillsborough, Last Fridays Concert Series, Hillsborough Garden Tour, Last Fridays Artwalk, Carolina Tarwheels Bikefest, Farm Fare Tasting Event, Hillsborough Hog Day barbecue festival, Moorefields Bluegrass Festival, River Park Concert, Historic Hillsborough Half Marathon and 5K, Handmade Parade, Hillsborough Halloween Spirits Tours, Solstice Celebration Lantern Walk, Hillsborough Holiday Parade and Tree Lighting, and Candlelight Holiday Home Tour.

Well known museums and historical sites:

- Alexander Dickson House (late 18th century)
- Ayr Mount (1800s Federal-era plantation house)
- Burwell School Historic Site (1800s)
- Dickerson’s Chapel AME Church (1790)
- First Baptist Church (c.1860/1868)
- Hillsborough United Methodist Church (c.1860)
- Hillsborough Presbyterian Church (c.1816)
- Margaret Lane Cemetery (c.1885)
- Moorefields (c.1785)
- Occaneechi Village Replica Site
- Old Orange County Courthouse (c.1844)
- Old Town Cemetery (c.1757)
- Orange County Historical Museum
- Ruffin-Roulhac House (c.1821)
- St. Matthew’s Episcopal Church (c. 1825/1826)

Recreation, sports, and leisure (many activities):

- Cates Creek Park
- Gold Park
- Exchange Park
- Fairview Park
- Hillsborough Heights Park
- Mayo Park
- Murray Street Park
- Kings Highway Park
- River Park
- Turnip Patch Park
- Calvin Street and Riverwalk greenways
- Duke Forest
- Historic Occoneechee Speedway Trail
- Occoneechee Mountain State Natural Area
- Poet’s Walk at Ayr Mount
- Hillsborough Youth Athletic Association baseball fields
- Occoneechee Golf Club
- Central Recreation Center
- Orange County Sportsplex

Residential Growth

Hillsborough's population will continue to increase significantly over the next few years. The town continues to receive commercial inquires and to experience expansion of existing businesses. The following neighborhoods are under development or will be soon.

- Waterstone, Forest Ridge, and Fiori Hills developments — These are nearly completed and will have added about 1,000 residential units to Hillsborough.
- Collins Ridge — The master plan includes 950 dwellings (houses, townhouses, and apartments) and 88 affordable rental units. The first homes went on the market in June 2021, and 141 were sold by June 2022.

Long-Term Financial Planning

The town's approach to building its budget and a multi-year financial plan has been: 1) take care of what we've got, 2) invest for the future, and 3) minimize rate impacts on the community. The Fiscal Year 2021 budget was the first budget presented to Hillsborough's town board in 23 years that was not in a multi-year format. Hillsborough is one



A utility mechanic inspects a mechanical arm on the Wastewater Treatment Plant's clarification tank, which sweeps the water surface of large organics and trash.

of the only local governments in the state that uses a multi-year format. During the early stages of COVID-19, it was difficult to accurately project for three months. To minimize wasted time and to help staff focus attention on the most pressing issues, the document was prepared in a traditional one-year format versus a three-year format. Fiscal Year 2022 marked a return to the three-year budget format that has been so successful and dates to 1998.

A level of uncertainty remained while the FY22 budget was being prepared in early to mid-June due to the economy and to not having prior and current year actual information because of the aforementioned delays in the audit process. Thus, a conservative approach was used in developing the budget. Fortunately, this conservative approach worked as the town ended the budget year with a substantial boost to the General Fund balance of \$1.6 million. Again, these funds will be needed to pay for high priority needs and to ensure

sufficient money is saved for emergency situations, especially with weather events becoming more frequent and severe. The Water and Sewer Fund ended the year with an increase in fund balance of \$1.3 million, of which \$691,000 was transferred to various capital projects and reserves. The surplus in the Water and Sewer Fund will be available to help pay for the tens of millions in immediate to near-term capital needs, maintain savings levels necessary to retain the AA bond rating and help improve it, meet bond covenant requirements from the Series 2018 and 2020 revenue bonds to pay for the reservoir expansion, and stay in line with industry standard metrics to keep the fund in a fiscally strong position.

Major Initiatives

The town's future capital plans are established in a seven-year Capital Improvement Plan that is revised during the yearly budget preparation. During the year, the town funded and managed many significant projects including the following:

General Government

- Street Repaving — Annual repaving and road maintenance is funded without debt and uses the town's gas tax allocation from the State Street-Aid Program (Powell Bill) and General Fund revenues to pay for the improvements. The town targets repaving about 5 percent of its road miles annually to have a 20-year repaving cycle. This interval has been identified by some industry experts as the most cost effective in terms of lifecycle costing. Street repaving was greatly reduced in 2021 and 2022 to help pay for an expensive repair project on Valley Forge Road, due to the road crossing being washed out during a storm.
- Valley Forge Stormwater Project — This project, which may exceed \$1 million, is to replace three 90-inch pipes crossing under Valley Forge Road and to rebuild the road. The road has washed out twice in recent years, and

temporary repairs are being monitored weekly until the reconstruction project is complete. The town is eligible for emergency funding assistance through the State of North Carolina to help pay for this project. The town must pay for the repairs first and then seek reimbursement.

Water and Sewer Fund

- Reservoir Phase II — Phase 2 expansion of the West Fork Eno River Reservoir began construction in April 2018 to address long-term water supply needs and to accommodate the type of growth that matches the town’s vision. Revenue bonds were sold on May 9, 2018, providing over \$11.1 million in funding for the project. The remaining funds were raised through a bank placement in February 2020 to pay for the remaining road project that was required to finish the project. Debt payments for the project are \$840,550 for FY21, \$839,828 in FY22 and \$840,374 in FY23. Phase 2 will yield an additional 1.2 million gallons per day of water capacity. Phase 2 construction, which included raising a road and bridge, was completed March 30, 2022.



The expansion of the reservoir included replacing a bridge over the reservoir on Carr Store Road in Orange County.

- Wastewater Collection — Developing a detailed evaluation of the system’s condition and capacity has started to allow utilities staff to prioritize the most important needs in future years and to determine how much development Hillsborough’s system can safely accommodate. Funds are included to address other problem areas, such as inflow and infiltration, line capacity, and pump stations. About \$40 million is anticipated to be needed to address wastewater collection system needs over the next 18 years. The town has applied for a grant to help pay for 70% of the approximately \$8 million required to replace River Pump Station, an aging station that is the largest of two that pump all sewage into the wastewater plant.

Debt Administration

Hillsborough’s current debt burden is above the North Carolina state average and below the national average for municipalities, with net overall debt at \$2,989 per capita. The largest part of the outstanding debt is for the Wastewater Treatment Plant and reservoir. Additional debt incurred over recent years will ensure the town has sufficient water supply, especially during dry and drought conditions. Hillsborough suffered from severe water shortages for decades and has since been self-sufficient since Phase 1 of the reservoir was completed in 2000. Debt funding for water and sewer projects will also allow for projected growth and economic development. Responsible financial planning and revenues resulting from growth will ensure the town maintains a stable financial position.

There has been no new general bonded debt over the last 24 fiscal years, and no debt service expenditures on general obligation bonded debt have been incurred in the General Fund during the last 24 fiscal years. The town has avoided a heavy debt load in its General Fund, which has plagued many municipalities. Revenue bonds were issued for the first time to fund the expansion of the West Fork Eno Reservoir for \$11.1 million in FY18. A second revenue bond for \$3.7 million was issued in FY20. Debt payments account for 23 percent of Water and Sewer Fund expenditures. The debt payments are a significant expense for a relatively small utility system especially when coupled with very expensive projects like the Wastewater Treatment Plant upgrade in 2014 that accounts for about \$1 million per year of debt. Using debt financing is the most practical way to pay for expensive maintenance needs on the system.

Financial Policies

The Town of Hillsborough has adopted a policy to maintain a General Fund balance level between 20 and 60% of operating expenditures, with a target of 33% or the equivalent of four months of operating expenditures. The town has diversified its investment by security type to avoid incurring unreasonable risks inherent in overinvesting in

specific instruments, or maturities. Without exception, no more than 50% of the town's total investment portfolio will be invested in a single security type.

Status Update — GFOA Certificate of Achievement for Excellence in Finance Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized annual comprehensive financial report (ACFR) that conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of a state and local government financial report. It is valid for a period of one year.

The Town of Hillsborough had received a Certificate of Achievement for 26 consecutive years (fiscal years 1994 through 2020). Unfortunately, that long consecutive streak ended due to the audit submission being significantly late for 2021 and the various staffing challenges discussed earlier. Due to staffing and limited resources, the town will not submit the 2022 report for consideration. Management is optimistic that we will be in a position in the next year or two to again meet or exceed the GFOA standards for excellence in financial reporting.

Acknowledgments

The assistance and dedication of the Financial Services team has been stellar throughout the year, especially during the preparation of this report! During this short period, the staff has worked many with three full-time finance directors and six interims). They've worked exceptionally hard and been patient as we've gone through several challenging situations over the past 24 months. We would like to thank all members of the department who contributed to the audit's preparation and the independent certified public accountants from PBMares for their assistance. A special thanks goes to Greg Isley and staff from his CPA firm who have provided tremendous assistance and frequently gone over and above to help during these challenging times, especially Brian Broom who prepared the financial statements, as well as Melissa Bishop who served as interim finance director from June 2022 to January 2023. Major recognition of gratitude goes to Kai Nelson, the town's financial consultant, who was the lead on this process and worked closely with our dedicated accounting staff to complete this audit just a few months after the 2021 audit was completed. This was a major accomplishment! The audit was a lot of work for everyone to juggle in such a short period of time. The cooperation of each town department is appreciated as we work together in conducting the town's financial operations. We also express our appreciation to the mayor and the members of the Board of Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the town responsibly and progressively.

Respectfully submitted,



Eric J. Peterson
Town Manager



David McCole
Finance Director

Town of Hillsborough, North Carolina
Board of Commissioners
For the fiscal year ended June 30, 2022



From left: Commissioners Evelyn Lloyd and Mark Bell, Mayor Jenn Weaver, Mayor Pro Tem Matt Hughes, and Commissioners Kathleen Ferguson and Robb English

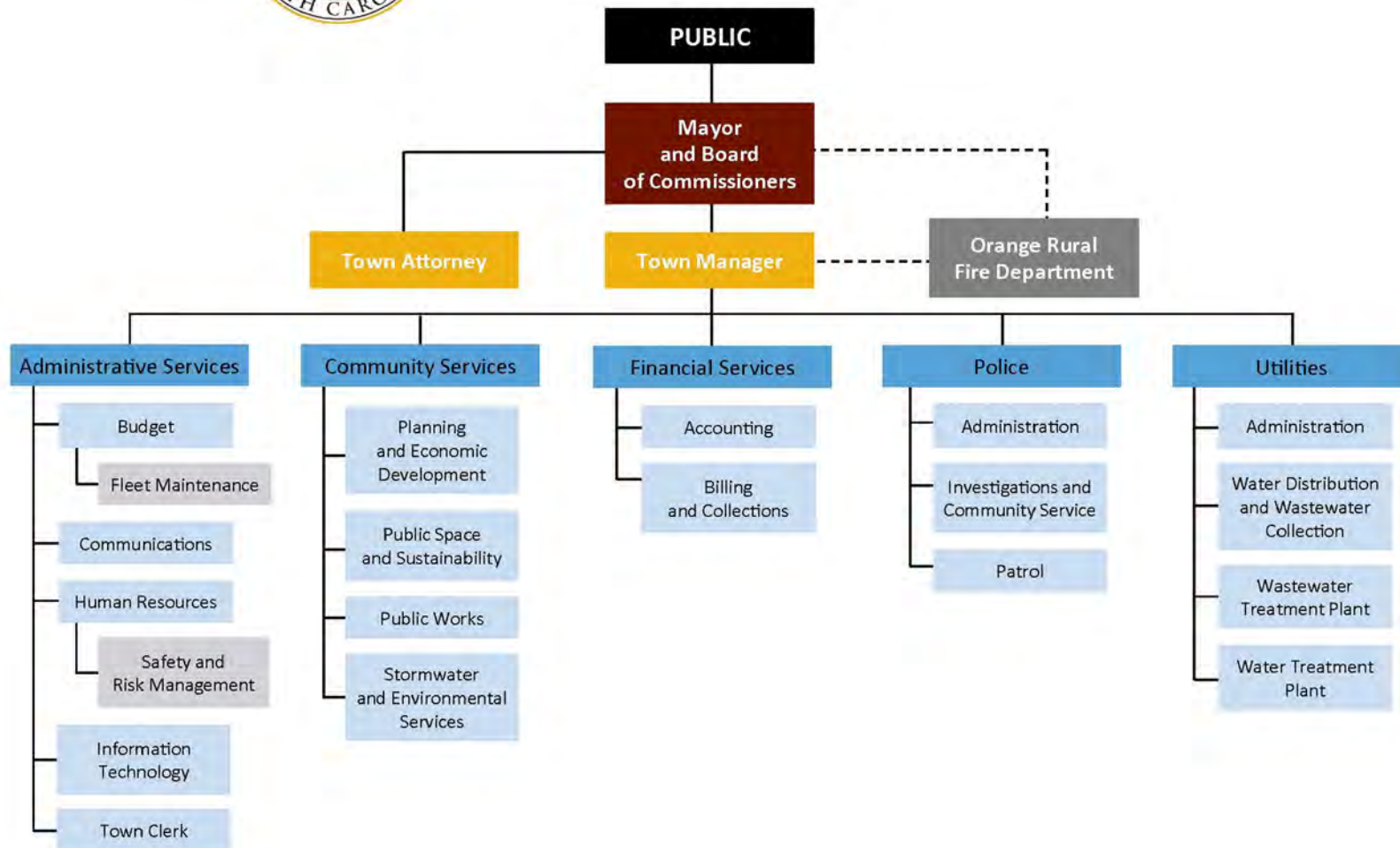
Jenn Weaver – Mayor
Matt Hughes – Mayor Pro Tem
Evelyn Lloyd – Commissioner
Mark Bell – Commissioner
Kathleen Ferguson – Commissioner
Robb English – Commissioner

Town Officials

Eric J. Peterson, Town Manager
Melissa Bishop, Interim Finance Director
Emily Bradford, Budget Director
Jen Della Valle, Administrative Services Director
Margaret Hawth, Assistant Town Manager/Planning Director
Marie Strandwitz, Utilities Director
Sarah Kimrey, Town Clerk
Duane Hampton, Police Chief
Robert Hornik, Town Attorney



ORGANIZATION CHART



x

The seal of Hillsborough County, North Carolina, is centered in the background. It features a shield with a yellow lion on the left and a yellow unicorn on the right, with three red shells above the lion. The shield is set within a circular border containing the text "HILLSBOROUGH" at the top and "NORTH CAROLINA" at the bottom.

FINANCIAL SECTION

This section of the Town of Hillsborough's (the "Town") annual financial report presents the basic financial statements and required supplementary information (including management's discussion and analysis), as well as the report of the independent auditors. In addition, the financial section contains supplemental and other information including budget comparison schedules, required combining statements and other financial information.



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**Town of Hillsborough, North Carolina
Management’s Discussion and Analysis (Unaudited)**

As management of the Town of Hillsborough (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Readers are encouraged to consider this information in conjunction with additional information furnished in the Town’s financial statements, which follow this narrative.

Financial Highlights

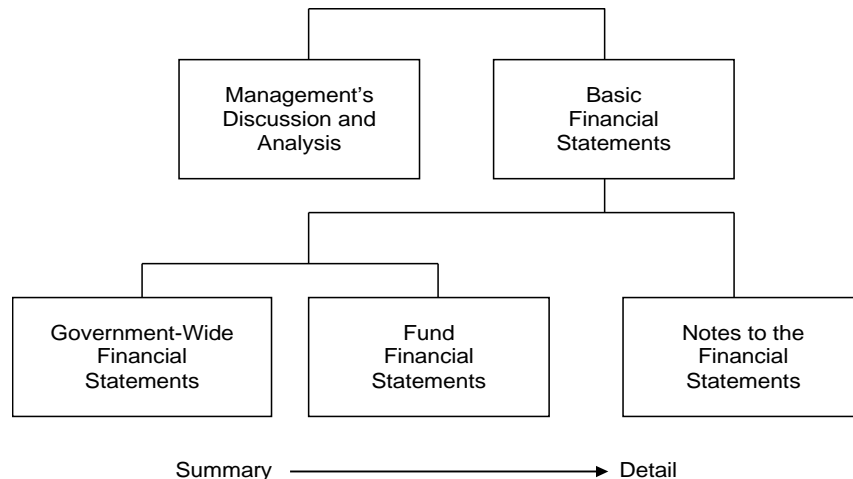
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$91,255,486 which consisted of \$31,510,191 from governmental activities and \$59,745,295 from business-type activities.
- The Town’s total net position increased by \$5,664,659 which consisted of \$3,037,245 from governmental activities and \$2,627,414 from business-type activities.
- As of the close of the current fiscal year, the Town’s governmental funds reported ending fund balances of \$13,505,597 which consisted primarily of \$12,004,024 of fund balance in the General Fund.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$8,818,131, or 80 percent of total General Fund expenditures.
- The Town’s total debt decreased by \$2,106,534 during the current fiscal year. No new long-term debt was issued but the Town implemented the new lease standard which added an additional \$109,365 to long-term liabilities as of the close of the current fiscal year.
- The Town obtained an AA bond rating from S&P (Standard & Poors) on May 2, 2018 in connection with the issuance of its Combined Utility Systems Revenue Bonds, Series 2018.

Overview of the Basic Financial Statements

Management’s discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’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 Town using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the Town.

Required Components of the Basic Financial Statements

Figure 1



Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

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 Town's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; (3) the proprietary fund statements; and (4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes section**. 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 Town'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 Town's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short-and long-term information about the Town's financial status as a whole.

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

The government-wide statements are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include most of the Town's basic services such as public safety, fire, street maintenance, solid waste collection, planning, public spaces, parks, cemetery and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include stormwater as well as the water and sewer services offered by the Town. The final category is the component units. Although legally separate from the Town, the Tourism Development Authority and the Tourism Board are important to the Town. The Town exercises control over these entities by appointing its members and remits a percentage of taxes collected to each of these entities. The government-wide financial statements are on pages 14 through 16 of this report.

Fund financial statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town'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 Town of Hillsborough, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 Town'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 Town's programs. The relationship between governmental 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.

Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

The Town adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds - The Town has one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activity and stormwater 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town has one fiduciary fund, which is a custodial fund. This fund accounts for the Special Assessment Revenue Bonds used to finance the construction of public infrastructure in the Waterstone District.

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 are on pages 28 through 62 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees, as well as information related to the total OPEB liability and related ratios. Required supplementary information can be found beginning on page 63 of this report.

Interdependence with other entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town 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

Net position may serve over time as one useful indicator of a government's financial condition. Table 1 provides a summary of the Town's net position. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$91,255,486 as of June 30, 2022. The Town's net position increased by \$5,664,659 for the fiscal year ended June 30, 2022.

The largest portion of net position (68%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, equipment, distribution and collection systems and infrastructure, less any related debt still outstanding that was issued to acquire those items). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its 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 Town's net position, \$12,205,720 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,210,137 (19%) is unrestricted and may be used to meet the Town's ongoing obligation to citizens and creditors.

**Town of Hillsborough, North Carolina
Management's Discussion and Analysis (Unaudited)**

**TOWN OF HILLSBOROUGH, NORTH CAROLINA
Condensed Statements of Net Position**

Table 1

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets and other assets	\$ 14,917,559	\$ 12,291,198	\$ 25,480,089	\$ 24,393,053	\$ 40,397,648	\$ 36,684,251
Capital assets, net	23,921,068	23,358,683	64,165,950	63,049,803	88,087,018	86,408,486
Total assets	38,838,627	35,649,881	89,646,039	87,442,856	128,484,666	123,092,737
DEFERRED OUTFLOWS OF RESOURCES						
	1,917,401	1,785,856	737,520	693,975	2,654,921	2,479,831
LIABILITIES						
Long-term liabilities	6,177,094	7,903,503	27,423,493	29,582,030	33,600,587	37,485,533
Other liabilities	1,286,434	746,134	2,450,051	1,255,198	3,736,485	2,001,332
Total liabilities	7,463,528	8,649,637	29,873,544	30,837,228	37,337,072	39,486,865
DEFERRED INFLOWS OF RESOURCES						
	1,782,309	313,154	764,720	181,722	2,547,029	494,876
NET POSITION						
Net investment in capital assets	21,085,633	20,301,129	40,753,996	38,001,109	61,839,629	58,302,238
Restricted	3,185,893	1,975,532	9,019,827	9,767,476	12,205,720	11,743,008
Unrestricted	7,238,665	6,196,285	9,971,472	9,349,296	17,210,137	15,545,581
Total net position	\$ 31,510,191	\$ 28,472,946	\$ 59,745,295	\$ 57,117,881	\$ 91,255,486	\$ 85,590,827

Several aspects of the Town's financial operations contributed to the overall increase in unrestricted net position:

- Increased property tax revenues from the most recently completed property revaluation which was effective January 1, 2021. State law requires every county in North Carolina to revalue real property at least once every eight years. Based on the projected property values, the Town elected to set this year's tax rate at 58.7 cents per \$100 of assessed value which is two cents higher than a revenue neutral tax rate of 56.7 cents. However, the final property valuation received after the Town approved the 2022 rate resulted in additional property tax revenue.
- Many departments finished the year with expenditures under budget due to effective management oversight and adherence to statutory requirements contained in North Carolina General Statutes, chapter 159 "Local Government Finance".
- Stronger than expected sales tax revenues as the Town emerges from the pandemic.
- Continued low cost of debt due to low interest rates.

**Town of Hillsborough, North Carolina
Management's Discussion and Analysis (Unaudited)**

**TOWN OF HILLSBOROUGH, NORTH CAROLINA
Condensed Statements of Net Activities**

Table 2

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 65,563	\$ 89,611	\$ 11,765,799	\$ 11,533,337	\$ 11,831,362	\$ 11,622,948
Operating grants and contributions	601,072	245,914	-	-	601,072	245,914
Capital grants and contributions	-	34,432	1,016,196	289,872	1,016,196	324,304
General revenues:						
Property taxes	9,099,819	7,944,778	-	-	9,099,819	7,944,778
Local option sales taxes	2,868,883	2,048,982	-	-	2,868,883	2,048,982
Unrestricted inter-governmental	1,294,435	1,239,258	-	-	1,294,435	1,239,258
Other revenues	74,400	97,008	15,841	51,590	90,241	148,598
Total revenues	<u>14,004,172</u>	<u>11,699,983</u>	<u>12,797,836</u>	<u>11,874,799</u>	<u>26,802,008</u>	<u>23,574,782</u>
EXPENSES						
Governmental:						
General government	2,263,693	2,076,073	-	-	2,263,693	2,076,073
Public safety	5,577,799	5,018,883	-	-	5,577,799	5,018,883
Transportation	762,381	721,153	-	-	762,381	721,153
Environmental protection	630,024	482,107	-	-	630,024	482,107
Economic and physical development	822,593	382,397	-	-	822,593	382,397
Community activities	324,697	181,859	-	-	324,697	181,859
Parks and recreation	529,674	479,281	-	-	529,674	479,281
Interest on long-term debt	56,066	105,430	-	-	56,066	105,430
Business-type:						
Water and Sewer	-	-	9,528,453	9,326,153	9,528,453	9,326,153
Stormwater	-	-	641,969	582,461	641,969	582,461
Total expenses	<u>10,966,927</u>	<u>9,447,183</u>	<u>10,170,422</u>	<u>9,908,614</u>	<u>21,137,349</u>	<u>19,355,797</u>
TRANSFERS	-	-	-	-	-	-
Change in net position	<u>3,037,245</u>	<u>2,252,800</u>	<u>2,627,414</u>	<u>1,966,185</u>	<u>5,664,659</u>	<u>4,218,985</u>
NET POSITION						
Beginning balances	<u>28,472,946</u>	<u>26,220,146</u>	<u>57,117,881</u>	<u>55,151,696</u>	<u>85,590,827</u>	<u>81,371,842</u>
Ending balances	<u>\$ 31,510,191</u>	<u>\$ 28,472,946</u>	<u>\$ 59,745,295</u>	<u>\$ 57,117,881</u>	<u>\$ 91,255,486</u>	<u>\$ 85,590,827</u>

Governmental activities. Governmental activities increased the Town's net position by \$3,037,245, thereby accounting for 54% of the growth in Town's total net position.

Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

Key elements of this increase are as follows:

- Property taxes revenue increased \$1,155,041, or 15%, due to an increase in property values previously noted.
- Sales tax revenue increased over \$819,901, or 40%, due to increased economic activity as the Town emerges from the pandemic.
- Expenses increased but were less than budgeted expectations as previously noted.

Business-type activities. Business-type activities increased the Town's net position by \$2,627,414, accounting for 46% of the growth in the Town's total net position.

Key elements of this increase are as follows:

- The Water and Sewer Fund experienced a slight increase in charges for services with the majority of the increase due to volumetric rate increases offset by decreases in system development fees and other miscellaneous operating revenue.
- The Water and Sewer Fund received capital contributions for dedications and Water and Sewer development in the amount of \$1,016,196 compared to \$289,872 in the prior year.

Financial analysis of the Town of Hillsborough's funds

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

Governmental funds. The focus of the Town's governmental funds is on providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's combined assigned and unassigned fund balance available in the General Fund was \$8,818,131, while total fund balance was \$12,004,024. The governing body of the Town has determined that the Town should maintain a fund balance of 20% to 60% (with a targeted or preferred goal of 33%) of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has fund balance available for appropriation of 80% of General Fund expenditures while total fund balance represents 108% of the same amount.

On June 30, 2022, the governmental funds of the Town reported a combined fund balance of \$13,505,597, with a net increase in fund balance of \$2,080,859. As previously noted, this increase is primarily related to increases in property and sales taxes coupled with management's control over operating and capital expenditures.

General fund budgetary highlights. During the fiscal year, the Town revised the budget at least once a month. 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.

Actual revenues for the General Fund (excluding the Restricted Revenues Fund) were more than the budgeted amount by \$1,686,310 as property and sales tax revenues exceeded expectations. Expenditures were \$2,298,708 less than budgeted, with favorable balances occurring in personnel (\$351,000), capital (\$1 million) and operating (\$903,000) and debt service (\$44,000).

Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The Town's major enterprise fund (Water and Sewer) increased its net position by \$2,549,289 ending the year with total net position of \$56,384,795. The largest portion of its net position is invested in capital assets (\$38,913,506) while \$9,019,827 is restricted for current and future water and sewer projects. The remaining \$9,000,751 is unrestricted which is an increase of \$587,561 from the prior year as revenues exceeded expectations.

Charges for services, in the Water and Sewer Fund, were slightly higher in fiscal year 2022 than 2021 by \$241,621. Revenue associated with volumetric utility billings increased by \$701,000 (roughly 7% with a major portion attributable to rate increases); however, system development fees and other operating revenues decreased by \$326,000 and \$133,000, respectively. System development fees are a charge assessed on new development to fund capital improvements necessitated by and attributable to that new development or to recoup the costs of existing facilities that serve the new development.

The Town has received over \$1 million in ARPA funds which it plans to use for water and sewer capital needs. Other capital reserves consist primarily of system development fees which are assessed on new development to fund capital improvements necessitated by and attributable to that new development or to recoup the costs of existing facilities that serve the new development.

The Town's nonmajor enterprise fund (Stormwater) increased its net position by \$78,125 ending the year with total net position of \$2,811,211. The largest portion of its net position is invested in capital assets (\$1,840,490) while unrestricted net position amounted to \$970,721, a 4% or \$34,615 increase from the previous year. The increase is largely attributed to expenses being less than expected.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$88,087,018 (net of accumulated depreciation and amortization). These assets include buildings, land, machinery and equipment, infrastructure, park facilities, vehicles and right to use leased assets.

Major capital asset transactions during the year include the following:

- Vehicles and equipment in the governmental funds (\$915,000)
- Valley Forge infrastructure construction progress (\$520,000)
- Implementation of GASB Statement No. 87, *Leases* (\$103,027)
- Odie street paving (\$93,000)
- Mill Creek construction progress (\$799,000)
- 16" OWASA water main construction progress (\$345,000)
- Wastewater system rehabilitation construction progress (\$127,000)
- Wastewater treatment plant filters (\$83,460 – ARPA funding)
- Wastewater treatment plant filter repairs #2 & #3 (\$174,000)
- Valley Forge stormwater infrastructure construction progress (\$100,000)

Major developer-dedicated capital asset transactions during the year include the following:

- Orange County Northern Campus water and sewer system extensions (\$730,000)
- Fiori Hills water and sewer system extensions (\$203,000)

**Town of Hillsborough, North Carolina
Management's Discussion and Analysis (Unaudited)**

**TOWN OF HILLSBOROUGH, NORTH CAROLINA
Condensed Capital Assets, Net of Accumulated Depreciation and Amortization**

Table 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Nondepreciable:						
Land	\$ 4,879,989	\$ 4,879,989	\$ 6,133,088	\$ 6,133,088	\$ 11,013,077	\$ 11,013,077
Construction in progress	866,599	253,140	3,779,727	2,404,404	4,646,326	2,657,544
Depreciable, net:						
Buildings and improvements	5,714,565	6,156,301	26,501,932	26,805,428	32,216,497	32,961,729
Plant and distribution systems	-	-	24,684,757	24,728,396	24,684,757	24,728,396
Infrastructure	11,138,010	11,371,209	2,261,971	2,338,495	13,399,981	13,709,704
Equipment	397,049	363,621	415,909	508,625	812,958	872,246
Vehicles	821,829	334,423	388,566	131,367	1,210,395	465,790
Right to use leased assets, net	103,027	-	-	-	103,027	-
	<u>\$ 23,921,068</u>	<u>\$ 23,358,683</u>	<u>\$ 64,165,950</u>	<u>\$ 63,049,803</u>	<u>\$ 88,087,018</u>	<u>\$ 86,408,486</u>

Additional information on the Town's capital assets can be found in Note 3.A.6 of the basic financial statements.

Long-term debt. As of June 30, 2022, the Town had outstanding bonded debt of \$12,777,000 which represents bonds secured solely by specified revenue sources (revenue bonds). The remainder of the Town's debt represents revolving loans payable, installment purchases and leases secured solely by revenues of the project or specified purchases. The Town's total debt decreased by \$2,141,233 during the current fiscal year due to debt repayments.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town at June 30, 2022 was approximately \$120,977,000. Practically, this statutory limit exceeds the Town's realistic debt capacity. The Town does not have any authorized and unissued bonds at June 30, 2022.

**TOWN OF HILLSBOROUGH, NORTH CAROLINA
Condensed Long-Term Debt**

Table 4

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Long-term debt:						
Revolving loans	\$ -	\$ -	\$ 12,214,479	\$ 13,275,323	\$ 12,214,479	\$ 13,275,323
Special revenue bonds			12,777,000	13,109,000	12,777,000	13,109,000
Premium on bonds	-	-	807,701	864,186	807,701	864,186
Direct placement-installment purchases	2,726,070	3,357,562	351,031	376,744	3,077,101	3,734,306
Leases payable	109,365	-	-	-	109,365	-
	<u>\$ 2,835,435</u>	<u>\$ 3,357,562</u>	<u>\$ 26,150,211</u>	<u>\$ 27,625,253</u>	<u>\$ 28,985,646</u>	<u>\$ 30,982,815</u>

Additional information regarding the Town's long-term debt can be found in Note 3.B.10 of the basic financial statements.

Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

Economic factors and next year's budgets and rates

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

- *Low unemployment. Orange County's unemployment rate of 3.5% as of June 30, 2022, is below the state average of 3.6%.*
- *No additional debt was issued in 2022 nor expected to be issued in 2023.*
- *Maintain a property tax collection rate that exceeds 99%.*

Budget highlights for the fiscal year ending June 30, 2023

Governmental Activities - The Town's largest source of revenue is property tax revenue. The 2023 budget maintains the Town's tax rate at 58.7 cents per \$100 of assessed property value which is a two-cent increase over the 56.7 revenue neutral tax rate noted in 2022. Other budget highlights in brief:

- Funds for fire service to provide for market-rate compensation adjustments and establishment over several years of funding for annual debt service requirements associated with the construction of a new fire station.
- Significant funding for merit raises, market rate salary adjustments and pay plan implementation.
- Climate and sustainability initiatives estimated to cost \$300,000.
- Design funds for the Public Works facility and relocation estimated to cost \$100,000.
- Street repaving and maintenance estimated to cost \$448,000.
- Police department restructuring estimated to cost \$75,000.

Business-type Activities - The Town increased water and sewer rates by 4.5 percent and 2.0 percent for fiscal year ending 2023 with a decrease in the monthly minimum usage charged to utility customers by 125 gallons. The water and sewer rate increases are intended to provide funding for existing debt service requirements and partial self-funding of future capital improvements. Other budget highlights in brief:

- Major system improvements reflected in the following projects:
 - River sewer pump station replacement.
 - Lawndale sewage basin – inflow & infiltration rehabilitation.
 - Eno River sewer outfall/interceptor replacement and upsize.
 - Adron Thompson facility repairs and upgrades.
 - Fire hydrant and valve replacement.
 - OWASA booster pump station for emergency water supply.
 - US 70 Business Water Main Improvement and Replacement Project.
- The Town has received over \$1 million in ARPA funds with plans to use the funds on various water and sewer projects over the next few years.
- Numerous other small maintenance, repair, replacement projects/equipment, and preliminary engineering reports.
- Three (3) additional positions to address system growth and deferred maintenance.

Town of Hillsborough, North Carolina Management's Discussion and Analysis (Unaudited)

The Town did not adjust its stormwater rates for the fiscal year ending June 30, 2023. The Town is continuing work on improving water quality in the area as well as in the Upper Neuse River Basin. With increased frequency and severity of rain events, drainage is becoming an increasing concern throughout town, therefore funds are included for analysis, planning, engineering, as well as actual maintenance work.

Requests for information

This report is designed to provide an overview of the Town's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Hillsborough, 105 East Corbin Street, Post Office Box 429, Hillsborough, North Carolina 27278 or Finance@hillsboroughnc.gov.

Basic Financial Statements

The basic financial statements include the government-wide financial statements and fund financial statements as required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.



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Town of Hillsborough, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hillsborough Tourism Development Authority	Hillsborough Tourism Board
ASSETS					
Cash and investments:					
Unrestricted	\$ 12,445,221	\$ 13,086,745	\$ 25,531,966	\$ 414,673	\$ 437,548
Restricted	727,833	10,634,242	11,362,075	-	-
Receivables:					
Taxes receivable, net	142,128	-	142,128	-	-
Accounts receivable, net	82,509	1,759,102	1,841,611	-	-
Due from other governments	1,435,229	-	1,435,229	88	17
Due from related governments	62,039	-	62,039	-	95,067
Accrued interest receivable	22,600	-	22,600	-	-
Capital assets:					
Non-depreciable	5,746,588	9,912,815	15,659,403	-	-
Depreciable, net	18,071,453	54,253,135	72,324,588	-	-
Right to Use leased assets, net	103,027	-	103,027	-	-
Total assets	<u>38,838,627</u>	<u>89,646,039</u>	<u>128,484,666</u>	<u>414,761</u>	<u>532,632</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,917,401</u>	<u>737,520</u>	<u>2,654,921</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and accrued liabilities	1,091,071	628,727	1,719,798	1,110	20,407
Payable from restricted assets	-	556,779	556,779	-	-
Other current liabilities	61,096	30,709	91,805	-	-
Unearned revenue	-	1,057,636	1,057,636	-	-
Accrued interest payable	39,200	176,200	215,400	-	-
Due to related governments	95,067	-	95,067	62,039	-
Long-term liabilities:					
Due within one year	695,365	1,620,962	2,316,327	-	-
Due in more than one year	5,481,729	25,802,531	31,284,260	-	-
Total liabilities	<u>7,463,528</u>	<u>29,873,544</u>	<u>37,337,072</u>	<u>63,149</u>	<u>20,407</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,782,309</u>	<u>764,720</u>	<u>2,547,029</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	21,085,633	40,753,997	61,839,630	-	-
Restricted for:					
Stabilization by state statute	2,458,060	-	2,458,060	88	95,084
Streets	576,846	-	576,846	-	-
Restricted revenues	150,987	-	150,987	-	-
Capital projects	-	8,104,367	8,104,367	-	-
Perpetual maintenance	-	915,460	915,460	-	-
Unrestricted	7,238,665	9,971,471	17,210,136	351,524	417,141
Total net position	<u>\$ 31,510,191</u>	<u>\$ 59,745,295</u>	<u>\$ 91,255,486</u>	<u>\$ 351,612</u>	<u>\$ 512,225</u>

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

Town of Hillsborough, North Carolina
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 2,258,786	\$ 58,658	\$ 12,529	\$ -
Public safety	5,548,753	65	8,881	-
Transportation	762,381	-	379,367	-
Environmental protection	630,024	780	7,299	-
Economic and physical development	822,593	-	-	-
Community activities and projects	324,697	-	192,996	-
Parks and recreation	528,308	6,060	-	-
Interest on long-term obligations	91,385	-	-	-
Total governmental activities	<u>10,966,927</u>	<u>65,563</u>	<u>601,072</u>	<u>-</u>
Business-type activities:				
Water and sewer	9,528,453	11,045,705	-	1,016,196
Stormwater	641,969	720,094	-	-
Total business-type activities	<u>10,170,422</u>	<u>11,765,799</u>	<u>-</u>	<u>1,016,196</u>
Total primary government	<u>\$ 21,137,349</u>	<u>\$ 11,831,362</u>	<u>\$ 601,072</u>	<u>\$ 1,016,196</u>
COMPONENT UNITS				
Hillsborough Tourism Development Authority				
Hillsborough Tourism Board	\$ 39,277	\$ -	\$ -	\$ -
	364,245	-	-	-
Total component units	<u>\$ 403,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES

Taxes:

- Property taxes, levied for general purposes
- Local option sales taxes
- Other Miscellaneous taxes
- Gross receipts on short-term rental property
- Unrestricted intergovernmental revenues
- Investment earnings, unrestricted
- Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net Revenue (Expense) and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tourism Development Authority	Tourism Board
\$ (2,187,599)	\$ -	\$ (2,187,599)	\$ -	\$ -
(5,539,807)	-	(5,539,807)	-	-
(383,014)	-	(383,014)	-	-
(621,945)	-	(621,945)	-	-
(822,593)	-	(822,593)	-	-
(131,701)	-	(131,701)	-	-
(522,248)	-	(522,248)	-	-
(91,385)	-	(91,385)	-	-
<u>(10,300,292)</u>	<u>-</u>	<u>(10,300,292)</u>	<u>-</u>	<u>-</u>
-	2,533,448	2,533,448	-	-
-	78,125	78,125	-	-
-	2,611,573	2,611,573	-	-
<u>(10,300,292)</u>	<u>2,611,573</u>	<u>(7,688,719)</u>	<u>-</u>	<u>-</u>
-	-	-	(39,277)	-
-	-	-	-	(364,245)
-	-	-	(39,277)	(364,245)
9,099,819	-	9,099,819	-	-
2,868,883	-	2,868,883	-	-
-	-	-	105,815	445,428
3,773	-	3,773	-	-
1,294,435	-	1,294,435	-	-
33,284	15,841	49,125	-	-
37,343	-	37,343	-	-
<u>13,337,537</u>	<u>15,841</u>	<u>13,353,378</u>	<u>105,815</u>	<u>445,428</u>
3,037,245	2,627,414	5,664,659	66,538	81,183
<u>28,472,946</u>	<u>57,117,881</u>	<u>85,590,827</u>	<u>285,074</u>	<u>431,042</u>
<u>\$ 31,510,191</u>	<u>\$ 59,745,295</u>	<u>\$ 91,255,486</u>	<u>\$ 351,612</u>	<u>\$ 512,225</u>

**Town of Hillsborough, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 10,645,346	\$ 1,799,875	\$ 12,445,221
Receivables:			
Taxes receivable, net	142,128	-	142,128
Accounts receivable, net	82,509	-	82,509
Due from other governments	1,337,733	97,496	1,435,229
Due from component units	62,039	-	62,039
Restricted assets:			
Cash and investments	727,833	-	727,833
 Total assets	<u>\$ 12,997,588</u>	<u>\$ 1,897,371</u>	<u>\$ 14,894,959</u>
LIABILITIES			
Accounts payable	\$ 422,611	\$ 395,798	\$ 818,409
Accrued liabilities	272,662	-	272,662
Due to component units	95,067	-	95,067
Unearned revenue	58,469	-	58,469
Other liabilities	2,627	-	2,627
 Total liabilities	<u>851,436</u>	<u>395,798</u>	<u>1,247,234</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	142,128	-	142,128
FUND BALANCES			
Restricted for:			
Stabilization by state statute	2,458,060	-	2,458,060
Streets	576,846	-	576,846
Restricted revenues	150,987	-	150,987
Committed for:			
Capital projects	-	1,501,573	1,501,573
Assigned for:			
Subsequent year's expenditures	743,482	-	743,482
Unassigned	8,074,649	-	8,074,649
 Total fund balances	<u>12,004,024</u>	<u>1,501,573</u>	<u>13,505,597</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,997,588</u>	<u>\$ 1,897,371</u>	<u>\$ 14,894,959</u>

**Town of Hillsborough, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET TO
THE STATEMENT OF NET POSITION**

Total fund balances, governmental funds		\$ 13,505,597
Reconciliation of amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets and right to use assets used in governmental activities are not financial resources and; therefore, not reported in the funds:		
Non-depreciable capital assets	5,746,588	
Depreciable capital assets:		
Cost	28,429,474	
Accumulated depreciation	<u>(10,358,021)</u>	23,818,041
Right to Use leased assets:		
Cost	144,064	
Accumulated amortization	<u>(41,037)</u>	103,027
Deferred outflows of resources are not financial resources; therefore, the amounts are not reported in the funds:		
Local Government Employees' Retirement System ("LGERS")	1,339,142	
Law Enforcement Officers' Special Separation Allowance ("LEO")	379,091	
Other post employment benefits ("OPEB")	<u>199,168</u>	1,917,401
Certain assets are not available to pay for current period expenditures; therefore, the balances are deferred in the funds:		
Property taxes receivable		142,128
Certain assets are not considered financial resources; therefore, the balances are not recorded in the funds:		
Accrued interest receivable on unpaid property taxes		22,600
Deferred inflows of resources are not financial resources; therefore, the amounts are not reported in the funds:		
Local Government Employees' Retirement System ("LGERS")	(1,339,808)	
Law Enforcement Officers' Special Separation Allowance ("LEO")	(202,984)	
Other post employment benefits ("OPEB")	<u>(239,517)</u>	(1,782,309)
Long-term liabilities are not due and payable in the current period; therefore, the liabilities are not recognized or accrued in the funds:		
Installment purchase contracts	(2,726,070)	
Leases liability	(109,365)	
Net pension liability - LGERS	(844,033)	
Total pension liability - LEO	(1,172,974)	
Total OPEB liability	(876,026)	
Compensated absences payable	<u>(448,626)</u>	(6,177,094)
Other accrual adjustments that do not require the use of current financial resources; therefore, the liabilities are not recognized or accrued in the funds:		
Accrued interest payable		<u>(39,200)</u>
Net position of governmental activities		<u>\$ 31,510,191</u>

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

**Town of Hillsborough, North Carolina
Statement of Revenues and Expenditures and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 9,099,860	\$ -	\$ 9,099,860
Other taxes and licenses	13,171	-	13,171
Unrestricted intergovernmental revenues	4,102,038	-	4,102,038
Restricted intergovernmental revenues	397,751	192,996	590,747
Use and rental fees	126,002	-	126,002
Contributions and donations	650	-	650
Investment earnings	33,284	-	33,284
Miscellaneous revenues	39,718	-	39,718
	<u>13,812,474</u>	<u>192,996</u>	<u>14,005,470</u>
EXPENDITURES			
Current:			
General government	2,043,577	44,057	2,087,634
Public safety	5,177,014	108,010	5,285,024
Transportation	611,813	-	611,813
Environmental protection	1,220,110	-	1,220,110
Economic and physical development	607,716	634,769	1,242,485
Community activities and projects	131,701	192,996	324,697
Parks and recreation	532,836	-	532,836
Debt service:			
Principal retirement	666,191	-	666,191
Interest and fiscal charges	97,885	-	97,885
	<u>11,088,843</u>	<u>979,832</u>	<u>12,068,675</u>
Revenues over (under) expenditures	<u>2,723,631</u>	<u>(786,836)</u>	<u>1,936,795</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	1,499,083	1,499,083
Transfers to other funds	(1,309,270)	(189,813)	(1,499,083)
Lease liabilities issued	144,064	-	144,064
	<u>(1,165,206)</u>	<u>1,309,270</u>	<u>144,064</u>
Other financing sources (uses), net	<u>(1,165,206)</u>	<u>1,309,270</u>	<u>144,064</u>
Net change in fund balances	<u>1,558,425</u>	<u>522,434</u>	<u>2,080,859</u>
Fund balances, beginning of year	<u>10,445,599</u>	<u>979,139</u>	<u>11,424,738</u>
Fund balances, end of year	<u>\$ 12,004,024</u>	<u>\$ 1,501,573</u>	<u>\$ 13,505,597</u>

**Town of Hillsborough, North Carolina
Statement of Revenues and Expenditures and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

Net change in fund balances - total governmental funds \$ 2,080,859

Amounts reported for governmental activities in the Statement of Activities are different because:

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 and amortization expense. In addition, the book value of assets disposed is not reported in the governmental funds; however this amount is netted against any proceeds from the disposal of assets in the Statement of Activities.

Capital outlay	1,644,432
Depreciation expense	(1,158,165)
Capitalized right to use asset capital expenditures	144,064
Amortization of right to use leased assets	(41,037)
Net book value of assets disposed	(26,909)

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

Net change in property taxes receivable	602
Net change in accrued interest on property taxes	(1,900)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal on long-term debt consumes current financial resources of governmental funds:

Lease liabilities issued	(144,064)
Principal retirement	666,191

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on long-term debt	6,500
Change in accrued compensated absences	(177,243)
Pension expense - LGERS	164,689
Pension expense - LEOSSA	(129,535)
OPEB expense	8,761

Changes in net position of governmental activities	<u>\$ 3,037,245</u>
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Town of Hillsborough, North Carolina
Statement of Revenues and Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 8,733,000	\$ 8,753,627	\$ 9,099,860	\$ 346,233
Other taxes and licenses	13,100	8,600	13,171	4,571
Unrestricted intergovernmental revenues	2,882,420	2,847,420	4,102,038	1,254,618
Restricted intergovernmental revenues	260,000	273,767	286,651	12,884
Use and rental fees	102,500	102,500	126,002	23,502
Investment earnings	2,000	2,000	33,284	31,284
Miscellaneous revenues	34,000	26,500	39,718	13,218
Total revenues	<u>12,027,020</u>	<u>12,014,414</u>	<u>13,700,724</u>	<u>1,686,310</u>
EXPENDITURES				
Current:				
General government	2,692,783	3,004,602	2,327,405	677,197
Public safety	5,228,714	5,612,279	5,306,959	305,320
Transportation	1,230,582	1,325,094	627,540	697,554
Environmental protection	1,282,407	1,699,277	1,295,093	404,184
Economic and physical development	512,168	703,368	607,716	95,652
Community activities and projects	529,170	229,642	226,277	3,365
Parks and recreation	848,707	805,170	689,734	115,436
Contingency	400,000	-	-	-
Total expenditures	<u>12,724,531</u>	<u>13,379,432</u>	<u>11,080,724</u>	<u>2,298,708</u>
Revenues over (under) expenditures	<u>(697,511)</u>	<u>(1,365,018)</u>	<u>2,620,000</u>	<u>3,985,018</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(616,800)	(1,309,270)	(1,309,270)	-
Transfers from other funds	60,000	-	-	-
Installment purchase obligations issued	974,000	300,017	-	(300,017)
Lease liabilities issued	-	-	144,064	144,064
Other financing sources (uses), net	<u>417,200</u>	<u>(1,009,253)</u>	<u>(1,165,206)</u>	<u>(155,953)</u>
APPROPRIATED FUND BALANCE	<u>280,311</u>	<u>2,374,271</u>	<u>-</u>	<u>(2,374,271)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,454,794</u>	<u>\$ 1,454,794</u>
Fund balance, beginning of year			<u>10,398,243</u>	
Fund balance, end of year			<u>11,853,037</u>	
LEGALLY BUDGETED FUNDS THAT ARE CONSOLIDATED INTO THE GENERAL FUND FOR REPORTING PURPOSES:				
Restricted Revenues Fund:				
Fund balance, beginning			47,356	
Total revenues			111,750	
Total expenditures			<u>(8,119)</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 12,004,024</u>	

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

Town of Hillsborough, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments - Unrestricted	\$ 11,956,197	\$ 1,130,548	\$ 13,086,745
Cash and investments - Restricted	10,634,242	-	10,634,242
Accounts receivable, net	1,728,970	30,132	1,759,102
Total current assets	<u>24,319,409</u>	<u>1,160,680</u>	<u>25,480,089</u>
Noncurrent assets:			
Capital assets:			
Land and construction-in-progress	9,779,002	133,813	9,912,815
Depreciable assets, net	52,546,458	1,706,677	54,253,135
Capital assets, net	<u>62,325,460</u>	<u>1,840,490</u>	<u>64,165,950</u>
Total assets	<u>86,644,869</u>	<u>3,001,170</u>	<u>89,646,039</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>675,869</u>	<u>61,651</u>	<u>737,520</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	517,091	111,636	628,727
Payable from restricted assets:			
Accounts payable - capital projects	1,800	-	1,800
Customer deposits	554,979	-	554,979
Other current liabilities	30,709	-	30,709
Unearned revenue	1,057,636	-	1,057,636
Accrued interest payable	176,200	-	176,200
Current portion of long-term liabilities	1,607,885	13,077	1,620,962
Total current liabilities	<u>3,946,300</u>	<u>124,713</u>	<u>4,071,013</u>
Long-term liabilities:			
Long-term debt	24,666,425	-	24,666,425
Other long-term liabilities	1,072,232	63,874	1,136,106
Total noncurrent liabilities	<u>25,738,657</u>	<u>63,874</u>	<u>25,802,531</u>
Total liabilities	<u>29,684,957</u>	<u>188,587</u>	<u>29,873,544</u>
DEFERRED INFLOWS OF RESOURCES	<u>701,697</u>	<u>63,023</u>	<u>764,720</u>
NET POSITION			
Net investment in capital assets	38,913,507	1,840,490	40,753,997
Restricted for water and sewer projects	8,104,367	-	8,104,367
Restricted for perpetual maintenance	915,460	-	915,460
Unrestricted	9,000,750	970,721	9,971,471
Total net position	<u>\$ 56,934,084</u>	<u>\$ 2,811,211</u>	<u>\$ 59,745,295</u>

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

Town of Hillsborough, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2022

Exhibit 7

	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 10,545,070	\$ 718,994	\$ 11,264,064
System Development Fees	263,891	-	263,891
Other operating revenues	236,744	1,100	237,844
	<u>11,045,705</u>	<u>720,094</u>	<u>11,765,799</u>
OPERATING EXPENSES			
Personnel services	2,619,345	256,511	2,875,856
Operating expenses	4,321,928	328,968	4,650,896
Depreciation	1,819,090	56,490	1,875,580
	<u>8,760,363</u>	<u>641,969</u>	<u>9,402,332</u>
Total operating expenses	<u>8,760,363</u>	<u>641,969</u>	<u>9,402,332</u>
Operating income	<u>2,285,342</u>	<u>78,125</u>	<u>2,363,467</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	15,841	-	15,841
Amortization of premium on bonds payable	56,485	-	56,485
Loss on disposal of capital assets	(15,700)	-	(15,700)
Interest and fees	(808,875)	-	(808,875)
	<u>(752,249)</u>	<u>-</u>	<u>(752,249)</u>
Non-operating revenues (expenses), net	<u>(752,249)</u>	<u>-</u>	<u>(752,249)</u>
Income before capital contributions	<u>1,533,093</u>	<u>78,125</u>	<u>1,611,218</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>1,016,196</u>	<u>-</u>	<u>1,016,196</u>
Change in net position	2,549,289	78,125	2,627,414
Net position, beginning of year	<u>54,384,795</u>	<u>2,733,086</u>	<u>57,117,881</u>
Net position, end of year	<u>\$ 56,934,084</u>	<u>\$ 2,811,211</u>	<u>\$ 59,745,295</u>

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

**Town of Hillsborough, North Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 10,988,456	\$ 720,469	\$ 11,708,925
Cash paid for goods and services	(4,101,116)	(329,430)	(4,430,546)
Cash paid to employees	(2,734,292)	(263,567)	(2,997,859)
Net cash provided by operating activities	<u>4,153,048</u>	<u>127,472</u>	<u>4,280,520</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,134,182)	-	(2,134,182)
Principal payments on long-term debt	(1,418,557)	-	(1,418,557)
Interest payments on long-term debt	(815,575)	-	(815,575)
Cash received from capital contributions	1,141,096	-	1,141,096
Net cash used by capital and related financing activities	<u>(3,227,218)</u>	<u>-</u>	<u>(3,227,218)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	15,841	-	15,841
Net increase in cash and cash equivalents	941,671	127,472	1,069,143
Cash and cash equivalents, beginning of year	<u>21,648,768</u>	<u>1,003,076</u>	<u>22,651,844</u>
Cash and cash equivalents, end of year	<u>\$ 22,590,439</u>	<u>\$ 1,130,548</u>	<u>\$ 23,720,987</u>
CASH AND CASH EQUIVALENTS			
Unrestricted	\$ 11,956,197	\$ 1,130,548	\$ 13,086,745
Restricted	<u>10,634,242</u>	<u>-</u>	<u>10,634,242</u>
Total cash and cash equivalents	<u>\$ 22,590,439</u>	<u>\$ 1,130,548</u>	<u>\$ 23,720,987</u>

**Town of Hillsborough, North Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,285,342	\$ 78,125	\$ 2,363,467
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,819,090	56,490	1,875,580
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(18,268)	375	(17,893)
Deferred outflows of resources for pensions	5,989	(991)	4,998
Deferred outflows of resources for OPEB	(46,116)	(2,427)	(48,543)
Accounts payable and accrued liabilities	241,063	1,326	242,389
Deposits	(40,149)	-	(40,149)
Other current liabilities	1,168	-	1,168
Total OPEB liability	53,720	2,828	56,548
Net pension liability	(679,917)	(65,102)	(745,019)
Deferred inflows of resources for pensions	542,531	54,313	596,844
Deferred inflows of resources for OPEB	(13,154)	(692)	(13,846)
Compensated absences payable	1,749	3,227	4,976
	<u>\$ 4,153,048</u>	<u>\$ 127,472</u>	<u>\$ 4,280,520</u>
Net cash provided by operating activities			
Supplemental schedule of noncash investing and financing activities			
Capital asset additions included in accounts payable and accrued liabilities	<u>\$ 1,800</u>	<u>\$ 100,000</u>	<u>\$ 101,800</u>
Net book value of assets disposed	<u>\$ 15,700</u>	<u>\$ -</u>	<u>\$ 15,700</u>
Capital contribution from developer	<u>\$ 932,736</u>	<u>\$ -</u>	<u>\$ 932,736</u>

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

Town of Hillsborough, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and investments - restricted	\$ -
Receivables:	
Due from other governments	<u>22,356</u>
Total assets	22,356
LIABILITIES	
Payable to third-party trustee	<u>22,356</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u><u>\$ -</u></u>

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

Town of Hillsborough, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Special assessment revenue	\$ 485,433
DEDUCTIONS	
Payment to third party trustee	<u>496,918</u>
Change in fiduciary net position	(11,485)
Fiduciary net position, beginning of year	<u>11,485</u>
Fiduciary net position end of year	<u><u>\$ -</u></u>

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Hillsborough (the "Town") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Town of Hillsborough is a municipal corporation which is governed by an elected mayor and a five-member board. As required by GAAP, these financial statements present the Town and its component units, which are legally separate entities for which the Town is financially accountable. The discretely presented component units presented below are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Hillsborough Tourism Development Authority (the "Authority")

The Authority was created on April 9, 2012 by resolution of the Town, under the authority of the North Carolina General Assembly. The Authority is responsible for promoting travel and tourism in the Hillsborough area. The Authority receives revenue from a three percent occupancy tax, which is levied, collected and remitted by the Town net of administration fees. The members of the Authority are appointed by the Town's Board of Commissioners.

Hillsborough Tourism Board (the "Tourism Board")

The Tourism Board was created on November 8, 1993, by resolution of the Town, under the authority of the North Carolina General Assembly. The Tourism Board is responsible for promoting tourism within the Town of Hillsborough. The Tourism Board receives revenues through a one percent prepared food and beverage tax, which is levied and collected by the Town and remitted net of administration fees. The Tourism Board is composed of nine members appointed by the Town's Board of Commissioners.

Requests for complete financial statements for each of the component units may be directed to the Finance Officer, c/o Hillsborough Tourism Development Authority or c/o Hillsborough Tourism Board, Hillsborough, North Carolina, or by telephone at (919) 296-9451.

B. Basis of presentation

Government-wide statements: The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type* activities of the Town. 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 Town and for each function of the Town'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.

Town of Hillsborough, North Carolina
Notes to Financial Statements

Fund financial statements: The fund financial statements provide information about the Town's funds, including the fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - 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 nonexchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for general government administration, public safety, street maintenance and construction, and sanitation services. The Town also uses a restricted revenue fund to account for certain revenues. It is not required to be reported as a special revenue fund and is therefore combined with the General Fund.

The Town reports the following nonmajor governmental funds:

Special Revenue Fund. This fund is used to account for the proceeds of the Community Development Block Grant which is legally restricted to specified purposes.

Consolidated General Capital Projects Fund. This fund is used to accumulate expenditures related to multiple capital projects over multiple years. The General Capital Reserve Fund is consolidated in the General Capital Projects Fund.

Public Works Building Capital Project Fund. This fund was used to account for, project management, construction, construction inspection, and water and sewer utilities for a new Public Works Building. This fund was closed out as of June 30, 2022 with residual fund balance transferred to the General Capital Projects Fund.

Public Safety Building Capital Project Fund. This fund was used to account for construction costs for the renovation of the Public Safety Building. This fund was closed out as of June 30, 2022 with residual fund balance transferred to the General Capital Projects Fund.

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. For financial reporting purposes, several water and sewer capital project funds including ARPA funded capital projects ("WS Capital Projects Funds") and three capital reserve funds have been consolidated with the Water and Sewer Fund.

The Town reports the following nonmajor enterprise fund:

Stormwater Fund. This fund is used to account for the operations of the Town's stormwater management department. For financial reporting purposes the Stormwater Capital Improvements Fund has been consolidated with the Stormwater Fund.

Town of Hillsborough, North Carolina
Notes to Financial Statements

C. Measurement focus and basis of accounting

In accordance with North Carolina General Statutes (“NCGS” or “G.S.”), all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, proprietary, and fiduciary fund financial statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. 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 Town 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 revenue 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 Town’s enterprise funds are charges to customers for sales and services. The Town 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. Issuance of general long-term debt and asset-backed financing are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Orange County and 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 Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Town of Hillsborough, North Carolina
Notes to Financial Statements

D. Budgetary data

The Town's budgets are adopted by the governing board as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Water and Sewer Fund, and the Stormwater Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all multiyear governmental special revenue and capital project funds, the WS Capital Project Funds, the water and sewer capital reserve funds, and the Stormwater Capital Improvements Fund. The WS Capital Project Funds and capital reserve funds are consolidated with the Water and Sewer Fund for reporting purposes. The Stormwater Capital Improvements Fund is consolidated with the Stormwater Fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multiyear funds. The Town Manager is authorized by the budget ordinance to transfer appropriations and may allow any amount of money to be transferred between functional areas within a fund. The Town Manager is also authorized to effect interdepartmental transfers within the same fund, not to exceed 10% of the appropriated monies for the department whose allocation is reduced. The Finance Director may make minor adjustments to the budget without obtaining prior governing board approval by formal budget amendment. Such changes must be within a fund and not between two or more funds. The Finance Director is required to inform the board at the next meeting after the budget adjustment is made. Budget amendments typically involve larger sums of money and require the governing board's approval. During the year, several amendments to the original budget were necessary.

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity

(1) Deposits and investments

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

G.S. 159-30(c) authorizes the Town to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed 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"), an SEC registered mutual fund dedicated to serving North Carolina public units. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, are measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

(2) Cash and cash equivalents

The Town pools most money from all funds to facilitate disbursement and investment and maximize investment income. Exceptions of non-pooled funds may include, but are not limited to, unspent bond proceeds, certain capital project funds and escrowed or endowed funds restricted for specific purposes. For purposes of the Statement of Cash Flows, the Town's enterprise funds consider equity in pooled cash and investments to be cash equivalents as they are essentially demand deposit accounts and short-term investments. Investment income is allocated based on each fund's monthly balance in relation to the total pooled cash balance. Non-pooled investment income is allocated to the specific beneficiary fund holding those assets.

(3) Restricted assets

The Water and Sewer Fund has unexpended debt proceeds that are classified as restricted assets because their use is completely restricted to the purpose for which the debt agreements were originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can only be expended for the purposes of maintaining, repairing, constructing, reconstruction or widening of local streets per G.S. 136-41.4. In addition, contributions from developers that are restricted by Town ordinance are restricted to the purpose of the donation.

Town of Hillsborough, North Carolina
Notes to Financial Statements

Town of Hillsborough Restricted Cash

Governmental activities:	
General Fund:	
Streets	\$ 576,846
Restricted revenues	<u>150,987</u>
Total governmental activities	<u>727,833</u>
Business-type activities:	
Water and Sewer Fund:	
Unspent debt proceeds	2,740,057
Federal funds - ARPA	1,057,636
Customer deposits	554,979
Perpetual maintenance	915,460
Water and sewer capital needs	<u>5,366,110</u>
Total business-type activities	<u>10,634,242</u>
Total restricted cash	<u>\$ 11,362,075</u>

(4) **Ad valorem taxes receivable**

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town 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, 2021. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town’s General Fund, ad valorem tax revenues are reported net of such discounts.

(5) **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 written off in prior years.

(6) **Prepaid items**

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

(7) **Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 two years. Minimum capitalization costs are as follows:

	<u>Cost</u>
Land and easements	\$ 1
Buildings, improvements	10,000
Distribution system	15,000
Vehicles, furniture and equipment	5,000
Infrastructure	35,000

Town of Hillsborough, North Carolina
Notes to Financial Statements

Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed assets are recorded at cost or estimated historical cost. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and building improvements	30 years
Infrastructure	40 years
Plant and distribution systems	50 years
Furnishings, fixtures, equipment and computers	5 to 10 years
Vehicles	3 to 5 years

(8) “Right to Use” Leased Assets

The Town has recorded “right to use” lease assets in connection with the implementation of GASB Statement No. 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

(9) Deferred outflows/inflows of resources

In addition to assets, the government-wide and/or fund statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position and/or fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the government-wide and/or fund statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

(10) Long-term obligations

In the government-wide financial statements and the 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 or business-type activities, or proprietary fund-type statement of net position. Long-term debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method that approximates the effective interest method. Long-term debt is reported net of the applicable premiums or discounts. Debt issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt 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 withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

(11) Compensated absences

The vacation policy of the Town provides for the accumulation of up to 240 hours earned vacation leave, with such leave being fully vested when earned. Any vacation leave accumulated over 240 hours at December 31st is converted to sick leave. For the Town’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is

Town of Hillsborough, North Carolina
Notes to Financial Statements

estimated to be used in the next fiscal year has been designated as a current liability and included in the long-term liabilities due within one year on the government-wide financial statements. Compensated absences for governmental activities are liquidated in the General Fund and compensated absences for business-type activities are liquidated in the appropriate enterprise fund.

The Town temporarily adjusted the above policy for the year ended June 30, 2022 due to COVID. The maximum accumulation of earned vacation leave increased to 360 hours through December 31, 2022. Subsequent to December 31, 2022, the maximum accumulation of earned vacation reverted back to 240 hours.

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

(12) Net position/fund balances

Net position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent 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 balances

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

The governmental fund types classify fund balances as follows:

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

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

Restricted for revenues - Portion of fund balance representing unexpended grants and contributions from external sources restricted for specific projects.

Committed fund balance - Portion of fund balance that can only be used for specific purposes imposed by the government through majority vote of the Town's governing body - the Board of Town Commissioners (highest level of decision-making authority). The Board of Town Commissioners can, by adoption of an ordinance prior to the end

Town of Hillsborough, North Carolina
Notes to Financial Statements

of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for capital projects - Portion of fund balance that can only be used for the construction of capital projects.

Assigned fund balance - Portion of fund balance the Town intends to use for specific purposes that are considered neither restricted nor committed.

Assigned for 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 in the budget ordinance which expires on June 30th of the following year.

Unassigned fund balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is between 20% and 60% of operating expenditures, with a target of 33%, or the equivalent of four months of operating expenditures.

(13) Defined benefit cost-sharing plans

For purposes of measuring the net pension liability, 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 Employee's 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 Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value purposes.

2. Stewardship, Compliance and Accountability

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

- Contractual Violation

The "Contract to Audit Accounts" contains a provision requiring that the audit report be submitted to the State and Local Government Finance Division within four months of the fiscal year-end. Therefore, the audited financial statements for the fiscal year ended June 30, 2022, are due by October 31, 2022. The submission of the Town's audited financial statements is substantially late in violation of the submission requirement. The Town believes this was an isolated situation due to turnover in the Town's Finance staff that occurred in the 2021 and 2022. The Town has engaged additional contractual resources to assist the Town with the preparation of year-end financial information in order to submit audited financial statements in a timelier manner. Additionally, the Town has also retained an experienced finance officer after the position had been vacant for over six months. These corrective actions have improved the timeliness of the current year audit engagement with the Town and expects to return to compliance for the fiscal year ending June 30, 2023.

3. Detail Notes on All Funds

A. Assets

(1) Deposits and Investments

All of the deposits of the Town, the Authority, and the Tourism Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's, the Authority's, or the Tourism Board's agents in the entities' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, the Authority, and the Tourism Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the Authority, the Tourism Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, the Authority, or the Tourism Board 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 Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Authority and the Tourism Board have no formal policy regarding custodial credit risk for deposits.

The Town's deposits had a carrying amount of \$4,571,361 and a bank balance of \$4,640,496 at June 30, 2022. Of the bank balance, \$328,593 was covered by federal depository insurance and \$4,311,903 in demand deposits were covered under the Pooling Method. The Town had \$1,050 in petty cash on hand at June 30, 2022.

The Authority's deposits had a carrying amount \$414,673 and bank balance of \$414,938 at June 30, 2022. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$164,938 was covered under the Pooling Method.

The Tourism Board's deposits had a carrying amount of \$437,548 and a bank balance of \$438,250 at June 30, 2022. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$188,250 of demand deposits were covered under the Pooling Method.

Town of Hillsborough, North Carolina
Notes to Financial Statements

Investments

The following table summarizes the Town’s investment balances at June 30, 2022:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2022</u>	<u>Maturity</u>	<u>Rating</u>
North Carolina Capital Management Trust - Governmental Portfolio	Level 1	<u>\$ 32,321,630</u>	N/A	AAAm

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

Level of fair value hierarchy:

Level 1 - Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The Town does not have a formal investment policy.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town’s investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town’s investment in the NCCMT - Government Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2022.

(3) Due from other governments

Amounts due from other governments consist of the following:

	<u>Governmental Activities</u>
General Fund:	
Sales and use tax distribution	\$ 971,731
Utilities franchise and telecommunications tax	152,809
Sales tax refunds	128,929
Other government agencies	<u>84,264</u>
Total General Fund	1,337,733
Other governmental funds:	
Federal government - CDBG	<u>97,496</u>
Total due from other governments	<u>\$ 1,435,229</u>

(4) Receivables - allowances for doubtful accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

Town of Hillsborough, North Carolina
Notes to Financial Statements

	Governmental Activities
General Fund:	
Property taxes receivable	\$ 40,000
	Business-type Activities
Water and Sewer Fund:	
Accounts receivable	\$ 236,617
Stormwater Fund:	
Accounts receivable	6,113
	\$ 242,730
Total allowance for doubtful accounts	

(5) Due from related governments

The Town - Amounts due from related governments consist of \$62,039 owed to the Town from the Authority for reimbursement of occupancy taxes incorrectly calculated and remitted to the Authority. The oversight was identified and corrected after year-end.

The Tourism Board - Amounts due from related governments consist of \$95,067 owed to the Tourism Board from the Town for food and beverage taxes collected by the Town and remitted to the Tourism Board.

(6) Capital assets

The following table summarizes capital asset activity for the Town's governmental activities during the year ended June 30, 2022.

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 4,879,989	\$ -	\$ -	\$ 4,879,989
Construction-in-progress	253,140	613,459	-	866,599
	<u>5,133,129</u>	<u>613,459</u>	<u>-</u>	<u>5,746,588</u>
Capital assets being depreciated:				
Buildings and improvements	9,180,670	23,635	-	9,204,305
Infrastructure	13,107,948	92,746	-	13,200,694
Equipment	1,092,987	146,032	37,432	1,201,587
Vehicles	4,373,609	768,560	319,281	4,822,888
	<u>27,755,214</u>	<u>1,030,973</u>	<u>356,713</u>	<u>28,429,474</u>
Less accumulated depreciation for:				
Buildings and improvements	3,024,369	465,371	-	3,489,740
Infrastructure	1,736,739	325,945	-	2,062,684
Equipment	729,366	85,695	10,523	804,538
Vehicles	4,039,186	281,154	319,281	4,001,059
	<u>9,529,660</u>	<u>1,158,165</u>	<u>329,804</u>	<u>10,358,021</u>
Capital assets being depreciated, net	<u>18,225,554</u>	<u>(127,192)</u>	<u>26,909</u>	<u>18,071,453</u>
Capital assets, net	<u>\$ 23,358,683</u>	<u>\$ 486,267</u>	<u>\$ 26,909</u>	<u>\$ 23,818,041</u>

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Depreciation expense was charged to the following functions:

General government	\$ 263,803
Public safety	270,925
Transportation	382,174
Economic and physical development	147,239
Environmental protection	94,024
	<u>\$ 1,158,165</u>

The following tables summarize capital asset activity for the Town's business-type activities during the year ended June 30, 2022.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Water and sewer:</i>				
Capital assets not depreciated:				
Land	\$ 6,099,275	\$ -	\$ -	\$ 6,099,275
Construction-in-progress	2,404,404	1,275,323	-	3,679,727
	<u>8,503,679</u>	<u>1,275,323</u>	<u>-</u>	<u>9,779,002</u>
Capital assets being depreciated:				
Buildings and improvements	38,619,805	374,331	-	38,994,136
Plant and distribution systems	36,125,022	932,736	-	37,057,758
Infrastructure	753,434	-	-	753,434
Equipment	1,861,646	8,993	41,877	1,828,762
Vehicles	1,036,413	316,044	43,748	1,308,709
	<u>78,396,320</u>	<u>1,632,104</u>	<u>85,625</u>	<u>79,942,799</u>
Less accumulated depreciation for:				
Buildings and improvements	11,814,377	677,827	-	12,492,204
Plant and distribution systems	11,396,626	976,375	-	12,373,001
Infrastructure	153,098	23,195	-	176,293
Equipment	1,378,029	98,548	41,877	1,434,700
Vehicles	905,046	43,145	28,048	920,143
	<u>25,647,176</u>	<u>1,819,090</u>	<u>69,925</u>	<u>27,396,341</u>
Capital assets being depreciated, net	<u>52,749,144</u>	<u>(186,986)</u>	<u>15,700</u>	<u>52,546,458</u>
Capital assets, net	<u>\$ 61,252,823</u>	<u>\$ 1,088,337</u>	<u>\$ 15,700</u>	<u>\$ 62,325,460</u>

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Stormwater:</i>				
Capital assets not depreciated:				
Land	\$ 33,813	\$ -	\$ -	\$ 33,813
Construction-in-progress	-	100,000	-	100,000
	<u>33,813</u>	<u>100,000</u>	<u>-</u>	<u>133,813</u>

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	Beginning Balances	Additions	Deletions	Ending Balances
Business-type activities:				
<i>Stormwater (Continued):</i>				
Capital assets being depreciated:				
Infrastructure	\$ 2,133,177	\$ -	\$ -	\$ 2,133,177
Equipment	31,606	-	-	31,606
Vehicles	20,762	-	-	20,762
	<u>2,185,545</u>	<u>-</u>	<u>-</u>	<u>2,185,545</u>
Less accumulated depreciation for:				
Infrastructure	395,018	53,329	-	448,347
Equipment	6,598	3,161	-	9,759
Vehicles	20,762	-	-	20,762
	<u>422,378</u>	<u>56,490</u>	<u>-</u>	<u>478,868</u>
Capital assets being depreciated, net	<u>1,763,167</u>	<u>(56,490)</u>	<u>-</u>	<u>1,706,677</u>
Capital assets, net	<u>\$ 1,796,980</u>	<u>\$ 43,510</u>	<u>\$ -</u>	<u>\$ 1,840,490</u>

(7) Right to Use Leased Assets

The Town is the lessee for non-cancellable leases of several assets. The Town recognizes lease liabilities and intangible assets for the right to use leased assets in the Town's governmental activities. The Town does not have any leases used in business-type activities that meet the criteria of the new lease standard. The lease liabilities are discussed in Note 3.B., Leases. The right-to-use assets are being amortized on a straight-line basis over the lease terms. The following is a summary of the Town's lease activity for the year ended June 30, 2022:

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Right to Use Leased Assets:				
Land improvements	\$ -	\$ 5,763	\$ -	\$ 5,763
Buildings	-	103,215	-	103,215
Equipment	-	35,086	-	35,086
	<u>-</u>	<u>144,064</u>	<u>-</u>	<u>144,064</u>
Less accumulated amortization for:				
Land improvements	-	1,235	-	1,235
Buildings	-	31,538	-	31,538
Equipment	-	8,264	-	8,264
	<u>-</u>	<u>41,037</u>	<u>-</u>	<u>41,037</u>
Right to Use leased assets, net	<u>\$ -</u>	<u>\$ 103,027</u>	<u>\$ -</u>	<u>\$ 103,027</u>

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(8) Construction commitments

The Town has active construction projects as of June 30, 2022 with the following remaining commitments:

	<u>Spent to Date</u>	<u>Estimated Remaining Commitment</u>
Governmental Projects:		
Transportation Improvement Project ("TIP")	\$ 28,062	\$ 1,050,938
Valley Forge Road Project	644,959	558,958
NC 86 Renovation Project	10,000	2,215,982
Other projects	143,543	565,103
Business-type Projects:		
Mill Creek Road Project	2,971,253	306,543
WTP projects - ARPA	83,460	140,000
West Fork Eno Reservoir Project	-	735,734
Various water and sewer projects	1,237,845	2,295,454
	<u>\$ 5,119,122</u>	<u>\$ 7,868,712</u>

B. Liabilities

(1) Pension plans and postemployment obligations

(a) **Local Governmental Employees' Retirement System**

Plan description. The Town 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 House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report ("ACFR") for the state of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

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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 G.S. 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2022 was 12.1% of compensation for law enforcement officers and 11.35% for general employees, 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 Town were \$766,857 for the year ended June 30, 2022.

Refunds of contributions. Town 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

The Town reported a liability, at June 30, 2022, of \$1,225,190 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. The Town's proportion, at June 30, 2021 (measurement date), was 0.07989%, which was a decrease of 0.01226% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$458,991. The Town reported, at June 30, 2022, 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	\$ 389,777	\$ -
Changes in assumptions and/or other inputs	769,732	-
Net difference between projected and actual earnings on pension plan investments	-	1,750,429
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,518	194,422
Contributions subsequent to the measurement date	766,857	-
	<u>\$ 1,943,884</u>	<u>\$ 1,944,851</u>
Total deferrals		

\$766,857 of the amount reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date that will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

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Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2023	\$ 54,918
2024	(94,687)
2025	(192,413)
2026	<u>(535,642)</u>
Total	<u>\$ (767,824)</u>

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer etc.) 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 health mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

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The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 2.5 percent. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 4,756,085</u>	<u>\$ 1,225,190</u>	<u>\$ (1,680,532)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

(b) Law Enforcement Officers’ Special Separation Allowance

(i) Plan description.

The Town administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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 Town are covered by the Separation Allowance. The Separation Allowance’s membership, at December 31, 2020 (valuation date), consisted of:

Inactive members currently receiving benefits	2
Active plan members	<u>25</u>
Total	<u><u>27</u></u>

Town of Hillsborough, North Carolina
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(ii) *Summary of significant accounting policies*

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

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

(iii) *Actuarial assumptions:*

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent (includes inflation at 2.50% and real wage growth of 0.75%)
Discount rate	2.25 percent (includes inflation at 2.50%)

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

All mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

(iv) *Change in actuarial assumptions:*

Based on the results of an Experience Study completed by the Actuary for the LGERS for the five-year period ending December 31, 2019, several assumptions were updated including mortality rates, salary increase rates, real wage growth, etc.

The Municipal Bond Index Rate increased from 1.93 percent to 2.25 percent.

(v) *Contributions:*

The Town 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 Town'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. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$25,494 as benefits came due for the reporting period.

(vi) *Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:*

At June 30, 2022, the Town reported a total pension liability of \$1,172,974. The total pension liability was based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$155,462.

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 91,434	\$ 166,029
Changes in assumptions and/or other inputs	272,600	36,955
Benefit payments and administrative costs made subsequent to the measurement date	<u>15,057</u>	<u>-</u>
Total deferrals	<u>\$ 379,091</u>	<u>\$ 202,984</u>

The \$15,057 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2023	\$ 58,188
2024	51,565
2025	43,567
2026	40,395
2027	<u>(32,665)</u>
Total	<u>\$ 161,050</u>

(vii) *Sensitivity of the Town's total pension liability to changes in the discount rate:*

The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total pension liability	<u>\$ 1,274,211</u>	<u>\$ 1,172,974</u>	<u>\$ 1,080,554</u>

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

	<u>2021</u>
Beginning balance	\$ 1,316,618
Service cost	73,164
Interest on the total pension liability	25,142
Differences between expected and actual experience in the measurement of the total pension liability	(182,736)
Changes in assumptions and/or other inputs	(31,409)
Benefit payments	<u>(27,805)</u>
Ending balance	<u>\$ 1,172,974</u>

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(c) Total expense, liabilities and deferred outflows and inflows of resources related to pensions

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 458,991	\$ 155,462	\$ 614,453
Pension liabilities	1,225,190	1,172,974	2,398,164
Proportionate share of net pension liability	0.07989%	N/A	N/A
Deferred outflows of resources:			
Differences between expected and actual experience	389,777	91,434	481,211
Changes in assumptions and/or other inputs	769,732	272,600	1,042,332
Changes in proportion and differences between contributions and proportionate share of contributions	17,518	-	17,518
Contributions, benefit payments, and administrative costs paid subsequent to the measurement date	766,857	15,057	781,914
Deferred inflows of resources:			
Differences between expected and actual experience	-	166,029	166,029
Changes in assumptions and/or other inputs	-	36,955	36,955
Net difference between projected and actual earnings on plan investments	1,750,429	-	1,750,429
Changes in proportion and differences between contributions and proportionate share of contributions	194,422	-	194,422

(d) Supplemental Retirement Income Plan

Plan description. The Town contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all permanent full-time employees, as well as law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All employees begin participation at the date of employment. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. The Town makes an equal contribution of 5 percent of monthly salary to all other permanent full-time employees. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2022 were \$567,941, which consisted of \$346,476 from the Town and \$221,465 from employees.

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(2) Other postemployment benefit

Healthcare Benefits

Plan description. According to a town resolution, the Town administers a single-employer defined benefit Healthcare Plan (the "HC Plan"). The HC Plan provides post-retirement healthcare benefits until they become eligible for Medicare to retirees of the Town who were hired before February 9, 2009, who have at least 20 years of creditable service, and who attain age 55 for regular employees and age 52 for law enforcement employees. Employees hired on or after February 9, 2009, must complete 30 years of service and attain age 60 for regular employees and age 57 for law enforcement employees before becoming eligible for post-retirement benefits. The Town pays the full cost of coverage for these benefits. The Town's governing board may amend the benefit provisions. A separate report was not issued for the HC Plan.

<u>Retired Employees' Years of Creditable Service</u>	<u>Law Enforcement</u>		<u>Non-Law Enforcement</u>	
	<u>Hired Before February 9, 2009</u>	<u>Hired On or After February 9, 2009</u>	<u>Hired Before February 9, 2009</u>	<u>Hired On or After February 9, 2009</u>
Less than 20 years' continuous service	Not eligible for coverage	Not eligible for coverage	Not eligible for coverage	Not eligible for coverage
20 or more years' continuous service:				
Before age 52	Not eligible for coverage	Not eligible for coverage	Not eligible for coverage	Not eligible for coverage
Age 52 to 55	Full coverage paid for by Town	Not eligible for coverage	Not eligible for coverage	Not eligible for coverage
Age 55 until eligible for Medicare	Full coverage paid for by Town	Not eligible for coverage	Full coverage paid for by Town	Not eligible for coverage
30 or more years' continuous service:				
Before age 57	Full coverage paid for by Town	Not eligible for coverage	Full coverage paid for by Town	Not eligible for coverage
Age 57 to 60	Full coverage paid for by Town	Full coverage paid for by Town	Full coverage paid for by Town	Not eligible for coverage
Age 60 until eligible for Medicare	Full coverage paid for by Town	Full coverage paid for by Town	Full coverage paid for by Town	Full coverage paid for by Town

Membership of the HC Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	3	1
Active plan members	67	26
Total	<u>70</u>	<u>27</u>

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Total OPEB liability

The Town's total OPEB liability of \$1,460,043 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation and wage inflation	2.50 percent and 3.25 percent, respectively
Real wage growth	0.75 percent
Salary increases	3.25 to 8.41 percent, including inflation and varying by position classes
Discount rate	2.16 percent
Healthcare cost trend rates	7.00 percent decreasing to an ultimate rate of 4.50 percent by 2031

The discount rate is based on the Bond Buyer General Obligation 20-year Municipal Bond Index published at the last Thursday of June by The Bond Buyer.

Changes in the total OPEB liability

	<u>2021</u>
Beginning balance	\$ 1,318,673
Service cost	48,010
Interest on the total pension liability	29,433
Differences between expected and actual experience in the measurement of the total pension liability	(34,606)
Changes in assumptions and/or other inputs	168,641
Net benefit payments and implicit subsidy credit	<u>(70,108)</u>
Ending balance	<u>\$ 1,460,043</u>

The net benefit payments shown above include the implicit subsidy (if any) for the year. Changes in assumptions and other inputs reflect a change in the discount rate from 2.21 percent to 2.16 percent.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability	<u>\$ 1,575,391</u>	<u>\$ 1,460,043</u>	<u>\$ 1,353,304</u>

Town of Hillsborough, North Carolina
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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 1,325,747</u>	<u>\$ 1,460,043</u>	<u>\$ 1,613,245</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

The Town recognized OPEB expense of \$50,329 for the year ended June 30, 2022. The Town reported, at June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,566	\$ 340,684
Changes in assumptions and/or other inputs	263,381	58,510
Benefit payments and administrative costs made subsequent to the measurement date	<u>37,999</u>	<u>-</u>
Total deferrals	<u>\$ 331,946</u>	<u>\$ 399,194</u>

\$37,999 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:

2023	\$ (28,190)
2024	(28,190)
2025	(28,190)
2026	(25,878)
2027	(17,889)
Thereafter	<u>23,090</u>
Total	<u>\$ (105,247)</u>

Town of Hillsborough, North Carolina
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(3) Other employment benefit

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service, and have at least one year of contributing membership in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

(4) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at June 30, 2022 were as follows:

	Governmental Activities		
	General Fund	Other Governmental Funds	Total
Accounts payable to vendors	\$ 422,611	\$ 395,798	\$ 818,409
Accrued payroll and related liabilities	272,662	-	272,662
Other	-	-	-
	<u>\$ 695,273</u>	<u>\$ 395,798</u>	<u>\$ 1,091,071</u>
	Business-type Activities		
	Water and Sewer Fund	Stormwater Fund	Total
Accounts payable to vendors	\$ 418,715	\$ 101,443	\$ 520,158
Accrued payroll and related liabilities	99,902	10,193	110,095
Other	274	-	274
	<u>\$ 518,891</u>	<u>\$ 111,636</u>	<u>\$ 630,527</u>
	Component Units		
	The Authority	The Tourism Board	Total
Accounts payable to vendors	\$ 1,110	\$ 20,407	\$ 21,517
Accrued payroll and related liabilities	-	-	-
Other	-	-	-
	<u>\$ 1,110</u>	<u>\$ 20,407</u>	<u>\$ 21,517</u>

Town of Hillsborough, North Carolina
Notes to Financial Statements

(5) Due to related governments

The amounts due to related governments are the inverse of the corresponding receivables disclosed in Note 3.A.(5).

(6) Unearned revenue

Unearned revenue consists of unspent federal funds in the amount of \$1,057,636 received under the “American Rescue Plan Act of 2021” (“ARPA”). The federal funds have eligibility requirements that must be met before the revenue can be recognized.

(7) Deferred outflows and inflows of resources

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

	<u>Modified Accrual</u>	<u>Full Accrual</u>
Governmental activities:		
Pension - LGERS	\$ -	\$ 1,339,142
Pension - LEOSSA	-	379,091
OPEB	-	199,168
Total	<u>\$ -</u>	<u>\$ 1,917,401</u>
Business-type activities:		
Pension - LGERS		\$ 604,742
OPEB		132,778
Total		<u>\$ 737,520</u>

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

	<u>Modified Accrual</u>	<u>Full Accrual</u>
Governmental activities:		
Unavailable revenue:		
Property taxes receivable	\$ 142,128	\$ -
Pension - LGERS	-	1,339,808
Pension - LEOSSA	-	202,984
OPEB	-	239,517
Total governmental activities	<u>\$ 142,128</u>	<u>\$ 1,782,309</u>
Business-type activities:		
Pension - LGERS		\$ 605,043
OPEB		159,677
Total business-type activities		<u>\$ 764,720</u>

(8) Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million per occurrence; auto liability coverage of \$5 million per occurrence; property coverage up to the total insurance values of the property policy; and workers’ compensation coverage up to statutory limits. The property/liability and workers compensation pools are reinsured through commercial companies for

Town of Hillsborough, North Carolina
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single occurrence claims against general liability and auto liability in excess of \$1 million, property in excess of \$500,000, and \$1 million up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the limit based upon a percentage of the total insurance values.

The Town carries commercial insurance for all other risks of loss, including property (\$63,995,731); general liability (\$5 million per occurrence); law enforcement liability (\$5 million per occurrence); public employees scheduled bond (\$60,000 - includes \$50,000 for the finance director and \$10,000 for the deputy tax collector), public employees blanket bond/crime (\$10,000); computer equipment (\$786,100); municipal equipment (\$985,307); fine arts (\$500,000); and public officials' liability (\$5 million per occurrence). There have been no significant reductions in insurance coverage in the prior year, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The old motor pool facility is in an area of the state that has been mapped and designated an "A" area (an area close to a river) by the Federal Emergency Management Agency. Flood coverage on the old, dilapidated facility has been discontinued since the building is now used for storage only. Other town structures are designated as "B, C and X" areas (low-risk areas) and are insured for flood damage through the Interlocal Risk Financing Fund of North Carolina pool for \$5 million per occurrence and aggregate with a \$50,000 deductible. There is no coverage through the Interlocal Fund for structures in any flood zone other than "B, C, and X."

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time or the Town's funds are performance bonded through a commercial surety bond. The finance director is covered by an individual official bond for \$50,000.

The Authority and the Tourism Board carried commercial coverage for Public Officials Liability with coverage of \$5,000,000 for all claims. Both the Authority and the Tourism Board do not carry flood insurance nor have any employees.

(9) Claims and contingent liabilities

The Town has elected to pay the direct cost of employment security benefits in lieu of paying unemployment taxes. A liability for such payments could accrue in the period following the discharge of an employee. See also Note 3.A.(8) for contingent liabilities related to construction commitments.

(10) Long-term obligations

(a) Direct Placement Installment purchases

Governmental activities:

- Note payable to BB&T, executed April 2008, in the amount of \$1,226,000 for the construction of a Town Park and Improvements. The note is payable in 30 semi-annual payments of \$40,867 plus interest at 2.22%, and is secured by such assets. \$ 81,734
- Note payable to BB&T, executed in July 2013, in the amount of \$438,057 for the refinance of a note payable for the purchase of land for municipal operations. The note is payable in 21 semi-annual payments of \$20,860 plus interest at 2.22%, and is secured by land. The previous note payable on the land for municipal operations included interest at 3.92%. 62,580
- Note payable to BB&T, executed in July 2013, in the amount of \$839,086 for the refinance of a note payable for the purchase of real property and a building to be used as the fleet maintenance facility. The note is payable in 23 semi-

Town of Hillsborough, North Carolina
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annual payments of \$36,482 plus interest at 2.44%, and is secured by real property and a building. The previous note payable on the fleet maintenance facility included interest at 3.79%. \$ 182,410

- Note payable to BB&T, executed August 2014, in the amount of \$615,368 for the purchase of land for municipal operations. The note is payable in 30 semi-annual payments of \$20,512 plus interest and matures in August 2029. Interest is payable at 2.88% and the note payable is secured by the land. 307,683
 - Note payable to BB&T, executed September 2017, in the amount of \$465,522 for the purchase of police vehicles. The note is payable in nine semi-annual payments of \$54,509 with interest payable at 1.86%, and is secured by the vehicles. 54,006
 - Note payable to Capital One, executed April 2018, in the amount of \$2,770,000 to finance renovations for the Town’s North Campus location and the Town Barn. The note is payable in fifteen annual payments of \$239,296 with interest payable at 3.56%, and is secured by the mortgaged property. This note is allocated 83.65% to governmental activities, and 16.35% to business-type activities, and accordingly, the annual payments made out of the general fund will be \$200,171, which commenced on January 1, 2019. 1,795,954
 - Note payable to U.S. Bancorp, executed December 2020, in the amount of 300,000 to finance the purchase of a garbage truck. The note is payable in five annual payments of \$62,617 with interest payable at 1.44%, and is secured by the garbage truck. 241,703
- 2,726,070
- Less: current portion (486,819)
- \$ 2,239,251

The future minimum payments for direct placement installment purchases, at June 30, 2022, related to governmental activities are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 486,819	\$ 83,010	\$ 569,829
2024	335,922	71,556	407,478
2025	284,464	62,476	346,940
2026	254,062	54,772	308,834
2027	197,720	47,315	245,035
2028-2032	973,793	134,052	1,107,845
2033	193,290	6,881	200,171
	<u>\$ 2,726,070</u>	<u>\$ 460,062</u>	<u>\$ 3,186,132</u>

Town of Hillsborough, North Carolina
Notes to Financial Statements

(a) Direct Placement Installment purchases

Business-type activities:

- Note payable to Capital One, executed April 2018, in the amount of \$2,770,000 to finance renovations for the Town's North Campus location and the Town Barn. The note is payable in 15 annual payments of \$239,296 with interest payable at 3.56%, and is secured by the mortgaged property. This note is allocated 83.65% to governmental activities, and 16.35% to business-type activities, and accordingly, the annual payments made out of the general fund will be \$200,171, which commenced on January 1, 2019.

	\$ 351,031
Less: current portion	<u>(26,628)</u>
	<u>\$ 324,403</u>

The future minimum payments for direct placement installment purchases, at June 30, 2022, related to business-type activities are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,628	\$ 12,497	\$ 39,125
2024	27,576	11,549	39,125
2025	28,558	10,567	39,125
2026	29,574	9,550	39,124
2027	30,627	8,498	39,125
2028-2032	170,288	25,336	195,624
2033	<u>37,780</u>	<u>1,345</u>	<u>39,125</u>
	<u>\$ 351,031</u>	<u>\$ 79,342</u>	<u>\$ 430,373</u>

The provisions of the direct placement installment purchase agreements contain certain financial covenants related to the maintenance of fund balance. The Town was in compliance with these covenants at June 30, 2022.

(b) Leases payable

Governmental activities:

- The Town is a lessee of a 56-month lease for the use of property used as a loading zone. An initial lease liability was recorded in the amount of \$5,763. The Town is required to make annual fixed payments of \$1,367. The lease has an interest rate of 0.3160%. The net book value of the right to use asset for the year ended June 30, 2022 was \$4,528 with accumulated amortization of \$1,235.

	\$ 4,408
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- The Town is a lessee of a 36-month lease of a building used as a police training facility. An initial lease liability was recorded in the amount of \$103,215. The Town is required to make monthly payments of \$3,150. The lease has an interest rate of 0.6320%. The net book value of the right to use asset for the year ended June 30, 2022 was \$71,677 with accumulated amortization of \$31,538.

	78,323
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Town of Hillsborough, North Carolina
Notes to Financial Statements

- The Town is a lessee of a 60-month lease of multi-functional devices. An initial lease liability was recorded in the amount of \$24,111. The Town is required to make monthly payments of \$406. The lease has an interest rate of .04130%. There are variable payment components of the lease. The net book value of the right to use asset for the year ended June 30, 2022 was \$20,601 with accumulated amortization of \$3,510. \$ 20,522
 - The Town is a lessee of a 27-month lease of multi-functional devices. An initial lease liability was recorded in the amount of \$10,975. The Town is required to make monthly payments of \$409. The lease has an interest rate of 0.5140%. There are variable payment components of the lease. The net book value of the right to use asset for the year ended June 30, 2022 was \$6,221 with accumulated amortization of \$4,754. 6,112
- 109,365
- Less current portion (49,546)
- \$ 59,819

The future minimum leases payments, at June 30, 2022, related to governmental activities are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 49,546	\$ 494	\$ 50,040
2024	47,378	203	47,581
2025	6,368	41	6,409
2026	4,856	16	4,872
2027	1,217	1	1,218
	<u>\$ 109,365</u>	<u>\$ 755</u>	<u>\$ 110,120</u>

(c) Revolving loans payable

Business-type activities:

- On May 7, 2002, the Town was approved for a maximum loan amount of \$1,802,952 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund. The loan proceeds were used to upgrade the water plant. The loan is repayable in equal principal payments of \$76,222 plus interest of 2.66% through fiscal year ending 2026. The total amount outstanding at June 30, 2022 was \$304,891.
- On October 6, 2011, the Town was approved for a maximum loan amount of \$18,894,640 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds were used for a Wastewater Treatment Plant Upgrade and Expansion Project. In 2014, the Town was approved for a maximum loan in the amount of \$17,810,007 plus interest from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund. The loan is repayable in equal principal payments of \$890,500 plus interest of 2.455% through fiscal year ending 2034. The total amount outstanding at June 30, 2022 was \$10,686,004.

Town of Hillsborough, North Carolina
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- On October 6, 2014, the Town was approved for a maximum loan amount of \$2,029,398 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund. The loan proceeds are being used for the Waterstone Elevated Water Tank Project. The first payment was made on the note in April 2016. The loan is repayable in a principal payment of \$72,078 due on May 1, 2019, followed by equal principal payments of \$94,122 annually on May 1st, with no interest, through fiscal year ending 2035. The total amount outstanding at June 30, 2022 was \$1,223,584.

Annual debt service requirements to maturity for the above revolving loans are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,060,845	\$ 270,451	\$ 1,331,296
2024	1,060,845	246,563	1,307,408
2025	1,060,845	222,672	1,283,517
2026	1,060,845	198,784	1,259,629
2027	984,622	174,894	1,159,516
2028-2032	4,923,113	546,544	5,469,657
2033-2035	2,063,364	65,586	2,128,950
	<u>\$ 12,214,479</u>	<u>\$ 1,725,494</u>	<u>\$ 13,939,973</u>

(d) Special revenue bonds payable

Business-type activities:

- On May 24, 2018, the City issued \$10,155,000 of special revenue bonds secured by water and sewer utility revenues for improvements to the water and sewer system, including renovation and expansion of the Town's West Fork of the Eno Reservoir; \$6,500,000 were issued as serial bonds and \$3,655,000 were issued as term bonds. The purchase price of the bonds was \$11,180,846, resulting in a premium upon issuance of \$1,025,846. The serial bonds carry interest rates of 4.00% to 5.00% and mature between October 1, 2020, and October 1, 2038. The term bonds were divided into two lots with \$1,765,000 paying 3.375% due between October 1, 2039 and October 1, 2040, and \$1,890,000 paying 3.50% due between October 1, 2041 and October 1, 2042. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates. \$10,105,000 remains outstanding at June 30, 2022.

Annual debt service requirements to maturity for the above special revenue bonds are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 30,000	\$ 447,469	\$ 477,469
2024	30,000	445,969	475,969
2025	30,000	444,469	474,469
2026	30,000	442,969	472,969
2027	35,000	441,344	476,344
2028-2032	1,260,000	2,125,844	3,385,844
2033-2037	3,415,000	1,477,718	4,892,718
2038-2042	4,315,000	575,602	4,890,602
2043	960,000	16,800	976,800
	<u>\$ 10,105,000</u>	<u>\$ 6,418,184</u>	<u>\$ 16,523,184</u>

Town of Hillsborough, North Carolina
Notes to Financial Statements

(e) Combined Utility Systems Revenue Bonds (Series 2020)

Business-type activities:

- On February 12, 2020, the City issued \$3,271,000 of special revenue bonds secured by water and sewer utility revenues for road improvements near the Town’s water reservoir, as part of the comprehensive plan to improve and expand the reservoir. The bonds carry an interest rate of 1.98% and mature April 1, 2030. \$2,672,000 remains outstanding at June 30, 2022.

Annual debt service requirements to maturity for the above revenue bonds are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 310,000	\$ 52,906	\$ 362,906
2024	317,000	46,768	363,768
2025	325,000	40,490	365,490
2026	333,000	34,056	367,056
2027	336,000	27,463	363,463
2028-2030	1,051,000	41,857	1,092,857
	<u>\$ 2,672,000</u>	<u>\$ 243,540</u>	<u>\$ 2,915,540</u>

(f) Debt Covenants

Business-type activities:

The Town is in compliance with the debt covenants related to rates, fees, rentals and charges in Section 4 of the Master Trust Agreement, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2018. Section 4.03 of the Master Trust Agreement requires the sum of the income available for debt service and 15 percent of the system fund balance to be no less than 120 percent of the long-term debt service requirement for parity indebtedness and the income available for debt service will be not less than the sum of the long-term debt service requirement for parity indebtedness and subordinate indebtedness and the debt service on all installment debt and system general obligation debt.

The debt service coverage ratio calculation is as follows:

	<u>2022</u>
Operating revenues	\$ 11,045,705
Operating expenses (excluding depreciation)	(6,941,273)
Operating income	4,104,432
Nonoperating revenues (expenses)	(752,249)
Income available for debt service - {A}	<u>\$ 3,352,183</u>
Unrestricted net position (system fund balance)	<u>\$ 9,000,751</u>
15% of Unrestricted Net Position - {B}	<u>\$ 1,350,113</u>
Total Balance for 120% Parity ({A}+{B})	<u>\$ 4,702,296</u>
Debt service, principal and interest (Revenue bond only)	<u>\$ 839,828</u>
Debt service coverage ratio on first-lien debt	<u>5.60</u>
Debt service all debt (total balance for 100%)	<u>\$ 2,234,132</u>
Debt service coverage ratio on all debt together	<u>1.50</u>

Town of Hillsborough, North Carolina
Notes to Financial Statements

(g) Changes in long-term liabilities

The following table summarizes changes in the Town's long-term liabilities during the year ended June 30, 2022.

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Direct placement installment purchases	\$ 3,357,562	\$ -	\$ 631,492	\$ 2,726,070	\$ 486,819
Leases payable	-	144,064	34,699	109,365	49,546
Compensated absences	271,383	336,259	159,016	448,626	159,000
Total OPEB liability	791,204	84,822	-	876,026	-
Net pension liability - LGERS	2,166,736	-	1,322,703	844,033	-
Total pension liability - LEOSSA	1,316,618	-	143,644	1,172,974	-
Total Governmental activities	\$ 7,903,503	\$ 565,145	\$ 2,291,554	\$ 6,177,094	\$ 695,365
Business-type activities:					
<i>Water and sewer:</i>					
Direct placement installment purchases	\$ 376,744	\$ -	\$ 25,713	\$ 351,031	\$ 26,628
Revolving loans payable	13,275,323	-	1,060,844	12,214,479	1,060,845
Special revenue bonds payable	13,109,000	-	332,000	12,777,000	340,000
Premium on bonds payable	864,186	-	56,485	807,701	56,312
Compensated absences	293,283	125,877	124,128	295,032	124,100
Total OPEB liability	501,096	53,720	-	554,816	-
Net pension liability - LGERS	1,026,401	-	679,917	346,484	-
Total - water and sewer	29,446,033	179,597	2,279,087	27,346,543	1,607,885
<i>Stormwater:</i>					
Compensated absences	9,850	17,819	14,592	13,077	13,077
Total OPEB liability	26,373	2,828	-	29,201	-
Net pension liability - LGERS	99,775	-	65,102	34,673	-
Total - stormwater	135,998	20,647	79,694	76,951	13,077
Total business-type activities	\$ 29,582,031	\$ 200,244	\$ 2,358,781	\$ 27,423,494	\$ 1,620,962

(h) Legal debt limit and debt margin

The Town is subject to the Local Government Bond Act of North Carolina which limits the amount of debt it can issue to 8 percent of the appraised value of property subject to taxation. The Town's statutory debt limit at June 30, 2022 was approximately \$99,729,000 and a legal debt margin of approximately \$96,371,000 after deducting certain outstanding debt balances.

Town of Hillsborough, North Carolina
Notes to Financial Statements

(i) Special assessment debt

Town issued \$4,630,000 of Special Assessment Revenue Bonds (in October, 2013) to finance the construction of public infrastructure in the Waterstone District. The Town is in no manner obligated to repay this special assessment debt and functions only as a custodial for the property owners by remitting collections of special assessments to the Trustee. The outstanding balance of special assessment debt at June 30, 2022 was \$870,000.

C. Interfund balances and activity

(1) Transfers to/from other funds

<u>Fund</u>	General Capital Projects Fund	General Capital Reserve Fund	Transfers to other Funds
General Fund	\$ 1,009,270	\$ 300,000	\$ 1,309,270
Public Works Building Capital Project	128,200	-	128,200
Public Safety Building Capital Project	61,613	-	61,613
Transfers from other funds	\$ 1,199,083	\$ 300,000	\$ 1,499,083

The transfers from the General Fund were for various capital projects. The transfers from the Public Works Building and Public Safety Building capital project funds to the General Capital Projects Fund are residual balances from completed projects that will be appropriated for future capital projects.

<u>Fund</u>	Utilities Capital Improvements Fund	Sewer System Development Fee Reserve	Water System Development Fee Reserve	Transfers within the Water and Sewer Fund
Water and Sewer Operating Fund	\$ 429,200	\$ 112,424	\$ 149,408	\$ 691,032
Water System Development Fee Reserve Fund	30,000	-	-	30,000
Sewer System Development Fee Reserve Fund	380,000	-	-	380,000
Transfers within the Water and Sewer Fund	\$ 839,200	\$ 112,424	\$ 149,408	\$ 1,101,032

The above transfer activity was budgeted for various purposes within the Town's Water and Sewer system. The above funds are combined and reported as the Water and Sewer Fund and all transfers within these funds are eliminated.

Town of Hillsborough, North Carolina
Notes to Financial Statements

D. Net Position/Fund Balances

(1) Net Investment in capital assets

		<u>Business-type Activities</u>	
	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Stormwater</u>
Capital assets, net	\$ 23,921,068	\$ 62,325,460	\$ 1,840,490
Less:			
Capital related debt	(2,835,435)	(25,342,510)	-
Unamortized premium on capital related debt	-	(807,701)	-
Accounts payable from restricted assets	-	(1,800)	-
Add:			
Unspent debt proceeds	-	2,740,057	-
Net investment in capital assets	<u>\$ 21,085,633</u>	<u>\$ 38,913,506</u>	<u>\$ 1,840,490</u>

(2) Fund Balance

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

General Fund:	
Total fund balance	\$ 12,004,024
Less:	
Stabilization by state statute	2,458,060
Restricted for streets	576,846
Restricted revenues	150,987
Appropriated in next year's budget	743,482
Fund balance policy - 33% of operating expenditures	<u>3,659,318</u>
Available fund balance	<u>\$ 4,415,331</u>

The outstanding encumbrances, reflected in stabilization by state statute, are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the General Fund at June 30, 2022 were \$975,779.

4. Jointly Governed Organization

The Town, in conjunction with seven counties and 37 other municipalities, established the Triangle J Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board.

5. Contingencies

The Town 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 moneys to the grantor agencies. The Town believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

6. Subsequent Events

The Town evaluates subsequent events up through the date this report is made available. The TDA and Tourism Board evaluated subsequent events through June 29, 2023. The Town has extended consideration of additional subsequent events that could potentially affect the TDA's and Tourism Board's financial statements. While no additional disclosures were noted for the TDA and Tourism Board, the following significant events relate to the Town:

- a. The federal government's American Rescue Plan Act of 2021 included \$2,282,192 of funding allocated to the Town. The Town received the first half of this funding during the year ended June 30, 2022 and received the final installment on July 22, 2022. The funds will be used to finance water and sewer system improvements. The balance of the unspent funds is recorded as unearned revenue and will be recognized as the eligibility requirements are met.
- b. The Town increased water and sewer rates effective July 1, 2022 by 4.5 percent and 2.0 percent, respectively. The water rate increases are intended to provide funding for existing debt service requirements and self-funding of future capital improvements. The sewer rate increases are intended to partially provide for future capital improvements.

7. Change in Accounting Principle

The Town implemented GASB Statement No. 87, *Leases* (effective July 1, 2021). The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset. As such, there was no effect on beginning net position.



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Required Supplementary Financial Data (Unaudited)

Required Supplementary Information (“RSI”) is supplemental information that is not a required part of the basic financial statements but is information required by Accounting Principles Generally Accepted in the United States of America. This section includes the following schedules:

- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers’ Special Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers’ Special Separation Allowance.
- Schedules of Changes in the Total OPEB Liability and Related Ratios.
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees’ Retirement System.
- Schedule of Contributions to Local Government Employees’ Retirement System.

Management’s Discussion and Analysis (pages 4 through 13) is also RSI. It is presented immediately before the basic financial statements



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Town of Hillsborough, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Beginning balance	\$ 1,316,618	\$ 783,583	\$ 727,333	\$ 641,574	\$ 566,336
Service cost	73,164	54,522	46,881	49,048	37,358
Interest on the total pension liability	25,142	25,173	26,226	19,749	21,303
Difference between expected and actual experience in the measurement of the total pension liability	(182,736)	96,611	(28,494)	80,147	(520)
Changes of assumptions or other inputs	(31,409)	379,515	25,289	(29,947)	45,993
Benefit payments	(27,805)	(22,786)	(13,652)	(33,238)	(28,896)
Other changes	-	-	-	-	-
Ending balance	<u>\$ 1,172,974</u>	<u>\$ 1,316,618</u>	<u>\$ 783,583</u>	<u>\$ 727,333</u>	<u>\$ 641,574</u>

	2017	2016	2015	2014	2013
Beginning balance	\$ 556,718	N/A	N/A	N/A	N/A
Service cost	36,956	N/A	N/A	N/A	N/A
Interest on the total pension liability	19,286	N/A	N/A	N/A	N/A
Difference between expected and actual experience in the measurement of the total pension liability	-	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	(13,621)	N/A	N/A	N/A	N/A
Benefit payments	(33,003)	N/A	N/A	N/A	N/A
Other changes	-	N/A	N/A	N/A	N/A
Ending balance	<u>\$ 566,336</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

Town of Hillsborough, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 1,172,974	\$ 1,316,618	\$ 783,583	\$ 727,333	\$ 641,574
Covered payroll	1,658,837	1,914,214	1,831,895	1,830,296	1,670,805
Total pension liability as a percentage of covered payroll	<u>70.71%</u>	<u>68.78%</u>	<u>42.77%</u>	<u>39.74%</u>	<u>38.40%</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability	\$ 566,336	N/A	N/A	N/A	N/A
Covered payroll	1,650,937	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered payroll	<u>34.30%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

Town of Hillsborough, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
OPEB Retirement Plan
Required Supplementary Information
Last Five Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 48,010	\$ 35,773	\$ 55,105	\$ 56,731	\$ 60,886
Interest	29,433	40,828	60,865	56,550	48,567
Difference between expected and actual experience	(34,606)	33,091	(461,361)	8,747	(2,066)
Changes of assumptions or other inputs	168,641	123,590	27,076	(45,522)	(78,864)
Net benefit payments and implicit subsidy credit (1)	(70,108)	(89,899)	(140,756)	(60,738)	(46,470)
Net change in total OPEB liability	141,370	143,383	(459,071)	15,768	(17,947)
Total OPEB liability:					
Beginning balance	<u>1,318,673</u>	<u>1,175,290</u>	<u>1,634,361</u>	<u>1,618,593</u>	<u>1,636,540</u>
Ending balance	<u>\$ 1,460,043</u>	<u>\$ 1,318,673</u>	<u>\$ 1,175,290</u>	<u>\$ 1,634,361</u>	<u>\$ 1,618,593</u>
Covered-employee payroll (2)	<u>\$ 5,323,777</u>	<u>\$ 5,736,330</u>	<u>\$ 5,736,330</u>	<u>\$ 5,180,570</u>	<u>\$ 5,180,570</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>27.42%</u>	<u>22.99%</u>	<u>20.49%</u>	<u>31.55%</u>	<u>31.24%</u>

Notes to the Schedule:

* - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

(1) - Net benefit payments shown above include the implicit subsidy (if any) for the year. The subsidy was \$19,700 for the 2021 fiscal year.

(2) - For years following the valuation date (when no new valuation is performed), covered-employee payroll has been set equal to the covered-employee payroll from the most recent valuation.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Town of Hillsborough, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Hillsborough's proportion of the net pension liability (asset) (%)	<u>0.0799%</u>	<u>0.0922%</u>	<u>0.0906%</u>	<u>0.0931%</u>	<u>0.0919%</u>
Hillsborough's proportion of the net pension liability (asset) (\$)	<u>\$ 1,225,190</u>	<u>\$ 3,292,912</u>	<u>\$ 2,472,850</u>	<u>\$ 2,209,362</u>	<u>\$ 1,404,436</u>
Hillsborough's covered payroll	<u>\$ 6,495,627</u>	<u>\$ 6,389,923</u>	<u>\$ 5,936,460</u>	<u>\$ 5,695,125</u>	<u>\$ 5,750,308</u>
Hillsborough's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>18.86%</u>	<u>51.53%</u>	<u>41.66%</u>	<u>38.79%</u>	<u>24.42%</u>
Plan fiduciary net position as a percentage of the total pension liability (1)	<u>95.51%</u>	<u>88.61%</u>	<u>90.86%</u>	<u>91.63%</u>	<u>94.18%</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Hillsborough's proportion of the net pension liability (asset) (%)	<u>0.0924%</u>	<u>0.0838%</u>	<u>0.0809%</u>	<u>0.0797%</u>	<u>N/A</u>
Hillsborough's proportion of the net pension liability (asset) (\$)	<u>\$ 1,961,038</u>	<u>\$ 376,224</u>	<u>\$ (477,164)</u>	<u>\$ 960,691</u>	<u>N/A</u>
Hillsborough's covered payroll	<u>\$ 5,235,777</u>	<u>\$ 4,861,624</u>	<u>\$ 4,672,868</u>	<u>\$ 4,428,097</u>	<u>N/A</u>
Hillsborough's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>37.45%</u>	<u>7.74%</u>	<u>-10.21%</u>	<u>21.70%</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of the total pension liability (1)	<u>91.47%</u>	<u>98.09%</u>	<u>102.47%</u>	<u>94.35%</u>	<u>N/A</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

Town of Hillsborough, North Carolina
Schedules of Contributions
Local Government Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 766,857	\$ 632,182	\$ 587,827	\$ 478,756	\$ 440,572
Contributions in relation to the contractually required contribution	<u>766,857</u>	<u>632,182</u>	<u>587,827</u>	<u>478,756</u>	<u>440,572</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hillsborough's covered payroll	<u>\$ 6,532,666</u>	<u>\$ 6,495,627</u>	<u>\$ 6,389,923</u>	<u>\$ 5,936,460</u>	<u>\$ 5,695,125</u>
Contributions as a percentage of covered payroll	<u>11.74%</u>	<u>9.73%</u>	<u>9.20%</u>	<u>8.06%</u>	<u>7.74%</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 429,432	\$ 356,396	\$ 357,402	\$ 333,343	N/A
Contributions in relation to the contractually required contribution	<u>429,432</u>	<u>356,396</u>	<u>357,402</u>	<u>333,343</u>	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A
Hillsborough's covered payroll	<u>\$ 5,750,308</u>	<u>\$ 5,235,777</u>	<u>\$ 4,861,624</u>	<u>\$ 4,672,868</u>	N/A
Contributions as a percentage of covered payroll	<u>7.47%</u>	<u>6.81%</u>	<u>7.35%</u>	<u>7.13%</u>	N/A

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.



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Supplementary Information

Supplementary information supplements the basic financial statements and is compiled from the same underlying accounting records used to prepare the basic financial statements. It also provides additional information to demonstrate legal compliance with budgetary requirements contained in various sections of NCGS 159, *The Local Government Budget and Fiscal Control Act*.

This section contains the following information:

Combining statements and individual fund schedules

- Major and nonmajor governmental funds
- Major and nonmajor enterprise funds

Other schedules

- Ad valorem (“property”) tax schedules



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Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	<u>2022</u>		Variance Positive (Negative)	<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUES				
Ad valorem taxes:				
Current	\$ 8,735,627	\$ 9,070,713	\$ 335,086	\$ 7,934,385
Penalties and interest	18,000	29,147	11,147	22,967
	<u>8,753,627</u>	<u>9,099,860</u>	<u>346,233</u>	<u>7,957,352</u>
Other taxes and licenses:				
Gross receipts on short-term rental property	3,500	3,773	273	9,510
Privilege licenses	100	840	740	713
Motor vehicle license fees	-	1,259	1,259	342
Solid waste disposal	5,000	7,299	2,299	5,845
	<u>8,600</u>	<u>13,171</u>	<u>4,571</u>	<u>16,410</u>
Unrestricted intergovernmental revenues:				
Local option sales tax	1,774,500	2,868,883	1,094,383	2,048,982
Franchise tax	550,000	612,720	62,720	596,383
Beer and wine tax	30,000	38,422	8,422	32,615
Food and beverage tax	420,820	472,244	51,424	397,198
Occupancy tax	72,100	108,989	36,889	72,042
Other	-	780	780	730
	<u>2,847,420</u>	<u>4,102,038</u>	<u>1,254,618</u>	<u>3,147,950</u>
Restricted intergovernmental revenues:				
Powell Bill	273,767	273,767	-	197,962
Covid Relief Funding	-	-	-	86,448
Other	-	12,884	12,884	7,471
	<u>273,767</u>	<u>286,651</u>	<u>12,884</u>	<u>291,881</u>
Use and rental fees:				
Zoning permits	50,000	58,658	8,658	72,843
Cable franchise	50,000	61,219	11,219	53,859
Fire inspection fees and permits	-	65	65	13,323
Park usage fees	2,500	6,060	3,560	2,695
Parking fines	-	-	-	20
	<u>102,500</u>	<u>126,002</u>	<u>23,502</u>	<u>142,740</u>
Investment earnings	<u>2,000</u>	<u>33,284</u>	<u>31,284</u>	<u>3,295</u>
Miscellaneous revenues	<u>26,500</u>	<u>39,718</u>	<u>13,218</u>	<u>85,674</u>
Total revenues	<u>12,014,414</u>	<u>13,700,724</u>	<u>1,686,310</u>	<u>11,645,302</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	<u>2022</u>		<u>2021</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
EXPENDITURES				
General government:				
Governing body:				
Personnel services		\$ 48,256		\$ 48,165
Other services and charges		176,788		184,186
Reimbursement from enterprise funds		(142,538)		(120,826)
	<u>\$ 160,788</u>	<u>82,506</u>	<u>\$ 78,282</u>	<u>111,525</u>
Facility Management:				
Personnel services		45,708		
Other services and charges		74,871		59,684
Debt Service Payments		205,078		200,171
Reimbursement from enterprise funds		(96,844)		(90,949)
	<u>261,317</u>	<u>228,813</u>	<u>32,504</u>	<u>168,906</u>
Administration:				
Personnel services		1,085,006		959,074
Other services and charges		464,315		369,506
Capital outlay		10,975		37,433
Reimbursement from enterprise funds		(798,534)		(701,964)
	<u>867,942</u>	<u>761,762</u>	<u>106,180</u>	<u>664,049</u>
Finance:				
Personnel services		325,072		367,559
Other services and charges		158,505		153,684
Reimbursement from enterprise funds		(289,201)		(271,046)
	<u>369,113</u>	<u>194,376</u>	<u>174,737</u>	<u>250,197</u>
Information Services:				
Personnel services		142,865		134,663
Other services and charges		521,163		353,571
Reimbursement from enterprise funds		(469,887)		(254,682)
	<u>333,204</u>	<u>194,141</u>	<u>139,063</u>	<u>233,552</u>
Planning:				
Personnel services		407,575		362,084
Other services and charges		75,120		80,363
	<u>600,555</u>	<u>482,695</u>	<u>117,860</u>	<u>442,447</u>
Fleet Maintenance:				
Personnel services		312,731		291,665
Other services and charges		187,617		128,803
Capital outlay		15,478		5,516
Debt service payments		78,750		80,530
Reimbursement from enterprise funds		(211,464)		(214,600)
	<u>411,683</u>	<u>383,112</u>	<u>28,571</u>	<u>291,914</u>
Total general government	<u>3,004,602</u>	<u>2,327,405</u>	<u>677,197</u>	<u>2,162,590</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	<u>2022</u>		<u>2021</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Public safety:				
Police department:				
Personnel services		\$ 3,156,895		\$ 2,694,133
Other services and charges		350,176		344,153
Capital outlay		243,643		-
Debt service payments		138,064		109,017
	<u>\$ 3,997,095</u>	<u>3,888,778</u>	<u>\$ 108,317</u>	<u>3,147,303</u>
Fire inspections/code enforcement:				
Personnel services		370		92,293
Other services and charges		-		5,094
	<u>373</u>	<u>370</u>	<u>3</u>	<u>97,387</u>
Safety:				
Personnel services		118,799		111,020
Other services and charges		70,254		41,797
Reimbursement from enterprise funds		(120,417)		(79,464)
	<u>126,536</u>	<u>68,636</u>	<u>57,900</u>	<u>73,353</u>
Fire protection:				
Other services and charges		1,349,175		1,214,763
Capital outlay		-		212,208
Debt service payments		-		50,201
	<u>1,488,275</u>	<u>1,349,175</u>	<u>139,100</u>	<u>1,477,172</u>
Total public safety	<u>5,612,279</u>	<u>5,306,959</u>	<u>305,320</u>	<u>4,795,215</u>
Transportation:				
Street department/Powell Bill:				
Personnel services		194,839		265,077
Other services and charges		286,420		200,471
Capital outlay		130,554		25,086
Debt service payments		15,727		41,018
	<u>1,325,094</u>	<u>627,540</u>	<u>697,554</u>	<u>531,652</u>
Total transportation	<u>1,325,094</u>	<u>627,540</u>	<u>697,554</u>	<u>531,652</u>
Environmental protection:				
Sanitation department:				
Personnel services		343,469		269,339
Other services and charges		191,486		153,532
Capital outlay		675,878		-
Debt service payments		74,983		32,255
	<u>1,688,177</u>	<u>1,285,816</u>	<u>402,361</u>	<u>455,126</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	<u>2022</u>		Variance Positive (Negative)	<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Cemetery:				
Other services and charges	\$ 11,100	\$ 9,277	\$ 1,823	\$ 3,334
	<u>1,699,277</u>	<u>1,295,093</u>	<u>404,184</u>	<u>458,460</u>
Economic and physical development:				
Tourism:				
Personnel Services		54,724		34,097
Other services and charges		552,992		411,569
	<u>703,368</u>	<u>607,716</u>	<u>95,652</u>	<u>445,666</u>
Total economic and physical development	<u>703,368</u>	<u>607,716</u>	<u>95,652</u>	<u>445,666</u>
Community activities and projects:				
Other services and charges		131,701		161,859
Debt service payments		94,576		96,683
	<u>229,642</u>	<u>226,277</u>	<u>3,365</u>	<u>258,542</u>
Parks and recreation:				
Personnel services		186,138		163,933
Other services and charges		353,189		307,762
Capital Outlay		5,763		20,954
Debt service payments		156,898		235,919
Reimbursement from enterprise funds		(12,254)		(13,368)
Total parks and recreation	<u>805,170</u>	<u>689,734</u>	<u>115,436</u>	<u>715,200</u>
Contingency	-	-	-	-
Total expenditures	<u>13,379,432</u>	<u>11,080,724</u>	<u>2,298,708</u>	<u>9,367,325</u>
Revenues over (under) expenditures	<u>(1,365,018)</u>	<u>2,620,000</u>	<u>3,985,018</u>	<u>2,277,977</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	2022		Variance Positive (Negative)	2021
	Final Budget	Actual		Actual
OTHER FINANCING SOURCES (USES)				
Transfer to other funds:				
General Capital Improvements Fund	\$ (764,270)	\$ (764,270)	\$ -	\$ (149,263)
General Capital Improvements Fund	(75,000)	(75,000)	-	-
General Capital Improvements Fund	-	-	-	(325,737)
General Capital Improvements Fund	(20,000)	(20,000)	-	(4,500)
General Capital Improvements Fund	(150,000)	(150,000)	-	-
Restricted Revenue Fund	-	-	-	(20,000)
General Capital Reserve Fund	(300,000)	(300,000)	-	-
Rail Station Capital Project	-	-	-	(34,000)
Transfer from other funds:				
Riverwalk - CMAQ Fund	-	-	-	5,403
Installment purchase obligations issued	300,017	-	(300,017)	300,000
Lease liabilities issued	-	144,064	144,064	-
Other financing sources (uses), net	<u>(1,009,253)</u>	<u>(1,165,206)</u>	<u>(155,953)</u>	<u>(228,097)</u>
APPROPRIATED FUND BALANCE	<u>2,374,271</u>	<u>-</u>	<u>(2,374,271)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,454,794</u>	<u>\$ 1,454,794</u>	<u>2,049,880</u>
Fund balance, beginning		<u>10,398,243</u>		<u>8,348,363</u>
Fund balance, ending		<u>\$ 11,853,037</u>		<u>\$ 10,398,243</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Restricted Revenue Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Restricted intergovernmental revenues	\$ 413,100	\$ 204,028	\$ 111,100	\$ 315,128	\$ (97,972)
Contributions and donations	79,847	79,197	650	79,847	-
Total revenues	<u>492,947</u>	<u>283,225</u>	<u>111,750</u>	<u>394,975</u>	<u>(97,972)</u>
EXPENDITURES					
Current:					
General government:					
Administration	4,610	-	-	-	4,610
Planning	414,931	181,600	-	181,600	233,331
Public safety:					
Police	27,970	9,299	8,119	17,418	10,552
Community Activity and Projects:					
Affordable housing projects	64,970	64,970	-	64,970	-
Parks and recreation	466	-	-	-	466
Total expenditures	<u>512,947</u>	<u>255,869</u>	<u>8,119</u>	<u>263,988</u>	<u>248,959</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>27,356</u>	<u>103,631</u>	<u>130,987</u>	<u>150,987</u>
OTHER FINANCING SOURCES					
Transfer from other funds:					
Transfer from General Fund	20,000	20,000	-	20,000	-
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 47,356</u>	103,631	<u>\$ 150,987</u>	<u>\$ 150,987</u>
Fund balance, beginning			<u>47,356</u>		
Fund balance, ending			<u>\$ 150,987</u>		

**Town of Hillsborough, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special	Capital Projects Funds			Total Nonmajor Governmental Funds
	Revenue Fund	Consolidated General Capital Projects	Public Works Building Capital Project	Public Safety Building Capital Project	
	CDBG Fund				
ASSETS					
Cash and investments	\$ -	\$ 1,799,875	\$ -	\$ -	\$ 1,799,875
Due from other governments	97,496	-	-	-	97,496
Total assets	<u>\$ 97,496</u>	<u>\$ 1,799,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,897,371</u>
LIABILITIES					
Accounts payable and accrued liabilities	97,496	\$ 298,302	\$ -	\$ -	\$ 395,798
Total liabilities	<u>97,496</u>	<u>298,302</u>	<u>-</u>	<u>-</u>	<u>395,798</u>
FUND BALANCES					
Committed for:					
Capital projects	-	1,501,573	-	-	1,501,573
Total fund balances	<u>-</u>	<u>1,501,573</u>	<u>-</u>	<u>-</u>	<u>1,501,573</u>
Total liabilities and fund balances	<u>\$ 97,496</u>	<u>\$ 1,799,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,897,371</u>

Town of Hillsborough, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special	Capital Projects Funds			Total Nonmajor Governmental Funds
	Revenue Fund	Consolidated General Capital Projects	Public Works Building Capital Project	Public Safety Building Capital Project	
	CDBG Fund				
REVENUES					
Restricted intergovernmental revenues	\$ 192,996	\$ -	\$ -	\$ -	\$ 192,996
Contributions and donations	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total revenues	192,996	-	-	-	192,996
EXPENDITURES					
Current:					
General government	-	44,057	-	-	44,057
Public safety	-	108,010	-	-	108,010
Economic and physical development	-	634,769	-	-	634,769
Community activities and projects	192,996	-	-	-	192,996
Total expenditures	192,996	786,836	-	-	979,832
Revenues under expenditures	-	(786,836)	-	-	(786,836)
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	-	1,499,083	-	-	1,499,083
Transfer to other funds	-	-	(128,200)	(61,613)	(189,813)
Other financing sources (uses), net	-	1,499,083	(128,200)	(61,613)	1,309,270
Net change in fund balances	-	712,247	(128,200)	(61,613)	522,434
Fund balances, beginning	-	789,326	128,200	61,613	979,139
Fund balances, ending	\$ -	\$ 1,501,573	\$ -	\$ -	\$ 1,501,573

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental revenues:					
Community Development Block Grant ("CDBG")	\$ 600,000	\$ -	\$ 192,996	\$ 192,996	\$ (407,004)
Total revenues	600,000	-	192,996	192,996	(407,004)
EXPENDITURES					
Community activities and projects:					
Administration	60,000	-	17,545	17,545	42,455
Public services	540,000	-	175,451	175,451	364,549
Total expenditures	600,000	-	192,996	192,996	407,004
Revenues over expenditures	-	-	-	-	-
OTHER FINANCING SOURCES					
Transfer from other funds	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Projects
From inception and for the year ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Restricted intergovernmental revenue:					
Transportation improvement					
Project (TIP)	\$ 986,000	\$ -	\$ -	\$ -	\$ (986,000)
Exchange Club Rd Bridge Project	126,447	-	-	-	(126,447)
Contributions and donations:					
Connectivity projects	8,000	19,146	-	19,146	11,146
Total revenues	<u>1,120,447</u>	<u>19,146</u>	<u>-</u>	<u>19,146</u>	<u>(1,101,301)</u>
EXPENDITURES					
General government:					
Connectivity projects					
Fiber Loop Project	72,500	8,340	44,057	52,397	20,103
Public Safety:					
Fire Station Project	300,000	-	-	-	300,000
Economic and physical development:					
Transportation improvement					
Project (TIP)	1,079,000	3,834	24,228	28,062	1,050,938
Valley Forge Road Project	1,203,917	44,418	600,541	644,959	558,958
NC 86 Renovation Project	2,225,982	-	10,000	10,000	2,215,982
Exchange Club Rd Bridge Project	170,000	-	-	-	170,000
Other:					
Construction	-	91,146	-	91,146	(91,146)
Total expenditures	<u>5,126,399</u>	<u>147,738</u>	<u>678,826</u>	<u>826,564</u>	<u>4,299,835</u>
Revenues under expenditures	<u>(4,005,952)</u>	<u>(128,592)</u>	<u>(678,826)</u>	<u>(807,418)</u>	<u>3,198,534</u>
OTHER FINANCING SOURCES					
Transfer from General Fund:					
Connectivity Projects					
Fiber Loop Project	64,500	44,500	20,000	64,500	-
Fire Station Project	300,000	150,000	150,000	300,000	-
Valley Forge Road Project	75,000	-	75,000	75,000	-
NC 86 Renovation Project	1,203,917	555,000	648,917	1,203,917	-
Exchange Club Rd Bridge Project	225,982	-	71,800	71,800	(154,182)
Transportation Improvement Project	43,553	-	43,553	43,553	-
Transfers from other funds:	93,000	34,000	-	34,000	(59,000)
Rail Station Project - TIP	-	19,290	-	19,290	19,290
Public Safety Building Project - to be reappropriated	-	-	61,613	61,613	61,613
Public Works Building Project - to be reappropriated	-	-	128,200	128,200	128,200
Proceeds from Installment Financing:					
NC 86 Renovation Project	2,000,000	-	-	-	(2,000,000)
Total other financing sources	<u>4,005,952</u>	<u>802,790</u>	<u>1,199,083</u>	<u>2,001,873</u>	<u>(2,004,079)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 674,198</u>	<u>520,257</u>	<u>\$ 1,194,455</u>	<u>\$ 1,194,455</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Projects
From inception and for the year ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
FUND BALANCE					
Fund balance, beginning (General Capital Projects Fund)			\$ 674,198		
Fund balance, ending				1,194,455	
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different for the Budgeted/Actual Statement due to the consolidation of the General Capital Reserve Fund					
Fund balance, beginning (Capital Reserve Fund)			115,128		
Public Safety:					
Waterstone Police			(108,010)		
Transfers from other funds			<u>300,000</u>		
Fund balance, ending (Consolidated General Capital Projects Fund)			<u>\$ 1,501,573</u>		

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Reserve Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 12,034	\$ -	\$ -	\$ -	\$ (12,034)
Total revenues	12,034	-	-	-	(12,034)
EXPENDITURES					
General Government:					
Sustainability	300,000	-	-	-	300,000
Public Safety:					
Waterstone Police	108,010	-	108,010	108,010	-
Total expenditures	408,010	-	108,010	108,010	300,000
Revenues over expenditures	(395,976)	-	(108,010)	(108,010)	287,966
OTHER FINANCING SOURCES (USES)					
Transfer to other funds	(609,024)	-	-	-	609,024
Transfer from other funds:					
General fund - General	300,000	-	300,000	300,000	-
General fund - Police	105,000	-	-	-	(105,000)
General fund - Fire	600,000	-	-	-	(600,000)
Residual from closed projects	-	115,128	-	115,128	115,128
Other financing sources (uses), net	395,976	115,128	300,000	415,128	19,152
Net change in fund balance	<u>\$ -</u>	<u>\$ 115,128</u>	191,990	<u>\$ 307,118</u>	<u>\$ 307,118</u>
Fund balance, beginning			115,128		
Fund balance, ending			<u>\$ 307,118</u>		

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Works Building Capital Project
From inception and for the year ended June 30, 2022

	Actual			Total To Date
	Prior Years	Current Year	Closed Out Projects	
EXPENDITURES				
Environmental protection:				
Design	\$ 25,982	\$ -	\$ (25,982)	\$ -
Construction	-	-	-	-
Total expenditures	<u>25,982</u>	<u>-</u>	<u>(25,982)</u>	<u>-</u>
Revenues under expenditures	(25,982)	-	25,982	-
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	154,182	-	(154,182)	-
Transfer to General Capital Projects Fund	<u>-</u>	<u>(128,200)</u>	<u>128,200</u>	<u>-</u>
Other financing sources (uses), net	<u>154,182</u>	<u>(128,200)</u>	<u>(25,982)</u>	<u>-</u>
Net change in fund balance	<u>\$ 128,200</u>	<u>(128,200)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning		<u>128,200</u>		
Fund balance, ending		<u>\$ -</u>		

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Safety Building Capital Project
From inception and for the year ended June 30, 2022

	Actual			Total To Date
	Prior Years	Current Year	Closed Out Projects	
EXPENDITURES				
Public safety:				
Construction	\$ -	\$ -	\$ -	\$ -
Miscellaneous	1,354	-	(1,354)	-
Total expenditures	1,354	-	(1,354)	-
Revenues under expenditures	(1,354)	-	1,354	-
OTHER FINANCING SOURCES				
Transfer from General Fund	62,967	-	(62,967)	-
Transfer to General Capital Projects Fund	-	(61,613)	61,613	-
Total other financing sources	62,967	(61,613)	(1,354)	-
Net change in fund balance	<u>\$ 61,613</u>	(61,613)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning		61,613		
Fund balance, ending		<u>\$ -</u>		

**Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Other Financing Sources
Budget and Actual (Non-GAAP) - Water and Sewer Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)**

	2022		Variance Favorable (Unfavorable)	2021
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Water charges	\$ 5,000,000	\$ 5,247,699	\$ 247,699	\$ 4,942,081
Sewer charges	5,089,000	5,297,371	208,371	4,901,924
System development fees	261,832	263,891	2,059	590,332
Other receipts	191,175	236,744	45,569	396,474
Total operating revenues	10,542,007	11,045,705	503,698	10,830,811
Non-operating revenues:				
Investment earnings	255	1,341	1,086	375
Total revenues	10,542,262	11,047,046	504,784	10,831,186
EXPENDITURES				
Engineering:				
Personnel services	433,093	348,249	84,844	410,691
Other services and charges	2,826,893	2,201,572	625,321	1,888,758
Total engineering	3,259,986	2,549,821	710,165	2,299,449
Billing and collection:				
Personnel services	351,378	326,543	24,835	312,566
Other services and charges	352,947	302,853	50,094	348,294
Capital outlay	31,000	-	31,000	-
Debt service payments	39,125	39,125	-	39,125
Total billing and collection	774,450	668,521	105,929	699,985
Water treatment plant:				
Personnel services	590,402	509,732	80,670	592,720
Other services and charges	493,212	421,838	71,374	275,065
Repairs and maintenance	246,914	252,169	(5,255)	144,167
Debt service payments	86,360	86,360	-	91,314
Total water treatment plant	1,416,888	1,270,099	146,789	1,103,266
Water distribution:				
Personnel services	562,555	544,750	17,805	504,850
Other services and charges	290,335	242,575	47,760	207,782
Repairs and maintenance	108,050	52,276	55,774	46,024
Capital outlay	116,171	94,007	22,164	13,561
Debt service payments	101,470	94,122	7,348	98,624
Total water distribution	1,178,581	1,027,730	150,851	870,841

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Other Financing Sources
Budget and Actual (Non-GAAP) - Water and Sewer Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	<u>2022</u>		Variance Favorable (Unfavorable)	<u>2021</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
EXPENDITURES (Continued)				
Wastewater collection:				
Personnel services	\$ 560,477	\$ 472,258	\$ 88,219	\$ 490,130
Other services and charges	438,534	187,665	250,869	255,024
Repairs and maintenance	219,243	109,386	109,857	75,875
Capital outlay	496,439	347,701	148,738	-
Debt service payments	-	-	-	15,082
Total wastewater collection	<u>1,714,693</u>	<u>1,117,010</u>	<u>597,683</u>	<u>836,111</u>
Wastewater treatment plant:				
Personnel services	559,162	553,011	6,151	502,927
Other services and charges	373,090	322,808	50,282	314,200
Repairs and maintenance	236,574	184,886	51,688	178,517
Debt service payments	1,174,704	1,174,704	-	1,196,565
Total wastewater treatment plant	<u>2,343,530</u>	<u>2,235,409</u>	<u>108,121</u>	<u>2,192,209</u>
Reservoir:				
Other services and charges	42,501	25,212	17,289	22,419
Repairs and maintenance	28,708	13,688	15,020	9,904
Debt service payments	839,828	839,821	7	840,441
Total reservoir	<u>911,037</u>	<u>878,721</u>	<u>32,316</u>	<u>872,764</u>
Total expenditures	<u>11,599,165</u>	<u>9,747,311</u>	<u>1,851,854</u>	<u>8,874,625</u>
Revenues over (under) expenditures	<u>(1,056,903)</u>	<u>1,299,735</u>	<u>2,356,638</u>	<u>1,956,561</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Utilities Capital Improvements Fund	(429,200)	(429,200)	-	(150,000)
Transfer to Water System Development Reserve Fund	(149,408)	(149,408)	-	(333,054)
Transfer to Sewer System Development Reserve Fund	(112,424)	(112,424)	-	(257,278)
Transfer from Water Capital Reserve Fund	-	-	-	175,000
Transfer from Utilities Capital Improvements Fund	-	-	-	2,388
Transfer from Water and Sewer Capital Reserve Fund	-	-	-	3,761
Insurance proceeds	-	-	-	49,360
Other financing uses, net	<u>(691,032)</u>	<u>(691,032)</u>	<u>-</u>	<u>(509,823)</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Other Financing Sources
Budget and Actual (Non-GAAP) - Water and Sewer Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues over expenditures and other financing uses, net	\$ (1,747,935)	\$ 608,703	\$ 2,356,638	\$ 1,446,738
APPROPRIATED FUND BALANCE	<u>1,747,935</u>	<u>-</u>	<u>(1,747,935)</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures and other financing uses, net	<u>\$ -</u>	<u>\$ 608,703</u>	<u>\$ 608,703</u>	<u>\$ 1,446,738</u>
Reconciliation from budgetary basis (modified accrual) to the full accrual basis of accounting:				
Revenues and appropriated fund balance over expenditures and other financing uses, net		\$ 608,703		\$ 1,446,738
Reconciling items:				
Revenue activity:				
Investment earnings - enterprise capital projects		2,212		524
Investment earnings - enterprise capital reserves		12,288		1,331
Capital contributions - ARPA Fund		83,460		-
Personnel activity:				
Pension expense - LGERS		131,397		(176,030)
OPEB expense		5,550		(16,610)
Payroll accrual - compensated absences		(1,749)		(68,010)
Capital outlay activity:				
Capital outlay		441,708		13,561
Depreciation		(1,819,090)		(1,685,728)
Loss on disposal of capital assets		(15,700)		-
Contributed capital		932,736		289,872
Noncapitalized expenditures - enterprise capital projects		(5,000)		(325)
Long-term debt activity:				
Payment of principal on notes, bonds and installment		1,418,557		1,424,933
Interest expense accrual adjustment		6,700		7,226
Amortization of premium on bonds payable		56,485		49,455
Internal transfer activity:				
Transfer to Water and Sewer Capital Projects		691,032		740,332
Transfer from Water and Sewer Capital Projects		-		(181,149)
Change in net position		<u>\$ 2,549,289</u>		<u>\$ 1,846,120</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Utilities Capital Improvements Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
EDD water line extension	509,404	27,438	-	27,438	481,966
Churton Street main replacement	430,000	-	-	-	430,000
16" Water connection under I-40	565,000	159,541	344,598	504,139	60,861
Booster pump station	180,000	33,094	2,499	35,593	144,407
Adron Thompson Facility Revovation	290,000	-	-	-	290,000
Churton Street sewer replacement	500,000	310,090	-	310,090	189,910
River pump station	433,800	32,110	1,690	33,800	400,000
Wastewater system rehab	415,895	25,385	127,200	152,585	263,310
Gov Burke Rd water main replace.	30,000	-	-	-	30,000
WTP filters repairs 2 and 3	179,200	-	174,200	174,200	5,000
Total expenditures	3,533,299	587,658	650,187	1,237,845	2,295,454
Revenues under expenditures	(3,533,299)	(587,658)	(650,187)	(1,237,845)	2,295,454
OTHER FINANCING SOURCES					
Transfer from other funds:					
Water and Sewer Operating Fund	2,198,895	1,769,695	429,200	2,198,895	-
Water Capital Reserve Fund	754,404	724,404	30,000	754,404	-
Sewer Capital Reserve Fund	580,000	200,000	380,000	580,000	-
Total other financing sources	3,533,299	2,694,099	839,200	3,533,299	-
Revenues and other financing sources over expenditures	\$ -	\$ 2,106,441	\$ 189,013	\$ 2,295,454	\$ 2,295,454

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - West Fork ENO Reservoir Project Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 213,793	\$ 213,205	\$ 542	\$ 213,747	\$ (46)
EXPENDITURES					
West Fork Eno Reservoir:					
Design	139,711	-	-	-	139,711
Construction	596,023	-	-	-	596,023
Total expenditures	735,734	-	-	-	735,734
Revenues over (under) expenditures	(521,941)	213,205	542	213,747	735,688
OTHER FINANCING SOURCES					
Transfer from other funds	521,941	521,941	-	521,941	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 735,146</u>	<u>\$ 542</u>	<u>\$ 735,688</u>	<u>\$ 735,688</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Mill Creek Road Project Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 6,796	\$ 6,644	\$ 1,670	\$ 8,314	\$ 1,518
EXPENDITURES					
Design	132,468	120,690	-	120,690	11,778
Land Aquisition	5,500	5,202	-	5,202	298
Construction Administration	310,000	266,232	29,098	295,330	14,670
Construction	2,458,323	1,663,369	770,237	2,433,606	24,717
Miscellaneous	371,505	111,425	5,000	116,425	255,080
Total expenditures	3,277,796	2,166,918	804,335	2,971,253	306,543
Revenues under expenditures	(3,271,000)	(2,160,274)	(802,665)	(2,962,939)	308,061
OTHER FINANCING SOURCES					
Issuance of installment purchase agreement	3,271,000	3,271,000	-	3,271,000	-
Total other financing sources	3,271,000	3,271,000	-	3,271,000	-
Revenues and other other financing sources over (under) expenditures	\$ -	\$ 1,110,726	\$ (802,665)	\$ 308,061	\$ 308,061

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Water and Sewer Capital Reserve Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Capital contributions	\$ 1,066,190	\$ 1,066,190	\$ -	\$ 1,066,190	\$ -
Investment earnings	300,868	389,471	12,288	401,759	100,891
Total revenues	<u>1,367,058</u>	<u>1,455,661</u>	<u>12,288</u>	<u>1,467,949</u>	<u>100,891</u>
EXPENDITURES					
Capital improvements - water	794,415	-	-	-	794,415
Capital improvements - sewer	1,949,845	-	-	-	1,949,845
Total expenditures	<u>2,744,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744,260</u>
Revenues over (under) expenditures	<u>(1,377,202)</u>	<u>1,455,661</u>	<u>12,288</u>	<u>1,467,949</u>	<u>2,845,151</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds:					
Water and Sewer Operating Fund	12,664,360	12,664,360	-	12,664,360	-
Transfers to other funds:					
Water and sewer operating fund	(7,866,980)	(7,866,980)	-	(7,866,980)	-
Water and sewer capital project funds	(1,299,553)	(1,299,553)	-	(1,299,553)	-
Water System Development Fund	(1,106,017)	(1,106,017)	-	(1,106,017)	-
Sewer System Development Fund	(1,014,608)	(1,014,608)	-	(1,014,608)	-
Other financing sources (uses), net	<u>1,377,202</u>	<u>1,377,202</u>	<u>-</u>	<u>1,377,202</u>	<u>-</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,832,863</u>	<u>\$ 12,288</u>	<u>\$ 2,845,151</u>	<u>\$ 2,845,151</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Water System Development Reserve Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES					
Capital improvements - water	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers from other funds:					
Water and sewer capital reserve	1,069,404	1,106,017	-	1,106,017	36,613
Water and sewer operating fund	784,406	596,183	149,408	745,591	(38,815)
Transfers to other funds:					
Utility Capital Project - EDD water line	(259,404)	(259,404)	-	(259,404)	-
Utility Capital Project - 16" water connect.	(465,000)	(465,000)	-	(465,000)	-
Utility Capital Project - U.S. 70 Design	(345,000)	-	-	-	345,000
Utility Capital Project - U.S. 70 Phase 1	(429,998)	-	-	-	429,998
Utility Capital Project - Gov Burke Wtr Main	(179,408)	-	(30,000)	(30,000)	149,408
Water and sewer operating fund - debt service	(175,000)	(175,000)	-	(175,000)	-
Other financing sources (uses), net	-	802,796	119,408	922,204	922,204
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 802,796	\$ 119,408	\$ 922,204	\$ 922,204

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Sewer System Development Reserve Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
Future capital improvements	-	-	-	-	-
Revenues over expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers from other funds:					
Water and Sewer Capital Project fund	1,249,170	1,265,385	-	1,265,385	16,215
Water and Sewer Capital Project fund	512,424	200,000	112,424	312,424	(200,000)
Transfers to other funds:					
River Pump upgrade project	(512,424)	(200,000)	(200,000)	(400,000)	112,424
Collection sysytem rehab project	(1,249,170)	-	(180,000)	(180,000)	1,069,170
Other financing sources (uses), net	-	1,265,385	(267,576)	997,809	997,809
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,265,385	\$ (267,576)	\$ 997,809	\$ 997,809

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - ARPA Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Capital contributions:					
Federal funds-ARPA	\$ 223,460	\$ -	\$ 83,460	\$ 83,460	\$ (140,000)
Investment earnings	-	-	-	-	-
Total revenues	<u>223,460</u>	<u>-</u>	<u>83,460</u>	<u>83,460</u>	<u>(140,000)</u>
EXPENDITURES					
Capital improvements-WTP Filters	83,460	-	83,460	83,460	-
Capital improvements-WTP Paving	90,000	-	-	-	90,000
Capital improvements-WTP SCADA Update	50,000	-	-	-	50,000
Total expenditures	<u>223,460</u>	<u>-</u>	<u>83,460</u>	<u>83,460</u>	<u>140,000</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Other Financing Uses
Budget and Actual (Non-GAAP) - Stormwater Fund
Year Ended June 30, 2022 (with Comparative Actual Amounts for 2021)

	2022		2021	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Operating revenues:				
Stormwater charges	\$ 696,963	\$ 718,994	\$ 22,031	\$ 702,276
Other operating revenues	500	1,100	600	250
Total revenues	697,463	720,094	22,631	702,526
EXPENDITURES				
Operating expenditures:				
Personnel services	287,757	265,355	22,402	267,202
Other services and charges	309,793	241,651	68,142	177,178
Repairs and maintenance	183,646	87,317	96,329	60,499
Total expenditures	781,196	594,323	186,873	504,879
Revenues over (under) expenditures	(83,733)	125,771	209,504	197,647
OTHER FINANCING USES				
Transfers to other funds	-	-	-	(100,000)
APPROPRIATED FUND BALANCE	83,733	-	(83,733)	-
	<u>\$ -</u>	<u>125,771</u>	<u>\$ 125,771</u>	<u>97,647</u>
Reconciliation from budgetary basis (modified accrual) to the full accrual basis of accounting:				
Depreciation expense		(56,490)		(56,490)
Payroll accrual - compensated absences		(3,227)		(3,538)
Pension expense - LGERS		11,780		(19,018)
OPEB expense		291		1,464
Stormwater capital projects fund:				
Transfer from Stormwater operating fund		-		100,000
Change in net position		<u>\$ 78,125</u>		<u>\$ 120,065</u>

Town of Hillsborough, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Stormwater Capital Improvements Fund
From inception and for the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
Valley Forge Road infrastructure	100,000	-	100,000	100,000	-
Revenues over expenditures	(100,000)	-	(100,000)	(100,000)	-
OTHER FINANCING SOURCES					
Transfer from other funds:					
Stormwater operating fund	100,000	100,000	-	100,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 100,000</u>	(100,000)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>100,000</u>		
Fund balance, end of year			<u>\$ -</u>		

**Town of Hillsborough, North Carolina
 Schedule of Ad Valorem Taxes Receivable
 Year ended June 30, 2022**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Ending Balance</u>
2021-2022	\$ -	\$ 9,003,418	\$ 8,934,342	\$ 69,076
2020-2021	73,103	-	30,701	42,402
2019-2020	28,932	-	11,806	17,126
2018-2019	23,507	-	8,744	14,763
2017-2018	14,446	-	5,475	8,971
2016-2017	9,741	-	3,762	5,979
2015-2016	5,800	-	1,523	4,277
2014-2015	5,878	-	1,178	4,700
2013-2014	8,505	-	736	7,769
2012-2013	10,034	-	2,969	7,065
2011-2012	4,580	-	4,580	-
	<u>\$ 184,526</u>	<u>\$ 9,003,418</u>	<u>\$ 9,005,816</u>	182,128
				(40,000)
				<u>\$ 142,128</u>

Less: allowance for uncollectible accounts

Ad valorem taxes receivable, net

RECONCILIATION OF COLLECTIONS AND CREDITS TO RECORDED REVENUE

Ad valorem taxes - General Fund	\$ 9,099,860
Penalties and interest	(29,147)
Statutory write-off after 10 years	(4,580)
Other adjustments	(60,317)
	<u>\$ 9,005,816</u>

Town of Hillsborough, North Carolina
Analysis of Current Tax Levy
Year Ended June 30, 2022

Schedule 21

	Town-Wide		Total Levy		
	(1) Property Valuation	Rate	(2) Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY					
Property taxed at current year's rate	\$ 1,409,396,734	0.587	\$ 8,273,159	\$ 8,273,159	\$ -
Motor vehicle license fees, tax and tag together	124,405,225		730,259	-	730,259
Total property valuation	<u>\$ 1,533,801,959</u>				
Net levy			9,003,418	8,273,159	730,259
Uncollected taxes at year-end			69,076	69,076	-
Current year's taxes collected			<u>\$ 8,934,342</u>	<u>\$ 8,204,083</u>	<u>\$ 730,259</u>
Collection percentage			<u>99.23%</u>	<u>99.17%</u>	<u>100.00%</u>

Notes to Schedule:

- (1) - Total adjusted levy includes discoveries and abatements.
- (2) - Property tax valuation prior to the discoveries and abatements.

COMPLIANCE SECTION

This section of the Town of Hillsborough's (the "Town") annual financial report presents the independent auditors' reports on compliance and controls as required by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (aka "Yellow Book").

North Carolina General Statute ("NCGS") 159-34 establishes rules and regulations related to annual audit requirements. NCGS 159-34(b) authorizes the Local Government Commission to, *"issue rules and regulations for the purpose of improving the quality of auditing and the quality and comparability of reporting pursuant to this section or any similar section of the General Statutes"*. As such, units that expended more than \$100,000 in combined federal and state awards is required to have an annual audit performed in accordance with audit standards generally accepted in the United States of America and the Yellow Book.



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**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

Members of Town Council
Town of Hillsborough, North Carolina

We have audited, in accordance with the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hillsborough (the Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-002, 2022-003, and 2022-004 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2022-001.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the Schedule of Findings and Responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

PBMares, LLP

Morehead City, North Carolina
June 29, 2023

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2022-001: Material Noncompliance and Material Weakness in Internal Control over Compliance – Timeliness of Audited Financial Statements Submission

Criteria: North Carolina General Statute 159-34 (NC G.S. 159-34) requires the submission of the annual audit four months past the end of the fiscal year, with an extended due date at five months past the end of the fiscal year.

Condition and Context: The June 30, 2022 financial statements were not submitted to the North Carolina Local Government Commission until over eight months past the original due date or seven months past the extended due date.

Effect: The Town has not complied with NC G.S. 159-34.

Cause: The main cause is due to staff turnover.

Recommendation: We recommend the Town continue utilizing the third party accounting firm to aid in the timeliness of the audit.

Management’s Response: The Finance Service Department will be fully staffed entering fiscal year 23/24. Being fully staffed with qualified individuals in the Finance Service Department will enable the Town to have timely audited financial statements submitted to the Local Government Commission. The Town will continue utilizing the third-party accounting firm to aid in the timeliness of the audit.

Finding 2022-002: Significant Deficiency in Internal Control – Accrued Compensated Absences

Criteria: Government Accounting Standards Board (GASB) Codification Section C60-Compensated Absences paragraph .104 states:

“Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.”

Condition and Context: The June 30, 2022 subsidiary ledger for accrued compensated absences was not appropriately calculating a liability for each individual employee. The subsidiary ledger did not include all employees with accrued compensated absences at June 30, 2022. For the June 30, 2021 year end, the Town failed to record the compensated absences for the “police leave” portion of the subsidiary ledger.

Effect: The Governmental Activities June 30, 2021 compensated absences were understated by \$130,627. The June 30, 2022 compensated absences are understated by \$116,428 and \$84,023 in Governmental Activities and the Water and Sewer Fund, respectively. The June 30, 2022 vacation expense is overstated in Governmental Activities by \$14,199 and understated in the Water and Sewer Fund by \$84,023.

Cause: Lack of sufficient review of the accrued compensated absences detail subsidiary ledger.

Recommendation: We recommend the Town perform a detailed review of the system-generated compensated absences subsidiary ledger to ensure completeness, accuracy, and that all appropriate leave types are included and accrued for at year end.

Management's Response: The Town will perform, on a quarterly basis, a detailed review of the system-generated compensated absences subsidiary ledger to ensure completeness, accuracy, and that all appropriate leave types are included and accrued for at year end.

Finding 2022-003: Significant Deficiency in Internal Control – Year-End Cutoff

Criteria: Generally Accepted Accounting Principles dictate transactions should be recorded in the period in which they occur.

Condition and Context: The Town recognized the purchase of two vehicles in the Water and Sewer Fund in the June 30, 2022 year end, where the purchase occurred in the June 30, 2023 year end. Additionally, the Town recognized revenue in the June 30, 2022 year end for revenue that occurred and should have been accrued for as a receivable in the June 30, 2021 year end in the Fiduciary Fund.

Effect: At June 30, 2022, capital assets and accounts payable in the Water and Sewer Fund are overstated by \$139,550. Revenue in the Fiduciary Fund is overstated by \$20,960 for the year ending June 30, 2022.

Cause: Lack of sufficient review of cut-off invoices for both payables and receivables in the year-end accrual process.

Recommendation: We recommend the Town adhere to their prescribed policy of recording transactions in the period in which they occur. Additionally, we recommend the Town strengthen their review process to ensure reporting of transactions in the appropriate reporting period.

Management's Response: The Town will adhere and strengthen their review process to ensure reporting of transactions in the appropriate reporting period.

Finding 2022-004: Significant Deficiency in Internal Control – Removal of Capital Assets

Criteria: When retiring a capital asset, Generally Accepted Accounting Principles require the corresponding accumulated depreciation related to the retired asset be removed as well, resulting in the retirement of the capital asset net of accumulated depreciation.

Condition and Context: Prior to the fiscal year ending June 30, 2022, the Town failed to remove the accumulated depreciation for several assets. The Town recognized and corrected the error while preparing the financial statements in the current year.

Effect: The current year depreciation expense is understated by \$155,959 and \$202,690 for Governmental Activities and the Water and Sewer Fund, respectively.

Cause: Oversight and lack of review by former Town employees.

Recommendation: We recommend the Town continue to appropriately remove capital assets, as was done for the June 30, 2022 fiscal year.

Management's Response: The Town will continue to appropriately remove capital assets, as was done for the June 30, 2022 fiscal year.

Town of Hillsborough Tourism Board

(A Component Unit of the Town of Hillsborough, North Carolina)

Financial Statements and Supplementary Information

As of and for the year ended June 30, 2022



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Individual Fund Schedule

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hillsborough Tourism Board

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Hillsborough Tourism Board (the Board), a component unit of the Town of Hillsborough, North Carolina, which comprise the governmental activities, the major fund and the general fund budget to actual comparison as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities, the major fund and the general fund budget to actual comparison of the Board, as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The individual fund statement and budgetary schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit and the procedures as described above, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

PBMares, LLP

Morehead City, North Carolina
June 29, 2023

Management’s Discussion and Analysis

As management of the Hillsborough Tourism Board (the “Board”), we offer readers of the Board’s financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Board’s financial statements, which follow this narrative.

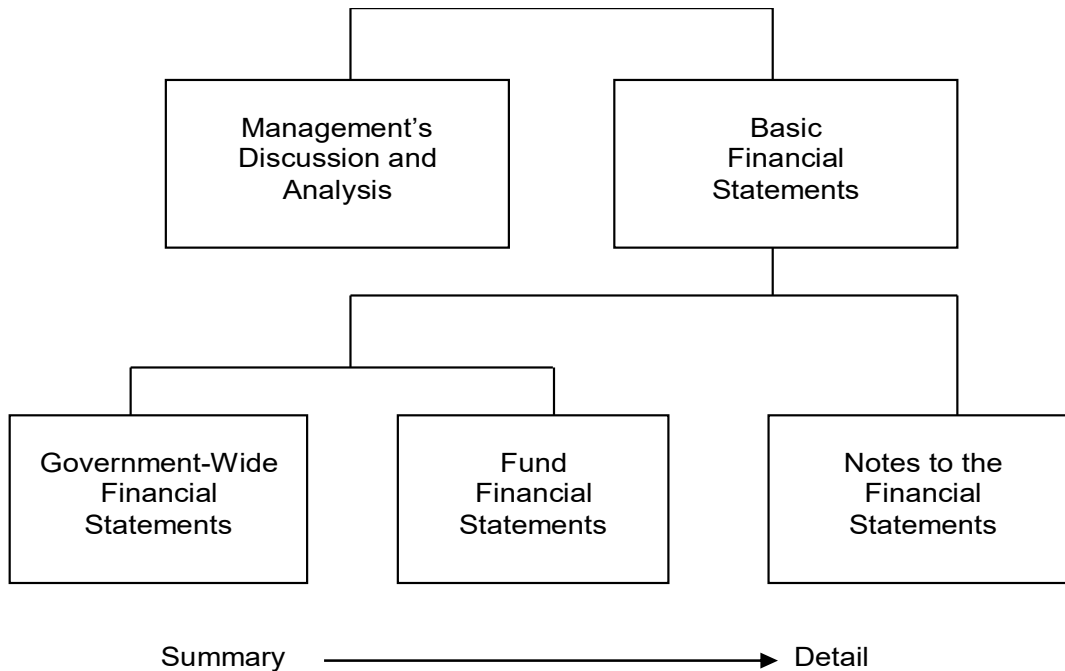
Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$512,225 (net position). The cash balance at the close of the fiscal year was \$437,548.
- The Board’s total net position increased by \$81,183 due to an increase in revenues as the country emerges from the COVID pandemic.
- As of the close of the current fiscal year, the Board’s governmental fund reported a fund balance of \$512,225. This amount is comprised of restricted fund balance of \$95,084, assigned fund balance of \$19,435 and unassigned fund balance of \$397,706.
- The Board’s total fund balance increased by \$81,183 due to an increase in revenues as noted above.

Overview of the Basic Financial Statements

Management’s Discussion and Analysis is intended to serve as an introduction to the Board’s basic financial statements. The Board’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 Board 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 Board.

**Required Components of the Basic Financial Statements
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 Board’s financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Board’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental fund statements and (2) the budgetary comparison 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, **supplementary information** is provided to show details about the Board’s individual fund. Budgetary information required by the North Carolina 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 Board’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 Board’s financial status as a whole.

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

**Hillsborough Tourism Board
Management’s Discussion and Analysis (Unaudited)**

The government-wide statements are comprised of governmental activities. The governmental activities include most of the Board’s basic services related to tourism. The primary revenue source for the Board is a one percent sales tax on “prepared food and beverages” assessed and collect by the Town of Hillsborough (the “Town”) on behalf of the Board.

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 Board’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 Board, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Board’s budget ordinance. The Board currently maintains one governmental fund which is the General Fund. Additional funds may be created if the need arises.

Governmental funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Board’s basic services are accounted for in a governmental fund as mentioned above. A governmental fund focuses 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. This is referred to as a “current available resources” measurement focus and the accounting method used is called the *modified accrual accounting*. 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 Board’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. There were no reconciling differences to report this year.

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 are on pages 13 through 17 of this report.

Government-wide financial analysis

**Hillsborough Tourism Board
Summarized Statements of Net Position**

Figure 2

	Governmental Activities	
	2022	2021
ASSETS		
Current assets	\$ 532,632	\$ 437,516
LIABILITIES		
Current liabilities	20,407	6,474
NET POSITION		
Restricted	95,084	102,692
Unrestricted	417,141	328,350
Total net position	\$ 512,225	\$ 431,042

**Hillsborough Tourism Board
Management’s Discussion and Analysis (Unaudited)**

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Board exceeded liabilities by \$512,225 as of June 30, 2022 which is an increase of \$81,183. This increase will be explained in the next section related to the discussion of Figure 3. The restricted portion of the Board’s net position was \$95,084 as of June 30, 2022 which is a decrease of \$7,608. This restriction is a function of year-end receivables as required under North Carolina General Statutes (“G.S.”). The remaining balance of \$417,141 is unrestricted as defined by the Government Accounting Standards Board. However, the unrestricted portion will be used to fulfill the Board’s mission.

**Hillsborough Tourism Board
Summarize Statements of Activities**

Figure 3

	Governmental Activities	
	2022	2021
GENERAL REVENUES		
Food and Beverage Taxes	\$ 445,428	\$ 370,443
EXPENSES		
Economic and physical development	364,245	343,210
Change in net position	81,183	27,233
NET POSITION		
Beginning of year	431,042	403,809
End of year	\$ 512,225	\$ 431,042

Governmental activities. Governmental activities increased the Board’s net position by \$81,183. The increase is primarily due to an increase in revenues which can be attributed to the end of the pandemic. Expenses increased six percent but total expenses were within budget.

Financial analysis of the Board’s funds

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

Governmental funds. The focus of the Board’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Board. At the end of the current fiscal year, total fund balance reached \$512,225, of which \$95,084 was restricted by state statute, \$19,435 is assigned for expenditures in the FY22 budget and \$397,706 was unassigned.

**Hillsborough Tourism Board
Management’s Discussion and Analysis (Unaudited)**

Economic factors and next year’s budgets and rates

Funding for these services comes from the 1.0% sales tax levied by the Town on prepared food and beverages. Special legislation was passed by the North Carolina General Assembly allowing the Town to levy the Food and Beverage Tax and to fund tourism-related activities. The Town receives 6% of these funds for administering the financial management of these monies. The remaining funds are used to provide visitor services and facilities, programs and services designed to attract tourists to the Town. The Board decides each year which applicants’ projects or activities will be awarded grants, sponsorships and contracts for the tourism services. The amount of funding each year depends on the amount of the 1.0% tax receipts collected by the Town.

Effective July 1, 2020, the agreement for staff support services with the Town of Hillsborough was revised. The revised agreement is renewable in two-year intervals, unless terminated sooner, and requires the Board to provide 40% cost coverage of salary and benefits for a full time Economic Development Planner position employed by the Town.

Budget highlights for the fiscal year ending June 30, 2023

The food and beverage tax revenue budget for FY 23 is expected to increase to \$400,000 which is greater than FY 22’s budget of \$325,000 and slightly less than FY 22 actual. Budgeted expenditures are also expected to increase to \$419,435. As a result, appropriated fund balance for FY23 is \$19,435 which is approximately \$31,000 less than the FY 22 final fund balance appropriation.

The contract between the Town and the Board for support services expired on June 30, 2022. Both parties agreed to continue the provisions contained in the expiring contract through June 30, 2023, and during FY23 to develop an allocation methodology reflective of the Town’s re-structured support of tourism and economic development. The Board expects to have a revised agreement in effect by the end of the fiscal year ending June 30, 2023.

Requests for information

This report is designed to provide an overview of the Hillsborough Tourism Board’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, c/o Hillsborough Tourism Board, Hillsborough, North Carolina, or by telephone at (919) 296-9451.

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Basic Financial Statements

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**Hillsborough Tourism Board
Statement of Net Position
June 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 437,548
Due from other governments:	
Food and beverage taxes	95,067
Sales taxes	<u>17</u>
Total assets	<u>532,632</u>
LIABILITIES	
Accounts payable	<u>20,407</u>
NET POSITION	
Restricted:	
Stabilization by State Statute	95,084
Unrestricted	<u>417,141</u>
Total net position	<u><u>\$ 512,225</u></u>

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

**Hillsborough Tourism Board
Statement of Activities
Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Economic and physical development	\$ 364,245	\$ -	\$ -	\$ -	\$ (364,245)
Total governmental activities	<u>\$ 364,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(364,245)</u>
GENERAL REVENUES					
Food and Beverage Taxes					<u>445,428</u>
Change in net position					81,183
NET POSITION					
Beginning of year					<u>431,042</u>
End of year					<u>\$ 512,225</u>

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

**Hillsborough Tourism Board
Balance Sheet - Governmental Fund
June 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash	\$ 437,548
Due from other governments:	
Food and beverage taxes	95,067
Sales taxes	17
	<u> </u>
Total assets	<u><u>\$ 532,632</u></u>
 LIABILITIES	
Accounts payable	<u>\$ 20,407</u>
 FUND BALANCE	
Restricted:	
Stabilization by State Statute	95,084
Assigned:	
Subsequent year's expenditures	19,435
Unassigned	<u>397,706</u>
Total fund balance	<u>512,225</u>
Total liabilities and fund balance	<u><u>\$ 532,632</u></u>

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

**Hillsborough Tourism Board
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2022**

	<u>General Fund</u>
REVENUES	
Unrestricted intergovernmental revenue:	
Food and beverage taxes	\$ 445,428
EXPENDITURES	
Economic and physical development:	
Tourism	364,245
Net change in fund balance	81,183
FUND BALANCE	
Beginning of year	431,042
End of year	<u>\$ 512,225</u>

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

Hillsborough Tourism Board
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Unrestricted intergovernmental revenue:				
Food and beverage taxes	\$ 325,000	\$ 325,000	\$ 445,428	\$ 120,428
EXPENDITURES				
Economic and physical development:				
Tourism	367,364	375,736	364,245	11,491
Revenues over (under) expenditures	(42,364)	(50,736)	81,183	131,919
OTHER FINANCING SOURCES				
Appropriated fund balance	42,364	50,736	-	(50,736)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	81,183	<u>\$ 81,183</u>
FUND BALANCE				
Beginning of year			<u>431,042</u>	
End of year			<u>\$ 512,225</u>	

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

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Hillsborough Tourism Board (the "Board") conform to generally accepted accounting principles as applicable to government entities. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Board was created on November 8, 1993, by resolution of the Town of Hillsborough, North Carolina (the "Town"), under the authority of the North Carolina General Assembly. The Board is responsible for promoting tourism within the Town of Hillsborough. The Board receives revenues through a one percent prepared food and beverage tax, as of July 23, 1993. The Town remits the taxes collected to the Board, net of a six percent fee for administering the tax. The remaining funds are used to provide visitor services and facilities, programs and services designed to attract tourists to the Town. The Town's Tourism Board decides each year which applicants' projects or activities will be awarded grants, sponsorships and contracts for tourism services. The amount of funding each year depends on the amount of the 1.0% tax receipts collected by the Town.

The members of the Board are appointed by the Town. In addition, the Town levies and collects the food and beverage taxes on behalf of the Board. Therefore, the Board is determined to be a component unit of the Town included and is presented as a discretely presented component unit in the Town's annual comprehensive financial report.

B. Government-wide and fund financial statements

Government-wide financial statements, the statement of net position and the statement of activities, display information about the government as a whole. These statements include the financial transactions for all activities of the Board.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Board'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 fees and charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues.

Fund financial statements provide information about the Board's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Board reports the following major governmental fund:

The **General Fund** is the general operating fund of the Board. It accounts for all financial resources.

C. Measurement focus and basis of accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements 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.

Hillsborough Tourism Board
Notes to Financial Statements

The Board recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return. The Board considers all revenues available if they are collected within 90 days after year-end.

D. Budgetary data

Budgets are adopted as required by North Carolina State Statutes (“G.S.”). An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Any revisions that alter total expenditures of any fund must be approved by the governing board.

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, and net position/fund balances

(1) Deposits and investments

All deposits of the Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board 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 Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public Board; obligations of certain nonguaranteed federal agencies; certain high-quality issues of commercial paper and bankers’ acceptances; and the North Carolina Capital Management Trust, an SEC-registered mutual fund. Investments are stated at fair value.

(2) Cash and cash equivalents

All bank deposits are essentially demand deposits and are considered cash and cash equivalents.

(3) Receivables

Receivables at the government – wide and fund levels at June 30, 2021 were as follows:

Food and beverage taxes receivable	\$ 95,067
Sales taxes receivable	17
	\$ 95,084

(4) Allowances for doubtful accounts

The receivables reported do not historically experience any uncollectible amounts and therefore do not include an amount for doubtful accounts.

Hillsborough Tourism Board
Notes to Financial Statements

(5) Net position/fund balance

Net position in government-wide financial statements is 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 State law/Statute.

Fund balances

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The Board's fund balance consists of the following:

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Assigned fund balance - portion of fund balance that the Board 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.

Unassigned fund balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes.

The Board has a revenue-spending policy that provides policy for programs with multiple revenue sources. The Board will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Board funds, and Board 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, finally, unassigned fund balance. The Board has the authority to deviate from this policy if it is in the best interest of the Board.

The Board has adopted a policy of maintaining a minimum level of unassigned fund balance to ensure adequate working capital in case of interruption of meals tax revenue. This policy is adjusted on an annual basis for changes in anticipated budgeted amounts, as necessary. For fiscal year 2022, the minimum level of unassigned fund balance amounted to \$70,000.

2. Stewardship, Compliance and Accountability

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

- Contractual Violation

The “Contract to Audit Accounts” contains a provision requiring that the audit report be submitted to the State and Local Government Finance Division within four months of the fiscal year-end. Therefore, the audited financial statements for the fiscal year ended June 30, 2022, are due by October 31, 2022. The submission of the Board’s audited financial statements is substantially late in violation of the submission requirement. The Board believes this was an isolated situation due to turnover in the Town’s Finance staff that occurred in the 2021 and 2022. The Town has engaged additional contractual resources to assist the Town and its component units with the preparation of year-end financial information in order to submit audited financial statements in a timelier manner. Additionally, the Town has also retained an experienced finance officer after the position had been vacant for over six months. These corrective actions have improved the timeliness of the current year audit engagement with the Town and its component units expect to return to compliance for the fiscal year ending June 30, 2023.

3. Detail Notes on All Funds

A. Deposits

All the deposits of the Board 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 Board’s agents in the unit’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 Board, these deposits are considered to be held by the Board’s agent in its name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Board under the Pooling Method, the potential exists for undercollateralization, 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 Board has no policy regarding custodial credit risks for deposits.

At June 30, 2022, the Board's deposits had a carrying amount of \$437,548 and bank balance of \$438,250. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$188,250 of demand deposits were covered under the Pooling Method.

B. Risk management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It carried commercial coverage for Non-profit Organization Directors and Officers Liability with a coverage of \$1,000,000 for all claims.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Board does not carry flood insurance. In accordance with G.S. 159-29, the Board’s employees that have access to \$100 or more at any given time of the Board’s funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000.

Hillsborough Tourism Board
Notes to Financial Statements

C. Fund balance

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

General Fund:		
Total fund balance	\$	512,225
Less:		
Stabilization by State Statute		95,084
Assigned for subsequent year's expenditures		<u>19,435</u>
Unassigned fund balance		397,706
Working capital/fund balance policy		<u>70,000</u>
Remaining fund balance	\$	<u>327,706</u>

D. Related party transactions

Effective July 1, 2020, the agreement for staff support services with the Town was revised. The revised agreement is renewable in two-year intervals, unless terminated sooner, and requires the Board to provide 40% cost coverage of salary and benefits for a full time Economic Development Planner position. The amount paid to the Town was \$37,854.

E. Subsequent events

The Tourism Development Board has evaluated all subsequent events for potential recognition and disclosure through June 29, 2023, the date these financial statements will be available.

Effective July 1, 2022, the related party contract with the Town for support services, disclosed in Note 3.D, was extended for one year with both parties agreeing to continue the provisions contained in the contract that expired on June 30, 2022.

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Supplementary Information

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Hillsborough Tourism Board
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Unrestricted intergovernmental revenue:			
Food and beverage taxes	\$ 325,000	\$ 445,428	\$ 120,428
Total revenues	<u>325,000</u>	<u>445,428</u>	<u>120,428</u>
EXPENDITURES			
Economic and physical development:			
Tourism:			
Contracted services - visitor services	200,000	200,000	-
Contracted services - support services	38,422	38,422	-
Contracted services - other	70,757	70,757	-
Occupancy tax holdback	19,500	26,726	(7,226)
Grants	7,500	-	7,500
Audit fees	5,400	3,750	1,650
Attorney fees	1,000	140	860
Advertising	105	-	105
Data processing services	4,500	2,478	2,022
Insurance	980	858	122
Miscellaneous	2,500	966	1,534
Total expenditures	<u>375,736</u>	<u>364,245</u>	<u>11,491</u>
Revenues over (under) expenditures	(50,736)	81,183	131,919
OTHER FINANCING SOURCES			
Appropriated fund balance	50,736	-	(50,736)
Net change in fund balance	<u>\$ -</u>	81,183	<u>\$ 81,183</u>
FUND BALANCE			
Beginning of year		<u>431,042</u>	
End of year		<u>\$ 512,225</u>	

Hillsborough Tourism Development Authority

(A Component Unit of the Town of Hillsborough, North Carolina)

Financial Statements and Supplementary Information

As of and for the year ended June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hillsborough Tourism Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Hillsborough Tourism Development Authority (the Authority), a component unit of the Town of Hillsborough, North Carolina, which comprise the governmental activities, the major fund and the general fund budget to actual comparison as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities, the major fund and the general fund budget to actual comparison of the Authority, as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The individual fund statement and budgetary schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit and the procedures as described above, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

PBMares, LLP

Morehead City, North Carolina
June 29, 2023

Management’s Discussion and Analysis

As management of the Hillsborough Tourism Development Authority (the “Authority” or “TDA”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority’s financial statements, which follow this narrative.

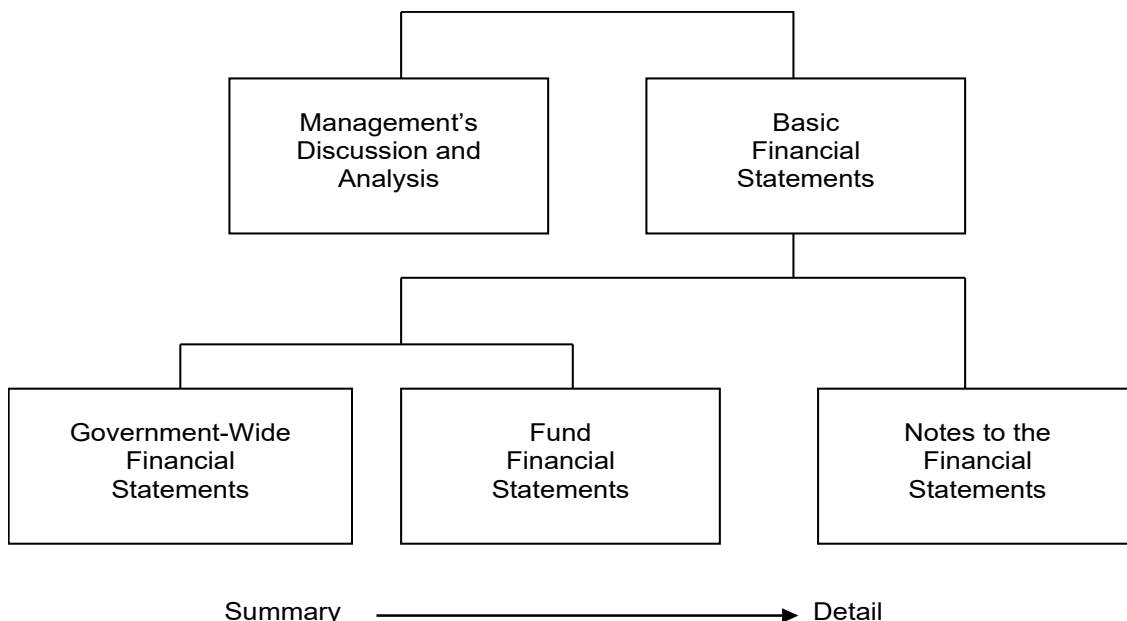
Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$351,612 (net position). The cash balance at the close of the fiscal year was \$414,673.
- The Authority’s total net position increased by \$66,538 as a result of increased revenue collection coupled with a decrease in expenses.
- As of the close of the current fiscal year, the Authority’s governmental fund reported a fund balance of \$351,612. This amount is comprised of restricted and unassigned fund balance of \$88 and \$351,524, respectively.

Overview of the Basic Financial Statements

Management’s Discussion and Analysis is intended to serve as an introduction to the Hillsborough Tourism Development Authority’s basic financial statements. The Authority’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 Authority 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 Authority.

**Required Components of the Basic Financial Statements
Figure 1**



Hillsborough Tourism Development Authority Management's Discussion and Analysis (Unaudited)

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 Authority's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental fund statements and (2) the budgetary comparison 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, **supplementary information** is provided to show details about the Authority's individual fund. Budgetary information required by the North Carolina 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 Authority'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 Authority's financial status as a whole.

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

The government-wide statements are comprised of governmental activities. The governmental activities include most of the Authority's basic services related to tourism. The primary revenue is a three percent occupancy tax assessed and collected by Town of Hillsborough (the "Town") on behalf of the Authority.

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 Authority'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 Hillsborough Tourism Development Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Authority's budget ordinance. The Authority currently maintains one governmental fund which is the General Fund. Additional funds may be created if the need arises.

Governmental funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in a governmental fund as mentioned above. A governmental fund focuses 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. This is referred to as a "current available resources" measurement focus and the accounting method used is called the *modified accrual basis of accounting*. 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 Authority'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. There were no reconciling differences to report this year.

**Hillsborough Tourism Development Authority
Management’s Discussion and Analysis (Unaudited)**

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 are on pages 13 through 17 of this report.

Government-wide financial analysis

**Hillsborough Tourism Development Authority
Summarized Statements of Net Position**

Figure 2

	Governmental Activities	
	2022	2021
ASSETS		
Current assets	\$ 414,761	\$ 287,356
Total assets	414,761	287,356
LIABILITIES		
Current liabilities	63,149	2,282
Total liabilities	63,149	2,282
NET POSITION		
Restricted	88	25,947
Unrestricted	351,524	259,127
Total net position	\$ 351,612	\$ 285,074

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Authority exceeded liabilities by \$351,612 as of June 30, 2022 which is an increase of \$66,538 from the previous year. This increase will be explained in the next section related to the discussion of Figure 3. The restricted portion of the Authority’s net position was \$88 as of June 30, 2022 which is a decrease of \$25,859. This restriction is a function of year-end receivables as required under North Carolina General Statutes (“G.S.”). The remaining balance of \$351,524 is unrestricted as defined by the Government Accounting Standards Board. However, the unrestricted portion will be used to fulfill the Authority’s mission.

**Hillsborough Tourism Development Authority
Summarized Statements of Activities**

Figure 3

	Governmental Activities	
	2022	2021
GENERAL REVENUES		
Occupancy taxes	\$ 105,815	\$ 71,412
EXPENSES		
Economic and physical development	39,277	52,913
Change in net position	66,538	18,499
NET POSITION		
Beginning of year	285,074	266,575
End of year	<u>\$ 351,612</u>	<u>\$ 285,074</u>

Governmental activities. The Authority’s net position for governmental activities increased by \$66,538 which accounts for all of the government-wide activities. The increase is due to increased revenue collection as a result of reduced coronavirus (“COVID-19”) restrictions. Total expenses decreased \$13,636 primarily due to a decrease in special projects and partnerships. This reduction was due to redirecting resources toward exploring the feasibility of funding a cultural performing arts center.

Financial analysis of the Authority’s funds

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

Governmental funds. The focus of the Authority’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Authority’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the Authority. At the end of the current fiscal year, total fund balance reached \$351,612, of which \$88 was restricted by state statute and \$351,524 was unassigned.

Economic factors and next year’s budgets and rates

By authority of the General Assembly Session Law 2011-69, Senate Bill 269, the governing board for the Town implemented a 3% occupancy tax which has been in effect since July 1, 2012. The enabling legislation requires the tax to be paid on the gross receipts derived from the rental of any room, lodging or accommodation furnished by a hotel, motel, inn, tourist camp or similar place within the Town that is subject to sales tax imposed by the state under G.S. 105-164.4(a)(3). This tax is in addition to any state and local sales tax or the county’s occupancy tax.

**Hillsborough Tourism Development Authority
Management’s Discussion and Analysis (Unaudited)**

The Town implemented the tax for promotion of travel and tourism in Hillsborough and for other tourism-related expenditures. The responsibility for the distribution and expenditure of the tax is vested within the Hillsborough Tourism Development Authority, of which one-third of the membership must be persons affiliated with businesses that collect the tax within the Town limits.

Effective July 1, 2020 the agreement for staff support services with the Town was revised. The revised agreement is renewable in two-year intervals, unless terminated sooner, and requires the Authority to provide 20% cost coverage of salary and benefits for a full time Economic Development Planner position.

Budget highlights for the fiscal year ending June 30, 2023

Occupancy tax revenues are expected to increase as COVID-19 restrictions continue to decrease. As a result, the Town did not need to appropriate fund balance in the 2023 budget ordinance.

The contract between the Town and the Authority for support services expired on June 30, 2022. Both parties agreed to continue the provisions contained in the expiring contract through June 30, 2023, and to develop an allocation methodology reflective of the Town’s re-structured support of tourism and economic development. The Authority expects to have a revised agreement in effect by the end of the fiscal year ending June 30, 2023.

Requests for information

This report is designed to provide an overview of the Hillsborough Tourism Development Authority’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, c/o Hillsborough Tourism Development Authority, Hillsborough, North Carolina, or by telephone at (919) 296-9451.

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Basic Financial Statements

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Hillsborough Tourism Development Authority
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 414,673
Due from other governments:	
Sales taxes	<u>88</u>
Total assets	<u>414,761</u>
LIABILITIES	
Accounts payable	1,110
Due to primary government	<u>62,039</u>
Total liabilities	<u>63,149</u>
NET POSITION	
Restricted:	
Stabilization by State Statute	88
Unrestricted	<u>351,524</u>
Total net position	<u><u>\$ 351,612</u></u>

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

**Hillsborough Tourism Development Authority
Statement of Activities
Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES					
Economic and physical development	\$ 39,277	\$ -	\$ -	\$ -	\$ (39,277)
Total governmental activities	<u>\$ 39,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(39,277)</u>
GENERAL REVENUES					
Occupancy taxes					<u>105,815</u>
Change in net position					66,538
NET POSITION					
Beginning of year					<u>285,074</u>
End of year					<u>\$ 351,612</u>

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

**Hillsborough Tourism Development Authority
Balance Sheet
Governmental Fund
June 30, 2022**

	General Fund
ASSETS	
Cash	\$ 414,673
Due from other governments:	
Sales taxes	88
Total assets	<u>\$ 414,761</u>
LIABILITIES	
Accounts payable	\$ 1,110
Due to primary government	62,039
Total liabilities	<u>63,149</u>
FUND BALANCE	
Restricted:	
Stabilization by State Statute	88
Unassigned	351,524
Total fund balance	<u>351,612</u>
Total liabilities and fund balance	<u>\$ 414,761</u>

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

**Hillsborough Tourism Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2022**

	<u>General Fund</u>
REVENUES	
Unrestricted intergovernmental revenue:	
Occupancy taxes	\$ 105,815
EXPENDITURES	
Economic and physical development:	
Tourism	<u>39,277</u>
Net change in fund balance	66,538
FUND BALANCE	
Beginning of year	<u>285,074</u>
End of year	<u><u>\$ 351,612</u></u>

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

Hillsborough Tourism Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Unrestricted intergovernmental revenue:				
Occupancy taxes	\$ 60,000	\$ 60,000	\$ 105,815	\$ 45,815
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>105,815</u>	<u>45,815</u>
EXPENDITURES				
Economic and physical development:				
Tourism	109,144	109,144	39,277	69,867
Total expenditures	<u>109,144</u>	<u>109,144</u>	<u>39,277</u>	<u>69,867</u>
Revenues over (under) expenditures	<u>(49,144)</u>	<u>(49,144)</u>	<u>66,538</u>	<u>115,682</u>
OTHER FINANCING SOURCES				
Appropriated fund balance	49,144	49,144	-	(49,144)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	66,538	<u>\$ 66,538</u>
FUND BALANCE				
Beginning of year			<u>285,074</u>	
End of year			<u>\$ 351,612</u>	

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

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Hillsborough Tourism Development Authority (the "Authority") conform to generally accepted accounting principles as applicable to government entities. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Authority was created on April 9, 2012 by resolution of the Town of Hillsborough, North Carolina (the "Town"), under the authority of the North Carolina General Assembly. The Authority is responsible for promoting travel and tourism in the Hillsborough area. A balanced budget is created for the Authority and adopted by its Board of Directors. The Authority receives revenue through a three percent occupancy tax, which is levied and collected by the Town. The occupancy tax became effective on July 1, 2012. The Town remits the taxes collected to the Authority, net of administration and collection costs not to exceed three percent of the first \$500,000 of gross proceeds and one percent of the remaining gross proceeds collected each year. At least two-thirds of the remaining proceeds must be used to promote travel and tourism in Hillsborough. The other third shall be used for tourism-related expenditures.

The members of the Authority are appointed by the Town. In addition, the Town levies and collects the occupancy taxes on behalf of the Authority. Therefore, the Authority is determined to be a component unit of the Town and is presented as a discretely presented component unit in the Town's annual comprehensive financial report.

B. Government-wide and fund financial statements

Government-wide financial statements, the statement of net position and the statement of activities, display information about the government as a whole. These statements include the financial transactions for all activities of the Authority.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority'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 fees and charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues. All tax revenue is classified as general revenue.

Fund Financial Statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Authority reports the following major governmental fund:

- The **General Fund** is the general operating fund of the Authority. It accounts for all financial resources.

C. Measurement focus and basis of accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Hillsborough Tourism Development Authority
Notes to the Financial Statements

Governmental fund financial statements 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. Loan disbursements are reported as expenditures and loan proceeds are reported as revenues in governmental funds.

The Authority recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return. The Authority considers all revenues available if they are collected within 90 days after year-end.

D. Budgetary data

Budgets are adopted as required by North Carolina State Statutes (“G.S.”). An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Any revisions that alter total expenditures of any fund must be approved by the governing board.

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, and net position/fund balance

(1) Deposits and investments

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

G.S. 159-30(c) authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina (the “State”); bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high-quality issues of commercial paper and bankers’ acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund. Investments are stated at fair value.

(2) Cash and cash equivalents

All bank deposits are essentially demand deposits and are considered cash and cash equivalents.

(3) Receivables

Receivables at the government – wide and fund levels at June 30, 2022 were as follows:

Sales taxes receivable	\$ 88
Total due from other governments	<u>\$ 88</u>

(4) Allowances for doubtful accounts

The receivables reported do not historically experience any uncollectible amounts and therefore do not include an amount for doubtful accounts.

Hillsborough Tourism Development Authority
Notes to the Financial Statements

(5) Net position/fund balance

Net position in government-wide financial statements is classified as restricted or unrestricted. Restricted net position represents constraints on resources that are imposed by North Carolina State Statute.

Fund balances

In the governmental fund financial statements, fund balance may consist of up to five possible classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The Authority's fund balance consists of the following:

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

Unassigned fund balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes.

2. Stewardship, Compliance and Accountability

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

- Contractual Violation

The "Contract to Audit Accounts" contains a provision requiring that the audit report be submitted to the State and Local Government Finance Division within four months of the fiscal year-end. Therefore, the audited financial statements for the fiscal year ended June 30, 2022, are due by October 31, 2022. The submission of the Board's audited financial statements is substantially late in violation of the submission requirement. The Board believes this was an isolated situation due to turnover in the Town's Finance staff that occurred in the 2021 and 2022. The Town has engaged additional contractual resources to assist the Town and its component units with the preparation of year-end financial information in order to submit audited financial statements in a timelier manner. Additionally, the Town has also retained an experienced finance officer after the position had been vacant for over six months. These corrective actions have improved the timeliness of the current year audit engagement with the Town and its component units expect to return to compliance for the fiscal year ending June 30, 2023.

Hillsborough Tourism Development Authority
Notes to the Financial Statements

3. Detail Notes on All Funds

A. Deposits

All of the deposits of the Authority 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 Authority's agents in the unit'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 Authority, these deposits are considered to be held by the Authority's agent in its name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority 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 Authority has no policy regarding custodial credit risks for deposits.

The Authority's deposits had a carrying amount of \$414,673 and bank balance of \$414,938 at June 30, 2022. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$164,938 was covered under the Pooling Method.

B. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. As a separate entity the Authority has purchased insurance to mitigate these risks.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority does not carry flood insurance.

In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000.

C. Fund balance

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

General Fund:

Total fund balance	\$ 351,612
Less:	
Stabilization by State Statute	<u>88</u>
Fund balance available for appropriation	<u>\$ 351,524</u>

The Authority has no formal fund balance policy.

Hillsborough Tourism Development Authority
Notes to the Financial Statements

D. Related party transactions

Effective July 1, 2020, the contract for staff support services with the Town was revised. The revised agreement is renewable in two-year intervals, unless terminated sooner, and requires the Authority to provide 20% cost coverage of salary and benefits for a full time Economic Development Planner position. The amount paid to the Town was \$18,927.

E. Subsequent Events

The Tourism Development Authority has evaluated all subsequent events for potential recognition and disclosure through June 29, 2023, the date these financial statements will be available.

Effective July 1, 2022, the related party contract with the Town for support services, disclosed in Note 3.D, was extended for one year with both parties agreeing to continue the provisions contained in the contract that expired on June 30, 2022.

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Supplementary Information

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Hillsborough Tourism Development Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Unrestricted intergovernmental revenue:			
Occupancy taxes	\$ 60,000	\$ 105,815	\$ 45,815
Total revenues	<u>60,000</u>	<u>105,815</u>	<u>45,815</u>
EXPENDITURES			
Economic and physical development:			
Tourism:			
Advertising	23,105	5,684	17,421
Attorney fees	350	80	270
Audit fees	8,090	2,250	5,840
Contracted services	19,344	18,927	417
Data processing services	3,100	1,242	1,858
Insurance	980	945	35
Miscellaneous	1,000	-	1,000
Occupancy tax holdback	1,800	3,174	(1,374)
Special projects and partnerships	47,975	6,975	41,000
Total expenditures	<u>109,144</u>	<u>39,277</u>	<u>69,867</u>
Revenues over (under) expenditures	<u>(49,144)</u>	<u>66,538</u>	<u>115,682</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>49,144</u>	-	<u>(49,144)</u>
Net change in fund balance	<u>\$ -</u>	<u>66,538</u>	<u>\$ 66,538</u>
FUND BALANCE			
Beginning of year		<u>285,074</u>	
End of year		<u>\$ 351,612</u>	



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Planning
Agenda Section: Appointments
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Planner Joseph Hoffheimer

ITEM TO BE CONSIDERED

Subject: Historic District Commission – Appointment of Sara Riek to fill a vacancy for a term expiring Aug. 31, 2026

Attachments:

Appointed board application

Summary:

Sara Riek has expressed interest in serving on the Historic District Commission staff. Based on the applicant's enthusiasm, desire to be involved in the growth of Hillsborough, familiarity with town governance and documents, interest in the town's history, experience and skills as a history educator, and experience with volunteer organizations, the recommendation is for Riek to be appointed to fill the vacancy due to the departure of Max Dowdle. Riek's term would expire Aug. 31, 2026.

Financial impacts:

None

Staff recommendation and comments:

Staff recommends appointment.

Action requested:

Appoint Sara Riek to fill an existing vacancy on the Historic District Commission.



Appointed Boards Application

If you are a Town of Hillsborough resident and willing to volunteer your time and expertise to your community, please complete this form. Volunteers for the Parks and Recreation Board must be at least 13 years old, and volunteers for all other boards must be at least 18 years old.

The town strives to reflect the diversity of its residents in the makeup of its boards. Demographics and residence location are considered during the appointment process.

First name (required):

Sara

Last name (required):

Riek

Home address (required):

419 Elfin Blvd

Home phone number:

440-840-8640

Work phone number:

440-840-8640

Email address (required):

sarariek@gmail.com

Place of employment:

The Expedition School

Job title:

Middle School History Teacher

Birth date (required):

May 15, 1988

Gender (required):

Female

Ethnic origin (check all that apply) (required):

White

First choice (required):

Historic District Commission

Second choice (required):

None

Third choice (required):

None

Reasons for wanting to serve (required):

Last year my husband and I were part of the government 101 class and loved it. We believe that when you live in a community, you should be part of sustaining it and improving it. He recently joined the Water & Sewer Advisory Board and has enjoyed it. I would like to do my part and join my top interest board as well.

Additionally, I am a middle school history teacher at The Expedition School and am very interested our town's history.

I would be fascinated by in depth insight into how we preserve our history and make it meaningful for future generations.

Finally, I was on a board for a triangle based volunteer organization and my term expired last year. I am looking for a civic engagement opportunity to fill that vacancy.

Have you served or are you currently serving on a town board? If so, which ones and when? (required)?

I have not served on a town board but I served on a local non-profit board from 2019-2022.

Relevant work, volunteer or educational experience (required):

As a US history teacher my career lets me explore local, regional, and domestic history. I have a passion for history and have training in historical analysis and education. Each year I take my students on several walking field trips around Hillsborough to see historic sites. We are a project-based learning school and one year created a Black History tour of Hillsborough through doing local research.

I also have a lot of equity-based training and am a leader on my school's equity board. I believe in making history visible and equitable so that everyone can see themselves in a place's history.

I served on a non-profit board previously and was a vice-chair on that board for 2 years.

How are you connected to Hillsborough (live, work, play, shop, own property) (required)?

I have worked in Hillsborough at The Expedition School for 8 years. I fell in love with this town and encouraged my husband and I to move here. Currently, we own a house and live near the River Walk and Gold Park. We try to keep our dollars local and shop and play locally. I frequent the farmer's market, local trails, and parks. The mountain top at sunset is one of my favorite places!

Have you reviewed the Vision 2030 plan, and what are your thoughts about it (required)?

I really enjoyed looking through both the Vision 2030 plan and the Comprehensive Sustainability plan because they remind me why Hillsborough is such an amazing place. We want to preserve the historic character of Hillsborough, while also making it a sustainable place to live. I appreciate that sustainability relates to so many topics such as water usage, land usage, climate impact, affordable housing, and preservation methods. I particularly appreciated in the vision how it wants to make Hillsborough's history more equitable and inclusive of diverse populations and that it wants to celebrate the unique character of different neighborhoods. I also appreciated how the town aims to preserve the historic character but also utilize space and land optimally.

Have you reviewed other town documents (budget, strategy map, small area plans), and what are your thoughts about them?

Since the government 101 class both my husband and I have taken a larger interest in Hillsborough's future. Since he is on the Water & Sewer Advisory board we often discuss the future of the town, including the budget. I am particularly proud of Hillsborough's desire to put low-income housing and sustainability at the forefront of future plans. Balancing the budget shortfalls will be challenging.

What challenges do you see the town facing that could be addressed by the board or boards on which you wish to serve (required)?

My biggest goal of joining the board is to at a minimum maintain, and hopefully increase, equitable visibility of historic spaces in Hillsborough. We have a town with incredible history and countless identities have helped shape it for thousands of years through recent history. We face a political climate that pushes equity out of the forefront of historical preservation, but I believe Hillsborough is a perfect location to maintain equity-based preservation and continue to keep equity and inclusivity at the forefront of decision making.

I also envision Hillsborough's rapid growth as a challenge. We have incredible historic spaces that need to be preserved, while also balancing the increased tourism, visibility, traffic, and tight space for new growth. I am glad our vision prioritizes optimal land usage even within the historic district.

How did you hear about this opportunity (required)?

Internet

Check the box to confirm (required):

✓



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14 2023
Department: Town Clerk
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Town Clerk Sarah Kimrey

ITEM TO BE CONSIDERED

Subject: Minutes

Attachments:

1. Regular meeting June 12, 2023
2. Work session June 26, 2023
3. Work session closed session June 26, 2023

Summary:

None.

Financial impacts:

None.

Staff recommendation and comments:

Approve minutes as presented.

Action requested:

To approve minutes of the Board of Commissioners regular meeting June 12, 2023, work session June 26, 2023 and work session closed session June 26, 2023.



Minutes

Board of Commissioners Regular Meeting

7 p.m. June 12, 2023

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.

Present: Mayor Jenn Weaver and commissioners Mark Bell, Robb English, Kathleen Ferguson, Matt Hughes, and Evelyn Lloyd

Staff: Budget Director Emily Bradford, Planning and Economic Development Manager Shannan Campbell, Administrative Services Director Jen Della Valle, Communications Specialist Dale Edwards, Assistant Town Manager and Community Services Director Matt Eford, Budget and Management Analyst Josh Fernandez, Police Chief Duane Hampton, Town Attorney Bob Hornik, Town Clerk and Human Resources Technician Sarah Kimrey, Town Manager Eric Peterson, Senior Communications Specialist Cheryl Sadgrove, Utilities Director Marie Strandwitz and Public Space and Sustainability Manager Stephanie Trueblood

Opening of the meeting

Mayor Jenn Weaver called the meeting to order at 7:02 p.m.

1. Public charge

Weaver did not read the public charge.

2. Audience comments not related to the printed agenda

There was none.

3. Agenda changes and approval

Motion: Commissioner Kathleen Ferguson moved to approve the agenda as presented. Commissioner Evelyn Lloyd seconded.

Vote: 4-0. Absent: Commissioner Matt Hughes.

4. Presentations

A. Follow-up on Engage Hillsborough: Safety event

Senior Communications Specialist Cheryl Sadgrove gave a presentation on the April 29 Engage Hillsborough: Safety event at the Whitted Human Services Center. She said the meeting was well-attended and staffed despite other local events, with wide representation of neighborhoods. Community members appreciated the provided childcare and interpreters. The next installment is tentatively planned for Nov. 4 and will cover connectivity.

5. Items for decision – consent agenda

A. Minutes

– Regular meeting May 8, 2023

– Work session and budget public hearing May 22, 2023

B. Miscellaneous budget amendments and transfers

C. Proclamation – Juneteenth Independence Day

D. Proclamation – National Pollinator Week 2023

E. 2023 Schools Adequate Public Facilities Ordinance Technical Advisory Committee Annual Report

- F. Memorandum of Understanding for the operation of the Orange County Partnership to End Homelessness
- G. Authorization to Enter into a Comprehensive Participation Agreement for Orange County Transit Funds
- H. Amendment to the HOME Investment Partnership American Rescue Plan Allocation
- I. Orange County Article 46 Economic Development Collaborative Funds
- J. Proposed location for Mariah G. McPherson Memorial Bench

Motion: Commissioner Mark Bell moved to approve all items on the consent agenda. Ferguson seconded.

Vote: 4-0. Absent: Hughes.

6. Items for decision – regular agenda

- A. Annexation and General Use Rezoning: 220 and 300 U.S, 70 E. (PINS 987500537 & 9875104533); Entryway Special Use to General Commercial

Two community members with property neighboring the site spoke against the annexation and rezoning. It was noted that the public hearing occurred April 20, and the Planning Board recommended approval at its May 18 meeting. It was clarified that approval of the request does not guarantee water and sewer service would be granted, the property has utility service but the service doesn't guarantee granting of water and sewer capacity, and the new zoning would require higher capacity, likely meaning larger pipes than what is at the property. There was discussion about traffic on U.S. 70 at the property's entrance. It was noted that any future traffic analysis would depend on the commercial use of the property and that the area already had been identified for redevelopment, with the general-use rezoning consistent with the town's future land use plan.

Hughes joined the meeting at 7:30 p.m.

Motion: Commissioner Robb English moved to approve annexation. Ferguson seconded.

Vote: 5-0.

Motion: Ferguson moved to approve rezoning to general commercial. Bell seconded.

Vote: 4-1. Nay: Lloyd

Motion: Ferguson moved to approve the rezoning consistency statement to general commercial. Hughes seconded.

Vote: 5-0.

- B. Collins Ridge Master Plan Amendments – 2023

The developers requested several changes to the master plan due to changes in the developer, site and development conditions since the original approval in 2017. Staff also requested modifications. There was discussion about a developer-requested change that would allow a payment in lieu of bringing one roadway to the property line because of topography challenges. Town Attorney Bob Hornik said the proposed amount — 150% of the appraised value of the easement — is more than the town usually asks for. A representative for the developers noted the easement will have been graded already when the road is completed later for the adjacent Boone Square property, making the work cost less at that time.

Motion: Bell moved to approve the resolution amending the Collins Ridge Master Plan. Hughes seconded.

Vote: 5-0.

C. Hillsborough Comprehensive Sustainability Plan (2030)

The mayor and commissioners congratulated town staff for the work undertaken to complete the Comprehensive Sustainability Plan. Weaver added that the town and the board must continue educating the community by pointing them to the plan's recommendations.

Motion: Ferguson moved to adopt the Hillsborough Comprehensive Sustainability Plan. Hughes seconded.

Vote: 5-0.

D. Fiscal Year 2024 Budget Adoption

An amended budget ordinance was presented because of a typo.

Motion: Ferguson moved to approve the amended budget ordinance and all capital project ordinances. Bell seconded.

Vote: 5-0.

E. Hot topics for work session June 26, 2023

The following was noted for inclusion: Strategic Plan update, audit report and possible update on system development fees.

7. Updates

A. Board members

Board members gave updates on the committees and boards on which they serve.

B. Town manager

There was none.

8. Adjournment

Weaver adjourned the meeting at 8:21 p.m.

Respectfully submitted,

Sarah Kimrey

Town Clerk

Staff support to the Board of Commissioners

DRAFT

FY 2022-2023

**TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT**

DATES: 06/12/2023 TO 06/12/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Planning	10-10-4900-5300-423 C.S./HOMELESSNESS COORD. Move housing funds to exp acct	34410	06/12/2023	EBRADFORI	15,788.00	43,292.00	59,080.00
Facility Mgmt.	10-10-5000-5300-145 MAINTENANCE - BUILDINGS To cover facility repairs.	34433	06/12/2023	JFernandez	201,896.00	13,685.16	197,695.16
Facility Mgmt.	10-10-5000-5300-330 SUPPLIES - DEPARTMENTAL To cover facility repairs.	34431	06/12/2023	JFernandez	12,500.00	-12,484.46	15.54
Facility Mgmt.	10-10-5000-5300-583 MISC-TAX, TAGS, ETC. To cover facility repairs.	34432	06/12/2023	JFernandez	0.00	-1,200.70	1,044.30
Public Space	10-10-6300-5300-154 MAINTENANCE - GROUNDS To cover removal of three dying trees.	34422	06/12/2023	JFernandez	239,356.00	8,000.00	262,356.00
Public Space	10-10-6300-5300-155 MAINTENANCE - PARKS To cover removal of three dying trees.	34421	06/12/2023	JFernandez	75,000.00	-8,000.00	62,853.19
Special Approp.	10-60-6900-5300-570 MISCELLANEOUS Move housing funds to exp acct	34409	06/12/2023	EBRADFORI	430,300.00	-43,292.00	387,008.00
Utilities Admin.	30-80-7220-5300-320 SUPPLIES - OFFICE To cover uniforms through year-end.	34423	06/12/2023	JFernandez	750.00	-350.00	1,740.87
Utilities Admin.	30-80-7220-5300-350 UNIFORMS To cover uniforms through year-end.	34424	06/12/2023	JFernandez	200.00	350.00	770.00
Billing & Collect.	30-80-7240-5300-080 TRAINING/CONF./CONV. To cover year-end expenses and office ren	34403	06/12/2023	JFernandez	5,000.00	-300.00	4,700.00
Billing & Collect.	30-80-7240-5300-145 MAINTENANCE - BUILDINGS To cover year-end expenses and office ren	34402	06/12/2023	JFernandez	0.00	300.00	1,775.00
WTP	30-80-8120-5300-310 GASOLINE To cover gasoline expenses through end o	34405	06/12/2023	JFernandez	3,450.00	2,000.00	10,450.00
WTP	30-80-8120-5300-330 SUPPLIES - DEPARTMENTAL To cover supplies expenses through end o	34406	06/12/2023	JFernandez	5,000.00	1,300.00	6,300.00
WTP	30-80-8120-5300-422 C.S./FILTRATION CONTROLS TESTING Gasoline/supplies expenses through end o	34404	06/12/2023	JFernandez	3,300.00	-3,300.00	0.00
Water Dist.	30-80-8140-5300-080 TRAINING/CONF./CONV. To cover gasoline costs.	34427	06/12/2023	JFernandez	5,000.00	-4,000.00	1,500.00
Water Dist.	30-80-8140-5300-310 GASOLINE To cover gasoline costs.	34428	06/12/2023	JFernandez	20,535.00	4,000.00	28,955.00
WW Collect.	30-80-8200-5300-080 TRAINING/CONF./CONV. For parts, supplies, and tools for dept and To cover training costs for three employe	34412 34430	06/12/2023 06/12/2023	JFernandez JFernandez	5,000.00 5,000.00	-2,565.83 373.50	1,434.17 1,807.67
WW Collect.	30-80-8200-5300-145 MAINTENANCE - BUILDINGS For parts, supplies, and tools for dept and	34413	06/12/2023	JFernandez	4,500.00	-500.00	2,000.00
WW Collect.	30-80-8200-5300-310 GASOLINE To cover gasoline costs.	34426	06/12/2023	JFernandez	20,535.00	4,000.00	27,685.00
WW Collect.	30-80-8200-5300-322 SUPPLIES - LIFT STATION PUMPS For parts, supplies, and tools for dept and To cover gasoline costs. To cover training costs for three employe	34414 34425 34429	06/12/2023 06/12/2023 06/12/2023	JFernandez JFernandez JFernandez	150,000.00 150,000.00 150,000.00	-10,000.00 -4,000.00 -373.50	126,775.00 122,775.00 122,401.50

JFernandez
fl142r03

06/05/2023 4:20:13PM

Page 1 of 2

FY 2022-2023

TOWN OF HILLSBOROUGH
 BUDGET CHANGES REPORT

DATES: 06/12/2023 TO 06/12/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
WW	30-80-8200-5300-323 SUPPLIES - CHEMICALS						
Collect.	For parts, supplies, and tools for dept and	34415	06/12/2023	JFernandez	1,000.00	-1,000.00	0.00
WW	30-80-8200-5300-326 SUPPLIES - PATCH						
Collect.	For parts, supplies, and tools for dept and	34416	06/12/2023	JFernandez	20,000.00	-1,752.75	13,147.25
WW	30-80-8200-5300-330 SUPPLIES - DEPARTMENTAL						
Collect.	To cover pipes	34408	06/12/2023	EBRADFORI	60,000.00	50,000.00	116,610.00
	For parts, supplies, and tools for dept and	34420	06/12/2023	JFernandez	60,000.00	18,278.26	134,888.26
WW	30-80-8200-5300-351 RENTAL - EQUIPMENT						
Collect.	For parts, supplies, and tools for dept and	34417	06/12/2023	JFernandez	9,200.00	-1,486.72	167.33
WW	30-80-8200-5300-530 DUES & SUBSCRIPTIONS						
Collect.	For parts, supplies, and tools for dept and	34418	06/12/2023	JFernandez	2,000.00	-215.00	1,785.00
WW	30-80-8200-5300-570 MISCELLANEOUS						
Collect.	For parts, supplies, and tools for dept and	34419	06/12/2023	JFernandez	1,500.00	-757.96	494.54
WWTP	30-80-8220-5300-164 MAINTENANCE - INSTRUMENTATION						
	For emergency repairs of SCADA and prc	34401	06/12/2023	JFernandez	19,000.00	10,700.00	33,100.00
WWTP	30-80-8220-5300-323 SUPPLIES - CHEMICALS						
	For emergency repairs of SCADA and prc	34400	06/12/2023	JFernandez	92,500.00	-10,700.00	66,203.00
W&S	30-80-9990-5300-000 CONTINGENCY						
Contingency	To cover pipes	34407	06/12/2023	EBRADFORI	400,000.00	-50,000.00	88,586.79
						<u>0.00</u>	

APPROVED: 4/0

DATE: 6/12/23

VERIFIED: *Sarah E. Kimrey*



PROCLAMATION Juneteenth Independence Day

WHEREAS, news of the end of slavery did not reach frontier areas of the United States, in particular the state of Texas and other Southwestern states, until months after the conclusion of the Civil War and more than 2½ years after President Abraham Lincoln issued the Emancipation Proclamation on Jan. 1, 1863; and

WHEREAS, isolated from both Union and Confederate forces during the Civil War, Texas had become a refuge for those who wished to continue the practice of holding human beings as property; and

WHEREAS, although the Emancipation Proclamation was issued on Jan. 1, 1863, 250,000 people still were held as human chattel in Texas when U.S. Army Major General Gordon Granger arrived in Galveston, Texas, and announced the Civil War had ended and enslaved people were free; and

WHEREAS, the following is the text of the official recorded version of the order:
"The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free. This involves an absolute equality of personal rights and rights of property between former masters and slaves, and the connection heretofore existing between them becomes that between employer and hired labor. The freedmen are advised to remain quietly at their present homes and work for wages. They are informed that they will not be allowed to collect at military posts and that they will not be supported in idleness either there or elsewhere"; and

WHEREAS, African Americans who had been slaves in the Southwest celebrated June 19, commonly known as "Juneteenth Independence Day," as inspiration and encouragement for future generations; and

WHEREAS, Texas became the first state to make Juneteenth a state holiday and, by June 2020, 47 states and the District of Columbia have established full or partial recognition of the holiday; and

WHEREAS, Juneteenth is the oldest nationally celebrated commemoration of the ending of slavery in the United States and celebrations have been held to honor African American freedom; and

WHEREAS, the U.S. Census discloses that the population of North Carolina in 1860 was 992,622, of which 331,059 were enslaved, including 5,108 slaves living in Orange County on plantations such as the Cameron Plantation in Hillsborough; and

WHEREAS, the United States Congress passed and President Joe Biden signed the Juneteenth National Independence Day Act on June 17, 2021 to designate Juneteenth as a nationally recognized federal holiday; and

WHEREAS, Juneteenth has been declared a paid holiday by the governing bodies of Orange County, the Town of Chapel Hill, the Town of Carrboro, the Town of Hillsborough, the Orange County School District and the Chapel Hill-Carrboro City School District; and

WHEREAS, slavery was not officially abolished until ratification of the Thirteenth Amendment to the United States Constitution by the required 27 of the then 36 states on Dec. 6, 1865, and the abolishment of slavery and involuntary servitude, except as punishment for a crime, was proclaimed on Dec. 18, 1865; and

WHEREAS, the Town of Hillsborough recognizes that while the Emancipation Proclamation and the Thirteenth Amendment may have officially ended the legal practice of enslaving human beings in the United States of America, 158 years later, there is still progress which must be made to dismantle the insidious systems and practices of white supremacy and systemic racism, the foundations of which were laid by the enslavement of Black people;

NOW, THEREFORE, I, Jenn Weaver, mayor of the Town of Hillsborough, do hereby proclaim that Hillsborough honors the perseverance and hope that inspired African Americans to celebrate freedom, to look for lost relatives, and to thrive in a hostile and white supremacist environment and that Hillsborough recognizes Juneteenth as an important date in American history.

IN WITNESS WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hillsborough to be affixed this 12th day of June in the year 2023.



Jenn Weaver

Jenn Weaver, Mayor
Town of Hillsborough

DRAFT



PROCLAMATION

National Pollinator Week 2023

June 19-25, 2023

WHEREAS, pollinator species such as birds, bees, butterflies and other insects are essential partners in producing much of our food supply; and

WHEREAS, pollination plays a vital role in the health of our national forests and grasslands, which provide forage, fish and wildlife, timber, water, mineral resources, and recreational opportunities as well as enhanced economic development opportunities for communities; and

WHEREAS, pollinator species provide significant environmental benefits that are necessary for maintaining healthy, diverse urban and suburban ecosystems; and

WHEREAS, pollination plays a vital role for the trees and plants of our community, enhancing our quality of life, and creating recreational and economic development opportunities; and

WHEREAS, for years the Town of Hillsborough has managed urban landscapes and public lands that include many municipal parks and greenways, as well as wildlife habitats; and

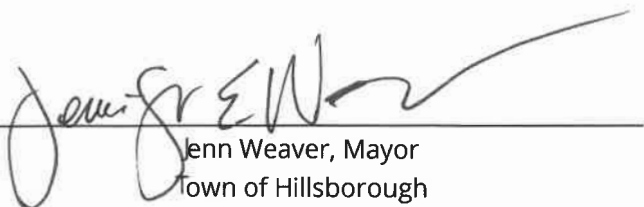
WHEREAS, the Town of Hillsborough provides recommendations to developers and residents regarding landscaping to promote wise conservation stewardship, including the protection of pollinators and maintenance of their habitats in urban and suburban environments; and

WHEREAS, the Town of Hillsborough is a proud affiliate of Bee City USA®;

NOW, THEREFORE, I, Jenn Weaver, mayor of the Town of Hillsborough, do hereby proclaim the week of June 19 through 25, 2023 as our municipality's **National Pollinator Week** in the Town of Hillsborough and urge all citizens to recognize this observance.

IN WITNESS WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hillsborough to be affixed this 12th day of June in the year 2023.




Jenn Weaver, Mayor
Town of Hillsborough



RESOLUTION

Authorizing a Comprehensive Participation Agreement with Orange County, the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization and GoTriangle

WHEREAS, the Town of Hillsborough has a longstanding and extensive commitment to multimodal transportation, including local and regional public transit systems; and

WHEREAS, the Durham and Orange counties have engaged consultant services to update the governance documents related to the administration and implementation of the county transit plans; and

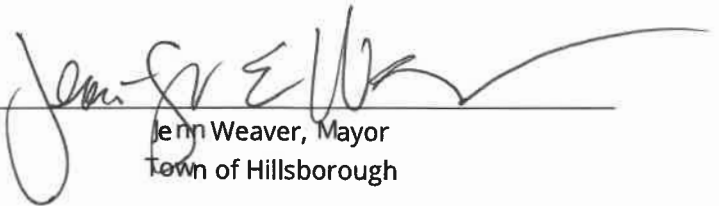
WHEREAS, the Town of Hillsborough has been or will be allocated Orange County Transit funds for capital projects related to improved access to transit service; and

WHEREAS, the updated agreement structure requires all participating Orange County organizations to enter into a Comprehensive Participation Agreement (CPA) with Orange County, GoTriangle and the DCHC MPO in order to receive transit tax revenues for operations or capital projects;


NOW, THEREFORE, be it resolved by the Hillsborough Board of Commissioners that the town manager is authorized to enter into a Comprehensive Participation Agreement with Orange County, GoTriangle and the DCHC MPO for the purpose of receiving Orange County Transit tax revenues.

Approved this 12th day of June of the year 2023.





Jenn Weaver, Mayor
Town of Hillsborough

Attestation:


Sarah Kimrey, Town Clerk



RESOLUTION

Approving an Amendment to the HOME Investment Partnership American Rescue Plan Allocation

WHEREAS, on May 10, 2021 the Board of Commissioners approved the Fiscal Year 2022 HOME Investment Partnership annual plan to be carried out by members of the Orange County HOME Consortium; and

WHEREAS, in September 2021 the U.S. Department of Housing and Urban Development (HUD) notified the Consortium of an additional one-time award of HOME Investment Partnership American Rescue Plan Program (HOME-ARP) funding in the amount of \$1,371,401 to reduce homelessness and increase housing stability; and

WHEREAS, HUD requires a HOME-ARP Allocation Plan be submitted for the funding as an amendment to the FY22 HOME Investment Partnership Program Annual Plan; and

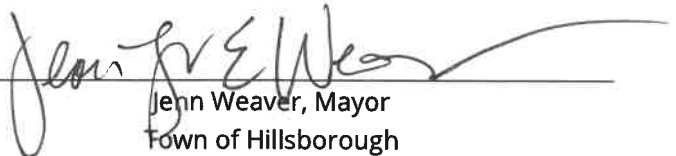
WHEREAS, Orange County submitted a HOME-ARP Allocation Plan that was rejected and must be changed; and

WHEREAS, the Orange County HOME Consortium recommends removing the preference for serving households experiencing homelessness and the Coordinated Entry prioritization for projects;

NOW, THEREFORE, be it resolved by the Hillsborough Board of Commissioners that the Orange County HOME Consortium recommended amendment to the plan to remove Coordinated Entry is approved, and that the town board authorizes this amended plan to be incorporated into the Annual Update to the 2020-2024 Consolidated Plan for submission to HUD.


Approved this 12th day of June of the year 2023.





Jenn Weaver, Mayor
Town of Hillsborough

Attestation:



Sarah Kimrey, Town Clerk

Hillsborough Board of Commissioners Statement per N.C. Gen. Stat. 160D-605

The Town of Hillsborough Board of Commissioners has received and reviewed the application of Gatewood Property, LLC to amend the Town of Hillsborough Official Zoning Map as follows:

Rezone approx. 16.43 acres at 220 & 300 US HWY 70E (PINs 9875104533 and 9875009537) from ESU (Entryway Special Use) to GC (General Commercial).

The Board of Commissioners has determined that the proposed action is consistent with the Town of Hillsborough's comprehensive plan and the town board's proposed action on the amendment is reasonable and in the public interest for the following reason(s):

The rezoning is consistent with the Vision 2030 plan as it supports economic development in the community.

Adopted by the Town of Hillsborough Board of Commissioners this 12th day of June, 2023.





Sarah E. Kimrey, Town Clerk



ORDINANCE

Amending the Zoning Map of the Town of Hillsborough

The Hillsborough Board of Commissioners ordains:

- Section 1.** An application has been made for the zoning map amendment of the property herein.
- Section 2.** The application has been referred to the town Planning Board for its recommendation and the Planning Board has provided the town board with a written recommendation addressing the consistency of the proposed rezoning amendment with the town's comprehensive plan and such other matters as the Planning Board deemed appropriate.
- Section 3.** The town board has, prior to acting on the application, adopted a statement describing the consistency of the proposed rezoning with the town's comprehensive plan and explaining why the action contemplated by the town board as reflected herein is in reasonable and in the public interest.
- Section 4.** The Official Zoning Map of the Town of Hillsborough is hereby amended to rezone 7.36 ac PIN 9875009537 and 9.07 ac PIN 9875104533 from ESU (Entryway Special Use) to GC (General Commercial).
- Section 5.** The legal description of the parcel areas to be zoned GC is as follows:

Tract I: PIN 9875-10-4533, Containing 9.07 acres and being described as follows: Beginning at a point in the right-of-way of U.S. Highway 70 By-Pass, the southeast corner of the property of Byrd's Food Stores, Inc. as shown on the survey hereinafter referred to and running thence along the right-of-way of U.S. Highway 70 By-Pass South 77- 28-35 East 175.14 feet; thence South 77-04-45 East 731.91 feet; thence North 11-26-29 East 49.90 feet; thence South 01-20-12 West 100.02 feet; thence South 00-18-11 West 591.25 feet to the point and place of beginning, consisting of 16.43 acres, more or less, as shown on the plat of the survey by Alois Callemyn (L-2544), dated October 16, 1987, entitled- property surveyed for Joseph D. Gatewood and M. K. Gatewood." Together with all rights of water and pipeline as shown in Deed Book 132, Page 398 of the Orange County Registry. LESS AND EXCEPT the 7.36 acre tract described in Deed Book 1251, Page 326.

Tract II: PIN 9875-00-9537 Containing 7.36 acres and described as follows: Beginning at a point in the right-of- way of U.S. Highway 70 By-pass, the southeast corner of the property of Byrds Food Stores, Inc. as shown on the survey hereinafter referred to and running thence along the right-of-way of U. S. Highway 70 By-pass South 77'26' 35" East 175.14 feet; thence South 77°04' 45" East 260.00 feet; thence North 00° 37' 05" 754.37feet; thence North 77° 50' 35" West 259.27 feet; thence North 78° 55' 00" West 174.28 feet; thence South 02° 39' 54" West 55.04 feet; thence South 01° 20' 12" West 100.02 feet; thence South 00° 18' 11" West 591.25 feet to the point and place of Beginning and being shown as Lot 1 on the survey entitled "Property Split/Property

Survey for Joseph D. Gatewood" by Alois Callemyn, Land Surveyor, dated October 16, 1987. Together with all rights of water and pipeline as shown in Deed Book 132, Page 398, Orange County Registry.

Section 6. All provisions of any town ordinance in conflict with this ordinance are repealed.

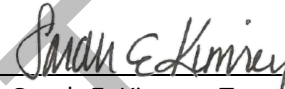
Section 7. This ordinance shall become effective upon adoption.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in 2023.

Ayes: 4

Noes: 1

Absent or excused: 0



Sarah E. Kimrey, Town Clerk

DRAFT



RESOLUTION

Amending the Collins Ridge Master Plan Modification and Addition of Various Conditions

WHEREAS, The Hillsborough Board of Commissioners approved the master plan authorizing the development of the neighborhood named Collins Ridge on Sept. 28, 2015; and

WHEREAS, the town and developer worked together previously to modify conditions of the master plan in October 2021; and

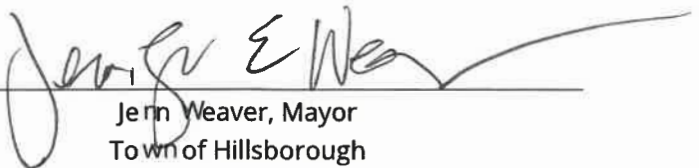
WHEREAS, the project and development conditions have changed necessitating further various modifications and additions of new development conditions that the developer and the town have agreed upon;

NOW, THEREFORE, be it resolved the Hillsborough Board of Commissioners amends the master plan conditions of approval as outlined in the document entitled "COLLINS RIDGE CONDITIONS OF APPROVAL AMENDED 10/11/2021 & 6/12/2023".

BE IT FURTHER RESOLVED, the original master plan limit of 950 market rate dwelling units remains in effect for the Collins Ridge property.

Approved this 12th day of June 2023.




Jenn Weaver, Mayor
Town of Hillsborough



RESOLUTION Adopting the Hillsborough Comprehensive Sustainability Plan

WHEREAS, the Hillsborough Board of Commissioners desires to update its long range comprehensive plan to guide future development and the transition to clean energy, balancing environmental stewardship, resiliency and racial justice with smart growth that will allow for a thriving economy and a great quality of life for the residents of Hillsborough; and

WHEREAS, the Hillsborough town board authorized the update and re-write of the 2030 Vision Plan to incorporate current town values, the vision for the future, and key elements of previous planning efforts; and

WHEREAS, the town developed a project website and public information and outreach plan for the development of the Comprehensive Sustainability Plan; and

WHEREAS, staff from all departments including Administrative Services, Community Services, Financial Services, Police, and Utilities were engaged in the plan development process; and

WHEREAS, the town facilitated focus groups in Spring 2022, each consisting of approximately 12 members and covering a specific topic such as land use, housing, tourism, economic development, or transportation. The members of the focus groups included residents, town staff, industry experts, and regional partners; and

WHEREAS, residents, visitors, and business owners were engaged in the process via a visioning survey, focus group meetings, appointed board meetings, open public comment period on the draft plan, and participation at community events; and

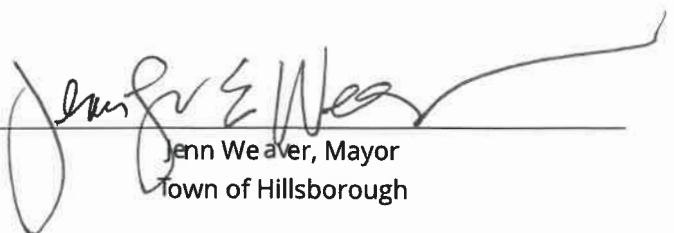
WHEREAS, collaboration with staff from Orange County, Triangle J Council of Government, Durham-Chapel Hill-Carrboro Metropolitan Planning Organization, and North Carolina Sustainable Energy Association also occurred; and

WHEREAS, the Comprehensive Sustainability Plan clearly establishes a collective vision for the future of Hillsborough to accurately inform decision-making for long-term social, environmental, economic, and infrastructure development;

NOW, THEREFORE, be it resolved that the Hillsborough Board of Commissioners hereby adopts the Hillsborough Comprehensive Sustainability Plan as presented at the June 12, 2023 regular board meeting.

Approved this 12th day of June 2023.




Jenn Weaver, Mayor
Town of Hillsborough



ORDINANCE
Town of Hillsborough Budget
FY2023-24

The Hillsborough Board of Commissioners ordains that the following budget ordinance is hereby adopted:

Section 1. General Fund:

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Current & Prior Year Property Taxes	9,947,300
Local Option Sales Tax	3,026,000
Licenses, Permits and Fees	117,500
Intergovernmental Revenue	1,489,489
Other	232,656
Investment Earnings	100,000
Transfers	150,000
Fund Balance Appropriation	<u>1,606,221</u>
TOTAL	\$ 16,669,166

The following amounts are hereby appropriated in the General Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2023 and ending June 30, 2024 in accordance with the Chart of Accounts heretofore established for the Town of Hillsborough:

Governing Body	170,912
Administration	802,788
Accounting	450,887
Planning	1,378,152
Public Space	1,505,206
Facility Management	417,432
Safety & Risk Management	289,094
Information Services	651,400
Police	4,658,623
Fire	1,975,770
Fleet Maintenance	446,423
Streets	1,764,850
Solid Waste	968,416
Cemetery	15,560
Special Appropriations	723,653
Contingency	<u>450,000</u>
TOTAL	\$ 16,669,166

Section 2. Water & Sewer Fund:

It is estimated that the following revenues will be available in the Water and Sewer Fund for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Licenses, Permits, and Fees	11,669,500
Other	10,000
Investment Earnings	10,000
Retained Earnings Appropriated	<u>2,684,030</u>
TOTAL	\$ 14,373,530

The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the fiscal year beginning July 1, 2023, and ending June 30, 2024 in accordance with the Chart of Accounts heretofore established for the Town of Hillsborough:

Administration of Enterprise	3,145,484
Utilities Administration	763,057
Billing & Collections	866,379
Water Treatment Plant	1,762,526
West Fork Eno Reservoir	903,762
Water Distribution	1,409,831
Wastewater Collection	2,624,557
Wastewater Treatment Plant	2,497,934
Contingency	<u>400,000</u>
TOTAL	\$ 14,373,530

Section 3. Stormwater Fund:

It is estimated that the following revenues will be available in the Stormwater Fund for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Licenses, Permits, and Fees	716,100
Retained Earnings Appropriated	<u>283,179</u>
TOTAL	\$ 999,279

The following amounts are hereby appropriated in the Stormwater Fund for the operation of the stormwater utilities for the fiscal year beginning July 1, 2023, and ending June 30, 2024 in accordance with the Chart of Accounts heretofore established for the Town of Hillsborough:

Stormwater	\$ 999,279
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Section 4. Special Assessment District:

Revenues totaling \$533,363 are hereby approved for the following line-items:

Special Assessment Taxes Collected	\$ 533,363
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A total of \$533,363 is hereby authorized to be expended from Special Assessment District:

Payments - Regions Bank	\$ 533,363
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Section 5. Tax Rate:

There is hereby levied a tax of \$0.587 per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2023, for the purpose of raising the revenue listed as "Property Taxes" in the General Fund in Section I of the ordinance.

This tax rate is based on an estimated total valuation of real and personal property (excluding motor vehicles) for the purposes of taxation of \$1,594,337,800 and an estimated rate of collection of 97.00% and an estimated total valuation of motor vehicles of \$136,461,828 and an estimated rate of collection of 97.00%.

Section 6. Encumbered Funds:

Operating funds encumbered on the financial records as of June 30, 2023, are hereby re-appropriated to this budget.

Section 7. Fees and Charges:

There is hereby maintained a Fees and Charges Schedule for the purpose of raising revenue listed in the General Fund, Water & Sewer Fund, and Stormwater Fund, Sections I, II & III of this ordinance. See the Fees and Charges Schedule for a detailed listing.

Section 8. Recycling:

Orange County is hereby authorized to collect and administer a fee established for the purpose of providing recycling services within the Town limits.

Section 9. Budget Ordinance:

Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this budget.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in 2023.

Ayes: 5
Noes: 0
Absent or excused: 0



Jenn Weaver

Jenn Weaver, Mayor
Sarah E. Kimrey

Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

Adron F. Thompson Facility Renovation

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
Adron F. Thompson Facility Renovation	\$290,000	\$3,000,000	\$3,290,000

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
Adron F. Thompson Facility Renovation	\$290,000	\$3,000,000	\$3,290,000


Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0





 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project

Elizabeth Brady Pump Station and Force Main Upgrade

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby adopted as follows.

Elizabeth Brady Pump Station and Force Main Upgrade	<u>\$300,000</u>
TOTAL	\$300,000

Section 2. Amounts appropriated for the capital project are hereby adopted as follows.

Elizabeth Brady Pump Station and Force Main Upgrade	<u>\$300,000</u>
TOTAL	\$300,000

Section 3. This ordinance shall be amended in any manner to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital project, so long as it continues to fulfill the requirements of G.S. 159-13.2 and other applicable laws.

Section 4. This capital project will close automatically upon projection completion.

Section 5. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
Noes: 0
Absent or excused: 0





Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Adoption

Exchange Club Interceptors

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby adopted as follows.

Exchange Club Interceptors	<u>\$190,000</u>
TOTAL	\$190,000

Section 2. Amounts appropriated for the capital project are hereby adopted as follows.

Exchange Club Interceptors	<u>\$190,000</u>
TOTAL	\$190,000

Section 3. This ordinance shall be amended in any manner to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital project, so long as it continues to fulfill the requirements of G.S. 159-13.2 and other applicable laws.

Section 4. This capital project will close automatically upon projection completion.

Section 5. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
Noes: 0
Absent or excused: 0



Sarah E. Kimrey

Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Adoption

Hasell Water Tank Replacement

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby adopted as follows.

Hasell Water Tank Replacement	<u>\$40,000</u>
TOTAL	\$40,000

Section 2. Amounts appropriated for the capital project are hereby adopted as follows.

Hasell Water Tank Replacement	<u>\$40,000</u>
TOTAL	\$40,000

Section 3. This ordinance shall be amended in any manner to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital project, so long as it continues to fulfill the requirements of G.S. 159-13.2 and other applicable laws.

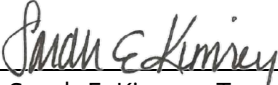
Section 4. This capital project will close automatically upon projection completion.

Section 5. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
Noes: 0
Absent or excused: 0





Sarah E. Kimrey, Town Clerk



ORDINANCE

Grant Project Amendment

Hydrant and Valve Replacements

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
American Rescue Plan	\$200,000	\$200,000	\$400,000

Section 2. Amounts appropriated for the grant project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
Hydrant and Valve Replacements	\$200,000	\$200,000	\$400,000

Section 3. This project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0





 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

NC-86 Facility Renovation

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
NC-86 Facility Renovation	\$2,325,982	\$2,500,000	\$4,825,982

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
NC-86 Facility Renovation	\$2,325,982	\$2,500,000	\$4,825,982

Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0





 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

OWASA Booster Pumping Station

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
OWASA Booster Pumping Station	\$90,000	\$1,575,600	\$1,665,600

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
OWASA Booster Pumping Station	\$90,000	\$1,575,600	\$1,665,600

Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0



 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

Passenger Rail / Multi-Modal Station

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
Passenger Rail / Multi-Modal Station	\$1,079,000	\$6,160,000	\$7,239,000

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
Passenger Rail / Multi-Modal Station	\$1,079,000	\$6,160,000	\$7,239,000

Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0



Sarah E. Kimrey

 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Adoption

Ridgewalk Greenway - Phase I

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby adopted as follows.

Ridgewalk Greenway - Phase I	<u>\$209,003</u>
TOTAL	\$209,003

Section 2. Amounts appropriated for the capital project are hereby adopted as follows.

Ridgewalk Greenway - Phase I	<u>\$209,003</u>
TOTAL	\$209,003

Section 3. This ordinance shall be amended in any manner to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital project, so long as it continues to fulfill the requirements of G.S. 159-13.2 and other applicable laws.

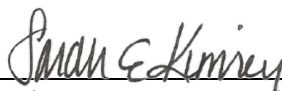
Section 4. This capital project will close automatically upon projection completion.

Section 5. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
Noes: 0
Absent or excused: 0





Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

River Pump Station Relocation and Upgrade

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
River Pump Station Relocation and Upgrade	\$3,448,800	\$4,740,021	\$8,188,821

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	<i>+/-</i>	<i>Amended Budget</i>
River Pump Station Relocation and Upgrade	\$3,448,800	\$4,740,021	\$8,188,821

Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0



 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

Cates Creek Skate Park

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
Skate Park	\$20,000	\$300,000	\$320,000

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
Skate Park	\$20,000	\$300,000	\$320,000

Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0



 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Amendment

US-70 Business Water Improvements

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby amended:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
US-70 Business Water Improvements	\$30,000	\$275,000	\$305,000

Section 2. Amounts appropriated for the capital project are hereby amended as follows.

	<i>Current Budget</i>	+/-	<i>Amended Budget</i>
US-70 Business Water Improvements	\$30,000	\$275,000	\$305,000

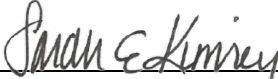
Section 3. This capital project will close automatically upon projection completion.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
 Noes: 0
 Absent or excused: 0





 Sarah E. Kimrey, Town Clerk



ORDINANCE

Capital Project Adoption

Water and Sewer Air Release Valve Replacements

The Hillsborough Board of Commissioners ordains that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. Revenues anticipated to be available to the town to complete the project are hereby adopted as follows.

Water and Sewer Air Release Valve Replacements	<u>\$150,000</u>
TOTAL	\$150,000

Section 2. Amounts appropriated for the capital project are hereby adopted as follows.

Water and Sewer Air Release Valve Replacements	<u>\$150,000</u>
TOTAL	\$150,000

Section 3. This ordinance shall be amended in any manner to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital project, so long as it continues to fulfill the requirements of G.S. 159-13.2 and other applicable laws.

Section 4. This capital project will close automatically upon projection completion.

Section 5. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this project.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 12th day of June in the year 2023.

Ayes: 5
Noes: 0
Absent or excused: 0



Sarah E. Kimrey

Sarah E. Kimrey, Town Clerk



Minutes

Board of Commissioners Work Session

7 p.m. June 26, 2023

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.

Present: Mayor Jenn Weaver and commissioners Mark Bell, Robb English, Kathleen Ferguson, Matt Hughes and Evelyn Lloyd

Staff: Budget Director Emily Bradford, Administrative Services Director Jen Della Valle, Assistant Town Manager and Community Services Director Matt Efird, Budget and Management Analyst Josh Fernandez, Town Attorney Bob Hornik, Town Clerk and Human Resources Technician Sarah Kimrey, Town Manager Eric Peterson, Utilities Director Marie Strandwitz, Public Space and Sustainability Manager Stephanie Trueblood and Communications Manager Catherine Wright

1. Opening of the work session

Mayor Jenn Weaver called the meeting to order at 7:05 p.m.

2. Agenda changes and approval

- Addition of a closed session item as authorized by North Carolina General Statute Section 143-318.11(a)(3) to consult with the town attorney in order to preserve the attorney-client privilege (current litigation – DeGette) – Item 6B
- Additional miscellaneous budget amendments – Item 3A

Motion: Commissioner Mark Bell moved to approve the agenda as amended. Commissioner Kathleen Ferguson seconded.

Vote: 3-0. Absent: Commissioners Robb English and Matt Hughes.

3. Items for decision – consent agenda

- A. Miscellaneous budget amendments and transfers
- B. Fiscal Year 2024 Fees and Charges Schedule Amendment
- C. Tourism Board Budget Amendments
- D. Tourism Board Fiscal Year 2024 Budget Adoption
- E. Tourism Development Authority Fiscal Year 2024 Budget Adoption
- F. Ridgewalk Feasibility Study
- G. System Development Fee Analysis Status Update
- H. Fiscal Year 2024 Salary Schedule

Motion: Ferguson moved to approve all items on the consent agenda. Commissioner Evelyn Lloyd seconded.

Vote: 3-0. Absent: English and Hughes.

4. In-depth discussion and topics

- A. Fiscal Year 2024-26 Strategic Plan Update

Administrative Services Director Jen Della Valle reviewed that work in developing the draft strategic plan occurred incrementally, allowing close development with the Comprehensive Sustainability Plan. She noted many items in the proposal were pulled directly from the Comprehensive Sustainability Plan that the board

adopted at its June 12 meeting. She reviewed that the Comprehensive Sustainability Plan is a long-term plan and that the Strategic Plan is what the town commits to doing in zero to three years.

English joined the meeting at 7:09 p.m.

Della Valle opened the item to discussion, noting the board could adopt the plan this evening and staff would get started on Fiscal Year 2024 initiatives and conduct a first check-in during the fall.

There was discussion on whether staff needed more time to develop the plan. Della Valle said the first two initiatives in the draft plan need more performance measures added, but staff would only be wrapping up final touches with additional time. She noted some organizations present goals and initiatives to their boards and later present the measures or keep them at the staff level.

The mayor noted that an initiative in the proposal's economic vitality focus area to conduct a parking study and develop a long-range parking plan could be read in different ways, including that a definitive plan to accommodate more vehicles would be created.

Hughes joined the meeting at 7:14 p.m.

Motion: Ferguson moved to adopt the Strategic Plan. Bell seconded.

Discussion on parking resumed. It was noted that:

- More could be done in letting new people know where parking is, including lots not used by owners at night.
- The town could partner with Orange County and other transit partners to use alternative parking lots and a shuttle system for events which bring a lot of people to town.
- The parking study should look at the long term from multiple angles since traffic will continue increasing in this area of the state.

Vote: 5-0.

5. Committee updates and reports

Board members gave updates on the committees and boards on which they serve. Bell provided an update of the June 13 special meeting of the Water and Sewer Advisory Committee and noted a member of that appointed board recused herself from the discussion and spoke as a member of the public regarding a backflow prevention requirement for owners of existing residential pools which is being re-examined. He said the member tried to speak about reimbursement, but the committee chair would not allow it.

Utilities Director Marie Strandwitz clarified that discussion of reimbursement is planned to occur at the committee's Aug. 3 meeting and that the June meeting was focused on alternate solutions for owners who had not yet installed a reduced pressure zone assembly for backflow prevention. She said staff also needs to ensure no other hazards are present that would require a reduced pressure zone assembly.

Town Attorney Bob Hornik clarified that he had advised the committee member to recuse herself from the discussion if she wanted to speak as a member of the public as that and her financial interest in the subject should preclude her participation in the deliberations.

Ferguson shared comments from youths attending a Fairview Youth in Action meeting. She said they don't feel welcome downtown for a variety of reasons, including because of second-generation translating. They would like to see signage, invitations, and event fliers in Spanish. They have felt singled out for close scrutiny while in a downtown store, and one teen was told the teen could not apply for a position in a store that had

a hiring sign displayed. They would like a sensory garden in the Fairview community, and they would like hangout spaces that have beauty to study and play games. Ferguson said they asked about police response, roads, and traffic and said they felt nothing would happen if they called about break-ins.

Ferguson also noted that:

- The Triangle J Council of Governments' name change to Central Pines Regional Council will be adopted in September.
- A new book "Lizzy: The Elizabeth Keckley Story" is available, and the author C. Georgina C. will give a reading followed by a question-and-answer period at the Burwell School Historic Site in August.
- She was reappointed to the North Carolina League of Municipalities' legislative action committee.

Hughes noted that:

- He and Planning and Economic Development Manager Shannan Campbell will give an overview of the town's food and beverage tax history to the Tourism Board, outlining spending priorities and providing some training because the board has five new members, with four newly appointed in the last six months. He said this will help with the Tourism Board's budget process.
- He is now president of the Northern Orange Branch of the National Association for the Advancement of Colored People (NAACP), and the branch will meet at the Dorothy N. Johnson Community Center in northern Hillsborough during the next quarter.
- He was recently appointed to a student reassignment subcommittee for Orange County Schools.

Weaver noted that:

- The state vision for the U.S. 15-501 corridor differs greatly from that of Chapel Hill and the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization. She said the North Carolina Department of Transportation says it wants to work with the community and may consider some changes. More discussion will occur at a quarterly meeting of planning staff and leaders within Orange County. She likened the situation to discussion that has been had about Churton Street, noting she is glad the town is conducting a study of the South Churton Street corridor and there are difficulties when streets are not owned by the town.
- The Upper Neuse River Basin Association is creating a communications pamphlet for elected officials regarding recommendations for a revised strategy regarding Falls Lake, which has state rules mandating its protection for those in its watershed, including Hillsborough.
- The quarterly joint public hearing of the Board of Commissioners and Planning Board will be in August instead of July.

Motion: Bell moved to go into closed session at 7:45 p.m. Ferguson seconded.

Vote: 5-0.

6. Closed Session

- A. Closed session as authorized by North Carolina General Statute Section 143-318.11(a)(3) to consult with the town attorney in order to preserve the attorney-client privilege (current litigation) – RIMA LLC

Motion: In open session, Ferguson moved to authorize settlement as discussed in closed session.
Hughes seconded.

Vote: 5-0.

- B. Closed session as authorized by North Carolina General Statute Section 143-318.11(a)(3) to consult with the town attorney in order to preserve the attorney-client privilege (current litigation) – DeGette (added item)

Motion: Ferguson moved to return to open session at 8:26 p.m. Bell seconded.

Vote: 5-0.

No action was taken.

7. Adjournment

Weaver adjourned the meeting at 8:28 p.m.

Respectfully submitted,

Sarah Kimrey
Town Clerk
Staff support to the Board of Commissioners

DRAFT

FY 2022-2023

**TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT**

DATES: 06/27/2023 TO 06/27/2023

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
10-00-3100-3100-190 CURRENT MOTOR VEHICLE LEVY						
Yr-end adjustments	34659	06/27/2023	EBRADFORI	795,600.00	-95,600.00	700,000.00
10-00-3100-3101-222 2022 TAX LEVY						
Yr-end adjustments	34775	06/27/2023	EBRADFORI	8,210,000.00	40,000.00	8,252,700.00
10-00-3110-3113-192 GROSS RECEIPTS TAX/VEHICLE						
Yr-end adjustments	34660	06/27/2023	EBRADFORI	3,000.00	-1,500.00	1,500.00
10-00-3110-3115-001 PRIOR MOTOR VEHICLE LIC.FEE						
Yr-end adjustments	34661	06/27/2023	EBRADFORI	100.00	-100.00	0.00
10-00-3200-3100-000 OCCUPANCY TAX						
Yr-end adjustments	34662	06/27/2023	EBRADFORI	95,000.00	-5,000.00	90,000.00
10-00-3900-3900-000 FUND BALANCE APPROPRIATION						
Yr-end adjustments	34710	06/27/2023	EBRADFORI	743,482.00	-122,673.00	1,939,808.39
Yr-end adjustments	34774	06/27/2023	EBRADFORI	743,482.00	55,000.00	1,994,808.39
10-10-3400-3401-000 PLANNING FEES						
Yr-end adjustments	34663	06/27/2023	EBRADFORI	50,000.00	-14,500.00	35,500.00
10-10-4100-5100-031 SALARIES - MAYOR						
Yr-end adjustments	34664	06/27/2023	EBRADFORI	8,400.00	100.00	8,500.00
10-10-4100-5110-010 SALARIES - COMMISSIONERS						
Yr-end adjustments	34665	06/27/2023	EBRADFORI	36,000.00	200.00	36,200.00
10-10-4100-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34666	06/27/2023	EBRADFORI	-166,600.00	-45,500.00	-212,100.00
10-10-4100-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34667	06/27/2023	EBRADFORI	-6,664.00	-1,820.00	-8,484.00
10-10-4200-5100-020 SALARIES						
Yr-end adjustments	34668	06/27/2023	EBRADFORI	902,888.00	2,000.00	958,788.00
10-10-4200-5300-570 MISCELLANEOUS						
Yr-end adjustments	34669	06/27/2023	EBRADFORI	31,253.00	20,000.00	28,573.62
10-10-4200-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34670	06/27/2023	EBRADFORI	-912,108.00	-83,406.00	-995,514.00
10-10-4200-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34671	06/27/2023	EBRADFORI	-36,484.00	-3,337.00	-39,821.00
10-10-4400-5100-020 SALARIES						
Yr-end adjustments	34673	06/27/2023	EBRADFORI	338,398.00	-5,000.00	329,199.00
10-10-4400-5300-487 TAX COLLECTION						
Yr-end adjustments	34672	06/27/2023	EBRADFORI	42,000.00	5,000.00	49,100.00
10-10-4400-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34674	06/27/2023	EBRADFORI	-396,049.00	-73,046.00	-469,095.00
10-10-4400-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34675	06/27/2023	EBRADFORI	-15,842.00	-2,922.00	-18,764.00
10-10-4900-5100-020 SALARIES						
Yr-end adjustments	34769	06/27/2023	EBRADFORI	416,690.00	20,000.00	490,550.00
10-10-4900-5127-070 RETIREMENT						
Yr-end adjustments	34676	06/27/2023	EBRADFORI	50,040.00	6,000.00	56,040.00

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**TOWN OF HILLSBOROUGH
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DATES: 06/27/2023 TO 06/27/2023

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
10-10-4900-5300-001 PAYMENTS - TOURISM BOARD						
Yr-end adjustments	34677	06/27/2023	EBRADFORI	400,000.00	150,000.00	550,000.00
10-10-4900-5300-002 PAYMENTS - TDA						
Yr-end adjustments	34678	06/27/2023	EBRADFORI	95,000.00	30,000.00	125,000.00
10-10-5000-5100-020 SALARIES						
Yr-end adjustments	34680	06/27/2023	EBRADFORI	74,351.00	20,000.00	96,851.00
10-10-5000-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34682	06/27/2023	EBRADFORI	-125,646.00	-8,834.00	-134,480.00
10-10-5000-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34681	06/27/2023	EBRADFORI	-74,246.00	-5,220.00	-79,466.00
10-10-6300-5100-010 OVERTIME COMPENSATION						
Yr-end adjustment	34697	06/27/2023	EBRADFORI	250.00	200.00	850.00
10-10-6300-5100-020 SALARIES						
Yr-end adjustment	34698	06/27/2023	EBRADFORI	139,318.00	1,000.00	160,818.00
Yr-end adjustments	34773	06/27/2023	EBRADFORI	139,318.00	15,000.00	175,818.00
10-10-6300-5120-050 FICA						
Yr-end adjustment	34699	06/27/2023	EBRADFORI	10,658.00	200.00	12,383.00
10-10-6300-5125-060 HOSPITALIZATION						
Yr-end adjustment	34700	06/27/2023	EBRADFORI	19,829.00	200.00	22,279.00
10-10-6300-5125-061 LIFE/DISABILITY/VISION						
Yr-end adjustment	34701	06/27/2023	EBRADFORI	907.00	20.00	952.00
10-10-6300-5300-110 TELEPHONE/INTERNET						
Yr-end adjustment	34702	06/27/2023	EBRADFORI	1,260.00	50.00	1,760.00
10-10-6300-5300-130 UTILITIES						
Yr-end adjustment	34703	06/27/2023	EBRADFORI	4,516.00	1,000.00	5,216.00
10-10-6600-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustment	34704	06/27/2023	EBRADFORI	-119,321.00	-32,768.00	-152,089.00
10-10-6600-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustment	34705	06/27/2023	EBRADFORI	-4,773.00	-1,311.00	-6,084.00
10-10-6610-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34707	06/27/2023	EBRADFORI	-471,505.00	-189.00	-471,694.00
10-10-6610-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34708	06/27/2023	EBRADFORI	-18,860.00	-8.00	-18,868.00
10-20-5100-5100-020 SALARIES						
Yr-end adjustments	34770	06/27/2023	EBRADFORI	2,298,991.00	20,000.00	2,366,991.00
10-20-5100-5100-021 PERSONNEL EXPANSION - SALARIES						
Yr-end adjustments	34686	06/27/2023	EBRADFORI	75,000.00	-75,000.00	0.00
10-20-5100-5125-060 HOSPITALIZATION						
Yr-end adjustments	34687	06/27/2023	EBRADFORI	349,610.00	770.00	328,985.00
10-20-5100-5127-075 SEPARATION ALLOWANCE						
Yr-end adjustments	34688	06/27/2023	EBRADFORI	20,194.00	1,000.00	47,444.00
10-30-5550-5500-970 SERVICE CHARGE - W&S FUND						
Yr-end adjustments	34689	06/27/2023	EBRADFORI	-272,505.00	-16,297.00	-288,802.00

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**TOWN OF HILLSBOROUGH
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<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
10-30-5550-5500-980 SERVICE CHARGE - STORMWATER FUND						
Yr-end adjustments	34690	06/27/2023	EBRADFORI	-7,705.00	-195.00	-7,900.00
10-30-5600-5100-020 SALARIES						
Yr-end adjustments	34691	06/27/2023	EBRADFORI	152,604.00	1,100.00	180,004.00
Yr-end adjustments	34771	06/27/2023	EBRADFORI	152,604.00	20,000.00	200,004.00
10-30-5600-5120-050 FICA						
Yr-end adjustments	34692	06/27/2023	EBRADFORI	11,674.00	300.00	13,744.00
10-30-5600-5125-061 LIFE/DISABILITY/VISION						
Yr-end adjustments	34693	06/27/2023	EBRADFORI	1,022.00	20.00	1,117.00
10-30-5600-5125-062 DENTAL INSURANCE						
Yr-end adjustments	34694	06/27/2023	EBRADFORI	1,154.00	20.00	1,174.00
10-30-5600-5127-070 RETIREMENT						
Yr-end adjustments	34695	06/27/2023	EBRADFORI	18,253.00	1,000.00	23,003.00
10-30-5600-5400-910 DEBT SERVICE						
Move funds to General CRF	34788	06/27/2023	EBRADFORI	80,148.00	-80,148.00	0.00
10-30-5800-5100-010 OVERTIME COMPENSATION						
Yr-end adjustment	34696	06/27/2023	EBRADFORI	2,000.00	300.00	4,100.00
10-30-5800-5100-020 SALARIES						
Yr-end adjustments	34772	06/27/2023	EBRADFORI	241,784.00	20,000.00	277,284.00
10-30-5800-5300-484 LANDFILL FEES						
Yr-end adjustments	34679	06/27/2023	EBRADFORI	110,000.00	5,000.00	115,000.00
10-30-5800-5400-910 DEBT SERVICE						
Move funds to General CRF	34789	06/27/2023	EBRADFORI	207,439.00	-144,822.00	62,617.00
10-60-6900-5300-570 MISCELLANEOUS						
Yr-end adjustments	34709	06/27/2023	EBRADFORI	430,300.00	-150,000.00	50,008.00
10-71-5100-5982-004 TRANSFER TO PUBLIC SAFETY FACILITY						
Move funds to General CRF	34785	06/27/2023	EBRADFORI	50,000.00	-50,000.00	0.00
10-71-5100-5982-005 TRANSFER TO GENERAL CRF						
Move funds to General CRF	34786	06/27/2023	EBRADFORI	0.00	50,000.00	50,000.00
10-71-5600-5982-005 TRANSFER TO GENERAL CRF						
Move funds to General CRF	34787	06/27/2023	EBRADFORI	0.00	80,148.00	80,148.00
10-71-5800-5982-005 TRANSFER TO GENERAL CRF						
Move funds to General CRF	34790	06/27/2023	EBRADFORI	0.00	144,822.00	144,822.00
10-71-6300-5982-005 TRANSFER TO GENERAL CRF						
Yr-end adjustments	34706	06/27/2023	EBRADFORI	300,000.00	20,000.00	320,000.00
30-71-5972-5972-002 TRANSFER TO WATER SDF RESERVE FUND						
Yr-end adjustments	34715	06/27/2023	EBRADFORI	0.00	92,736.00	92,736.00
30-71-5972-5972-003 TRANSFER TO SEWER SDF RESERVE FUND						
Yr-end adjustments	34716	06/27/2023	EBRADFORI	0.00	75,670.00	75,670.00
30-80-3500-3505-000 WATER CHARGES						
Yr-end adjustments	34711	06/27/2023	EBRADFORI	5,423,000.00	-100,000.00	5,323,000.00
30-80-3500-3510-000 SEWER CHARGES						
Yr-end adjustments	34712	06/27/2023	EBRADFORI	5,411,000.00	-100,000.00	5,311,000.00

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TOWN OF HILLSBOROUGH
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<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
30-80-3500-3523-002 WATER SYSTEM DEVELOPMENT FEES						
Yr-end adjustments	34713	06/27/2023	EBRADFORI	0.00	92,736.00	92,736.00
30-80-3500-3525-002 SEWER SYSTEM DEVELOPMENT FEES						
Yr-end adjustments	34714	06/27/2023	EBRADFORI	0.00	75,670.00	75,670.00
30-80-3900-3900-000 FUND BALANCE APPROPRIATED						
Yr-end adjustments	34742	06/27/2023	EBRADFORI	486,586.00	525,766.00	1,625,494.77
Yr-end adjustments	34781	06/27/2023	EBRADFORI	486,586.00	100,000.00	1,725,494.77
Yr-end adjustments	34782	06/27/2023	EBRADFORI	486,586.00	20,000.00	1,745,494.77
30-80-7200-5300-570 MISCELLANEOUS						
Yr-end adjustments	34717	06/27/2023	EBRADFORI	167,002.00	-70,000.00	19,964.00
30-80-7200-5350-610 SERVICE CHARGE - GOVERNING BODY						
Yr-end adjustments	34718	06/27/2023	EBRADFORI	166,600.00	45,500.00	212,100.00
30-80-7200-5350-611 SERVICE CHARGE - ADMINISTRATION						
Yr-end adjustments	34719	06/27/2023	EBRADFORI	912,108.00	83,406.00	995,514.00
30-80-7200-5350-612 SERVICE CHARGE - ACCOUNTING						
Yr-end adjustments	34720	06/27/2023	EBRADFORI	396,049.00	73,046.00	469,095.00
30-80-7200-5350-613 SERVICE CHARGE - FLEET MAINTENANCE						
Yr-end adjustments	34722	06/27/2023	EBRADFORI	272,505.00	16,297.00	288,802.00
30-80-7200-5350-614 SERVICE CHARGE - FACILITY MGMT						
Yr-end adjustments	34721	06/27/2023	EBRADFORI	125,646.00	134,480.00	260,126.00
30-80-7200-5350-615 SERVICE CHARGE - SAFETY & RISK MGMT						
Yr-end adjustments	34723	06/27/2023	EBRADFORI	119,321.00	32,768.00	152,089.00
30-80-7200-5350-616 SERVICE CHARGE - INFORMATION TECH						
Yr-end adjustments	34724	06/27/2023	EBRADFORI	471,505.00	189.00	471,694.00
30-80-7220-5100-020 SALARIES						
Yr-end adjustments	34776	06/27/2023	EBRADFORI	333,476.00	20,000.00	428,776.00
30-80-7220-5120-050 FICA						
Yr-end adjustments	34725	06/27/2023	EBRADFORI	25,511.00	500.00	31,966.00
30-80-7220-5125-060 HOSPITALIZATION						
Yr-end adjustments	34726	06/27/2023	EBRADFORI	37,118.00	400.00	42,018.00
30-80-7220-5125-061 LIFE/DISABILITY/VISION						
Yr-end adjustments	34727	06/27/2023	EBRADFORI	2,056.00	10.00	2,391.00
30-80-7220-5127-070 RETIREMENT						
Yr-end adjustments	34728	06/27/2023	EBRADFORI	40,302.00	100.00	49,402.00
30-80-7220-5300-140 TRAVEL/VEHICLE ALLOTMENT						
Yr-end adjustments	34729	06/27/2023	EBRADFORI	3,900.00	50.00	6,550.00
30-80-7240-5100-020 SALARIES						
Yr-end adjustments	34730	06/27/2023	EBRADFORI	288,308.00	-500.00	279,358.00
Yr-end adjustments	34783	06/27/2023	EBRADFORI	288,308.00	20,000.00	299,358.00
30-80-7240-5125-063 HOSPITALIZATION - RETIREE						
Yr-end adjustments	34731	06/27/2023	EBRADFORI	0.00	500.00	6,250.00
30-80-8120-5100-010 OVERTIME COMPENSATION						
Yr-end adjustments	34732	06/27/2023	EBRADFORI	25,000.00	3,000.00	32,000.00

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**TOWN OF HILLSBOROUGH
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DATES: 06/27/2023 TO 06/27/2023**

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
30-80-8120-5100-020 SALARIES						
Yr-end adjustments	34777	06/27/2023	EBRADFORI	419,120.00	20,000.00	451,120.00
30-80-8140-5100-020 SALARIES						
Yr-end adjustments	34778	06/27/2023	EBRADFORI	393,583.00	20,000.00	466,543.00
30-80-8140-5125-062 DENTAL INSURANCE						
Yr-end adjustments	34733	06/27/2023	EBRADFORI	2,885.00	30.00	2,915.00
30-80-8140-5125-063 HOSPITALIZATION - RETIREE						
Yr-end adjustments	34734	06/27/2023	EBRADFORI	0.00	740.00	10,990.00
30-80-8140-5300-110 TELEPHONE/INTERNET						
Yr-end adjustments	34735	06/27/2023	EBRADFORI	4,680.00	100.00	2,870.00
30-80-8140-5300-130 UTILITIES						
Yr-end adjustments	34736	06/27/2023	EBRADFORI	43,187.00	2,000.00	39,437.00
30-80-8200-5100-020 SALARIES						
Yr-end adjustments	34779	06/27/2023	EBRADFORI	400,311.00	20,000.00	420,311.00
30-80-8200-5300-110 TELEPHONE/INTERNET						
Yr-end adjustments	34737	06/27/2023	EBRADFORI	3,180.00	50.00	3,230.00
30-80-8220-5100-020 SALARIES						
Yr-end adjustments	34780	06/27/2023	EBRADFORI	413,431.00	20,000.00	470,931.00
30-80-8220-5125-060 HOSPITALIZATION						
Yr-end adjustments	34738	06/27/2023	EBRADFORI	60,722.00	1,000.00	64,222.00
30-80-8220-5125-061 LIFE/DISABILITY/VISION						
Yr-end adjustments	34739	06/27/2023	EBRADFORI	2,650.00	50.00	2,700.00
30-80-8220-5300-110 TELEPHONE/INTERNET						
Yr-end adjustments	34740	06/27/2023	EBRADFORI	840.00	50.00	1,240.00
30-80-8220-5300-130 UTILITIES						
Yr-end adjustments	34741	06/27/2023	EBRADFORI	138,589.00	2,000.00	133,839.00
35-30-5900-5300-140 TRAVEL/VEHICLE ALLOTMENT						
Yr-end adjustments	34744	06/27/2023	EBRADFORI	14.00	22.00	311.00
35-30-5900-5300-495 COLLECTION EXPENSE						
Yr-end adjustments	34745	06/27/2023	EBRADFORI	23,000.00	5,000.00	28,000.00
35-30-5900-5350-610 SERVICE CHARGE - GOVERNING BODY						
Yr-end adjustments	34746	06/27/2023	EBRADFORI	6,664.00	1,820.00	8,484.00
35-30-5900-5350-611 SERVICE CHARGE - ADMINISTRATION						
Yr-end adjustments	34747	06/27/2023	EBRADFORI	36,484.00	3,337.00	39,821.00
35-30-5900-5350-612 SERVICE CHARGE - ACCOUNTING						
Yr-end adjustments	34748	06/27/2023	EBRADFORI	15,842.00	2,922.00	18,764.00
35-30-5900-5350-613 SERVICE CHARGE - FLEET MAINTENANCE						
Yr-end adjustments	34750	06/27/2023	EBRADFORI	7,705.00	195.00	7,900.00
35-30-5900-5350-614 SERVICE CHARGE - FACILITY MGMT						
Yr-end adjustments	34749	06/27/2023	EBRADFORI	74,246.00	5,220.00	79,466.00
35-30-5900-5350-615 SERVICE CHARGE - SAFETY & RISK MGMT						
Yr-end adjustments	34751	06/27/2023	EBRADFORI	4,773.00	1,311.00	6,084.00
35-30-5900-5350-616 SERVICE CHARGE - INFORMATION TECH						

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<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Yr-end adjustments	34752	06/27/2023	EBRADFORI	18,860.00	8.00	18,868.00
35-80-3500-3505-106 STORMWATER CHARGES 2022						
Yr-end adjustments	34743	06/27/2023	EBRADFORI	691,035.00	-26,035.00	665,000.00
35-80-3900-3900-000 FUND BALANCE APPROPRIATED						
Yr-end adjustments	27860	06/27/2023	EBRADFORI	70,728.00	45,870.00	116,598.00
70-00-3850-3850-000 INTEREST EARNED						
Adj per FY22 audit	34765	06/27/2023	EBRADFORI	0.00	110,889.20	110,889.20
Correct amendment	34768	06/27/2023	EBRADFORI	0.00	-10,000.00	100,889.20
70-71-6900-5970-001 TRANSFER TO UTILITY CAP IMPROV FUND						
Adj per River PS proj ordinace	34753	06/27/2023	EBRADFORI	0.00	1,080,000.00	1,080,000.00
Adj per Eno River Interceptor proj ordina	34755	06/27/2023	EBRADFORI	0.00	750,000.00	1,830,000.00
70-80-6900-5700-731 CAPITAL IMPROV.- SEWER						
Adj per River PS proj ordinace	34754	06/27/2023	EBRADFORI	1,949,845.96	-1,080,000.00	869,845.96
Adj per Eno River Interceptor proj ordina	34756	06/27/2023	EBRADFORI	1,949,845.96	-750,000.00	119,845.96
Adj per FY22 audit	34766	06/27/2023	EBRADFORI	1,949,845.96	71,631.33	191,477.29
70-80-6900-5700-733 CAPITAL IMPROV.- WATER						
Adj per FY22 audit	34767	06/27/2023	EBRADFORI	794,415.99	29,257.87	823,673.86
71-00-3850-3850-000 INTEREST EARNED						
Adj per FY22 audit	34757	06/27/2023	EBRADFORI	12,034.07	-4,916.07	7,118.00
71-10-6300-5700-851 SUSTAINABILITY						
FY23 Contribution	34758	06/27/2023	EBRADFORI	300,000.00	320,000.00	620,000.00
Adj per FY22 audit	34764	06/27/2023	EBRADFORI	300,000.00	7,118.00	627,118.00
71-20-3700-3701-003 WATERSTONE CONTRIB-POLICE						
Close out used reserves	34759	06/27/2023	EBRADFORI	105,000.00	-105,000.00	0.00
71-20-3700-3701-004 WATERSTONE CONTRIB-FIRE						
Close out used reserves	34760	06/27/2023	EBRADFORI	600,000.00	-600,000.00	0.00
71-20-5100-5700-924 POLICE STATION						
Move funds to General CRF	34797	06/27/2023	EBRADFORI	0.00	50,000.00	50,000.00
71-20-6900-5700-750 WATERSTONE POLICE						
Close out used reserves	34761	06/27/2023	EBRADFORI	108,010.34	-108,010.34	0.00
71-30-5600-5700-950 VEHICLES - STREETS						
Move funds to General CRF	34798	06/27/2023	EBRADFORI	0.00	80,148.00	80,148.00
71-30-5800-5700-951 VEHICLES - SOLID WASTE						
Move funds to General CRF	34799	06/27/2023	EBRADFORI	0.00	144,822.00	144,822.00
71-71-3870-3870-410 TRANSFER FROM GF-SUSTAINABILITY						
FY23 Contribution	34762	06/27/2023	EBRADFORI	300,000.00	320,000.00	620,000.00
71-71-3870-3870-412 TRANSFER FROM GF-POLICE STATION						
Move funds to General CRF	34800	06/27/2023	EBRADFORI	0.00	50,000.00	50,000.00
71-71-3870-3870-420 TRANSFER FROM GF-VEH-STREETS						
Move funds to General CRF	34801	06/27/2023	EBRADFORI	0.00	80,148.00	80,148.00
71-71-3870-3870-421 TRANSFER FROM GF-VEH-SOL WASTE						
Move funds to General CRF	34802	06/27/2023	EBRADFORI	0.00	144,822.00	144,822.00
71-71-6900-5970-910 TRANSFER TO GENERAL FUND						

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Close out used reserves	34763	06/27/2023	EBRADFORI	609,023.73	-609,023.73	0.00
					<u>951,154.26</u>	

APPROVED: 3/0

DATE: 6/26/23

VERIFIED: *Sam E. Kimrey*

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**TOWN OF HILLSBOROUGH
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REFERENCE	CHANGE NUMBER	DATE	USER	ORIGINAL BUDGET	BUDGET CHANGE	AMENDED BUDGET
GF Rev 10-00-3800-3800-003 TOURISM BOARD Adj to new contract amount	34488	06/26/2023	EBRADFORI	38,422.00	-12,425.00	25,997.00
GF Rev 10-00-3800-3800-004 TOURISM DEVELOPMENT AUTHORITY Adj to new contract amount	34489	06/26/2023	EBRADFORI	19,844.00	-6,844.00	13,000.00
GF 10-00-3900-3900-000 FUND BALANCE APPROPRIATION Fund Bal. Adj to new TB & TDA contract amounts	34490	06/26/2023	EBRADFORI	743,482.00	19,269.00	2,062,481.39
Admin. 10-10-4200-5100-020 SALARIES Services FY23 Year-End Budget Amendments	34511	06/26/2023	JFernandez	902,888.00	56,000.00	956,788.00
Admin. 10-10-4200-5120-050 FICA Services FY23 Year-End Budget Amendments	34512	06/26/2023	JFernandez	66,859.00	6,500.00	73,359.00
Admin. 10-10-4200-5125-061 LIFE/DISABILITY/VISION Services FY23 Year-End Budget Amendments	34515	06/26/2023	JFernandez	5,461.00	-250.00	5,211.00
Admin. 10-10-4200-5125-062 DENTAL INSURANCE Services FY23 Year-End Budget Amendments	34516	06/26/2023	JFernandez	4,121.00	-700.00	3,421.00
Admin. 10-10-4200-5127-070 RETIREMENT Services FY23 Year-End Budget Amendments	34513	06/26/2023	JFernandez	108,154.00	9,250.00	117,404.00
Admin. 10-10-4200-5127-071 401(K) RETIREMENT SUPP. Services FY23 Year-End Budget Amendments	34514	06/26/2023	JFernandez	45,144.00	4,300.00	49,444.00
Admin. 10-10-4200-5300-140 TRAVEL/VEHICLE ALLOTMENT Services FY23 Year-End Budget Amendments	34519	06/26/2023	JFernandez	4,200.00	200.00	6,200.00
Admin. 10-10-4200-5300-320 SUPPLIES - OFFICE Services FY23 Year-End Budget Amendments	34520	06/26/2023	JFernandez	3,500.00	-2,000.00	1,500.00
Admin. 10-10-4200-5300-330 SUPPLIES - DEPARTMENTAL Services FY23 Year-End Budget Amendments	34521	06/26/2023	JFernandez	3,599.00	-2,000.00	599.00
Admin. 10-10-4200-5300-474 RECRUITMENT Services FY23 Year-End Budget Amendments	34522	06/26/2023	JFernandez	6,000.00	-20,000.00	52,000.00
Admin. 10-10-4200-5300-570 MISCELLANEOUS Services FY23 Year-End Budget Amendments	34517	06/26/2023	JFernandez	31,253.00	-4,700.00	8,573.62
Admin. 10-10-4200-5300-603 CONTINUING EDUCATION & TUITION REIM Services FY23 Year-End Budget Amendments	34518	06/26/2023	JFernandez	15,000.00	-10,000.00	5,000.00
Fin. 10-10-4400-5300-110 TELEPHONE/INTERNET Services FY23 Year-End Budget Amendments	34523	06/26/2023	JFernandez	840.00	50.00	2,050.00
Fin. 10-10-4400-5300-570 MISCELLANEOUS Services FY23 Year-End Budget Amendments	34524	06/26/2023	JFernandez	19,210.00	-50.00	17,060.00
Planning 10-10-4900-5100-020 SALARIES FY23 Year-End Budget Amendments	34528	06/26/2023	JFernandez	416,690.00	-13,640.00	470,550.00
Planning 10-10-4900-5120-050 FICA FY23 Year-End Budget Amendments	34525	06/26/2023	JFernandez	31,688.00	2,290.00	33,978.00
Planning 10-10-4900-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34526	06/26/2023	JFernandez	51,202.00	6,750.00	57,952.00
Planning 10-10-4900-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34527	06/26/2023	JFernandez	20,834.00	4,600.00	25,434.00
Planning 10-10-4900-5300-113 LICENSE FEES JFernandez		06/20/2023	4:24:06PM			
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	Metropolitan Planning Organization dues	34436	06/26/2023	JFernandez	3,200.00	-2,225.00	975.00
Planning 10-10-4900-5300-530	DUES & SUBSCRIPTIONS						
	Metropolitan Planning Organization dues	34435	06/26/2023	JFernandez	3,650.00	-1,500.00	2,150.00
Planning 10-10-4900-5300-751	MPO LOCAL MATCH CONTRIBUTION						
	Metropolitan Planning Organization dues	34434	06/26/2023	JFernandez	6,300.00	3,725.00	10,025.00
Facilities 10-10-5000-5100-020	SALARIES						
Mgmt.	FY23 Year-End Budget Amendments	34529	06/26/2023	JFernandez	74,351.00	2,500.00	76,851.00
Facilities 10-10-5000-5120-050	FICA						
Mgmt.	FY23 Year-End Budget Amendments	34530	06/26/2023	JFernandez	5,688.00	175.00	5,863.00
Facilities 10-10-5000-5125-060	HOSPITALIZATION						
Mgmt.	FY23 Year-End Budget Amendments	34531	06/26/2023	JFernandez	10,120.00	100.00	10,220.00
Facilities 10-10-5000-5127-070	RETIREMENT						
Mgmt.	FY23 Year-End Budget Amendments	34532	06/26/2023	JFernandez	9,026.00	275.00	9,301.00
Facilities 10-10-5000-5127-071	401(K) RETIREMENT SUPP.						
Mgmt.	FY23 Year-End Budget Amendments	34533	06/26/2023	JFernandez	3,717.00	250.00	3,967.00
Facilities 10-10-5000-5300-080	TRAINING/CONF/CONV						
Mgmt.	FY23 Year-End Budget Amendments	34534	06/26/2023	JFernandez	1,500.00	200.00	1,700.00
Facilities 10-10-5000-5300-130	UTILITIES						
Mgmt.	FY23 Year-End Budget Amendments	34535	06/26/2023	JFernandez	24,200.00	-200.00	24,000.00
Facilities 10-10-5000-5300-145	MAINTENANCE - BUILDINGS						
Mgmt.	To cover maintenance projects.	34463	06/26/2023	JFernandez	201,896.00	12,578.89	210,274.05
Facilities 10-10-5000-5300-310	GASOLINE						
Mgmt.	To cover maintenance projects.	34459	06/26/2023	JFernandez	3,600.00	-2,841.34	758.66
Facilities 10-10-5000-5300-320	SUPPLIES - OFFICE						
Mgmt.	To cover department supplies.	34464	06/26/2023	JFernandez	200.00	-200.00	0.00
Facilities 10-10-5000-5300-330	SUPPLIES - DEPARTMENTAL						
Mgmt.	To cover department supplies.	34467	06/26/2023	JFernandez	12,500.00	600.00	615.54
Facilities 10-10-5000-5300-331	SUPPLIES - SAFETY						
Mgmt.	To cover department supplies.	34465	06/26/2023	JFernandez	300.00	-300.00	0.00
Facilities 10-10-5000-5300-447	C.S./COPIER						
Mgmt.	To cover maintenance projects.	34460	06/26/2023	JFernandez	15,000.00	-4,934.55	10,065.45
Facilities 10-10-5000-5300-490	C.S./ALARM						
Mgmt.	To cover maintenance projects.	34461	06/26/2023	JFernandez	5,000.00	-2,803.00	2,197.00
Facilities 10-10-5000-5300-530	DUES & SUBSCRIPTIONS						
Mgmt.	To cover department supplies.	34466	06/26/2023	JFernandez	100.00	-100.00	0.00
Facilities 10-10-5000-5300-570	MISCELLANEOUS						
Mgmt.	To cover maintenance projects.	34462	06/26/2023	JFernandez	2,000.00	-2,000.00	0.00
Public Space 10-10-6300-5100-010	OVERTIME COMPENSATION						
	FY23 Year-End Budget Amendments	34569	06/26/2023	JFernandez	250.00	400.00	650.00
Public Space 10-10-6300-5100-020	SALARIES						
	FY23 Year-End Budget Amendments	34570	06/26/2023	JFernandez	139,318.00	20,500.00	159,818.00
Public Space 10-10-6300-5120-050	FICA						
	FY23 Year-End Budget Amendments	34571	06/26/2023	JFernandez	10,658.00	1,525.00	12,183.00

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Public Space	10-10-6300-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34572	06/26/2023	JFernandez	19,829.00	2,250.00	22,079.00
Public Space	10-10-6300-5125-061 LIFE/DISABILITY/VISION FY23 Year-End Budget Amendments	34573	06/26/2023	JFernandez	907.00	25.00	932.00
Public Space	10-10-6300-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34574	06/26/2023	JFernandez	16,670.00	3,000.00	19,670.00
Public Space	10-10-6300-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34575	06/26/2023	JFernandez	6,966.00	1,750.00	8,716.00
Public Space	10-10-6300-5300-110 TELEPHONE/INTERNET FY23 Year-End Budget Amendments	34576	06/26/2023	JFernandez	1,260.00	450.00	1,710.00
Public Space	10-10-6300-5300-130 UTILITIES FY23 Year-End Budget Amendments	34578	06/26/2023	JFernandez	4,516.00	-300.00	4,216.00
Public Space	10-10-6300-5300-140 TRAVEL/VEHICLE ALLOTMENT FY23 Year-End Budget Amendments	34577	06/26/2023	JFernandez	3,600.00	50.00	3,650.00
Public Space	10-10-6300-5300-330 SUPPLIES - DEPARTMENTAL FY23 Year-End Budget Amendments	34580	06/26/2023	JFernandez	32,000.00	-5,000.00	27,000.00
Public Space	10-10-6300-5300-570 MISCELLANEOUS FY23 Year-End Budget Amendments	34579	06/26/2023	JFernandez	7,000.00	-6,200.00	500.00
Safety & Risk	10-10-6600-5100-020 SALARIES FY23 Year-End Budget Amendments	34581	06/26/2023	JFernandez	88,457.00	7,500.00	95,957.00
Safety & Risk	10-10-6600-5120-050 FICA FY23 Year-End Budget Amendments	34582	06/26/2023	JFernandez	6,767.00	1,205.00	7,972.00
Safety & Risk	10-10-6600-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34583	06/26/2023	JFernandez	10,556.00	2,450.00	13,006.00
Safety & Risk	10-10-6600-5127-071 401(K) RETIREMENT SUPPLEMENT FY23 Year-End Budget Amendments	34584	06/26/2023	JFernandez	4,423.00	650.00	5,073.00
Safety & Risk	10-10-6600-5300-080 TRAINING/CONF./CONV. FY23 Year-End Budget Amendments	34586	06/26/2023	JFernandez	15,000.00	-10,000.00	15,655.16
Safety & Risk	10-10-6600-5300-145 MAINTENANCE - BUILDINGS FY23 Year-End Budget Amendments	34587	06/26/2023	JFernandez	3,000.00	-2,280.00	720.00
Safety & Risk	10-10-6600-5300-350 UNIFORMS FY23 Year-End Budget Amendments	34585	06/26/2023	JFernandez	0.00	475.00	975.00
Info. Tech.	10-10-6610-5100-020 SALARIES FY23 Year-End Budget Amendments	34588	06/26/2023	JFernandez	109,248.00	12,750.00	121,998.00
Info. Tech.	10-10-6610-5120-050 FICA FY23 Year-End Budget Amendments	34589	06/26/2023	JFernandez	8,358.00	1,150.00	9,508.00
Info. Tech.	10-10-6610-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34590	06/26/2023	JFernandez	13,263.00	1,600.00	14,863.00
Info. Tech.	10-10-6610-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34591	06/26/2023	JFernandez	5,462.00	1,000.00	6,462.00
Info. Tech.	10-10-6610-5300-080 TRAINING/CONF./CONV. FY23 Year-End Budget Amendments	34592	06/26/2023	JFernandez	3,600.00	-3,000.00	600.00
Info. Tech.	10-10-6610-5300-110 TELEPHONE/INTERNET JFernandez		06/20/2023	4:24:06PM			
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	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
	FY23 Year-End Budget Amendments	34594	06/26/2023	JFernandez	113,500.00	-13,600.00	99,900.00
Info.	10-10-6610-5300-140 TRAVEL/VEHICLE ALLOTMENT						
Tech.	FY23 Year-End Budget Amendments	34593	06/26/2023	JFernandez	3,900.00	100.00	4,000.00
Police	10-20-5100-5100-010 OVERTIME COMPENSATION						
	To cover FTO bonuses for recently trainee	34446	06/26/2023	JFernandez	40,000.00	-150.00	24,850.00
Police	10-20-5100-5100-020 SALARIES						
	FY23 Year-End Budget Amendments	34536	06/26/2023	JFernandez	2,298,991.00	48,000.00	2,346,991.00
Police	10-20-5100-5100-030 BONUS PAY						
	To cover FTO bonuses for recently trainee	34447	06/26/2023	JFernandez	5,000.00	150.00	5,150.00
Police	10-20-5100-5120-050 FICA						
	FY23 Year-End Budget Amendments	34537	06/26/2023	JFernandez	177,418.00	2,000.00	179,418.00
Police	10-20-5100-5125-060 HOSPITALIZATION						
	FY23 Year-End Budget Amendments	34545	06/26/2023	JFernandez	349,610.00	-21,395.00	328,215.00
Police	10-20-5100-5125-063 HOSPITALIZATION - RETIREE						
	FY23 Year-End Budget Amendments	34538	06/26/2023	JFernandez	0.00	10,250.00	10,250.00
Police	10-20-5100-5127-070 RETIREMENT						
	FY23 Year-End Budget Amendments	34539	06/26/2023	JFernandez	285,825.00	19,500.00	305,325.00
Police	10-20-5100-5127-071 401(K) RETIREMENT SUPP.						
	FY23 Year-End Budget Amendments	34540	06/26/2023	JFernandez	111,842.00	8,500.00	120,342.00
Police	10-20-5100-5127-075 SEPARATION ALLOWANCE						
	FY23 Year-End Budget Amendments	34541	06/26/2023	JFernandez	20,194.00	26,250.00	46,444.00
Police	10-20-5100-5300-110 TELEPHONE/INTERNET						
	FY23 Year-End Budget Amendments	34542	06/26/2023	JFernandez	10,080.00	1,250.00	11,330.00
Police	10-20-5100-5300-158 MAINTENANCE - EQUIPMENT						
	To cover Police technology project.	34474	06/26/2023	JFernandez	4,000.00	-1,550.00	2,450.00
Police	10-20-5100-5300-310 GASOLINE						
	FY23 Year-End Budget Amendments	34543	06/26/2023	JFernandez	100,000.00	-1,250.00	83,750.00
Police	10-20-5100-5300-320 SUPPLIES - OFFICE						
	To cover account overages through year-e	34453	06/26/2023	JFernandez	5,000.00	400.00	8,900.00
Police	10-20-5100-5300-321 SUPPLIES - COMMUNITY POLICING						
	To cover account overages through year-e	34452	06/26/2023	JFernandez	2,000.00	-400.00	1,600.00
Police	10-20-5100-5300-330 SUPPLIES - DEPARTMENTAL						
	FY23 Year-End Budget Amendments	34544	06/26/2023	JFernandez	54,100.00	-20,000.00	38,100.00
Police	10-20-5100-5300-458 DATA PROCESSING SERVICES						
	To cover Police technology project.	34475	06/26/2023	JFernandez	24,557.00	1,550.00	26,107.00
Police	10-20-5100-5300-460 C.S./DRIVER SAFETY TRAINING						
	To cover account overages through year-e	34454	06/26/2023	JFernandez	4,000.00	-500.00	0.00
Police	10-20-5100-5300-570 MISCELLANEOUS						
	To cover account overages through year-e	34455	06/26/2023	JFernandez	3,500.00	500.00	3,180.00
Fleet	10-30-5550-5100-020 SALARIES						
Mgmt.	FY23 Year-End Budget Amendments	34546	06/26/2023	JFernandez	227,443.00	22,000.00	249,443.00
Fleet	10-30-5550-5120-050 FICA						
Mgmt.	FY23 Year-End Budget Amendments	34547	06/26/2023	JFernandez	17,399.00	750.00	18,149.00

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	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Fleet Mgmt.	10-30-5550-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34548	06/26/2023	JFernandez	30,625.00	3,000.00	33,625.00
Fleet Mgmt.	10-30-5550-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34549	06/26/2023	JFernandez	27,065.00	3,250.00	30,315.00
Fleet Mgmt.	10-30-5550-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34550	06/26/2023	JFernandez	11,372.00	1,500.00	12,872.00
Fleet Mgmt.	10-30-5550-5300-145 MAINTENANCE - BUILDINGS FY23 Year-End Budget Amendments	34551	06/26/2023	JFernandez	5,685.00	-4,000.00	1,685.00
Streets	10-30-5600-5100-020 SALARIES FY23 Year-End Budget Amendments	34552	06/26/2023	JFernandez	152,604.00	24,000.00	178,904.00
Streets	10-30-5600-5120-050 FICA FY23 Year-End Budget Amendments	34553	06/26/2023	JFernandez	11,674.00	1,370.00	13,444.00
Streets	10-30-5600-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34554	06/26/2023	JFernandez	28,653.00	9,000.00	37,653.00
Streets	10-30-5600-5125-061 LIFE/DISABILITY/VISION FY23 Year-End Budget Amendments	34555	06/26/2023	JFernandez	1,022.00	75.00	1,097.00
Streets	10-30-5600-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34556	06/26/2023	JFernandez	18,253.00	3,750.00	22,003.00
Streets	10-30-5600-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34557	06/26/2023	JFernandez	7,630.00	1,750.00	9,380.00
Streets	10-30-5600-5300-130 UTILITIES FY23 Year-End Budget Amendments	34559	06/26/2023	JFernandez	133,100.00	-27,500.00	105,600.00
Streets	10-30-5600-5300-140 TRAVEL/VEHICLE ALLOTMENT FY23 Year-End Budget Amendments	34558	06/26/2023	JFernandez	14.00	300.00	314.00
Streets	10-30-5600-5300-330 SUPPLIES - DEPARTMENTAL FY23 Year-End Budget Amendments	34560	06/26/2023	JFernandez	29,500.00	-5,000.00	17,900.00
Solid Waste	10-30-5800-5100-010 OVERTIME COMPENSATION FY23 Year-End Budget Amendments	34561	06/26/2023	JFernandez	2,000.00	1,800.00	3,800.00
Solid Waste	10-30-5800-5100-020 SALARIES FY23 Year-End Budget Amendments	34562	06/26/2023	JFernandez	241,784.00	15,500.00	257,284.00
Solid Waste	10-30-5800-5120-050 FICA FY23 Year-End Budget Amendments	34563	06/26/2023	JFernandez	18,496.00	200.00	18,696.00
Solid Waste	10-30-5800-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34564	06/26/2023	JFernandez	45,358.00	2,150.00	47,508.00
Solid Waste	10-30-5800-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34565	06/26/2023	JFernandez	29,031.00	2,750.00	31,781.00
Solid Waste	10-30-5800-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34566	06/26/2023	JFernandez	12,089.00	1,350.00	13,439.00
Solid Waste	10-30-5800-5300-110 TELEPHONE/INTERNET FY23 Year-End Budget Amendments	34567	06/26/2023	JFernandez	2,280.00	300.00	2,580.00
Solid Waste	10-30-5800-5300-421 C.S./BULK CONTAINERS RENTAL & HAULI FY23 Year-End Budget Amendments	34568	06/26/2023	JFernandez	8,000.00	-2,750.00	5,250.00
Special Approp.	10-60-6900-5300-570 MISCELLANEOUS JFernandez		06/20/2023	4:24:06PM			
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	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
	FY23 Year-End Budget Amendments	34595	06/26/2023	JFernandez	430,300.00	-187,000.00	200,008.00
Special Rev.	15-00-3000-3301-053 RESTRICTED REV-CDBG-CV GRANT To move to Spec Rev Fund	34468	06/26/2023	EBRADFORI	0.00	600,000.00	600,000.00
Special Rev.	15-10-3000-5300-800 CDBG-CV - ADMINISTRATION To move to Spec Rev Fund	34469	06/26/2023	EBRADFORI	0.00	60,000.00	60,000.00
Special Rev.	15-10-3000-5300-801 CDBG-CV - PUBLIC SERVICES To move to Spec Rev Fund	34470	06/26/2023	EBRADFORI	0.00	540,000.00	540,000.00
W&S Fund Bal.	30-80-3900-3900-000 FUND BALANCE APPROPRIATED To est budget for utility locates	34443	06/26/2023	EBRADFORI	486,586.00	100,000.00	1,069,130.56
	To cover CCTV coll sys analysis	34478	06/26/2023	EBRADFORI	486,586.00	3,413.21	1,072,543.77
	FY23 Year-End Budget Amendments	34658	06/26/2023	JFernandez	486,586.00	27,185.00	1,099,728.77
Admin. of Enterprise	30-80-7200-5300-570 MISCELLANEOUS FY23 Year-End Budget Amendments	34651	06/26/2023	JFernandez	167,002.00	-77,000.00	89,964.00
Admin. of Enterprise	30-80-7200-5320-050 FICA FY23 Year-End Budget Amendments	34596	06/26/2023	JFernandez	0.00	630.00	630.00
Admin. of Enterprise	30-80-7200-5327-070 RETIREMENT FY23 Year-End Budget Amendments	34597	06/26/2023	JFernandez	0.00	950.00	950.00
Utilities Admin.	30-80-7220-5100-020 SALARIES FY23 Year-End Budget Amendments	34598	06/26/2023	JFernandez	333,476.00	77,000.00	408,776.00
Utilities Admin.	30-80-7220-5120-050 FICA FY23 Year-End Budget Amendments	34599	06/26/2023	JFernandez	25,511.00	5,955.00	31,466.00
Utilities Admin.	30-80-7220-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34600	06/26/2023	JFernandez	37,118.00	4,500.00	41,618.00
Utilities Admin.	30-80-7220-5125-061 LIFE/DISABILITY/VISION FY23 Year-End Budget Amendments	34601	06/26/2023	JFernandez	2,056.00	325.00	2,381.00
Utilities Admin.	30-80-7220-5125-062 DENTAL INSURANCE FY23 Year-End Budget Amendments	34602	06/26/2023	JFernandez	1,483.00	175.00	1,658.00
Utilities Admin.	30-80-7220-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34603	06/26/2023	JFernandez	40,302.00	9,000.00	49,302.00
Utilities Admin.	30-80-7220-5127-071 401(K) RETIREMENT SUPPL. FY23 Year-End Budget Amendments	34604	06/26/2023	JFernandez	16,674.00	4,750.00	21,424.00
Utilities Admin.	30-80-7220-5300-140 TRAVEL/VEHICLE ALLOTMENT FY23 Year-End Budget Amendments	34605	06/26/2023	JFernandez	3,900.00	900.00	6,500.00
Utilities Admin.	30-80-7220-5300-479 C.S./UTILITY LOCATES To est budget for utility locates	34442	06/26/2023	EBRADFORI	0.00	100,000.00	100,000.00
Billing & Collect.	30-80-7240-5100-020 SALARIES FY23 Year-End Budget Amendments	34612	06/26/2023	JFernandez	288,308.00	-8,450.00	279,858.00
Billing & Collect.	30-80-7240-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34608	06/26/2023	JFernandez	59,413.00	-16,500.00	42,913.00
Billing & Collect.	30-80-7240-5125-063 HOSPITALIZATION - RETIREE FY23 Year-End Budget Amendments	34606	06/26/2023	JFernandez	0.00	5,750.00	5,750.00
Billing & Collect.	30-80-7240-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34610	06/26/2023	JFernandez	34,456.00	-6,500.00	27,956.00

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	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Billing & Collect.	30-80-7240-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34611	06/26/2023	JFernandez	14,415.00	-3,000.00	11,415.00
Billing & Collect.	30-80-7240-5300-080 TRAINING/CONF./CONV. FY23 Year-End Budget Amendments	34609	06/26/2023	JFernandez	5,000.00	-3,800.00	900.00
Billing & Collect.	30-80-7240-5300-585 ELECTRONIC PAYMENT FEES FY23 Year-End Budget Amendments	34607	06/26/2023	JFernandez	136,500.00	32,500.00	169,000.00
WTP	30-80-8120-5100-010 OVERTIME COMPENSATION FY23 Year-End Budget Amendments	34613	06/26/2023	JFernandez	25,000.00	4,000.00	29,000.00
WTP	30-80-8120-5100-020 SALARIES FY23 Year-End Budget Amendments	34614	06/26/2023	JFernandez	419,120.00	12,000.00	431,120.00
WTP	30-80-8120-5120-050 FICA FY23 Year-End Budget Amendments	34615	06/26/2023	JFernandez	32,063.00	2,750.00	34,813.00
WTP	30-80-8120-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34616	06/26/2023	JFernandez	71,106.00	-13,500.00	57,606.00
WTP	30-80-8120-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34617	06/26/2023	JFernandez	49,998.00	-2,500.00	47,498.00
WTP	30-80-8120-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34618	06/26/2023	JFernandez	20,956.00	-1,250.00	19,706.00
WTP	30-80-8120-5300-110 TELEPHONE/INTERNET FY23 Year-End Budget Amendments	34619	06/26/2023	JFernandez	1,050.00	175.00	1,225.00
WTP	30-80-8120-5300-130 UTILITIES FY23 Year-End Budget Amendments	34620	06/26/2023	JFernandez	84,040.00	-1,675.00	82,365.00
WFER	30-80-8130-5300-152 AQUATIC WEED CONTROL To repair failing steps at WFER Reservoir	34479	06/26/2023	JFernandez	8,500.00	-8,500.00	4,876.55
WFER	30-80-8130-5300-154 MAINTENANCE - GROUNDS To repair failing steps at WFER Reservoir	34480	06/26/2023	JFernandez	14,000.00	8,500.00	34,400.00
Water Dist.	30-80-8140-5100-010 OVERTIME COMPENSATION FY23 Year-End Budget Amendments	34621	06/26/2023	JFernandez	12,500.00	6,750.00	19,250.00
Water Dist.	30-80-8140-5100-020 SALARIES FY23 Year-End Budget Amendments	34634	06/26/2023	JFernandez	393,583.00	-12,225.00	446,543.00
Water Dist.	30-80-8140-5120-050 FICA FY23 Year-End Budget Amendments	34622	06/26/2023	JFernandez	30,109.00	5,000.00	35,109.00
Water Dist.	30-80-8140-5125-061 LIFE/DISABILITY/VISION FY23 Year-End Budget Amendments	34623	06/26/2023	JFernandez	2,618.00	100.00	2,718.00
Water Dist.	30-80-8140-5125-063 HOSPITALIZATION - RETIREE FY23 Year-End Budget Amendments	34624	06/26/2023	JFernandez	0.00	10,250.00	10,250.00
Water Dist.	30-80-8140-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34625	06/26/2023	JFernandez	46,924.00	9,750.00	56,674.00
Water Dist.	30-80-8140-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34626	06/26/2023	JFernandez	19,679.00	4,250.00	23,929.00
Water Dist.	30-80-8140-5300-110 TELEPHONE/INTERNET FY23 Year-End Budget Amendments	34628	06/26/2023	JFernandez	4,680.00	-2,750.00	2,770.00
Water Dist.	30-80-8140-5300-130 UTILITIES JFernandez		06/20/2023	4:24:06PM			

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	FY23 Year-End Budget Amendments	34629	06/26/2023	JFernandez	43,187.00	-5,750.00	37,437.00
Water Dist.	30-80-8140-5300-158 MAINTENANCE - EQUIPMENT To purchase GPR system for locating line	34437	06/26/2023	JFernandez	8,000.00	-5,365.70	2,934.25
Water Dist.	30-80-8140-5300-165 MAINTENANCE - INFRASTRUCTURE To purchase GPR system for locating line	34438	06/26/2023	JFernandez	38,000.00	-3,009.30	59,990.70
	FY23 Year-End Budget Amendments	34630	06/26/2023	JFernandez	38,000.00	-12,000.00	47,990.70
Water Dist.	30-80-8140-5300-330 SUPPLIES - DEPARTMENTAL FY23 Year-End Budget Amendments	34633	06/26/2023	JFernandez	102,000.00	-4,500.00	127,990.92
Water Dist.	30-80-8140-5300-490 C.S./ALARM FY23 Year-End Budget Amendments	34627	06/26/2023	JFernandez	400.00	425.00	875.00
Water Dist.	30-80-8140-5300-570 MISCELLANEOUS FY23 Year-End Budget Amendments	34632	06/26/2023	JFernandez	3,000.00	-1,000.00	652.50
Water Dist.	30-80-8140-5700-740 CAPITAL - VEHICLES FY23 Year-End Budget Amendments	34631	06/26/2023	JFernandez	50,000.00	1,700.00	1,700.95
Water Dist.	30-80-8140-5700-741 CAPITAL - EQUIPMENT To purchase GPR system for locating line	34439	06/26/2023	JFernandez	35,000.00	8,375.00	43,622.50
	To replace ATV	34456	06/26/2023	EBRADFORI	35,000.00	11,000.00	54,622.50
WW Collect.	30-80-8200-5300-130 UTILITIES FY23 Year-End Budget Amendments	34636	06/26/2023	JFernandez	52,272.00	-160.00	52,112.00
WW Collect.	30-80-8200-5300-165 MAINTENANCE - INFRASTRUCTURE For sidewalk repair and office chair replac	34448	06/26/2023	JFernandez	120,000.00	-1,963.95	140,483.05
	To cover CCTV coll sys analysis	34476	06/26/2023	EBRADFORI	120,000.00	70,000.00	210,483.05
WW Collect.	30-80-8200-5300-320 SUPPLIES - OFFICE For sidewalk repair and office chair replac	34450	06/26/2023	JFernandez	2,000.00	300.00	2,365.00
WW Collect.	30-80-8200-5300-322 SUPPLIES - LIFT STATION PUMPS To purchase GPR system for locating line	34440	06/26/2023	JFernandez	150,000.00	-8,375.00	114,026.50
	To replace Corbinton Commons pump at j	34481	06/26/2023	JFernandez	150,000.00	-20,398.13	93,628.37
WW Collect.	30-80-8200-5300-326 SUPPLIES - PATCH For sidewalk repair and office chair replac	34449	06/26/2023	JFernandez	20,000.00	1,663.95	14,811.20
WW Collect.	30-80-8200-5300-331 SUPPLIES - SAFETY FY23 Year-End Budget Amendments	34635	06/26/2023	JFernandez	1,500.00	160.00	1,720.63
WW Collect.	30-80-8200-5700-741 CAPITAL - EQUIPMENT To purchase GPR system for locating line	34441	06/26/2023	JFernandez	35,000.00	8,375.00	230,026.62
	To replace ATV	34457	06/26/2023	EBRADFORI	35,000.00	11,000.00	241,026.62
	To replace Corbinton Commons pump at j	34482	06/26/2023	JFernandez	35,000.00	20,398.13	261,424.75
WWTP	30-80-8220-5100-020 SALARIES FY23 Year-End Budget Amendments	34637	06/26/2023	JFernandez	413,431.00	37,500.00	450,931.00
WWTP	30-80-8220-5100-021 PERSONNEL EXPANSION - SALARIES FY23 Year-End Budget Amendments	34643	06/26/2023	JFernandez	30,350.00	-30,350.00	0.00
WWTP	30-80-8220-5120-050 FICA FY23 Year-End Budget Amendments	34638	06/26/2023	JFernandez	31,627.00	2,750.00	34,377.00
WWTP	30-80-8220-5125-060 HOSPITALIZATION FY23 Year-End Budget Amendments	34639	06/26/2023	JFernandez	60,722.00	2,500.00	63,222.00

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WWTP	30-80-8220-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34640	06/26/2023	JFernandez	49,318.00	5,750.00	55,068.00
WWTP	30-80-8220-5127-071 401(K) RETIREMENT SUPP. FY23 Year-End Budget Amendments	34641	06/26/2023	JFernandez	20,672.00	2,750.00	23,422.00
WWTP	30-80-8220-5300-110 TELEPHONE/INTERNET FY23 Year-End Budget Amendments	34642	06/26/2023	JFernandez	840.00	350.00	1,190.00
WWTP	30-80-8220-5300-130 UTILITIES FY23 Year-End Budget Amendments	34644	06/26/2023	JFernandez	138,589.00	-6,750.00	131,839.00
WWTP	30-80-8220-5300-145 MAINTENANCE - BUILDINGS FY23 Year-End Budget Amendments	34646	06/26/2023	JFernandez	3,950.00	-425.00	7,525.00
WWTP	30-80-8220-5300-154 MAINTENANCE - GROUNDS FY23 Year-End Budget Amendments	34647	06/26/2023	JFernandez	2,000.00	-100.00	4,400.00
WWTP	30-80-8220-5300-158 MAINTENANCE - EQUIPMENT For sweeps, brackets, pump, and pump alt	34445	06/26/2023	JFernandez	98,930.00	10,700.00	106,253.47
WWTP	30-80-8220-5300-162 MAINTENANCE - LAB EQUIPMENT FY23 Year-End Budget Amendments	34649	06/26/2023	JFernandez	8,950.00	-5,000.00	3,950.00
WWTP	30-80-8220-5300-164 MAINTENANCE - INSTRUMENTATION FY23 Year-End Budget Amendments	34650	06/26/2023	JFernandez	19,000.00	-6,360.00	26,740.00
WWTP	30-80-8220-5300-323 SUPPLIES - CHEMICALS For sweeps, brackets, pump, and pump alt	34444	06/26/2023	JFernandez	92,500.00	-10,700.00	55,503.00
WWTP	30-80-8220-5300-570 MISCELLANEOUS FY23 Year-End Budget Amendments	34648	06/26/2023	JFernandez	4,300.00	-1,000.00	2,733.00
WWTP	30-80-8220-5300-600 PERSONNEL EXPANSION - OP COSTS FY23 Year-End Budget Amendments	34645	06/26/2023	JFernandez	1,615.00	-1,615.00	0.00
W&S	30-80-9990-5300-000 CONTINGENCY Contingency To replace ATV	34458	06/26/2023	EBRADFORI	400,000.00	-22,000.00	66,586.79
	To cover CCTV coll sys analysis	34477	06/26/2023	EBRADFORI	400,000.00	-66,586.79	0.00
Storm-Water	35-30-5900-5100-020 SALARIES FY23 Year-End Budget Amendments	34652	06/26/2023	JFernandez	227,209.00	20,750.00	247,959.00
Storm-Water	35-30-5900-5120-050 FICA FY23 Year-End Budget Amendments	34653	06/26/2023	JFernandez	17,382.00	1,325.00	18,707.00
Storm-Water	35-30-5900-5127-070 RETIREMENT FY23 Year-End Budget Amendments	34654	06/26/2023	JFernandez	27,219.00	3,090.00	30,309.00
Storm-Water	35-30-5900-5127-071 401(K) RETIREMENT SUPPLEMENT FY23 Year-End Budget Amendments	34655	06/26/2023	JFernandez	11,360.00	1,550.00	12,910.00
Storm-Water	35-30-5900-5300-165 MAINTENANCE - INFRASTRUCTURE FY23 Year-End Budget Amendments	34657	06/26/2023	JFernandez	147,000.00	-3,215.00	83,800.00
Storm-Water	35-30-5900-5300-570 MISCELLANEOUS FY23 Year-End Budget Amendments	34656	06/26/2023	JFernandez	24,874.00	-23,500.00	411.69
Restrict. Revenue	72-00-3000-3301-053 RESTRICTED REV-CDBG-CV GRANT To move to Spec Rev Fund	34471	06/26/2023	EBRADFORI	600,000.00	-600,000.00	0.00
Restrict. Revenue	72-10-3000-5300-800 CDBG-CV - ADMINISTRATION To move to Spec Rev Fund	34472	06/26/2023	EBRADFORI	60,000.00	-60,000.00	0.00

JFernandez
fl142r03

06/20/2023 4:24:06PM

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FY 2022-2023

TOWN OF HILLSBOROUGH
 BUDGET CHANGES REPORT

DATES: 06/26/2023 TO 06/26/2023

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Restrict. 72-10-3000-5300-801 CDBG-CV - PUBLIC SERVICES						
Revenue To move to Spec Rev Fund	34473	06/26/2023	EBRADFORI	540,000.00	-540,000.00	0.00
					<u>261,196.42</u>	

APPROVED: 3/0

DATE: 6/26/23

VERIFIED: *Sharon E. Kimrey*

DRAFT



Fees & Charges Schedule

FY2024 Operating & Capital Budget

Accounting

Description	Rate	Basis
Food & Beverage		
Food & Beverage Tax (failure to pay)	\$ 500.00	Not to exceed \$500.00
Single-Day Pre-Paid Food & Beverage Fee	\$ 15.00	
Mobile Food Vendor Permit Fee ¹	\$ 50.00	
Beer and Wine License		
On-premise malt beverage	\$ 15.00	
Off-premise malt beverage	\$ 5.00	
On-premise unfortified wine, on-premise fortified wine, or both	\$ 15.00	
Off-premise unfortified wine, off-premise fortified wine, or both	\$ 10.00	

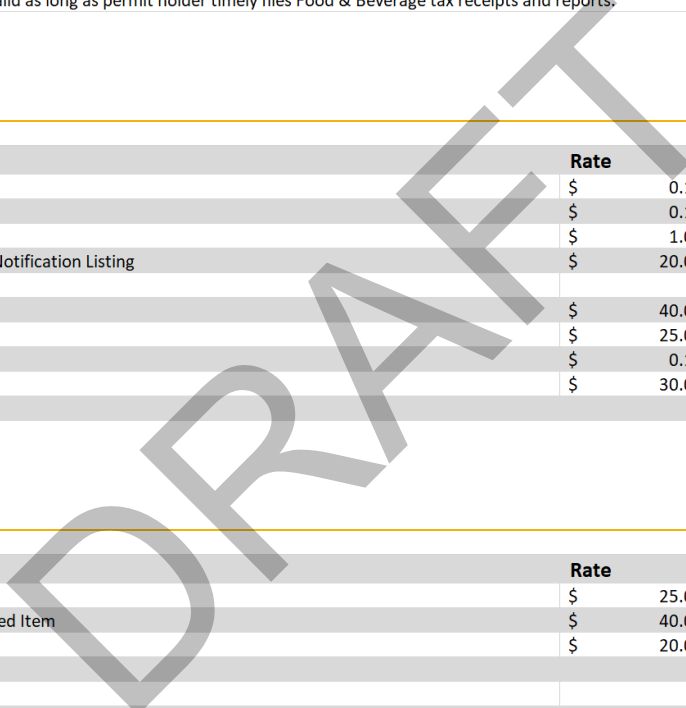
¹Mobile food vendor permits are valid as long as permit holder timely files Food & Beverage tax receipts and reports.

Administration

Description	Rate	Basis
Photocopies	\$ 0.10	per page
Laser Printer Copies	\$ 0.10	per page
Town Clerk Certified Copies	\$ 1.00	per page
Board of Commissioners Meeting Notification Listing	\$ 20.00	annually
Town Code:		
Bound Copy	\$ 40.00	
Unbound Copy	\$ 25.00	
Supplements	\$ 0.10	per page
Motor Vehicle License Fee	\$ 30.00	per vehicle
Franchise Fees (Cable)		5% of gross receipts

Billing & Collections

Description	Rate	Basis
Returned Check / Bank Draft Fee	\$ 25.00	per occurrence
Disconnect / Reconnect for Returned Item	\$ 40.00	per occurrence
Connection Fee	\$ 20.00	
Security Deposits:		
Water/Sewer Service		
Inside Town	\$ 75.00	
Outside Town	\$ 150.00	
Delinquent Fee	\$ 40.00	
Late Fee (after 25th of month)		15%
Reconnection Fee:		
Business Hours		No Charge
After Hours (Town Error)		No Charge
Same Day Turn-On Service	\$ 50.00	
After Hours (Customer Request)	\$ 50.00	
Account Servicing Fee for Payments Made with Unwrapped Coins		
A \$1.00 fee for 100 coins or fraction thereof that the town is required to count in excess of the first \$10.00 of unwrapped coins submitted for payment of the utility bill.	\$ 1.00	per 100 coins
Water Use Reduction Rebate		
One time rebate per water and/or sewer customer for new or replacement installation of low-flow faucets, showerheads and toilets (receipt or billing invoice of work required).	\$ 10.00	per customer



Cemetery

Description	Rate	Basis
Lot Fee:		
Resident	\$ 500.00	
Non-Resident	\$ 1,000.00	
Lot Transfer		
Transfer Between One Pair of Lots	No Charge	
Transfer Between 3 or More Lots	\$ 50.00	per pair of lots

Planning

Description	Rate	Basis
Special Event Permits		
Public and Private Events on Private Property	\$ 20.00	
Public and Private Events on Public Property	\$ 35.00	
Street or Greenway Events	\$ 55.00	
Applications for Review		
Future Land Use Plan or Comprehensive Plan Amendment	\$ 300.00	
Unified Development Ordinance Text Amendment	\$ 300.00	
Rezoning to Conditional district	The greater of \$2,000 or \$200	per acre
Rezoning to general purpose or overlay district	The greater of \$500 or \$50	per acre
Special Use Permit	The greater of \$1,000 or \$200	per acre
SUP Modification Requiring Public Hearing	\$ 500.00	
SUP Modification not Requiring Public Hearing	\$ 300.00	
Minor Subdivision Review (1-4 lots with or without streets)	\$ 300.00	
Major Subdivision Review (5-19 lots with or without streets)	\$ 600.00	
Subdivision Review (4th review and subsequent additional reviews)	\$ 150.00	
Site Plan Review	\$ 600.00	
Site Plan Review (4th review and subsequent additional reviews)	\$ 200.00	
Construction Plan Review ²		
Total building size less than 10,000 sf	\$ 600.00	
Total building size equal to or greater than 10,000 sf	\$ 1,000.00	
Construction Plan Review (4th review and subsequent additional reviews)	\$ 200.00	
Variance	\$ 200.00	
Street Closing Request	\$ 150.00	
Street Renaming Request	\$ 200.00	
Certificate of Appropriateness	\$ 1.00	per \$1,000 construction cost; \$10 minimum
Zoning Compliance Letter	\$ 40.00	
Appeals	\$ 200.00	There are administration and time costs to process, postage for mailings, staff time to process. etc.
Fees in Lieu of Construction		
Sidewalks		125% of written, sealed, engineer's estimate for the cost of required
Documents & Maps¹		
Unified Development Ordinance	\$ 25.00	
Historic District Design Guidelines	\$ 25.00	
Community Connectivity Plan	\$ 15.00	
Administrative Manual	\$ 10.00	
Parks & Recreation Plan and Small Area/Corridor Plans	\$ 10.00	
Zoning Map or Other Color Plot/Map (larger than 11x17)	\$ 10.00	
Town Street Map with Street Grid (11x17 Black & White)	\$ 2.00	
Future Land Use Map & Other 11x17 Color Maps	\$ 2.00	
Photocopies	\$ 0.10	per page
¹ All town produced documents and maps can be provided in electronic form (pdf, jpeg, word, or excel) at no cost if we are provided with the media.		
Zoning Compliance Permits		
Home Occupation	\$ 25.00	
Signs (New or Replacement):		
Wall Mounted	\$ 40.00	
Free-Standing	\$ 75.00	
Sandwich Board	\$ 10.00	
Event Sign Package (package of signs allowed by 6.18.6.2)	\$ 20.00	
Banner (allowed by 6.18.6.3 & without other temporary signage)	\$ 5.00	
Change of Use (one business use to another or change in ownership)	No Charge	

AMENDED: June 26, 2023

Site Change (ie. fences, sheds, gazebos, decks, porches, ADUs)	\$	75.00	Approved: _____
New Residential and Commercial Construction			
Projects costing \$499,999 or less - rounded to nearest thousand	\$	1.00	per \$1,000 of construction cost; \$5 minimum
Projects costing \$500,000 or more - rounded to nearest thousand	\$	2.00	per \$1,000 of construction cost; \$5 minimum
NOTE: The following items are all included in the "construction cost" used to determine the permit fee: grading, landscaping, site preparation, stormwater control, utilities, paving and structures. ZCPs will be issued for "grading only" and "paving only" projects consistent with the UDO.			
Other Charges			
Consultant Fee Reimbursement		Consultant Fee Reimbursement	
Projects constructing new local roads will also reimburse the Town for consultant fees to review road construction plans and specifications, if needed.			
No-Permit Penalty		No-Permit Penalty	
Work begun without a necessary Zoning Compliance Permit will be charged a \$100 ZCP fee or the standard fee will be doubled, whichever is greater. Work begun without a required Certificate of Appropriateness will be charged a \$300 COA review fee for the standard fee will be doubled, whichever is greater. Work requiring both a COA and ZCP shall only pay the increased COA fee.			

Police

Description	Rate	Basis
Excessive Noise Violation		Fine up to \$250.00
Fire Lane Parking Violation	\$	25.00
Handicap Parking Violation	\$	100.00
No-Through Truck Violation	\$	50.00
Parking Citation	\$	10.00
Sidewalk Table Service Permit Violation		Fine up to \$500.00

Public Space

Description	Rate	Basis
Portions of town parks may be reserved for private events. Events expecting 100 or more people are reviewed as special events as defined in the town code. If a special event requires police or public works overtime, costs of those impacts may be passed to the applicant.		
Large Picnic Shelter in Gold Park		
In-town resident	\$	20.00 per 3 hours
Out-of-town resident	\$	30.00 per 3 hours
Multi-Use Field in Gold Park or Cates Creek Park		
In-town resident	\$	10.00 per hour
Out-of-town resident	\$	20.00 per hour

Solid Waste

Description	Rate	Basis
Roll-Out Refuse Container	\$	65.00 per container
Residential Refuse Collection		
1 Roll-Out Container		No Charge
2 or More Roll-Out Containers		TBD
Bulk Pick-Up / Oversized Load (fee at the discretion of the Public		
Works Supervisor and dependent on quantity, size and weight) ¹	\$	50.00 minimum
Special Brush/Vegetation Collection		
Standard Collection	\$	70.00
Large Collection (Require use of Knuckleboom)	\$	130.00

¹Oversized loads are those larger than the bed of a standard pick-up truck. This fee is set at staff discretion to limit overuse of the service covered by general tax revenues.

Stormwater

Description	Rate	Basis
Plan Review		
Single Lot Residential ¹	\$	100.00 per plan
LID Project ²	\$	250.00 per plan
Standard Project (less than 1-acre of new impervious)	\$	500.00 per plan
Standard Project (greater than 1-acre of new impervious) ³	\$	500.00 per plan plus \$50/acre of new impervious

Standard Phased Projects⁴

\$ 250.00 Board of Commissioners Work Session
Approved: _____
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¹ Not part of a larger common plan for development or sale.

² Projects that meet the State of North Carolina's Low Impact Development requirements and calculations.

³ For standard projects (non-LID projects) requiring stormwater management approval, the fee includes one project review meeting with staff and no more than three rounds of staff comments. If stormwater plans are still incomplete after the third review or if additional meetings with staff are required, the applicant will be required to pay an additional \$500 review fee to cover the significant staff time spent reviewing incomplete or non-compliant stormwater management plans.

⁴ Phased development projects are required to obtain a stormwater management plan approval for the entire project; as each subsequent phase is submitted, an additional fee will be required to ensure the phase plans comply with the overall stormwater management plan approval.

Stormwater Fee		
Residential Property	\$	75.00 per year
Tier 1, Non-residential Property (0 to 10,000 sq. ft.)	\$	150.00 per year
Tier 2, Non-residential Property (10,001 to 30,000 sq. ft.)	\$	600.00 per year
Tier 3, Non-residential Property (30,001 to 100,000 sq. ft.)	\$	1,800.00 per year
Tier 4, Non-residential Property (100,001 to 200,000 sq. ft.)	\$	4,050.00 per year
Tier 5, Non-residential Property (200,001 sq. ft. and above)	\$	12,900.00 per year

Streets

Description	Rate	Basis
Driveway Permit - new/maintenance not with new construction	\$ 50.00	each
Utility Cut Permit application	\$ 50.00	each
Failure to repair initial cut within 30 calendar days	\$ 150.00	each
Failure to make warranty repair within 14 calendar days	\$ 150.00	each
Failure to obtain a permit prior to making a non-emergency cut	\$ 150.00	each
If owner requests town to do the work, the owner will also reimburse the town the full cost of materials in addition to the permit amount.		
Driveways constructed in conjunction with new construction will be reviewed concurrently with the permit for construction at no additional fee.		
Owners must call/schedule inspection of driveway installation at least 24 hours in advance.		

Water & Sewer

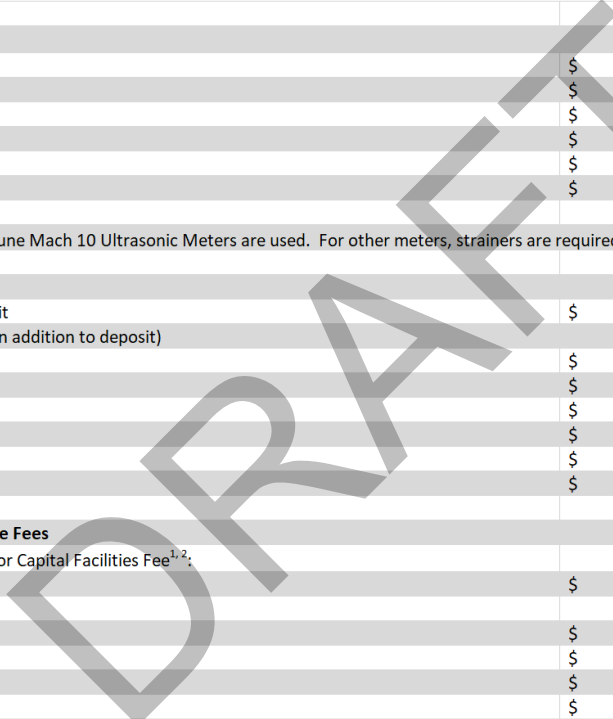
Description	Rate	Basis
Water Treatment & Distribution Use Fees		
Water System Development or Capital Facilities Fee ^{1,2} :		
Residential	\$ 3,864.00	per residential unit
Commercial		
5/8" or 3/4" meter	\$ 3,864.00	
1" meter	\$ 6,440.00	
1.5" meter	\$ 12,880.00	
2" meter	\$ 20,608.00	
3" meter	\$ 41,216.00	
4" meter	\$ 64,400.00	
6" meter	\$ 128,800.00	
8" meter	\$ 206,080.00	
10" meter	\$ 540,960.00	

¹ In the event that a customer requests that an existing meter be replaced with a larger meter, credit will be given for the existing meter at the current rates. No rebates of system development fees will be made for decreases in meter sizes. No credits will be given for meters or services that have been pulled or capped due to condition, long-term vacancy or risk harming the public system.

² The System Development Fee shall be applied to new development that connects to the utility system. New development shall be defined as any of the following: 1) the subdivision of land, 2) the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of meters or increases the meter size which began after July 1, 2017. The Capital Facility Fee shall apply to existing development that connects to the system, or redevelopment of a parcel, vacant or otherwise, with a prior water or sewer connection that was in existence before January 1, 1990. Code 14-71

Volume Charges:		
Residential Volume Charges - Inside Town		
Residential Service:		
Block 1 (0-2,125 gallons/month)	\$ 22.80	
Block 2 (> 2,125 gallons/month)	\$ 10.73	per 1,000 gallons
Residential Volume Charges - Outside Town		
Residential Service:		
Block 1 (0-2,125 gallons/month)	\$ 44.41	
Block 2 (> 2,125 gallons/month)	\$ 20.90	per 1,000 gallons
Bulk Water	\$ 20.90	per 1,000 gallons

Water Connection Charge		
Front Footage Fee^{1,2}:		
0 - 50 Feet	\$	750.00 per connection
> 50 Feet	\$	15.00 per foot per connection
¹ For a lot abutting two or more water lines, the front footage fee will be calculated on the longest length of the side abutting the main.		
² To recover a portion of the costs of town-installed water mains, hydrants, valves and appurtenances after 1987 which are necessary to provide water service to abutting properties.		
Lateral Fee:		
Licensed utility contractors shall make connections to the town's existing water system after an approved connection request and payment of an application fee of \$100, which includes town observation. This shall be at the owner's / applicant's expense. Where a licensed contractor makes connections as part of an approved water extension project there shall be no separate connection application required. The town may make water connections under emergency circumstances related to environmental health whereby no other option is available. Such connections will be made by the town at actual cost including time, materials, equipment, and restoration. (Code 14-48)		
Water Meter Fees¹		
5/8"	\$	354.00
3/4"	\$	484.00
1"	\$	487.00
> 1"	Actual Cost of Meter to Town + \$100 Installation Fee	
¹ Note that water meters over 1" need to be installed by a plumber or contractor with observation by the town. Meters, strainers and spacers when needed are provided by the town.		
Strainer Fees¹		
2"	\$	445.00
3"	\$	790.00
4"	\$	1,465.00
6"	\$	2,061.00
8"	\$	3,461.00
10"	\$	5,420.00
¹ Strainers are not required if Neptune Mach 10 Ultrasonic Meters are used. For other meters, strainers are required for 2" or larger and will be at cost.		
Fire Hydrant Meter Fees		
Fire Hydrant Meter Security Deposit	\$	2,000.00
Fire Hydrant Rental Fees (fees are in addition to deposit)		
Daily Rate	\$	20.00
Weekly Rate	\$	100.00
Monthly Rate	\$	300.00
Semi-Annual Rate	\$	1,300.00
Annual Rate	\$	2,500.00
Fire Hydrant Meter Relocation Fee	\$	100.00
Wastewater Collection System Use Fees		
Wastewater System Development or Capital Facilities Fee ^{1,2} :		
Residential	\$	3,243.00 per residential unit
Commercial		
5/8" or 3/4" meter	\$	3,243.00
1" meter	\$	5,405.00
1.5" meter	\$	10,810.00
2" meter	\$	17,296.00
3" meter	\$	34,592.00
4" meter	\$	54,050.00
6" meter	\$	108,100.00
8" meter	\$	172,960.00
10" meter	\$	454,020.00
¹ In the event that a customer requests that an existing meter be replaced with a larger meter, credit will be given for the existing meter at the current rates. No rebates of system development fees will be made for decreases in meter sizes. No credits will be given for meters or services that have been pulled or capped due to condition, long-term vacancy or risk harming the public system.		
² The System Development Fee shall be applied to new development that connects to the utility system. New development shall be defined as any of the following: 1) the subdivision of land, 2) the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of meters or increases the meter size which began after July 1, 2017. The Capital Facility Fee shall apply to existing development that connects to the system, or redevelopment of a parcel, vacant or otherwise, with a prior water or sewer connection that was in existence before January 1, 1990. Code 14-71		
Volume Charges:		
Inside Town		
Block 1 (0-2,125 gallons/month)	\$	32.07
Block 2 (> 2,125 gallons/month)	\$	15.09 per 1,000 gallons
Outside Town		
Block 1 (0-2,125 gallons/month)	\$	62.54
Block 2 (> 2,125 gallons/month)	\$	29.43 per 1,000 gallons



Wastewater Connection Charge		Board of Commissioners Work Session	
Front Footage Fee ¹ :		Approved: _____	
0 - 50 Feet	\$	1,000.00	Page 27 of 48
> 50 Feet	\$	20.00 per foot per connection	
¹ For a lot abutting two or more sewer lines, the front footage fee will be calculated on the longest side of the lot abutting the main.			
² To recover a portion of the costs of town-installed public sewer mains and appurtenances after 1987 which are necessary to provide sewer service to abutting properties.			
Lateral Fee:			
Licensed utility contractors shall make connections to the town's existing sewer system after an approved connection request and payment of an application fee of \$100, which includes town observation. This shall be at the owner's/applicant's expense. Where a licensed contractor makes connections as part of an approved sewer extension project there shall be no separate connection application required. The town may make connections under emergency circumstances related to environmental health whereby no other option is available. Such connections will be made by the town at actual cost including time, materials, equipment, and restoration. (Code 14-48)			
Engineering			
Water / Sewer Availability Review			
< 2 hours of effort		No Charge	
Outside Engineering or Legal Costs		Actual Cost to Town	
Engineering Construction Drawing Review			
Site Plan Review Fee	\$	150.00	per review
Construction Drawings without Extensions	\$	300.00	per review
Water Main Extension Review ¹	\$	3.50	per linear foot
Sewer Main Extension Review ¹	\$	3.50	per linear foot
Pumping Stations (engineering review, inspection, start-up and acceptance)	\$	8,000.00	for up to two reviews and comments
Preliminary and Final Plat Reviews	\$	60.00	per review
¹ This includes up to two reviews of plans, specifications, and permit and encroachment applications plus ability to serve documents. Plan changes and significant spec edits or additions after two full reviews will be \$300 each. A change in project scope or design after plan approval will restart the process.			
Construction Observation / As Built Review			
The town will observe all water and sewer meaningful work on projects not involving an extension of mains. On approved main extensions, inspectors will periodically stop by and confer with the 3rd party inspector on progress or when called by the contractor. The town inspector shall be present for all tapping of existing mains, acceptance testing and for planned shut downs for all work unless delegated or waived. A penalty will be incurred for performing tapping work without authorization or coordination.			
General Inspection	\$	50.00	per hour
Return trip for acceptance testing	\$	300 + \$0.25/lf of main over 1,000 lf + general inspection time	
FOG Device	\$	200.00	
Sewer System CCTV	\$	1.00	per lf
Rejected CCTV due to nonconformance with specifications	\$	100.00	each occurrence
Reinspection of service taps (including sewer cleanout, meter box, curb stop), mainline valves, hydrants, manholes, air release valves, and other singular items	\$	50.00	each + general inspection time
Other			
Meter Replacement Fee	\$	50.00	
Meter Relocation Fee	\$	100.00	
Special Meter Read	\$	10.00	
Meter Test Charge	\$	35.00	
Hydrant Flow Test	\$	250.00	
Meter Pressure Test	\$	25.00	Unless confirmed problem due to public system operation
Interruptible Water Meter Install - Return Trip	\$	50.00	per trip
Special Irrigation Permit	\$	20.00	each
Perpetual Maintenance (new sewage pump stations)		Per Formula in Town Code	
Tampering Fees			
Meter Tampering Fee	\$	350.00	Town Code 14-16 (a) (6) (i) and (ii)
Meter Tamping Civil Penalty ¹	\$	500.00	
Hydrant Tampering Fee	\$	500.00	
Hydrant Tampering Civil Penalty ²	\$	3,000.00	
Making tap connections to water and sewer without approval or notification of work	\$	1,000.00	each
¹ The civil penalty shall be doubled for any future offenses within a two-year period.			
² The civil penalty shall be doubled for any future offenses by the same person.			

FY 2022-2023

TOWN OF HILLSBOROUGH
 BUDGET CHANGES REPORT
 DATES: 06/26/2023 TO 06/26/2023

REFERENCE	CHANGE NUMBER	DATE	USER	ORIGINAL BUDGET	BUDGET CHANGE	AMENDED BUDGET
Tourism 74-00-3900-3900-000 FUND BALANCE APPROPRIATED						
Board Yr-end clean-up	34485	06/26/2023	EBRADFORI	19,435.00	15,050.00	41,235.00
Tourism 74-51-6250-5300-040 AUDIT FEES						
Board To cover yr-end overage	34487	06/26/2023	EBRADFORI	7,500.00	50.00	11,700.00
Tourism 74-51-6250-5300-997 6% HOLDBACK						
Board To cover increased revenue collection	34486	06/26/2023	EBRADFORI	24,000.00	15,000.00	39,000.00
					<u>30,100.00</u>	

APPROVED: 3/0

DATE: 6/26/23

VERIFIED: *Janet E. Kimrey*

DRAFT



ORDINANCE

Tourism Board Budget

FY2023-24

The Hillsborough Board of Commissioners ordains that the following budget ordinance is hereby adopted:

Section 1. Tourism Board Fund:

It is estimated that the following revenues will be available for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Food & Beverage Tax	\$425,000
Fund Balance Appropriation	<u>\$ 85,825</u>
TOTAL	\$510,825

The following amounts are hereby appropriated for the operation of the Tourism Board and its activities for the fiscal year beginning July 1, 2023 and ending June 30, 2024 in accordance with the Chart of Accounts heretofore established for the Tourism Board:

Tourism Board	<u>\$510,825</u>
TOTAL	\$510,825

Section 2. The Town of Hillsborough will collect a Food & Beverage Tax and distribute the funds to the Tourism Board to fund its operations. These funds are listed as "Food & Beverage Tax" revenues in Section I of the ordinance.

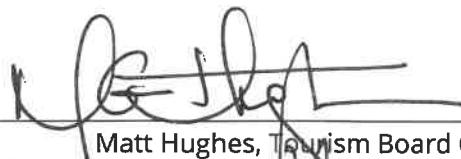
Section 3. Operating funds encumbered on the financial records as of June 30, 2023, are hereby re-appropriated to this budget.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this budget.


The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 26th day of June in 2023.

Ayes: 3
Noes: 0
Absent or excused: 2





Matt Hughes, Tourism Board Chair



Jenn Weaver, Mayor



Sarah E. Kimrey, Town Clerk



ORDINANCE

Tourism Development Authority Budget

FY2023-24

The Hillsborough Board of Commissioners ordains that the following budget ordinance is hereby adopted:

Section 1. Tourism Development Authority Fund:

It is estimated that the following revenues will be available for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Occupancy Tax	<u>\$100,000</u>
TOTAL	\$100,000

The following amounts are hereby appropriated for the operation of the Tourism Development Authority and its activities for the fiscal year beginning July 1, 2023 and ending June 30, 2024 in accordance with the Chart of Accounts heretofore established for the Tourism Development Authority:

Tourism Development Authority	<u>\$100,000</u>
TOTAL	\$100,000

Section 2. The Town of Hillsborough will collect an Occupancy Tax and distribute the funds to the Tourism Development Authority to fund its operations. These funds are listed as "Occupancy Tax" revenues in Section I of the ordinance.


Section 3. Operating funds encumbered on the financial records as of June 30, 2023, are hereby re-appropriated to this budget.

Section 4. Copies of this ordinance should be furnished to the clerk, budget officer and finance officer to be kept on file by them for their direction in carrying out this budget.

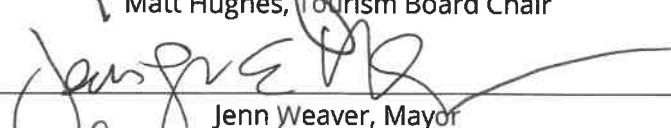
The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this 26th day of June in 2023.

Ayes: 3
Noes: 0
Absent or excused: 2

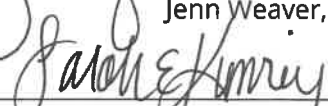




Matt Hughes, Tourism Board Chair



Jenn Weaver, Mayor



Sarah E. Kimrey, Town Clerk

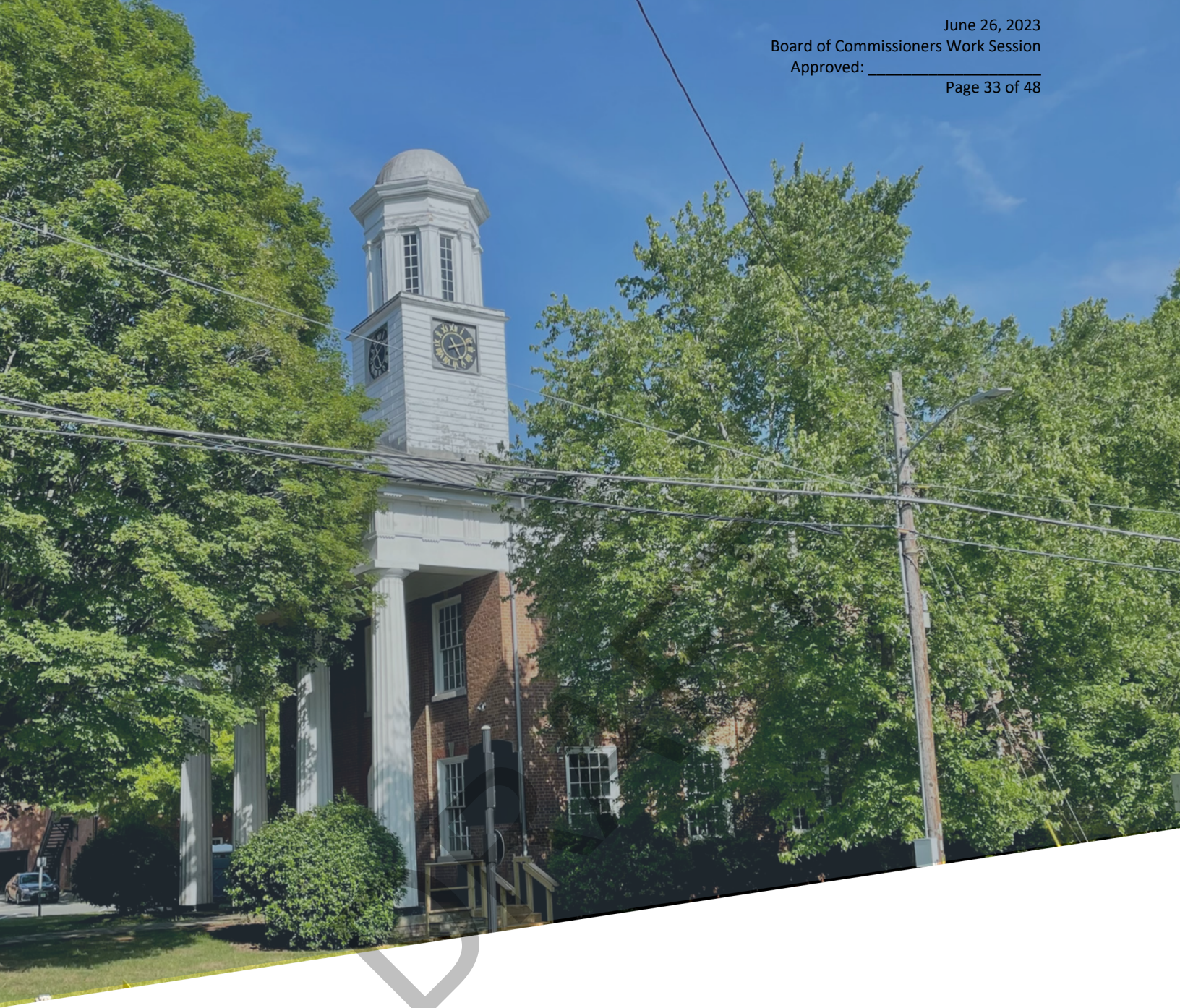
Regular (Non-Law Enforcement) Positions

Salary Grade	Minimum	Midpoint	Maximum	FLSA Status	Class Code	Classification
1	35,705	47,167	58,628			
2	37,415	48,190	58,965	N	201	ADMINISTRATIVE SUPPORT SPECIALIST
2	37,415	48,190	58,965	N	202	METER SERVICES TECHNICIAN
2	37,415	48,190	58,965	N	205	CUSTOMER SERVICE REPRESENTATIVE
3	39,211	50,524	61,838	N	302	EQUIPMENT OPERATOR I
3	39,211	50,524	61,838	N	303	UTILITY MAINTENANCE TECHNICIAN I
4	41,097	52,976	64,855	N	401	SENIOR CUSTOMER SERVICE REPRESENTATIVE
4	41,097	52,976	64,855	N	402	UTILITY MAINTENANCE TECHNICIAN II
4	41,097	52,976	64,855	N	403	WASTEWATER PLANT OPERATOR I
4	41,097	52,976	64,855	N	404	WATER PLANT OPERATOR I
5	43,076	55,549	68,022	N	502	EQUIPMENT OPERATOR II
5	43,076	55,549	68,022	N	503	SENIOR ADMINISTRATIVE SUPPORT SPECIALIST
5	43,076	55,549	68,022	N	504	UTILITY MAINTENANCE TECHNICIAN III
5	43,076	55,549	68,022	N	505	WASTEWATER PLANT OPERATOR II
5	43,076	55,549	68,022	N	506	WATER PLANT OPERATOR II
6	45,155	58,252	71,348	N	605	ACCOUNTS PAYABLE TECHNICIAN
6	45,155	58,252	71,348	N	605	EQUIPMENT OPERATOR III
6	45,155	58,252	71,348	N	601	PLANNING TECHNICIAN
6	45,155	58,252	71,348	N	602	PLANT MAINTENANCE MECHANIC I
6	45,155	58,252	71,348	N	604	UTILITY SYSTEMS MECHANIC I
6	45,155	58,252	71,348	N	607	STORMWATER TECHNICIAN
7	47,338	61,089	74,841	N	706	ACCOUNTING TECHNICIAN
7	47,338	61,089	74,841	N	701	CREW LEADER
7	47,338	61,089	74,841	N	702	PLANT MAINTENANCE MECHANIC II
7	47,338	61,089	74,841	N	703	UTILITY SYSTEMS MECHANIC II
7	47,338	61,089	74,841	N	704	WASTEWATER PLANT OPERATOR III
7	47,338	61,089	74,841	N	705	WATER PLANT OPERATOR III
8	49,630	64,069	78,508	N	801	FLEET MECHANIC
8	49,630	64,069	78,508	N	802	PLANT MAINTENANCE MECHANIC III
8	49,630	64,069	78,508	N	803	UTILITY SYSTEMS MECHANIC III
8	49,630	64,069	78,508	N	804	DIVERSION SOCIAL WORKER
9	52,036	67,197	82,358	E	901	BILLING & CUSTOMER SERVICE SUPERVISOR
9	52,036	67,197	82,358	N	902	METER SERVICES SUPERVISOR
9	52,036	67,197	82,358	N	903	UTILITIES INSPECTOR
9	52,036	67,197	82,358	E	904	PUBLIC WORKS SUPERVISOR
10	54,563	70,482	86,401	N	1001	BACKFLOW/FOG SPECIALIST
10	54,563	70,482	86,401	N	1002	CHIEF WASTEWATER PLANT OPERATOR
10	54,563	70,482	86,401	N	1003	COMMUNICATIONS SPECIALIST
10	54,563	70,482	86,401	N	1004	FACILITIES COORDINATOR
10	54,563	70,482	86,401	N	1005	OPERATOR IN RESPONSIBLE CHARGE
11	57,216	73,931	90,646	N	1101	PLANNER
12	60,002	77,553	95,104	E	1201	BUDGET & MANAGEMENT ANALYST
12	60,002	77,553	95,104	E	1202	FINANCIAL ANALYST
12	60,002	77,553	95,104	E	1203	FLEET MAINTENANCE SUPERVISOR
12	60,002	77,553	95,104	E	1204	HUMAN RESOURCES ANALYST
12	60,002	77,553	95,104	E	1205	MANAGEMENT ANALYST
12	60,002	77,553	95,104	N	1206	STORMWATER PROGRAM COORDINATOR

12	60,002	77,553	95,104	N	1207	WASTEWATER LABORATORY SUPERVISOR
12	60,002	77,553	95,104	N	1208	SENIOR COMMUNICATIONS SPECIALIST
12	60,002	77,553	95,104	N	1209	PLANNER II
13	62,927	81,356	99,784	E	1301	CIVIL ENGINEERING TECHNICAN
13	62,927	81,356	99,784	E	1302	SENIOR PLANNER
13	62,927	81,356	99,784	E	1303	UTILITY MAINTENANCE SUPERVISOR
13	62,927	81,356	99,784	E	1304	UTILITY SYSTEM SUPERVISOR
14	65,999	85,348	104,698	E	1401	TOWN CLERK/HUMAN RESOURCES TECHNICIAN
15	69,224	89,541	109,858	E	1501	SAFETY & RISK MANAGER
16	72,610	93,943	115,276	E	1601	WATER PLANT SUPERINTENDENT
17	76,165	98,565	120,965	E	1701	PUBLIC WORKS MANAGER
17	76,165	98,565	120,965	E	1702	STORMWATER & ENVIRONMENTAL SERVICES MANAGER
17	76,165	98,565	120,965	E	1703	UTILITY SYSTEM SUPERINTENDENT
18	79,899	103,418	126,938	E	1802	COMMUNICATIONS MANAGER
19	83,819	108,514	133,210	E	1901	INFORMATION TECHNOLOGY MANAGER
20	87,934	113,865	139,795	E	2001	BUDGET DIRECTOR
20	87,934	113,865	139,795	E	2002	ENVIRONMENTAL ENGINEERING SUPERVISOR
20	87,934	113,865	139,795	E	2003	HUMAN RESOURCES MANAGER
20	87,934	113,865	139,795	E	2004	PLANNING & ECONOMIC DEVELOPMENT MANAGER
20	87,934	113,865	139,795	E	2005	PUBLIC SPACE & SUSTAINABILITY MANAGER
20	87,934	113,865	139,795	E	2006	DEPUTY UTILITIES DIRECTOR - WATER TREATMENT
21	92,256	119,483	146,710			
22	96,794	125,382	153,970			
23	101,559	131,576	161,594			
24	106,562	138,080	169,599	E	2401	ADMINISTRATIVE SERVICES DIRECTOR
24	106,562	138,080	169,599	E	2402	ASSISTANT TOWN MANAGER/COMMUNITY SERVICES DIRECTOR
24	106,562	138,080	169,599	E	2403	FINANCE DIRECTOR
25	111,815	144,909	178,004	E	2501	UTILITIES DIRECTOR

Sworn Law Enforcement Officer Positions

Salary Grade	Minimum	Midpoint	Maximum	FLSA Status	Class Code	Classification
100	46,638	60,179	73,720	N	100	POLICE OFFICER TRAINEE
102	53,412	68,985	84,559	N	102	POLICE OFFICER/POLICE OFFICER FIRST CLASS
201	56,008	72,360	88,712	N	203	SENIOR POLICE OFFICER
202	58,733	75,903	93,073	N	204	POLICE CORPORAL
303	61,119	79,005	96,890	N	304	MASTER POLICE OFFICER
402	67,230	86,949	106,668	N	405	POLICE SERGEANT
502	73,967	95,707	117,447	E	507	POLICE LIEUTENANT
601	85,200	110,309	135,419	E	606	POLICE MAJOR
701	106,562	138,080	169,599	E	707	CHIEF OF POLICE



TOWN OF HILLSBOROUGH

STRATEGIC PLAN

FY2024-26



Adopted XX-XX-XXXX

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DRAFT

TOWN LEADERSHIP

BOARD OF COMMISSIONERS

Jenn Weaver – Mayor
Matt Hughes – Mayor Pro Tem
Evelyn Lloyd – Commissioner
Kathleen Ferguson – Commissioner
Mark Bell – Commissioner
Robb English – Commissioner

TOWN OFFICIALS

Eric J. Peterson – Town Manager
Beth Yurchisin – IT Manager
Catherine Wright – Communications Manager
Dave McCole – Finance Director
Duane Hampton – Police Chief
Emily Bradford – Budget Director
Haley Bizzell – Human Resources Manager
Jen Della Valle – Administrative Services Director
Marie Strandwitz – Utilities Director
Matt Efirm – Assistant Town Manager/Community Services Director
Sarah Kimrey – Town Clerk
Shannan Campbell – Planning Manager
Stephanie Trueblood – Public Space & Sustainability Manager

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Elements of the PLAN

Vision

A statement that describes what organizational success will look like in the future.

Mission

A statement that outlines the organization's purpose.

Values

The set of core beliefs that will determine the approach to realizing the town's vision.

Focus Areas

Main categories that the town will focus on in the 3-year strategic plan window.

Strategic Objectives

A set of desired outcomes and promises that will align the town with its vision over the long-term.

Initiatives

Identifies specific action items to implement in the next 1-3 years to move the organization towards its goals.

PURPOSE

A strategic plan is a management tool that helps an organization align its leadership, resources, and operations to advance a set of goals. It also serves to establish priorities for policy initiatives, budgeting and staffing decisions, and capital investments to create outcomes that are important to the community.

The Town of Hillsborough has limited resources yet faces endless needs, opportunities, and distractions that compete for the use of these resources. The purpose of this strategic plan is to serve as an action-oriented road map that strategically aligns available resources with priorities, which is critical to the effective and efficient delivery of government services.

This strategic plan was drafted after years of collaboration among members of the Board of Commissioners and leadership from the town's departments and divisions.

STRATEGY MAP

VISION STATEMENT

We envision Hillsborough as a prosperous town, filled with vitality, fostering a strong sense of community, celebrating its unique heritage and small-town character.

MISSION STATEMENT

We are stewards of the public trust who exist to make the Vision for Hillsborough a reality. We manage and provide the infrastructure, resources, and services that enhance the quality of life for the living beings and land within our town.

VALUES

As we strive to achieve our goals, we commit to maintaining these core values:

- Vibrancy
- Equity & Inclusion
- Forward Thinking
- Public Service

FOCUS AREAS



VALUES

VIBRANCY

A vibrant Hillsborough is one that is lively and active. We see this manifest in cultural art events, recreation, and how people know each other and are connected by physical and social networks. The community can find ways to participate and connect from both inside and outside their homes. The people, physical environment, and business community are core to this vibrant atmosphere.

EQUITY & INCLUSION

Hillsborough is a place where every resident can thrive, where everyone who lives and works here feels they belong. We will strive to support policies, plans, and actions that are administered fairly to build a Hillsborough where people of all races, ethnicities, gender identifications, sexes, sexual orientations, abilities, and incomes want to live, can afford to live, and will be treated with dignity and respect.

FORWARD THINKING

We think and make decisions that can persist over generations for a sustainable Hillsborough, acknowledging that economic, environmental and social issues are interrelated. This community has a unique sense of place encapsulated by both Hillsborough's long and treasured history and where it meets change and looks to the future. We have an obligation to be fiscally, environmentally, and culturally wise in order to plan for the long term and be resilient to climate change and unforeseen events. We strive to foster a culture of innovation and creativity in town operations.

PUBLIC SERVICE

The town of Hillsborough is here to serve. We are committed to good and ethical governance. We are responsible stewards of community tax dollars put to use for the public good. We strive to ensure each resident, visitor, business, and employee are safe as they live, work, and play in Hillsborough, and this sense of safety should extend beyond the physical environment to foster a community where the people are free from worry regarding whether who they are has bearing on how they are treated.

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FOCUS AREA 1

SUSTAINABILITY





Initiatives

Objective 1

Optimize the built environment in a way that aligns with smart growth principles.

- 1.1 – Overhaul the Unified Development Ordinance and Zoning Map to reflect current development trends and patterns to incorporate sustainability, environmental and climate best practices, economic resiliency measures, and equity in development and redevelopment as well as meet water and sewer system-wide needs. (FY24-FY25)
- 1.2 – Update the Future Land Use Map to simplify land use categories and express current preferred future land use and growth patterns (FY24-FY25).

Objective 2

Intensify efforts to meet 2030 and 2050 clean energy goals, reducing overall energy consumption and increasing the use of clean energy for town operations.

- 2.1 – Access renewable energy generation potential for solar photovoltaics and wind energy projects on town-owned properties and identify priority sites for planning and implementation (FY24-26).
- Initiative 2.2 – Investigate opportunities and incorporate to the greatest extent possible sustainability and climate initiatives in facility development including geothermal, solar, weatherization, and green infrastructure (FY24-26).
- 2.3 – For on-site renewable energy generation, explore the feasibility of energy storage systems (FY26).
- 2.4 – Evaluate the town’s vehicle fleet to determine right-sizing and transition to electric vehicle (EV) potential. Transition the town’s vehicle fleet to zero emission alternatives on a schedule consistent with vehicle lifecycles and market availability. Advance the schedule of this transition as feasible (FY24-FY26).
- 2.5 – Ensure electric vehicle charging infrastructure is appropriately provided to support the town’s vehicle transition (FY25).
- 2.6 – Work with regional partners to expand the number of EV charging stations in the town to support EV readiness and encourage widespread adoption, especially in key places like Gold Park and the Town Hall campus (FY25-FY26).
- 2.7 – Continue to coordinate at a regional level on the Electric Vehicle Supply Equipment Location Suitability Analysis (FY24).

Objective 3

Protect and enhance natural resources.

- 3.1 – Develop and adopt a tree inventory for town-owned and town-maintained properties (FY25).
- 3.2 – Develop and adopt a tree preservation policy for town-owned and town-maintained properties (FY25-FY26).
- 3.3 – Develop and adopt a landscape management plan for town-owned and town-maintained properties (FY24).
- 3.4 – Develop and adopt a native and adapted plant policy that improves and expands habitat for wildlife and pollinators for town-owned and town-maintained properties (FY25-FY26).
- 3.5 – Investigate options to develop incentives for developers to incorporate sustainable environmental best practices for managed natural areas and landscapes (FY25-FY26).
- 3.6 – Update and adopt a comprehensive stormwater management plan (FY25).
- 3.7 – Continue implementing watershed improvement projects under the Interim Alternative Implementation Approach for compliance with the Falls Lake Stage 1 Existing Development Rule for Stormwater (FY24-FY26).

Performance Measures

- Completion of initiatives. Other measures to be determined.



FOCUS AREA 2

CONNECTED COMMUNITY





Initiatives

Objective 1

Advance a multi-modal network that reduces single-occupancy vehicles and links Hillsborough residents to key places and each other.

- 1.1 – Complete Churton Street Multi-Modal Corridor Study to inform the future NC Department of Transportation-funded project (FY24).
- 1.2 – Contribute annual budget allocations to expand public art and amenities and public spaces (FY24-26).
- 1.3 – Ridgewalk feasibility study is complete. If directed by the board, design and engineering for the section from downtown to Collins Ridge will proceed (FY24-FY25).

Objective 2

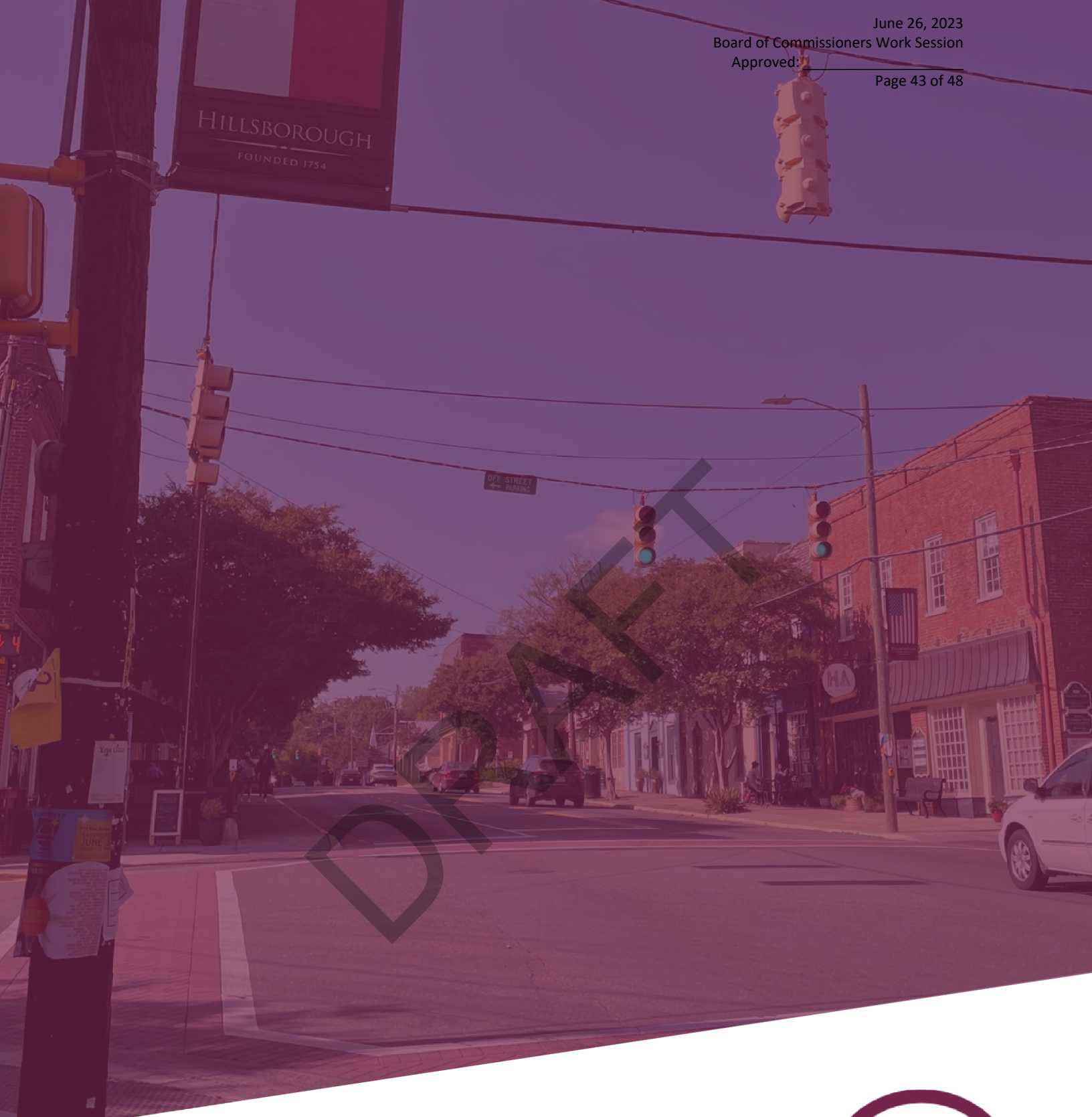
Foster reliable, high-speed internet services throughout the community.

- 2.1 – Explore offering wireless access points at parks and public spaces to increase internet accessibility (FY24).
- 2.2 – Review broadband speed accessibility in different areas of town using the state’s coverage map (FY24).

DRAFT

Performance Measures

- Completion of initiatives. Other measures to be determined.



FOCUS AREA 3

ECONOMIC VITALITY





ECONOMIC VITALITY

Initiatives

Objective 1	<p>Develop public projects, policies and marketing related to economic system goals.</p>	<ul style="list-style-type: none"> • 1.1 – Conduct a downtown parking study to develop and adopt a long-range parking plan (FY24). • 1.2 – Complete Train Station Development Master Plan (FY24-FY25). • 1.3 – Invest in wayfinding and interpretive signage programs (FY24-FY26). • 1.4 – Market and brand Hillsborough through town website and social media as a great place to live, work and do business by engaging in partnerships to highlight success stories and incentive opportunities (FY24-FY26).
Objective 2	<p>Develop partnerships and programming that provide jobs, employment education, workforce development and training.</p>	<ul style="list-style-type: none"> • 2.1 – Identify and analyze current labor market and skills gaps/needs through partnership, contract, or town-led study (FY25). • 2.2 – Engage with the local business community through periodic small business workshops hosted by town or in conjunction with economic development partners (FY24-FY26).
Objective 3	<p>Create equitable economic opportunities for all residents.</p>	<ul style="list-style-type: none"> • 3.1 – Translate business documents and forms into other relevant languages and set up a system for staff to be able to communicate in other languages with residents (FY25). • 3.2 – Work with local and regional partners to identify and promote woman and Black, Indigenous and People of Color (BIPOC) owned businesses through marketing success stories and tracking contractual partnerships with the town (FY24-FY26).
Objective 4	<p>Preservation of naturally occurring affordable housing.</p>	<ul style="list-style-type: none"> • 4.1 – Actively participate in county-wide housing plan effort to inform a local action plan (FY24). • 4.2 – Develop local action plan (FY25). • 4.3 – Financially support existing efforts to preserve affordable housing or support housing stability with locally identified funding (FY26).
Objective 5	<p>Develop policies and invest in projects that contribute to meeting identified affordable housing needs in town.</p>	<ul style="list-style-type: none"> • 5.1 – Establish an affordable housing reserve fund to support the creation of new affordable housing units (FY26). • 5.2 – Support changes to town code and state law to provide new funding sources and reduce administrative barriers for affordable housing creation (FY24-FY26). • 5.3 – Prioritize surplus of town-owned land for creation of affordable housing and strategically acquire additional land or financial participation from new development for affordable housing (FY24-FY26).

Performance Measures

- Complete downtown parking study.
- Complete Train Station Development Master Plan.
- \$ invested in wayfinding signage program.
- # of social media and/or website story highlights promoted in collaboration with Communications Division or local news media outlets.
- # of small business workshops held with workforce development partners.
- # of business documents and forms translated.



FOCUS AREA 4 COMMUNITY SAFETY





Initiatives

Objective 1

Ensure that all people are safe and feel safe throughout town.

- 1.1 – Complete North Carolina League of Municipalities risk assessment and begin follow up on implementation of results (FY24).
- 1.2 – Host a community conversation that focuses on a broader concept of safety. Pilot completed in FY23 (FY24).
- 1.3 – Restart the police citizens academy program (FY25).

Objective 2

Reinforce resiliency in town operations by implementing emergency preparedness strategies.

- 2.1 – Complete refresh of the Emergency Operations Plan (FY24).
- 2.2 – Establish quarterly management check-ins (FY24-FY26).
- 2.3 – Conduct at least 1 tabletop exercise (FY25).
- 2.4 – Establish Emergency Operations Centers (FY24).
- 2.5 – Restart employee emergency preparedness training (FY24).

DRAFT

Performance Measures

- “How safe do you feel in Hillsborough overall?”
Community Survey question – Percentage of respondents who feel “very safe” or “safe”
- “How satisfied are you with town’s efforts to prevent crime?”
Community Survey question – Percentage of respondents who respond “very satisfied” or “satisfied”
- “How satisfied are you with visibility of police in neighborhoods?”
Community Survey question – Percentage of respondents who respond “very satisfied” or “satisfied”
- Percent of employees who have completed applicable National Incident Management System (NIMS) and Incident Command Structure (ICS) training.



FOCUS AREA 5
SERVICE EXCELLENCE





SERVICE EXCELLENCE

Initiatives

Objective 1

Maintain, protect, and optimize assets and infrastructure to drive reliability, cost effectiveness, and efficiency.

- 1.1 – Schedule and consolidate building maintenance services (FY24).
- 1.2 – Develop a utilities asset management plan that helps identify risk of failure (FY25).
- 1.3 – Evaluate whether vehicle replacement modeling changes are needed and update schedule for use on the FY25 budget (FY25).

Objective 2

Provide quality municipal services through operational excellence and a culture of innovation.

- 2.1 – Evaluate onboarding process and identify gaps and redesign process (FY24).
- 2.2 – Explore and develop strategies to encourage the timely completion of performance evaluations (FY24).

Objective 3

Promote inclusive community engagement in town services, programs, and projects.

- 3.1 – Assess representation on appointed boards and boost recruitment efforts for underrepresented groups and areas (FY24).
- 3.2 – Develop accessibility plan for town facilities and public spaces (FY25).

Objective 4

Embed racial equity throughout the organization and in the services provided to the community.

- 4.1 – Develop, adopt, and implement a racial equity plan (FY24-FY26).

Performance Measures

- “Overall quality of services provided by the town.”
Community Survey question – Percentage of respondents who respond “very good” or “good”
- Percentage of geographic areas with appointed board representation.
- Alignment of appointed board representation with community demographics.
- Percentage of employees who have completed racial equity training.
- Percentage of performance evaluations that are completed on time.
- Breaks/leaks per ___ ft of distribution or collection pipe (still working on the details of this measure).
- Percent of gravity sewer mains inspected by CCTV camera.
- Percent of gravity sewer mains cleaned by water jetting.
- Asset depreciation metric from Environmental Finance Center (EFC) dashboard.
- “The town encourages innovation” (Employee Survey).
- “The town works to attract, develop, and retain people with diverse backgrounds” (Employee Survey).



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Administration
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Emily Bradford, Budget Director

ITEM TO BE CONSIDERED

Subject: Miscellaneous budget amendments and transfers

Attachments:

Budget Changes Report

Summary:

To adjust budget revenues and expenditures, where needed, due to changes that have occurred since budget adoption.

Financial impacts:

As indicated by each amendment.

Staff recommendation and comments:

To approve the attached list of budget amendments and transfers.

Action requested:

Consider approving budget amendments and transfers.

FY 2023-2024

TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 07/01/2023 TO 08/14/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
GF	10-00-9990-5300-000 CONTINGENCY						
Contingency	To cover P&L premium	34819	08/14/2023	EBRADFORI	450,000.00	-33,144.00	416,856.00
	To cover SWANC Conference	34820	08/14/2023	EBRADFORI	450,000.00	-2,000.00	414,856.00
	To cover small rear loader	34824	08/14/2023	EBRADFORI	450,000.00	-14,887.00	399,969.00
	To cover PW trailer rental	34826	08/14/2023	EBRADFORI	450,000.00	-400.00	399,569.00
	To cover facility cleaning contract	34827	08/14/2023	EBRADFORI	450,000.00	-46,413.00	353,156.00
	Move WWTP HVAC maint to Facility M _g	34830	08/14/2023	EBRADFORI	450,000.00	-7,200.00	345,956.00
	To cover expected FY24 recruitment expe	41091	08/14/2023	JFernandez	450,000.00	-6,500.00	339,456.00
	To cover benefits management system.	41136	08/14/2023	JFernandez	450,000.00	-35,100.00	304,356.00
Admin. Services	10-10-4200-5100-021 PERSONNEL EXPANSION - SALARIES						
	For School of Government LFNC Prograr	41134	08/14/2023	JFernandez	40,000.00	-7,500.00	32,500.00
Admin. Services	10-10-4200-5300-113 LICENSE FEES						
	To cover NeoGov invoice.	41081	08/14/2023	JFernandez	17,872.00	465.00	18,337.00
	To cover FY24 licensing expenditures.	41085	08/14/2023	JFernandez	17,872.00	460.68	18,797.68
Admin. Services	10-10-4200-5300-454 C.S.-CATV/ASCAP-BMI/COD/TRANS/PAY S						
	To cover FY24 Contracted Services.	41086	08/14/2023	JFernandez	43,206.00	372.00	43,578.00
	To cover benefits management system.	41137	08/14/2023	JFernandez	43,206.00	35,100.00	78,678.00
Admin. Services	10-10-4200-5300-474 RECRUITMENT						
	To cover expected FY24 recruitment expe	41090	08/14/2023	JFernandez	0.00	6,500.00	6,500.00
Admin. Services	10-10-4200-5300-570 MISCELLANEOUS						
	To cover FY24 licensing and Contracted S	41087	08/14/2023	JFernandez	57,553.00	-832.68	56,720.32
	For School of Government LFNC Prograr	41135	08/14/2023	JFernandez	57,553.00	7,500.00	64,220.32
Admin. Services	10-10-4200-5300-577 WELLNESS PROGRAM ACTIVITIES						
	To cover NeoGov invoice.	41082	08/14/2023	JFernandez	6,000.00	-465.00	5,535.00
Facilities Mgmt.	10-10-5000-5300-145 MAINTENANCE - BUILDINGS						
	To cover facility cleaning contract	34828	08/14/2023	EBRADFORI	200,896.00	46,413.00	247,309.00
	Move WWTP HVAC maint to Facility M _g	34829	08/14/2023	EBRADFORI	200,896.00	7,200.00	254,509.00
Facilities Mgmt.	10-10-5000-5300-158 MAINTENANCE - EQUIPMENT						
	To cover generator preventative maintena	41097	08/14/2023	JFernandez	0.00	1,100.00	1,100.00
Facilities Mgmt.	10-10-5000-5300-570 MISCELLANEOUS						
	To cover generator preventative maintena	41098	08/14/2023	JFernandez	22,000.00	-1,100.00	20,900.00
Facilities Mgmt.	10-10-5000-5400-910 DEBT SERVICE						
	Separation of debt service principal and ir	41109	08/14/2023	JFernandez	200,171.00	-59,085.98	141,085.02
Facilities Mgmt.	10-10-5000-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41110	08/14/2023	JFernandez	0.00	59,085.98	59,085.98
Public Space	10-10-6300-5400-910 DEBT SERVICE						
	Separation of debt service principal and ir	41111	08/14/2023	JFernandez	73,352.00	-851.88	72,500.12
Public Space	10-10-6300-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41112	08/14/2023	JFernandez	0.00	851.88	851.88
Safety & Risk Mgmt.	10-10-6600-5300-540 INSURANCE						
	To cover P&L premium	34818	08/14/2023	EBRADFORI	330,000.00	33,144.00	363,144.00
IT	10-10-6610-5300-112 POSTAGE						
	To cover audit laptop return shipping	41099	08/14/2023	EBRADFORI	50.00	5.00	55.00
IT	10-10-6610-5300-570 MISCELLANEOUS						
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FY 2023-2024

TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 07/01/2023 TO 08/14/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
	To cover audit laptop return shipping	41100	08/14/2023	EBRADFORI	5,000.00	-5.00	4,995.00
Police	10-20-5100-5300-145 MAINTENANCE - BUILDINGS						
	To cover alarm contract	34815	08/14/2023	EBRADFORI	15,000.00	-120.00	14,880.00
Police	10-20-5100-5300-481 C.S./MOBILE DATA TERMINALS						
	To cover MDT expenses	34817	08/14/2023	EBRADFORI	5,110.00	368.00	5,478.00
Police	10-20-5100-5300-490 C.S./ALARM						
	To cover alarm contract	34814	08/14/2023	EBRADFORI	370.00	120.00	490.00
Police	10-20-5100-5300-730 DRUG ENFORCEMENT OPERATIONS						
	To cover MDT expenses	34816	08/14/2023	EBRADFORI	5,000.00	-368.00	4,632.00
Fleet	10-30-5550-5400-910 DEBT SERVICE						
Maintenance	Separation of debt service principal and ir	41113	08/14/2023	JFernandez	112,117.00	-2,670.48	109,446.52
Fleet	10-30-5550-5400-920 DEBT SERVICE - INTEREST						
Maintenance	Separation of debt service principal and ir	41114	08/14/2023	JFernandez	0.00	2,670.48	2,670.48
Streets	10-30-5600-5300-363 RENTAL - BUILDING						
	To cover PW trailer rental	34825	08/14/2023	EBRADFORI	6,528.00	400.00	6,928.00
	To cover trailer rental	41093	08/14/2023	EBRADFORI	6,528.00	150.00	7,078.00
Streets	10-30-5600-5300-570 MISCELLANEOUS						
	To cover trailer rental	41092	08/14/2023	EBRADFORI	1,000.00	-150.00	850.00
Solid	10-30-5800-5300-080 TRAINING/CONF./CONV.						
Waste	To cover SWANC Conference	34821	08/14/2023	EBRADFORI	2,500.00	2,000.00	4,500.00
Solid	10-30-5800-5300-583 VEHICLE TAX & TAGS						
Waste	To cover small rear loader	34823	08/14/2023	EBRADFORI	3,906.00	428.00	4,334.00
Solid	10-30-5800-5400-910 DEBT SERVICE						
Waste	Separation of principal and interest.	41117	08/14/2023	JFernandez	62,617.00	-2,628.97	59,988.03
Solid	10-30-5800-5400-920 DEBT SERVICE - INTEREST						
Waste	Separation of principal and interest.	41118	08/14/2023	JFernandez	0.00	2,628.97	2,628.97
Solid	10-30-5800-5700-740 CAPITAL - VEHICLES						
Waste	To cover small rear loader	34822	08/14/2023	EBRADFORI	130,000.00	14,459.00	144,459.00
Special	10-60-6900-5400-910 DEBT SERVICE						
Approp.	Separation of debt service principal and ir	41115	08/14/2023	JFernandez	69,501.00	-7,615.96	61,885.04
Special	10-60-6900-5400-920 DEBT SERVICE - INTEREST						
Approp.	Separation of debt service principal and ir	41116	08/14/2023	JFernandez	0.00	7,615.96	7,615.96
Billing & Collections	30-80-7240-5400-910 DEBT SERVICE						
	Separation of debt service principal and ir	41107	08/14/2023	JFernandez	39,125.00	-11,548.78	27,576.22
Billing & Collections	30-80-7240-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41108	08/14/2023	JFernandez	0.00	11,548.78	11,548.78
WTP	30-80-8120-5300-550 ALUM SLUDGE REMOVAL						
	To cover actual alum sludge quote for FY.	41122	08/14/2023	JFernandez	72,943.00	11,250.00	84,193.00
WTP	30-80-8120-5400-910 DEBT SERVICE						
	Separation of debt service principal and ir	41105	08/14/2023	JFernandez	82,305.00	-6,082.54	76,222.46
WTP	30-80-8120-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41106	08/14/2023	JFernandez	0.00	6,082.54	6,082.54
WFER	30-80-8130-5400-910 DEBT SERVICE						

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TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 07/01/2023 TO 08/14/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
	Separation of debt service principal and ir	41103	08/14/2023	JFernandez	839,737.00	-492,736.36	347,000.64
WFER	30-80-8130-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41104	08/14/2023	JFernandez	0.00	492,736.36	492,736.36
Water Dist.	30-80-8140-5300-330 SUPPLIES - DEPARTMENTAL						
	To cover annual Utility Cloud service.	41126	08/14/2023	JFernandez	131,440.00	-1,482.00	129,958.00
Water Dist.	30-80-8140-5300-441 C.S./ENGINEERING						
	Upfront master plan costs - later reimburs	41121	08/14/2023	JFernandez	0.00	100,000.00	100,000.00
Water Dist.	30-80-8140-5300-458 DATA PROCESSING SERVICES						
	To cover annual Utility Cloud service.	41129	08/14/2023	JFernandez	9,000.00	1,482.00	10,482.00
	To balance WD and WWC budget capacit	41132	08/14/2023	JFernandez	9,000.00	-500.00	9,982.00
WW Collect.	30-80-8200-5300-330 SUPPLIES - DEPARTMENTAL						
	To cover WinCan software for CCTV equ	41124	08/14/2023	JFernandez	80,500.00	-5,000.00	75,500.00
	To cover annual Utility Cloud service.	41127	08/14/2023	JFernandez	80,500.00	-1,482.00	74,018.00
WW Collect.	30-80-8200-5300-458 DATA PROCESSING SERVICES						
	To cover WinCan software for CCTV equ	41125	08/14/2023	JFernandez	8,000.00	5,000.00	13,000.00
	To cover annual Utility Cloud service.	41128	08/14/2023	JFernandez	8,000.00	1,482.00	14,482.00
	To balance WD and WWC budget capacit	41133	08/14/2023	JFernandez	8,000.00	500.00	14,982.00
WW Collect.	30-80-8200-5300-570 MISCELLANEOUS						
	To cover Managed Generator installation.	41131	08/14/2023	JFernandez	1,500.00	-1,294.00	206.00
WW Collect.	30-80-8200-5700-741 CAPITAL - EQUIPMENT						
	To cover Managed Generator installation.	41130	08/14/2023	JFernandez	20,000.00	1,294.00	21,294.00
WWTP	30-80-8220-5300-323 SUPPLIES - CHEMICALS						
	To cover DI water maintenance contract.	41083	08/14/2023	JFernandez	56,380.00	-260.00	56,120.00
	To cover electrical safety uniforms.	41088	08/14/2023	JFernandez	56,380.00	-2,700.00	53,420.00
WWTP	30-80-8220-5300-350 UNIFORMS						
	To cover electrical safety uniforms.	41089	08/14/2023	JFernandez	620.00	2,700.00	3,320.00
WWTP	30-80-8220-5300-413 C.S./DI WATER SYSTEM SERVICE						
	To cover DI water maintenance contract.	41084	08/14/2023	JFernandez	3,950.00	260.00	4,210.00
WWTP	30-80-8220-5300-441 C.S./ENGINEERING						
	Move WW master plan to Engineering	41096	08/14/2023	EBRADFORI	0.00	100,000.00	100,000.00
WWTP	30-80-8220-5300-570 MISCELLANEOUS						
	Move WW master plan to Engineering	41095	08/14/2023	EBRADFORI	104,410.00	-100,000.00	4,410.00
WWTP	30-80-8220-5400-910 DEBT SERVICE						
	Separation of debt service principal and ir	41101	08/14/2023	JFernandez	1,130,980.00	-240,479.62	890,500.38
WWTP	30-80-8220-5400-920 DEBT SERVICE - INTEREST						
	Separation of debt service principal and ir	41102	08/14/2023	JFernandez	0.00	240,479.62	240,479.62
W&S Contingency	30-80-9990-5300-000 CONTINGENCY						
	Upfront master plan costs - later reimburs	41119	08/14/2023	JFernandez	400,000.00	-100,000.00	300,000.00
	To cover actual alum sludge quote for FY.	41123	08/14/2023	JFernandez	400,000.00	-11,250.00	288,750.00
NC-86	60-05-3980-3980-104 INSTALL FIN/NC86 RENOVATION						
	Adj per FY24 budget ordinance	34839	07/01/2023	EBRADFORI	2,000,000.00	2,500,000.00	4,500,000.00
NC-86	60-05-5600-5700-775 NC86 - CONSTRUCTION						
	Adj per FY24 budget ordinance	34838	07/01/2023	EBRADFORI	2,000,000.00	2,500,000.00	4,500,000.00

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FY 2023-2024

TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 07/01/2023 TO 08/14/2023

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Rail Station	60-23-3700-3700-101 STATE TIP Adj per FY24 budget ordinance	41044	07/01/2023	EBRADFORI	0.00	5,314,000.00	5,314,000.00
Rail Station	60-23-3700-3700-102 TRANSIT TAX Adj per FY24 budget ordinance	41045	07/01/2023	EBRADFORI	116,000.00	286,000.00	402,000.00
Rail Station	60-23-3980-3980-001 DEBT ISSUANCE PROCEEDS Adj per FY24 budget ordinance	41047	07/01/2023	EBRADFORI	0.00	560,000.00	560,000.00
Rail Station	60-23-6510-5700-000 CONTINGENCY Adj per FY24 budget ordinance	41041	07/01/2023	EBRADFORI	0.00	560,000.00	560,000.00
Rail Station	60-23-6510-5700-720 CONSTRUCTION Adj per FY24 budget ordinance	41043	07/01/2023	EBRADFORI	0.00	5,600,000.00	5,600,000.00
Skate Park	60-27-3870-3870-407 TRANSFER FROM GF - SKATE PARK Adj per FY24 budget ordinance	34837	07/01/2023	EBRADFORI	20,000.00	300,000.00	320,000.00
Skate Park	60-27-6300-5700-780 SKATE PARK Adj per FY24 budget ordinance	34836	07/01/2023	EBRADFORI	20,000.00	300,000.00	320,000.00
Ridgewalk Greenway	60-28-3870-3870-408 TRANSFER FROM GF - RIDGEWALK Adj per FY24 budget ordinance	34835	07/01/2023	EBRADFORI	0.00	209,003.00	209,003.00
Ridgewalk Greenway	60-28-6300-5700-782 RIDGEWALK GREENWAY Adj per FY24 budget ordinance	34834	07/01/2023	EBRADFORI	0.00	209,003.00	209,003.00
Adron F. Thompson	69-18-3980-3980-306 INSTALL. FIN./ADRON THOMPSON RENO Adj per FY24 budget ordinance	34833	07/01/2023	EBRADFORI	0.00	3,000,000.00	3,000,000.00
Adron F. Thompson	69-18-8200-5700-723 ADRON THOMPSON FACILITY RENOVATION Adj per FY24 budget ordinance	34831	07/01/2023	EBRADFORI	290,000.00	3,000,000.00	3,290,000.00
River Pump Station	69-22-3800-3800-350 MISCELLANEOUS Adj per FY24 budget ordinance	41078	07/01/2023	EBRADFORI	1,935,000.00	3,797,175.00	5,732,175.00
River Pump Station	69-22-3870-3870-200 TRANSFER FROM WSF-PERP MAINT FEE Adj per FY24 budget ordinance	41079	07/01/2023	EBRADFORI	33,800.00	915,460.00	949,260.00
River Pump Station	69-22-3870-3870-801 TRANSFER FROM FUND 70-RIVER PS Adj per FY24 budget ordinance	41080	07/01/2023	EBRADFORI	1,080,000.00	27,386.00	1,107,386.00
River Pump Station	69-22-8200-5700-738 RIVER PUMP STATION Adj per FY24 budget ordinance	41077	07/01/2023	EBRADFORI	3,448,800.00	4,740,021.00	8,188,821.00
OWASA Booster PS	69-34-3300-3310-015 GRANT - FEMA - BRIC Adj per FY24 budget ordinance	41058	07/01/2023	EBRADFORI	0.00	1,010,000.00	1,010,000.00
OWASA Booster PS	69-34-3980-3980-308 INSTALL. FIN./OWASA BPS Adj per FY24 budget ordinance	41059	07/01/2023	EBRADFORI	0.00	565,600.00	565,600.00
OWASA Booster PS	69-34-8140-5700-853 OWASA BOOSTER PUMP STATION Adj per FY24 budget ordinance	41055	07/01/2023	EBRADFORI	90,000.00	1,575,600.00	1,665,600.00
US-70 Water	69-35-3870-3870-703 TRANSFER FROM FUND 75-US 70 WTR IMP Adj per FY24 budget ordinance	41062	07/01/2023	EBRADFORI	0.00	275,000.00	275,000.00
US-70 Water	69-35-8140-5700-854 US-70 WATER IMPROVEMENTS Adj per FY24 budget ordinance	41060	07/01/2023	EBRADFORI	30,000.00	275,000.00	305,000.00
Elizabeth Brady PS	69-36-3870-3870-802 TRANSFER FROM FUND 70-ELIZ BRADY PS Adj per FY24 budget ordinance	41071	07/01/2023	EBRADFORI	0.00	300,000.00	300,000.00
Elizabeth Brady PS	69-36-8200-5700-855 ELIZABETH BRADY PS & FORCE MAIN UPG JFernandez		08/07/2023	4:55:38PM			

FY 2023-2024

TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 07/01/2023 TO 08/14/2023

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
Adj per FY24 budget ordinance	41072	07/01/2023	EBRADFORI	0.00	300,000.00	300,000.00
Exchange69-37-3870-3870-514 TRANSFER FROM WSF-EXCHANGE CLUB INT						
Club Int. Adj per FY24 budget ordinance	41075	07/01/2023	EBRADFORI	0.00	190,000.00	190,000.00
Exchange69-37-8200-5700-856 EXCHANGE CLUB INTERCEPTORS						
Club Int. Adj per FY24 budget ordinance	41076	07/01/2023	EBRADFORI	0.00	190,000.00	190,000.00
Hassell 69-38-3300-3310-016 GRANT - AIA						
Water Tank Adj per FY24 budget ordinance	41050	07/01/2023	EBRADFORI	0.00	40,000.00	40,000.00
Hassell 69-38-8140-5700-857 HASELL WATER TANK REPLACEMENT						
Water Tank Adj per FY24 budget ordinance	41051	07/01/2023	EBRADFORI	0.00	40,000.00	40,000.00
W&S Air 69-39-3870-3870-516 TRANSFER FROM WSF-AIR RELEASE VALVE						
Release Adj per FY24 budget ordinance	41066	07/01/2023	EBRADFORI	0.00	29,074.00	29,074.00
W&S Air 69-39-3980-3980-300 DEBT ISSUANCE PROCEEDS						
Release Adj per FY24 budget ordinance	41067	07/01/2023	EBRADFORI	0.00	120,926.00	120,926.00
W&S Air 69-39-8140-5700-858 AIR RELEASE VALVE REPLACEMENTS						
Release Adj per FY24 budget ordinance	41068	07/01/2023	EBRADFORI	0.00	150,000.00	150,000.00
ARPA 77-00-3300-3310-006 GRANT - AMERICAN RESCUE PLAN (ARPA)						
Hydrant Adj per FY24 budget ordinance	41052	07/01/2023	EBRADFORI	1,958,460.00	200,000.00	2,158,460.00
ARPA 77-25-3001-5700-788 ARPA - HYDRANT & VALVE PROJECT						
Hydrant Adj per FY24 budget ordinance	41054	07/01/2023	EBRADFORI	200,000.00	200,000.00	400,000.00
					<u>39,279,248.00</u>	



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Administration
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Town Manager Eric Peterson

ITEM TO BE CONSIDERED

Subject: Brough Law Firm Memorandum of Understanding for Fiscal Year 2024

Attachments:

Memorandum of Understanding

Summary:

The Brough Law Firm serves as the Hillsborough town attorney. Currently, the hourly rate is \$200 per hour for all attorneys. Rates will increase to \$215 per hour for all attorneys for FY24.

Financial impacts:

The budget line items will not change for this service as the demand/hours worked is a greater factor in annual costs. Thus, this will not affect the FY24 budget estimates.

Staff recommendation and comments:

The town manager recommends approval.

Action requested:

Consider approval of the proposed memorandum of understanding for services/rates.

NORTH CAROLINA

ORANGE COUNTY

MEMORANDUM OF UNDERSTANDING

1. Parties. The parties to this memorandum of understanding (“memo”) are the Town of Hillsborough (the “Town”) and The Brough Law Firm, PLLC (“Law Firm”).

2. Purpose. The purpose of this memo is to set forth the understanding between the parties concerning the nature of the relationship under which the Law Firm shall serve as the Town Attorney. The Town and the Law Firm recognize and understand that at all times during the performance of services pursuant to this Memorandum of Understanding the Law Firm shall be acting as an independent contractor and that nothing herein shall be deemed as establishing an employer/employee relationship between the parties.

3. Scope of Service. In consideration of the compensation set forth below, Law Firm shall continue to perform for the Town all of the legal services required by the Town as set forth herein. Such services shall include, without limitation, consultation with the Board of Commissioners and town staff, attendance upon request at the Board of Commissioners’ meetings, and the meetings of other boards, drafting and/or review of ordinances and other documents, and representation of the Town in litigation. Not included within the scope of covered services are services customarily performed by outside bond counsel.

4. Services Performed Principally by Robert E. Hornik, Jr. The parties acknowledge and agree that the services covered under this memorandum shall generally be performed by Robert E. Hornik, Jr. However, the full resources of the Law Firm shall be available to the Town, and other members of the firm may assist the Town when requested to do so by the Town or when Mr. Hornik is unavailable. In addition, the Law Firm may subcontract with other firms or individuals to have certain services performed for the Town, such as title searches and real estate closings, but the Law Firm shall remain responsible to the Town for the quality and timeliness of these services. Payment for these subcontracted services shall be made by the Law Firm and shall be charged to the Town on the Law Firm's monthly invoice.

5. Compensation. The Town shall pay to Law Firm for legal services rendered during fiscal year 2023-2024 on a monthly basis according to the services performed during each month. Monthly invoices shall indicate the number of hours worked and the fees shall be calculated at the rate of \$215 per hour.

Ordinary office expenses shall continue to be charged in accordance with the attached statement.

6. Duration, Termination. This memorandum shall govern the relationship between the parties for the period July 1, 2023 through June 30, 2024. The relationship established under this memorandum may be terminated upon ten (10) days written notice by either party. Payment shall

be made for services rendered through the date of termination.

This memorandum of understanding is executed by the parties this 14th day of August, 2023.

TOWN OF HILLSBOROUGH

THE BROUGH LAW FIRM, PLLC

BY: _____
Eric Peterson, Manager

BY: _____
Robert E. Hornik, Jr.

ATTEST:

Sarah Kimrey, Clerk

Provision for payment has been made by an appropriation duly made or bonds or notes duly authorized, pursuant to the Local Government Budget and Fiscal Control Act.

Finance Officer

COMPENSATION FOR SERVICES

Statements for services rendered by The Brough Law Firm, PLLC will be prepared at the end of each calendar month for the work performed during the previous month.

Your monthly statement will consist of two parts: an itemized breakdown of professional services and a list of expenses and costs advanced.

The professional services portion of your statement will be based upon the hourly rate of \$200 for the attorneys who work on your case:

Your statement will indicate the services performed and the date, the attorney performing the services, the hourly rate, and the total. It will also include an itemized list of additional expenses and costs advanced. These include:

- Photocopy charges for non-routine copying done for the client outside the office.
- Private express mail carriers such as Federal Express.
- Paralegal services at a rate of \$100.00 per hour.
- Mileage and travel expenses outside Chatham, Cumberland, Durham, Granville, Orange, Moore, Person, Richmond and Wake counties.
- Filing, service of process, and other fees associated with litigation.
- Fees for recording deeds and other instruments.

Statements will be mailed by the 10th of each month and are overdue if payment is not received by the end of that month. Interest at the rate of 1½% per month shall accumulate on balances not paid within thirty days after the date such balances become overdue.

Any retainer received from you will be deposited in our trust account and used to pay your monthly statements. To the extent our statements exceed the retainer amount, payment will be expected as indicated above. If payment in full is not received by the 15th of the month following the month in which a statement is issued, no additional services will be performed in your behalf and thereafter services will be performed only if and to the extent that additional funds are deposited in our trust account to ensure payment of our statements as they become due.



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Town Clerk
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Town Clerk Sarah Kimrey

ITEM TO BE CONSIDERED

Subject: 2023 Board of Commissioners meeting schedule amendment

Attachments:

Amended 2023 Board of Commissioners meeting schedule

Summary:

The meeting schedule has been amended to reflect the July 20 joint public hearing with the planning board being rescheduled to Aug. 17, 2023.

Financial impacts:

None.

Staff recommendation and comments:

None.

Action requested:

Amend the 2023 Board of Commissioners meeting schedule as presented.

Meeting Schedule: 2023

BOARD OF COMMISSIONERS



Meetings start at 7 p.m. in the Board Meeting Room of the Town Hall Annex, 105 E. Corbin St., unless otherwise noted. Times, dates and locations are subject to change.

The public will be able to view and listen to regular meetings and work sessions via live streaming video on the [town's YouTube channel](#).

Regular meetings

Regular meetings typically occur the second Monday of the month.

Jan. 9		Aug. 14
Feb. 13		Sept. 11
March 13		Oct. 9
April 10		Nov. 13
May 8	With budget presentation	Dec. 11
June 12	Tentative budget adoption	

Work sessions

Work sessions typically occur the fourth Monday of the month. The board generally does not make decisions or receive public comment at work sessions.

Jan. 23		May 30	Budget workshop - CANCELED
Jan. 28	Budget retreat, 9 a.m. to 2:30 p.m.	June 26	Budget adoption, if needed
Feb. 27		Aug. 28	With joint WSAC meeting
March 27		Sept. 25	
April 24	With State of the Town Address	Oct. 23	
May 22	Budget workshop, public hearing	Nov. 27	

Joint public hearings

Joint public hearings with the Planning Board typically occur the third Thursday of a month.

Jan. 19	Aug. 17
April 20	Oct. 19

Joint meetings

Meetings with the Water and Sewer Advisory Committee are planned biannually. The Orange County Assembly of Governments typically meets in January.

Jan. 24	Assembly of Governments Whitted Human Services Center 300 W. Tryon St. — CANCELED	Feb. 2	Water and Sewer Advisory Committee
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101 E. Orange St., PO Box 429, Hillsborough, NC 27278 | 919-732-1270
www.hillsboroughnc.gov | @HillsboroughGov

Amended: Aug. 14, 2023



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Planning
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Planning and Economic Development Manager Shannan Campbell

ITEM TO BE CONSIDERED

Subject: Special Event Permit – Hog Day 2023

Attachments:

1. Special Event Permit Application: Hog Day Event Application
2. Event layout for River Park
3. Route Layouts and road closure information

Summary:

The event is expecting around 3,500 people this year. The event will span two days, Friday night to Saturday evening. Portions of South Cameron Street and East Margaret Lane are requesting to be closed to through traffic.

Financial impacts:

Low; sponsorship is being requested for town services, so department-level costs are associated with Public Works and HPD event assistance.

Staff recommendation and comments:

There is an organizational event meeting next week, but staff has the following outstanding questions that are expected to be resolved before the event:

- Police have concerns about the location of the beer garden and its proximity to the kid's play area and concerns about ABC permits.
- The Fire Department has concerns about food vendors having required permits and safety items this year.

Action requested:

Approve, approve with conditions, or deny the permit and subsequent road closures/greenway use/sponsorship of police and trash service.

SPECIAL EVENT PERMIT APPLICATION

Please review the Event Policy Ordinance, Chapter 7 of the Town Code, to determine if your event requires a Special Event Permit. The Permit Application must be received 60 days in advance of the event. If you are seeking Town sponsorship for event services, you must submit a request for sponsorship to the Town Board at least 60 days in advance of the event.

FEE IS DUE AT THE TIME OF APPLICATION. PLEASE SUBMIT CHECK OR CASH WITH APPLICATION.

Name of Event: Hog Day 2023

Event Location Address: River Park and adjacent areas

Date(s) of event: Sept. 14, 2022

Event Set Up Time: 0900 Event Hours: 1800-2200 Event Break Down: none

Date(s) of event: Sept. 16, 2021

Event Set Up Time: none Event Hours: 1000 Event Break Down: 1800

EVENT ORGANIZER & CONTACT INFORMATION

Name of Organization/Company: Optimist Club of Orange County

Organization/Company mailing address: PO Box 9, Efland, NC. 27843

Organization Status: Formal Informal For-profit Not-for-profit

Event Organizer Name: Al Hartkopf and/or Craig Lloyd

Event Organizer Phone: 919.599.4646 Event Organizer Email: al.hartkopf@gmail.com

On-Site Contact(s) During the Day-of Event

Name: Al Hartkopf

Cell Phone: 919.599.4646

Name: _____

Cell Phone: _____

GENERAL EVENT INFORMATION

Type of Event:

- Private Event on Private Property Public Event on Public Property
 Private Event on Public Property Public Event on Private Property
 Street or Greenway Event (Parades, Marches, Rallies, 5Ks, Bike Races)

General Event Description (Narrative outlining event purpose and elements including food trucks, car shows, races, vendors, etc):

Hog Day, Orange County's largest longest running festival, has received
national recognition as one of the top festivals in America. There will be
live music, food, exhibitors, games, and fun for all.

Estimated number of people that will attend the event: 3500

Estimated peak time(s) of attendance: 2500

Maximum capacity of event location (number of persons, if applicable): 10,000

If the event is annual, the estimated attendance of the last event of this kind: 3500

GENERAL EVENT QUESTIONNAIRE

Will tickets be sold or admission/fees be charged as part of the event? YES NO

Will there be alcohol sold or provided as a part of this event? YES NO

If yes, please indicate the vendor(s) and/or ABC permit holder(s) responsible for the alcohol sales/distribution and attach a copy of the ABC permit(s) for each vendor: undetermined at this time

Please note: Alcohol may only be sold by vendors with an off-premise permit or by event organizers with a special one-time ABC sales permit. Alcohol sales may be subject to the prepared food & beverage tax.

Will vendors be on-site selling goods/crafts/wares during the event? YES NO

Will vendors be on-site selling food/beverages during the event? YES NO

Please note: All vendors without a physical location in town and/or food trucks that do not have Town of Hillsborough Food Truck Permits that are selling prepared food/beverage will need to [prepay the Food & Beverage Tax](#) with the Finance Department. Please list the name(s) of the food/beverage vendors:

Will you be soliciting donations as part of the event? YES NO

If yes, for what cause or organization? _____

Will you bring additional equipment, stages, microphones, amplification, etc? YES NO

Please Explain: Stage with PA system, lights, and instruments

Will any items be left at the event site overnight? YES NO

Please Explain: Friday night

Will signs or banners be displayed on site or around Town? YES NO

*Please note: [Special event signage](#) must be applied for and permitted separately **BEFORE** signage is placed around town.*

Will tents be erected for the event? YES NO

If yes, how many and what size? 1- 30x50

Please note: Tents may require a permit and inspection by the [Fire Marshal's office](#) depending on size and number. Tents should be shown with location and dimensions on event map/layout.

Will you provide (portable) restroom facilities?

YES NO

Please note: Restroom facilities are required to be provided by Special Event organizers depending on attendance numbers and duration. Local Business, Town, and County facility restrooms may compliment, but not become a substitute for, providing adequate restrooms for the event.

Will you provide (portable) handwashing facilities?

YES NO

Please note: Handwashing facilities are required for events that include on site food preparation and/or sales without direct or immediate sink access.

Will the event require any street closures or change in traffic flow?

YES NO

Will the event require additional trash and recycling facilities?

YES NO

Will you request that the Town Board sponsor specific services in conjunction with this event (i.e. Police Coverage, Road Closures, Traffic Control, Trash and Recycling Rollouts)? YES NO

Please note: Events requesting Town Sponsorship of events must apply at least 90 days in advance of the event to be considered. Event organizers who are able should make every necessary attempt to provide and pay for services at their events as the Town has limited staff and resources to cover the costs of event services.

EVENT MAP/LAYOUT REQUIREMENTS

Is the event map/layout meeting the requirements attached?

YES NO

With this application, you must attach a map of the area where the event is to take place and indicate the following:

- Traffic flow; including any streets requested to be closed or obstructed (locations of barriers and officers will be determined by Law Enforcement).
- If the event includes a parade, greenway closure, etc. then the route of the event should be clearly shown.
- Parking areas where event attendees will be directed that are adequate for event attendance. Please note: The Eno River deck has only 400 parking spaces.
- Pedestrian access and flow.
- The location of any concession stand, food truck(s), booth, or other temporary structures, tents, stages or facilities; and the location of proposed fences, stands, platforms, benches, or bleachers.
- The location of restroom and/or handwashing facilities.

A street map and a map of Gold Park are available on the Town's website. Google Maps is also an excellent resource and can be easily marked up. Contact Staff if you need assistance with providing an event layout or route map.

EVENT LIABILITY INSURANCE

Event organizers and/or property owners need to insure themselves from liability in case an event attendee injures themselves during the course of the event. Events occurring on Public Property (Town or County) are required to carry event liability insurance with the Public Property owner listed as 'additionally insured'.

Copy of event liability Certificate of Insurance is attached: YES NO

Name of insurance company providing liability coverage for the event:

In Process

Contact information for broker/agent providing coverage:

EVENT PROPERTY USE PERMISSION

If the event will be located on property that is not owned/managed by the event organizer then the property owner must indicate consent for the use of their property below:

NA

Name of Property Owner

Phone

NA

Signature of Property Owner

Date

TOWN LIABILITY AGREEMENT

I, the applicant, agree to indemnify and hold harmless the Town of Hillsborough, its employees, and its agents from and against any and all liability for any injury which may be suffered in connection with this special event approval or park reservation. I also hold harmless the Town of Hillsborough, its employees, and its agents from and against any liability for any equipment or supplies lost, damaged, or stolen, that are stored or otherwise as a result of this special event.

Al I Hartkopf

6/18/2023

Applicant Signature

Date

SUBMITTAL DIRECTIONS:

Please submit to:

Hillsborough Planning Department
ATTN: Shannan Campbell
P.O. Box 429
101 E. Orange Street
Hillsborough, NC 27278

Shannan.Campbell@hillsboroughnc.gov

FOR OFFICE USE ONLY:

Application received by: _____

Date: _____

Fee Paid: _____

Date information emailed out: _____

Permit Status

Approved YES NO Explanation: _____

Date Permit Issued: _____

Approved with any conditions: _____

By: _____

Date: _____

Town Staff Member

Forwarded to others for review/information:

Hillsborough Fire Marshal: _____

Hillsborough Police Department: _____

OC Sheriff's Department: _____

OC Fire Department: _____

Hillsborough Public Works: _____

Hillsborough Public Space Manager: _____

OC DEAPR (River Park): _____

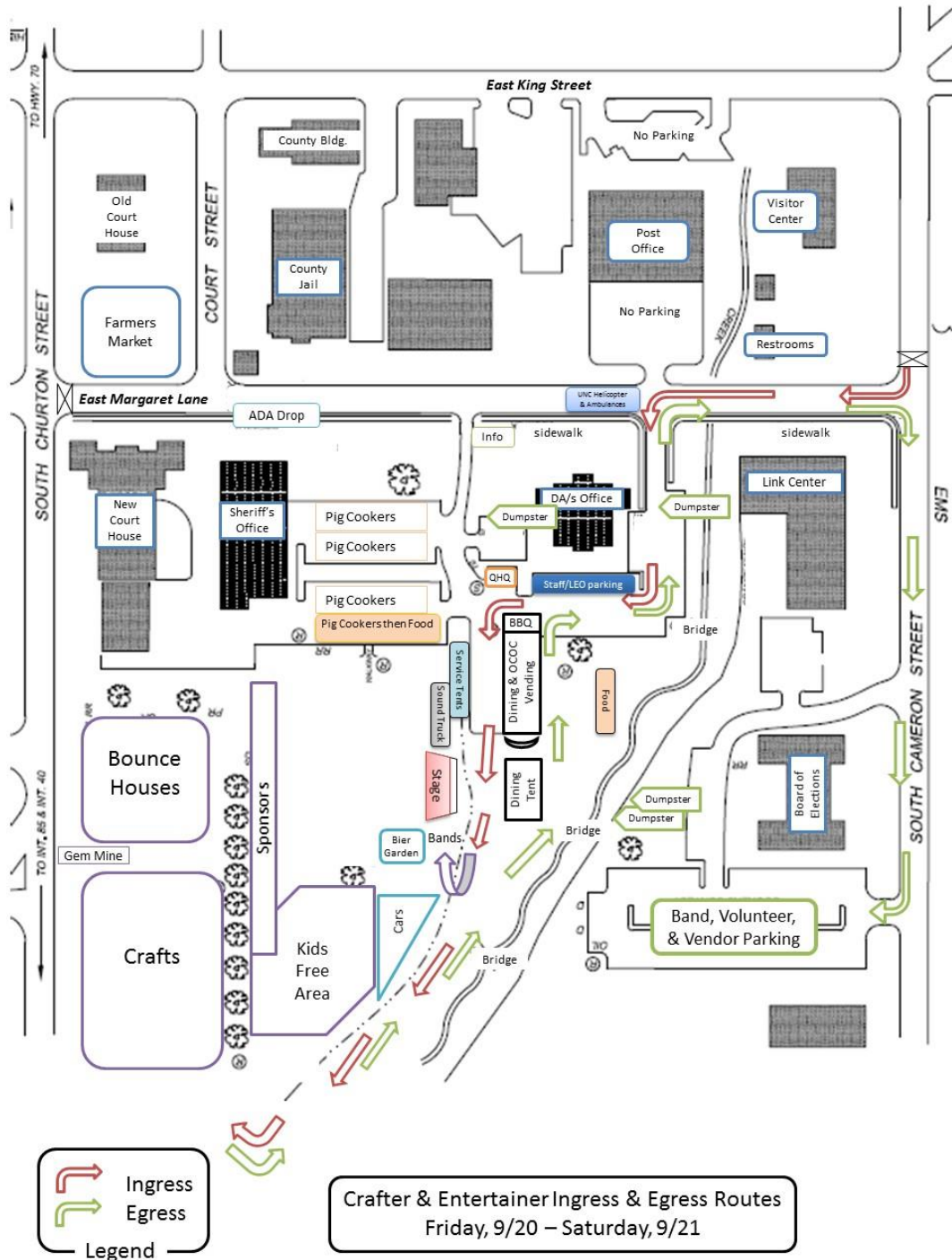
OC AMS (Visitors Center, Library, Old or New Courthouse): _____

NCDOT (DOT Road Closures): _____

Hillsborough Finance (Food & Beverage Tax 1 Day): _____

4 EXHIBITS

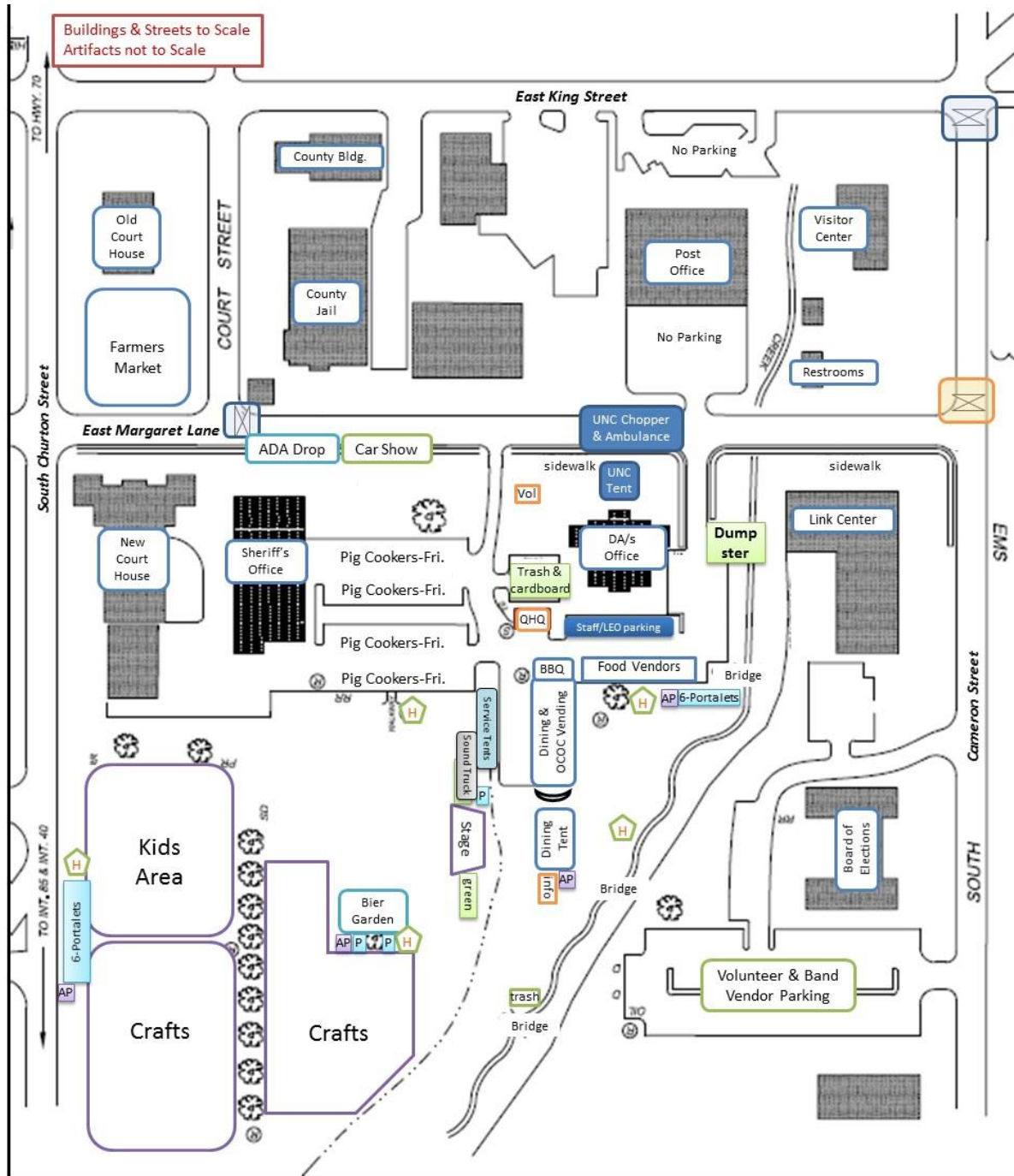
4.1 SITE PLAN WITH EXHIBITOR INGRESS/EGRESS ROUTES



6/10/2023

Uncontrolled Copy

4.3 SITE PLAN



-  Handwashing Station – 4
-  Portalet w/sanitizer – 14
-  ADA Portalet w/sanitizer- 4

6/10/2023

Uncontrolled Copy

4.4 HOG DAY 5K MAP



The 5k will start at Court Street on Margaret Lane and turn left on Cameron Street.
It will then cross into the woods and turn right onto the River Walk.
It will continue through the River Walk and into Gold Park.
It will circle around the River Walk and back towards the way same route.
It will take a right immediately after crossing the bridge from the Park.
It will continue to merge back into the original route and finish back at the Start.

(Follow the arrows and directions from volunteers on the route)



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Communications Division
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Communications Manager Catherine Wright

ITEM TO BE CONSIDERED

Subject: Contract for design and maintenance of new town website

Attachments:

Budget amendment

Summary:

Our contracted primary support for the town website has advised contracting with a company for a new website and support. The website was designed in house, and our web developer resigned in December 2022 for a software development position. We have been using contracted support for security updates and major feature changes to the website since. After working on our website for six months, the primary support has concluded we would be better served through a full-time employee or contracted support of about 40 hours per month vs. 4 hours per month due to the website's customization. He said the additional time is needed to gain institutional knowledge of the site, easing the ability to make changes.

Financial impacts:

At the minimum, the annual fees for contracting with a company are comparable to what we pay for primary and backup support and related costs. We have about \$6,500 budgeted for support and related costs to the website this fiscal year. Annual fees for contracting with a company would be up to about \$15,000, with about 5% increases in subsequent years. The creation of the website and first-year support would cost about \$15,000 to \$40,000, depending on which vendor we choose and whether we build a separate intranet site.

Staff recommendation and comments:

Staff recommends the board approve staff selecting a vendor and moving forward with a contract for a new town website and annual support. The process for rolling out a new website takes six to eight months from contract signing to launch. Our current support is contracted through March 2024 (eight months). We hope to have a signed contract this month. The current website has been in place since March 2016, with a facelift in 2021. A move to a web development company will consolidate website-related payments to one company vs. multiple companies, streamlining the monthly financial process.

Action requested:

Approve budget amendment and authorize staff to select a vendor and move forward with a contract to create a new town website and provide annual maintenance.

FY 2023-2024

TOWN OF HILLSBOROUGH
BUDGET CHANGES REPORT

DATES: 08/15/2023 TO 08/15/2023

<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
GF 10-00-9990-5300-000 CONTINGENCY Contingency To cover website design and maintenance.	41139	08/15/2023	JFernandez	450,000.00	-40,000.00	264,356.00
Admin. 10-10-4200-5300-458 DATA PROCESSING SERVICES Services To cover website design and maintenance.	41138	08/15/2023	JFernandez	40,836.00	40,000.00	80,836.00
					<u>0.00</u>	



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date:	Aug. 14, 2023
Department:	Public Space and Sustainability
Agenda Section:	Consent
Public hearing:	No
Date of public hearing:	N/A

PRESENTER/INFORMATION CONTACT

Stephanie Trueblood, Public Space and Sustainability Manager

ITEM TO BE CONSIDERED

Subject: Selection of Artwork from Uproar Public Art Festival for Town Hall Campus

Attachments:

Photos of artwork with artist information and statement

Summary:

Last December, the town received a donation of \$20,000 from Tom Stevens to purchase artwork to start a sculpture garden/walk at the Town Hall Campus. The town board accepted the donation which has very few limitations other than its use at the Town Hall property. The money is currently placed in a restricted account.

In Summer 2023, Orange County hosted the Uproar Public Art Festival, the first public art festival of its kind in North Carolina. The festival includes 60 pieces of work from southeast artists installed for one month in the downtown areas of Chapel Hill, Carrboro, and Hillsborough. It includes cash prizes for artists who are selected through a juried competition and people's choice voting. In conversations with Katie Murray, Director of the Orange County Arts Commission, town staff realized that the festival presented an excellent opportunity to find a piece of art for permanent installation at Town Hall and the town's commitment would be an additional incentive for the Uproar artists.

A team was formed to help with the selection process. The selection team includes Gail Cooley, Hillsborough Arts Council member and arts supporter/enthusiast, Tom Stevens, artist and Arts Council member, Mollie Thomas, Executive Director of the Hillsborough Arts Council, Mayor Jenn Weaver, and Stephane Trueblood, Public Space and Sustainability Manager.

The selection team met in person in early June to review all 60 pieces of art in the festival and develop a shortlist of possibilities for Town Hall. Town Hall is in the Hillsborough Historic District and therefore a Certificate of Appropriateness from the Historic District Commission (HDC) is required for any exterior change to the property. The HDC has design standards for art. The selection team reviewed the design standards and developed the shortlist with the standards in mind. Many of the artworks in Uproar are not meant as permanent installations and others are not a great fit for the Town Hall site. Specifically, the team looked for pieces that would have appropriate massing and scale, compatible materials, would respect the historic character of the Town Hall property, and would not pose any type of safety threat to the public or site. Once the festival kicked off in mid-July, each of the selection team members visited the artworks in person and sent their top choices to staff to compile and tally.

The selection team recommends *Perpetual Bond* by TJ Christiansen, a Durham, North Carolina artist. The artwork is 8' wide, 8' long, and 14' tall made of reclaimed steel and depicts a mother and child giraffe.

The artist shared the following information about the piece: *“It is truly amazing the bond that forms between a mother and child right from the start, a relationship of love that lasts forever. I became inspired to create a mother giraffe with a teenage calf standing together and showing that no matter how much time passes by the love between a mother and child will always exist. This piece focuses on the Western African Giraffe, who is now on the endangered species list due to intensive farming that is taking away from these animals’ habitats.”*

The piece would likely be installed on the south side of Town Hall toward Orange Street, but not directly in front of the building as per HDC standards. The town should consult the artist on final placement. The artwork will serve as the first piece of a sculpture garden/walk on the Town Hall campus, making Town Hall a destination for visitors to enjoy public art as Tom Stevens originally envisioned.

Financial impacts:

\$20,000 in donated funds are available for the purchase and associated installation costs. The cost of the artwork is \$15,000.

Staff recommendation and comments:

No additional comments

Action requested:

Approve use of the donated funds for the purchase of Perpetual Bond by TJ Christiansen to be installed at Town Hall contingent upon Historic District Commission review and approval.



TJ Christiansen, *Perpetual Bond*
Reclaimed Steel
8' wide, 8' long, 14' tall
\$15,000

TJ Christiansen enjoys the process of creating sculptures that capture the true beauty of the wild animals that make up planet earth. These animals depend on clean water and plentiful food sources for their survival. Some of these animals are so mystical and some of them are close to becoming endangered or even extinct. The relationship between man and nature is a growing concern for the future of all wildlife. TJ chooses animals from all over the world and tries to create a life size sculpture that shows their true beauty. Without their natural habitats, these living creatures would not survive. Over the years he has created several types of artworks, but his true passion is creating life size animal sculptures and sharing them with the world. Even if a particular piece he creates only raises the awareness of one person, that is one more person who knows about the plight of our global environmental changes, whether caused by man or Mother Nature.

Artist statement:

It is truly amazing the bond that forms between a mother and child right from the start, a relationship of love that lasts forever. I became inspired to create a mother giraffe with a teenage calf standing together and showing that no matter how much time passes by the love between a mother and child will always exist. This piece focuses on the Western African Giraffe, who is now on the endangered species list due to intensive farming that is taking away from these animals' habitats.



Perpetual Bond being installed at for the Uproar Public Art Festival at CURRENT ArtsSpace + Studio



Perpetual Bond at Uproar Public Art Festival Opening at CURRENT ArtsSpace + Studio



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Administrative Services
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Human Resources Manager Haley Bizzell
Administrative Services Director Jen Della Valle

ITEM TO BE CONSIDERED

Subject: Employee ID cards for use in future elections

Attachments:

1. Approval of employee identification cards for voting identification
2. Current employee ID template

Summary:

North Carolina State Board of Elections now requires voters to show a photo ID when voting in North Carolina. The acceptable forms of photo ID are:

- North Carolina driver's license.
- State ID from the NC Department of Motor Vehicles (also called, non-operator ID).
- Driver's license or non-driver ID from another state if voter registered in NC within 90 days of the election.
- U.S. Passport.
- NC voter ID card issued by a county board of elections.
- College or university student ID approved by State Board of Elections.
- State or local government or charter school employee ID approved by State Board of Elections.
- Military or veterans ID card issued by U.S. government.
- Tribal enrollment card issued by a tribe recognized by the State or federal government.
- ID card issued by an agency of U.S. government or State of NC for a public assistance program.

NC residents who are at least 17 years old are eligible to receive a free, no-fee, photo ID from NC DMV that may be used for voting.

The majority of our employees have a valid NC driver's license as driving is a required duty for many of our positions. Employees who may not have a valid driver's license or other photo ID, would be able to go to the DMV to obtain a no fee ID that may be used for voting.

There are certain criteria that local government employee IDs must include to be approved by the State Board of Elections. The specific criteria are outlined in attachment 1. Currently Hillsborough employee IDs are missing an expiration date. Attachment 2 shows the current template for our employee IDs.

Adding an expiration date on the employee ID cards would require us to re-print 100+ employee IDs. We would also need to develop a tracking system if we do not use the same expiration date for all employees. However, if we

use the same expiration date for all employees, it would be more efficient for us to add it to our calendar and update all employee's IDs at the same time.

The ID printer we use is limited in storage capacity therefore it would take more staff time to have to clear pictures/data stored in the system after every 20 or so IDs have been printed. The ID printer and software is linked to only one person and computer, currently connected to the human resources analyst. If the HR analyst is out of the office for an extended period of time or leaves employment, it will take more time to get the printer and software set up on someone else's computer. We also lose the template once the software is removed from one person's computer. This means we have to re-create the template in the system each time the printer and software is moved from one person to the other, which is a tedious process.

Currently, Hillsborough's employee IDs are not tied to anything such as building access. Hillsborough employee IDs are used just as that, to identify that someone is a Town of Hillsborough employee.

Overall, the options are:

1. Keep employees informed of the voter ID requirement and how they may obtain a no fee ID from the DMV.
2. Develop a system to add expiration dates to our employee IDs to submit the IDs for approval each year so that employees may use their ID to vote.

Financial impacts:

Staff time and printer ink costs.

Staff recommendation and comments:

We would be able to implement either option listed above, however the second option will take additional staff time which may cause a delay in other work projects.

Action requested:

Provide guidance on next steps.

§ 163-166.18. Approval of employee identification cards for voting identification.

(a) The State Board shall approve the use of employee identification cards issued by a state or local government entity, including a charter school, for voting identification under G.S. 163-166.16 if the following criteria are met:

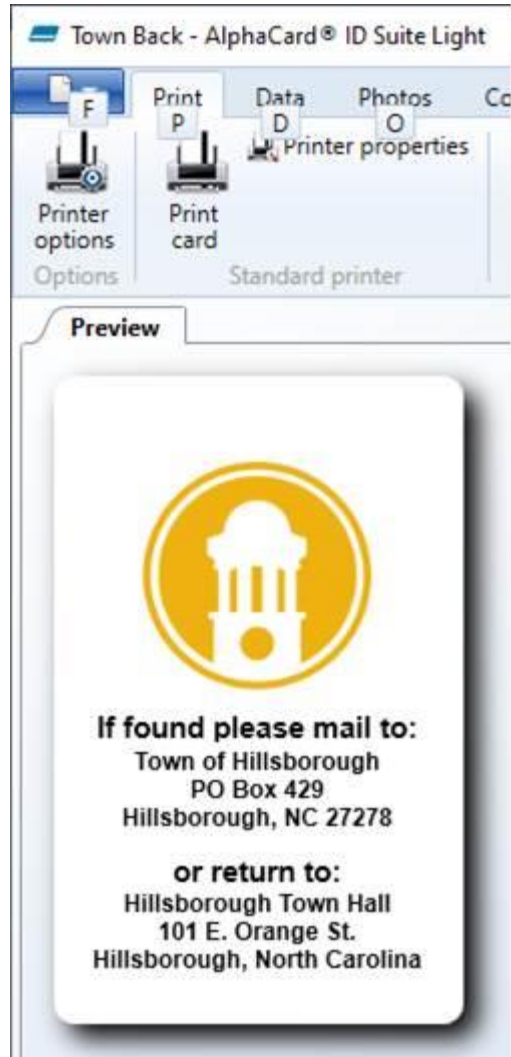
(1) The head elected official or lead human resources employee of the state or local government entity or charter school submits documentation satisfactory to the State Board that the following true have been met and will not knowingly be violated with regard to employee identification cards issued during the approval period:

- a. The identification cards that are issued by the state or local government entity or charter school contain photographs of the employees obtained by the state or local government entity or charter school employing entity or its agents or contractors, provided the photograph obtained (i) is a frontal image that includes the employee's face and (ii) represents a clear, accurate likeness of the employee to whom the identification card is issued. If the photograph is one not produced by the state or local government entity or charter school, the state or local government entity or charter school shall certify in detail the process used by the state or local government entity or charter school to ensure the photograph is that of the employee to whom the identification card is issued and shall certify that the process is designed to confirm the identity of the employee to whom the identification card is issued.
- b. The identification cards are issued after an employment application or other process that includes one or more methods of confirming the identity of the employee using information that include, but are not limited to, the social security number, citizenship status, and birthdate of the employee.
- c. Access to the equipment for producing the identification cards is restricted through security measures.
- d. Misuse of the equipment for producing the identification cards would be grounds for termination of an employee.
- e. State or local or charter school officials would report any misuse of identification card equipment they have knowledge of to law enforcement if G.S. 163-275(19) was potentially violated.
- f. The cards issued by the state or local government entity or charter school on or after January 1, 2021, contain a date of expiration.
- g. The state or local government entity or charter school will provide copies of employee identification cards to the State Board to assist with training purposes.

(2) The state or local government entity complies with any other reasonable security measures determined by the State Board to be necessary for the protection and security of the employee identification process.

(b) The State Board shall establish a schedule for such submissions and approvals. The State Board shall permit a State or local government entity or charter school with no changes to the prior election cycle's approval to submit a statement indicating no changes have been made by the State or local government entity or charter school. When the State Board approves for use the employee identification cards issued by a state or local government entity, including a charter school, for voting identification under G.S. 163-166.16, such approval shall be valid for the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.

(c) The State Board shall produce a list of participating employing entities every two years. The list shall be published on the State Board's Web site and distributed to every county board of elections. The State Board shall publish sample employee identification cards for each participating State or local government entity or charter school. (2018-144, s. 1.2(c); 2018-146, s. 3.1(a); 2019-22, s. 3.)







Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Aug. 14, 2023
Department: Town Clerk
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Town Clerk Sarah Kimrey

ITEM TO BE CONSIDERED

Subject: Retention schedule for meeting audio and video recordings

Attachments:

Email for reference

Summary:

Effective Oct. 1, 2021, the board adopted the 2021 General Records Schedule for Local Government Agencies. The schedule allows government agencies to destroy audio and video recordings of public body meetings after the approval of official written minutes.

Historically, it has been the town's practice to retain meeting audio and/or video recordings up to three years. The town attorney has advised staff to draft a written policy if recordings are to be kept past the adopted General Records Schedule.

Financial impacts:

None.

Staff recommendation and comments:

None.

Action requested:

Direction. Please advise if the board prefers audio and video recordings to be retained for three years, or another time frame beyond the adopted schedule.

From: [Robert Hornik](#)
To: [Jenn Weaver](#); [Sarah Kimrey](#)
Cc: [Jen Della Valle](#); [Margaret Hauth](#)
Subject: RE: audio meeting recordings
Date: Thursday, September 16, 2021 12:12:01 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)

I have checked the State regulations from the Department of Natural and Cultural Resources, Division of Archives and Records, and we are authorized by State law to destroy audio/video recordings of meetings once we have made and approved minutes of those meetings. I think that the 3 year period Sarah mentioned makes sense (largely because most statutes of limitations for claims against the Town would expire within 3 years of whatever event/situation is at issue). I don't recall the Town Board ever adopting an official policy on it (though we may have adopted a retention schedule based on the DNCR schedule). I think it's a good idea for the Town to adopt an official policy on it.

Bob Hornik



1526 E. Franklin St., Suite 200
PO Box 2388
Chapel Hill, NC 27514
T (919) 929-3905
F (919) 942-5742
Email: hornik@broughlawfirm.com
Web site: broughlawfirm.com

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From: Jenn Weaver <Jenn.Weaver@hillsboroughnc.gov>
Sent: Thursday, September 16, 2021 11:39 AM
To: Sarah Kimrey <Sarah.Kimrey@hillsboroughnc.gov>
Cc: Jen Della Valle <Jen.DellaValle@hillsboroughnc.gov>; Margaret Hauth <Margaret.Hauth@hillsboroughnc.gov>; Robert Hornik <Hornik@broughlawfirm.com>
Subject: Re: audio meeting recordings

Howdy.

I think this may be a Bob questions initially.

My thoughts are:

- If Margaret remembers the board saying three years and Bob thinks 3 years is a standard consistent with both the law and other jurisdictions, I do not see need for additional board discussion at this time.
- If Bob says something otherwise, or we feel like we need to have a set policy (not a bad idea, actually) for how many years we keep recordings, I would suggest that staff present the board with a proposed standard for adoption. (These requests are pretty rare, I think (?), so I would not advise this being a top tier priority if it would take significant time to formulate).

I hope this helps (?). And Bob, maybe you can weigh in here re: above bullet points?

Jenn

Jennifer (Jenn) Weaver
Mayor
Hillsborough, NC
919 619 6065 c
she/her/hers

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From: Sarah Kimrey <Sarah.Kimrey@hillsboroughnc.gov>
Sent: Thursday, September 16, 2021 11:26 AM
To: Jenn Weaver <Jenn.Weaver@hillsboroughnc.gov>
Cc: Jen Della Valle <Jen.DellaValle@hillsboroughnc.gov>; Margaret Hauth <Margaret.Hauth@hillsboroughnc.gov>; hornik@broughlawfirm.com <hornik@broughlawfirm.com>
Subject: audio meeting recordings

Hi Mayor Jenn,

We received a public record request yesterday regarding meeting recordings and were able to direct the requester to the town's YouTube channel as they were interested in the meeting held on Monday.

I wanted to touch base to verify the board's preference on the retention period for meeting recordings. Margaret had mentioned a while ago she believed the board had directed staff to retain recordings for a period of three years, but she wasn't certain. I'm sure we have recording

past that period on disc at the clerk's office.

Once meeting minutes are approved we are allowed to destroy the recording. Having these recordings saved to disc and electronic files creates a public record that we would otherwise not be required to provide. Potentially, a requester would need to come to the clerk's office while town offices are closed to the public and we would need find a device that would play the disc. If we don't have the ability to play the disc, then we might need to make the file available through a secure file transfer, portable flash drive, or some other means.

Please let me know your thoughts and advise if this merits a board discussion.

Thanks,
Sarah



Sarah Kimrey

Town Clerk | Human Resources Technician

[Town of Hillsborough](#)

101 E. Orange St., Hillsborough, North Carolina

Office: [919-296-9443](tel:919-296-9443)



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Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: June 12, 2023
Department: All
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Department Heads

ITEM TO BE CONSIDERED

Subject: Staff (written reports in agenda packet)

Attachments:

Monthly departmental reports

Summary:

N/A

Financial impacts:

N/A

Staff recommendation and comments:

None.

Action requested:

Accept reports.



Administrative Services Report

June 2023

Budget

- Adopted FY24 budget and financial plan at June 12 board meeting.

Communications

- Town materials — Reviewed social worker recruitment brochure; completed update of budget materials (rates increases fact sheet, rates price comparisons table, budget at a glance document, rates increases video, and rates FAQs); created dog waste signage for Riverwalk greenway.
- Website — Worked on project pages for public space and utilities.
- Utilities Outreach — Completed English version of water quality report; reviewed special meeting notice; met with utilities infrastructure protection supervisor regarding backflow prevention materials.
- Other — Reviewed minutes of new minutes preparers; staffed information table at Orange Rural Fire Department open house; attended dedication of new fire station; shared communications information at 515 Churton community meeting; worked with county on OC Alerts registrations; probationary specialist worked last day on June 27; started work on recruitment and interview materials for hiring specialist.

Fleet Maintenance

- No updates.

Human Resources/Town Clerk

- Biweekly payrolls

RECRUITMENT AND SELECTION	
Position	Status
Equipment Operator I	Open until filled.
Police Officer	Continuous recruitment.
Utility Maintenance Technician I, II, or III	Open until filled.

Information Technology

- Completed Q2 security external vulnerability scans and made necessary changes to resolve discovered vulnerabilities.
- Rolled out new, more secure Todyl SASE VPN for police department. Will begin rollout for teleworking staff over the next few months.
- Completed annual PCI DSS security training for Financial Services staff. Completed annual PCI DSS attestation for online credit card payments.

Safety and Risk Management

- Inspections — Lakeshore Drive work zone, Gold Park, Turnip Patch Park, Murray Street Park, Hillsborough Heights Park, Cates Creek Park and forwarded recommendations (work orders). Forwarded safety inspection results to departments.

- Meetings – Facility/Park security Meeting, HR Team Meetings, Division Meetings, NCDOL Meetings.
- Random drug screens — Completed 2nd quarter drug screens random FMCA drug screens and completed pre-hire drug screens.
- Safety Committee — Incident reviews continue, working on inspection requirements and responsibilities with new Safety Committee members. Compiling data for IIRRP (Injury and Illness Rate Reduction Plan) for NCDOL.
- Safety equipment — Stocked/distributed/ordered safety gear and distributed updated safety wear and supplies.
- Other — Worked on employee training schedule, workers compensation claims, property and liability claims and general duties pertaining to the Highway 86 building and collected fire extinguisher monthly check sheets.

July 2023

Budget

- FY24 budget loaded into financial system.
- Began work on adopted budget document.

Communications

- Branding — Worked with public works, fleet maintenance and graphic designers regarding promotional art for sides of new garbage truck.
- Town materials — Reviewed final version of procurement policy and related materials and helped with branding on documents; reviewed police checkpoint flyer; created National Night Out flyer, magnet with police contact methods, and communications specialist recruitment brochure.
- Website — Renewed contract for primary support of website through March 2024; worked on finding new website provider.
- Utilities Outreach — Completed Spanish version of water quality report; worked on backflow prevention materials; responded to questions regarding the chemicals PFAS.
- Other — Reviewed minutes of new minutes preparers; worked on recruitment and hiring materials for specialist; attended meeting on lead and copper revised rule with communicators for area utilities.

Fleet Maintenance

- None.

Human Resources/Town Clerk

- Biweekly payroll, including processing merit increases.
- Annual Powell Bill map update and certified statement.

RECRUITMENT AND SELECTION	
Position	Status
Communications Specialist	Closed 7/23.
Customer Service Representative/Senior Customer Service Representative	Closed 8/6.
Equipment Operator	Open until filled.
Police Officer	Continuous recruitment.
Utility Maintenance Supervisor	Closes 8/27.

Utility Maintenance Technician I, II, or III	Open until filled.
--	--------------------

FY24 GOVERNING BODY BUDGET			
Account String	Itemization Description	Amount	Period Year
10-10-4100-5300-530	NCLM Annual Dues	\$8,500.00	2024
10-10-4100-5300-530	NCLM Letter Subscription	\$26.00	2024
10-10-4100-5300-530	Southern City Subscription	\$22.00	2024
10-10-4100-5300-530	School of Government Annual Dues	\$1,100.00	2024
10-10-4100-5300-530	Triangle J Council of Governments	\$3,500.00	2024
10-10-4100-5300-530	NC Black Elected Municipal Officials	\$65.00	2024
10-10-4100-5300-530	Hillsborough Chamber of Commerce	\$6,000.00	2024
10-10-4100-5300-530	Chapel Hill Chamber of Commerce	\$1,350.00	2024
10-10-4100-5300-530	Miscellaneous	\$500.00	2024
10-10-4100-5300-530	NC Mayors Association	\$300.00	2024
10-10-4100-5300-080	NCLM Town Hall Day (1)	\$30.00	2024
10-10-4100-5300-080	Newly Elected Officials School (FY20/22/24)	\$1,500.00	2024
10-10-4100-5300-080	UNC SOG Advanced Leadership Corps.	\$1,000.00	2024
10-10-4100-5300-080	State of the Community Report	\$280.00	2024
10-10-4100-5300-080	Triangle J Council Regional Summit	\$100.00	2024
10-10-4100-5300-080	International LGBTQ Leaders Conference	\$225.00	2024
10-10-4100-5300-080	NCLM City Vision	\$1,245.00	2024
10-10-4100-5300-080	Miscellaneous Training	\$5,000.00	2024
10-10-4100-5300-080	Travel Reimbursement for Meetings Outside County	\$600.00	2024

TOWN OF HILLSBOROUGH
DETAIL ACCOUNT INQUIRY BY ACCOUNT

PERIOD: 07/01/2023 TO 06/30/2024

FY 2023-2024

	<u>BUDGET</u>	<u>PERIOD TO DATE</u>	<u>ENC AMT</u>	<u>REM BAL</u>
10-10-4100-5300-530 DUES & SUBSCRIPTIONS	23,266.00	16,492.00	0.00	6,774.00
<u>DATE</u> <u>MOD</u> <u>REFERENCE</u>	<u>JE # or VOUCHER#</u>	<u>CHECK#</u>	<u>DEBIT</u>	<u>CREDIT</u>
				<u>BALANCE</u>
				0.00
07/07/2023 AP	HILLSBOROUGH/OC CHAMBER OF COMMERCE	57242 5579	6,000.00	6,000.00
	TRUSTEE MEMBER RENEWAL - 07/23 - 06/24			
07/07/2023 AP	N C LEAGUE OF MUNICIPALITIES 100044849	57245 71570	10,470.00	16,470.00
	SERVICE FEE FY 2023-2024			
07/07/2023 AP	N C LEAGUE OF MUNICIPALITIES 100044849	57245 71570	22.00	16,492.00
	QTY 11 - SOUTHERN CITY SUBSCRIPTIONS			
	SUBTOTALS FOR ACCOUNT 10-10-4100-5300-530 :		16,492.00	0.00
			16,492.00	0.00
10-10-4100-5300-080 TRAINING/CONF./CONV.	<u>BUDGET</u>	<u>PERIOD TO DATE</u>	<u>ENC AMT</u>	<u>REM BAL</u>
	12,445.00	0.00	0.00	12,445.00
		0.00	0.00	

Information Technology

- Received and reviewed final proposal for audio system upgrade for Board Meeting Room.
- Completed prep work for NC86 server upgrade. Upgrade scheduled for August 4 – 6, 2023.
- Completed configuration and setup of new equipment for HPD property room.
- Continued work for migrating data from onsite file servers to OneDrive project.

Safety and Risk Management

- Inspections — Forest Ave. excavation, WWTP retracting ladder assembly, Gold Park, Turnip Patch Park, Murray Street Park, Hillsborough Heights Park, Cates Creek Park and forwarded recommendations (work orders). Forwarded safety inspection results to departments.
- Meetings – HR Team Meetings, Division Meetings, NCDOL Meetings and 86 Facility upgrade meeting. Meeting with WWTP employee discussing innovative nomination for retractable ladder idea.
- Random drug screens — On target for 3rd quarter drug screens random FMCA drug screens and completed pre-hire drug screens.
- Safety Committee — Incident reviews continue, working on inspection requirements and responsibilities with new Safety Committee members. Compiling data for IIRRP (Injury and Illness Rate Reduction Plan) for NCDOL.
- Safety equipment — Stocked, distributed and ordered safety gear and distributed updated safety wear and supplies.
- Other — Visited WTP, WWTP, PD, Water Distribution/Collection, Public Works, and Fleet multiple times discussing heat stress and current weather advisories regarding dangerously hot conditions. Distributed waters, Gatorades, and electrolyte drink mixes. Worked on employee training schedule, workers compensation claims, property and liability claims and general duties pertaining to the Highway 86 building, collected fire extinguisher monthly check sheets.
- Visited numerous work sites and submitted Caught Working Safely employees for newsletter. Visited WWTP to inspect new innovative retractable ladder installation and interview employee for innovative award nomination.

Hillsborough Police Department

Quarterly Transparency Report

April – June 2023

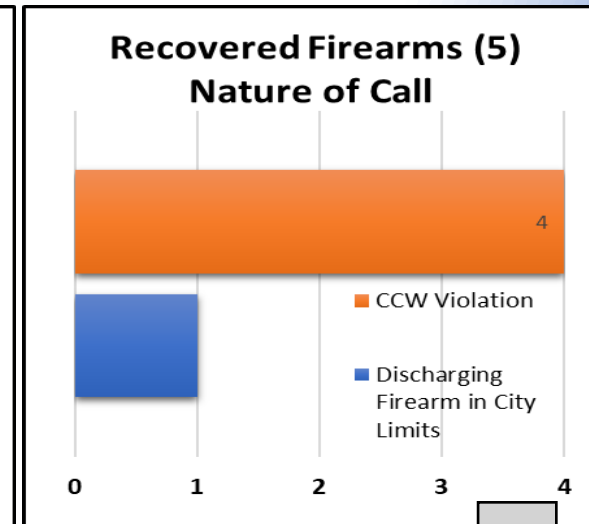
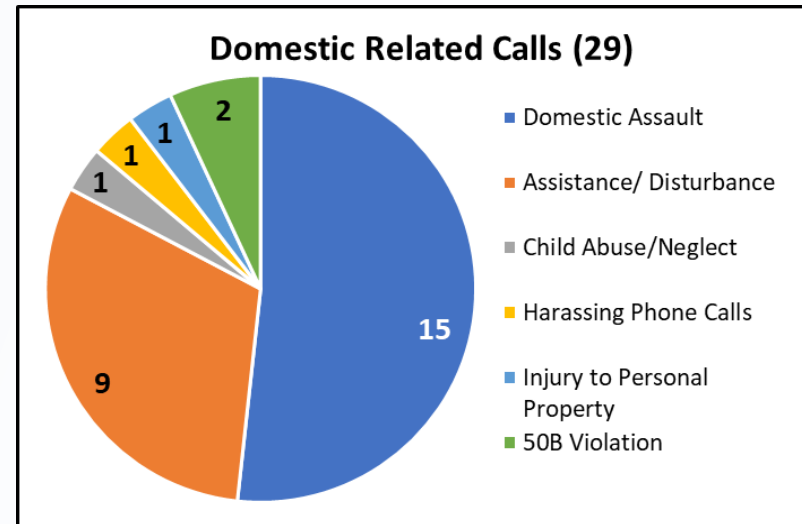
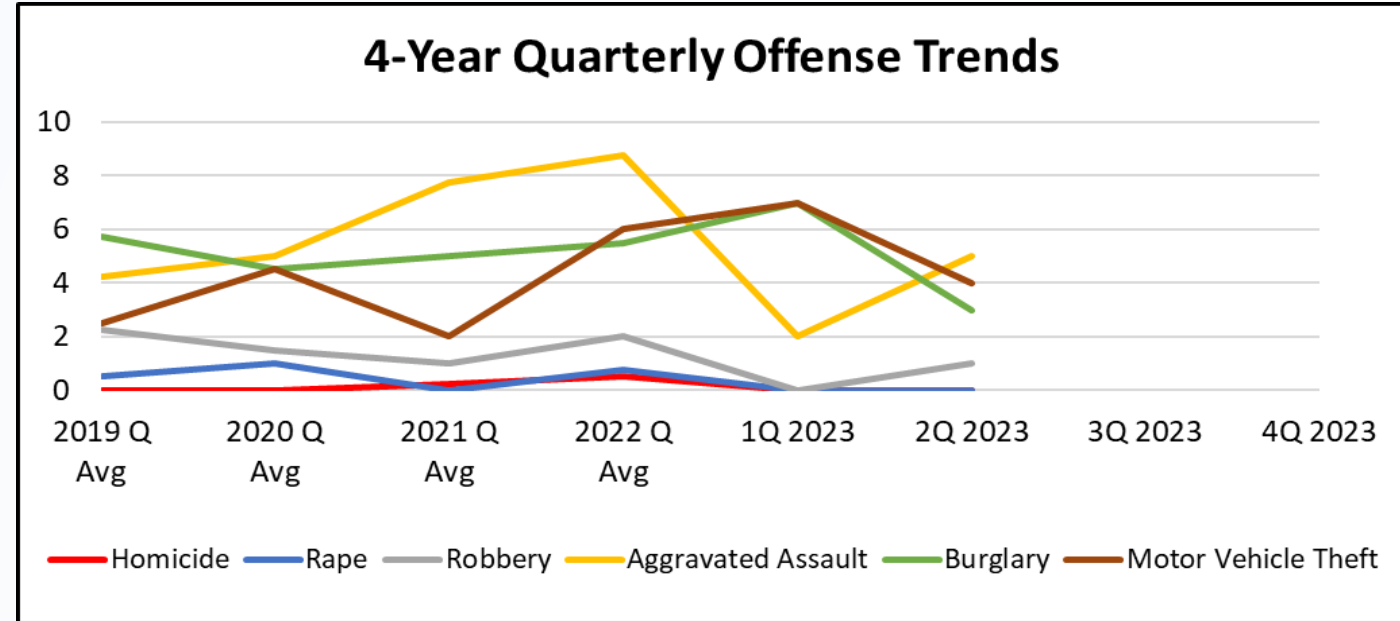


This report summarizes quarterly activity and data in the following areas:

- Reported Incidents and Crimes
- Arrest Data
- Internal Accountability
- Use of Force
- Mental Health Response
- Marijuana and Paraphernalia Enforcement
- Traffic Enforcement Focuses
- Traffic Stop Data
- Search Data
- Department Training
- Community Engagement
- Employee Accomplishments and Recognitions

Reported Incidents

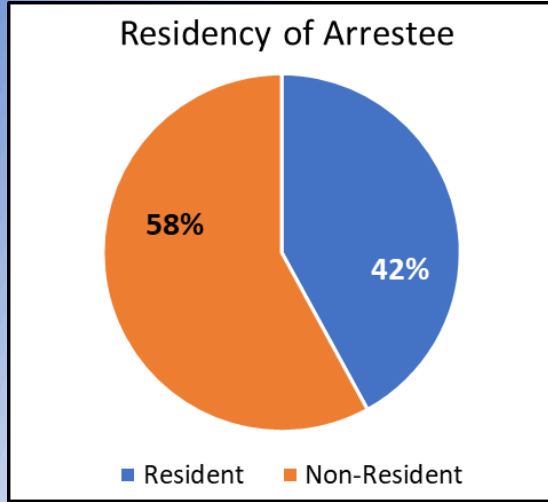
UCR Part 1 Reported Crimes	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	YTD
Homicide	0	0			0
Rape	0	0			0
Robbery	0	1			1
Aggravated Assault	2	5			7
Part 1 Violent Crimes Total	2	6			8
Burglary	7	3			10
Larceny/Theft	88	87			175
Motor Vehicle Theft	7	4			11
Part 1 Property Crimes Total	102	94			196
Other Offenses Reported	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	YTD
Drug Offenses	13	15			28
Simple Assault	24	24			48
Forgery/Counterfeit	0	3			3
Fraud	20	6			26
Embezzlement	3	2			5
Stolen Property	3	0			3
Vandalism	20	9			29
Prostitution	0	0			0
Other Sex Offenses	1	10			11
Gambling	0	0			0
Offense against family/child	0	1			1
DWI	4	4			8
Alcohol Violations	0	0			0
Disorderly Conduct	1	0			1



Note: Data is based on current reports in HPD system. Prior quarter's numbers may adjust as delayed reports are made.

Arrest Summary

HPD Officers made a total of 69 Criminal Arrests of individuals during this quarter, with a total of 150 separate charges.



Current Quarter Arrests					
	B	H	W	O	TOTAL
Custodial Arrest	11	2	9	0	22
Citation/Summons	10	1	11	1	23
Warrant Service	14	2	7	1	24
Total Arrests	35	5	27	2	69
Resident					
	12	2	13	2	29
Non-Resident					
	23	3	14	0	40

OCPAD	
Orange County Pre-Arrest Diversions	4
4 Larceny Incidents	

TOTAL OF ALL CHARGES	150
WARRANT SERVICE	51
LARCENY-MISDEMEANOR	12
POSSESSION OF DRUG PARAPHERNALIA	8
DRIVING WHILE IMPAIRED	7
LARCENY-SHOPLIFTING/CONCEALING MDSE	7
TRESPASSING-2ND DEGREE	6
LARCENY-ALL OTHER	5
OBTAIN PROPERTY BY FALSE PRETENSE	5
ALL OTHER OFFENCES	4
ASSAULT ON A FEMALE	4
CARRYING A CONCEALED WEAPON	4
RESIST DELAY OBSTRUCT	4
ASSAULT-SIMPLE	3
DISCHARGE WEAPONS (ORD. VIOLATION)	3
POSSESSION OF COCAINE	3
ALCOHOL VIOLATION	2
DRUG VIOLATION	2
LARCENY BY EMPLOYEE	2
LARCENY-FELONY	2
POSSESSION OF CONTROLLED SUBSTANCE	2
ALL OTHER DRUG VIOLATIONS	1
AWDW INFLECTING SERIOUS INJURY	1
AWIK INFLECTING SERIOUS INJURY	1
B&E TO A VEHICLE	1
BURGLARY	1
DWLR	1
INJURY TO REAL PROPERTY	1
LARCENY-SWITCHING PRICE TAG	1
MOTOR VEHICLE THEFT-AUTO	1
POSSESSION OF A STOLEN WEAPON	1
POSSESSION OF MARIJUANA	1
POSSESSION WITH INTENT TO SELL/DELIVER	1
SIMPLE ASSAULT-ALL OTHER	1
UNATHORIZED USE OF MOTOR VEHICLE	1
TOTAL	387

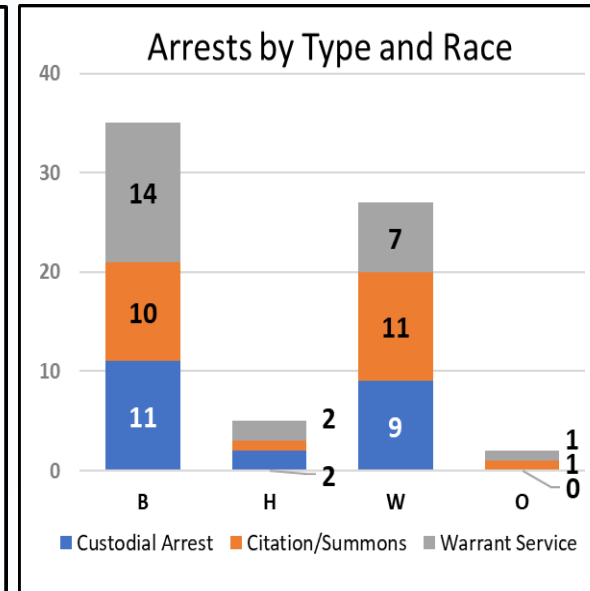
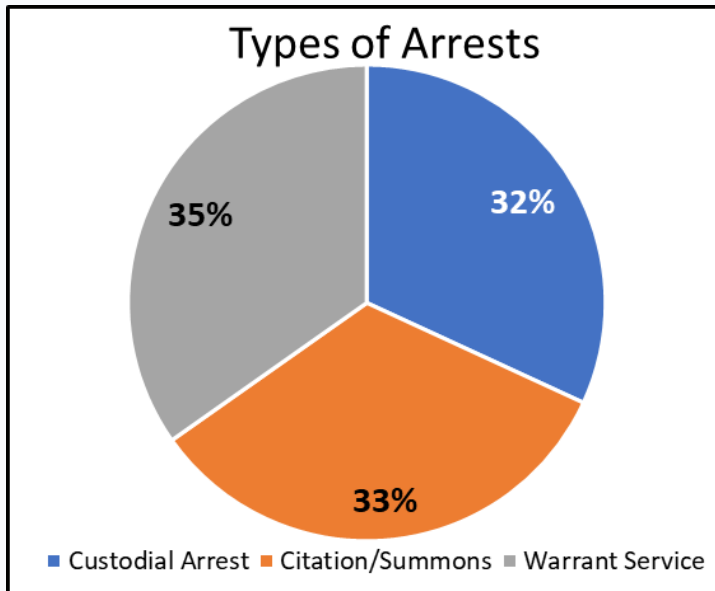
Definitions:

Custodial Arrests are typically on-view crimes for which an officer makes a physical arrest and takes the subject before a magistrate.

Warrant Service means an officer made a physical arrest for a previously existing warrant or order for arrest.

Citation/Summons means the offender was issued a citation or served a summons and was not taken into custody.

Section 8, Item C.



Internal Accountability

HPD's review of 2 force-related incidents this quarter found that force of some type was used in 1 of the incidents and involved 1 subject and 2 officers.

Internal Accountability Reviews	
Use of Force Reviews	2
Complaints	3
Pursuit/Refuse to Stop	6
Internal/Admin	1
PEWS	1
Safety/Accident	0
TOTAL IA REVIEWS	13

2 Use of Force Reviews
1 Use of Force
• 1 Physical (minor)
1 Display of Force
• 1 Taser

Summary of Use of Force Incident

- Juvenile subject was escorted back into his residence after trying to run away. Officers grabbed the subject by the arms and walked him back into his house. (Physical – minor)

Details on Displays of Force

- A subject involved in a disturbance aggressively confronted an officer. The officer displayed their taser to gain compliance.

Summary of Complaints

- A citizen complained that an officer laughed and did nothing when he was involved in a verbal dispute (Not sustained).
- A citizen complained that an officer pulled out in front of them, cutting them off in the process (Not sustained).
- A citizen complained that an officer did not provide the service they expected of them by not responding to the scene of a suspicious conditions call (Not sustained).

Definitions:

Sustained – allegation found to be valid and the officer's actions were against policy or expectations.

Not Sustained – officer's actions were within policy and expectations, or there was insufficient evidence to prove the allegations.

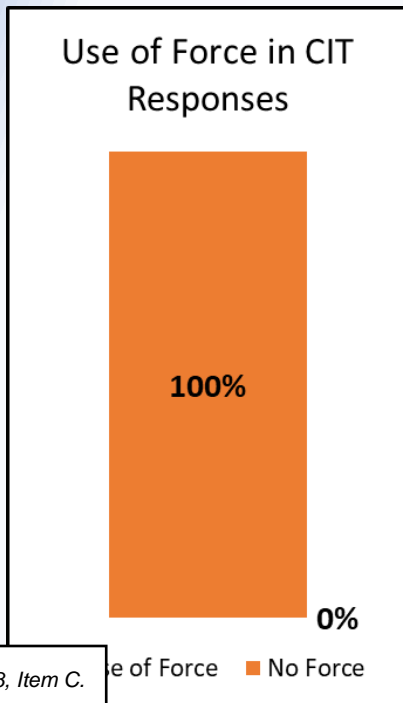
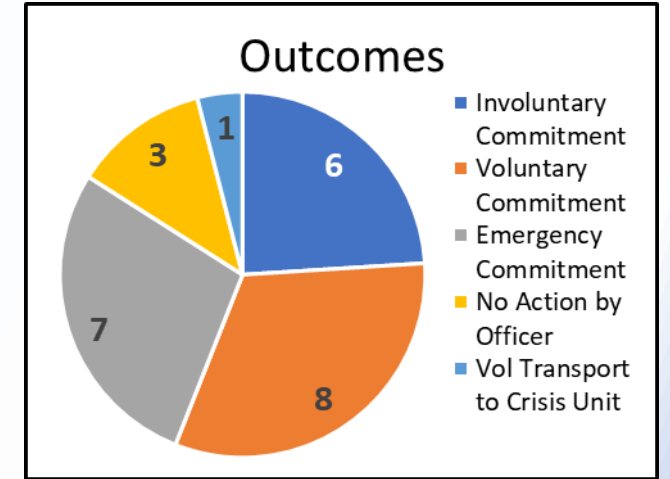
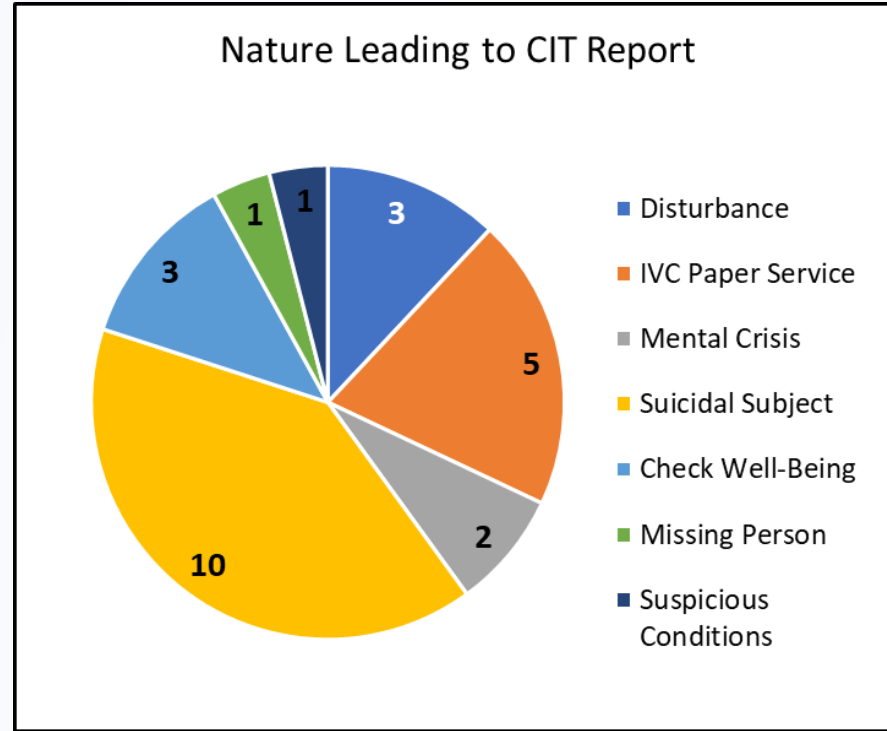
Section 8, Item C. – allegation was found to be baseless or untrue.

% of Arrests w/ Use of Force		
Current Quarter		%
Total Arrests	69	0%
Arrests w/ UoF	0	
YTD		%
Total Arrests	140	2%
Arrests w/ UoF	3	

Mental Health/Crisis Response Calls

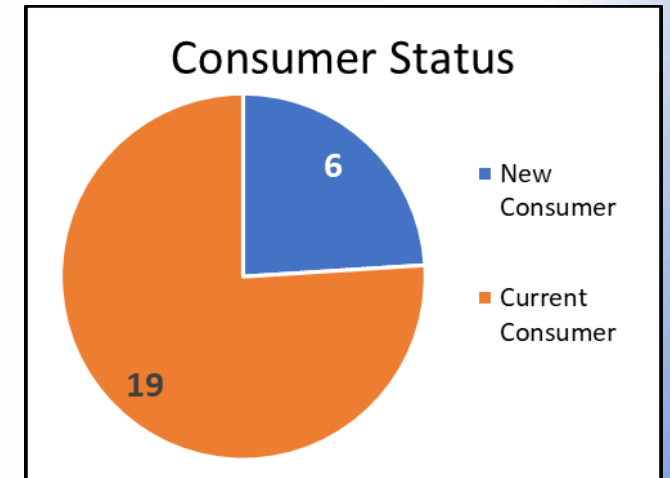
This section presents information on HPD responses to subjects having mental health issues or in crisis. The term “consumers” is used to describe these individuals. Data presented is based on reports in HPD’s records system.

Current Quarter	
<u>CIT Reports</u>	25
<u>Responses with Use of Force</u>	0
<u>Responses with Juvenile Consumer</u>	0



Details of Use of Force Situations:

- *There were no Use of Force Situations during mental health or crisis response calls this quarter.*



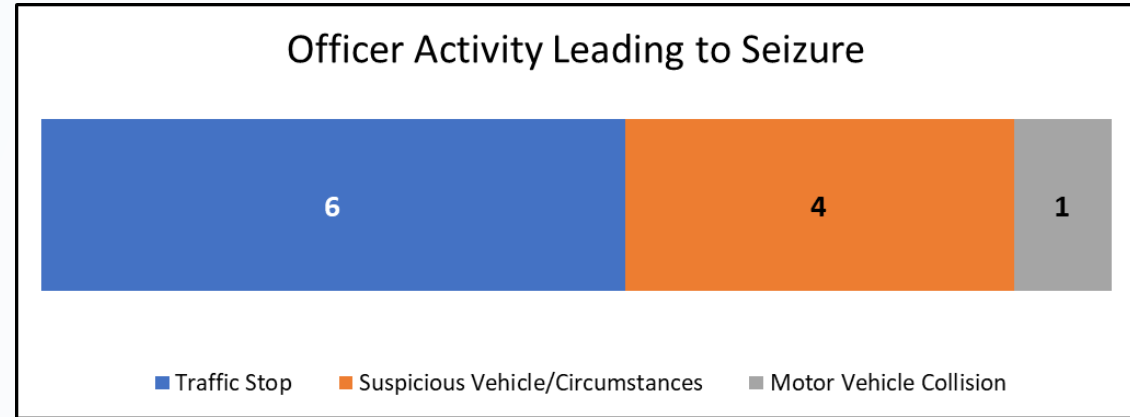
Multiple Reports: There were two adult consumers with multiple reports this period. Both consumers had two reports each.

Marijuana (Schedule VI) Seizures

This section presents information on seizures of marijuana (MJ) and marijuana-related paraphernalia (P).
Drugs and paraphernalia not related to marijuana are not included.

Current Quarter	
Individuals with MJ/P Seized	11
Disposition	
No Resulting MJ/P Charge	7
Referred to OCPAD	0
Charged with MJ/P Only	0
Charged MJ/P w/ other criminal charges	4

Demographics			
B	W	H	O
3	7	0	1
Disposition			
1	5	0	1
0	0	0	0
0	0	0	0
2	2	0	0

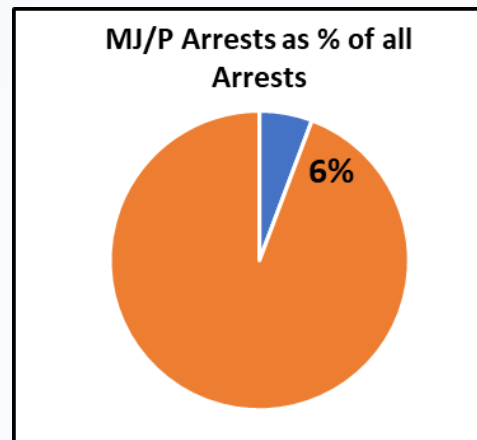
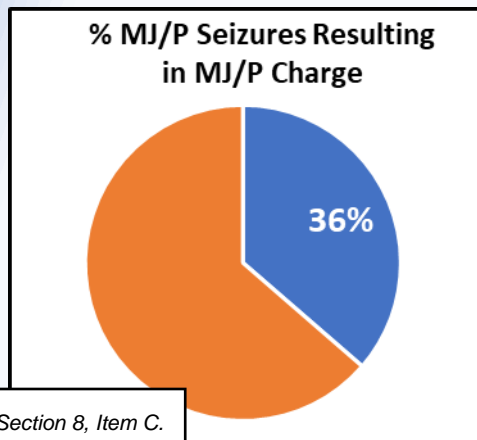


MJ/P Arrests as % of total arrests	
MJ/P Seizures	11
Arrests with MJ/P Charges	4
All Other Criminal Arrests	66

% MJ/P Seizure w/ arrest	MJ/P Arrests as % of all Arrests
36%	6%

Detail on cases Charged (4):

- Subject charged with MJ in addition to multiple fraud charges at WalMart
- Subject charged with MJ in addition to Methamphetamine
- Subject charged with concealed gun and Possession with Intent to Sell or Deliver MJ
- Subject charged with possession of cocaine paraphernalia and possession of MJ



Traffic Enforcement Efforts

The Hillsborough Police Department spends time focusing on traffic issues that are received directly from our citizens and as part of the statewide Governor’s Highway Safety Program. HPD also incorporates locations where there have been accident trends as focus areas for enforcement efforts.

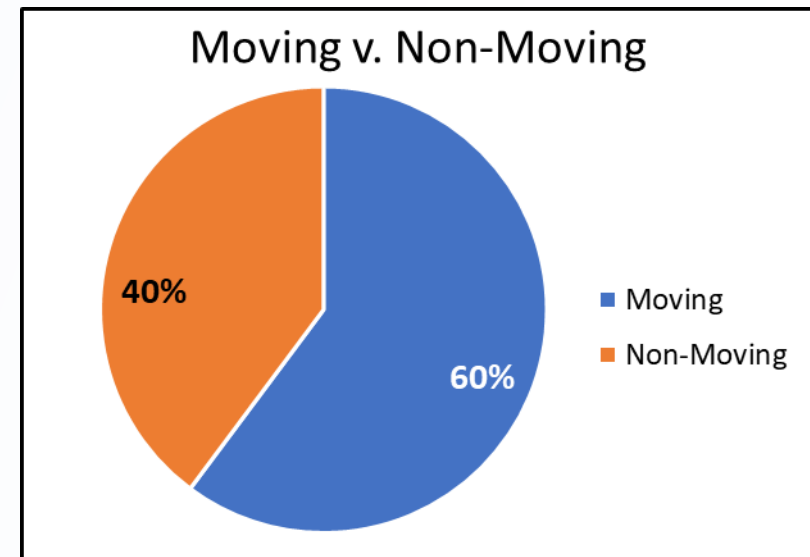
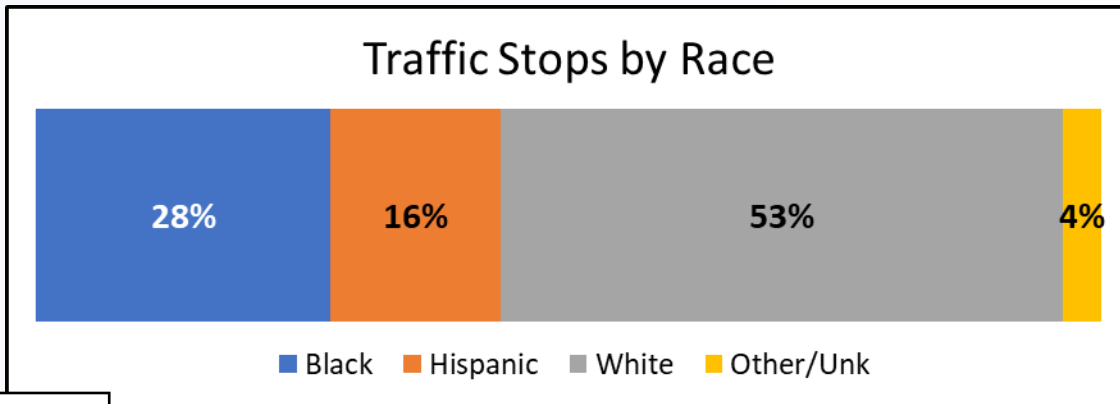
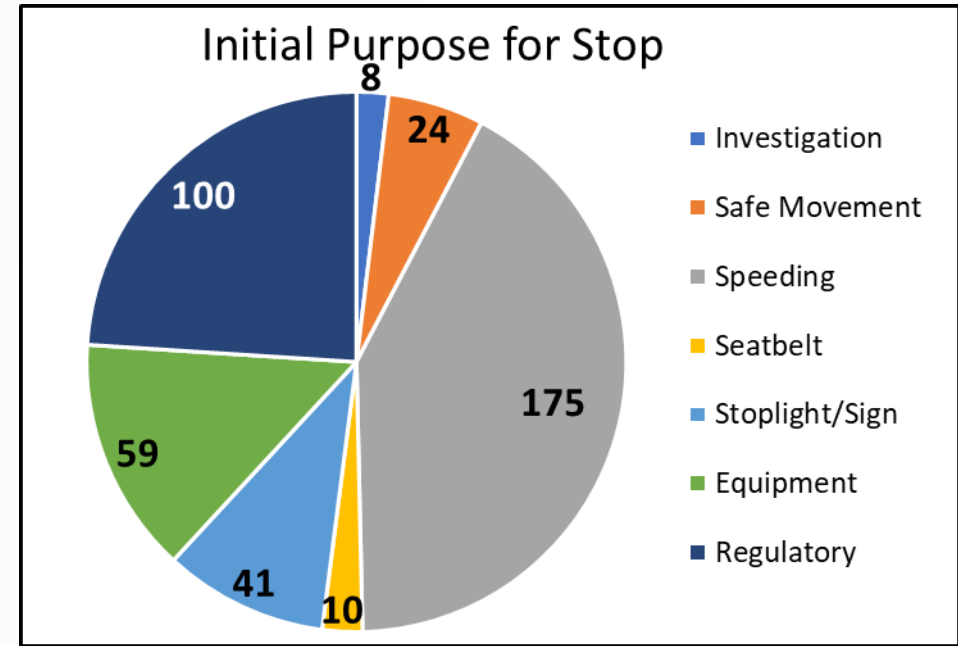
Local Complaints and Focus Areas			
Location	Complaint	Time Spent	Actions
Becketts Ridge	Speeding/Stop Signs	4 hrs, 15 min	8 Stops, 3 Cit, 4 VW, 1 WW
Cornwallis Hills	Stop Signs	4 hrs, 30 min	No Action
Fairview Community	Speeding/Stop Signs	1 hr, 30 min	No Action
Nash & Eno	Stop Signs	2 hrs, 15 min	5 Stops, 1 Cit, 3 VW, 1 WW
Lakeshore Dr.	Speeding	2 hrs	2 Stops, 2 Cit
West Hill Ave.	Speeding	4 hrs, 45 min	1 Stop, 1 WW
Forrest Ridge	Speeding/Stop Signs	2 hrs	No Action
S. Bellvue St.	Truck Route Violations	1 hr, 15 min	No Action
TOTALS		22 hrs, 30 min	16 Stops, 6 Cit, 3 WW, 7 VW

Cit=Citation
 WW=Written Warning
 VW=Verbal warning

Governor’s Highway Safety Program Participation	
Campaigns	
Speed A Little Lose A Lot	10 traffic violation charges (1 DWI), 1 criminal charge
Memorial Day Click It or Ticket	17 traffic violation charges (5 DWIs), 8 criminal charges, 1 felony arrest
Non-Campaigns (Hillsborough Specific)	
Daytime Enforcement	11 hours, 10 Operations
Nighttime Enforcement	8 hours, 4 operations
Seatbelt Enforcement	1 hour, 1 operation

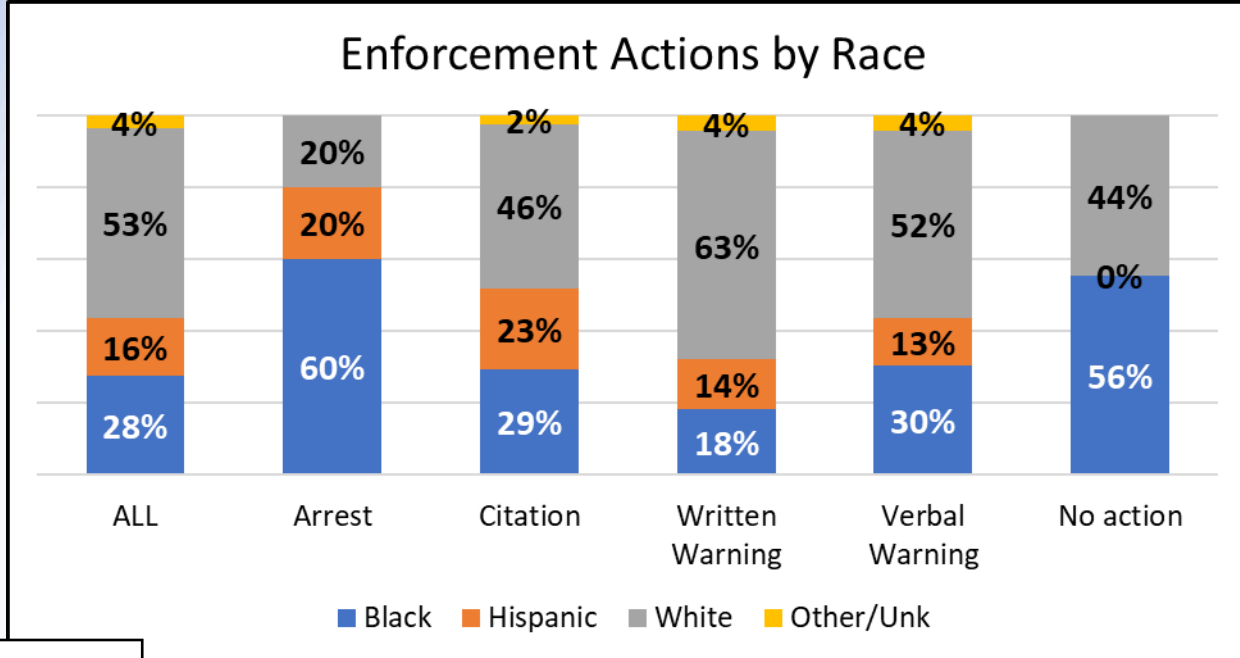
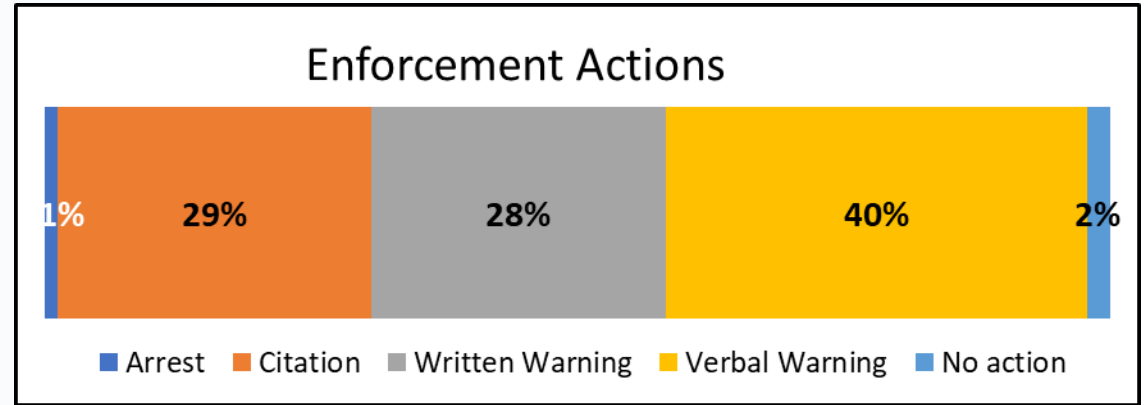
Traffic Stop Data (General)

Current Quarter	Traffic Stops and Initial Reason				
	Total	Black	Hispanic	White	Other/Unk
Total Traffic Stops	417	115	67	220	15
DWI	1	0	0	0	0
Investigation	8	3	1	4	0
Safe Movement	24	8	3	13	0
Speeding	175	42	29	97	7
Seatbelt	10	3	1	6	0
Stoplight/Sign	41	8	5	26	2
Equipment	59	27	9	19	4
Regulatory	99	24	19	55	2

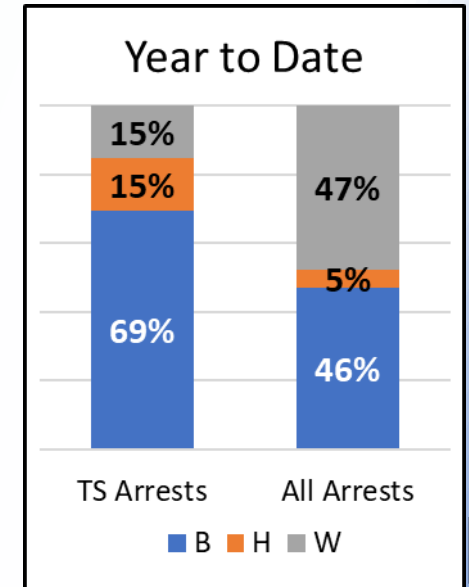
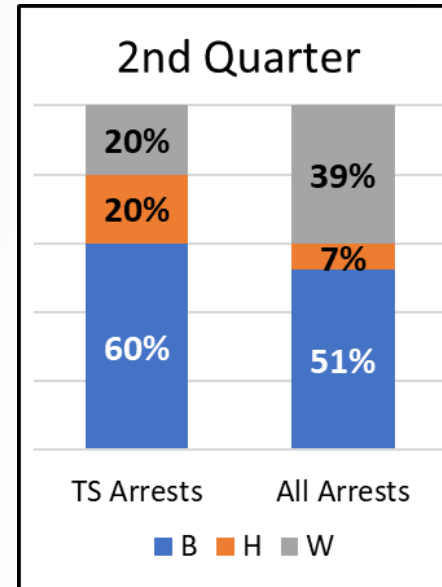


Traffic Stop Data (Enforcement)

Current Quarter	Enforcement				
	Total	Black	Hispanic	White	Other/Unk
All Enforcement	417	115	67	220	15
Arrest	5	3	1	1	0
Citation	123	36	28	56	3
Written Warning	115	21	16	73	5
Verbal Warning	165	50	22	86	7
No action	9	5	0	4	0

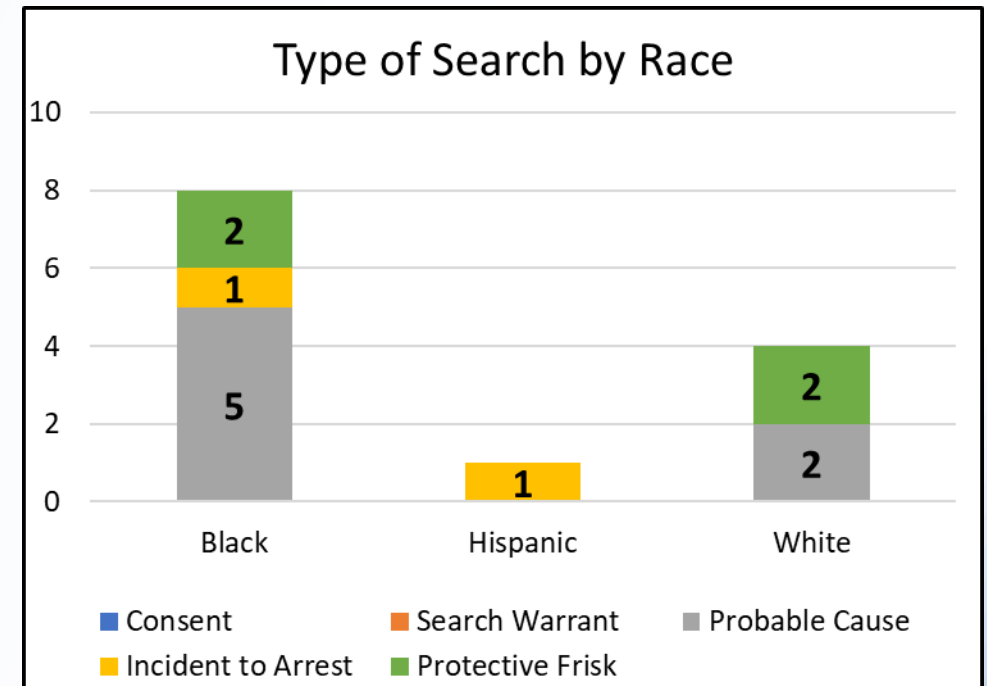


Traffic Stop Arrests Compared to All Arrests

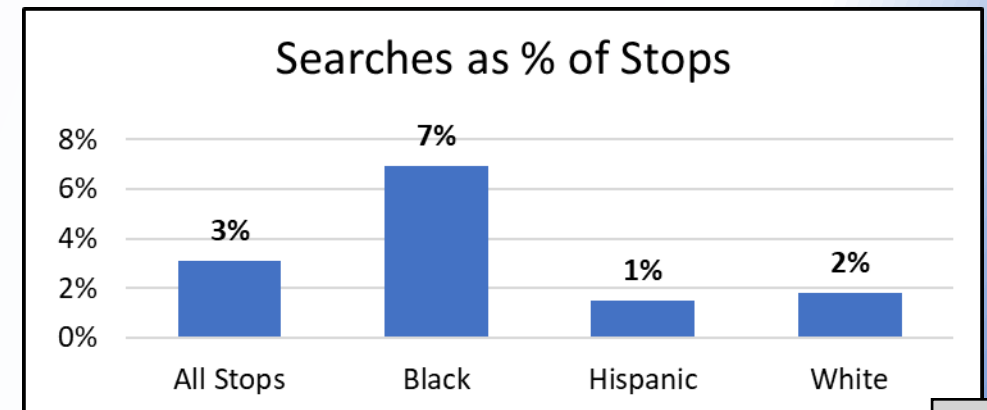


Search Data

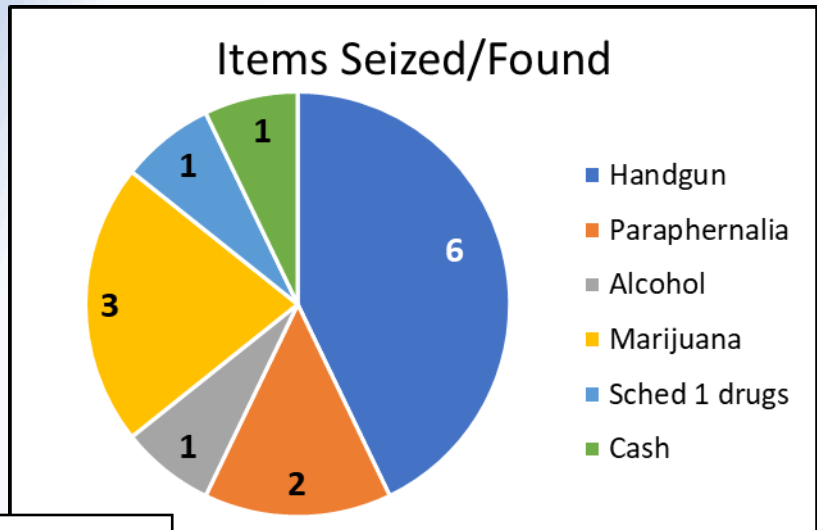
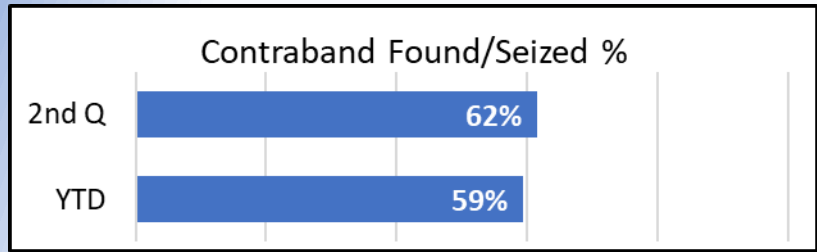
Current Quarter	Search Data – Search Types				
	Total	Black	Hispanic	White	Other/Unk
Total Traffic Stops	417	115	67	220	15
Total Searches	13	8	1	4	0
Consent	0	0	0	0	0
Search Warrant	0	0	0	0	0
Probable Cause	7	5	0	2	0
Incident to Arrest	2	1	1	0	0
Protective Frisk	4	2	0	2	0



Current Quarter	Search Data – Basis/Reason for Search				
	Total	Black	Hispanic	White	Other/Unk
Total Searches	13	8	1	4	0
Erratic/Suspicious Behavior	0	0	0	0	0
Observed suspected Contraband	9	6	0	3	0
Other Official Information	3	1	1	1	0
Suspicious Movements/Actions	0	0	0	0	0
Informant Tip	0	0	0	0	0
Multiple Basis Noted	1	1	0	0	0



Contraband Found?				
		Yes	No	Hit%
Total Searches	13	8	5	62%
Consent	0	0	0	na
Search Warrant	0	0	0	na
Probable Cause	7	5	2	71%
Incident to Arrest	2	0	2	0%
Protective Frisk	4	3	1	75%



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Search Data (continued)

Search Details

- 2 searches were done after (incident to) an arrest.
- 4 searches were done as protective frisks.
 - 2 were after driver admitted they had a weapon in car
 - 1 was after officer observed a weapon
 - 1 was due to recent history of weapons charges
- 7 searches were based on Probable Cause
 - 2 were due to the driver admitting they had marijuana and/or paraphernalia in the car.
 - 3 were due to officer smelling marijuana and driver admitting to having it
 - 1 was due to officer smelling and then seeing marijuana
 - 1 was due to the officer seeing an open container

Of the 13 incidents with searches, 8 (61%) involved an arrest or criminal charge. Of those 8, only 6 involved charges connected with contraband found during the search. The other 2 arrests/charges were not connected with the search, or the search was done as a result of the arrest.

Department Training

Elective Trainings Completed

- Mendoza/Soltys - CIT (40 hours)
- Blackwell - General Instructor (101 hours)
- Darden - Close Quarters Handgun/Rifle (10 hours)
- Gregory - Police Law Institute (76 hours)
- West - Autism: What You Need to Know (2 hours)
- Lorensen - SFST (32 hours)
- Senter/St. Pierre/ West - Field Training Officer (40 hours)
- Burnette/Mendoza - Radar (40 hours)
- Evans/Mendoza - INTOX (35 hours)
- Evans/Mendoza - ASTD Training (7 hours)
- Simmons - Instructor Training Orientation (24 hours)
- Spragins - Robbery Response and Tactics (24 hours)
- St. Pierre - Patrol Rifle (24 hours)
- Felts - Credible Leadership Module 1 (100 hours)
- Chelenza - Background Investigations (16 hours)
- Jones - NCHIA Homicide Conference (40 hours)
- Phuong - Tint Meter (7 hours)
- Felts - National Instant Criminal Background Check System (9 hours)
- Simmons - De-Escalation & Communication Parts 1 and 2 (2 hours)
- Chestnut - FBI Executive Leadership Institute (40 hours)

Training Hours	1 st Q	2 nd Q	3 rd Q	4 th Q	YTD
Mandatory	402	388			790
Non-Mandatory	640	871			1511
Goal: >40 hrs/employee of non-mandated training annually					
Avg hrs/employee	21.3	29			50

Mandatory Training

- FEMA ICS 100 (1 hour, 4 employees)
- FEMA ICS 200 (1 hour, 4 employees)
- FEMA ICS 700 (1 hour, 4 employees)
- DCI Module 1 (1 hour, 1 employee)
- DCI General Inquiries (8 hours, 1 employee)
- DCI Module 7 (2 hours, 2 employees)
- Bloodborne Pathogens (1 hour, 3 employees)
- Personnel Guidelines 1 & 2 (2 hours, 3 employees)
- Firearms Training and Qualification Certification (1 hour, 4 employees)
- 2023 Firearms and Use of Force (4 hours, 30 employees)
- Accountability & Use of Force Report Writing (1 hour, 30 employees)
- Enhancing Community Policing (2 hours, 30 employees)
- Juvenile Justice Issues & Challenges (4 hours, 30 employees)
- ABLE Refresher (2 hours, 10 employees)
- POPAT Testing (1 hour, 30 employees)

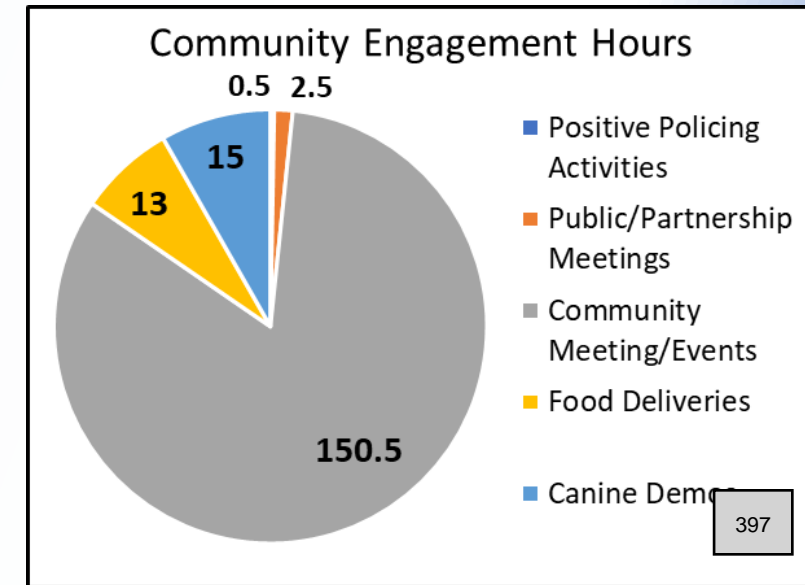
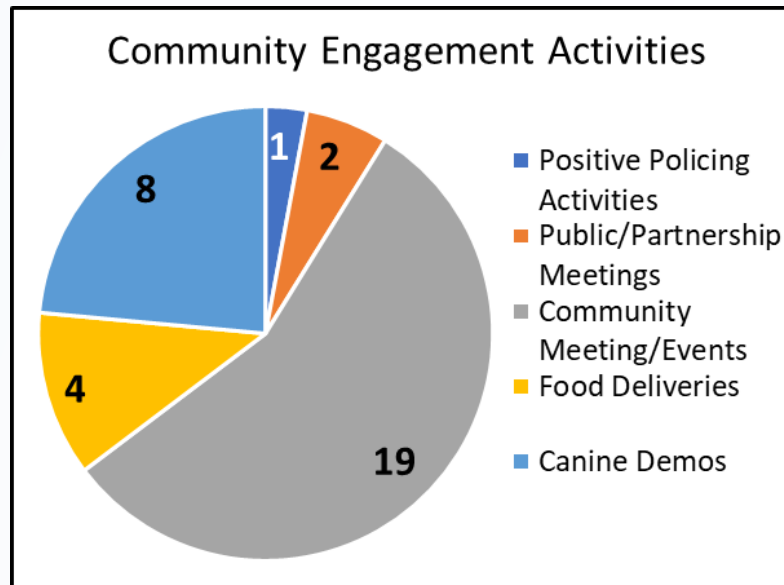
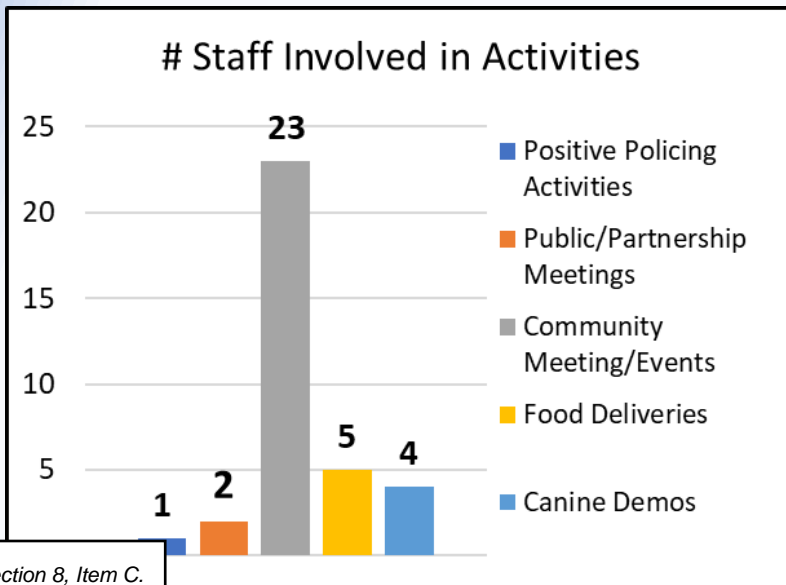
Community Engagement

Definitions

- Positive Policing Activity – Services and actions by officers that go beyond the typical definition of policing. This can include acts of kindness and service, helping with problems, and providing meals or support to community members.
- Public/Partnership Meetings – Meetings with an agenda focused on community issues that intersect with policing such as Board of Commissioners or Project Safe Kids meetings.
- Community Meetings/Events – Community-based activities organized by the department or the community where officers attend, collaborate and/or coordinate, such as community watch meetings or events like Fairview Live.
- Food Deliveries – Assisting with food delivery to Hillsborough residents with mobility challenges such as Meals on Wheels and Passmore Center food box deliveries.
- Canine Demos – Educational demonstrations put on by HPD canine teams.

Community Engagement Activities		
Activity	#	hours
Positive Policing Activities	1	0.5
Public/Partnership Meetings	2	2.5
Community Meeting/Events	19	150.5
Food Deliveries	4	13
Canine Demos	8	15
TOTALS	34	181.5

Total Staff Participating in Community Engagement Activities this Quarter	Number	% of staff
	23	77%



Community Engagement

Positive Policing Activities

- While patrolling his zone, an officer saw a child walking with his father in the Cornwallis Hills neighborhood. The officer stopped to talk with the child and his father. The child was excited that an officer took the time out of their day to stop and talk to him. He was even more ecstatic when the officer let him pick out a stuffed dragon from the collection of stuffed animals in his patrol car. The father advised they often see officers patrolling the area, who wave and smile, but they rarely have officers stop and talk to them, and they have never had an officer stop and offer them a stuffed animal. (4/17/2023)

Community Events/Activities

- DSS Wellness Event (4/11/2023)
- Operation Medicine Drop (4/15/2023)
- Fairview Community Watch Spring Fling (4/15/2023)
- First Responders Trust Program (4/18/2023)
- Sportsplex Family Fun Day (4/29/2023)
- Crafts with Seniors (5/05/2023)
- Child Protection Class (5/24/2023)
- SECU Fat Cat Camp Awards Ceremony (5/25/2023)
- Central Elementary Field Trip (5/25/2023)
- Special Olympics Torch Run (5/25/2023)
- Head Start Field Day (5/30/2023)
- K9 Demonstration (4/29/2023, 6/01/2023, 6/21/2023, 6/26/2023, 6/28/2023)
- Pathways Elementary Field Day (6/01/2023)
- HPD Sponsored Community Baby Shower Supply Drive (6/01/2023)
- Cameron Park Neighborhood Ice Cream Social (6/03/2023)
- Meal Box Deliveries (5/05/2023, 5/18/2023, 6/02/2023, 6/15/2023)



Employee Accomplishments/Awards

Officer of the Quarter



Investigator Van St. Pierre

Investigator St. Pierre is always working and helping others. He assists his team frequently and works with patrol when available. Van is known as a go-to guy and does it with a smile on his face.

Advancement:

- Officer Vidal Morales was advanced to Police Officer 1st Class

Other Accomplishments/Awards:

- Lt. Scott Chestnut was awarded the Trilogy Award from FBI-LEEDA for completing their 3-course (100+ hour) leadership series.
- Officers Tyree Batson and Megan Carter graduated from BLET and were sworn into our Department.
- Officers Noelia Mendoza and Madison Soltys completed CIT training and earned their CIT pins and certificates.

Quarterly Community Engagement Award



Sergeant William Felts

Sergeant Felts is a frequent participant in our community events. He has organized and contributed to many events throughout this past quarter. His help with crafts with a cop and the prescription drug drop event was very helpful.

Section 8, Item C.





Public Works Report: June 2023

Work Orders

7 completed within two days

Public Spaces

61.5 staff hours

Stormwater Maintenance

266 linear feet, 23.5 staff hours

Inspections

1 Utility Cut Permit, 3 Driveway Permits

Special Events

Last Friday's – 4 staff hours, Installed and removed banners for Flag Day, Juneteenth, Pride, and July 4th – 36 staff hours.



Public Works Report: July 2023

Work Orders

11 completed within two days.

Public Spaces

119.5 staff hours

Stormwater Maintenance

132 linear feet, 32 staff hours.

Inspections

7 driveway/sidewalk inspections, 1 Utility Cut Permit

Special Events

Last Friday's – 4 staff hours, installed Town banners 12 staff hours.

Training

2 staff attended Basic Work Zone installer through ITRE, and 7 people completed fire extinguisher training through NEOGOV.

Cemetery

5 monuments marked; 1 grave marked.



TOWN OF
HILLSBOROUGH

Utilities Department Status Report for Aug. 2023 (covering Jun./Jul. 2023)

PROJECT/CATEGORY	STATUS
WTP	<p>We have had a raw water pump out of service and recently repaired. Parts were the delay. A finished water pump is out of service due to valve issue. We are waiting on the vendor to come out to service the pump and have two other pumps we can use.</p> <p>The 2022 Water Quality Report was released. We hope you saw it and like it.</p>
WWTP	<p>The annual wastewater quality report is being prepared. A server failed so that is being worked on. Backup files were put on another server. A new controller is being installed at River Pumping Station.</p>
West Fork of the Eno Reservoir	<p>The reservoir remains around 48.5 feet. Phase II normal pool is 53 feet. Clearing of brush and trees has been completed at the end of the spillway. The rotting railroad tie steps leading to our tower walkway will be replaced in a few weeks with concrete steps.</p>
Water Restrictions	<p>We are on Stage 1 low flow water withdraw restrictions as of Sunday July 23. Withdraw from the Eno is limited to 1.510 mgd unless the town releases more to make up the difference. Our recent week demands have been between 1.5 and 1.9 mgd. Our minimum release requirement is 1.0 cfs but we have been releasing between 2.5 cfs and 2.7 cfs due to additional demand and low flow in the Eno.</p>
Orange St. Sewer	<p>The town has completed replacement of of 40s era Orangeburg pipe off W. Orange St near Warner Ln. We added a private service replacement that would have been cut off with the realigned replacement. There remains a section within the street that was unknown, and quotes are being obtained to replace that.</p>
Elizabeth Brady Pumping Station Pumps	<p>Both pumps have been replaced with new impeller sizes and are pumping at a higher rate and a spare pump with new impeller size is at the shop when needed. One of the pump variable frequency drives is not working. A vendor is coming out next week to assess the issue. Parts, including a spare drive, are on order.</p>
Developments	<p>The Lawrence Road project was voted down by the County.</p> <p>Staff is still working with developers of Forest Ridge, Collins Ridge, Harmony at Waterstone and Fiori Hill to get through town acceptance or warranty phases. Attorney to assist in Forest Ridge and Fiori Hill. We are also working with UNC hospital on some water and sewer lines they never had the town accept.</p> <p>Collins Ridge granted a master plan and Phase 1B modification. Master plan revision includes a \$15K donation for sewer flow monitoring. Phase 2 Special User Permit is also active. WSECs for Phase 1B and James J Freeland Memorial Drive water main are expired and need to be renewed.</p>
Fiber Installs	<p>There was a large water main break from LUMOS subcontractor on 7/27 that resulted in a 30' drop in our north tank and several thousand gallons of water loss. Subcontractor did not promptly call in the damage. We are working through a damage reimbursement claim.</p>

Lawndale Rehab Project	This project was bidding with funds from our ARPA direct allocation until a few days ago. See below. The project is to rehabilitate most of the sewers by cured-in-place lining with a few excavations to fix point repairs.
Funding Opportunities	<p>So many!</p> <ol style="list-style-type: none"> 1. We had a big surprise in the middle of bidding the Lawndale rehabilitation project. We learned we were the last project to be awarded a State Revolving Fund loan of \$1.16M with 50% principal forgiveness (i.e., no repayment of \$500K). This project was slated for ARPA funds. We are pivoting to complete a bunch of state paperwork to take advantage of this money at not only a low interest, but also the principal forgiveness. 2. The contract with Hazen & Sawyer on Water System Master planning is routing. This is a \$100K state Asset Inventory and Assessment (AIA) grant. 3. We also have received \$70,000 in AIA grant funds to perform a technical evaluation of Hasell St tank and US 70A Watermain Replacement. We need to go back out for proposals on this project due to insufficient submittals. 4. We received some guidance on the OWASA Booster pumping station STAG award. Still need to work through this. A formal application is required. In the meantime, we finally got word of a FORMAL BRIC award on this project. We <i>*think*</i> we can use STAG as a match! 5. Nothing on the FEMA BRIC award for River Pumping Station yet. We are hopeful this will be following on the heels of the above formal award paperwork. 6. We submitted the Eno River Interceptor project to Rep. Meyer's office. Have not heard anything.
System Development Fee Analysis	The system development fee analysis report is posted for public notice. The 45-day notice will be complete by September 11 board meeting where a public hearing and adoption is expected. A presentation of the analysis is planned for the WSAC/BOC joint meeting on August 28. The report and comment contact can be found on the website.
Easement Mowing	Spring easement mowing is essentially done except for a few spots that were too wet to access. No complaints this spring!
Bill Format	Discussion with financial services and communications has started about that and some language changes. No movement on this.
Staffing	The new night water plant operator passed his C Surface exam and is operating the plant alone now and doing very well. The utility maintenance supervisor position was posted on 7/26/23 and will be posted for a month. We had a utility maintenance technician quit without notice and the position posting just closed. The applicant pool does not look promising, so it may need to be reposted.
Water and Sewer Advisory Committee (WSAC) Activities	WSAC is meeting bimonthly. A special meeting regarding backflow was held June 13. Recommendations regarding backflow prevention for existing in ground swimming pool owners will be brought forth to the board at the joint meeting with the board on August 28 at the board workshop. WSAC will also recommend to the board a rate structure analysis for institutional customers. There is one out of town member vacancy.