

STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,956,073	\$ 2,289,959	\$ 17,246,032	\$ 14,483,029
Taxes receivable, net	128,535	-	128,535	-
Accounts receivable, net	494,168	16,432	510,600	3,650,509
Due from other governments	4,563,273	933,722	5,496,995	-
Inventories	247,092	312,335	559,427	575,430
Prepaid items	-	-	-	274,583
Total current assets	<u>20,389,141</u>	<u>3,552,448</u>	<u>23,941,589</u>	<u>18,983,551</u>
Restricted assets:				
Restricted cash and cash equivalents	2,198,833	-	2,198,833	38,586,427
Deferred charges	-	325,833	325,833	1,182,367
Total restricted assets	<u>2,198,833</u>	<u>325,833</u>	<u>2,524,666</u>	<u>39,768,794</u>
Capital assets (Note E):				
Land and construction in progress	31,174,440	4,789,425	35,963,865	45,373,653
Other capital assets, net of accumulated depreciation	43,111,989	15,957,960	59,069,949	163,903,927
Total capital assets	<u>74,286,429</u>	<u>20,747,385</u>	<u>95,033,814</u>	<u>209,277,580</u>
Total assets	<u>96,874,403</u>	<u>24,625,666</u>	<u>121,500,069</u>	<u>268,029,925</u>
LIABILITIES				
Current liabilities:				
Internal balances	262,740	(262,740)	-	-
Accounts payable and accrued liabilities	2,882,168	605,917	3,488,085	3,631,958
Unearned revenue	835,243	-	835,243	-
Customer deposits	175,616	-	175,616	-
Other	61,695	-	61,695	-
Liabilities payable from restricted assets	-	-	-	1,398,832
Long-term liabilities:				
Due within one year	3,272,964	236,889	3,509,853	2,397,211
Due in more than one year	23,605,805	6,442,397	30,048,202	99,680,940
Total liabilities	<u>31,096,231</u>	<u>7,022,463</u>	<u>38,118,694</u>	<u>107,108,941</u>
NET ASSETS				
Invested in capital assets, net of debt	48,939,875	14,367,385	63,307,260	110,634,726
Restricted for:				
Capital projects	2,502,868	-	2,502,868	-
Other purposes	8,385,957	-	8,385,957	34,817,584
Unrestricted	5,949,472	3,235,818	9,185,291	15,468,674
Total net assets	<u>\$ 65,778,172</u>	<u>\$ 17,603,203</u>	<u>\$ 83,381,375</u>	<u>\$ 160,920,984</u>

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ 3,641,608	\$ 600,756	\$ -
Environment and development	16,793,496	3,142,701	4,665,902
Public safety	15,280,202	56,958	1,135,163
Leisure activities	4,617,299	533,131	381,688
Nondepartmental	962,489	-	-
Interest expense	880,610	-	-
Total governmental activities	42,175,704	4,333,546	6,182,753
Business-type activities:			
Transportation	11,469,835	571,436	8,482,726
Parking Facilities	1,749,648	1,847,904	-
Total business-type activities	13,219,483	2,419,340	8,482,726
Total primary government	\$ 55,395,187	\$ 6,752,886	\$ 14,665,479
Component unit - Orange Water and Sewer Authority	\$ 21,175,958	\$ 21,156,492	\$ -

General revenues:
Property taxes
Grants and contributions not restricted to specific programs:
Intergovernmental
Investment earnings
Miscellaneous
Proceeds from financing
Transfers

Total general revenues, proceeds and transfers

Change in net assets

Net assets - beginning of year, as previously reported
Restatement (see Note O)

Net assets - beginning of year, as restated

Net assets - end of year

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

**Net (Expense) Revenue and
Changes in Net Assets**

Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (3,040,852)	\$ -	\$ (3,040,852)	\$ -
-	(8,984,893)	-	(8,984,893)	-
-	(14,088,081)	-	(14,088,081)	-
-	(3,702,480)	-	(3,702,480)	-
-	(962,489)	-	(962,489)	-
-	(880,610)	-	(880,610)	-
-	(31,659,405)	-	(31,659,405)	-
599,175	-	(1,816,498)	(1,816,498)	-
-	-	98,256	98,256	-
599,175	-	(1,718,242)	(1,718,242)	-
\$ 599,175	(31,659,405)	(1,718,242)	(33,377,647)	-
\$ 4,359,410	-	-	-	4,339,944
	30,430,218	2,190,261	32,620,479	-
	2,683,589	-	2,683,589	-
	192,595	25,071	217,666	211,708
	1,115,491	92,830	1,208,321	2,761,143
	1,395,000	-	1,395,000	-
	347,376	(347,376)	-	-
	36,164,269	1,960,786	38,125,055	2,972,851
	4,504,864	242,544	4,747,408	7,312,795
	53,529,120	17,360,659	70,889,779	153,608,189
	7,744,188	-	7,744,188	-
	61,273,308	17,360,659	78,633,967	153,608,189
\$	65,778,172	\$ 17,603,203	\$ 83,381,375	\$ 160,920,984

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MAJOR FUNDS

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

GOVERNMENTAL FUNDS

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

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

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

BUSINESS-TYPE FUNDS

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

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

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

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2004

	General	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,910,361	\$ 1,218,600	\$ 2,639,705	\$ 14,768,666
Receivables:				
Due from other funds	2,743	-	30,260	33,003
Property taxes, net	128,535	-	-	128,535
Governmental units and agencies	2,826,233	160,672	741,125	3,728,030
Other	294,017	-	180,714	474,731
Inventories	2,209	-	170,443	172,652
Restricted cash and equivalents	-	-	949,623	949,623
TOTAL ASSETS	<u>14,164,098</u>	<u>1,379,272</u>	<u>4,711,870</u>	<u>20,255,240</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 295,743	\$ 295,743
Accounts payable	856,341	218,106	560,706	1,635,153
Accrued liabilities	1,026,807	-	53,007	1,079,814
Unearned revenues	324,779	-	90,367	415,146
Deposits	175,616	-	-	175,616
Other	7,918	-	53,777	61,695
Total liabilities	<u>2,391,461</u>	<u>218,106</u>	<u>1,053,600</u>	<u>3,663,167</u>

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET (continued)
JUNE 30, 2004

	General	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
FUND BALANCES				
Reserved:				
Reserved for encumbrances	858,238	-	50,203	908,441
Reserved by State statute	3,251,528	160,672	952,099	4,364,299
Reserved for capital improvements	427,112	1,161,166	914,590	2,502,868
Reserved for police	100,000	-	-	100,000
Reserved for inventory	2,209	-	170,443	172,652
Reserved for debt service	-	-	176,247	176,247
Reserved for community development	-	-	96,751	96,751
Reserved for interest subsidies	-	-	387,872	387,872
Reserved for land in trust	-	-	28,957	28,957
Reserved for aid to library operations	-	-	128,152	128,152
Unreserved:				
Designated for subsequent year's expenditures, reported in:				
General fund	1,499,000	-		1,499,000
Special revenue funds			131,818	131,818
Undesignated	5,634,550	(160,672)	621,138	6,095,016
Total fund balances	<u>11,772,637</u>	<u>1,161,166</u>	<u>3,658,270</u>	<u>16,592,073</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,164,098</u>	<u>\$ 1,379,272</u>	<u>\$ 4,711,870</u>	<u>\$ 20,255,240</u>

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

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Fund balances - total governmental funds		\$	16,592,073
Amounts reported for governmental activities in the statement of net assets are different because of the following:			
Receivables, such as state sales taxes, are not available to pay for current-period expenditures and are, therefore, deferred			835,243
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental capital assets	106,537,105		
Less accumulated depreciation	<u>35,519,947</u>		71,017,158
Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental fund			
Governmental bond payable and installment purchases	(21,838,047)		
Accrued vacation payable	<u>(1,532,215)</u>		(23,370,262)
Unearned revenue in governmental funds is susceptible to full accrual on the entity-wide statements			
Unearned revenue			415,146
Unearned revenue from state sales taxes			(835,243)
Internal service funds are used by management to charge the costs of certain activities to individual funds			
The assets and liabilities of the internal service funds that are reported within governmental activities			<u>1,124,057</u>
Net assets of governmental activities		\$	<u>65,778,172</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2004

	General	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 30,361,091	\$ -	\$ 69,127	\$ 30,430,218
Licenses and permits	1,551,622	-	-	1,551,622
Fines and forfeitures	27,676	-	-	27,676
Intergovernmental revenues				
Federal government	467,456	-	2,254,381	2,721,837
State government	5,254,394	160,672	114,677	5,529,743
Other	448,908	-	165,854	614,762
Charges for services	2,041,105	33,900	-	2,075,005
Interest on investments	133,589	33,649	25,357	192,595
Franchise rental fees	-	-	62,994	62,994
Dwelling rental	-	-	317,076	317,076
Program income	-	-	186,156	186,156
Cable Public Access Reserves	-	-	113,017	113,017
Library donations	-	-	65,490	65,490
Other	624,495	55,088	370,418	1,050,001
Total revenues	40,910,336	283,309	3,744,547	44,938,192
EXPENDITURES				
General government	3,517,651	-	-	3,517,651
Environment and development	13,529,808	-	3,831,036	17,360,844
Public safety	14,976,104	-	-	14,976,104
Leisure activities	4,081,517	-	-	4,081,517
Nondepartmental	962,489	-	-	962,489
Capital projects	-	3,533,262	1,983,281	5,516,543
Debt service:				
Principal	-	-	1,670,000	1,670,000
Interest and fiscal charges	-	-	880,610	880,610
Total expenditures	37,067,569	3,533,262	8,364,927	48,965,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,842,767	(3,249,953)	(4,620,380)	(4,027,566)

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 YEAR ENDED JUNE 30, 2004

	General	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	\$ -	\$ -	\$ 1,395,000	\$ 1,395,000
Transfer from other funds	245,159	52,559	3,949,121	4,246,839
Transfer to other funds	(3,805,396)	-	(95,279)	(3,900,675)
Total other financing sources (uses)	<u>(3,560,237)</u>	<u>52,559</u>	<u>5,248,842</u>	<u>1,741,164</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES	282,530	(3,197,394)	628,462	(2,286,402)
FUND BALANCES, BEGINNING	<u>11,490,107</u>	<u>4,358,560</u>	<u>3,029,808</u>	<u>18,878,475</u>
FUND BALANCES, ENDING	<u>\$ 11,772,637</u>	<u>\$ 1,161,166</u>	<u>\$ 3,658,270</u>	<u>\$ 16,592,073</u>

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

GOVERNMENTAL FUNDS

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

Year Ended June 30, 2004

Net change in fund balances - total governmental funds		(2,286,402)
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.		
Expenditures for capital assets	10,148,925	
Current year's depreciation	<u>3,061,016</u>	7,087,909
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, etc.) is to decrease net assets.		
		(2,018,297)
Repayment of long term debt principal is considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net assets.		
Principal payments		1,670,000
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 the governmental fund		
Change in long-term compensated absences and separation allowance		57,986
Internal service funds are used by management to charge the costs of certain activities to individual funds		
Loss before transfers	(7,544)	
Transfer from general fund	<u>1,212</u>	<u>(6,332)</u>
Change in net assets of governmental activities		<u>\$ 4,504,864</u>

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

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem taxes - current year	\$ 20,968,000	\$ 20,968,000	\$ 21,492,299	\$ 524,299
Ad valorem taxes - prior years	120,000	120,000	100,718	(19,282)
Interest on delinquent taxes	30,000	30,000	51,061	21,061
Local option sales taxes	7,524,610	7,524,610	7,654,959	130,349
Occupancy tax	590,000	590,000	572,932	(17,068)
Other taxes	438,000	438,000	489,122	51,122
Total taxes	29,670,610	29,670,610	30,361,091	690,481
Licenses and permits				
Motor vehicles	408,500	408,500	419,850	11,350
Privilege licenses	155,000	155,000	180,906	25,906
Building permits	675,700	675,700	729,414	53,714
Special use permits	50,000	50,000	149,634	99,634
Fire inspection fees	3,000	3,000	5,495	2,495
Traffic impact study fees	-	40,000	44,489	4,489
Police permits	15,000	15,000	21,834	6,834
Total licenses and permits	1,307,200	1,347,200	1,551,622	204,422
Fines and forfeitures				
Garbage citations and leash law fees	-	-	12,087	12,087
Parking tickets and towing fees	20,000	20,000	15,589	(4,411)
Total fines and forfeitures	20,000	20,000	27,676	7,676

Continued

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Intergovernmental revenues				
Federal Government				
Transportation planning	\$ 27,000	\$ 151,094	\$ 106,325	\$ (44,769)
Police aid	-	44,808	19,474	(25,334)
Solar Grant	-	10,800	250	(10,550)
Endowment for the Arts grant	-	10,000	10,000	-
FEMA - Disaster assistance	-	410,175	331,407	(78,768)
Total federal government	27,000	626,877	467,456	(159,421)
State of North Carolina				
Beer and wine tax	205,000	205,000	217,614	12,614
Powell Bill funds	1,394,000	1,394,000	1,315,545	(78,455)
Utility franchise tax	2,110,700	2,110,700	2,465,975	355,275
State fire protection	850,000	850,000	849,764	(236)
UNC fire truck contribution	-	110,000	110,000	-
State library aid	30,000	30,000	38,033	8,033
Crime commission grant	2,175	40,238	40,672	434
FEMA - Disaster assistance	-	136,725	216,791	80,066
Total State of North Carolina	4,591,875	4,876,663	5,254,394	377,731
Other				
Orange County Project Turnaround	45,000	45,000	44,909	(91)
Orange County recreational support	81,000	81,000	83,760	2,760
Orange County library contribution	250,000	250,000	249,895	(105)
Orange Chatham Justice Partners	-	44,503	16,846	(27,657)
Juvenile turnaround	38,160	38,160	53,498	15,338
Carrboro planning contribution	-	4,500	-	(4,500)
Total other	414,160	463,163	448,908	(14,255)
Total intergovernmental revenues	5,033,035	5,966,703	6,170,758	204,055

Continued

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Charges for services				
Library fines and fees	\$ 140,000	\$ 140,000	\$ 147,232	\$ 7,232
Street cuts, signing and marking	178,400	178,400	234,530	56,130
Fire districts	500	500	153	(347)
Solid Waste collection	268,000	268,000	293,529	25,529
Planning review	191,000	191,000	216,107	25,107
Turnaround client fees	17,000	17,000	29,476	12,476
Recreation	348,900	354,802	385,899	31,097
Charges to other funds	743,945	743,945	734,179	(9,766)
Total charges for services	1,887,745	1,893,647	2,041,105	147,458
Interest on investments	202,500	202,500	133,589	(68,911)
Other				
Sales - planning and documents	9,500	9,500	8,665	(835)
Sales - fixed assets	30,000	30,000	32,588	2,588
Sales - miscellaneous	21,000	21,000	28,387	7,387
Cemetery lot sales	50,000	50,000	76,660	26,660
Mutual Aid Reimbursements	311,800	311,800	298,592	(13,208)
Miscellaneous	241,500	241,500	179,603	(61,897)
Total other revenues	663,800	663,800	624,495	(39,305)
TOTAL REVENUES	38,784,890	39,764,460	40,910,336	1,145,876

Continued

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government	\$ 3,641,240	\$ 3,867,801	\$ 3,517,651	\$ 350,150
Environment and development	12,789,366	13,974,480	13,529,808	444,672
Public safety	14,972,005	15,366,216	14,976,104	390,112
Leisure activities	4,157,451	4,242,286	4,081,517	160,769
Nondepartmental	1,051,938	1,430,553	962,489	468,064
Total expenditures	<u>36,612,000</u>	<u>38,881,336</u>	<u>37,067,569</u>	<u>1,813,767</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,172,890	883,124	3,842,767	2,959,643
OTHER FINANCING SOURCES (USES)				
Transfer from Parking Facilities Fund	213,804	213,804	200,159	(13,645)
Transfer from Library Gift Fund	45,000	45,000	45,000	-
Transfer to Debt Service Fund	(2,552,000)	(2,552,000)	(2,552,000)	-
Transfer to Capital Projects Ordinance	-	(11,309)	(11,309)	-
Transfer to Capital Projects Fund	(1,170,000)	(1,239,650)	(1,239,650)	-
Transfer to Internal Service Fund	-	(1,212)	(1,212)	-
Transfer to Transportation Fund	-	(1,225)	(1,225)	-
Appropriated fund balance	1,290,306	2,663,468	-	(2,663,468)
Total other financing sources (uses)	<u>(2,172,890)</u>	<u>(883,124)</u>	<u>(3,560,237)</u>	<u>(2,677,113)</u>
EXCESS OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	282,530	<u>\$ 282,530</u>
FUND BALANCE, BEGINNING			<u>11,490,107</u>	
FUND BALANCE, ENDING			<u>\$ 11,772,637</u>	

TOWN OF CHAPEL HILL, NORTH CAROLINA

GENERAL FUND

**COMBINING SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government				
Mayor and Town Council				
Salaries and benefits	\$ 201,798	\$ 201,798	\$ 180,426	\$ 21,372
Operating and Capital Outlay	104,946	105,746	97,794	7,952
Total Mayor and Council	<u>306,744</u>	<u>307,544</u>	<u>278,220</u>	<u>29,324</u>
Town Manager/Clerk				
Salaries and benefits	788,571	776,586	781,134	(4,548)
Other	201,474	234,375	222,912	11,463
Total Town Manager/Clerk	<u>990,045</u>	<u>1,010,961</u>	<u>1,004,046</u>	<u>6,915</u>
Human Resources				
Salaries and benefits	481,963	481,963	413,581	68,382
Other	112,443	125,049	91,383	33,666
Total Personnel	<u>594,406</u>	<u>607,012</u>	<u>504,964</u>	<u>102,048</u>
Information Technology				
Salaries and benefits	349,430	349,430	348,154	1,276
Other	233,268	400,607	243,797	156,810
Total Information Technology	<u>582,698</u>	<u>750,037</u>	<u>591,951</u>	<u>158,086</u>
Finance				
Salaries and benefits	678,044	682,044	651,968	30,076
Other	253,360	270,636	261,481	9,155
Total Finance	<u>931,404</u>	<u>952,680</u>	<u>913,449</u>	<u>39,231</u>
Legal				
Salaries and benefits	202,160	202,160	208,193	(6,033)
Other	33,783	37,407	16,828	20,579
Total Legal	<u>235,943</u>	<u>239,567</u>	<u>225,021</u>	<u>14,546</u>
Total General Government	<u>3,641,240</u>	<u>3,867,801</u>	<u>3,517,651</u>	<u>350,150</u>

Continued

TOWN OF CHAPEL HILL, NORTH CAROLINA

GENERAL FUND

COMBINING SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Environmental and Development				
Planning				
Salaries and benefits	\$ 910,506	\$ 929,700	\$ 939,256	\$ (9,556)
Other	79,622	437,489	263,486	174,003
Total Planning	990,128	1,367,189	1,202,742	164,447
Inspections				
Salaries and benefits	610,505	633,989	629,783	4,206
Other	97,092	124,242	107,705	16,537
Total inspections	707,597	758,231	737,488	20,743
Engineering				
Salaries and benefits	863,945	862,445	872,003	(9,558)
Other	111,620	457,306	417,538	39,768
Total Engineering	975,565	1,319,751	1,289,541	30,210
Public Works				
Administration				
Salaries and benefits	463,415	459,422	457,459	1,963
Other	57,546	71,563	65,708	5,855
Total Administration	520,961	530,985	523,167	7,818
Landscaping				
Salaries and benefits	978,750	958,250	945,788	12,462
Other	412,386	452,712	436,380	16,332
Total Landscaping	1,391,136	1,410,962	1,382,168	28,794
Traffic				
Salaries and benefits	326,181	318,958	246,718	72,240
Other	461,977	488,408	494,692	(6,284)
Total Traffic	788,158	807,366	741,410	65,956

Continued

TOWN OF CHAPEL HILL, NORTH CAROLINA

GENERAL FUND

COMBINING SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Drainage				
Salaries and benefits	\$ 575,292	\$ 577,825	\$ 523,850	\$ 53,975
Other	252,061	255,951	253,621	2,330
Total Drainage	<u>827,353</u>	<u>833,776</u>	<u>777,471</u>	<u>56,305</u>
Total field operations	<u>3,527,608</u>	<u>3,583,089</u>	<u>3,424,216</u>	<u>158,873</u>
Construction				
Salaries and benefits	517,657	499,286	459,540	39,746
Other	166,263	171,483	176,363	(4,880)
Total Construction	<u>683,920</u>	<u>670,769</u>	<u>635,903</u>	<u>34,866</u>
Streets				
Salaries and benefits	737,937	753,081	768,080	(14,999)
Other	870,382	1,141,960	1,135,924	6,036
Total Streets	<u>1,608,319</u>	<u>1,895,041</u>	<u>1,904,004</u>	<u>(8,963)</u>
Building Maintenance				
Salaries and benefits	483,872	484,428	493,693	(9,265)
Other	434,875	474,987	438,293	36,694
Total Internal Services	<u>918,747</u>	<u>959,415</u>	<u>931,986</u>	<u>27,429</u>
Sanitation				
Salaries and benefits	1,726,823	1,738,550	1,697,884	40,666
Other	1,650,659	1,682,445	1,706,044	(23,599)
Total Sanitation	<u>3,377,482</u>	<u>3,420,995</u>	<u>3,403,928</u>	<u>17,067</u>
Total Public Works	<u>10,116,076</u>	<u>10,529,309</u>	<u>10,300,037</u>	<u>229,272</u>
Total Environmental and Development	<u>12,789,366</u>	<u>13,974,480</u>	<u>13,529,808</u>	<u>444,672</u>

Continued

TOWN OF CHAPEL HILL, NORTH CAROLINA

GENERAL FUND

COMBINING SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Public Safety				
Police				
Salaries and benefits	\$ 8,351,593	\$ 8,322,537	\$ 8,304,289	\$ 18,248
Other	1,299,011	1,582,095	1,328,981	253,114
Total Police	<u>9,650,604</u>	<u>9,904,632</u>	<u>9,633,270</u>	<u>271,362</u>
Fire				
Salaries and benefits	4,617,122	4,628,779	4,682,142	(53,363)
Other	704,279	832,805	660,692	172,113
Total Fire	<u>5,321,401</u>	<u>5,461,584</u>	<u>5,342,834</u>	<u>118,750</u>
Total Public Safety	<u>14,972,005</u>	<u>15,366,216</u>	<u>14,976,104</u>	<u>390,112</u>
Leisure Activities				
Parks and Recreation				
Salaries and benefits	1,595,683	1,560,358	1,603,553	(43,195)
Other	602,278	674,517	596,423	78,094
Total Parks and Recreation	<u>2,197,961</u>	<u>2,234,875</u>	<u>2,199,976</u>	<u>34,899</u>
Library				
Salaries and benefits	1,412,134	1,409,134	1,384,846	24,288
Other	547,356	598,277	496,695	101,582
Total Library	<u>1,959,490</u>	<u>2,007,411</u>	<u>1,881,541</u>	<u>125,870</u>
Total Leisure Activities	<u>4,157,451</u>	<u>4,242,286</u>	<u>4,081,517</u>	<u>160,769</u>
Nondepartmental - Other	<u>1,051,938</u>	<u>1,430,553</u>	<u>962,489</u>	<u>468,064</u>
TOTAL EXPENDITURES	<u>\$ 36,612,000</u>	<u>\$ 38,881,336</u>	<u>\$ 37,067,569</u>	<u>\$ 1,813,767</u>

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2004 (With Comparative Totals as of June 30, 2003)

	Transportation Fund	Parking Facilities Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,648,991	\$ 640,968
Receivables:		
Accounts receivable, net	9,295	5,840
Due from other funds	262,740	-
Governmental units and agencies	933,722	-
Other	-	1,297
Prepaid items	-	-
Inventories	312,335	-
Total current assets	<u>3,167,083</u>	<u>648,105</u>
NONCURRENT ASSETS		
Restricted assets:		
Restricted cash and cash equivalents	-	-
Deferred charges	-	325,833
Total restricted assets	<u>-</u>	<u>325,833</u>
Capital assets:		
Land and other non-depreciable assets	2,039,587	2,749,838
Other capital assets, net of accumulated depreciation	11,979,436	3,978,524
Total capital assets, net	<u>14,019,023</u>	<u>6,728,362</u>
Total noncurrent assets	<u>14,019,023</u>	<u>7,054,195</u>
TOTAL ASSETS	<u>17,186,106</u>	<u>7,702,300</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	258,812	5,830
Accrued liabilities	300,989	40,286
Compensated absences	16,889	-
Installment purchase agreements	-	-
Certificates of participation	-	220,000
Total current liabilities	<u>576,690</u>	<u>266,116</u>
NONCURRENT LIABILITIES		
Compensated absences	246,574	35,823
Installment purchase agreements	-	-
Certificates of participation	-	6,160,000
Total noncurrent liabilities	<u>246,574</u>	<u>6,195,823</u>
Total liabilities	<u>823,264</u>	<u>6,461,939</u>
NET ASSETS		
Invested in capital assets, net of related debt	14,019,023	348,362
Restricted	-	-
Unrestricted	2,343,819	891,999
Total net assets	<u>\$ 16,362,842</u>	<u>\$ 1,240,361</u>

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

Exhibit 8

Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
2004	2003	2004	2003
\$ 2,289,959	\$ 1,913,921	\$ 187,407	\$ 23,786
15,135	39,672	19,437	7,941
262,740	61,960	-	-
933,722	15,950	-	-
1,297	680	-	-
-	295	-	-
312,335	250,953	74,440	77,616
<u>3,815,188</u>	<u>2,283,431</u>	<u>281,284</u>	<u>109,343</u>
-	-	1,249,210	1,212,170
325,833	167,443	-	-
<u>325,833</u>	<u>167,443</u>	<u>1,249,210</u>	<u>1,212,170</u>
4,789,425	4,190,250	-	-
15,957,960	17,876,554	3,269,271	3,371,622
20,747,385	22,066,804	3,269,271	3,371,622
21,073,218	22,234,247	4,518,481	4,583,792
24,888,406	24,517,678	4,799,765	4,693,135
264,642	131,916	113,973	51,021
341,275	347,027	53,228	62,421
16,889	-	-	-
-	-	1,101,697	1,158,898
220,000	155,000	-	-
<u>842,806</u>	<u>633,943</u>	<u>1,268,898</u>	<u>1,272,340</u>
282,397	328,076	-	-
-	-	2,406,810	2,290,406
6,160,000	6,195,000	-	-
6,442,397	6,523,076	2,406,810	2,290,406
<u>7,285,203</u>	<u>7,157,019</u>	<u>3,675,708</u>	<u>3,562,746</u>
14,367,385	15,716,804	(239,236)	(77,682)
-	-	1,249,210	1,212,170
3,235,818	1,643,855	114,083	(4,099)
<u>\$ 17,603,203</u>	<u>\$ 17,360,659</u>	<u>\$ 1,124,057</u>	<u>\$ 1,130,389</u>

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2004 (With Comparative Totals as of June 30, 2003)**

	Transportation Fund	Parking Facilities Fund
OPERATING REVENUES		
Charges for services	\$ 431,486	\$ 1,847,904
OPERATING EXPENSES		
Personnel	7,409,983	598,064
Depreciation and amortization	1,581,089	419,295
Fuel and tires	629,544	-
Indirect costs	680,155	54,024
Maintenance and repairs	430,764	-
Other	738,300	320,383
Total operating expenses	<u>11,469,835</u>	<u>1,391,766</u>
OPERATING INCOME (LOSS)	<u>(11,038,349)</u>	<u>456,138</u>
NONOPERATING REVENUES (EXPENSES)		
Federal Operating Assistance Grant	932,000	-
State Operating Assistance Grant	2,463,045	-
University of North Carolina and Town of Carrboro operating assistance	5,087,681	-
Vehicle Licenses	139,950	-
Ad valorem taxes	2,190,261	-
Interest on investments	16,489	8,582
Interest expense	-	(175,072)
Bond issuance expense	-	(182,810)
Other	62,417	30,413
Total nonoperating revenues (expenses), net	<u>10,891,843</u>	<u>(318,887)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(146,506)</u>	<u>137,251</u>
CAPITAL CONTRIBUTIONS	<u>599,175</u>	<u>-</u>
TRANSFERS		
Transfers in	1,490,504	-
Transfers out	(1,637,721)	(200,159)
Total transfers	<u>(147,217)</u>	<u>(200,159)</u>
CHANGE IN NET ASSETS	<u>305,452</u>	<u>(62,908)</u>
NET ASSETS, BEGINNING	<u>16,057,390</u>	<u>1,303,269</u>
NET ASSETS, ENDING	<u>\$ 16,362,842</u>	<u>\$ 1,240,361</u>

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

Exhibit 9

Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
2004	2003	2004	2003
\$ 2,279,390	\$ 2,243,494	\$ 2,238,396	\$ 2,048,120
8,008,047	7,508,903	452,385	498,163
2,000,384	2,011,500	1,043,641	1,140,984
629,544	550,251	-	-
734,179	678,076	-	-
430,764	395,764	-	-
1,058,683	863,800	681,372	539,120
12,861,601	12,008,294	2,177,399	2,178,267
(10,582,211)	(9,764,800)	60,997	(130,147)
932,000	932,000	-	-
2,463,045	1,565,675	-	-
5,087,681	4,597,583	-	-
139,950	137,139	-	-
2,190,261	1,786,132	6,859	16,608
25,071	30,148	(117,834)	(157,676)
(175,072)	(400,949)	-	-
(182,810)	-	-	-
92,830	(7,295)	42,435	102,064
10,572,956	8,640,433	(68,540)	(39,004)
(9,255)	(1,124,367)	(7,544)	(169,151)
599,175	1,260,802	-	-
1,490,504	-	1,212	-
(1,837,880)	(1,103,692)	-	-
(347,376)	(1,103,692)	1,212	-
242,544	(967,257)	(6,332)	(169,151)
17,360,659	18,327,916	1,130,389	1,299,540
\$ 17,603,203	\$ 17,360,659	\$ 1,124,057	\$ 1,130,389

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2004 (With Comparative Totals as of June 30, 2003)

	Transportation Fund	Parking Facilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ (677,795)	\$ 1,862,553
Payments to employees	(7,438,271)	(604,318)
Payments to suppliers	(2,387,579)	(552,342)
Net cash provided by (used in) operating activities	<u>(10,503,645)</u>	<u>705,893</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant funds received	3,395,045	-
Operating assistance received	5,087,681	-
Taxes and licenses received	2,330,211	-
Transfers to other funds	(1,637,721)	(200,159)
Transfers from other funds	1,490,504	-
Other	60,392	30,413
Net cash provided by (used in) noncapital financing activities	<u>10,726,112</u>	<u>(169,746)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from installment purchase agreements	-	-
Proceeds from refinancing of Certificates of Participation	-	340,000
Principal paid on Certificates of Participation and installment purchase agreements	-	(310,000)
Interest paid on Certificates of Participation and installment purchase agreements	-	(175,072)
Bond issuance costs	-	(204,950)
Sale of fixed assets	2,025	-
Capital contributions	599,175	-
Acquisition and construction of capital assets	(599,175)	(59,650)
Net cash provided by (used in) capital and related financing activities	<u>2,025</u>	<u>(409,672)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>16,489</u>	<u>8,582</u>
Net cash provided by investing activities	<u>16,489</u>	<u>8,582</u>

Continued

Exhibit 10

Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
2004	2003	2004	2003
\$ 1,184,758	\$ 3,874,317	\$ 2,226,900	\$ 2,125,279
(8,042,589)	(7,366,454)	(461,578)	(454,887)
(2,939,921)	(3,056,573)	(615,244)	(804,125)
<u>(9,797,752)</u>	<u>(6,548,710)</u>	<u>1,150,078</u>	<u>866,267</u>
3,395,045	2,489,230	-	-
5,087,681	4,597,583	-	-
2,330,211	1,923,271	-	-
(1,837,880)	(1,103,692)	-	-
1,490,504	-	1,212	-
90,805	-	16,335	-
<u>10,556,366</u>	<u>7,906,392</u>	<u>17,547</u>	<u>-</u>
-	-	1,218,100	708,100
340,000	-	-	-
(310,000)	(145,000)	(1,158,897)	(1,274,031)
(175,072)	(400,949)	(117,834)	(157,676)
(204,950)	-	-	-
2,025	1,150	26,100	102,064
599,175	1,260,802	-	-
(658,825)	(1,537,704)	(941,291)	(666,492)
<u>(407,647)</u>	<u>(821,701)</u>	<u>(973,822)</u>	<u>(1,288,035)</u>
25,071	30,148	6,858	16,608
<u>25,071</u>	<u>30,148</u>	<u>6,858</u>	<u>16,608</u>

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (continued)
YEAR ENDED JUNE 30, 2004 (With Comparative Totals as of June 30, 2003)

	Transportation Fund	Parking Facilities Fund
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	240,981	135,057
CASH AND CASH EQUIVALENTS, BEGINNING	1,408,010	505,911
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,648,991</u>	<u>\$ 640,968</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (11,038,349)	\$ 456,138
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,581,089	419,295
Changes in assets and liabilities:		
Receivables	(1,109,281)	14,649
Prepaid items	295	-
Inventories	(61,382)	-
Deferred charges	-	(158,390)
Accounts payable	152,271	(19,545)
Accrued liabilities	(16,142)	10,390
Accrued compensated absences	(12,146)	(16,644)
Net cash provided by (used in) operating activities	<u>\$ (10,503,645)</u>	<u>\$ 705,893</u>

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

Exhibit 10

Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
2004	2003	2004	2003
376,038	566,129	200,661	(405,160)
1,913,921	1,347,792	1,235,956	1,641,116
<u>\$ 2,289,959</u>	<u>\$ 1,913,921</u>	<u>\$ 1,436,617</u>	<u>\$ 1,235,956</u>
\$ (10,582,211)	\$ (9,764,800)	\$ 60,997	\$ (130,147)
2,000,384	2,011,500	1,043,642	1,140,984
(1,094,632)	1,630,823	(11,496)	77,159
295	(295)	-	-
(61,382)	(30,569)	3,176	(9,414)
(158,390)	-	-	-
132,726	(537,818)	62,952	(255,591)
(5,752)	77,891	(9,193)	43,276
(28,790)	64,558	-	-
<u>\$ (9,797,752)</u>	<u>\$ (6,548,710)</u>	<u>\$ 1,150,078</u>	<u>\$ 866,267</u>

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