Town of Carrboro

Comprehensive Annual Financial Report

Year Ended June 30, 2018

Prepared by Finance Department

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Town of Carrboro, North Carolina

Principal Officials

Board of Aldermen

Lydia Lavelle, Mayor
Damon Seils, Mayor Pro-Tempore
Sammy Slade
Bethany Chaney
Jacquelyn Gist
Barbara Foushee
Randee Haven-O'Donnell

Town Manager

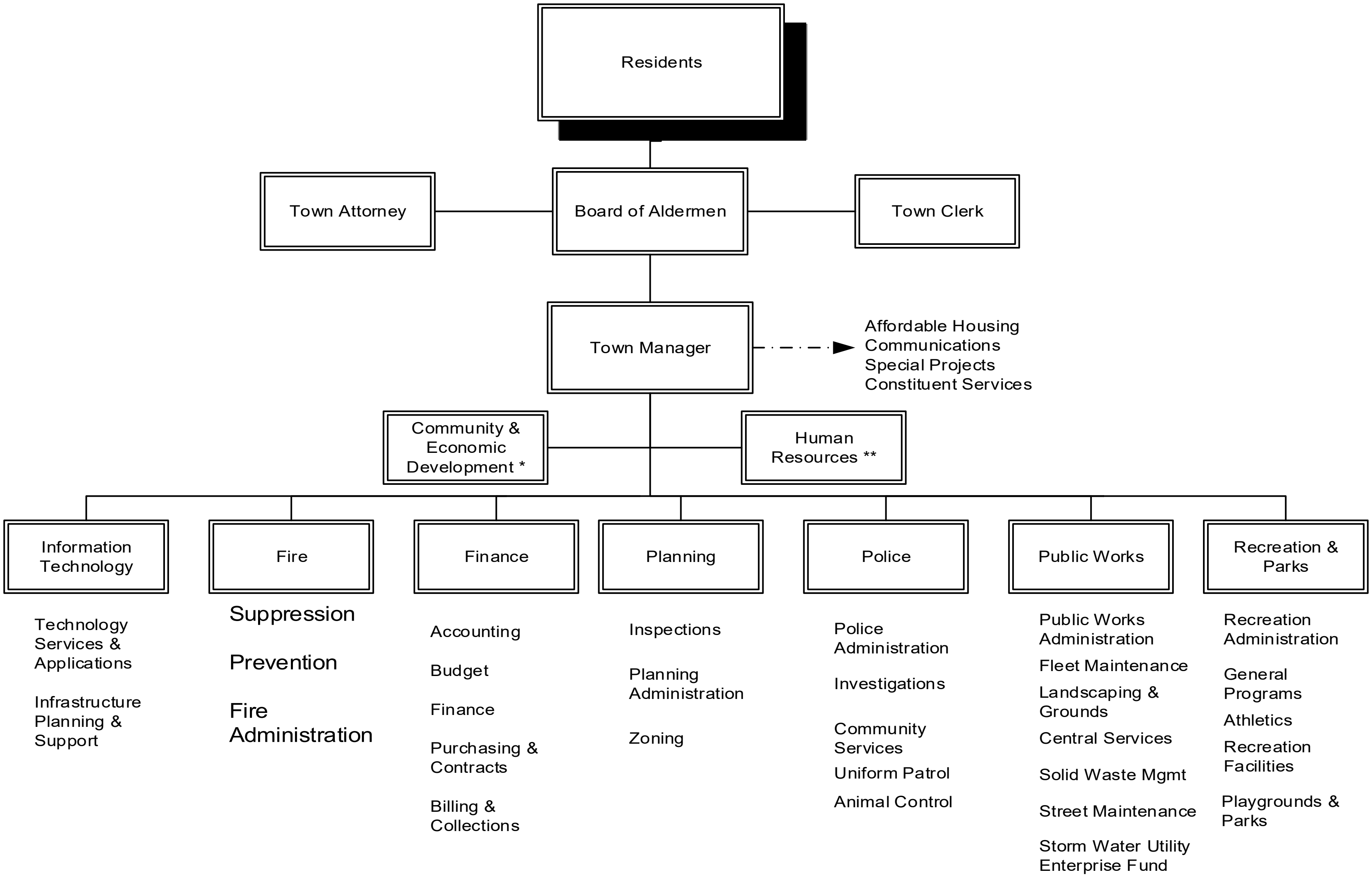
David Andrews

Finance Department

Arche L. McAdoo, Finance Director
Donald Coble, Assistant to the Finance Director
Jane Bowden, Accounting Technician
Kathleen Nolan, Payroll and Benefits Specialist

Town of Carrboro, North Carolina

Organizational Chart



* Economic Development, Redevelopment, Human Services, Neighborhood services

** Recruitment & Retention, Employee Services, Compensation & Benefits

TOWN OF CARRBORO
NORTH CAROLINA
WWW.TOWNOFCARRBORO.ORG

December 28, 2018

Honorable Mayor and Members of the Board of Aldermen
Town of Carrboro

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Carrboro for the fiscal year ended June 30, 2018 (FY 2017-18). As required by North Carolina General Statutes (NCGS), the CAFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors section. Other documents that are helpful in understanding the Town's budget and financial planning include the Town's annual operating budget and capital improvements plan documents. These documents, along with the annual audit report, are posted on the Town's website at http://www.townofcarrboro.org/250/Financial-Documents.

The Town is a small community located within Orange County in the north central portion of North Carolina. It is situated next to Chapel Hill and the University of North Carolina, and is near the Research Triangle Park. The area's topography is characterized by rolling hills. The Town, incorporated in 1911, now covers an area of 6.35 square miles and has a population of 20,867. The growth of the Town is directly related to the expansion of the University of North Carolina at Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has increased slightly from 29,084 in 2016 to 29,911 in 2017. It is anticipated that expansion will continue to occur in University-related health facilities, such as the University of North Carolina Hospitals, and with the proposed development of the Carolina North Campus.

The character of the Town is driven by core values adopted by the Board based on maintaining a sustainable community that is a highly desirable place to live. These priorities are to:

A. Diversify revenue stream to maintain ethnic and economic diversity;

B. Protect historic neighborhoods and maintain Carrboro's unique identity;

C. Improve walkability and public transportation;

D. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes; and,

E. Enhance and sustain quality of life/place issues for everyone.

The support for these strategic priorities is noted by the amounts allocated within the annual operating and capital budgets, and the various awards received by the Town.

The Town commits over one million dollars for an affordable housing fund with the goal of increasing the stock of affordable, safe and decent housing within the Town. Almost two million dollars is provided annually for fare-free transit for Town residents to help reduce reliance on automobiles and to promote public transit, walking, and biking. Carrboro is one of 27 communities in the nation that has been awarded the Silver Level Bicycle-Friendly Community designation by the League of American Bicyclists in recognition of its commitment to providing safe accommodations and facilities for bicyclists, as well as efforts to encourage bicycling for fun, fitness, and transportation. Additionally, the Town has amended its street standards to require bike lanes on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. The community approved a $4.6 million bond referendum in November 2003 to construct sidewalks and greenways to increase the safety and convenience of walking throughout the Town's neighborhoods.

Governance

The Town has a council/manager form of municipal government. Under the council/manager form of government, the Board of Aldermen performs the legislative functions of the Town: establishing laws and policies. The Board is an elected body and consists of a mayor and six aldermen. The mayor and the aldermen are elected by the voters of the entire town. The mayor is elected to serve a term of two years and the aldermen are elected to serve staggered terms of four years. The mayor acts as the official head of town government and presides at Board meetings. The mayor is a voting member of the Board. Appointments to advisory boards and committees are made by the Board.

The Board appoints a manager who carries out the laws and policies enacted by the Board, and is responsible for managing the Town's employees, finances, and resources. The Board also appoints a Town Clerk to maintain Town records, and appoints an attorney to represent the Board and Town administration in legal matters.

Local governments in North Carolina exist to provide a wide range of basic services on which we all depend: police and fire protection; public works (garbage collection, street resurfacing, fleet maintenance, landscaping, and building and grounds); planning; inspections and zoning; economic and community development; and parks and recreation programming. The major services provided by the Town include all of the services above, but exclude water and sewer services, and tax collections. Certain large costs assumed by the Town are for key services that are contracted with other governmental jurisdictions, such as transit, recycling, and landfill services. The Town also had administrative support units (e.g., personnel, technology, finance, budget, purchasing, etc.) that provide both direct services as well as indirect support services.

Economic condition and outlook

The 2016 median household income is $53,513. Twenty-two percent of the households earn less than $25,000 a year. Twenty-five percent of households make between $25,000 and $50,000 a year. Fifty-three percent (53%) make more than $50,000 a year.

Employment levels in Carrboro had a slight decrease in the unemployment rate from 4.1% in 2016 to 3.6% in 2017, which is well below the statewide rate of 4.4%. The local employment base is relatively stable with the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park in close proximity to the Town.

The Town relies on a largely residential tax base to provide services. The commercial base is primarily retail with some service-oriented businesses. Major employers within Orange County (those with 450 or more employees) reflect the dominance of the professional services and retail sectors. The Town continues to experience modest growth and is considered to be a desirable place to live and work.

Long-term debt obligations for the Town increased by 45.2% or $9,213,118 from $20,405,044 at June 30, 2017 to $29,618,162 at June 30, 2018. This is primarily due to increased liability associated with the OPEB plan.

The Town had debt retirement for this fiscal year with the principal repayment of $1,001,731. Additions to debt during 2018 total $240,000 for vehicles and equipment.

For a more comprehensive analysis of the Town's capital needs and future financing, please consult the Town's Capital Improvements Program available on the Town's website. The potential impact on property tax rates of capital projects will be affected by the timing of the implementation of the proposed projects, availability of other revenue sources, and/or cost savings to fund the projects.

Major Town Initiatives

Several initiatives commenced in previous fiscal years will continue into FY 2017-18. These include:

- Implementation of a parking plan based on completed Town-wide parking study,
- Completion of the comprehensive solid waste study an evaluation of "best practice" options,
- Continue to pursue gold level bicycle designation,
- Implement new permitting software for planning, zoning and inspections,
- Acquire body worn cameras for police officers,
- Replacement of all public safety radios due to obsolesce and no future technical support from vendor, and
- Continued implementation of Strategic Energy and Climate Protection Plan.

Two major initiatives were implemented in 2017-18. The first was the creation of a Storm Water Utility Enterprise Fund and the hiring of a Storm Water Utility Manager. The primary purpose of the Utility Enterprise Fund is to address the increasing demands of regulatory compliance and increased flooding throughout the Town. In 2018-19 the Town anticipates the establishment of a fee schedule for stormwater management that will provide ongoing financial support for the utility, rather than continuing to fund these activities from the General Fund. The second major initiative was the planning and design of a new facility to house the Orange County Southern Branch Library and administrative space for Town operations. This facility is a joint undertaking with Orange County.

As noted above, the Board of Aldermen has established strategic priorities for the Town with the ultimate goal of creating and maintaining Carrboro as a sustainable community that is a highly desirable place to live. Some of the noteworthy accomplishments include:

- Town residents approved $4.6 million of general obligation bonds in a referendum in November 2003 to construct sidewalks and greenways throughout the Town to increase the safety and convenience of walking. To date the Town has constructed 22 sidewalks covering 7.72 miles, completed construction of the Wilson Park Multi-Use Path, and construction of the Homestead-Chapel Hill High School Multi-Use Path.
- Construction of the Rogers Road sidewalk is expected to begin in fall of 2018.
- The Town has been awarded a Silver Award by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). The award is presented to communities that are committed to bicycling, provide safe accommodations and facilities for bicyclists, and encourage bicycling for fun, fitness, and transportation. This is a four-year award valid through 2018. The Town's goal is to achieve Gold Level status.
- The Town continue to participate in the North Carolina League of Municipalities "Green Challenge," for Greenhouse Gas Emission Inventory and Reduction to reduce the carbon footprint; and to assess the Town's energy efficiency through the U.S. Environmental Protection Agency's "Energy

Star Challenge" that involves reviewing and reducing utility consumption in Town facilities, streetlights, and fuel usage.

- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award has been awarded to the Town for its FY 2016-17 budget document. It is the highest form of recognition in governmental budgeting.

- The Town's continued commitment to the environment was rewarded with its national designation as a Tree City USA Town for the 30th year.

- The Town has AAA bond rating from Standard and Poor's and Aa1 bond rating from Moody's.

Financial Information

General Fund Balance

The Board has adopted a policy of maintaining a General Fund unassigned fund balance within a range of 22.5% to 35% of budgeted appropriations. When the General Fund unassigned fund balance exceeds 35%, the Town Manager may set aside an amount in assigned fund balance for transfer to Capital Reserves Fund for specific future capital projects. Should the unassigned fund balance in the General Fund fall below 20%, the policy requires the Town Manager to develop and implement a plan to rebuild the balance to 22.5% within one year.

For the year ended June 30, 2018, the Town had a $10.6 million General Fund unassigned fund balance or 52.3% of total General Fund expenditures. This compares to an unassigned fund balance of $10.8 million or 53.7% of expenditures in 2017. In 2017 and 2018 the Town used reserves to fund construction improvements to Town Commons and to construct Martin Luther King, Jr. Park.

The Town's management continues to take a conservative approach to revenue projections in relation to the numerous decisions to adapt its operating budget, capital plans and financing to existing and future anticipated and unanticipated financial challenges. The steps taken in this regard include reducing less vital operating expenses, increasing emphasis on economic development activities, and prioritizing capital expenditures. The Town has AAA bond rating by Standard and Poor's and Aa1 by Moody's. These ratings indicate the Town's extremely strong creditworthiness and ability to meet financial obligations.

Budget Control

As required by North Carolina General Statutes, the Board of Aldermen adopts a budget ordinance prior to the beginning of each fiscal year. All governmental units are required to adopt a balanced budget by July 1 of each year. The budget ordinance adopted by the Board creates a legal limit on spending authorizations at the functional level. Through the use of a requisition encumbrance and purchase order system, the adequacy of available funds are ensured prior to the placement of orders and/or award of contracts.

Public input and review of the budget prior to adoption by the Board is encouraged. The fiscal budget is prepared by the Town Manager for a one-year fiscal cycle beginning July 1 and ending June 30 of the following year. The Town holds two public hearings, one to receive community input prior to presentation of the Manager's recommended budget and a legally mandated one following presentation of the Manager's recommended budget to the Board. Prior to the adoption of an annual budget, the Board may hold budget work sessions on the Manager's recommended budget. The adopted budget document is available at the Town Clerk's office and the Town's website for review.

Internal Controls

In order to provide a reasonable basis for making these representations, a comprehensive internal control framework has been designed in developing and maintaining the Town's accounting system. These internal accounting controls are designed to provide a reasonable, but not absolute, assurance regarding:

- Safeguarding of assets against loss from unauthorized use or disposition;
- Reliability of financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America and maintaining accountability of assets;
- Effectiveness and efficiency of operations; and
- Compliance with applicable laws and regulations related to federal and state financial assistance programs.

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls reasonably achieve the above objectives and provide reasonable assurance of proper recording of financial transactions.

Other Information

Independent Audit

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP was selected by the Board and performed this audit. The auditors' report on the basic financial statements, and combining and individual fund statements and other schedules are included in the financial section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the compliance section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded, for the thirteenth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting to the Town of Carrboro for its Comprehensive Annual Financial Report issued for fiscal year 2016-17. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to GFOA program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we will submit our CAFR for the fiscal year ended June 30, 2018 to the GFOA to determine its eligibility for another year. The Certificate Program managed by the GFOA was established in 1945, and is designed to recognize and encourage excellence in financial reporting by state and local governments. Further information about the Certificate Program can be obtained by visiting GFOA's website at: www.gfoa.org. The GFOA reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. We agree with this direction and, in keeping with our past practice, have made available a copy of this report to each of you, Town departments, bond-rating agencies, the North Carolina Local Government Commission, and other financial institutions that have expressed an interest in the Town's financial affairs.

Preparation of this report would not have been possible without the hard work and dedication of the Finance Department Staff. Other departments of the Town have contributed directly or indirectly in the preparation of this report, and their cooperation and continued assistance is appreciated.

David L. Andrews, ICMA-CM	**Arche L. McAdoo**
Town Manager	**Finance Officer**

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Carrboro
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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Independent Auditors' Report

Honorable Mayor, Board of Aldermen,
and Town Manager
Town of Carrboro
Carrboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Carrboro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Carrboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 7 to the financial statements, during 2018 the Town of Carrboro implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a cumulative effect adjustment to net position as of the beginning of the year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, 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 on pages 63 through 64, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 65, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 66 and 67, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, other schedules and statistical section, and the Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, *Uniform Administration Requirements, Cost Principles, and Audit Requirement for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018 on our consideration of the Town of Carrboro'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 to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carrboro's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, North Carolina
December 28, 2018

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Management's Discussion and Analysis

As management of the Town of Carrboro, we offer readers of the Town of Carrboro's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in the Management Discussion and Analysis section in conjunction with the additional information that we have 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 $27,213,169 (net position).

- Driven by an adjustment to the total OPEB liability due to changes in accounting standards, the total net position of the Town decreased by $9,839,329 from the amount previously reported at June 30, 2017.

- At June 30, 2018, the Town's governmental funds had combined ending fund balances of $21,482,067, a decrease of 0.1% or $198,085 in comparison with the prior year. Approximately 49.9% or $10,634,162 of this total amount is available for spending at the government's discretion *(unassigned fund balance).*

- At the end of the year unassigned fund balance for the General Fund was $10,634,162 or 52.3% of total General Fund expenditures of $20,344,461.

- Long-term debt obligations for the Town increased by 45.2% or $9,213,118 from $20,405,044 at June 30, 2017 to $29,618,162 at June 30, 2018. This is primarily due to increased liability associated with the OPEB plan.

- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Carrboro's basic financial statements. The Town's basic financial statements consist of three components (see Figure 1):

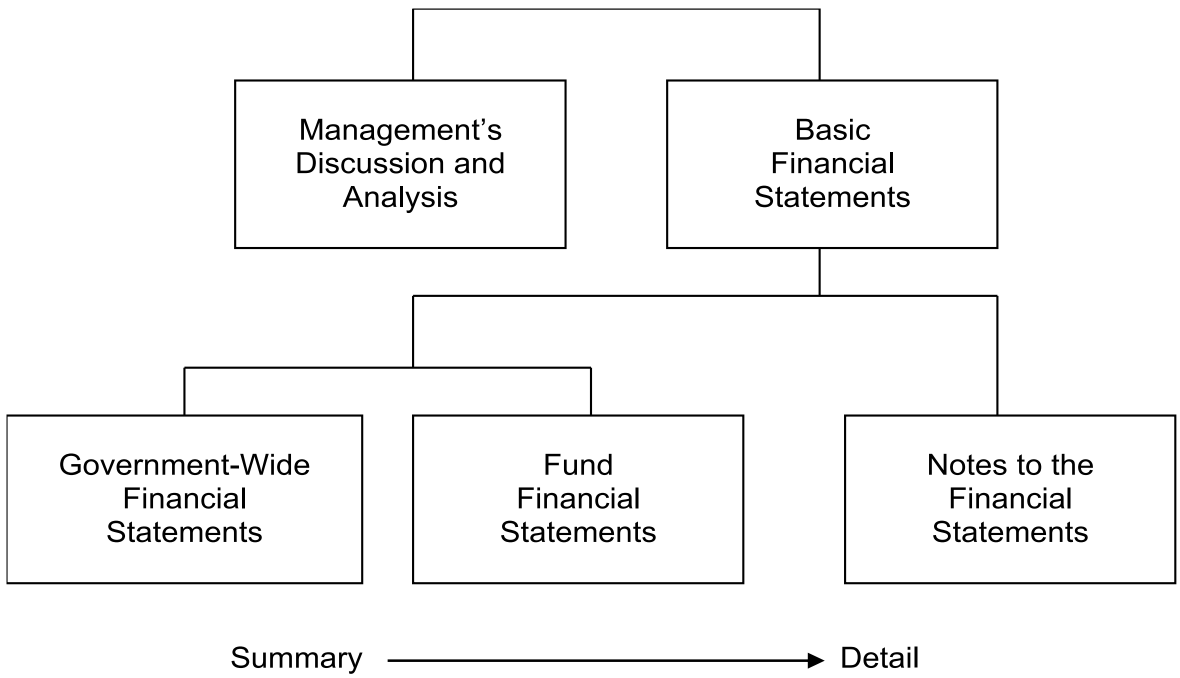
1. Government-wide financial statements,

2. Fund financial statements, and

3. Notes to the financial statements.

The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town, including a statistical section.

Required Components of Annual Financial Report
Figure 1



Basic financial statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. Exhibit 1 presents the Statement of Net Position and Exhibit 2 presents the Statement of Activities. They provide information about the Town's current financial position.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government at a more detailed level than the government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the proprietary fund statements; and (3) 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, **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 financial statements of a private-sector business. The statement of net position presents information on all of the Town's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The two government-wide statements report the Town's net position and how they have changed. Net position reported on the *statement of net position* is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition. The *statement of activities* presents information showing how the Town's net position has changed during the fiscal year.

The government-wide statements contain a category called governmental activities that include most of the Town's basic services such as public safety, public works, parks and recreation, and general government. Property taxes as well as state-collected local revenues including sales tax, electric franchise and state telecommunications monies, finance most of these activities.

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. This includes stormwater services offered by the Town. The final category is the component units. Although legally separate from the Town, the Tourism Development Authority is important to the Town. The Town exercises control over this entity by appointing its members and remits a percentage of taxes collected to each of these entities.

The government-wide financial statements are on pages 17 through 19 of this report.

Fund financial statements

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

Governmental funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. 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 are focused on a detailed, short-term view that helps the reader determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the 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 or not 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. Exhibit 5 shows four columns: (1) the original budget as adopted by the Board; (2) the final budget as amended by the Board; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

Proprietary fund - The Stormwater Utility Enterprise Fund received funding from the General Fund in 2018. As of July 1, 2018, the Town has implemented a user fee schedule for stormwater program expenses and capital improvements and repairs.

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 33 through 60 of this report.

Supplementary 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 and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

Government-wide financial analysis

Town of Carrboro's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and other assets	**$ 22,886,444**	$ 23,421,702	**$ 194,426**	$ -	**$ 23,080,870**	$ 23,421,702
Capital assets, net	**35,050,326**	33,168,989	**-**	-	**35,050,326**	33,168,989
Deferred outflows of resources	**1,875,220**	2,528,133	**7,435**	-	**1,882,655**	2,528,133
Total assets and deferred outflows of resources	**59,811,990**	59,118,824	**201,861**	-	**60,013,851**	59,118,824
Long-term liabilities outstanding	**29,486,528**	20,405,044	**131,634**	-	**29,618,162**	20,405,044
Other liabilities	**1,066,159**	1,383,095	**1,834**	-	**1,067,993**	1,383,095
Total liabilities	**30,552,687**	21,788,139	**133,468**	-	**30,686,155**	21,788,139
Deferred inflows of resources	**2,102,609**	278,187	**11,918**	-	**2,114,527**	278,187
Net position:						
Net investment in capital assets	**30,401,621**	28,581,194	**-**	-	**30,401,621**	28,581,194
Restricted	**2,719,947**	2,097,192	**-**	-	**2,719,947**	2,097,192
Unrestricted	**(5,964,874)**	6,374,112	**56,475**	-	**(5,908,399)**	6,374,112
Total net position, ending	**$ 27,156,694**	$ 37,052,498	**$ 56,475**	$ -	**$ 27,213,169**	$ 37,052,498

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and the deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by $27,213,169 as of June 30, 2018. The majority of net position (112%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, equipment, etc.); 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 (10% or $2,719,947) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of ($5,908,399) (-22%) is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net position.

- Property tax revenues increased by $1.1 million from $11.8 million in 2017 to $12.9 million in 2018.

- Local option sales tax revenues increased by 4.9% over the prior year.
- Other tax revenues, primarily from motor vehicle license taxes, remained stable at $1.6 million.
- Unrestricted intergovernmental revenues decreased slightly by $3,299 or less than 1% due to continuing movement of consumers away from traditional television, telecommunications and video sales programing.

Town of Carrboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	**$ 1,776,142**	$ 1,527,807	**$ -**	$ -	**$ 1,776,142**	$ 1,527,807
Operating grants and contributions	**641,436**	654,075	**-**	-	**641,436**	654,075
Capital grants and contributions	**13,080**	90,166	**-**	-	**13,080**	90,166
General revenues:						
Property taxes	**12,935,087**	11,743,677	**-**	-	**12,935,087**	11,743,677
Local option sales taxes	**4,557,933**	4,345,612	**-**	-	**4,557,933**	4,345,612
Other taxes	**1,601,362**	1,601,126	**-**	-	**1,601,362**	1,601,126
Grant and contributions not restricted	**1,406,331**	1,409,630	**-**	-	**1,406,331**	1,409,630
Other	**243,998**	67,195	**-**	-	**243,998**	67,195
Total revenues	**23,175,369**	21,439,288	**-**	-	**23,175,369**	21,439,288
Expenses:						
General government	**$ 4,849,740**	$ 4,695,317	**$ -**	$ -	**$ 4,849,740**	$ 4,695,317
Public safety	**7,469,443**	7,550,083	**-**	-	**7,469,443**	7,550,083
Planning	**1,206,329**	1,356,771	**-**	-	**1,206,329**	1,356,771
Transportation	**1,455,012**	1,455,012	**-**	-	**1,455,012**	1,455,012
Public works	**4,142,187**	4,295,622	**-**		**4,142,187**	4,295,622
Parks and recreation	**1,737,984**	1,724,769	**-**		**1,737,984**	1,724,769
Economic and physical development	**220,960**	147,259	**-**	-	**220,960**	147,259
Interest on long-term debt	**127,897**	154,350	**-**	-	**127,897**	154,350
Stormwater	**-**	-	**251,908**	-	**251,908**	-
Total expenses	**21,209,552**	21,379,183	**251,908**	-	**21,461,460**	21,379,183
Increase (decrease) in net position before transfers	**1,965,817**	60,105	**(251,908)**	-	**1,713,909**	60,105
Transfers	**(308,383)**	-	**308,383**	-	**-**	-
Change in net position	**1,657,434**	60,105	**56,475**	-	**1,713,909**	60,105
Net position, beginning, previously reported	**37,052,498**	36,992,393	**-**	-	**37,052,498**	36,992,393
Cumulative effect adjustment	**(11,553,238)**	-	**-**	-	**(11,553,238)**	-
Net position, beginning, adjusted	**25,499,260**	36,992,393	**-**	-	**25,499,260**	36,992,393
Net position, ending	**$ 27,156,694**	$ 37,052,498	**$ 56,475**	$ -	**$ 27,213,169**	$ 37,052,498

Governmental activities. Governmental activities increased the Town's net position by $1,657,434. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by $1.1 million from $11.8 million in 2017 to $12.9 million in 2018. This increase is related to the revaluation of real property by the Orange County Tax Administrator in 2018 which showed a general growth factor of 1.1% since the last revaluation in 2009.

- Local option sales tax revenues increased by $212,321 or 4.9% over the prior year. This reflects the continuing improvements in the local economy and expansion of local option sales tax to now include services, such as auto repairs and other personal services.

- Other tax revenues, primarily from motor vehicle license taxes, remained stable at $1.6 million.

- Unrestricted intergovernmental revenues decreased slightly by $3,299 or less than 1% due to continuing movement of consumers away from traditional television, telecommunications and video sales programing.

- Revenues from fees and permits increased by 17.0% from $1,177,350 in 2017 to $1,377,586 in 2018. This reflects the increased private development taking place in the Town.

- Capital grants and contributions decreased by $77,086 from $90,166 in 2017 to $13,080 in 2018. Capital grants and contributions vary from year to year depending upon the completion and commencement of various capital projects.

- Expenses for total governmental activities decreased slightly by $169,631 or 0.8% from $21,379,183 in 2017 to $21,209,552 in 2018.

- Expense for interest on long-term debt decreased from $154,350 in 2017 to $127,897 in 2018. The Town has not issued any major debt since the 2013 general obligation bonds for construction of sidewalks and greenways.

Business-type activities. Business-type activities increase the Town's net position by $56,475. Because the Stormwater Utility Enterprise Fund did not start until the beginning of the year and staff hired in mid-year, expenses were minimal.

Financial Analysis of the Town of Carrboro's Funds

Governmental Funds. The focus of the Town's governmental funds is to provide 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, unassigned fund balance of the General Fund was $10,634,162, a decrease of 1.7% from $10,816,213 in 2017. The total general fund balance for 2018 was $16,535,093, a 4.1% increase over the 2017 amount of $15,878,104. This increase in fund balance is due primarily holding the line on expenses and actual revenues (excluding other financings) exceeded expenses by $2.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.3% of total General Fund expenditures of $20,344,461. Total fund balance represents 81.3% of total General Fund expenditures.

At June 30, 2018, the governmental funds of the Town of Carrboro reported a combined fund balance of $21,482,067. The reported combined fund balance of the governmental funds includes a fund balance within the Bond Fund of $714,589 and a fund balance within the Capital Projects Fund of $2,710,556. These fund balances are either restricted or committed for capital project purposes.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budgeted expenditures were increased by $775,510 (3.4%) from an original appropriation of $22,569,686 to a final appropriation of $23,345,196.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were $23,040,640 compared to budget of $22,021,692.

Revenues from taxes (i.e., property, local option sales, and other) represent 82.8% of the total revenues. Property, sales and other taxes were slightly above budget projections ($486,289 or 2.6%). Other taxes which includes the Tax and Tag System for collection of vehicle property taxes at the time of registration renewal were 13.3% below budget projections.

Revenue from permits and fees represent 6.0% of total revenues, and were over budget projections by $198,719 or 16.9%. Total revenue for permits and fees this year was $1,377,586 compared to $1,177,350 in 2017. These revenues fluctuate based on the number of approved private developments that actual begin or complete construction in a given year. Revenues from sales and services, and investment earnings were above budget projections by $182,590 or 92.2%.

The unrestricted intergovernmental revenue receipts exceeded budget projections by $186,557 or 15.3% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled $1,406,331 compared to $1,409,630 in 2017.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were $20,344,461, which was $3,000,735 less than the final budget of $23,345,196. All spending by function was in compliance with budgetary requirements. The actual expenditures for debt service exceeded the budget appropriation by $16,204 due to the closeout of two escrow accounts for vehicle lease purchases. Town policy is that any funds remaining in an escrow account are to be applied to the principal amount of the loan.

All expenditures were less than final budget at June 30, 2018, but were 1.1% more than the prior year. Expenditures for general government were 3.3% higher than the prior year. Actual expenditures for public safety increased by 0.8% from $6,753,665 in 2017 to $6,804,321 in 2018. Actual expenditures for planning decreased by 11.7% from $1,285,705 in 2017 to $1,134,657 in 2018. Recreation and parks expenditures increased by 2.0% from $1,474,274 in 2017 to $1,503,476 in 2018. Transportation expenditures were equal to the prior year. Public works expenditures increased by 3.8% from $3,441,694 in 2017 to $3,571,134 in 2018. Debt service expenditures increased by 0.3% over the prior year.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2018 totaled $35,050,326 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the replacement of police vehicles and solid waste equipment. There are no capital assets for the Town's business-type activities.

Town of Carrboro's Capital Assets (Net of Depreciation)
Figure 4

	Governmental Activities 2018	Governmental Activities 2017
Land	**$ 14,747,956**	$ 14,747,956
Construction-in-progress	**4,023,527**	1,257,418
Buildings and systems	**4,414,399**	4,676,137
Improvements other than buildings	**795,346**	833,428
Machinery and equipment	**809,489**	1,187,153
Infrastructure	**8,780,528**	8,790,585
Vehicles and motorized equipment	**1,479,081**	1,676,312
Total	**$ 35,050,326**	$ 33,168,989

Additional information on the Town's capital assets can be found in on pages 42 and 43 of this report.

Long-term debt. As of June 30, 2018 and 2017, the Town of Carrboro had the following long-term liabilities:

Town of Carrboro's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Government obligation bond	**$ 3,350,000**	$ 3,600,000	**$ -**	$ -	**$ 3,350,000**	$ 3,600,000
Premium on bonds	**65,698**	70,564	**-**	-	**65,698**	70,564
Installment purchases	**2,162,730**	2,674,461	**-**	-	**2,162,730**	2,674,461
Compensated absences	**737,005**	657,746	**8,122**	-	**745,127**	657,746
OPEB liability	**19,639,836**	9,013,297	**113,525**	-	**19,753,361**	9,013,297
LGERS net pension liability	**2,013,788**	2,892,957	**9,987**	-	**2,023,775**	2,892,957
Law enforcement officers' net pension obligation	**1,517,471**	1,496,019	**-**	-	**1,517,471**	1,496,019
Total	**$ 29,486,528**	$ 20,405,044	**$ 131,634**	$ -	**$ 29,618,162**	$ 20,405,044

Total long-term liabilities for the Town increased by $9,213,118 (45.2%) during fiscal year 2018 primarily due to the other post-employment benefit, which was revalued during fiscal year 2018 due to a change in accounting principles. The Town had debt retirement for this fiscal year with the principal repayment of $1,001,731. Additions to debt during 2018 total $240,000 for vehicles and equipment.

As mentioned in the financial highlights section of this document, the Town currently holds an AAA bond rating from Standard and Poor's and maintains Aa1 bond rating from Moody's Investor Service. These bond ratings are a clear indication of the Town's sound financial condition.

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 is $183,348,468. The Town has no general obligation bonds authorized but unissued at June 30, 2018.

Additional information regarding the Town's long-term debt can be found beginning on page 57 of this report.

Economic factors and next year's budget and rates

The following key economic indicators will impact the Town.

- Low unemployment. The Town's low unemployment rate (as reflected in the county-wide Orange County rate) of 4.1%, second lowest in the state. This trend is expected to continue for the next year.

- Stable property tax base. The Town expects to continue to collect property taxes at a rate of 98-99%.

- Continued local sales tax growth is expected to continue into the next fiscal year.

- Sales tax reform legislation enacted or pending in the General Assembly is being closely monitored for any potential adverse impact on local governments.

Budget highlights for the fiscal year ending June 30, 2019

Governmental activities. The Town has approved a General Fund budget in the amount of $22,869,686 for fiscal year 2019, which is a 1.3% increase over the original adopted fiscal year 2018 budget. While the economy continues to show signs of improvement, it is incumbent upon management to continue its disciplined approach and not become too optimistic in projecting revenues.

The primary focus in preparing the fiscal year 2019 budget was to develop one that:

1. Implemented the Board's strategic priorities;

2. Managed costs while improving services to citizens;

3. Avoided increasing the tax burden for Town residents and local businesses; and,

4. Provided salary adjustments for Town employees.

The two largest sources of revenues, property taxes and sales taxes, are projected to increase. Property taxes are projected to remain stable while sales taxes are projected to increase due to the improving economy. The tax rate for real property equals $58.94 cents per one hundred dollars (0.5894), which remained unchanged from fiscal year 2017.

Sales tax revenues over the past year continue to show signs of recovery and are anticipated to grow by11.4% over the 2017-18 level due to an increase in the sale of general retail items (e.g., food, clothing, household goods, etc.) and overall improving economy. In 2017 the local sales tax was expanded by the North Carolina General Assembly to include certain services which had not been taxed in the past.

The Town continues to scrutinize it operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in 2019 will slightly increase, the Town will continue to implement several initiatives began in previous fiscal years. These include implementation of a parking plan, solid waste study, gold level bicycle designation, new permitting software for planning, and body worn cameras for police. In 2019 the Town expects to implement a fee structure for the storm water utility enterprise fund to address the increasing demands of regulatory compliance and increased flooding in the Town. This revenue source will ease the dependency of general fund for stormwater activities.

Capital outlays in the General Fund will decrease by $241,398 from $457,177 in 2018 to $215,779 in 2019. These capital outlays will be primarily for vehicles and equipment purchases. The budget for debt service in 2019 is $1,094,285 compared to $1,124,510 in 2018.

Business-type activities. In 2019, the stormwater utility enterprise fund will begin assessing user fees, which will eliminate the need for major financial support from the General Fund.

Requests for information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, 301 West Main Street, Carrboro North Carolina 27510. Other related financial documents may be reviewed online at the Town's website at: http://www.townofcarrboro.org.

Basic Financial Statements

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Town of Carrboro, North Carolina **Exhibit 1**
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
Current assets:				
Cash and cash equivalents	$ 19,831,165	$ 194,426	$ 20,025,591	$ 262,107
Receivables:				
Taxes receivable, net	248,362	-	248,362	-
Accrued interest receivable, property taxes	56,723	-	56,723	-
Accounts receivable, net	18,895	-	18,895	-
Due from primary government	-	-	-	48,290
Due from other governments	1,901,277	-	1,901,277	92
Inventories	37,100	-	37,100	-
Prepaids	242,968	-	242,968	582
Restricted cash	462,568	-	462,568	-
Total current assets	22,799,058	194,426	22,993,484	311,071
Non-current assets:				
Notes receivable	87,386	-	87,386	-
Capital assets				
Land, non-depreciable improvements, and construction in progress	18,771,483	-	18,771,483	-
Other capital assets, net of accumulated depreciation	16,278,843	-	16,278,843	-
Total noncurrent assets	35,137,712	-	35,137,712	-
Total assets	57,936,770	194,426	58,131,196	311,071
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	1,624,748	7,435	1,632,183	-
OPEB deferrals	250,472	-	250,472	-
Total deferred outflows	1,875,220	7,435	1,882,655	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	693,111	1,834	694,945	408
Payable from restricted assets, customer deposits and performance bonds	222,568	-	222,568	-
Revenues received in advance	47,937	-	47,937	-
Accrued interest payable	54,253	-	54,253	-
Due to component unit	48,290	-	48,290	-
Current portion of long-term liabilities	1,385,258	2,925	1,388,183	-
Total current liabilities	2,451,417	4,759	2,456,176	408
Long-term liabilities:				
Net pension liability - LGERS	2,013,788	9,987	2,023,775	
Total pension liability - LEO	1,517,471	-	1,517,471	
Total OPEB liability	19,639,836	113,525	19,753,361	
Due in more than one year	4,930,175	5,197	4,935,372	-
Total liabilities	30,552,687	133,468	30,686,155	408
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	204,695	947	205,642	-
OPEB deferrals	1,897,914	10,971	1,908,885	-
Total deferred inflows	2,102,609	11,918	2,114,527	-
NET POSITION				
Net investment in capital assets	30,401,621	-	30,401,621	-
Restricted for:				
Stabilization by State Statute	2,719,947	-	2,719,947	48,382
Unrestricted	(5,964,874)	56,475	(5,908,399)	262,281
Total net position	$ 27,156,694	$ 56,475	$ 27,213,169	$ 310,663

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

Town of Carrboro, North Carolina
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,849,740	$ 644,733	$ 81,152	$ -
Public safety	7,469,443	720,801	581	-
Planning	1,206,329	116,135	27,669	-
Transportation	1,455,012	-	482,495	-
Public works	4,142,187	51,733	13,641	13,080
Parks and recreation	1,737,984	242,740	35,898	-
Economic and physical development	220,960	-	-	-
Interest on long-term debt	127,897	-	-	-
Total governmental activities	21,209,552	1,776,142	641,436	13,080
Business-type activities:				
Stormwater	251,908	-	-	-
Total business-type activities	251,908	-	-	-
Total primary government	$ 21,461,460	$ 1,776,142	$ 641,436	$ 13,080
Component unit:				
Tourism Development Authority	$ 113,399	$ -	$ -	$ -
Total component unit	$ 113,399	$ -	$ -	$ -

General revenues:
Taxes:
Property taxes, levied for general purposes
Local option sales taxes
Other taxes
Unrestricted intergovernmental revenues
Unrestricted investment earnings
Gain on disposal
Payments from Town of Carrboro
Total general revenues not including transfers

Transfers
Total general revenues and transfers

Change in net position

Net position, beginning, previously reported
Cumulative effect adjustment
Net position, beginning, adjusted

Net position, ending

Net Revenue (Expense) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Carrboro Tourism Development Authority
$ (4,123,855)	$ -	$ (4,123,855)	$ -
(6,748,061)	-	(6,748,061)	-
(1,062,525)	-	(1,062,525)	-
(972,517)	-	(972,517)	-
(4,063,733)	-	(4,063,733)	-
(1,459,346)	-	(1,459,346)	-
		-	
(220,960)	-	(220,960)	-
(127,897)	-	(127,897)	-
(18,778,894)	-	(18,778,894)	-
-	(251,908)	(251,908)	-
-	(251,908)	(251,908)	-
-	(251,908)	(19,030,802)	-
-	-	-	(113,399)
-	-	-	(113,399)
12,935,087	-	12,935,087	-
4,557,933	-	4,557,933	-
1,601,362	-	1,601,362	-
1,406,331	-	1,406,331	-
151,707	-	151,707	-
92,291	-	92,291	-
-	-	-	174,953
20,744,711	-	20,744,711	174,953
(308,383)	308,383	-	-
20,436,328	308,383	20,744,711	174,953
1,657,434	56,475	1,713,909	61,554
37,052,498	-	37,052,498	249,109
(11,553,238)	-	(11,553,238)	-
25,499,260	-	25,499,260	249,109
$ 27,156,694	$ 56,475	$ 27,213,169	$ 310,663

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

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2018

Exhibit 3
(3 pages)

	Major Funds				
	General Fund	**Revolving Loan Fund**	**Bond Fund**	**Capital Projects Fund**	**Grants Administration Fund**
ASSETS					
Cash and cash equivalents	$ 14,886,192	$ 528,176	$ 689,723	$ 2,713,100	$ 40,414
Taxes receivable, net	248,362	-	-	-	-
Accounts receivable, net	18,895	-	-	-	-
Due from other governments	1,876,411	-	24,866	-	-
Notes receivable, net	-	37,706	-	-	-
Inventories	37,100	-	-	-	-
Prepaids	242,968	-	-	-	-
Restricted cash	462,568	-	-	-	-
Total assets	$ 17,772,496	$ 565,882	$ 714,589	$ 2,713,100	$ 40,414
LIABILITIES					
Accounts payable and accrued liabilities	$ 670,246	$ -	$ -	$ 2,544	$ 20,321
Payable from restricted assets, customer deposits and performance bonds	222,568	-	-	-	-
Revenues received in advance	47,937	-	-	-	-
Due to component unit	48,290	-	-	-	-
Total liabilities	989,041	-	-	2,544	20,321
DEFERRED INFLOWS OF RESOURCES	248,362	37,706	-	-	-
FUND BALANCES					
Nonspendable:					
Inventories	37,100	-	-	-	-
Prepaids	242,968	-	-	-	-
Restricted:					
Stabilization by state statute	2,292,472	-	314,428	67,525	-
Powell Bill (streets)	-	-	-	-	-
Capital equipment	240,000	-	-	-	-
Capital projects	-	-	400,161	-	-
Committed:					
Economic development	-	528,176	-	-	20,093
Capital projects	-	-	-	2,643,031	-
Affordable housing	-	-	-	-	-
Energy efficiency	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,088,391	-	-	-	-
Capital projects	2,000,000	-	-	-	-
Unassigned	10,634,162	-	-	-	-
Total fund balances	16,535,093	528,176	714,589	2,710,556	20,093
Total liabilities, deferred inflows of resources and fund balances	$ 17,772,496	$ 565,882	$ 714,589	$ 2,713,100	$ 40,414

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

Balance Sheet
Governmental Funds
June 30, 2018

	Nonmajor Funds	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 973,560	$ 19,831,165
Taxes receivable, net	-	248,362
Accounts receivable, net	-	18,895
Due from other governments	-	1,901,277
Notes receivable, net	49,680	87,386
Inventories	-	37,100
Prepaids	-	242,968
Restricted cash	-	462,568
Total assets	$ 1,023,240	$ 22,829,721
LIABILITIES		
Accounts payable and accrued liabilities	$ -	$ 693,111
Payable from restricted assets, customer deposits and performance bonds	-	222,568
Revenues received in advance	-	47,937
Due to component unit	-	48,290
Total liabilities	-	1,011,906
DEFERRED INFLOWS OF RESOURCES	49,680	335,748
FUND BALANCES		
Nonspendable:		
Inventories	-	37,100
Prepaids	-	242,968
Restricted:		
Stabilization by state statute	45,522	2,719,947
Powell Bill (streets)	-	-
Capital equipment	-	240,000
Capital projects	-	400,161
Committed:		
Economic development	115,471	663,740
Capital projects	-	2,643,031
Affordable housing	716,877	716,877
Energy efficiency	95,690	95,690
Assigned:		
Subsequent year's expenditures	-	1,088,391
Capital projects	-	2,000,000
Unassigned	-	10,634,162
Total fund balances	973,560	21,482,067
Total liabilities, deferred inflows of resources and fund balances	$ 1,023,240	$ 22,829,721

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

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - governmental funds	$ 21,482,067
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	35,050,326
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	56,723
Deferred outflows of resources related to pensions are not reported in the fund statements.	1,624,748
Deferred outflows of resources related to OPEB are not reported in the fund statements.	250,472
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	335,748
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(6,315,433)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(204,695)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(1,897,914)
Net pension liability - LGERS	(2,013,788)
Total pension liability - LEO	(1,517,471)
Total pension liability - OPEB	(19,639,836)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	(54,253)
Net position of governmental activities	$ 27,156,694

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Town of Carrboro, North Carolina **Exhibit 4**
Statement of Revenues, Expenditures and Changes in Fund Balances **(4 pages)**
Governmental Funds
Year Ended June 30, 2018

	Major Funds				
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration
Revenues:					
Ad valorem taxes	$ 12,921,946	$ -	$ -	$ -	$ -
Local option sales taxes	4,557,933	-	-	-	-
Other taxes and licenses	1,601,362	-	-	-	-
Unrestricted intergovernmental	1,406,331	-	-	-	-
Restricted intergovernmental	623,799	-	3,998	-	9,082
Permits and fees	1,377,586	-	-	-	-
Sales and services	245,059	-	-	-	-
Investment earnings	135,490	943	13,685	-	-
Other	171,134	11,668	-	-	-
Total revenues	23,040,640	12,611	17,683	-	9,082
Expenditures:					
General government	4,729,326	-	-	-	-
Public safety	6,555,984	-	-	-	-
Planning	1,134,657	-	-	-	-
Transportation	1,455,012	-	-	-	-
Public works	3,104,559	-	-	-	-
Economic and physical development	-	-	-	-	9,309
Parks and recreation	1,503,476	-	-	-	-
Capital outlay	720,733	-	651,703	2,114,404	-
Debt service:					
Principal	1,001,731	-	-	-	-
Interest and other charges	138,983	-	-	-	-
Total expenditures	20,344,461	-	651,703	2,114,404	9,309
Excess of revenues over (under) expenditures	2,696,179	12,611	(634,020)	(2,114,404)	(227)
Other financing sources (uses):					
Transfers from other funds	551,000	-	-	2,462,006	21,000
Transfers to other funds	(2,922,481)	-	-	(551,000)	-
Sale of capital assets	92,291	-	-	-	-
Installment purchase obligations issued	240,000	-	-	-	-
Total other financing sources (uses)	(2,039,190)	-	-	1,911,006	21,000
Net change in fund balances	656,989	12,611	(634,020)	(203,398)	20,773
Fund balances, beginning of year	15,878,104	515,565	1,348,609	2,913,954	(680)
Fund balances, end of year	$ 16,535,093	$ 528,176	$ 714,589	$ 2,710,556	$ 20,093

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

	Nonmajor Funds	Total Governmental Funds
Revenues:		
Ad valorem taxes	$ -	$ 12,921,946
Local option sales taxes	-	4,557,933
Other taxes and licenses	-	1,601,362
Unrestricted intergovernmental	-	1,406,331
Restricted intergovernmental	-	636,879
Permits and fees	-	1,377,586
Sales and services	-	245,059
Investment earnings	1,589	151,707
Other	27,481	210,283
Total revenues	29,070	23,109,086
Expenditures:		
General government	-	4,729,326
Public safety	-	6,555,984
Planning	-	1,134,657
Transportation	-	1,455,012
Public works	-	3,104,559
Economic and physical development	211,202	220,511
Parks and recreation	-	1,503,476
Capital outlay	-	3,486,840
Debt service:		
Principal	-	1,001,731
Interest and other charges	-	138,983
Total expenditures	211,202	23,331,079
Excess of revenues over (under) expenditures	(182,132)	(221,993)
Other financing sources (uses):		
Transfers from other funds	131,092	3,165,098
Transfers to other funds	-	(3,473,481)
Sale of capital assets	-	92,291
Installment purchase obligations issued	-	240,000
Total other financing sources (uses)	131,092	23,908
Net change in fund balances	(51,040)	(198,085)
Fund balances, beginning of year	1,024,600	21,680,152
Fund balances, end of year	$ 973,560	$ 21,482,067

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities:

Total net change in fund balances - governmental funds		$ (198,085)
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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	$ 3,486,840	
Depreciation expense for governmental assets	(1,605,503)	1,881,337
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.		
Proceeds on disposal of fixed assets under modified accrual basis	(92,291)	
Gain on sale of fixed assets recognized under full accrual basis	92,291	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		606,527
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities.		81,025
Benefit payments paid and administrative expense for the OPEB are not included on the Statement of Activities.		250,472
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in accrued interest receivable, property taxes	(2,216)	
Change in deferred revenues, property taxes	15,357	
Change in deferred revenues	40,546	53,687
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New installment purchase obligations issued	(240,000)	
Principal payments on long-term debt	1,001,731	
Change in accrued interest payable	6,220	767,951

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.		
Amortization of bond premiums	$ 4,866	
Pension expense	(739,872)	
OPEB expense	(971,215)	
Change in compensated absences	(79,259)	$ (1,785,480)
Total changes in net position of governmental activities		$ 1,657,434

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	$ 12,729,642	$ 12,729,642	$ 12,921,946	$ 192,304
Local option sales taxes	4,018,500	4,018,500	4,557,933	539,433
Other taxes and licenses	1,846,810	1,846,810	1,601,362	(245,448)
Unrestricted intergovernmental	1,219,773	1,219,774	1,406,331	186,557
Restricted intergovernmental	634,244	634,244	623,799	(10,445)
Permits and fees	1,178,867	1,178,867	1,377,586	198,719
Sales and services	170,870	170,870	245,059	74,189
Investment earnings	27,089	27,089	135,490	108,401
Other revenues	130,396	195,896	171,134	(24,762)
Total revenues	21,956,191	22,021,692	23,040,640	1,018,948
Expenditures				
Current:				
General government	5,032,489	5,154,613	4,735,147	419,466
Public safety	6,911,225	7,023,308	6,804,321	218,987
Planning	1,476,764	1,546,845	1,134,657	412,188
Transportation	1,834,856	1,834,856	1,455,012	379,844
Public works	3,606,915	4,240,566	3,571,134	669,432
Parks and recreation	1,650,042	1,694,574	1,503,476	191,098
General services	932,885	725,924	-	725,924
Debt service	1,124,510	1,124,510	1,140,714	(16,204)
Total expenditures	22,569,686	23,345,196	20,344,461	3,000,735
Excess of revenues over (under) expenditures	(613,495)	(1,323,504)	2,696,179	4,019,683
Other financing sources (uses)				
Transfers from other funds	-	551,000	551,000	-
Transfers to other funds	(300,000)	(2,926,091)	(2,922,481)	3,610
Sale of capital assets	13,219	13,219	92,291	79,072
Installment purchase obligations issued	301,872	301,872	240,000	(61,872)
Total other financing sources (uses)	15,091	(2,060,000)	(2,039,190)	20,810
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(598,404)	(3,383,504)	656,989	4,040,493
Fund balance appropriated	598,404	3,383,504	-	(3,383,504)
Net change in fund balance	$ -	$ -	656,989	$ 656,989
Fund balance, beginning of year			15,878,104	
Fund balance, end of year			$ 16,535,093	

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

Statement of Net Position

Proprietary Fund - Stormwater Utility Enterprise Fund

June 30, 2018

ASSETS	
Current assets:	
Cash and cash equivalents	$ 194,426
Total assets	194,426
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	7,435
Total deferred outflows of resources	7,435
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,834
Current portion of long-term liabilities	2,925
Total current liabilities	4,759
Long-term liabilities:	
Net pension liability - LGERS	9,987
Total OPEB liability	113,525
Due in more than one year	5,197
Total long-term liabilities	128,709
Total liabilities	133,468
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	947
OPEB deferrals	10,971
Total deferred inflows of resources	11,918
NET POSITION	
Unrestricted	56,475
Total net position	$ 56,475

The nohe financial statements are an integral part of this statement.

Town of Carrboro, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Stormwater Utility Enterprise Fund
Year Ended June 30, 2018

Exhibit 7

Operating revenues	
Charges for services	$ -
Total operating revenues	-
Operating expenses	
Personnel services	238,556
Other current charges	13,352
Total operating expenses	251,908
Operating loss	(251,908)
Loss before transfers	(251,908)
Transfers	
Transfers from general fund	308,383
Change in net position	56,475
Total net position, beginning	-
Total net position, ending	$ 56,475

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

Statement of Cash Flows
Proprietary Fund - Stormwater Utility Enterprise Fund
Year Ended June 30, 2018

Cash flows from operating activities:	
Cash received from customers	$ -
Cash paid for goods and services	(11,518)
Cash paid to or on behalf of employees for services	(102,439)
Net cash used by operating activities	(113,957)
Cash flows from noncapital financing activities	
Transfers in from other funds	308,383
Net cash provided by noncapital financing activities	308,383
Net increase in cash and cash equivalents	194,426
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	$ 194,426
Reconciliation of operating income to net cash provided by operating activities	
Operating loss	$ (251,908)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets, deferred outflows of resources, and liabilities:	
Increase in deferred outflows of resources for pensions	(7,435)
Increase is accounts payable and accrued liabilities	1,834
Increase in accrued vacation pay	8,122
Increase in deferred inflows of resources for pensions	947
Increase in deferred inflows of resources for OPEB	10,971
Increase in net pension liability	9,987
Increase in total OPEB liability	113,525
Net cash used by operating activities	$ (113,957)

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Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Carrboro (the "Town") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Town, a political subdivision of Orange County, is governed by an elected mayor and a six-member Board of Aldermen. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Carrboro Tourism Development Authority

Effective March 1, 2013, a 3% hotel and motel room occupancy tax was established by the Board. As part of establishing this tax, the Town formed the Carrboro Tourism Development Authority ("CTDA") which is a public authority under the Local Government Budget and Fiscal Control Act. The members of the CTDA are appointed by the Town's Board of Aldermen. The CTDA receives revenue through the occupancy tax, which is levied and collected by the Town and remitted to the CTDA net of administration fees on a quarterly basis. The CTDA shall use at least two-thirds of the funds remitted to promote travel and tourism in the Town, and shall use the remainder for tourism-related expenditures. The CTDA, which has a June 30 year end, is presented as if it were a proprietary fund (discrete presentation). Requests for complete financial statements for the CTDA may be directed to the Finance Officer, c/o Carrboro Tourism Development Authority, 301 West Main Street, Carrboro, North Carolina 27510.

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. Eliminations have been made to minimize the double counting of internal activities. 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 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.

Fund financial statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state and federal grants, and various other taxes and licenses. The primary expenditures are for public safety, streets and maintenance, sanitation, and general government services.

Revolving Loan Fund. The Revolving Loan Fund is used to account for loans made to various local businesses. The primary revenue source consists of principal and interest repayments made on these loans. The Town has elected to report this fund as major.

Bond Fund. The Bond Fund accounts for the financial resources to be used for the acquisition or construction of greenways and sidewalks. The Town has elected to report this fund as major.

Capital Projects Fund. The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities. Additionally, the Town has legally adopted a Capital Reserve Fund and Payment in Lieu Reserve Fund. The Capital Reserve Fund and Payment in Lieu Reserve Fund are consolidated in the Capital Projects Fund. The budgetary comparisons for the Capital Reserve Fund has been included in the supplemental information. The Capital Reserve Fund accounts for resources to be used for future major capital purchases or projects. The Payment in Lieu Reserve Fund accounts for payments received from developers in lieu of providing on-site recreational areas and open spaces. The funds are held in reserve for use in one of four geographically defined quadrants of the Town (where the residential development is located) for use in acquisition and development of recreational facilities present or future. The Payment in Lieu Reserve Fund had no activity in the current year.

Grants Administration Fund. The Grants Administration Fund was established to account for grant funds that are restricted for a particular project.

The Town reports the following non-major governmental funds:

Affordable Housing Fund. The Affordable Housing Fund was established to advance the Town of Carrboro’s goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction.

Energy Efficiency Revolving Loan Fund. The Energy Efficiency Revolving Loan Fund was established to advance the Town of Carrboro’s goal of increasing energy efficiency in buildings within the Town in cooperation with the Southeast Energy Efficiency Alliance.

Business Loan Fund. The Business Loan Fund was established to attract locally owned sustainable business enterprises that are environmentally and socially responsible. The business must be located within the town limits of Carrboro and business owners must reside in Orange County.

The Town reports the following major enterprise fund:

Storm Water Utility Enterprise Fund. This fund is used to account for the operations of the Town’s stormwater management department.

C. Measurement focus and basis of accounting

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

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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 revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund will be charges to customers for sales and services, which will be in effect during the fiscal year ending June 30, 2019. 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under installment purchase agreements are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for the billing and collecting of 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 beer and wine tax, collected and held by the State at year end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Carrboro 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 they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues which are unearned at year end are recorded as deferred inflows of resources. 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.

D. Budgetary data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Storm Water Utility Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Revolving Loan Fund, the Bond Fund, the Capital Projects Fund, the Grants Administration Fund, the Affordable Housing Fund, the Energy Efficiency Revolving Loan Fund, and the Business Loan Fund. 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 project level for multi-year funds. The Finance Officer is authorized to approve intradepartmental transfer requests between appropriation units and between departmental programs within the limits of the approved departmental budget. In the Capital Projects Fund, the Town Manager is allowed to transfer funds under $10,000 between line items as long as transfers are within the overall project budget. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and investments

All deposits of the Town and the CTDA are made in Board-designated official depositories and are secured as required by state law [G. S. 159-31]. The Town and the CTDA may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Town and the CTDA 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 Town and the CTDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's and the CTDA's investments are reported at fair value. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

Cash and cash equivalents

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

Restricted assets

The unexpended proceeds from installment purchase agreements in the amount of $240,000 are classified as restricted cash because their use is completely restricted to the purpose for which the installment purchase agreements were issued. Credit deposits in the amount of $222,568 are considered a liability and classified as restricted cash. The Town requires builders/contractors to pay a credit deposit when, due to circumstances beyond their control, there is uncompleted work on a construction project and the builder/contractor needs to have the Planning Department issue a Certificate of Occupancy for the property. Once the Town has ensured that the work has been satisfactorily completed, the credit deposit funds are released.

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017. 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.

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.

Inventory and prepaid items

The inventory of the Town is valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded initially in inventory accounts and charged as expenditures when used rather than when purchased.

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

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 amount and an estimated useful life in excess of two years.

Minimum capitalization costs are as follows:

	Cost
Land	$ 1
Buildings and improvements	20,000
Vehicles, furniture and equipment	5,000
Infrastructure	100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition 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 their estimated useful lives:

	Useful Life
Land improvements and infrastructure	20 to 40 years
Furniture, fixtures, equipment, heavy equipment, and vehicles	5 to 10 years
Computer equipment and software	3 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals for the 2018 fiscal year and OPEB deferrals for the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable which are net of allowance, as well as pension and OPEB related deferrals.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of applicable bond premiums or discount. Bond 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 the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources. Issuance costs, whether or not held from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences

The vacation policy of the Town provides for the accumulation of annual vacation leave without any applicable maximum until December 31 of each calendar year. However, if an employee separates from service, payment for accumulated annual vacation leaves shall not exceed 240 hours (14 duty days for shift fire personnel). On December 31 of each calendar year, any employee with more than 240 hours (14 duty days for shift fire personnel) of accumulated leave shall have the excess accumulation converted to sick leave so that only 240 hours (14 duty days for shift fire personnel) are carried forward to January 1 of the next calendar year. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements and the proprietary fund type financial statements.

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 the 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.

Net position/fund balances

Net position. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

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

The governmental fund types classify fund balances as follows:

Non-spendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

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

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

> *Restricted for stabilization by state statute* - portion of fund balance that is restricted by state statute [G.S. 159-8(a)].
>
> *Restricted for streets -* Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents that balance of the total unexpended Powell Bill funds.
>
> *Restricted for capital equipment* - portion of fund balance that represents unspent debt proceeds that are restricted for the purchase of certain equipment.
>
> *Restricted for capital projects* - portion of fund balance that represents unspent debt proceeds that are restricted for the construction of certain capital projects.

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

> *Economic development* - portion of fund balance committed by the Board for economic development through the use of loans to various businesses.
>
> *Capital projects* - portion of fund balance committed by the Board for completion of capital projects.
>
> *Affordable housing* - portion of fund balance committed by the Board for providing safe and decent housing within the Town.
>
> *Energy efficiency* - portion of fund balance committed by the Board for the goal of increasing energy efficiency in buildings within the Town.

Assigned fund balance - This classification includes the portion of fund balance that the Town intends to use for specific purposes.

> *Subsequent year's expenditures* - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to $100,000.
>
> *Capital projects* - portion of fund balance assigned by Town management for future capital projects.

Unassigned fund balance - This classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that may report a positive unassigned fund balance amount.

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

The Board has adopted a policy of maintaining an unassigned fund balance within a range of 22.5% to 35% of budgeted appropriations. This policy also provides for the transfer of funds to Capital Projects when the unassigned fund balance exceeds 35%.

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 Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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.

2. Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2018, the expenditures made in the Town's General Fund exceeded the authorized appropriations by the governing board in the governance support and debt service functions by $11,348 and $16,204, respectively. The over-expenditure in governance support occurred due to payments made to the CTDA for occupancy taxes collected and remitted, as required by contract, in excess of initially budgeted amounts. The over-expenditure in debt service occurred due to the close out of escrow accounts that had unexpended debt proceeds that were used to pay down principal balances on outstanding installment purchase obligations during fiscal year 2018, as required by the installment purchase agreement and past Town practices. In addition, in prior years expenditures made in the Bond Fund exceeded authorized appropriations for the Davie Street Sidewalk project by $22,004, for which amendments for this specific project have not yet been made. Management and the Board will more closely review the budget reports to ensure compliance in future years, and plans to amend the Bond Fund capital project ordinance during fiscal year 2019 to correct the over-expenditures for the Davie Street Sidewalk project.

3. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town 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 agent in the Town'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 Town, these deposits are considered to be held by the Town's agent in the Town's 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 Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town 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 risks 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.

At June 30, 2018, the Town's deposits had a carrying amount of $5,835,814 and a bank balance of $6,217,404. Of the bank balance, $490,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. The carrying amount of deposits for the CTDA was $262,107 and the bank balance was $262,507. All of the bank balance was covered by federal depository insurance. At June 30, 2018, the Town's petty cash fund totaled $455.

Investments

At June 30, 2018, the Town had $14,651,890 invested with the North Carolina Capital Management Trust Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

Receivables

(a) Due from other governments

Amounts due from other governments consist of the following:

	Other	County	State	Total
General fund:				
Local option sales tax	$ -	$ -	$ 1,250,482	$ 1,250,482
Sales tax refunds	-	68,905	120,386	189,291
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	293,862	293,862
Solid waste disposal tax	-	-	2,918	2,918
City of Durham planning grant	6,531	-	-	6,531
NCVTS tag and tax proceeds	-	-	131,525	131,525
Other	-	1,802	-	1,802
	6,531	70,707	1,799,173	1,876,411
Bond fund:				
Grant reimbursements	-	-	24,866	24,866
Total	$ 6,531	$ 70,707	$ 1,824,039	$ 1,901,277

(b) Notes receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2018, the Revolving Loan Fund notes receivable balance was $37,706, net of a $70,000 allowance.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2018:

	Interest Rate	Balance
Alphabet Soup	6.00	$ 7,149
Bryan's Guitar	3.00	50,613
Art in a Pickle	2.00	33,372
Carrboro Creative Co-working	2.00	16,572
		107,706
Less allowance		(70,000)
Total		$ 37,706

The Energy Efficiency Revolving Loan Fund was created to advance the Town's goal of increasing energy efficiency in buildings within the Town in cooperation with Southeast Energy Efficiency Alliance. As of June 30, 2018, the Energy Efficiency Revolving Loan Fund notes receivable balance was $46,748.

The Affordable Housing Fund was created to advance the Town's goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. As of June 30, 2018, the Affordable Housing Fund notes receivable balance was $2,932.

The Business Loan Fund was established to attract locally owned sustainable business enterprises that are environmentally and socially responsible. The business must be located within the town limits of Carrboro and business owners must reside in Orange County. As of June 30, 2018, the Business Loan Fund had no balances due under notes receivable.

Receivables - allowance for doubtful accounts

The Town provides, as an allowance for uncollectible accounts, a percentage of its receivables which it does not expect to collect based on historical collection rates.

The amounts presented in Exhibit 3, the governmental funds balance sheet, are net of the following allowances for doubtful accounts:

General fund:	
Property taxes	$ 104,261

Capital assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 14,747,956	$ -	$ -	$ 14,747,956
Construction-in-progress	1,257,418	2,766,109	-	4,023,527
Total capital assets not being depreciated	16,005,374	2,766,109	-	18,771,483

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings and improvements	$ 8,787,063	$ -	$ -	$ 8,787,063
Land improvements	1,127,024	-	-	1,127,024
Infrastructure	12,130,092	416,275	-	12,546,367
Equipment and heavy equipment	5,216,726	44,119	-	5,260,845
Vehicles	6,804,259	260,337	(574,027)	6,490,569
Total capital assets being depreciated	34,065,164	720,731	(574,027)	34,211,868
Less accumulated depreciation for:				
Buildings and improvements	4,110,926	261,738	-	4,372,664
Land improvements	293,596	38,082	-	331,678
Infrastructure	3,339,507	426,332	-	3,765,839
Equipment and heavy equipment	4,029,573	421,783	-	4,451,356
Vehicles	5,127,947	457,568	(574,027)	5,011,488
Total accumulated depreciation	16,901,549	$ 1,605,503	$ (574,027)	17,933,025
Total capital assets being depreciated, net	17,163,615			16,278,843
Governmental activity capital assets, net	$ 33,168,989			$ 35,050,326

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

General government	$ 51,196
Public safety	512,002
Planning	-
Public works	861,215
Parks and recreation	181,090
Total depreciation expense	$ 1,605,503

Construction commitments

The Town has active capital projects as of June 30, 2018. At year end, the government's commitments with contractors/vendors are as follows:

Project	Spent to Date	Remaining Commitment
Surface Repaving Project	$ 416,275	$ 89,128
Town Commons Improvements	966,327	127,052
Total	$ 1,382,602	$ 216,180

B. Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2018 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	$ 485,432	$ 184,814	$ 670,246
Other governmental	22,865	-	22,865
Total governmental activities	$ 508,297	$ 184,814	$ 693,111
Business-type activities:			
Storm Water	$ 1,834	$ -	$ 1,834
Total business-type activities	$ 1,834	$ -	$ 1,834

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Carrboro 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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were $609,535 for the year ended June 30, 2018.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2018, the Town reported a liability of $2,023,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.132%, which was a decrease of 0.004% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of $631,228. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 116,588	$ 57,784
Changes of assumptions	289,023	-
Net difference between projected and actual earnings on pension plan investments	491,375	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	135,383
Town contributions subsequent to the measurement date	609,535	-
Total	$ 1,506,521	$ 193,167

$609,535 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	$ 52,875
2020	543,482
2021	266,805
2022	(158,092)
2023	-
Thereafter	-
Total	$ 705,070

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
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	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 7.20 percent, 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	$ 6,075,417	$ 2,023,775	$ (1,358,068)

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

(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% 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. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	40
Total	48

A separate report was not issued for the plan.

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

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

(iii) Actuarial assumptions:

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month for the year ended December 31, 2017.

Mortality rates are based on the RP-2014 series mortality tables with adjustments for mortality improvements based on Scale AA.

(iv) Change in actuarial assumptions:

On the prior measurement date (December 31, 2016), the Municipal Bond Index Rate, on which the discount rate is based, was 3.86%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 3.16% as of the Measurement Date (December 31, 2017). This resulted in a $77,967 increase in the Total Pension Liability.

(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 $159,028 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, 2018, the Town reported a total pension liability of $1,517,471. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of $112,143.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 12,475
Changes of assumptions	44,637	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	81,025	-
Total	$ 125,662	$ 12,475

$81,025 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	$ 6,696
2020	6,696
2021	6,696
2022	9,325
2023	2,749
Thereafter	-
Total	$ 32,162

(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 3.16 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 (2.16 percent) or 1 percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	$ 1,624,675	$ 1,517,471	$ 1,418,429

	2018
Beginning balance	$ 1,496,019
Service cost	50,529
Interest on the total pension liability	54,918
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(15,424)
Changes of assumptions or other inputs	77,967
Benefit payments	(146,538)
Other changes	-
Ending balance of the total pension liability	$ 1,517,471

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

(vii) 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:

	LGERS	LEOSSA	Total
Pension expense	$ 631,228	$ 112,143	$ 743,371
Pension liability	2,023,775	1,517,471	3,541,246
Proportionate share of net pension liability	0.132%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	116,588	-	116,588
Changes of assumptions	289,023	44,637	333,660
Net difference between projected and actual earnings on plan investments	491,375	-	491,375
Benefit payments and administrative costs paid subsequent to the measurement date	609,535	81,025	690,560
Deferred inflows of resources			
Differences between expected and actual experience	57,784	12,475	70,259
Changes in proportion and differences between contributions and proportionate share of contributions	135,383	-	135,383

(c) Supplemental Retirement Income Plan

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

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has also elected to contribute each month an amount equal to 3% of each participating general employee's salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2018 were $553,239, which consisted of $274,744 from the Town and $278,495 from the employees.

Additionally, the Town has elected to include all permanent, full-time employees under this plan.

(d) Other post-employment benefits (OPEB)

Plan description. In addition to providing pension benefits, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. For employees hired prior to July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least ten years of continuous creditable service with the Town. The Town pays a percentage of the insurance premium paid to private insurers based on the table below. Employees have the option of purchasing dependent coverage at the Town's group rates. Employees hired on or after July 1, 2007 who retire with a minimum of ten years of creditable service are not allowed to remain on the Town's group insurance; rather, they receive a stipend. For those employees, the Town pays a percentage of the stipend based on the table below. The stipend is based on the Employee Only insurance premium as of July 1, 2007 ($417.46) and increases based on changes in the consumer price index. As of July 1, 2017, the stipend was $501.09 per month. Employees hired on or after July 1, 2007 who retire with less than ten years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Board of Aldermen may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employee's	Date Hired	
Years of Creditable Service	Pre-July 1, 2007	On or After July 1, 2007
Less than 10 years	Not eligible for coverage	Not eligible for coverage
10 to 14 years	50%	50%
15 to 19 years	75%	75%
20 years and up	100%	100%

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	39
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	139
Total	178

Total OPEB liability

The Town's total OPEB liability of $19,753,361 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.50 percent, including real wage growth
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% decreasing to an ultimate rate of 5.00% by 2023 Medicare - 5.50% decreasing to an ultimate rate of 5.00% by 2020

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

Changes in the total OPEB liability

	2018
Beginning balance	$ 20,853,645
Service cost	764,631
Interest on the total pension liability	623,406
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(13,116)
Changes of assumptions or other inputs	(2,188,095)
Benefit payments	(287,110)
Ending balance of the total OPEB liability	$ 19,753,361

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	$ 23,989,060	$ 19,753,361	$ 16,494,544

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:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB liability	$ 16,205,336	$ 19,753,361	$ 24,443,752

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

For the year ended June 30, 2018, the Town recognized OPEB expense of $1,095,711. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 11,374
Changes of assumptions	-	1,897,511
Benefit payments and administrative costs made Subsequent to the measurement date	250,472	-
Total	$ 250,472	$ 1,908,885

$250,472 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	$ (292,326)
2020	(292,326)
2021	(292,326)
2022	(292,326)
2023	(292,326)
Thereafter	(447,255)
Total	$ (1,908,885)

Other employment benefits

The Town has elected to provide death benefits to local law enforcement 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 local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service, and have at least one year of contributing membership service in the System at the time of death, are eligible for 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. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

The Town provides additional group term life insurance through American United Life Insurance Company. The death benefit provided by the Town is $15,000. Employees may purchase additional supplemental insurance. The supplemental amounts are available in increments of $25,000, $50,000, or $75,000. The premiums for the supplemental insurance are deducted from payroll on an after-tax basis.

Deferred outflows and inflows of resources

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

	Deferred Outflows
Contributions to pension plan in current fiscal year	$ 609,535
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	81,025
Benefit payments made for OPEB subsequent to measurement date	250,472
Differences between actual and expected experience	116,588
Changes of assumptions	333,660
Net difference between projected and actual earnings on pension plan investments	491,375
Total	$ 1,882,655

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

	Statement of Net Position	Governmental Funds Balance Sheet
Taxes receivable, less penalties	$ -	$ 248,362
Notes receivable, net	-	87,386
Changes in assumptions	1,897,511	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	135,383	-
Differences between expected and actual experience	81,633	-
Total	$ 2,114,527	$ 335,748

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 of $2 million per occurrence and auto liability coverage of $1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for police liability and public officials' liability. 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 Town does not carry flood insurance.

In accordance with G.S. 159-29, the Town's employees who have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is bonded for $50,000. The remaining employees who have access to funds are bonded for $10,000 per occurrence.

Long-term obligations

(a) General obligation indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued to provide long-term financing for the construction of sidewalks and greenways utilized in the operations of the Bond Fund. These bonds were issued to refinance the previous Bond Anticipation Notes acquired for the same purpose. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town.

Bonds payable at June 30, 2018, is comprised of the following individual issue:

General Obligation Bonds	
$4,600,000 Sidewalk and Greenway Series 2013 Bonds, requiring principal payment on February 1 each year in the amount of $250,000 with a final principal payment of $100,000 due upon maturity (February 1, 2032); interest payments are due August 1 and February 1 each year. Interest rates vary between 2.0% and 3.5% over the life of the loan. The bonds contain certain redemption provisions that grant the Town the option to redeem the bonds in whole or in $5,000 increments prior to the maturity date, but not before February 1, 2024, provided advanced notice is given.	$ 3,350,000

Annual debt service requirements to maturity for long-term obligation are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2019	$ 250,000	$ 77,500
2020	250,000	72,500
2021	250,000	67,500
2022	250,000	62,500
2023 - 2027	1,250,000	233,750
2028 - 2032	1,100,000	86,875
	$ 3,350,000	$ 600,625

(b) Installment purchase agreements - equipment - General Fund

The Town has installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2018, are as follows:

The financing contract requires an annual level payment of $147,235 due June 11, including interest of 1.33%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 11, 2015, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 11, 2019.	$ 117,102

The financing contract requires an annual level payment of $127,714 due June 27, including interest of 1.40%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 27, 2016, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 27, 2020.	$ 230,820
The financing contract requires an annual level payment of $74,997 due June 30, including interest of 1.72%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 30, 2017, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 30, 2021.	217,209
The financing contract requires an annual level payment of $50,735 due June 29, including interest of 2.85%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 29, 2018, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 29, 2022.	189,266
Total	$ 754,397

Annual debt service payments of the installment purchases as of June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2019	$ 357,783	$ 14,697
2020	225,636	8,467
2021	121,647	4,085
2022	49,331	1,406
Total	$ 754,397	$ 28,655

(c) Installment purchase agreement - improvements - General Fund

The Town has installment purchase agreement for improvements. The installment purchase note payable at June 30, 2018, is as follows:

Installment purchase agreement to finance the construction of the fire substation. The financing contract requires semi-annual payments of $108,333 due July 15 and January 15, plus interest at 4.07%. Payments are due annually beginning July 15, 2009, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on July 15, 2024. The financing institution holds a first lien security interest on the property and first priority security interest in any and all fixtures used in connection with the operation of the property.	$ 1,408,333

Annual debt service payments of the installment purchase as of June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities Principal	Interest
2019	$ 216,667	$ 55,115
2020	216,667	46,296
2021	216,667	37,478
2022	216,667	28,660
2023	216,667	19,841
2024 - 2025	324,998	13,227
Total	$ 1,408,333	$ 200,617

(d) Changes in long-term debt obligations

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
General obligation - bonds	$ 3,600,000	$ -	$ (250,000)	$ 3,350,000	$ 250,000
Premium on bond	70,564	-	(4,866)	65,698	4,866
Installment purchases - improvements	1,625,000	-	(216,667)	1,408,333	216,667
Installment purchases - equipment	1,049,461	240,000	(535,064)	754,397	357,783
Compensated absences	657,746	635,201	(555,942)	737,005	555,942
Total OPEB liability	9,013,297	10,626,539	-	19,639,836	-
Net pension liability (LGERS)	2,892,957	-	(879,169)	2,013,788	-
Total pension liability (LEO)	1,496,019	105,447	(83,995)	1,517,471	-
Total governmental activities	20,405,044	11,607,187	(2,525,703)	29,486,528	1,385,258
Business-type activities:					
Compensated absences	-	11,047	(2,925)	8,122	2,925
Total OPEB liability	-	113,525	-	113,525	-
Net pension liability (LGERS)	-	9,987	-	9,987	-
Total business-type activities	-	134,559	(2,925)	131,634	2,925
Total long-term obligations	$ 20,405,044	$ 11,741,746	$ (2,528,628)	$ 29,618,162	$ 1,388,183

Compensated absences, net pension obligation and other post-employment benefits have typically been liquidated in the General Fund.

The Town's legal debt margin at June 30, 2018 was $183,282,770.

C. Interfund balances and activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2018 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) $1,514,454 to support the MLK Park project, (2) $381,370 to support Public Safety Radios, (3) $233,984 to support the Town Commons improvements project, (4) $55,000 to support the Smith Level Road project, and (5) $7,500 to support various projects.	$	2,192,308
From the Capital Projects Fund to the General Fund to transfer unspent funds upon the completion of the HVAC-Century Center project during the fiscal year.		30,302
From the General Fund to the Grants Administration Fund to support the bike transportation project.		21,000
From the Capital Reserve Fund to the General Fund support current street resurfacing.		551,000
From the General Fund to the Capital Reserve Fund support future street resurfacing.		300,000
From the General Fund to the Affordable Housing Fund support future housing programs.		131,092
From the General Fund to the Storm Water Fund to fund initial operations during the fiscal year.		308,383
	$	3,534,085

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

D. Net investment in capital assets

Governmental activities:		
Capital assets	$	35,050,326
Less: related debt:		
General obligation bonds		3,350,000
Premium on bond issuance		65,698
Installment purchases - improvements		1,408,333
Installment purchases - equipment		754,397
Add: unexpended debt proceeds		929,723
Net investment in capital assets	$	30,401,621

E. Fund balance

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

Total fund balance - General Fund	$ 16,535,093
Less:	
Inventories	(37,100)
Prepaids	(242,968)
Stabilization by state statute	(2,292,472)
Capital equipment	(240,000)
Powell Bill (streets)	-
Appropriated fund balance in subsequent fiscal year's budget	(1,088,391)
Capital projects	(2,000,000)
Unassigned fund balance	10,634,162
Working capital/fund balance policy	5,144,112
Remaining fund balance	$ 5,490,050

The Town of Carrboro has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the Town in such a manner that available fund balance is between 22.5% and 35.0% of the General Fund budget.

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

General Fund	$ 397,166

4. Summary Disclosure of Significant Contingencies

A. Federal and state-assisted programs

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 to not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

B. Employment security benefits

The Town has elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee. The Town made no payments for employment security benefits during the current fiscal year.

C. Claims and contingent liabilities

The Town is at times involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Town's financial position or results of operations.

5. Related-Party Transactions

The Town collected occupancy tax proceeds in the amount of $180,355. Of this amount, 3%, or $5,402, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining $174,953 due to the CTDA. Amounts are remitted from the Town to the CTDA on a quarterly basis during the following month after the quarter end; therefore, there exists a payable to the CTDA (component unit) and a receivable from the Town (primary government) for the fourth quarter (April through June) collections to be remitted in the amount of $48,290.

6. Future Expected Annual Cell Tower Revenue

The Town entered into contractual arrangements with four wireless communication service providers. The lease contracts have staggering maturity dates.

The Town has allowed these providers to have equipment on the Town-owned cell towers and has allowed service provider equipment on the Town's site. The lessee is responsible for keeping in full force and effect a comprehensive general liability insurance policy of at least $2,000,000 from any one occurrence in respect to bodily injury (including death) and damage to property. The lessee agrees that no part of the equipment, building or improvements constructed, erected or placed by the lessee on the tower or site shall be considered as being affixed or part of the tower or site, and will be removed by the lessee upon termination of the contractual agreement.

The expected annual cell tower revenues for which contracts are in place as of June 30, 2018 are as follows:

2019	$ 124,042
2020	83,116
2021	85,610
2022	88,178
2022	90,824
	$ 471,770

7. Change in Accounting Principles

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record a beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town towards the plan during the measurement period. The information necessary for full retrospective application is not available, so the accounting change was implemented in fiscal year 2018 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, net position for the governmental activities at July 1, 2017 decreased $11,553,238.

Required Supplementary Financial Data

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

- 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
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Schedule of the Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

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Town of Carrboro, North Carolina **Schedule A-1**
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Two Fiscal Years

	2018	2017
Beginning balance	**$ 1,496,019**	$ 1,548,384
Service cost	**50,529**	53,184
Interest on the total pension liability	**54,918**	52,965
Changes of benefit terms	**-**	-
Differences between expected and actual experience in the measurement of the total pension liability	**(15,424)**	-
Changes of assumptions and other inputs	**77,967**	(28,949)
Benefit payments	**(146,538)**	(129,565)
Other changes	**-**	-
Ending balance of the total pension liability	**$ 1,517,471**	$ 1,496,019

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

Town of Carrboro, North Carolina **Schedule A-2**
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Two Fiscal Years

	2018	2017
Total pension liability	**$ 1,517,471**	$ 1,496,019
Covered payroll	**2,143,082**	2,134,068
Total pension liability as a percentage of covered payroll	**70.81%**	70.10%

Notes to the Schedules:

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

Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
June 30, 2018

		2018
Total OPEB Liability		
Service cost	$	764,631
Interest		623,406
Changes of benefit terms		-
Differences between expected and actual experience		(13,116)
Changes of assumptions or other inputs		(2,188,095)
Benefit payments		(287,110)
Net change in total OPEB liability		(1,100,284)
Total OPEB liability, beginning		20,853,645
Total OPEB liability, ending	$	19,753,361
Covered-employee payroll	$	6,862,156
Total OPEB liability as a percentage of covered-employee payroll		287.86%

Notes to Schedule:

**Changes of assumption 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.*

Fiscal year	Rate
2018	3.56%

Town of Carrboro, North Carolina **Schedule C-1**
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Information
Last Five Fiscal Years*

	2018	2017	2016	2015	2014
Carrboro's proportion of the net pension liability (asset) (%)	**0.1325%**	0.1363%	0.1481%	0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) ($)	**$ 2,023,775**	$ 2,892,957	$ 664,576	$ (882,438)	$ 1,796,023
Carrboro's covered-employee payroll	**8,167,996**	7,721,032	7,711,880	7,606,585	7,396,688
Carrboro's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	**24.78%**	37.47%	8.62%	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability	**94.18%**	91.47%	98.09%	102.64%	94.35%

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

Town of Carrboro, North Carolina
Schedule of Contributions
Local Government Employees' Retirement System
Required Supplementary Information
Last Five Fiscal Years

Schedule C-2

	2018	2017	2016	2015	2014
Contractually required contribution	**$ 609,535**	$ 607,662	$ 526,105	$ 551,682	$ 538,976
Contributions in relation to the contractually required contribution	**609,535**	607,662	526,105	551,682	538,976
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
Carrboro's covered employee payroll	**$ 7,936,677**	$ 8,167,996	$ 7,721,032	$ 7,711,880	$ 7,606,585
Contributions as a percentage of covered employee payroll	**7.68%**	7.44%	6.81%	7.15%	7.15%

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Supplementary Information

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	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	$ 12,705,402	$ 12,884,420	$ 179,018
Penalties and interest	24,240	37,526	13,286
Total	12,729,642	12,921,946	192,304
Local option sales taxes:			
Article 39, 1%	1,270,859	1,540,688	269,829
Article 40, ½%	1,020,808	1,077,536	56,728
Article 42, ½%	639,791	770,696	130,905
Article 44, ½%	774	27,501	26,727
City hold harmless	1,086,268	1,141,512	55,244
Total	4,018,500	4,557,933	539,433
Other taxes and licenses:			
Room occupancy tax	194,085	180,355	(13,730)
Motor vehicle license fees, net of refunds and collection fees	1,651,725	1,419,484	(232,241)
Privilege licenses	1,000	1,523	523
Total	1,846,810	1,601,362	(245,448)
Unrestricted intergovernmental:			
NC DOT reimbursement	-	4,633	4,633
Utility franchise tax	867,000	930,609	63,609
Piped natural gas tax	32,293	54,522	22,229
Video sales programming tax	34,760	58,781	24,021
Telecommunications sales tax	132,233	192,015	59,782
Direct-to-home satellite sales tax	44,488	64,837	20,349
EMS location	14,000	12,000	(2,000)
Beer and wine tax	95,000	88,934	(6,066)
Total	1,219,774	1,406,331	186,557
Restricted intergovernmental:			
Powell Bill	504,143	482,495	(21,648)
Solid waste disposal tax distribution	7,244	13,641	6,397
Planning work grant	27,000	27,669	669
NC risk management agency grant	-	1,000	1,000
Strowd Roses Grant-Music festival	192	-	(192)
ABC Board grant	13,300	9,000	(4,300)
Supplemental PEG channel support	55,172	53,515	(1,657)
U.S. Department of Justice block grant	-	581	581
Recreation municipal supplement	27,193	35,898	8,705
Total	634,244	623,799	(10,445)

	Final Budget	Actual	Variance Positive (Negative)
Fees and permits:			
Fire district fees	$ 539,007	$ 548,153	$ 9,146
Fire permitting fees	1,000	2,384	1,384
Building permits	51,366	109,009	57,643
Electrical permits	62,464	83,971	21,507
Mechanical permits	60,597	94,588	33,991
Plumbing permits	38,451	62,011	23,560
Refuse collection fees	67,877	56,048	(11,829)
Development review	26,780	66,260	39,480
Engineering fees	20,166	18,195	(1,971)
Technical review	14,123	31,680	17,557
Tower fees	141,932	127,684	(14,248)
Parking and animal violations	14,208	9,614	(4,594)
School resource officer contract fees	110,852	146,094	35,242
Miscellaneous fees	30,044	21,895	(8,149)
Total	1,178,867	1,377,586	198,719
Sales and services:			
Recreation fees	108,246	164,642	56,396
Town Center fees	59,734	78,098	18,364
Miscellaneous	2,890	2,319	(571)
Total	170,870	245,059	74,189
Investment earnings:			
Interest on investments	27,089	135,490	108,401
Other revenues:			
Rental income	3,890	6,396	2,506
Donations	96,663	17,637	(79,026)
Miscellaneous	95,343	147,101	51,758
Total	195,896	171,134	(24,762)
Total revenues	22,021,692	23,040,640	1,018,948
Expenditures			
General government:			
Mayor and Board of Aldermen:			
Personnel services	116,304	103,027	13,277
Operations	252,100	227,486	24,614
Total	368,404	330,513	37,891

	Final Budget	Actual	Variance Positive (Negative)
Advisory boards:			
Operations	$ 35,363	$ 11,582	$ 23,781
Total	35,363	11,582	23,781
Governance support:			
Operations	631,207	642,555	(11,348)
Total	631,207	642,555	(11,348)
Town Manager:			
Personnel services	361,931	371,161	(9,230)
Operations	46,989	20,853	26,136
Total	408,920	392,014	16,906
Economic and community development:			
Personnel services	136,039	135,909	130
Operations	174,349	96,199	78,150
Total	310,388	232,108	78,280
Town Clerk:			
Personnel services	136,022	134,760	1,262
Operations	19,400	14,801	4,599
Total	155,422	149,561	5,861
Management services:			
Personnel services	518,090	480,236	37,854
Operations	562,672	513,416	49,256
Total	1,080,762	993,652	87,110
Personnel:			
Personnel services	538,617	452,072	86,545
Operations	115,850	80,956	34,894
Total	654,467	533,028	121,439
Information technology:			
Personnel services	283,440	293,698	(10,258)
Operations	1,219,790	1,150,615	69,175
Capital outlay	6,450	5,821	629
Total	1,509,680	1,450,134	59,546
Total general government	5,154,613	4,735,147	419,466

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

Schedule 1
(5 Pages)

	Final Budget	Actual	Variance Positive (Negative)
Public safety:			
Police department			
Personnel services	$ 3,266,846	$ 3,254,094	$ 12,752
Operations	519,790	399,560	120,230
Capital outlay	312,140	248,337	63,803
Total	4,098,776	3,901,991	196,785
Fire department:			
Personnel services	2,636,833	2,650,299	(13,466)
Operations	287,699	252,031	35,668
Total	2,924,532	2,902,330	22,202
Total public safety	7,023,308	6,804,321	218,987
Planning:			
Personnel services	1,218,178	1,005,385	212,793
Operations	328,667	129,272	199,395
Total planning	1,546,845	1,134,657	412,188
Transportation:			
Operations	1,834,856	1,455,012	379,844
Total transportation	1,834,856	1,455,012	379,844
Public works:			
Public works department:			
Personnel services	2,031,443	1,674,677	356,766
Operations	1,606,003	1,429,882	176,121
Capital outlay	603,120	466,575	136,545
Total public works	4,240,566	3,571,134	669,432
Parks and recreation:			
Recreation department:			
Personnel services	1,212,146	1,131,838	80,308
Operations	482,428	371,638	110,790
Total parks and recreation	1,694,574	1,503,476	191,098

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

Schedule 1
(5 Pages)

	Final Budget	Actual	Variance Positive (Negative)
General services:			
Operations	$ 725,924	$ -	$ 725,924
Total general services	725,924	-	725,924
Debt service:			
Principal retirement	984,475	1,001,731	(17,256)
Interest and fees	140,035	138,983	1,052
Total debt service	1,124,510	1,140,714	(16,204)
Total expenditures	23,345,196	20,344,461	3,000,735
Revenues over (under) expenditures	(1,323,504)	2,696,179	4,019,683
Other financing sources (uses):			
Transfers from other funds:			
From Capital Reserve Fund	551,000	551,000	-
Transfers to other funds:			
To Affordable Housing Fund	(131,092)	(131,092)	-
To Capital Projects Fund	(2,165,616)	(2,162,006)	3,610
To Capital Reserve Fund	(300,000)	(300,000)	-
From Grant Administration Fund	(21,000)	(21,000)	-
To Stormwater Fund	(308,383)	(308,383)	-
Sale of capital assets	13,219	92,291	79,072
Installment purchase obligations issued	301,872	240,000	(61,872)
Total other financing uses	(2,060,000)	(2,039,190)	20,810
Revenues and other financing sources over (under) expenditures and other financing uses	(3,383,504)	656,989	4,040,493
Appropriated fund balance	3,383,504	-	(3,383,504)
Net change in fund balance	$ -	656,989	$ 656,989
Fund balance, beginning of year		15,878,104	
Fund balance, end of year		$ 16,535,093	

Town of Carrboro, North Carolina — **Schedule 2 (2 pages)**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Project Authorization and Actual

Revolving Loan Fund

From Project Inception and for the Year Ended June 30, 2018

		Actual				
	Project Authorization	Prior Years	Current Year	Closed Loans	Total to Date	Variance Positive (Negative)
Revenues						
Investment earnings:						
Interest on investments	$ 232,018	$ 232,018	$ -	$ -	$ 232,018	$ -
Interest repayments	592,436	594,375	943	-	595,318	2,882
Total investment earnings	824,454	826,393	943	-	827,336	2,882
Revolving loan repayments:						
Alphabet Soup	48,000	39,026	1,825	-	40,851	(7,149)
Bryan's Guitar	90,000	39,387	-	-	39,387	(50,613)
Art in a Pickle	105,000	71,628	-	-	71,628	(33,372)
Carrboro Coworking	90,000	67,943	5,485	-	73,428	(16,572)
The Beehive	-	50,000	-	(50,000)	-	-
The Carrboro Citizen	50,000	45,642	4,358	-	50,000	-
Total revolving loan payments	383,000	313,626	11,668	(50,000)	275,294	(107,706)
Total revenues	1,207,454	1,140,019	12,611	(50,000)	1,102,630	(104,824)
Expenditures						
General government:						
Contractual services	16,679	11,433	-	-	11,433	5,246
Miscellaneous	10,000	6,021	-	-	6,021	3,979
Total general government	26,679	17,454	-	-	17,454	9,225
Economic and physical development:						
Alphabet Soup	48,000	48,000	-	-	48,000	-
Bryan's Guitar	90,000	90,000	-	-	90,000	-
Art in a Pickle	105,000	105,000	-	-	105,000	-
Carrboro Coworking	90,000	90,000	-	-	90,000	-
The Beehive	-	50,000	-	(50,000)	-	-
The Carrboro Citizen	50,000	50,000	-	-	50,000	-
Bad debts	70,000	70,000	-	-	70,000	-
Total economic and physical development	453,000	503,000	-	(50,000)	453,000	-
Total expenditures	479,679	520,454	-	(50,000)	470,454	9,225
Revenues over expenditures	727,775	619,565	12,611	-	632,176	(95,599)

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Revolving Loan Fund
From Project Inception and for the Year Ended June 30, 2018

Schedule 2
(2 pages)

		Actual				
	Project Authorization	**Prior Years**	**Current Year**	**Closed Loans**	**Total to Date**	**Variance Positive (Negative)**
Other financing sources (uses)						
Transfers from (to) other funds:						
From General Fund	$ 80,000	$ 80,000	$ -	$ -	$ 80,000	$ -
To Energy Efficiency Fund	(45,000)	(45,000)	-	-	(45,000)	-
To General Fund	(139,000)	(139,000)	-	-	(139,000)	-
Total other financing uses	(104,000)	(104,000)	-	-	(104,000)	-
Revenues and other financing sources over expenditures and other financing uses	623,775	515,565	12,611	-	528,176	(95,599)
Appropriated to fund balance	(623,775)	-	-	-	-	623,775
Net change in fund balance	$ -	$ 515,565	12,611	$ -	$ 528,176	$ 528,176
Fund balance, beginning of year			515,565			
Fund balance, end of year			$ 528,176			

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Bond Fund
From Project Inception and for the Year Ended June 30, 2018

Schedule 3
(2 pages)

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to Date	Positive (Negative)
Revenues						
General revenues:						
Federal STP-DA funds	$ 3,935,415	$ 787,956	$ 3,998	$ -	$ 791,954	$ (3,143,461)
Federal STBGP-DA funds	277,386	-	-	-	-	(277,386)
CMAQ funds	440,000	-	-	-	-	(440,000)
Orange County Transit funds	552,340	-	-	-	-	(552,340)
Safe Routes to School Grant	293,641	293,641	-	-	293,641	-
NCDENR Grant	75,000	75,000	-	-	75,000	-
Bolin Creek Co-Housing	88,644	88,644	-	-	88,644	-
Payment in lieu	48,046	-	-	-	-	(48,046)
Donations	2,100	2,100	-	-	2,100	-
Interest earnings	140,757	136,753	13,685	-	150,438	9,681
Miscellaneous	10,047	7,863	-	-	7,863	(2,184)
Total revenues	5,863,376	1,391,957	17,683	-	1,409,640	(4,453,736)
Expenditures						
Capital outlay:						
General expenditures (non-project)	130,318	130,316	-	-	130,316	2
Morgan Creek Greenway	1,771,346	344,818	13,541	-	358,359	1,412,987
Bolin Creek Greenway	1,521,770	433,881	620,878	-	1,054,759	467,011
Phase 1B Bond Sidewalks	1,241,893	1,210,784	-	-	1,210,784	31,109
Davie Street Sidewalk	294,014	316,018	-	-	316,018	(22,004)
Rogers Road Sidewalk	1,371,658	241,367	15,983	-	257,350	1,114,308
Jones Creek Greenway	420,000	-	1,301	-	1,301	418,699
S. Greensboro Street Sidewalk	1,706,965	-	-	-	-	1,706,965
Remaining projects	2,161,935	2,161,935	-	-	2,161,935	-
Total capital outlay	10,619,899	4,839,119	651,703	-	5,490,822	5,129,077
Debt service:						
Bond issuance costs	-	33,860	-	-	33,860	(33,860)
Interest and other charges	-	19,353	-	-	19,353	(19,353)
Total debt service	-	53,213	-	-	53,213	(53,213)
Total expenditures	10,619,899	4,892,332	651,703	-	5,544,035	5,075,864
Revenues under expenditures	(4,756,523)	(3,500,375)	(634,020)	-	(4,134,395)	622,128

Town of Carrboro, North Carolina **Schedule 3**
Schedule of Revenues, Expenditures and Changes in Fund Balance **(2 pages)**
Project Authorization and Actual
Bond Fund
From Project Inception and for the Year Ended June 30, 2018

		Actual				
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Other financing sources						
Transfers from other funds:						
From General Fund	$ 12,700	$ 12,700	$ -	$ -	$ 12,700	$ -
From Capital Reserve Fund	143,823	143,823	-	-	143,823	-
General obligation bonds issued	4,600,000	4,600,000	-	-	4,600,000	-
Premium on bond issuance	-	92,461	-	-	92,461	92,461
Total other financing sources	4,756,523	4,848,984	-	-	4,848,984	92,461
Net change in fund balance	$ -	$ 1,348,609	(634,020)	$ -	$ 714,589	$ 714,589
Fund balance, beginning of year			1,348,609			
Fund balance, end of year			$ 714,589			

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorizaton and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2018

Schedule 4
(2 pages)

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Closed Out Projects	Actual: Total to Date	Variance Positive (Negative)
Revenues						
General revenues:						
Federal STP-DA funds	$ 30,000	$ 14,820	$ -	$ -	$ 14,820	$ (15,180)
Interest earnings	22,232	32,714	-	-	32,714	10,482
Donations	20,000	20,135	-	-	20,135	135
Orange County contribution	6,098,500	-	-	-	-	(6,098,500)
Federal grants	46,731	-	-	-	-	(46,731)
Miscellaneous	-	5,439	-	-	5,439	5,439
Total revenues	6,217,463	73,108	-	-	73,108	(6,144,355)
Expenditures						
Capital outlay:						
Fire Substation #2 project	3,230,996	3,398,457	-	-	3,398,457	(167,461)
Fire Substation #2 fiber optics	283,156	283,156	-	-	283,156	-
Public Works facility	767,000	756,486	-	-	756,486	10,514
Bicycle loop detectors	57,500	18,525	-	-	18,525	38,975
Rogers Road conduit	155,000	-	-	-	-	155,000
S. Greensboro Street	15,699,894	601,395	43,108	-	644,503	15,055,391
Fleet Feet office condo	567,966	567,966	-	-	567,966	-
Stormwater management	80,000	-	-	-	-	80,000
Anderson Park bathroom renovation	248,286	248,286	-	-	248,286	-
Anderson Park MP field renovation	181,400	181,400	-	-	181,400	-
Anderson Park field lighting	140,000	140,000	-	-	140,000	-
Smith Level Road	117,562	-	55,000	-	55,000	62,562
Wilson Park tennis court	125,322	125,322	-	-	125,322	-
LED street lights	100,000	-	-	-	-	100,000
Town Commons improvements	1,304,974	87,000	942,388	-	1,029,388	275,586
MLK park design	1,697,654	141,313	45,627	-	186,940	1,510,714
Police body worn cameras	148,841	66,318	-	-	66,318	82,523
Public safety radio upgrades	927,370	-	923,736	-	923,736	3,634
Planning permtting software	230,000	71,897	57,858	-	129,755	100,245
Anderson Park pavilion	142,261	142,261	-	-	142,261	-
Anderson Park bleachers and fence	95,000	-	46,687	-	46,687	48,313
Century Center HVAC	149,698	149,698	-	-	149,698	-
Shetley Property	145,000	139,563	-	-	139,563	5,437
Total capital outlay	26,594,880	7,119,043	2,114,404	-	9,233,447	17,361,433

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorizaton and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2018

Schedule 4
(2 pages)

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to Date	Positive (Negative)
Debt service:						
Principal retirement	$ 1,461,248	$ 1,467,188	$ -	$ -	$ 1,467,188	$ (5,940)
Interest and other charges	38,752	32,175	-	-	32,175	6,577
Total debt service	1,500,000	1,499,363	-	-	1,499,363	637
Total expenditures	28,094,880	8,618,406	2,114,404	-	10,732,810	17,362,070
Revenues under expenditures	(21,877,417)	(8,545,298)	(2,114,404)	-	(10,659,702)	11,217,715
Other financing sources (uses)						
Transfers from (to) other funds:						
From General Fund	8,951,802	6,778,685	2,162,006	-	8,940,691	(11,111)
From Capital Reserve Fund	141,969	141,969	-	-	141,969	-
To General Fund	(20,000)	(20,000)	-	-	(20,000)	-
To Capital Reserve Fund	(26,555)	(26,555)	-	-	(26,555)	-
Installment purchase obligations issued	12,830,201	4,017,000	-	-	4,017,000	(8,813,201)
Total other financing sources	21,877,417	10,891,099	2,162,006	-	13,053,105	(8,824,312)
Net change in fund balance	$ -	$ 2,345,801	47,602	$ -	$ 2,393,403	$ 2,393,403
Fund balance, beginning of year			2,345,801			
Fund balance, end of year			2,393,403			
Amounts reported for Revenue, Expenditures and changes in Fund Balance are different for the Budgeted/Actual Statement due to consolidation of the Capital Reserve Fund and the Payment in Lieu Reserve Fund:						
Transfers in - Capital Reserve Fund			300,000			
Transfers out - Capital Reserve Fund			(551,000)			
Fund balance, beginning (Capital Reserve Fund)			418,373			
Fund balance, beginning (Payment in Lieu Reserve Fund)			149,780			
Fund balance, ending (Consolidated Capital Projects Fund)			$ 2,710,556			

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Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Fund
Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Transfers from (to) other funds:			
From General Fund	$ 300,000	$ 300,000	$ -
To General Fund	(551,000)	(551,000)	-
To Capital Projects Fund	-	-	-
Total other financing sources	(251,000)	(251,000)	-
Fund balance appropriated	-	-	-
Net change in fund balance	$ (251,000)	(251,000)	$ -
Fund balance, beginning of year		418,373	
Fund balance, end of year		$ 167,373	

Town of Carrboro, North Carolina — **Schedule 6 (2 pages)**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Grants Administration Fund
From Project Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual Prior Years	Actual Current Year
Revenues			
U.S. Department of Homeland Security:			
FEMA hazard mitigation grant	$ 742,477	$ -	$ -
N.C. Department of Public Safety			
Hazard mitigation grant	185,619	-	-
N.C Department of Transportation			
Bicycle transportation grant	49,000	-	-
Duke Energy charging stations grant	10,000	-	9,082
Investment earnings	-	20	-
Total revenues	987,096	20	9,082
Expenditures			
Flooding mitigation	928,096	700	227
Charging stations	10,000	-	9,082
Bicycle transportation plan	70,000	-	-
Total expenditures	1,008,096	700	9,309
Revenue over (under) expenditures	(21,000)	(680)	(227)
Other financing sources			
Transfer from the General Fund	21,000	-	21,000
Total other financing sources	21,000	-	21,000
Net change in fund balance	$ -	$ (680)	20,773
Fund balance, beginning of year			(680)
Fund balance, end of year			$ 20,093

Town of Carrboro, North Carolina **Schedule 6**
Schedule of Revenues, Expenditures and Changes in Fund Balance **(2 pages)**
Project Authorization and Actual
Grants Administration Fund
From Project Inception and for the Year Ended June 30, 2018

	Actual		Variance
	Closed-Out Projects	Total to Date	Positive (Negative)
Revenues			
U.S. Department of Homeland Security:			
FEMA hazard mitigation grant	$ -	$ -	$ (742,477)
N.C. Department of Public Safety			
Hazard mitigation grant	-	-	(185,619)
N.C Department of Transportation			
Bicycle transportation grant	-	-	(49,000)
Duke Energy charging stations grant	-	9,082	(918)
Investment earnings	-	20	20
Total revenues	-	9,102	(977,994)
Expenditures			
Flooding mitigation	-	927	927,169
Charging stations	-	9,082	918
Bicycle transportation plan	-	-	70,000
Total expenditures	-	10,009	998,087
Revenue over (under) expenditures	-	(907)	20,093
Other financing sources (uses)			
Transfer from the General Fund	-	21,000	-
Total other financing sources (uses)	-	21,000	-
Net change in fund balance	$ -	$ 20,093	$ 20,093

Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 762,399	$ 95,690	$ 115,471	$ 973,560
Notes receivable	2,932	46,748	-	49,680
Total assets	$ 765,331	$ 142,438	$ 115,471	$ 1,023,240
Deferred inflows of resources	$ 2,932	$ 46,748	$ -	$ 49,680
Fund balances				
Restricted:				
Stabilization by state statute	45,522			45,522
Committed:				
Affordable housing	716,877	-	-	716,877
Economic development	-	-	115,471	115,471
Energy efficiency	-	95,690	-	95,690
Total fund balances	762,399	95,690	115,471	973,560
Total deferred inflows of resources and fund balances	$ 765,331	$ 142,438	$ 115,471	$ 1,023,240

Town of Carrboro, North Carolina **Schedule 8**
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Revenues				
Loan repayments	$ 16,733	$ 10,220	$ 528	$ 27,481
Interest earnings	-	1,587	2	1,589
Total revenues	16,733	11,807	530	29,070
Expenditures				
Economic and physical development	211,202	-	-	211,202
Total expenditures	211,202	-	-	211,202
Revenues over (under) expenditures	(194,469)	11,807	530	(182,132)
Other financing sources				
Transfer from General Fund	131,092	-	-	131,092
Total other financing sources	131,092	-	-	131,092
Net change in fund balance	(63,377)	11,807	530	(51,040)
Fund balance, beginning of year	825,776	83,883	114,941	1,024,600
Fund balance, end of year	$ 762,399	$ 95,690	$ 115,471	$ 973,560

Town of Carrboro, North Carolina **Schedule 9**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Affordable Housing Fund
From Project Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues					
Payment in lieu	$ -	$ 96,501	$ -	$ 96,501	$ 96,501
Donations	-	10,355	-	10,355	10,355
Loan repayments	-	-	16,733	16,733	16,733
Interest earned	-	420	-	420	420
Total revenues	-	107,276	16,733	124,009	124,009
Expenditures					
Deferred loan expense	45,250	45,213	-	45,213	37
Emergency home repairs grant	682,250	11,659	81,353	93,012	589,238
Human services grants	94,700	65,750	28,950	94,700	-
Community home trust	213,649	139,052	74,547	213,599	50
Home consortium match	31,211	9,719	9,777	19,496	11,715
Partnership to end homelessness	48,711	29,786	16,575	46,361	2,350
Center for community self-help	55,000	20,000	-	20,000	35,000
Total expenditures	1,170,771	321,179	211,202	532,381	638,390
Revenues under expenditures	(1,170,771)	(213,903)	(194,469)	(408,372)	762,399
Other financing sources					
Transfers from other funds:					
From General Fund	1,160,771	1,029,679	131,092	1,160,771	-
From Business Loan Fund	10,000	10,000	-	10,000	-
Total other financing sources	1,170,771	1,039,679	131,092	1,170,771	-
Fund balance appropriated	-	-	-	-	-
Net change in fund balance	$ -	$ 825,776	(63,377)	$ 762,399	$ 762,399
Fund balance, beginning of year			825,776		
Fund balance, end of year			$ 762,399		

Town of Carrboro, North Carolina **Schedule 10**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Energy Efficiency Revolving Loan Fund
From Project Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Interest repayments	$ -	$ 12,723	$ 1,587	$ 14,310	$ 14,310
Revolving loan repayments:					
The Arts Center	28,128	10,319	2,748	13,067	(15,061)
Dispute Settlement Center	35,000	19,040	2,941	21,981	(13,019)
LB Bradley Properties	7,000	3,933	867	4,800	(2,200)
Sophie Piesse Architect	7,000	3,374	710	4,084	(2,916)
Surplus Sid's	30,000	13,494	2,954	16,448	(13,552)
Total revolving loan payments	107,128	50,160	10,220	60,380	(46,748)
Total revenues	107,128	62,883	11,807	74,690	(32,438)
Expenditures					
Economic and physical development:					
The Arts Center	28,128	28,128	-	28,128	-
Dispute Settlement Center	35,000	35,000	-	35,000	-
LB Bradley Properties	7,000	7,000	-	7,000	-
Sophie Piesse Architect	7,000	7,000	-	7,000	-
Surplus Sid's	30,000	30,000	-	30,000	-
Total expenditures	107,128	107,128	-	107,128	-
Revenues over (under) expenditures	-	(44,245)	11,807	(32,438)	(32,438)
Other financing sources					
Transfer from Grant Fund	83,128	83,128	-	83,128	-
Transfer from Revolving Loan Fund	45,000	45,000	-	45,000	-
Total other financing sources	128,128	128,128	-	128,128	-
Fund balance appropriated	(128,128)	-	-	-	128,128
Net change in fund balance	$ -	$ 83,883	$ 11,807	$ 95,690	$ 95,690
Fund balance, beginning of year			83,883		
Fund balance, end of year			$ 95,690		

Town of Carrboro, North Carolina **Schedule 11**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Business Loan Fund
From Project Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues					
Interest repayments	$ -	$ 470	$ 2	$ 472	$ 472
Revolving loan repayments:					
Surplus Sid's	12,000	11,471	528	11,999	(1)
Total revenues	12,000	11,941	530	12,471	471
Expenditures					
Economic and physical development:					
Surplus Sid's	12,000	12,000	-	12,000	-
Revenues (under) expenditures	-	(59)	530	471	471
Other financing sources (uses)					
Transfer from General Fund	125,000	125,000	-	125,000	-
Transfer to Affordable Housing	(10,000)	(10,000)	-	(10,000)	-
Total other financing sources (uses)	115,000	115,000	-	115,000	-
Revenues and other financing sources over (under) expenditures	115,000	114,941	530	115,471	471
Fund balance appropriated	(115,000)	-	-	-	115,000
Net change in fund balance	$ -	$ 114,941	530	$ 115,471	$ 115,471
Fund balance, beginning of year			114,941		
Fund balance, end of year			$ 115,471		

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Stormwater Enterprise Fund
Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Personnel services	$ 108,383	$ 102,439	$ 5,944
Operations	200,000	13,352	186,648
Total expenditures	308,383	115,791	192,592
Revenues under expenditures	(308,383)	(115,791)	(192,592)
Other financing sources			
Transfers from:			
General Fund	$ 308,383	$ 308,383	$ -
Total other financing sources	308,383	308,383	-
Revenues and other financing sources over expenditures	-	192,592	(192,592)
Appropriated fund balance	-	-	-
Revenues, other financing sources and appropriated fund balance over expenditures	$ -	$ 192,592	$ (192,592)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Increase in accrued vacation pay		$ (8,122)	
Pension expense		(3,499)	
OPEB expense		(124,496)	
Total reconciling items		(136,117)	
Change in net position		$ 56,475	

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Additional Financial Data

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Schedule of Ad Valorem Taxes Receivable
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017 - 2018	$ -	$ 14,377,304	$ 14,276,093	$ 101,211
2016 - 2017	76,257	-	31,262	44,995
2015 - 2016	43,645	-	15,285	28,360
2014 - 2015	26,035	-	5,802	20,233
2013 - 2014	39,090	-	10,452	28,638
2012 - 2013	48,945	-	7,926	41,019
2011 - 2012	30,978	-	4,518	26,460
2010 - 2011	24,855	-	1,012	23,843
2009 - 2010	20,384	-	611	19,773
2008 - 2009	18,130	-	39	18,091
2007 - 2008	18,521	-	18,521	-
	$ 346,840	$ 14,377,304	$ 14,371,521	352,623

Less: allowance for uncollectible accounts:	
General Fund	(104,261)
Ad valorem taxes receivables - net	$ 248,362
Reconciliation with revenues:	
Ad valorem taxes - General Fund	$ 12,921,946
Motor vehicle license fees - General Fund	1,419,484
Total revenues	14,341,430
Reconciling items:	
Releases and adjustments	11,570
Amounts written off for tax year 2007-2008 per statute of limitations	18,521
	$ 14,371,521

	Town-Wide			Total Levy	
	Property Valuation**	**Rate**	**Total Levy***	**Property Excluding Registered Motor Vehicles**	**Registered Motor Vehicles**
Original levy:					
Property taxed at current year's rate	$ 2,360,764,978	0.5894	$ 13,914,349	$ 12,899,919	$ 1,014,430
Penalties and interest			3,955	3,955	-
Total property valuation	$ 2,360,764,978		13,918,304	12,903,874	1,014,430
Vehicle tag fees			459,000	-	459,000
Total gross levy			14,377,304	12,903,874	1,473,430
Uncollected taxes at June 30, 2018			101,211	97,105	4,106
Current year's taxes collected			$ 14,276,093	$ 12,806,769	$ 1,469,324
Current levy collection percentage			99.30%	99.25%	99.72%

** Total adjusted levy includes discoveries and abatements.*

*** Property tax valuation prior to the discoveries and abatements.*

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Statistical Section

Statistical Section

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

Sources*: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

Financial Trends Information

Town of Carrboro
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
(2 pages)

	2009	2010	2011	2012	2013
Governmental activities:					
Net investment in capital assets	$ 22,845,981	$ 23,811,827	$ 22,800,027	$ 24,803,167	$ 25,869,273
Restricted	-	-	2,625,784	1,877,720	1,902,041
Unrestricted	12,531,183	12,296,387	10,977,854	10,311,263	9,735,451
Total governmental activities net position	$ 35,377,164	$ 36,108,214	$ 36,403,665	$ 36,992,150	$ 37,506,765
Business-type activities:					
Net investment in capital assets	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net position	$ -	$ -	$ -	$ -	$ -
Primary Government:					
Net investment in capital assets	$ 22,845,981	$ 23,811,827	$ 22,800,027	$ 24,803,167	$ 25,869,273
Restricted	-	-	2,625,784	1,877,720	1,902,041
Unrestricted	12,531,183	12,296,387	10,977,854	10,311,263	9,735,451
Total primary government net position	$ 35,377,164	$ 36,108,214	$ 36,403,665	$ 36,992,150	$ 37,506,765

Town of Carrboro
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
(2 pages)

	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	$ 28,835,361	$ 29,120,308	$ 28,529,962	$ 28,581,194	**$ 30,401,621**
Restricted	1,918,028	2,187,718	2,015,396	2,097,192	**2,719,947**
Unrestricted	7,090,901	6,358,440	6,447,035	(5,179,126)	**(5,964,874)**
Total governmental activities net position	$ 37,844,290	$ 37,666,466	$ 36,992,393	$ 25,499,260	**$ 27,156,694**
Business-type activities:					
Net investment in capital assets	$ -	$ -	$ -	$ -	**$ -**
Restricted	-	-	-	-	**-**
Unrestricted	-	-	-	-	**56,475**
Total business-type activities net position	$ -	$ -	$ -	$ -	**$ 56,475**
Primary Government:					
Net investment in capital assets	$ 28,835,361	$ 29,120,308	$ 28,529,962	$ 28,581,194	$ 30,401,621
Restricted	1,918,028	2,187,718	2,015,396	2,097,192	2,719,947
Unrestricted	7,090,901	6,358,440	6,447,035	(5,179,126)	(5,908,399)
Total primary government net position	$ 37,844,290	$ 37,666,466	$ 36,992,393	$ 25,499,260	$ 27,213,169

Town of Carrboro
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(4 pages)

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	$ 3,099,916	$ 3,139,849	$ 3,355,221	$ 3,493,073	$ 3,978,378
Public safety	5,565,460	6,087,506	6,757,198	6,835,304	6,778,893
Planning	1,124,240	1,399,817	1,232,157	1,162,777	1,107,377
Transportation	1,033,837	1,032,835	1,184,975	1,058,859	1,286,714
Public works	3,582,740	3,614,262	3,929,320	4,252,251	4,072,606
Parks and recreation	1,383,873	1,833,715	1,498,043	1,516,336	1,453,991
Economic and community development	413,790	50,543	185,874	275,681	170,695
Interest on long-term debt	265,285	327,037	292,766	301,772	186,898
Total governmental activities expenses	16,469,141	17,485,564	18,435,554	18,896,053	19,035,552
Business-type activities:					
Stormwater	-	-	-	-	-
Total primary government expenses	$ 16,469,141	$ 17,485,564	$ 18,435,554	$ 18,896,053	$ 19,035,552
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 134,473	$ 134,344	$ 128,530	$ 344,239	$ 546,583
Planning	570,840	577,392	573,316	551,792	572,542
Public safety	274,697	384,667	286,847	483,956	120,171
Public works	97,516	85,779	115,107	126,495	82,458
Parks and recreation	226,141	256,639	254,933	260,225	259,168
Operating grants and contributions	1,370,387	786,375	791,842	871,613	320,304
Capital grants and contributions	1,054,333	236,894	647,514	406,518	954,131
Total governmental activities program revenues	3,728,387	2,462,090	2,798,089	3,044,838	2,855,357

Town of Carrboro
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(4 pages)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	$ 4,571,146	$ 4,200,241	$ 4,487,922	$ 4,695,317	**$ 4,849,740**
Public safety	6,925,676	6,951,141	7,051,112	7,550,083	**7,469,443**
Planning	1,153,138	1,244,849	1,374,325	1,356,771	**1,206,329**
Transportation	1,396,423	1,472,508	1,540,288	1,455,012	**1,455,012**
Public works	4,035,886	4,421,682	4,205,935	4,295,622	**4,142,187**
Parks and recreation	1,553,686	1,642,737	1,741,056	1,724,769	**1,737,984**
Economic and community development	623,220	90,108	200,798	147,259	**220,960**
Interest on long-term debt	211,082	191,916	167,984	154,350	**127,897**
Total governmental activities expenses	20,470,257	20,215,182	20,769,420	21,379,183	**21,209,552**
Business-type activities:					
Stormwater	-	-	-	-	**251,908**
Total primary government expenses	$ 20,470,257	$ 20,215,182	$ 20,769,420	$ 21,379,183	**$ 21,461,460**
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 531,812	$ 652,862	$ 528,403	$ 416,231	**$ 644,733**
Planning	655,664	675,682	665,028	57,005	**116,135**
Public safety	65,823	73,311	117,590	696,492	**720,801**
Public works	107,622	70,249	74,644	77,454	**51,733**
Parks and recreation	279,499	270,028	259,974	280,625	**242,740**
Operating grants and contributions	707,636	723,767	700,263	654,075	**641,436**
Capital grants and contributions	865,182	283,090	5,635	90,166	**13,080**
Total governmental activities program revenues	3,213,238	2,748,989	2,351,537	2,272,048	**2,430,658**

Town of Carrboro
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(4 pages)

	2009	2010	2011	2012	2013
Business-type activities:					
Charges for services:					
Stormwater	$ -	$ -	$ -	$ -	$ -
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	$ 3,728,387	$ 2,462,090	$ 2,798,089	$ 3,044,838	$ 2,855,357
Net expenses					
Governmental activities	$ 12,740,754	$ 15,023,474	$ 15,637,465	$ 15,851,215	$ 16,180,195
Business-type activities	-	-	-	-	-
Total primary government net expenses	$ 12,740,754	$ 15,023,474	$ 15,637,465	$ 15,851,215	$ 16,180,195
General revenues and other changes in net assets					
Governmental activities:					
Taxes	$ 14,432,869	$ 14,834,736	$ 14,917,776	$ 15,445,629	$ 15,695,931
Unrestricted intergovernmental revenues	943,578	870,613	951,820	946,091	952,397
Miscellaneous and unrestricted investment earnings	212,091	49,175	63,320	47,980	46,482
Transfers	-	-	-	-	-
Total governmental activities	15,588,538	15,754,524	15,932,916	16,439,700	16,694,810
Business-type activities:					
Transfers	-	-	-	-	-
Total business-type activities	-	-	-	-	-
Total primary government	$ 15,588,538	$ 15,754,524	$ 15,932,916	$ 16,439,700	$ 16,694,810
Change in net position					
Governmental activities	$ 2,847,784	$ 731,050	$ 295,451	$ 588,485	$ 514,615
Business-type activities	-	-	-	-	-
Total primary government	$ 2,847,784	$ 731,050	$ 295,451	$ 588,485	$ 514,615

	2014	2015	2016	2017	2018
Business-type activities:					
Charges for services:					
Stormwater	$ -	$ -	$ -	$ -	**$ -**
Total business-type activities program revenues	-	-	-	-	**-**
Total primary government program revenues	$ 3,213,238	$ 2,748,989	$ 2,351,537	$ 2,272,048	**$ 2,430,658**
Net expenses					
Governmental activities	$ 17,257,019	$ 17,466,193	$ 18,417,883	$ 19,107,135	**$ 18,778,894**
Business-type activities	-	-	-	-	**251,908**
Total primary government net expenses	$ 17,257,019	$ 17,466,193	$ 18,417,883	$ 19,107,135	**$ 19,030,802**
General revenues and other changes in net assets					
Governmental activities:					
Taxes	$ 16,599,061	$ 17,011,559	$ 17,322,279	$ 17,690,415	**$ 19,094,382**
Unrestricted intergovernmental revenues	982,040	1,481,631	1,452,221	1,418,370	**1,406,331**
Miscellaneous and unrestricted investment earnings	13,443	52,226	28,818	58,455	**243,998**
Transfers	-	-	-	-	**(308,383)**
Total governmental activities	17,594,544	18,545,416	18,803,318	19,167,240	**20,436,328**
Business-type activities:					
Transfers	-	-	-	-	**308,383**
Total business-type activities	-	-	-	-	**308,383**
Total primary government	$ 17,594,544	$ 18,545,416	$ 18,803,318	$ 19,167,240	**$ 20,744,711**
Change in net position					
Governmental activities	$ 337,525	$ 1,079,223	$ 385,435	$ 60,105	$ 1,657,434
Business-type activities	-	-	-	-	56,475
Total primary government	$ 337,525	$ 1,079,223	$ 385,435	$ 60,105	$ 1,713,909

Town of Carrboro
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3
(2 pages)

	2009	2010	2011	2012	2013
General fund:					
Reserved	$ 1,482,537	$ 2,062,813	N/A	N/A	N/A
Unreserved, designated	1,081,717	933,608	N/A	N/A	N/A
Unreserved, undesignated	8,563,125	9,950,620	N/A	N/A	N/A
Nonspendable	N/A	N/A	$ 213,743	$ 403,022	$ 98,336
Restricted	N/A	N/A	2,459,812	2,527,603	2,549,652
Committed	N/A	N/A	N/A	-	-
Assigned	N/A	N/A	2,712,163	2,787,316	2,866,048
Unassigned	N/A	N/A	8,354,128	9,804,868	7,296,945
Total general fund	11,127,379	12,947,041	13,739,846	15,522,809	12,810,981
All other governmental funds:					
Reserved	94,281	-	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	(118,563)	(436,507)	N/A	N/A	N/A
Capital projects funds	716,763	2,464,956	N/A	N/A	N/A
Nonspendable	N/A	N/A	-	-	-
Restricted	N/A	N/A	1,414,404	1,076,370	791,699
Committed	N/A	N/A	2,369,833	1,404,374	4,652,528
Assigned	N/A	N/A	-	-	-
Unassigned	N/A	N/A	(2,466,051)	(2,606,994)	(37,048)
Total all other governmental funds	692,481	2,028,449	1,318,186	(126,250)	5,407,179
Total, all governmental funds	$ 11,819,860	$ 14,975,490	$ 15,058,032	$ 15,396,559	$ 18,218,160

N/A - Not applicable prior to and subsequent to the implementation of GASB Statement No. 54.

Town of Carrboro
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3
(2 pages)

	2014	2015	2016	2017	2018
General fund:					
Reserved	N/A	N/A	N/A	N/A	**N/A**
Unreserved, designated	N/A	N/A	N/A	N/A	**N/A**
Unreserved, undesignated	N/A	N/A	N/A	N/A	**N/A**
Nonspendable	$ 294,643	$ 92,212	$ 159,185	$ 25,775	**$ 280,068**
Restricted	2,397,759	2,788,336	2,642,583	2,466,537	**2,532,472**
Committed	-	-	-	-	**-**
Assigned	3,084,075	2,624,916	2,275,559	2,569,579	**3,088,391**
Unassigned	7,988,424	9,119,966	10,638,014	10,816,213	**10,634,162**
Total general fund	13,764,901	14,625,430	15,715,341	15,878,104	**16,535,093**
All other governmental funds:					
Reserved	N/A	N/A	N/A	N/A	**N/A**
Unreserved, reported in:					
Special revenue funds	N/A	N/A	N/A	N/A	**N/A**
Capital projects funds	N/A	N/A	N/A	N/A	**N/A**
Nonspendable	-	-	-	-	**-**
Restricted	2,453,964	1,890,936	1,590,442	1,348,609	**827,636**
Committed	2,225,168	3,105,843	3,715,244	4,454,119	**4,119,338**
Assigned	-	-	-	-	**-**
Unassigned	(40,731)	(41,811)	43,892	(680)	**-**
Total all other governmental funds	4,638,401	4,954,968	5,349,578	5,802,048	**4,946,974**
Total, all governmental funds	$ 18,403,302	$ 19,580,398	$ 21,064,919	$ 21,680,152	**$ 21,482,067**

N/A - Not applicable prior to and subsequent to the implementation of GASB Statement No. 54.

Town of Carrboro
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
(2 pages)

	2009	2010	2011	2012	2013
Revenues					
Ad valorem taxes	$ 10,824,131	$ 11,213,669	$ 11,386,243	$ 11,708,787	$ 11,754,299
Local option sales taxes	3,137,836	3,039,931	3,113,356	3,308,060	3,427,678
Other taxes and licenses	428,654	508,344	438,229	449,628	461,054
Unrestricted intergovernmental	947,801	875,129	951,820	946,091	952,397
Restricted intergovernmental	903,072	731,165	1,075,884	1,095,408	1,179,461
Permits and fees	1,062,027	1,175,313	1,090,101	1,308,544	1,255,930
Sales and services	260,829	256,639	254,934	260,225	261,373
Investment earnings	201,829	49,174	63,320	47,980	25,954
Other	189,840	148,927	539,189	266,206	135,078
Total revenues	17,956,019	17,998,291	18,913,076	19,390,929	19,453,224
Expenditures					
General government	3,029,383	2,980,135	3,162,592	3,350,244	3,345,195
Public Safety	5,279,145	5,397,502	5,624,076	5,795,546	5,736,675
Planning	1,110,797	1,098,192	1,132,203	1,045,854	1,088,802
Transportation	1,033,837	1,032,835	1,032,825	1,032,825	1,286,714
Public Works	3,004,354	2,958,684	3,100,603	3,397,396	3,385,065
Parks and recreation	1,207,492	1,243,416	1,237,163	1,274,082	170,695
Economic and community development	413,790	47,825	132,826	275,681	1,276,064
Capital outlay	2,556,751	2,474,729	2,373,015	1,840,865	2,717,113
Debt service					
Interest	326,311	263,461	1,217,736	292,041	2,503,013
Principal	1,101,591	1,214,257	293,894	1,068,046	232,596
Total expenditures	19,063,451	18,711,036	19,306,933	19,372,580	21,741,932
Excess of revenues over (under) expenditures	(1,107,432)	(712,745)	(393,857)	18,349	(2,288,708)
Other financing sources (uses)					
Proceeds from borrowing	-	3,867,955	476,399	298,850	4,997,320
Premium on borrowing	-	-	-	-	92,461
Sale of capital assets	-	-	-	21,328	20,528
Transfers in	(1,634,299)	975,923	531,428	-	4,424,133
Transfers out	1,634,299	(975,923)	(531,428)	-	(4,424,133)
Total other financing sources	-	3,867,955	476,399	320,178	5,110,309
Net change in fund balances	$ (1,107,432)	$ 3,155,210	$ 82,542	$ 338,527	$ 2,821,601
Capital outlay included in expenditures above	$ 2,556,751	$ 2,474,729	$ 2,373,015	$ 1,840,865	$ 2,717,113
Debt service as a percentage of noncapital expenditures	8.7%	9.1%	8.9%	7.8%	14.4%

Town of Carrboro
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
(2 pages)

	2014	2015	2016	2017	2018
Revenues					
Ad valorem taxes	$ 11,792,234	$ 11,771,793	$ 11,829,436	$ 11,769,118	**$ 12,921,946**
Local option sales taxes	3,567,123	3,897,200	4,105,283	4,345,612	**4,557,933**
Other taxes and licenses	1,316,876	1,386,254	1,381,093	1,601,126	**1,601,362**
Unrestricted intergovernmental	982,040	1,481,631	1,452,221	1,409,630	**1,406,331**
Restricted intergovernmental	1,487,840	949,579	651,211	722,928	**636,879**
Permits and fees	1,249,319	1,260,859	1,270,187	1,177,350	**1,377,586**
Sales and services	283,611	274,350	263,444	282,929	**245,059**
Investment earnings	11,757	10,477	28,818	58,455	**151,707**
Other	207,671	400,617	218,561	128,591	**210,283**
Total revenues	20,898,471	21,432,760	21,200,254	21,495,739	**23,109,086**
Expenditures					
General government	3,964,409	4,093,908	4,353,526	4,503,267	**4,729,326**
Public Safety	6,019,294	6,265,547	6,216,871	6,506,633	**6,555,984**
Planning	1,150,603	1,203,990	1,333,903	1,285,705	**1,134,657**
Transportation	1,396,423	1,472,508	1,540,288	1,455,012	**1,455,012**
Public Works	3,260,291	3,481,463	3,134,390	3,192,643	**3,104,559**
Parks and recreation	1,378,862	1,444,752	1,529,332	1,474,274	**1,503,476**
Economic and community development	623,220	20,108	145,144	147,259	**220,511**
Capital outlay	2,132,488	1,888,948	1,410,447	1,549,712	**3,486,840**
Debt service					
Interest	226,334	202,907	191,229	152,927	**138,983**
Principal	1,066,150	946,047	973,069	983,905	**1,001,731**
Total expenditures	21,218,074	21,020,178	20,828,199	21,251,337	**23,331,079**
Excess of revenues over (under) expenditures	(319,603)	412,582	372,055	244,402	**(221,993)**
Other financing sources (uses)					
Proceeds from borrowing	498,822	717,102	621,180	362,091	**240,000**
Premium on borrowing	-	-	-	-	**-**
Sale of capital assets	5,923	47,412	491,287	8,740	**92,291**
Transfers in	1,850,165	881,518	1,808,060	1,522,129	**3,165,098**
Transfers out	(1,850,165)	(881,518)	(1,808,060)	(1,522,129)	**(3,473,481)**
Total other financing sources	504,745	764,514	1,112,467	370,831	**23,908**
Net change in fund balances	$ 185,142	$ 1,177,096	$ 1,484,522	$ 615,233	**$ (198,085)**
Capital outlay included in expenditures above	$ 2,132,488	$ 1,888,948	$ 1,410,447	$ 1,549,712	**$ 3,486,840**
Debt service as a percentage of noncapital expenditures	6.8%	6.0%	6.0%	5.8%	**5.7%**

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Revenue Capacity Information

Town of Carrboro
Program Revenues by Function/Program
Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 5
(2 pages)

Function/Program	2009	2010	2011	2012	2013
Governmental activities:					
General Government	$ 251,669	$ 148,995	$ 221,913	$ 250,719	$ 714,449
Public Safety	800,903	700,807	755,276	644,867	916,576
Planning	381,452	427,535	299,022	521,028	141,086
Public Works and Transportation	1,661,709	828,263	1,212,175	1,150,348	710,883
Economic and Physical Development	337,894	42,179	-	181,753	74,926
Parks and Recreation	296,123	314,311	309,703	296,123	297,437
Total primary government	$ 3,729,750	$ 2,462,090	$ 2,798,089	$ 3,044,838	$ 2,855,357

Town of Carrboro
Program Revenues by Function/Program
Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 5
(2 pages)

Function/Program	2014	2015	2016	2017	2018
Governmental activities:					
General Government	$ 958,976	$ 767,303	$ 650,899	$ 502,078	**$ 725,885**
Public Safety	813,257	677,124	667,572	697,660	**721,382**
Planning	83,602	120,607	148,749	82,718	**143,804**
Public Works and Transportation	984,621	860,795	587,845	668,277	**560,949**
Economic and Physical Development	47,585	17,234	-	3,388	**-**
Parks and Recreation	325,197	305,926	296,472	317,927	**278,638**
Total primary government	$ 3,213,238	$ 2,748,989	$ 2,351,537	$ 2,272,048	**$ 2,430,658**

Town of Carrboro **Table 6**

Tax Revenues by Source [a]

Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year		Property Taxes
2009	$	10,824,131
2010		11,213,669
2011		11,386,243
2012		11,708,787
2013		11,754,299
2014		11,792,234
2015		11,771,793
2016		11,829,436
2017		11,769,118
2018		**12,921,946**
Change 2009 - 2018		**19.4%**

[a] *This table presents the Town's most significant own source of revenues. All other taxes and revenues are either comparatively insignificant or levied by another governmental entity besides the Town of Carrboro.*

Town of Carrboro
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate ($100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
2009	2008	$ 1,445,628,863	$ 121,818,472	$ 14,519,342	$ 1,581,966,677	0.6863	$ 1,581,966,677	100%
2010	2009	1,784,120,826	116,231,101	15,520,866	1,915,872,793	0.5894	1,915,872,793	100%
2011	2010	1,808,720,407	116,141,072	14,264,582	1,939,126,061	0.5894	1,939,126,061	100%
2012	2011	1,833,640,649	124,209,262	14,927,885	1,972,777,796	0.5894	1,972,777,796	100%
2013	2012	1,840,579,388	147,215,525	15,377,555	2,003,172,468	0.5894	2,003,172,468	100%
2014	2013	1,879,514,863	193,640,289	15,358,935	2,088,514,087	0.5894	2,088,514,087	100%
2015	2014	1,902,400,670	197,002,419	14,499,872	2,113,902,961	0.5894	2,113,902,961	100%
2016	2015	1,932,854,388	185,701,586	17,048,727	2,135,604,701	0.5894	2,135,604,701	100%
2017	2016	1,940,618,958	204,073,445	18,567,166	2,163,259,569	0.5894	2,163,259,569	100%
2018	**2017**	**2,137,452,118**	**204,113,885**	**19,198,975**	**2,360,764,978**	0.5894	**2,360,764,978**	**100%**

Source: *Orange County, North Carolina, Tax Assessor.*

Note: *Property in the Town of Carrboro is assessed and collected by Orange County, North Carolina.*

Town of Carrboro **Table 8**
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of Assessed Value)

Fiscal Year	Direct Rate Town of Carrboro	Overlapping Rate Orange County
2009	0.6863	0.9980
2010	0.5894	0.8580
2011	0.5894	0.8580
2012	0.5894	0.8580
2013	0.5894	0.8580
2014	0.5894	0.8580
2015	0.5894	0.8780
2016	0.5894	0.8780
2017	0.5894	0.8780
2018	**0.5894**	**0.8780**

Source: *Orange County, North Carolina, Tax Assessor.*

Note: *The Town of Carrboro charges a single direct rate for property taxes*

Town of Carrboro
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy	Outstanding Delinquent Taxes
2009	2008	$ 11,167,691	$ 11,014,097	98.62%	$ 135,503	$ 11,149,600	99.84%	$ 18,091
2010	2009	11,686,026	11,470,312	98.15%	195,941	11,666,253	99.83%	19,773
2011	2010	11,792,820	11,578,630	98.18%	190,347	11,768,977	99.80%	23,843
2012	2011	11,999,523	11,790,705	98.26%	182,358	11,973,063	99.78%	26,460
2013	2012	12,184,632	11,937,142	97.97%	206,471	12,143,613	99.66%	41,019
2014	2013	12,868,792	12,741,993	99.01%	98,161	12,840,154	99.78%	28,638
2015	2014	12,970,309	12,887,757	99.36%	62,319	12,950,076	99.84%	20,233
2016	2015	13,083,098	12,989,241	99.28%	65,497	13,054,738	99.78%	28,360
2017	2016	13,219,902	13,143,645	99.42%	31,262	13,174,907	99.66%	44,995
2018	**2017**	**14,377,304**	**14,276,093**	**99.30%**	**-**	**14,276,093**	**99.30%**	**101,211**

Town of Carrboro
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 10

Taxpayer	2018: 2017 Taxable Assessed Value	2018: Rank	2018: Percentage of Total Town Taxable Assessed Value	2009: 2008 Taxable Assessed Value	2009: Rank	2009: Percentage of Total Town Taxable Assessed Value
GS Villages of Chapel Hill, LLC	$ 28,329,110	1	1.20%	$ 16,843,246	2	1.06%
Autumn Woods LLC	26,871,992	2	1.14%	14,689,817	4	0.93%
Landmark at Chelsea Commons LP	23,128,687	3	0.98%			
Tarheel Lodging II LLC	18,511,599	4	0.78%	16,074,047	3	1.02%
Westdale Poplar Place LP	18,137,300	5	0.77%			
Ashbrook Investors LLC	17,149,200	6	0.73%	10,692,648	7	0.68%
Carr Mill Mall Limited, Partnership	17,083,500	7	0.72%			
TGM Rock Creek LLC	15,918,697	8	0.67%	11,555,777	6	0.73%
RP Barnes LLC	14,950,600	9	0.63%			
SK Chapel Hill LLC	14,785,440	10	0.63%	8,276,582	10	0.52%
Carrboro Shopping Center I LLC	-		-	26,927,517	1	1.70%
UDRO of North Carolina LLC	-		-	14,021,614	5	0.89%
Vac Limited Partnership	-		-			
Crit NC III,LLC	-		-	10,298,259	8	0.65%
CAJF Associates LLC	-		-			
Zell Samuel Trustee	-		-	9,602,502	9	0.61%
Total	$ 194,866,125		8.25%	$ 138,982,009		8.79%

Source: *Orange County Tax Assessor Office.*

Debt Capacity Information

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Town of Carrboro
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 11

	Governmental Activities					
Fiscal Year	**General Obligation Bonds**	**Premium On Bonds**	**Installment Purchase Agreements**	**Bond Anticipation Notes Payable**	**Total Primary Government**	**Per Capita**
2009	$ 26,107	$ -	$ 4,380,836	$ 2,590,000	$ 6,996,944	359.20
2010	-	-	7,060,641	2,590,000	9,650,641	485.18
2011	-	-	6,319,304	2,590,000	8,909,304	454.97
2012	-	-	5,405,219	2,590,000	7,995,219	408.29
2013	4,600,000	90,028	3,444,437	-	8,134,465	415.41
2014	4,350,000	85,162	3,127,109	-	7,562,271	383.83
2015	4,100,000	80,296	3,148,164	-	7,328,460	349.24
2016	3,850,000	75,430	3,046,275	-	6,971,705	332.24
2017	3,600,000	70,563	2,674,461	-	6,345,024	302.37
2018	**3,350,000**	**65,698**	**2,162,730**	**-**	**5,578,428**	**265.84**

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

Town of Carrboro **Table 12**
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2009	$ 26,107	$ 26,107	$ 1,581,966,677	0.002%	$ 1.34
2010	-	-	1,915,872,793	0.000%	-
2011	-	-	1,939,126,061	0.000%	-
2012	-	-	1,972,777,796	0.000%	-
2013	4,600,000	4,600,000	2,003,172,468	0.230%	234.91
2014	4,350,000	4,350,000	2,088,514,087	0.208%	220.79
2015	4,100,000	4,100,000	2,113,902,961	0.194%	195.39
2016	3,850,000	3,850,000	2,135,604,701	0.180%	183.47
2017	3,600,000	3,600,000	2,163,259,569	0.166%	171.56
2018	**3,350,000**	**3,350,000**	**2,360,764,978**	**0.142%**	**159.65**

Town of Carrboro **Table 13**
Direct and Overlapping Governmental Activities Debt
June 30, 2018

Town of Carrboro	Total Outstanding	Percentage Applicable to Town	Amount Applicable to Town
General obligation debt			
Town of Carrboro's direct debt	$ 5,578,428	100.00%	$ 5,578,428
Overlapping (bonded) debt - Orange County			
Overlapping debt - Orange County	71,185,000	15.13%	10,770,291
Total direct and overlapping debt			$ 16,348,719

Sources:
Budgeted revenues used to estimate applicable percentages. Debt outstanding provided by Orange County, NC Finance Dept.

Town of Carrboro
Legal Debt Margin Information
Governmental Funds
Last Ten Fiscal Years

Table 14
(2 pages)

	2009	2010	2011	2012	2013
Debt limit	$ 126,557,334	$ 153,269,823	$ 155,130,085	$ 152,417,005	$ 160,253,797
Total net debt applicable to limit	4,406,943	7,060,641	6,319,304	5,405,219	8,044,437
Legal debt margin	$ 122,150,391	$ 146,209,182	$ 148,810,781	$ 147,011,786	$ 152,209,360
Total net debt applicable to the limit as a percentage of debt limit	3.48%	4.61%	4.07%	3.55%	5.02%

Note: *Under State Finance law, the Town's outstanding general obligation debt should not exceed 8% of total assessed property value.*

Town of Carrboro
Legal Debt Margin Information
Governmental Funds
Last Ten Fiscal Years

Table 14
(2 pages)

	2014	2015	2016	2017	2018
Debt limit	$ 167,081,127	$ 169,112,237	$ 170,848,376	$ 173,060,766	**$ 188,861,198**
Total net debt applicable to limit	7,477,109	7,248,164	6,896,275	6,274,461	**5,578,428**
Legal debt margin	$ 159,604,018	$ 161,864,073	$ 163,952,101	$ 166,786,305	**$ 183,282,770**
Total net debt applicable to the limit as a percentage of debt limit	4.48%	4.29%	4.04%	3.63%	**2.95%**

Note: *Under State Finance law, the Town's outstanding general obligation debt should not exceed 8% of total assessed property value.*

Demographic and Economic Information

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
2009	19,479	$ 39,380	28.1	11,618	1,591	7.0%
2010	19,891	39,380	28.1	11,657	1,611	6.4%
2011	19,582	32,198	30.1	11,892	1,663	7.2%
2012	19,582	32,198	30.1	11,885	1,449	6.5%
2013	19,582	32,198	30.1	12,094	1,490	5.7%
2014	19,702	32,198	30.1	12,353	1,490	4.2%
2015	20,984	32,198	30.1	12,353	1,490	3.9%
2016	20,984	32,198	30.1	12,076	1,321	4.7%
2017	20,984	32,198	30.1	12,115	1,318	4.6%
2018	**20,984**	**32,198**	**30.1**	**12,115**	**1,318**	**3.7%**

Notes:

Orange County unemployment rate is used.

Population for 2011-2017 is based on last actual value calculated in 2010 from the U.S. Census Bureau.

Per capita personal income is based on last actual value calculated in 2010 from the U.S. Census Bureau for Orange County. Information for Carrboro was not available.

Median age is estimated from the 2000 and 2010 Census of Population.

Public school enrollment is based on information from the Chapel Hill-Carrboro Schools FY 2015 CAFR.

Schools that have a Carrboro mailing address are included in this demographic, which are Carrboro Elementary and Carrboro High School. Carrboro High School opened in 2007.

Town of Carrboro
Principal Employers
Current Year and Nine Years Ago

Table 16
(2 pages)

	2018		
Employer	**Average Number of Employees**	**Rank**	**Percentage of Total Town Employment**
Town of Carrboro	**193**	**1**	**1.75%**
Chapel Hill-Carrboro City Schools	**182**	**2**	**1.65%**
Food Lion	**113**	**3**	**1.03%**
Fleet Feet	**109**	**4**	**0.99%**
Orange Water & Sewer Authority	**99**	**5**	**0.90%**
Harris Teeter	**91**	**6**	**0.83%**
Weaver Street Market	**89**	**7**	**0.81%**
U.S. Postal Service	**78**	**8**	**0.71%**
Elmo's Diner (Cacklerberrys Carrboro Inc)	**76**	**9**	**0.69%**
Kalisher (Miller Hamilton & Company)	**73**	**10**	**0.66%**
Total	**1,103**		**10.03%**

Source:
Orange County Economic Development Commission, average number of employees 3rd quarter 2012 from Employment Security Commission.

Note:
Orange County Economic Development Commission is no longer operational, and reliable information for 2015 is not readily available. However, historically there has been little change in the principal employers for the Town.

	2009		
Employer	**Average Number of Employees**	**Rank**	**Percentage of Total Town Employment**
Carrboro Elementary School	210	1	1.91%
Town of Carrboro	153	2	1.39%
Harris Teeter	150	3	1.36%
Food Lion	139	4	1.26%
Weaver Street Market	90	5	0.82%
Orange Water and Sewer	70	6	0.64%
Elmo's Diner	70	7	0.64%
Piedmont Health Services, Inc.	65	8	0.59%
Carolina Fitness	54	9	0.49%
Crooks Corner	53	10	0.48%
	1,054		9.58%

Source:
Orange County Economic Development Commission, average number of employees 3rd quarter 2012 from Employment Security Commission.

Note:
Orange County Economic Development Commission is no longer operational, and reliable information for 2015 is not readily available. However, historically there has been little change in the principal employers for the Town.

Town of Carrboro
Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years

Table 17

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Mayor and Board of Aldermen	-	-	-	-	-	-	-	-	-	**-**
Town manager	2	2	4	5	5	5.0	6.0	6.0	3.0	**3.0**
Economic development	1	1	1	2	2	1.5	1.5	1.5	1.5	**1.5**
Town clerk	1	1	1	1	1	1.5	1.5	1.5	1.5	**1.5**
Management services	8	8	6	7	7	6.5	6.5	6.0	6.0	**6.0**
Human Resources	2	2	2	2	2	2.0	1.5	2.0	3.0	**3.0**
Information Technology	1	1	1	1	2	2.0	3.0	3.0	3.0	**3.0**
Public safety:										
Police	42	44	44	42	41	41.0	41.0	41.0	41.0	**42.0**
Fire	36	36	36	37	37	36.5	36.5	37.0	37.0	**37.0**
Planning	14	14	14	14	14	14.0	13.5	13.5	14.5	**13.5**
Public works	36	36	36	34	35	35.0	35.0	36.0	37.0	**36.0**
Parks and recreation	11	11	11	13	13	12.5	12.5	12.0	13.0	**13.0**
Total	154	156	156	156	157	158	158.5	159.5	160.5	**159.5**

Source: *Annual operating budget*

Operating Information

Town of Carrboro
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 18
(2 pages)

	2009	2010	2011	2012	2013
General government:					
Revolving loan inquiries	40	50	50	5	6
Small business counseling referrals	40	29	40	10	12
Privilege licenses issued	1,115	1,253	1,158	948	1,203
Public safety:					
Police:					
Major crimes	814	750	716	746	599
Criminal arrests	881	830	767	830	1,082
Motor vehicle accidents	573	494	479	476	476
Narcotics arrests	132	204	157	150	105
Fire:					
Fire and EMS responses	1,576	1,530	1,392	1,406	1,517
Inspections	955	998	1,006	1,045	1,070
Planning:					
Annexations	-	-	-	1	-
Zoning permits	66	89	88	86	89
Building permits for new residential	54	77	50	92	92
Building permits for new commercial	3	78	4	6	11
Value of building permits issued	$ 15,313,066	$ 29,410,835	$ 18,883,628	$ 30,184,969	$ 18,978,343
Public works:					
Paved streets maintained (miles)	39	39	42	42	44
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1
Litter collection (hours annually)	400	425	425	405	390
Residential refuse collection (tons annually)	3,483	3,765	3,645	3,971	4,277
Multi-family & commercial refuse collection	4,146	2,865	3,098	3,595	2,534
Bus shelters maintained	20	22	23	23	23
Parks and recreation:					
Athletic activities offered	61	48	50	48	48
Athletic activity participants	3,229	2,760	2,909	2,763	2,872
Athletic activity hours	1,111	952	934	882	878
Other activities offered	333	284	263	364	393
Other activity participants	27,517	26,122	17,476	30,056	31,667
Century Center rentals (a)	418	139	127	105	116
Park rentals (a)	234	203	181	201	199

Sources: *Town departments*
Notes: *N/A - Information was not collected/available.*
(a) One rental contract can be for more than one event.
** North Carolina General Assembly elimiated privilege licenses in FY 2015.*

Town of Carrboro
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 18
(2 pages)

	2014	2015	2016	2017	2018
General government:					
Revolving loan inquiries	6	6	5	5	**8**
Small business counseling referrals	10	10	13	12	**15**
Privilege licenses issued	720	301	*	*	*
Public safety:					
Police:					
Major crimes	625	472	521	441	**473**
Criminal arrests	829	665	550	458	**488**
Motor vehicle accidents	490	453	540	514	**465**
Narcotics arrests	243	169	93	132	**81**
Fire:					
Fire and EMS responses	1,520	2,231	2,227	2,300	**2,308**
Inspections	1,090	646	1,050	1,020	**421**
Planning:					
Annexations	-	-	-	-	**-**
Zoning permits	90	87	73	62	**53**
Building permits for new residential	60	66	69	28	**42**
Building permits for new commercial	12	4	9	41	**127**
Value of building permits issued	$ 18,000,000	$ 14,424,416	$ 13,021,295	$ 11,905,162	**$ 50,502,713**
Public works:					
Paved streets maintained (miles)	44	46	46	46	**46**
Unpaved streets maintained (miles)	2	2	2	2	**2**
Paved bikeways maintained (miles)	1	1	1	1	**1**
Litter collection (hours annually)	400	428	385	321	**207**
Residential refuse collection (tons annually)	3,666	2,754	2,132	2,497	**2,740**
Multi-family & commercial refuse collection	2,823	3,713	4,692	3,269	**9,502**
Bus shelters maintained	23	23	23	23	**23**
Parks and recreation:					
Athletic activities offered	44	46	42	51	**63**
Athletic activity participants	2,533	2,726	2,534	2,822	**2,751**
Athletic activity hours	885	1,079	972	942	**877**
Other activities offered	405	392	358	318	**343**
Other activity participants	32,252	34,988	22,793	22,720	**28,436**
Century Center rentals (a)	120	109	112	1,610	**674**
Park rentals (a)	182	135	186	410	**526**

Sources: *Town departments*
Notes: *N/A - Information was not collected/available.*
(a) One rental contract can be for more than one event.
** North Carolina General Assembly elimiated privilege licenses in FY 2015.*

Town of Carrboro
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 19

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	**1**
Patrol units	42	42	43	43	43	43	43	43	43	**47**
Fire stations	1	1	2	2	2	2	2	2	2	**2**
Fire trucks	6	6	6	6	6	6	6	6	6	**6**
Public works:										
Refuse collection trucks	7	7	7	7	7	7	7	7	7	**8**
Replacement refuse collection trucks	1	1	1	1	1	1	1	1	1	**-**
Streets (miles)	39.35	39.35	43.27	43.27	43.27	43.27	43.27	43.27	43.27	**46.70**
Bike paths (miles)	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	**3.32**
Streetlights	968	968	986	986	986	986	986	986	986	**986**
Parks and recreation:										
Parkland (acres)	112	112	112	112	112	112	112	112	112	**112**
Parks (quantity)	10	10	10	10	10	10	10	10	10	**10**
Hiking trails	6	6	6	6	6	6	6	6	6	**6**
Dog parks	1	1	1	1	1	1	1	1	1	**1**
Soccer fields	1	1	1	1	1	1	1	1	1	**1**
Baseball/softball fields	6	6	6	6	6	6	6	6	6	**6**
Basketball courts	4	4	4	4	4	4	4	4	4	**4**
Tennis courts	6	6	6	6	6	6	6	6	6	**6**
Volleyball courts	2	2	2	2	2	2	2	2	2	**2**
Multi-purpose fields	3	3	3	3	3	3	3	3	3	**3**
Fishing ponds	1	1	1	1	1	1	1	1	1	**1**
Playgrounds	8	8	8	8	8	8	8	8	8	**8**
Picnic shelters	4	4	5	5	5	5	5	5	5	**5**

Sources: *Town Departments*

Compliance Section

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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 Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen
Town of Carrboro, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Carrboro's basic financial statements, and have issued our report thereon dated December 28, 2018. The financial statements of the Carrboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

High Point, North Carolina
December 28, 2018

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Compliance for the Major State Program and on Internal Control over Compliance in Accordance with Applicable Sections of OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen
Town of Carrboro, North Carolina

Report on Compliance for the Major State Program

We have audited Town of Carrboro, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on its major state program for the year ended June 30, 2018. The Town of Carrboro's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state awards applicable to its state program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Town of Carrboro's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the Audit Manual for Governmental Auditors in North Carolina and the State Single Audit Implementation Act. Those standards, applicable sections of the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Carrboro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination on the Town of Carrboro's compliance.

Opinion on the Major State Program

In our opinion, the Town of Carrboro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and the State Single Audit Implementation Act and which is described the accompanying schedule of findings as questioned costs as item 2018-001. Our opinion on the major state program is not modified with respect to this matter.

The Town's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town of Carrboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Carrboro's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with applicable sections of the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Carrboro's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Dixon Hughes Goodman LLP

High Point, North Carolina
December 28, 2018

Schedule of Findings and Questioned Costs

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified			
Internal control over financial reporting:				
• Material weaknesses identified?	___	Yes	X	No
• Significant deficiencies identified that are not considered to be material weaknesses?	___	Yes	X	None reported
Noncompliance material to financial statements noted?	___	Yes	X	No

State Awards

Internal control over major state programs:				
• Material weaknesses identified?	___	Yes	X	No
• Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes	___	None reported
• Noncompliance material to state award	___	Yes	X	No
Type of auditors' report issued on compliance for major state program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	X	Yes	___	No
Identification of major state program:	DOT-4 Powell Bill			

II. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2018.

III. State Awards Findings and Questioned Costs

North Carolina Department of Transportation

Program name: Powell Bill
Program number: DOT-4
Grant number: 2000006452

Finding 2018-001: Allowable Costs/Cost Principles

SIGNIFICANT DEFICIENCY

Criteria

Labor and equipment rates charged to the Powell Bill should be reflective of actual costs incurred. If a municipality's records cannot support equipment rates, the charge for a piece of equipment may not exceed the NCDOT's standard hourly rates.

Condition

Throughout the period under audit, the Town charged labor and equipment costs to the Powell that were based on estimates, or outdated rates which were not supported by actual costs employee pay rate information or the allowable equipment rates as established by the NCDOT. Labor rates were estimated based on position, and equipment rates were charged using outdated FEMA rates rather than the NCDOT rates.

Questioned costs

$30,200. This amount was calculated by projecting the total known questioned costs discovered during the audit ($1,076) and projecting these costs over the entire population of labor and equipment costs charged to the Powell Bill.

Effect

The Town was not in compliance with the Allowable Costs/Cost Principles requirements of the grant. However, as the Town had significant construction costs incurred that were eligible under the Powell Bill, based on the projected questioned costs shown above, had the Town charged actual costs towards the Powell Bill program the entire balance of the Powell Bill of $667,515 would still be covered by the actual costs incurred during the year ended June 30, 2018.

Identification of a repeat finding

This is not a repeat finding as the Powell Bill was not tested in prior years.

Cause

Controls were not in place to ensure that labor and equipment costs charged to the Powell Bill were reflective of actual costs incurred, or standard hourly rates allowed by the NCDOT.

Recommendation

Management should implement controls to ensure that labor charges are supported by actual payroll records, and that equipment is charged using the standard hourly rates established by the NCDOT.

Views of responsible officials and planned corrective actions

The Town agrees with this finding. Please refer to the corrective action plan on page 144.

TOWN OF CARRBORO
NORTH CAROLINA
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Corrective Action Plan

Financial Statement Findings

Finding: 2018-001

Name of contact person: Arche McAdoo, Finance Director

Corrective action: Management agrees with this finding and will take the following corrective action:

All labor schedules will be updated to reflect actual current salary being paid to employees based on actual payroll records; and will update all equipment schedules to be consistent with NCDOT standard hourly rates. These schedules will be updated by February 1, 2019. Thereafter, these schedules will be reviewed and updated as necessary during the annual budget development process.

Proposed completion date: February 1, 2019.

Summary Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Grantor/Program Title	Federal CFDA/ State Number	Grant Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures
Federal grants:				
U.S. Department of Transportation				
Highway Planning and Construction Cluster:				
Passed through the NC Department of Transportation:				
Highway Planning and Construction (Federal Aid Highway Program)				
Wilson Park Multi-Use Path	20.205	36268.3.4	$ 3,998	$ -
Total Passed through NC Department of Transportation			3,998	-
Total Highway Planning and Construction Cluster			3,998	-
Total assistance - federal programs			3,998	-
State grants:				
NC Department of Transportation				
Direct Programs				
Powell Bill	DOT-4	2000006452	-	667,515
Total NC Department of Transportation			-	667,515
Total assistance - state programs			-	667,515
Total assistance			$ 3,998	$ 667,515

Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Carrboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town it is not intented to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Carrboro has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.