

Town of Carrboro, North Carolina

Comprehensive Annual Financial Report

**For the Fiscal Year
Ended June 30, 2015**

**Prepared by:
Finance Department**

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Town of Carrboro, North Carolina

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Town of Carrboro, North Carolina

PRINCIPAL OFFICIALS

BOARD OF ALDERMEN

Lydia Lavelle, Mayor

Sammy Slade, Mayor Pro-Tempore
Michelle Johnson
Randee Haven-O'Donnell

Bethany Chaney
Jacquelyn Gist
Damon Seils

TOWN MANAGER

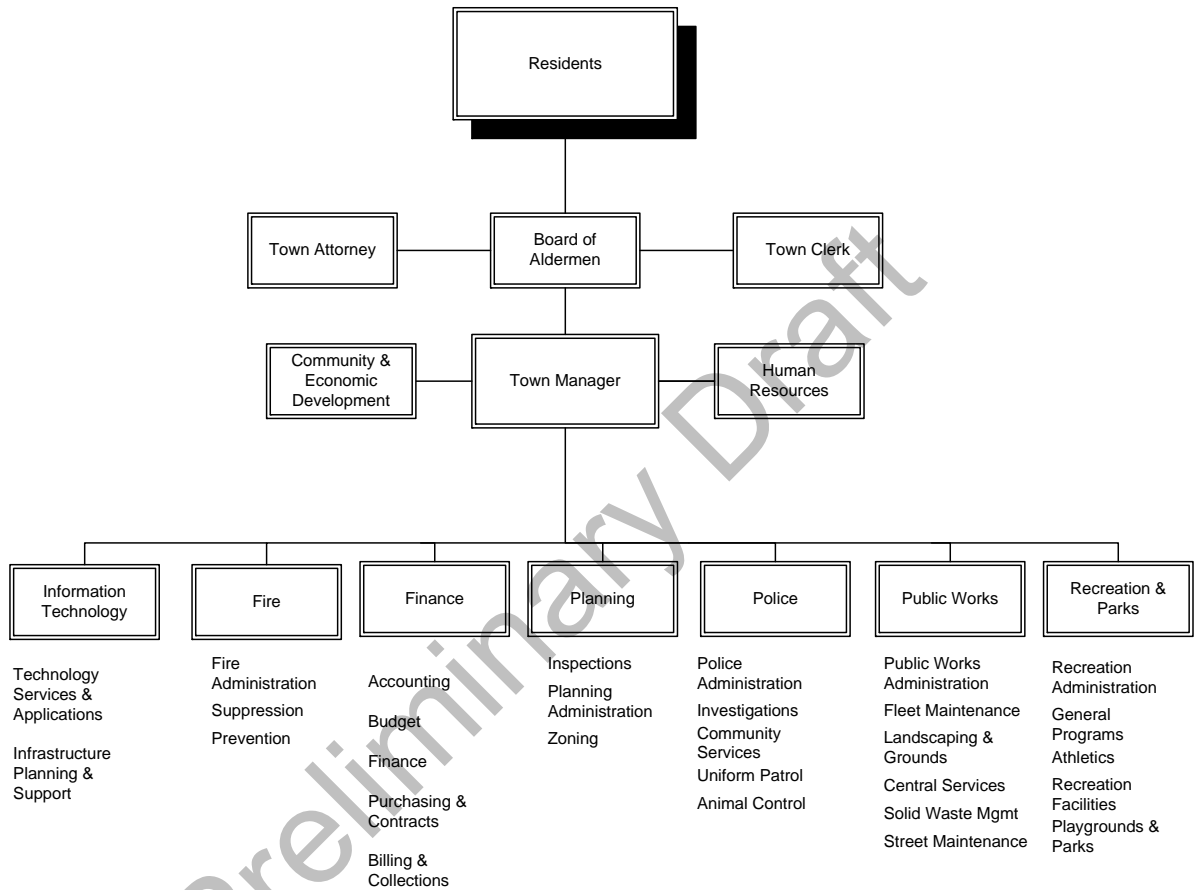
David Andrews

FINANCE DEPARTMENT

Arche L. McAdoo, Finance Director
Donald Coble, Accounting Manager
Earlene Hicks, Assistant to the Finance Director
Gail Blackwood, Program Support Assistant
Jane Bowden, Accounting Technician
Kathleen Nolan, Accounting Payroll Specialist
Sandy Svoboda, Purchasing Officer

Town of Carrboro, North Carolina

ORGANIZATIONAL CHART





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

October 29, 2015

To the 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, 2015 (FY 2014-15). 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>.

COMMUNITY AND ORGANIZATIONAL PROFILE

The Town is a small community located within Orange County in the north central portion of North Carolina. Carrboro 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 20,510. The Town is distinctive in having one of the highest population densities (i.e., number of persons per square mile) of any municipality in North Carolina in the 2010 Census.

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 risen from 8,791 in 1960 to 29,139 in 2013. 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:

- Diversify revenue stream to maintain ethnic and economic diversity;
- Protect historic neighborhoods and maintain Carrboro's unique identity;
- Improve walkability and public transportation;
- Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes; and
- 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 annually to provide fare-free transit for Town residents in an effort to 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, including to schools, bus stops, shopping areas, and recreational facilities.

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 has 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 2012 median household income is \$46,803. Twenty-seven percent of the household earn less than \$25,000 a year. Twenty-seven percent of households make between \$25,000 and \$50,000 a year, while 46% make more than \$50,000 a year.

Employment levels in Carrboro reflected national and statewide trends with a decrease in the unemployment rate from 4.2% in 2013 to 3.9% in 2014, which is well below the state unemployment rate of 5.2%. The unemployment rate for Orange County was 4.2% in 2014, the lowest in the state. 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 local employment base is relatively stable and contributes to the Town's economic state.

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.

Total long-term liabilities for the Town total \$15.5 million and increased by \$887,575 (6%) during fiscal year 2015 primarily due to other post-employment benefit and compensated absences. The Town had debt retirement for this fiscal year with the principal repayment of \$946,047. This includes retirement of debt for vehicles and equipment totaling \$479,380. Additions to debt during 2015 total \$717,102 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

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. These strategic priorities are considered long-term goals and some noteworthy accomplishments include:

- The Town has constructed 22 sidewalks covering 7.72 miles, completed construction of the Wilson Park Multi-Use Path. Construction of the Homestead-Chapel Hill High School Multi-Use Path and Rogers Road sidewalk are scheduled to begin in 2016. 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.
- 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 award is valid through 2016.

- The Town received a “Safe Routes to Schools” grant to help local elementary school kids walk, bike, and avoid vehicle trips as much as possible. This award was used to construct a sidewalk on Elm Street, which is located near Carrboro Elementary School and was completed in 2012.
- The Town received a Clean Fuel Advanced Technology Grant from the North Carolina Solar Center at North Carolina State University to assist with the purchase of a hybrid solid waste truck that was acquired in 2015.
- In FY 2007-08, the Town enlisted in the North Carolina League of Municipalities “Green Challenge,” agreeing to participate in the Greenhouse Gas Emission Inventory and Reduction effort 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 Town completed has construction of the Roberson Street Sewer Project with funds provided by a Community Development Block Grant from the Small Business and Entrepreneurial Program at the North Carolina Department of Commerce. Matching funds for the grant were provided by the Town and Orange County.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award has been awarded to the Town for its FY 2014-15 budget document. It is the highest form of recognition in governmental budgeting.
- In 2014, 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, 2015 the General Fund unassigned fund balance is 45% of total General Fund expenditures. This is a reflection of management’s conservative approach to revenue projections and the numerous actions taken by management 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 a AAA bond rating by Standard and Poor's; and recently Moody's increased the Town's bond rating from Aa2 to Aa1. 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:

- 1) Safeguarding of assets against loss from unauthorized use or disposition;
- 2) 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;
- 3) Effectiveness and efficiency of operations; and
- 4) 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

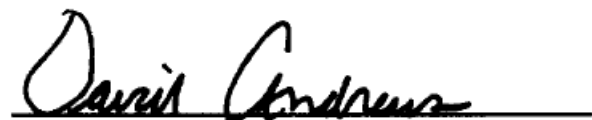
North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP was selected by the Board and performed this audit. 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 eleventh 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 2013-14. 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, 2015 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, bonding 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
Town Manager



Arche L. McAdoo
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, 2014

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor,
the Board of Aldermen,
and the 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 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, 2015, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note VI to the financial statements, the financial statements as of and for the year ended June 30, 2014 were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Our opinion is not modified with respect to these changes.

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 15, the Law Enforcement Officers' Special Separation Allowance's and Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 69 through 72, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 73 and 74, 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 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, other schedules and the schedule of expenditures of federal and state awards 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 October 29, 2015 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
October 29, 2015**

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**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

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, 2015. 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 \$37,666,466 (net position).
- Total net position increased by \$1,079,223 due primarily to diligent cost-saving measures, conservative revenue estimating, and improvements in the local economy.
- At June 30, 2015, the Town's governmental funds had combined ending fund balances of \$19,580,398, an increase of 6.4% or \$1,177,096 in comparison with the prior year. Approximately 46% or \$9,078,155 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 \$9,119,966 or 45% of total General Fund expenditures of \$20,278,178.
- Long-term debt obligations for the Town increased by 6% or \$887,575 from \$14,686,620 at June 30, 2014 to \$15,574,195 at June 30, 2015 primarily due to the increase in other post-employment benefits and installment purchases for vehicles and equipment.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and had its' bond rating increased from Aa2 to Aa1 by Moody's.

Overview of the Financial Statements

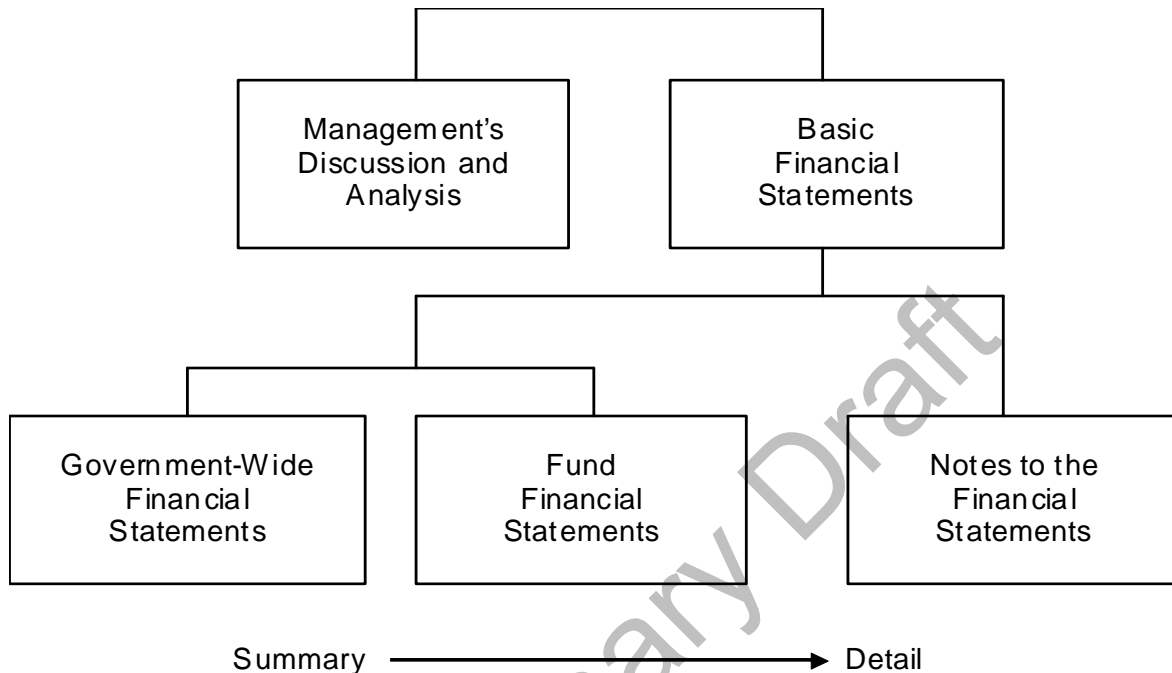
This discussion and analysis are intended to serve as an introduction to Town of Carrboro's basic financial statements. The Town's basic financial statements consist of three components (see Figure 1):

- 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.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

**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 5) 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 two parts to the Fund Financial Statements: (1) the governmental funds statements and (2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **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.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

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 financial statements are on pages 19 and 20 of this report.

Fund Financial Statements

The fund financial statements 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 are categorized under governmental funds and can be found beginning on page 21 of this report.

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

TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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.

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 25 through 65 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 benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

Government-Wide Financial Analysis

Town of Carrboro's Net Position
Figure 2

	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 23,643,833	\$ 21,737,803
Capital assets	33,950,942	33,422,456
Deferred outflows of resources	<u>551,682</u>	<u>538,975</u>
Total assets and deferred outflows of resources	<u>58,146,457</u>	<u>55,699,234</u>
Long-term liabilities outstanding	14,365,098	15,321,373
Other liabilities	3,928,921	3,659,969
Deferred inflows of resources	<u>2,185,972</u>	<u>130,649</u>
Total liabilities and deferred inflows of resources	<u>20,479,991</u>	<u>19,111,991</u>
Net position:		
Net investment in capital assets	29,120,308	28,835,361
Restricted	2,187,718	1,918,028
Unrestricted	<u>6,358,440</u>	<u>5,833,854</u>
Total net position	<u>\$ 37,666,466</u>	<u>\$ 36,587,243</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

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 \$37,666,466 as of June 30, 2015. This is a slight decrease of \$177,824 (less than 1%) from June 30, 2014. The largest portion of net position (77%) 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 (6% or \$2,187,718) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,358,440 (17%) is unrestricted.

The Town of Carrboro implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net position asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$1,257,047. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Carrboro's management.

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

- Increased sales tax revenues of approximately \$330,000 due to economic growth in the Town.
- Revenues from motor vehicle license fees increased by 2% or \$26,426. Fiscal year 2015 was the first full year of the new Tax and Tag System implemented by the North Carolina Department of Motor Vehicles where tax on a motor vehicle is collected at the time of registration renewal.
- Unrestricted intergovernmental revenues increased by almost \$500,000 due to increased electricity, piped natural gas and telecommunications sales.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

**Town of Carrboro's Changes in Net Position
Figure 3**

	Governmental Activities 2015	Governmental Activities 2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,742,132	\$ 1,640,420
Operating grants and contributions	723,767	707,636
Capital grants and contributions	283,090	865,182
General revenues:		
Property taxes	11,728,105	11,715,062
Local option sales taxes	3,897,200	3,567,123
Other taxes	1,386,254	1,316,876
Grants and contributions not restricted to specific programs	1,481,631	982,040
Other	52,226	13,443
Total revenues	<u>21,294,405</u>	<u>20,807,782</u>
Expenses:		
General government	4,200,241	4,571,146
Public safety	6,951,141	6,925,676
Planning	1,244,849	1,153,138
Transportation	1,472,508	1,396,423
Public works	4,421,682	4,035,886
Parks and recreation	1,642,737	1,553,686
Economic and physical development	90,108	623,220
Interest on long-term debt	191,916	211,082
Total expenses	<u>20,215,182</u>	<u>20,470,257</u>
Increase in net position	<u>1,079,223</u>	<u>337,525</u>
Net position, July 1	<u>37,844,290</u>	<u>37,506,765</u>
Net position beginning, restated	<u>36,587,243</u>	<u>37,506,765</u>
Net position, June 30	<u>\$ 37,666,466</u>	<u>\$ 37,844,290</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Governmental Activities. Governmental activities increased the Town's net position by \$1,079,223. Key elements of this change are as follows:

- Ad valorem property tax revenue increased slightly by \$13,043 from \$11,715,062 last year to \$11,728,105 this fiscal year, which represents less than a 1.0% increase.
- Local sales tax revenues increased by \$330,077 or 9.3% due to improvements in the local economy.
- Other tax revenues increased by \$69,378 or 5.3% due to increase in unrestricted intergovernmental revenues.
- Capital grants and contributions decreased by \$582,092 from \$865,182 in 2014 to \$283,090 in 2015. Capital grants and contributions revenues vary from year to year depending upon the completion and commencement of various capital projects.
- Operating grants and contributions revenues increased from \$707,636 in 2014 to \$723,767 in 2015.
- Expenses for total governmental activities decreased by \$255,075 or 1.2%, from \$20,470,257 in 2014 to \$20,215,182 in 2015.
- Expense for interest on long-term debt decreased by \$19,166 from \$211,082 in 2014 to \$191,916 in 2015.

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 \$9,119,966, an increase of 14.2% from \$7,988,424 in 2014. The total general fund balance for 2015 was \$14,625,430, a 6.3% increase over the 2014 amount of \$13,764,901. This increase in fund balance is due primarily to an increase in revenues over the prior year, particularly increased sales tax revenues, other taxes and charges for services. 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 45% of total General Fund expenditures of \$20,278,178. Total fund balance represents 72.1% of total General Fund expenditures.

At June 30, 2015, the governmental funds of the Town of Carrboro reported a combined fund balance of \$19,580,398. The reported combined fund balance of the governmental funds includes a fund balance within the Bond Fund of \$1,695,826; and a fund balance within the Capital Projects Fund of \$2,412,688. These fund balances are either restricted or committed for capital project purposes.

TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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 \$1,052,246 (5.0%) from an original appropriation of \$21,177,099 to a final appropriation of \$22,229,845.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Actual revenue receipts exceeded budgeted projections by \$1,595,694.

Revenues from taxes (i.e., property, local option sales, and other) represent 83% of the total revenues. Property, sales and other taxes were \$960,665 above budget projections. While total property taxes were 3.4% below budget projects, sales taxes were \$525,663 (13.5%) and other taxes were \$829,973 (59.9%) above budget projection.

Permits and fees were below budget projections by \$75,872. Total revenue for permits and fees this year was \$1,260,859 compared to \$1,249,319 in 2014. This is due to a number of approved private developments that began or completed construction last year. Revenues from sales and services, investment, and other exceeded budget projections by \$62,985 or 17.3%.

The unrestricted intergovernmental revenue receipts exceeded budget projections by \$581,077 for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,481,631 for 2015 compared to \$982,040 in 2014.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$20,278,178, which was \$1,951,667 less than the final budget of \$22,229,845. All spending by function was in compliance with budgetary requirements.

While all expenditures were less than final budget at June 30, 2015, they were 8% more than the prior year. Expenditures for general government were 3.8% higher than the prior year. Actual expenditures for public safety and recreation and parks were greater than the prior year, 2.7% and 6.8%, respectively. Transportation expenditures increased by 5.4% over the prior year due to increased operating costs. Public works expenditures increased by 34.3% from the prior year due to staff turnover and recruitment to replace employees that retired. Debt service expenditures decreased by 11% over the prior year due to no issue of additional debt, other than for acquisition of vehicles and equipment.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2015 totaled \$33,950,942 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the following additions: replacement of police vehicles and solid waste equipment.

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

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 14,608,393	\$ 14,608,393
Construction-in-progress	1,440,578	1,122,048
Buildings and systems	5,091,088	5,349,239
Improvements other than buildings	432,632	404,618
Machinery and equipment	1,335,036	643,664
Infrastructure	9,610,249	9,621,349
Vehicles and motorized equipment	<u>1,432,966</u>	<u>1,673,145</u>
Total	<u>\$ 33,950,942</u>	<u>\$ 33,422,456</u>

Additional information on the Town's capital assets can be found in on pages 31 to 32 and 39 to 40 of this report.

Long-Term Debt. As of June 30, 2015, the Town of Carrboro had the following long-term liabilities:

**The Town of Carrboro's Outstanding Debt
Figure 5**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Government obligation bonds	\$ 4,100,000	\$ 4,350,000
Premium on bonds	80,296	85,162
Installment purchases	3,148,164	3,127,109
Compensated absences	617,651	557,456
Other post-employment benefits obligation	7,278,554	6,218,861
Law enforcement officers' net pension obligation	<u>349,530</u>	<u>348,032</u>
Total	<u>\$ 15,574,195</u>	<u>\$ 14,686,620</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Total long-term liabilities for the Town increased by \$887,575 (6%) during fiscal year 2015 primarily due to other post-employment benefit and compensated absences. The Town had debt retirement for this fiscal year with the principal repayment of \$946,047. This includes retirement of debt for vehicles and equipment totaling \$479,380. Additions to debt during 2015 total \$717,102 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 \$161,864,073. The Town has no general obligation bonds authorized but unissued at June 30, 2015.

Additional information regarding the Town's long-term debt can be found beginning on page 112 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 4.2% was well below the state average of 5.3% as of February 2015. 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 in excess of 98%.
- Continued property and 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, 2016

Governmental Activities: The Town has approved a General Fund budget in the amount of \$21,527,647 for fiscal year 2016, which is a 1.2% increase over the original adopted fiscal year 2015 budget. As the economy continued to show signs of improvement, it was incumbent upon management to continue its disciplined approach and not become too optimistic in projecting revenues.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

The primary focus in preparing the fiscal year 2016 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 increase by 1.2% due to increase in valuations and private developments. The tax rate for real property equals 58.94 cents per one hundred dollars (0.5894), which remained unchanged from fiscal year 2015.

Sales tax revenues over the past year continue to show signs of recovery and are anticipated to grow by 13.5% over the 2014-15 level due to an increase in the sale of general retail items (e.g., food, clothing, household goods, etc.).

The Town continues to scrutinize its operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in 2016 will be slightly increased, the Town will seek to acquire new software that is obsolete for the Planning Department and Recreation and Parks Department. Additionally, the Town will begin planning for a number of future outlays that include: parking management study, storm water management and flooding mitigation, and, technology upgrades for public safety radio equipment.

Capital outlays in the General Fund will decrease by 39%, from \$1,167,056 in 2015 to \$710,930 in 2016. In addition to \$621,180 for vehicles and equipment purchases, capital outlays include: resurfacing of yard at public works, acquisition of equipment for snow/ice removal on sidewalks, installation of air conditioner in server room at Century Center.

The budget for debt service in 2016 is \$1,169,760 compared to \$1,214,891 in 2015. This is due to the payoff in 2013 of some older debt with higher interest rates and Town efforts to level out debt financing for replacement of vehicles and equipment in future years.

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>.

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BASIC FINANCIAL STATEMENTS

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TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit 1

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Carrboro Tourism Development Authority</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,854,900	\$ 89,234
Receivables		
Taxes receivable, net	260,754	-
Accrued interest receivable, property taxes	50,164	-
Accounts receivable, net	15,406	-
Due from primary government	-	45,912
Due from other governments	1,815,593	91
Inventories	36,898	-
Prepays	55,314	550
Restricted cash	1,449,548	-
Total current assets	<u>22,538,577</u>	<u>135,787</u>
Non-current assets		
Net pension asset	882,438	-
Notes receivable	222,818	-
Capital assets, net of accumulated depreciation	33,950,942	-
Total assets	<u>57,594,775</u>	<u>135,787</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>551,682</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,865,717	6,361
Payable from restricted assets, customer deposits and performance bonds	645,161	-
Revenues received in advance	90,471	-
Accrued interest payable	72,563	-
Due to component unit	45,912	-
Current portion of long-term liabilities	1,209,097	-
Total current liabilities	<u>3,928,921</u>	<u>6,361</u>
Long-term liabilities		
Due in more than one year	14,365,098	-
Total liabilities	<u>18,294,019</u>	<u>6,361</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,185,972</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	29,120,308	-
Restricted for:		
Stabilization by State Statute	2,187,718	46,003
Unrestricted	6,358,440	83,423
Total net position	<u>\$ 37,666,466</u>	<u>\$ 129,426</u>

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Carrboro Tourism Development Authority
Primary government:						
Governmental activities:						
General government	\$ 4,200,241	\$ 652,862	\$ 114,441	\$ -	\$ (3,432,938)	\$ -
Public safety	6,951,141	675,682	1,442	-	(6,274,017)	-
Planning	1,244,849	73,311	47,296	-	(1,124,242)	-
Transportation	1,472,508	-	-	-	(1,472,508)	-
Public works	4,421,682	70,249	507,456	283,090	(3,560,887)	-
Parks and recreation	1,642,737	270,028	35,898	-	(1,336,811)	-
Economic and physical development	90,108	-	17,234	-	(72,874)	-
Interest on long-term debt	191,916	-	-	-	(191,916)	-
Total governmental activities	<u>\$ 20,215,182</u>	<u>\$ 1,742,132</u>	<u>\$ 723,767</u>	<u>\$ 283,090</u>	<u>(17,466,193)</u>	<u>-</u>
Component unit:						
Tourism Development Authority	<u>\$ 114,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(114,613)</u>
Total component unit	<u>\$ 114,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(114,613)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					11,728,105	-
Local option sales taxes					3,897,200	-
Other taxes					1,386,254	-
Unrestricted intergovernmental revenues					1,481,631	-
Unrestricted investment earnings					10,477	-
Payments from Town of Carrboro					-	155,570
Miscellaneous					41,749	-
Total general revenues					<u>18,545,416</u>	<u>155,570</u>
Change in net position					1,079,223	40,957
Net position, beginning, previously reported					37,844,290	88,469
Restatement					<u>(1,257,047)</u>	<u>-</u>
Net position, beginning, restated					36,587,243	88,469
Net position, ending					<u>\$ 37,666,466</u>	<u>\$ 129,426</u>

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

	Major Funds						Total Governmental Funds
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration Fund	Nonmajor Funds	
ASSETS							
Cash and cash equivalents	\$ 14,027,665	\$ 451,859	\$ 1,693,439	\$ 2,381,072	\$ -	\$ 300,865	\$ 18,854,900
Taxes receivable, net	260,754	-	-	-	-	-	260,754
Accounts receivable, net	15,406	-	-	-	-	-	15,406
Due from other governments	1,671,393	-	8,659	-	135,541	-	1,815,593
Due from other funds	17,990	-	-	-	-	-	17,990
Notes receivable, net	-	108,200	-	-	-	114,618	222,818
Inventories	36,898	-	-	-	-	-	36,898
Prepaid items	55,314	-	-	-	-	-	55,314
Restricted cash	1,389,979	-	-	59,569	-	-	1,449,548
Total assets	<u>\$ 17,475,399</u>	<u>\$ 560,059</u>	<u>\$ 1,702,098</u>	<u>\$ 2,440,641</u>	<u>\$ 135,541</u>	<u>\$ 415,483</u>	<u>\$ 22,729,221</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,807,671	\$ -	\$ 6,272	\$ 27,953	\$ 23,821	\$ -	\$ 1,865,717
Payable from restricted assets, customer deposits and performance bonds	645,161	-	-	-	-	-	645,161
Revenues received in advance	90,471	-	-	-	-	-	90,471
Due to other funds	-	-	-	-	17,990	-	17,990
Due to component unit	45,912	-	-	-	-	-	45,912
Total liabilities	<u>2,589,215</u>	<u>-</u>	<u>6,272</u>	<u>27,953</u>	<u>41,811</u>	<u>-</u>	<u>2,665,251</u>
DEFERRED INFLOWS OF RESOURCES	<u>260,754</u>	<u>108,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,618</u>	<u>483,572</u>
FUND BALANCES							
Nonspendable:							
Inventories	36,898	-	-	-	-	-	36,898
Prepaid Items	55,314	-	-	-	-	-	55,314
Restricted:							
Stabilization by state statute	2,043,518	-	8,659	-	135,541	-	2,187,718
Capital equipment	744,818	-	-	-	-	-	744,818
Capital projects	-	-	1,687,167	59,569	-	-	1,746,736
Committed:							
Economic development	-	451,859	-	-	-	106,400	558,259
Capital projects	-	-	-	2,353,119	-	-	2,353,119
Affordable housing	-	-	-	-	-	134,938	134,938
Energy efficiency	-	-	-	-	-	59,527	59,527
Assigned:							
Subsequent year's expenditures	624,916	-	-	-	-	-	624,916
Capital projects	2,000,000	-	-	-	-	-	2,000,000
Unassigned	9,119,966	-	-	-	(41,811)	-	9,078,155
Total fund balances	<u>14,625,430</u>	<u>451,859</u>	<u>1,695,826</u>	<u>2,412,688</u>	<u>93,730</u>	<u>300,865</u>	<u>19,580,398</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,475,399</u>	<u>\$ 560,059</u>	<u>\$ 1,702,098</u>	<u>\$ 2,440,641</u>	<u>\$ 135,541</u>	<u>\$ 415,483</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	33,950,942
Net pension asset	882,438
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	551,682
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.	50,164
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	483,572
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(15,574,195)
Pension-related deferrals	(2,185,972)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	(72,563)
Net position of governmental activities	<u>\$ 37,666,466</u>

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Exhibit 4
Page 1 of 2

	Major Funds						Total Governmental Funds
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration	Nonmajor Funds	
Revenues							
Ad valorem taxes	\$ 11,771,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,771,793
Local option sales taxes	3,897,200	-	-	-	-	-	3,897,200
Other taxes and licenses	1,386,254	-	-	-	-	-	1,386,254
Unrestricted intergovernmental	1,481,631	-	-	-	-	-	1,481,631
Restricted intergovernmental	666,498	-	136,719	1,482	144,880	-	949,579
Permits and fees	1,260,859	-	-	-	-	-	1,260,859
Sales and services	274,350	-	-	-	-	-	274,350
Investment earnings	1,992	5,469	294	-	-	2,722	10,477
Other	151,244	121,813	-	14,500	-	113,060	400,617
Total revenues	20,891,821	127,282	137,013	15,982	144,880	115,782	21,432,760
Expenditures							
General government	4,093,908	-	-	-	-	-	4,093,908
Public safety	6,265,547	-	-	-	-	-	6,265,547
Planning	1,203,990	-	-	-	-	-	1,203,990
Transportation	1,472,508	-	-	-	-	-	1,472,508
Public works	3,481,463	-	-	-	-	-	3,481,463
Economic and physical development	-	-	-	-	5,588	14,520	20,108
Parks and recreation	1,444,752	-	-	-	-	-	1,444,752
Capital outlay	1,167,056	-	88,316	231,678	401,898	-	1,888,948
Debt service:							
Principal	946,047	-	-	-	-	-	946,047
Interest and other charges	202,907	-	-	-	-	-	202,907
Total expenditures	20,278,178	-	88,316	231,678	407,486	14,520	21,020,178
Excess of revenues over (under) expenditures	613,643	127,282	48,697	(215,696)	(262,606)	101,262	412,582
Other financing sources (uses)							
Transfers from other funds	176,945	-	-	374,073	320,500	10,000	881,518
Transfers to other funds	(694,573)	-	-	(176,945)	-	(10,000)	(881,518)
Sale of capital assets	47,412	-	-	-	-	-	47,412
Installment purchase obligations issued	717,102	-	-	-	-	-	717,102
Total other financing sources (uses)	246,886	-	-	197,128	320,500	-	764,514
Net change in fund balances	860,529	127,282	48,697	(18,568)	57,894	101,262	1,177,096
Fund balances, beginning of year	13,764,901	324,577	1,647,129	2,431,256	35,836	199,603	18,403,302
Fund balances, end of year	\$ 14,625,430	\$ 451,859	\$ 1,695,826	\$ 2,412,688	\$ 93,730	\$ 300,865	\$ 19,580,398

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Exhibit 4
Page 2 of 2

**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 **\$ 1,177,096**

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	1,888,948	
Depreciation expense for governmental assets	(1,354,799)	534,149

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	(47,412)	
Gain on sale of fixed assets recognized under full accrual basis	41,749	(5,663)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.

551,682

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	5,149	
Change in deferred revenues, property taxes	(48,837)	
Change in deferred revenues	(206,416)	(250,104)

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	(717,102)	
Principal payments on long-term debt	946,047	228,945

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	(46,487)	
Change in accrued interest payable on long-term debt	6,125	
Change in compensated absences	(60,195)	
Change in net pension obligation	(1,498)	
Change in other postemployment benefits	(1,059,693)	(1,156,882)

Total changes in net position of governmental activities **\$ 1,079,223**

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Exhibit 5

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 12,166,764	\$ 12,166,764	\$ 11,771,793	\$ (394,971)
Local option sales taxes	3,371,537	3,371,537	3,897,200	525,663
Other taxes and licenses	519,728	556,281	1,386,254	829,973
Unrestricted intergovernmental	900,554	900,554	1,481,631	581,077
Restricted intergovernmental	596,959	599,659	666,498	66,839
Permits and fees	1,336,731	1,336,731	1,260,859	(75,872)
Sales and services	233,145	233,145	274,350	41,205
Investment earnings	7,036	7,036	1,992	(5,044)
Other revenues	104,420	124,420	151,244	26,824
Total revenues	<u>19,236,874</u>	<u>19,296,127</u>	<u>20,891,821</u>	<u>1,595,694</u>
Expenditures				
Current:				
General government	4,388,222	4,538,173	4,154,158	384,015
Public safety	6,248,220	6,749,662	6,408,432	341,230
Planning	1,327,570	1,361,494	1,203,990	157,504
Transportation	1,472,520	1,472,520	1,472,508	12
Public works	4,281,031	4,896,820	4,393,565	503,255
Parks and recreation	1,669,102	1,698,275	1,496,571	201,704
General services	575,543	298,010	-	298,010
Debt service	1,214,891	1,214,891	1,148,954	65,937
Total expenditures	<u>21,177,099</u>	<u>22,229,845</u>	<u>20,278,178</u>	<u>1,951,667</u>
Excess of revenues over (under) expenditures	<u>(1,940,225)</u>	<u>(2,933,718)</u>	<u>613,643</u>	<u>3,547,361</u>
Other financing sources (uses)				
Transfers from other funds	176,945	176,945	176,945	-
Transfers to other funds	(136,704)	(694,573)	(694,573)	-
Sale of capital assets	70,733	70,733	47,412	(23,321)
Installment purchase obligation issued	745,176	745,176	717,102	(28,074)
Total other financing sources (uses)	<u>856,150</u>	<u>298,281</u>	<u>246,886</u>	<u>(51,395)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,084,075)</u>	<u>(2,635,437)</u>	<u>860,529</u>	<u>3,495,966</u>
Fund balance appropriated	<u>1,084,075</u>	<u>2,635,437</u>	<u>-</u>	<u>(2,635,437)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>860,529</u>	<u>\$ 860,529</u>
Fund balance, beginning of year			<u>13,764,901</u>	
Fund balance, end of year			<u>\$ 14,625,430</u>	

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. 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 three 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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.

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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.

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 Kernersville 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. 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

1. 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

1. Deposits and Investments (Continued)

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 as determined by quoted market prices. The securities of the NCCMT Cash Portfolio and SEC-registered (2a-7) money market mutual fund are valued at fair value, which is the NCCMT's share price.

2. 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.

3. Restricted Assets

The unexpended proceeds from installment purchase agreements in the amount of \$804,387 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 \$645,161 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.

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 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, 2014. 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables written off in prior years.

6. 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 as prepaid items in both government-wide and fund financial statements, and expensed as the items are used.

7. 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:

	<u>Cost</u>
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 are recorded at estimated fair value at time of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

7. Capital Assets (Continued)

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

	<u>Useful Life</u>
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

8. 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 one item that meets this criterion, contributions made to the pension plan in the 2015 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

10. 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.

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.

11. Net Position/Fund Balances

Net Position

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Non-Spendable Fund Balance (Continued)

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.

Prepaid items - charges entered into accounts for benefits not yet received and are regularly recurring costs of operations such as unexpired insurance premiums. They are recognized as an asset when paid and recognized as an expenditure when incurred.

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 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Committed Fund Balance (Continued)

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 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%.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Equity (Continued)

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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.

Note II. Detail Notes on All Funds

A. Assets

1. 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits (Continued)

At June 30, 2015, the Town's deposits had a carrying amount of \$9,853,173 and a bank balance of \$9,899,557. Of the bank balance, \$250,000 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 \$89,234 and the bank balance was \$94,234. All of the bank balance was covered by federal depository insurance. At June 30, 2015 the Town's petty cash fund totaled \$1,933.

2. Investments

At June 30, 2015, the Town had \$10,449,342 invested with the North Carolina Capital Management Trust Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables

Due from Other Governments

Amounts due from other governments consist of the following:

	<u>Other</u>	<u>County</u>	<u>State</u>	<u>Total</u>
<i>General Fund</i>				
Local option sales tax	\$ -	\$ -	\$ 1,094,941	\$ 1,094,941
Sales tax refunds	-	37,174	66,360	103,534
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	339,097	339,097
Solid waste disposal tax	-	-	3,037	3,037
City of Durham planning grant	8,832	-	-	8,832
NCVTS tag and tax proceeds	-	-	121,952	121,952
	<u>8,832</u>	<u>37,174</u>	<u>1,625,387</u>	<u>1,671,393</u>
<i>Bond Fund</i>				
Grant reimbursements	-	-	8,659	8,659
<i>Grants Administration Fund</i>				
Grant reimbursements	-	38,244	97,297	135,541
Total	<u>\$ 8,832</u>	<u>\$ 75,418</u>	<u>\$ 1,731,343</u>	<u>\$ 1,815,593</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Notes Receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2015, the Revolving Loan Fund notes receivable balance was \$108,200, net of a \$70,000 allowance.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2015:

	Interest Rate	Balance
Alphabet Soup	6.00	\$ 15,304
Bryan's Guitar	3.00	50,613
Art in a Pickle	2.00	40,197
The Beehive	3.00	12,578
Carrboro Creative Coworking	2.00	32,036
Carrboro Citizen	2.00	17,213
PTA Thrift Store	3.00	10,259
		178,200
Less allowance		(70,000)
Total		<u>\$ 108,200</u>

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, 2015, the Energy Efficiency Revolving Loan Fund notes receivable balance was \$77,245.

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, 2015, the Affordable Housing Fund notes receivable balance was \$28,548.

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, 2015, the Business Loan Fund notes receivable balance was \$8,825.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. 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	<u>\$ 101,505</u>

5. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,608,393	\$ -	\$ -	\$ 14,608,393
Construction-in-progress	1,122,048	319,993	(1,463)	1,440,578
Total capital assets not being depreciated	<u>15,730,441</u>	<u>319,993</u>	<u>(1,463)</u>	<u>16,048,971</u>
Capital assets being depreciated:				
Buildings and improvements	8,721,877	1,463	-	8,723,340
Land improvements	608,431	51,820	-	660,251
Infrastructure	11,693,939	408,668	-	12,102,607
Equipment and heavy equipment	3,686,959	965,582	(19,982)	4,632,559
Vehicles	5,914,082	142,885	(312,766)	5,744,201
Total capital assets being depreciated	<u>30,625,288</u>	<u>1,570,418</u>	<u>(332,748)</u>	<u>31,862,958</u>
Less accumulated depreciation for:				
Buildings and improvements	3,372,638	259,614	-	3,632,252
Land improvements	203,813	23,806	-	227,619
Infrastructure	2,072,590	419,768	-	2,492,358
Equipment and heavy equipment	3,043,295	268,547	(14,319)	3,297,523
Vehicles	4,240,937	383,064	(312,766)	4,311,235
Total accumulated depreciation	<u>12,933,273</u>	<u>\$ 1,354,799</u>	<u>\$ (327,085)</u>	<u>13,960,987</u>
Total capital assets being depreciated, net	<u>17,692,015</u>			<u>17,901,971</u>
Governmental activity capital assets, net	<u>\$ 33,422,456</u>			<u>\$ 33,950,942</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

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

General government	\$ 43,557
Public safety	371,620
Planning	4,958
Public works	776,311
Parks and recreation	<u>158,353</u>
Total depreciation expense	<u>\$ 1,354,799</u>

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2015 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 1,369,945	\$ 437,726	\$ 1,807,671
Other governmental	<u>58,046</u>	<u>-</u>	<u>58,046</u>
Total governmental activities	<u>\$ 1,427,991</u>	<u>\$ 437,726</u>	<u>\$ 1,865,717</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations

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 appoint 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$551,682 for the year ended June 30, 2015.

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

At June 30, 2015, the Town reported an asset of \$882,438 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2014, the Town's proportion was 0.150%, which was an increase of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized expense of \$46,487. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 96,422
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,054,294
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	35,256
Town contributions subsequent to the measurement date	<u>551,682</u>	<u>-</u>
Total	<u>\$ 551,682</u>	<u>\$ 2,185,972</u>

\$551,682 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

Year Ended June 30:

2016	\$ (546,576)
2017	(546,576)
2018	(546,576)
2019	(546,244)
2020	-
Thereafter	<u>-</u>
Total	<u>\$ (2,185,972)</u>

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

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

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

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	36.0%	2.5%
Global equity	40.5%	6.1%
Real estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation protection	<u>4.5%</u>	3.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

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

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 2,995,374	\$ (882,438)	\$ (4,147,429)

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance

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. 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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>38</u>
Total	<u><u>45</u></u>

A separate report was not issued for the plan.

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 Statements 67 and 68:

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

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

Contributions:

The 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.

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases.

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

Annual required contribution	\$ 144,233
Interest on net pension obligation	17,402
Adjustment to annual required contribution	<u>(29,400)</u>
Annual pension cost	132,235
Contributions made	<u>130,737</u>
Increase in net pension obligation	1,498
Net pension obligation, beginning of year	<u>348,032</u>
Net pension obligation, end of year	<u><u>\$ 349,530</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Three-Year Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	\$ 103,880	86.07%	\$ 387,238
6/30/2014	98,517	139.80%	348,032
6/30/2015	132,235	98.87%	349,530

Funded Status and Funding Process: As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,236,987. The covered payroll (annual payroll of active employees covered by the plan) was \$1,861,205, and the ratio of the UAAL to the covered payroll was 66.46%.

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

Supplemental Retirement Income Plan

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan (Continued)

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, 2015 were \$513,167, which consisted of \$266,635 from the Town and \$246,532 from the employees.

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

3. 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). As of 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 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 also have the option of purchasing coverage for themselves and dependents at the Town's group rate. 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. 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.

<u>Retired Employee's Years of Creditable Service</u>	<u>Retiree Contribution %</u>	<u>Town Contribution %</u>
Less than 10 years	Not eligible for coverage	Not eligible for coverage
10 to 14 years	50%	50%
15 to 19 years	25%	75%
20 years and up	0%	100%

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (OPEB) (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	20	11
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>109</u>	<u>36</u>
Total	<u><u>129</u></u>	<u><u>47</u></u>

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Also, retirees who have their dependents covered at the time of retirement may continue to cover dependents if they elect to pay the premiums. Currently, 31 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the Town made payments for post-retirement health premiums of \$270,562. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 18.3% of annual covered payroll. For the current year, the Town contributed \$270,562, or 3.8% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 13.7% and 4.6% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$37,079. The Town's obligation to contribute to HCB Plan is established and may be amended by the Town's Board.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation. The Town's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 1,319,139
Interest on net OPEB obligation	248,754
Adjustment to annual required contribution	<u>(237,638)</u>
Annual OPEB cost	1,330,255
Contributions made	<u>(270,562)</u>
Increase in net OPEB obligation	1,059,693
Net OPEB obligation, beginning of year	<u>6,218,861</u>
Net OPEB obligation, end of year	<u><u>\$ 7,278,554</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,330,255	20.34%	\$ 7,278,554
2014	1,438,939	14.24%	6,218,861
2013	1,438,939	10.79%	4,984,883

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$13,447,467. The covered payroll (annual payroll of active employees covered by the plan) was \$7,207,710, and the ratio of the UAAL to the covered payroll was 186.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (OPEB) (Continued)

Amounts are determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. 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.

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0.

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

<u>Number of Years Contributing</u>	<u>Year Relief</u>	<u>FY Contributions Resume</u>
Less than 10	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Carrboro will have a three-year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. Other Employment Benefits (Continued)

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.

5. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised solely of contributions to the pension plan in the current fiscal year in the amount of \$551,682.

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

	<u>Unavailable Revenues</u>
Taxes receivable, net (General Fund)	\$ 260,754
Notes receivable, net (Revolving Loan Fund)	108,200
Notes receivable, net (Nonmajor Funds)	114,618
Pension deferrals	2,185,972

6. 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Risk Management (Continued)

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 under a blanket bond for \$1,000,000.

7. 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

Bonds payable at June 30, 2015, 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.

\$ 4,100,000

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 250,000	\$ 95,000
2017	250,000	90,000
2018	250,000	82,500
2019	250,000	77,500
2020	250,000	72,500
2021 - 2025	1,250,000	286,875
2026 - 2030	1,250,000	149,250
2031 - 2032	<u>350,000</u>	<u>14,500</u>
	<u>\$ 4,100,000</u>	<u>\$ 868,125</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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, 2015, are as follows:

The financing contract requires an annual level payment of \$61,694 due June 21, including interest at 1.61%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2012, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2016. \$ 60,717

The financing contract requires an annual level payment of \$81,636 due June 21, including interest of 1.37%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2013, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2017. 159,985

The financing contract requires an annual level payment of \$102,286 due June 30, including interest of 1.26%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 30, 2014, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 30, 2018. 299,262

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. Installment Purchase Agreements - Equipment - General Fund (Continued)

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.

\$ 569,867

Total

\$ 1,089,831

Annual debt service payments of the installment purchases as of June 30, 2015 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 378,326	\$ 14,526
2017	321,797	9,360
2018	244,405	5,116
2019	<u>145,303</u>	<u>1,933</u>
Total	<u>\$ 1,089,831</u>	<u>\$ 30,935</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Installment Purchase Agreement - Improvements - General Fund

The Town has installment purchase agreement for improvements. The installment purchase note payable at June 30, 2015, 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.

\$ 2,058,333

Annual debt service payments of the installment purchase as of June 30, 2015 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 216,667	\$ 81,570
2017	216,667	72,751
2018	216,667	63,933
2019	216,667	55,115
2020	216,667	46,296
2021 - 2025	<u>974,998</u>	<u>99,206</u>
Total	<u><u>\$ 2,058,333</u></u>	<u><u>\$ 418,871</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

d. Changes in Long-Term Debt Obligations

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental activities:					
General obligation - bonds	\$ 4,350,000	\$ -	\$ (250,000)	\$ 4,100,000	\$ 250,000
Premium on bond	85,162	-	(4,866)	80,296	4,866
Installment purchases - improvements	2,275,000	-	(216,667)	2,058,333	216,667
Installment purchases - equipment	852,109	717,102	(479,380)	1,089,831	378,326
Compensated absences	557,456	419,433	(359,238)	617,651	359,238
Other postemployment benefits	6,218,861	1,330,255	(270,562)	7,278,554	-
Net pension obligation	<u>348,032</u>	<u>132,235</u>	<u>(130,737)</u>	<u>349,530</u>	<u>-</u>
Total long-term obligations	<u>\$ 14,686,620</u>	<u>\$ 2,599,025</u>	<u>\$ (1,711,450)</u>	<u>\$ 15,574,195</u>	<u>\$ 1,209,097</u>

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, 2015 was \$161,864,073.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds:

Transfers to/from other funds at June 30, 2015 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) \$32,834 to support Anderson Park MP field renovation, (2) \$140,000 to support Anderson Park field lighting, (3) \$87,300 to support the Town Commons improvements, and (4) \$20,000 to support the bike loop detectors.	\$ 280,134
From the Capital Projects Fund to the General Fund to transfer unspent funds upon the completion of the Wilson Park Tennis court replacement.	42,765
From the General Fund to the Grants Administration Fund in the amounts of (1) \$304,601 to support the purchase of an AutoCar E3 Refuse Truck, (2) \$8,191 to provide local matching for the Fire Fighters program grant, and (3) \$7,900 to support the SEEA grant administration.	320,692
From the Grants Administration Fund to the General Fund to transfer unspent local matching funds on the NCDENR recycling grant.	192
From the Business Loan Fund to the Affordable Housing Fund originally transferred from the General Fund to support future housing programs.	10,000
From the General Fund to the Capital Reserve Fund to support street resurfacing.	136,704
From the Capital Reserve Fund to the General Fund to support debt servicing of the fire station construction.	<u>176,945</u>
	<u>\$ 967,432</u>

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note II. Detail Notes on All Funds (Continued)

D. Net Investment in Capital Assets

Capital assets	\$ 33,950,942
Less: related debt	
General obligation bonds	(4,100,000)
Premium on bond issuance	(80,296)
Installment purchases - improvements	(2,058,333)
Installment purchases - equipment	(1,089,831)
Add: unexpended debt proceeds	<u>2,497,826</u>
Net investment in capital assets	<u>\$ 29,120,308</u>

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	\$ 14,625,430
Less:	
Inventories	36,898
Prepaid items	55,314
Stabilization by state statute	2,043,518
Capital equipment	744,818
Appropriated fund balance in subsequent fiscal year's budget	624,916
Capital projects	<u>2,000,000</u>
Unassigned fund balance	9,119,966
Working capital/fund balance policy	<u>4,853,846</u>
Remaining fund balance	<u>\$ 4,266,120</u>

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

General Fund	<u>\$ 338,729</u>
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TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note III. Summary Disclosure of Significant Contingencies

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.

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 payments of \$17,856 for employment security benefits during the current fiscal year.

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.

Note IV. Related-Party Transactions

The Town collected occupancy tax proceeds in the amount of \$160,381. Of this amount, 3%, or \$4,811, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$155,570 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 \$45,912.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note V. 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, 2015 are as follows:

2016	\$ 141,597
2017	143,491
2018	86,934
2019	<u>43,347</u>
	<u>\$ 415,369</u>

Note VI. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ended June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects of net position of contributions made by the Town during the measurement period (fiscal year ended June 30, 2014). As a result, net position for the governmental activities decreased \$1,257,047.

Note VII. Subsequent Events Disclosure

On September 11, 2015 the Town closed on the sale of an office condo for \$548,825. The condo located at 110 East Main Street, Suite 200 was acquired August 30, 2013 as part of an economic development arrangement to retain jobs in the Town.

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions for Other Postemployment Benefits
- Schedule of the Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Notes to the Required Schedules for Other Postemployment Benefits

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TOWN OF CARRBORO, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/2005	\$ -	\$ 412,323	\$ 412,323	0.00%	\$ 1,560,379	26.42%
12/31/2006	-	534,900	534,900	0.00%	1,752,714	30.52%
12/31/2007	-	557,745	557,745	0.00%	1,718,362	32.46%
12/31/2008	-	654,656	654,656	0.00%	1,848,527	35.42%
12/31/2009	-	889,339	889,339	0.00%	1,965,368	45.25%
12/31/2010	-	901,763	901,763	0.00%	1,893,173	47.63%
12/31/2011	-	1,117,731	1,117,731	0.00%	1,764,435	63.35%
12/31/2012	-	1,099,249	1,099,249	0.00%	1,894,654	58.02%
12/31/2013	-	1,254,013	1,254,013	0.00%	1,775,157	70.64%
12/31/2014	-	1,236,987	1,236,987	0.00%	1,861,205	66.46%

TOWN OF CARRBORO, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 53,533	40.26%
2007	48,581	44.37%
2008	58,804	61.64%
2009	61,335	75.28%
2010	73,193	64.09%
2011	90,934	57.66%
2012	95,280	82.48%
2013	108,440	82.45%
2014	110,704	124.41%
2015	144,233	90.64%

Notes to the Required Schedules

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increases	4.25% - 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

**TOWN OF CARRBORO, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Exhibit B-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/2008	\$ -	\$ 13,138,991	\$ 13,138,991	0.00%	\$ 7,108,351	184.84%
12/31/2011	-	13,603,239	13,603,239	0.00%	7,223,608	188.32%
12/31/2014	-	13,447,467	13,447,467	0.00%	7,207,710	186.57%

Preliminary Draft

**TOWN OF CARRBORO, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Exhibit B-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 1,425,359	10.90%
2014	1,425,359	14.38%
2015	1,319,139	20.51%

Notes to the Required Schedules

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.5% - 5.0%
Post-Medicare trend rate	5.5% - 5.0%
Year of ultimate trend rate	2020
Includes inflation at	3.00%

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years *

Exhibit C-1

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Carrboro's proportion of the net pension liability (asset) (%)	0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) (\$)	\$ (882,438)	\$ 1,796,023
Carrboro's covered-employee payroll	\$ 7,606,585	\$ 7,396,688
Carrboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability **	102.64%	94.35%

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

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

**TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years**

Exhibit C-2

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 551,682	\$ 538,976
Contributions in relation to the contractually required contribution	<u>551,682</u>	<u>538,976</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Carrboro's covered employee payroll	\$ 7,711,880	\$ 7,606,585
Contributions as a percentage of covered employee payroll	7.15%	7.09%

SUPPLEMENTARY INFORMATION

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TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Schedule 1
Page 1 of 5

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Taxes	\$ 12,142,685	\$ 11,733,744	\$ (408,941)
Penalties and interest	24,079	38,049	13,970
Total	<u>12,166,764</u>	<u>11,771,793</u>	<u>(394,971)</u>
Local option sales taxes			
Article 39, 1%	1,125,906	1,314,850	188,944
Article 40, ½%	825,579	948,129	122,550
Article 42, ½%	576,078	660,240	84,162
Article 44, ½%	674	347	(327)
City hold harmless	843,300	973,634	130,334
Total	<u>3,371,537</u>	<u>3,897,200</u>	<u>525,663</u>
Other taxes and licenses			
Room occupancy tax	152,317	160,381	8,064
Motor vehicle license fees, net of refunds and collection fees	345,031	1,169,374	824,343
Privilege licenses	58,933	56,499	(2,434)
Total	<u>556,281</u>	<u>1,386,254</u>	<u>829,973</u>
Unrestricted intergovernmental			
NC DOT reimbursement	-	4,498	4,498
Utility franchise tax	446,891	923,327	476,436
Piped natural gas tax	34,152	80,407	46,255
Video sales programming tax	173,136	57,038	(116,098)
Telecommunications sales tax	206,375	250,269	43,894
Direct-to-home satellite sales tax	-	68,272	68,272
Beer and wine tax	40,000	97,820	57,820
Total	<u>900,554</u>	<u>1,481,631</u>	<u>581,077</u>
Restricted intergovernmental			
Powell Bill	487,937	494,221	6,284
Solid waste disposal tax distribution	10,538	13,235	2,697
Planning work grant	20,915	47,296	26,381
ABC Board grant	16,000	16,000	-
Supplemental PEG channel support	36,000	56,839	20,839
U.S. Department of Justice block grant	-	3,009	3,009
Recreation municipal supplement	28,269	35,898	7,629
Total	<u>599,659</u>	<u>666,498</u>	<u>66,839</u>

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Schedule 1
Page 2 of 5

	Final Budget	Actual	Variance Positive (Negative)
Fees and permits			
Fire district fees	\$ 540,270	\$ 516,460	\$ (23,810)
Fire permitting fees	10,566	4,592	(5,974)
Building permits	135,973	79,708	(56,265)
Electrical permits	71,923	80,189	8,266
Mechanical permits	54,641	67,385	12,744
Plumbing permits	46,199	56,960	10,761
Refuse collection fees	92,377	67,466	(24,911)
Development review	45,450	30,668	(14,782)
Engineering fees	26,058	28,783	2,725
Technical review	21,210	13,860	(7,350)
Tower fees	130,463	139,909	9,446
Parking and animal violations	6,535	13,827	7,292
School resource officer contract fees	110,852	127,605	16,753
Recycling fees	13,556	2,783	(10,773)
Miscellaneous fees	30,658	30,664	6
Total	<u>1,336,731</u>	<u>1,260,859</u>	<u>(75,872)</u>
Sales and services			
Recreation fees	158,513	190,202	31,689
Town Center fees	72,470	79,826	7,356
Miscellaneous	2,162	4,322	2,160
Total	<u>233,145</u>	<u>274,350</u>	<u>41,205</u>
Investment earnings			
Interest on investments	<u>7,036</u>	<u>1,992</u>	<u>(5,044)</u>
Other revenues			
Rental income	30,647	26,701	(3,946)
Donations	35,357	40,822	5,465
Miscellaneous	58,416	83,721	25,305
Total	<u>124,420</u>	<u>151,244</u>	<u>26,824</u>
Total revenues	<u>19,296,127</u>	<u>20,891,821</u>	<u>1,595,694</u>

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Schedule 1
Page 3 of 5

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General government			
Mayor and Board of Aldermen			
Personnel services	\$ 88,462	\$ 92,988	\$ (4,526)
Operations	176,600	158,562	18,038
Total	265,062	251,550	13,512
Advisory boards			
Operations	25,815	6,628	19,187
Total	25,815	6,628	19,187
Governmental support			
Operations	538,035	518,516	19,519
Total	538,035	518,516	19,519
Town Manager			
Personnel services	325,715	321,687	4,028
Operations	17,118	12,474	4,644
Total	342,833	334,161	8,672
Economic and community development			
Personnel services	120,748	124,750	(4,002)
Operations	113,750	114,200	(450)
Total	234,498	238,950	(4,452)
Town Clerk			
Personnel services	107,023	110,158	(3,135)
Operations	20,400	16,263	4,137
Total	127,423	126,421	1,002
Management services			
Personnel services	558,603	528,754	29,849
Operations	539,079	488,483	50,596
Total	1,097,682	1,017,237	80,445
Personnel			
Personnel services	402,457	326,718	75,739
Operations	82,832	80,284	2,548
Total	485,289	407,002	78,287
Information technology			
Personnel services	259,494	268,790	(9,296)
Operations	1,101,107	924,653	176,454
Capital outlay	60,935	60,250	685
Total	1,421,536	1,253,693	167,843
Total general government	4,538,173	4,154,158	384,015

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Schedule 1
Page 4 of 5

	Final Budget	Actual	Variance Positive (Negative)
Public safety			
Police department			
Personnel services	\$ 2,937,121	\$ 2,909,446	\$ 27,675
Operations	639,911	456,449	183,462
Capital outlay	224,425	142,885	81,540
Total	<u>3,801,457</u>	<u>3,508,780</u>	<u>292,677</u>
Fire department			
Personnel services	2,609,277	2,603,210	6,067
Operations	335,928	296,442	39,486
Capital outlay	3,000	-	3,000
Total	<u>2,948,205</u>	<u>2,899,652</u>	<u>48,553</u>
Total public safety	<u>6,749,662</u>	<u>6,408,432</u>	<u>341,230</u>
Planning			
Personnel services	1,053,659	1,022,968	30,691
Operations	307,835	181,022	126,813
Total planning	<u>1,361,494</u>	<u>1,203,990</u>	<u>157,504</u>
Transportation			
Operations	1,472,520	1,472,508	12
Total transportation	<u>1,472,520</u>	<u>1,472,508</u>	<u>12</u>
Public works			
Public works department			
Personnel services	1,931,257	1,922,948	8,309
Operations	2,005,134	1,558,515	446,619
Capital outlay	960,429	912,102	48,327
Total public works	<u>4,896,820</u>	<u>4,393,565</u>	<u>503,255</u>
Parks and recreation			
Recreation department			
Personnel services	1,139,476	1,070,272	69,204
Operations	500,918	374,480	126,438
Capital outlay	57,881	51,819	6,062
Total parks and recreation	<u>1,698,275</u>	<u>1,496,571</u>	<u>201,704</u>
General services			
Operations	298,010	-	298,010
Total general services	<u>298,010</u>	<u>-</u>	<u>298,010</u>

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2015

Schedule 1
Page 5 of 5

	Final Budget	Actual	Variance Positive (Negative)
Debt service			
Principal retirement	\$ 999,709	\$ 946,047	\$ 53,662
Interest and fees	215,182	202,907	12,275
Total debt service	1,214,891	1,148,954	65,937
Total expenditures	22,229,845	20,278,178	1,951,667
Revenues over (under) expenditures	(2,933,718)	613,643	3,547,361
Other financing sources (uses)			
Transfers from other funds			
From Capital Reserve Fund	176,945	176,945	-
Transfers to other funds			
To Capital Projects Fund	(237,369)	(237,369)	-
To Capital Reserve Fund	(136,704)	(136,704)	-
To Grant Administration Fund	(320,500)	(320,500)	-
Sale of capital assets	70,733	47,412	(23,321)
Installment purchase obligations issued	745,176	717,102	(28,074)
Total other financing uses	298,281	246,886	(51,395)
Revenues and other financing sources over (under) expenditures and other financing uses	(2,635,437)	860,529	3,495,966
Appropriated fund balance	2,635,437	-	(2,635,437)
Net change in fund balance	\$ -	860,529	\$ 860,529
Fund balance, beginning of year		13,764,901	
Fund balance, end of year		\$ 14,625,430	

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, 2015

Schedule 2
Page 1 of 2

	Project Authorization	Prior Years	Actual Current Year	Closed Loans	Total to Date	Variance Positive Negative
Revenues						
Investment earnings						
Interest on investments	\$ 232,018	\$ 232,018	\$ -	\$ -	\$ 232,018	\$ -
Interest repayments	589,495	584,026	5,469	-	589,495	-
Total investment earnings	821,513	816,044	5,469	-	821,513	-
Revolving loan repayments						
Alphabet Soup	48,000	29,649	3,047	-	32,696	(15,304)
Bryan's Guitar	90,000	39,387	-	-	39,387	(50,613)
Art in a Pickle	105,000	62,427	2,376	-	64,803	(40,197)
Carrboro Coworking	90,000	38,691	19,273	-	57,964	(32,036)
The Beehive	50,000	30,865	6,557	-	37,422	(12,578)
The Carrboro Citizen	50,000	26,553	6,234	-	32,787	(17,213)
Second Wind Juice Bar	-	11,277	33,723	(45,000)	-	-
Cameron's	-	5,628	44,372	(50,000)	-	-
PTA Thrift Store	25,000	8,510	6,231	-	14,741	(10,259)
Total revolving loan payments	458,000	252,987	121,813	(95,000)	279,800	(178,200)
Total revenues	1,279,513	1,069,031	127,282	(95,000)	1,101,313	(178,200)
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

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, 2015

Schedule 2
Page 2 of 2

	Project Authorization	Prior Years	Actual Current Year	Closed Loans	Total to Date	Variance Positive (Negative)
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	-
Original Ornament	-	70,000	-	(70,000)	-	-
The Beehive	50,000	50,000	-	-	50,000	-
The Carrboro Citizen	50,000	50,000	-	-	50,000	-
Second Wind Juice Bar	-	45,000	-	(45,000)	-	-
Cameron's	-	50,000	-	(50,000)	-	-
PTA Thrift Store	25,000	25,000	-	-	25,000	-
Bad debts	70,000	-	-	70,000	70,000	-
Total economic and physical development	528,000	623,000	-	(95,000)	528,000	-
Total expenditures	554,679	640,454	-	(95,000)	545,454	9,225
Revenues over expenditures	724,834	428,577	127,282	-	555,859	(168,975)
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	620,834	324,577	127,282	-	451,859	(168,975)
Appropriated to fund balance	(620,834)	-	-	-	-	620,834
Net change in fund balance	\$ -	\$ 324,577	127,282	\$ -	\$ 451,859	\$ 451,859
Fund balance, beginning of year			324,577			
Fund balance, end of year			\$ 451,859			

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, 2015

Schedule 3

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
General revenues						
Federal STP-DA funds	\$ 2,775,027	\$ 561,071	\$ 136,719	\$ -	\$ 697,790	\$ (2,077,237)
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	155,757	127,965	294	-	128,259	(27,498)
Miscellaneous	7,863	7,863	-	-	7,863	-
Total revenues	<u>3,446,078</u>	<u>1,156,284</u>	<u>137,013</u>	<u>-</u>	<u>1,293,297</u>	<u>(2,152,781)</u>
Expenditures						
Capital outlay						
General expenditures						
(non-project)	602,893	60,316	-	-	60,316	542,577
Morgan Creek Greenway	1,521,471	258,683	61,613	-	320,296	1,201,175
Bolin Creek Greenway	992,730	223,957	-	-	223,957	768,773
Bolin Forest Sidewalk	-	54,901	-	(54,901)	-	-
Quail Roost Sidewalk	-	145,999	-	(145,999)	-	-
Lisa Drive Sidewalk	-	127,800	-	(127,800)	-	-
Hannah Street Sidewalk	-	210,867	-	(210,867)	-	-
N. Greensboro Street Sidewalk	-	348,864	-	(348,864)	-	-
Williams Street Sidewalk	-	31,555	-	(31,555)	-	-
Lloyd Street Sidewalk	-	10,855	-	(10,855)	-	-
Jones Ferry Sidewalk	-	15,918	-	(15,918)	-	-
Fowler Street Sidewalk	-	16,535	-	(16,535)	-	-
S. Greensboro Street Sidewalk	-	43,153	-	(43,153)	-	-
Phase 1B Bond Sidewalks	1,257,900	1,190,335	20,449	-	1,210,784	47,116
NCDOT Enhancement	-	-	-	-	-	-
Sidewalks	-	126,849	-	(126,849)	-	-
Wilson Park Multi-Use Path	-	371,283	-	(371,283)	-	-
Davie Street Sidewalk	294,014	316,018	-	-	316,018	(22,004)
Pine Street Sidewalk	-	286,826	-	(286,826)	-	-
Rogers Road Sidewalk	1,371,658	93,682	6,254	-	99,936	1,271,722
Elm Street Sidewalk	-	370,530	-	(370,530)	-	-
Completed projects	<u>2,161,935</u>	<u>-</u>	<u>-</u>	<u>2,161,935</u>	<u>2,161,935</u>	<u>-</u>
Total capital outlay	<u>8,202,601</u>	<u>4,304,926</u>	<u>88,316</u>	<u>-</u>	<u>4,393,242</u>	<u>3,809,359</u>
Debt service						
Bond issuance costs	-	33,860	-	-	33,860	(33,860)
Interest and other charges	-	19,353	-	-	19,353	(19,353)
Total debt service	<u>-</u>	<u>53,213</u>	<u>-</u>	<u>-</u>	<u>53,213</u>	<u>(53,213)</u>
Total expenditures	<u>8,202,601</u>	<u>4,358,139</u>	<u>88,316</u>	<u>-</u>	<u>4,446,455</u>	<u>3,756,146</u>
Revenues over (under) expenditures	<u>(4,756,523)</u>	<u>(3,201,855)</u>	<u>48,697</u>	<u>-</u>	<u>(3,153,158)</u>	<u>1,603,365</u>
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	<u>4,756,523</u>	<u>4,848,984</u>	<u>-</u>	<u>-</u>	<u>4,848,984</u>	<u>92,461</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,647,129</u>	<u>48,697</u>	<u>\$ -</u>	<u>\$ 1,695,826</u>	<u>\$ 1,695,826</u>
Fund balance, beginning of year			1,647,129			
Fund balance, end of year			<u>\$ 1,695,826</u>			

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - CAPITAL PROJECTS FUND
From Project Inception and for the Year Ended June 30, 2015

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
General revenues						
Federal STP-DA funds	\$ 30,000	\$ 13,338	\$ 1,482	\$ -	\$ 14,820	\$ (15,180)
OWASA reimbursement	-	399,039	-	-	399,039	399,039
Interest earnings	22,232	32,714	-	-	32,714	10,482
Donations	20,000	-	14,500	-	14,500	(5,500)
Miscellaneous	-	5,439	-	-	5,439	5,439
Total revenues	<u>72,232</u>	<u>450,530</u>	<u>15,982</u>	<u>-</u>	<u>466,512</u>	<u>394,280</u>
Expenditures						
Capital outlay						
Fire Substation #2 project	3,417,795	3,375,291	23,166	-	3,398,457	19,338
Fire Substation #2 fiber optics	298,198	283,156	-	-	283,156	15,042
Weaver Street reconstruction	1,476,270	1,358,739	-	-	1,358,739	117,531
Public Works facility	767,000	756,486	-	-	756,486	10,514
Bicycle loop detectors	57,500	18,525	-	-	18,525	38,975
Rogers Road remediation	900,000	-	-	-	-	900,000
S. Greensboro Street	605,000	601,395	-	-	601,395	3,605
Fleet Feet office condo	572,000	567,966	-	-	567,966	4,034
Storm water management	80,000	-	-	-	-	80,000
Anderson Park bathroom renovation	251,459	3,700	880	-	4,580	246,879
Anderson Park MP field renovation	181,400	5,580	81,880	-	87,460	93,940
Anderson Park field lighting	140,000	-	430	-	430	139,570
Smith Level Road	62,562	-	-	-	-	62,562
Wilson Park tennis court	125,322	-	125,322	-	125,322	-
LED street lights	100,000	-	-	-	-	100,000
Town Commons improvements	107,300	-	-	-	-	107,300
Total capital outlay	<u>9,141,806</u>	<u>6,970,838</u>	<u>231,678</u>	<u>-</u>	<u>7,202,516</u>	<u>1,939,290</u>
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	<u>1,500,000</u>	<u>1,499,363</u>	<u>-</u>	<u>-</u>	<u>1,499,363</u>	<u>637</u>
Total expenditures	<u>10,641,806</u>	<u>8,470,201</u>	<u>231,678</u>	<u>-</u>	<u>8,701,879</u>	<u>1,939,927</u>
Revenues under expenditures	<u>(10,569,574)</u>	<u>(8,019,671)</u>	<u>(215,696)</u>	<u>-</u>	<u>(8,235,367)</u>	<u>2,334,207</u>
Other financing sources (uses)						
Transfers from (to) other funds						
From General Fund	5,685,890	5,332,904	237,369	-	5,570,273	(115,617)
From Capital Reserve Fund	913,239	739,969	-	-	739,969	(173,270)
To General Fund	(20,000)	(20,000)	-	-	(20,000)	-
To Capital Reserve Fund	(26,555)	(26,555)	-	-	(26,555)	-
Installment purchase obligations issued	4,017,000	4,017,000	-	-	4,017,000	-
Total other financing sources	<u>10,569,574</u>	<u>10,043,318</u>	<u>237,369</u>	<u>-</u>	<u>10,280,687</u>	<u>(288,887)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,023,647</u>	<u>21,673</u>	<u>\$ -</u>	<u>\$ 2,045,320</u>	<u>\$ 2,045,320</u>
Fund balance, beginning of year			<u>2,023,647</u>			
Fund balance, end of year			2,045,320			
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			136,704			
Transfers out - Capital Reserve Fund			(176,945)			
Fund balance, beginning (Capital Reserve Fund)			257,829			
Fund balance, beginning (Payment in Lieu Reserve Fund)			149,780			
Fund balance, ending (Consolidated Capital Projects Fund)			<u>\$ 2,412,688</u>			

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2015

Schedule 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transfers from (to) other funds			
From General Fund	\$ 136,704	\$ 136,704	\$ -
To General Fund	<u>(176,945)</u>	<u>(176,945)</u>	<u>-</u>
Total other financing sources	(40,241)	(40,241)	-
Fund balance appropriated	<u>40,241</u>	<u>-</u>	<u>(40,241)</u>
Net change in fund balance	<u>\$ -</u>	<u>(40,241)</u>	<u>\$ (40,241)</u>
Fund balance, beginning of year		<u>257,829</u>	
Fund balance, end of year		<u>\$ 217,588</u>	

TOWN OF CARRBORO, NORTH CAROLINA
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, 2015

Schedule 6

	Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Positive (Negative)
Revenues					
U.S. Department of Commerce Community Development Block Grant (CDBG)	\$ 171,700	\$ 161,574	\$ 10,126	\$ -	\$ 171,700
U.S. Department of Energy Watershed restoration	-	200,332	-	(200,332)	-
Southeast Energy Efficiency Alliance	302,742	302,742	-	-	302,742
U.S. Department of Homeland Security					
Fire Fighters Program grant	-	59,617	(1,567)	(58,050)	-
U.S. Department of Justice Fingerprinting grant	-	70,756	-	(70,756)	-
U.S. Department of Transportation Safe route to school (non-infrastructure)	12,864	10,004	-	-	10,004
N.C. Department of Environment and Natural Resources					
Recycling grant	-	7,016	780	(7,796)	-
Curbside recycling carts grant	75,000	75,000	-	-	75,000
N.C. State University Solar Center Clean Fuel Advanced Technology grant	97,297	-	97,297	-	97,297
Orange County Roberson Street sewer grant	64,940	-	38,244	-	38,244
Roberson Street sewer grant program income	7,000	7,000	-	-	7,000
Curbside recycling carts inter-local agreement	167,865	186,684	-	-	186,684
Transportation demand management	-	491	-	-	491
Orange County Arts Commission Grant	-	1,500	-	-	1,500
Stowd Roses Grant	9,800	9,800	-	-	9,800
Investment earnings	-	20	-	-	20
Total revenues	909,208	1,092,536	144,880	(336,934)	900,482
Expenditures					
Watershed restoration	-	200,332	-	(200,332)	-
Southeast Energy Efficiency Alliance	227,514	228,370	-	-	228,370
Fingerprinting	-	56,556	-	(56,556)	-
Safe route to school (non-infrastructure)	12,864	10,004	-	-	10,004
Recycling grant expenditures	-	9,354	-	(9,354)	-
Curbside rollout carts	242,865	243,428	-	-	243,428
Roberson Street sewer project	312,980	253,192	1,509	-	254,701
Orange County Arts	49,800	2,985	4,079	-	7,064
Capital outlay					
Fire sprinkler system	-	66,241	-	(66,241)	-
Solid waste vehicle	401,898	-	401,898	-	401,898
Total expenditures	1,247,921	1,070,462	407,486	(332,483)	1,145,465
Revenue over (under) expenditures	(338,713)	22,074	(262,606)	(4,451)	(244,983)
Other financing sources (uses)					
Transfer to the Energy Efficiency Fund	(83,128)	(83,128)	-	-	(83,128)
Transfer to the General Fund	-	(14,200)	-	14,200	-
Transfer from the Capital Reserve Fund	29,950	29,950	-	-	29,950
Transfer from the General Fund	391,891	81,140	320,500	(9,749)	391,891
Total other financing sources (uses)	338,713	13,762	320,500	4,451	338,713
Net change in fund balance	\$ -	\$ 35,836	57,894	\$ -	\$ 93,730
Fund balance, beginning of year			35,836		
Fund balance, end of year			\$ 93,730		

TOWN OF CARRBORO, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Schedule 7

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 134,938	\$ 59,527	\$ 106,400	\$ 300,865
Notes receivable	<u>28,548</u>	<u>77,245</u>	<u>8,825</u>	<u>114,618</u>
Total assets	<u><u>\$ 163,486</u></u>	<u><u>\$ 136,772</u></u>	<u><u>\$ 115,225</u></u>	<u><u>\$ 415,483</u></u>
Deferred inflows of resources	<u>\$ 28,548</u>	<u>\$ 77,245</u>	<u>\$ 8,825</u>	<u>\$ 114,618</u>
Fund balances				
Committed				
Affordable housing	134,938	-	-	134,938
Economic development	-	-	106,400	106,400
Energy efficiency	<u>-</u>	<u>59,527</u>	<u>-</u>	<u>59,527</u>
Total fund balances	<u>134,938</u>	<u>59,527</u>	<u>106,400</u>	<u>300,865</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 163,486</u></u>	<u><u>\$ 136,772</u></u>	<u><u>\$ 115,225</u></u>	<u><u>\$ 415,483</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE FOR NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Schedule 8

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Revenues				
Payment in lieu	\$ 96,501	\$ -	\$ -	\$ 96,501
Donations	2,250	-	-	2,250
Loan repayments	-	11,134	3,175	14,309
Interest earnings	-	2,497	225	2,722
Total revenues	<u>98,751</u>	<u>13,631</u>	<u>3,400</u>	<u>115,782</u>
Expenditures				
Economic and physical development	<u>2,520</u>	<u>-</u>	<u>12,000</u>	<u>14,520</u>
Total expenditures	<u>2,520</u>	<u>-</u>	<u>12,000</u>	<u>14,520</u>
Revenues over (under) expenditures	96,231	13,631	(8,600)	101,262
Other financing sources				
Transfer to Affordable Housing Fund	-	-	(10,000)	(10,000)
Transfer from Business Loan Fund	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	106,231	13,631	(18,600)	101,262
Fund balance, beginning of year	<u>28,707</u>	<u>45,896</u>	<u>125,000</u>	<u>199,603</u>
Fund balance, end of year	<u>\$ 134,938</u>	<u>\$ 59,527</u>	<u>\$ 106,400</u>	<u>\$ 300,865</u>

TOWN OF CARRBORO, NORTH CAROLINA
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, 2015

Schedule 9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Payment in lieu	\$ -	\$ -	96,501	\$ 96,501	\$ 96,501
Donations	-	500	2,250	2,750	2,750
Interest earned	-	420	-	420	420
Total revenues	-	920	98,751	99,671	99,671
Expenditures					
Deferred loan expense	45,250	45,213	-	45,213	37
Emergency home repairs grant	2,520	-	2,520	2,520	-
Total expenditures	47,770	45,213	2,520	47,733	37
Revenues over (under) expenditures	(47,770)	(44,293)	96,231	51,938	99,708
Other financing sources					
Transfers from other funds					
From General Fund	73,000	73,000	-	73,000	-
From Business Loan Fund	10,000	-	10,000	10,000	-
Total other financing sources	83,000	73,000	10,000	83,000	-
Fund balance appropriated	(35,230)	-	-	-	(35,230)
Net change in fund balance	\$ -	\$ 28,707	106,231	\$ 134,938	\$ 134,938
Fund balance, beginning of year			28,707		
Fund balance, end of year			\$ 134,938		

TOWN OF CARRBORO, NORTH CAROLINA
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, 2015

Schedule 10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Interest repayments	\$ -	\$ 6,147	\$ 2,497	\$ 8,644	\$ 8,644
Revolving loan repayments					
The Arts Center	28,128	2,516	2,527	5,043	(23,085)
Dispute Settlement Center	35,000	7,140	4,984	12,124	(22,876)
LB Bradley Properties	7,000	1,361	718	2,079	(4,921)
Sophie Piesse Architect	7,000	1,416	595	2,011	(4,989)
Surplus Sid's	30,000	6,316	2,310	8,626	(21,374)
Total revolving loan payments	107,128	18,749	11,134	29,883	(77,245)
Total revenues	107,128	24,896	13,631	38,527	(68,601)
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	-	(82,232)	13,631	(68,601)	(68,601)
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	-
Revenues and other financing sources over expenditures	128,128	45,896	13,631	59,527	(68,601)
Appropriated to fund balance	(128,128)	-	-	-	128,128
Net change in fund balance	\$ -	\$ 45,896	13,631	\$ 59,527	\$ 59,527
Fund balance, beginning of year			45,896		
Fund balance, end of year			\$ 59,527		

TOWN OF CARRBORO, NORTH CAROLINA
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, 2015

Schedule 11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Interest repayments	\$ -	\$ -	\$ 225	\$ 225	\$ 225
Revolving loan repayments					
Surplus Sid's	12,000	-	3,175	3,175	(8,825)
Total revenues	12,000	-	3,400	3,400	(8,600)
Expenditures					
Economic and physical development					
Surplus Sid's	12,000	-	12,000	12,000	-
Revenues (under) expenditures	-	-	(8,600)	(8,600)	(8,600)
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	125,000	(10,000)	115,000	-
Revenues and other financing sources over (under) expenditures	115,000	125,000	(18,600)	106,400	(8,600)
Appropriated to fund balance	(115,000)	-	-	-	115,000
Net change in fund balance	\$ -	\$ 125,000	(18,600)	\$ 106,400	\$ 106,400
Fund balance, beginning of year			125,000		
Fund balance, end of year			\$ 106,400		

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

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TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015

Schedule 12

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014 - 2015	\$ -	\$ 12,970,309	\$ 12,887,757	\$ 82,552
2013 - 2014	126,799	-	68,254	58,545
2012 - 2013	85,091	-	21,565	63,526
2011 - 2012	49,751	-	6,626	43,125
2010 - 2011	34,276	-	6,454	27,822
2009 - 2010	24,690	-	3,656	21,034
2008 - 2009	18,768	-	327	18,441
2007 - 2008	19,069	-	400	18,669
2006 - 2007	17,887	-	186	17,701
2005 - 2006	10,961	-	117	10,844
2004 - 2005	19,849	-	19,849	-
	<u>\$ 407,141</u>	<u>\$ 12,970,309</u>	<u>\$ 13,015,191</u>	362,259
Less: allowance for uncollectible accounts: General Fund				<u>(101,505)</u>
Ad valorem taxes receivables - net				<u>\$ 260,754</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 11,733,744
Motor vehicle license fees - General Fund				<u>1,169,374</u>
Total revenues				12,903,118
Reconciling items:				
Penalties and interest				38,049
Releases and adjustments				54,175
Amounts written off for tax year 2004-2005 per statute of limitations				<u>19,849</u>
				<u>\$ 13,015,191</u>

TOWN OF CARRBORO, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
Year Ended June 30, 2015

Schedule 13

	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	\$ 2,113,902,961	0.5894	\$ 12,459,345	\$ 11,474,243	\$ 985,102
Penalties and interest	-		21,544	21,544	-
Total property valuation	<u>\$ 2,113,902,961</u>		12,480,889	11,495,787	985,102
Vehicle tag fees			489,420	-	489,420
Total gross levy			12,970,309	11,495,787	1,474,522
Uncollected taxes at June 30, 2015			82,552	79,335	3,217
Current year's taxes collected			<u>\$ 12,887,757</u>	<u>\$ 11,416,452</u>	<u>\$ 1,471,305</u>
Current levy collection percentage			<u>99.36%</u>	<u>99.31%</u>	<u>99.78%</u>

* Total adjusted levy includes discoveries and abatements.

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

SUPPLEMENTARY INFORMATION

STATISTICAL SECTION

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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.

CONTENTS	PAGE
FINANCIAL TRENDS INFORMATION - These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	100
REVENUE CAPACITY INFORMATION - These schedules contain information to help the reader assess the Town's most significant local revenue sources, primarily property taxes.	105
DEBT CAPACITY INFORMATION - These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	112
DEMOGRAPHIC AND ECONOMIC INFORMATION - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	117
OPERATING INFORMATION - These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	121

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981	\$ 23,811,827	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361	\$ 29,120,308
Restricted	18,851	-	-	-	-	2,625,784	1,877,720	1,902,041	1,918,028	2,187,718
Unrestricted	<u>9,607,945</u>	<u>11,347,696</u>	<u>12,151,591</u>	<u>12,531,183</u>	<u>12,296,387</u>	<u>10,977,854</u>	<u>10,311,263</u>	<u>9,735,451</u>	<u>7,090,901</u>	<u>6,358,440</u>
Total governmental activities net position	<u>\$ 27,362,088</u>	<u>\$ 29,994,935</u>	<u>\$ 32,529,380</u>	<u>\$ 35,377,164</u>	<u>\$ 36,108,214</u>	<u>\$ 36,403,665</u>	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>

TOWN OF CARRBORO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 2,568,563	\$ 2,828,685	\$ 3,027,301	\$ 3,099,916	\$ 3,139,849	\$ 3,355,221	\$ 3,493,073	\$ 3,978,378	\$ 4,571,146	\$ 4,200,241
Public Safety	4,219,432	5,098,641	5,088,188	5,565,460	6,087,506	6,757,198	6,835,304	6,778,893	6,925,676	6,951,141
Planning	943,711	1,112,435	1,195,300	1,124,240	1,399,817	1,232,157	1,162,777	1,107,377	1,153,138	1,244,849
Transportation	841,313	962,714	970,617	1,033,837	1,032,835	1,184,975	1,058,859	1,286,714	1,396,423	1,472,508
Public Works	2,874,392	3,296,515	3,469,934	3,582,740	3,614,262	3,929,320	4,252,251	4,072,606	4,035,886	4,421,682
Parks and Recreation	1,244,258	1,212,610	1,248,818	1,383,873	1,833,715	1,498,043	1,516,336	1,453,991	1,553,686	1,642,737
Economic and Community Development	63,000	37,850	231,808	413,790	50,543	185,874	275,681	170,695	623,220	90,108
Interest on long-term debt	180,274	222,372	284,025	265,285	327,037	292,766	301,772	186,898	211,082	191,916
Total governmental activities expenses	<u>12,934,943</u>	<u>14,771,822</u>	<u>15,515,991</u>	<u>16,469,141</u>	<u>17,485,564</u>	<u>18,435,554</u>	<u>18,896,053</u>	<u>19,035,552</u>	<u>20,470,257</u>	<u>20,215,182</u>
Total primary government expenses	<u>\$ 12,934,943</u>	<u>\$ 14,771,822</u>	<u>\$ 15,515,991</u>	<u>\$ 16,469,141</u>	<u>\$ 17,485,564</u>	<u>\$ 18,435,554</u>	<u>\$ 18,896,053</u>	<u>\$ 19,035,552</u>	<u>\$ 20,470,257</u>	<u>\$ 20,215,182</u>
Program revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 78,685	\$ 97,751	\$ 150,508	\$ 134,473	\$ 134,344	\$ 128,530	\$ 344,239	\$ 546,583	\$ 531,812	\$ 652,862
Public Safety	413,970	529,742	608,682	570,840	577,392	573,316	551,792	572,542	655,664	675,682
Planning	365,758	446,710	286,029	274,697	384,667	286,847	483,956	120,171	65,823	73,311
Public Works	88,309	110,746	74,539	97,516	85,779	115,107	126,495	82,458	107,622	70,249
Parks and Recreation	269,006	284,621	305,231	226,141	256,639	254,933	260,225	259,168	279,499	270,028
Operating grants and contributions	723,297	1,008,712	847,507	1,370,387	786,375	791,842	871,613	320,304	707,636	723,767
Capital grants and contributions	1,392,470	196,115	391,468	1,054,333	236,894	647,514	406,518	954,131	865,182	283,090
Total governmental activities program revenues	<u>3,331,495</u>	<u>2,674,397</u>	<u>2,663,964</u>	<u>3,728,387</u>	<u>2,462,090</u>	<u>2,798,089</u>	<u>3,044,838</u>	<u>2,855,357</u>	<u>3,213,238</u>	<u>2,748,989</u>
Total primary government program revenues	<u>\$ 3,331,495</u>	<u>\$ 2,674,397</u>	<u>\$ 2,663,964</u>	<u>\$ 3,728,387</u>	<u>\$ 2,462,090</u>	<u>\$ 2,798,089</u>	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>
Net expense										
Governmental activities	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>	<u>\$ (15,023,474)</u>	<u>\$ (15,637,465)</u>	<u>\$ (15,851,215)</u>	<u>\$ (16,180,195)</u>	<u>\$ (17,257,019)</u>	<u>\$ (17,466,193)</u>
Total primary government net expense	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>	<u>\$ (15,023,474)</u>	<u>\$ (15,637,465)</u>	<u>\$ (15,851,215)</u>	<u>\$ (16,180,195)</u>	<u>\$ (17,257,019)</u>	<u>\$ (17,466,193)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 12,185,361	\$ 13,503,535	\$ 13,799,533	\$ 14,432,869	\$ 14,834,736	\$ 14,917,776	\$ 15,445,629	\$ 15,695,931	\$ 16,599,061	\$ 17,011,559
Unrestricted intergovernmental revenues	608,951	691,784	874,786	943,578	870,613	951,820	946,091	952,397	982,040	1,481,631
Miscellaneous and unrestricted investment earnings	307,424	534,953	712,153	212,091	49,175	63,320	47,980	46,482	13,443	52,226
Total governmental activities	<u>13,101,736</u>	<u>14,730,272</u>	<u>15,386,472</u>	<u>15,588,538</u>	<u>15,754,524</u>	<u>15,932,916</u>	<u>16,439,700</u>	<u>16,694,810</u>	<u>17,594,544</u>	<u>18,545,416</u>
Total primary government	<u>\$ 13,101,736</u>	<u>\$ 14,730,272</u>	<u>\$ 15,386,472</u>	<u>\$ 15,588,538</u>	<u>\$ 15,754,524</u>	<u>\$ 15,932,916</u>	<u>\$ 16,439,700</u>	<u>\$ 16,694,810</u>	<u>\$ 17,594,544</u>	<u>\$ 18,545,416</u>
Change in Net Position										
Governmental activities	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>	<u>\$ 731,050</u>	<u>\$ 295,451</u>	<u>\$ 588,485</u>	<u>\$ 514,615</u>	<u>\$ 337,525</u>	<u>\$ 1,079,223</u>

TOWN OF CARRBORO
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 2,795,270	\$ 2,049,578	\$ 3,265,631	\$ 1,482,537	\$ 2,062,813	N/A	N/A	N/A	N/A	N/A
Unreserved, designated	1,182,684	1,120,725	2,544,847	1,081,717	933,608	N/A	N/A	N/A	N/A	N/A
Unreserved, undesignated	5,337,052	7,116,388	6,956,301	8,563,125	9,950,620	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	\$ 213,743	\$ 403,022	\$ 98,336	\$ 294,643	\$ 92,212
Restricted	N/A	N/A	N/A	N/A	N/A	2,459,812	2,527,603	2,549,652	2,397,759	2,788,336
Committed	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Assigned	N/A	N/A	N/A	N/A	N/A	2,712,163	2,787,316	2,866,048	3,084,075	2,624,916
Unassigned	N/A	N/A	N/A	N/A	N/A	8,354,128	9,804,868	7,296,945	7,988,424	9,119,966
Total general fund	9,315,006	10,286,691	12,766,779	11,127,379	12,947,041	13,739,846	15,522,809	12,810,981	13,764,901	14,625,430
All other governmental funds										
Reserved	560,080	249,183	144,013	94,281	-	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	1,182,811	1,687,061	1,350,616	(118,563)	(436,507)	N/A	N/A	N/A	N/A	N/A
Capital projects funds	(942,995)	(1,163,714)	(1,334,116)	716,763	2,464,956	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Restricted	N/A	N/A	N/A	N/A	N/A	1,414,404	1,076,370	791,699	2,453,964	1,890,936
Committed	N/A	N/A	N/A	N/A	N/A	2,369,833	1,404,374	4,652,528	2,225,168	3,105,843
Assigned	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Unassigned	N/A	N/A	N/A	N/A	N/A	(2,466,051)	(2,606,994)	(37,048)	(40,731)	(41,811)
Total all other governmental funds	799,896	772,530	160,513	692,481	2,028,449	1,318,186	(126,250)	5,407,179	4,638,401	4,954,968
Total, all governmental funds	<u>\$ 10,114,902</u>	<u>\$ 11,059,221</u>	<u>\$ 12,927,292</u>	<u>\$ 11,819,860</u>	<u>\$ 14,975,490</u>	<u>\$ 15,058,032</u>	<u>\$ 15,396,559</u>	<u>\$ 18,218,160</u>	<u>\$ 18,403,302</u>	<u>\$ 19,580,398</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 8,578,222	\$ 9,672,841	\$ 10,041,553	\$ 10,824,131	\$ 11,213,669	\$ 11,386,243	\$ 11,708,787	\$ 11,754,299	\$ 11,792,234	\$ 11,771,793
Local option sales taxes	3,089,493	3,353,665	3,382,770	3,137,836	3,039,931	3,113,356	3,308,060	3,427,678	3,567,123	3,897,200
Other taxes and licenses	460,350	420,065	355,295	428,654	508,344	438,229	449,628	461,054	1,316,876	1,386,254
Unrestricted intergovernmental	613,183	691,784	874,786	947,801	875,129	951,820	946,091	952,397	982,040	1,481,631
Restricted intergovernmental	565,374	1,039,979	778,193	903,072	731,165	1,075,884	1,095,408	1,179,461	1,487,840	949,579
Permits and fees	955,371	1,223,918	1,074,762	1,062,027	1,175,313	1,090,101	1,308,544	1,255,930	1,249,319	1,260,859
Sales and services	258,309	276,599	270,543	260,829	256,639	254,934	260,225	261,373	283,611	274,350
Investment earnings	291,873	534,956	525,462	201,829	49,174	63,320	47,980	25,954	11,757	10,477
Other	157,549	209,087	487,963	189,840	148,927	539,189	266,206	135,078	207,671	400,617
Total revenues	<u>14,969,723</u>	<u>17,422,894</u>	<u>17,791,327</u>	<u>17,956,019</u>	<u>17,998,291</u>	<u>18,913,076</u>	<u>19,390,929</u>	<u>19,453,224</u>	<u>20,898,471</u>	<u>21,432,760</u>
Expenditures										
General government	2,543,543	3,003,404	3,222,136	3,029,383	2,980,135	3,162,592	3,350,244	3,345,195	3,964,409	4,093,908
Public Safety	4,257,421	5,555,899	5,144,593	5,279,145	5,397,502	5,624,076	5,795,546	5,736,675	6,019,294	6,265,547
Planning	956,304	1,110,467	1,179,139	1,110,797	1,098,192	1,132,203	1,045,854	1,088,802	1,150,603	1,203,990
Transportation	841,313	962,714	970,617	1,033,837	1,032,835	1,032,825	1,032,825	1,286,714	1,396,423	1,472,508
Public Works	3,033,855	3,776,477	3,642,698	3,004,354	2,958,684	3,100,603	3,397,396	3,385,065	3,260,291	3,481,463
Parks and recreation	1,171,889	1,211,738	1,208,191	1,207,492	1,243,416	1,237,163	1,274,082	170,695	1,378,862	1,444,752
Economic and community development	63,000	-	-	413,790	47,825	132,826	275,681	1,276,064	623,220	20,108
Capital outlay	332,181	739,123	863,924	2,556,751	2,474,729	2,373,015	1,840,865	2,717,113	2,132,488	1,888,948
Debt service										
Interest	176,902	206,475	259,935	326,311	263,461	1,217,736	292,041	2,503,013	226,334	202,907
Principal	939,841	1,046,466	1,100,962	1,101,591	1,214,257	293,894	1,068,046	232,596	1,066,150	946,047
Total expenditures	<u>14,316,249</u>	<u>17,612,763</u>	<u>17,592,195</u>	<u>19,063,451</u>	<u>18,711,036</u>	<u>19,306,933</u>	<u>19,372,580</u>	<u>21,741,932</u>	<u>21,218,074</u>	<u>21,020,178</u>
Excess of revenues over (under) expenditures	<u>653,474</u>	<u>(189,869)</u>	<u>199,132</u>	<u>(1,107,432)</u>	<u>(712,745)</u>	<u>(393,857)</u>	<u>18,349</u>	<u>(2,288,708)</u>	<u>(319,603)</u>	<u>412,582</u>
Other Financing Sources (Uses)										
Proceeds from borrowing	1,092,846	1,134,188	1,668,939	-	3,867,955	476,399	298,850	4,997,320	498,822	717,102
Premium on borrowing	-	-	-	-	-	-	-	92,461	-	-
Sale of capital assets	-	-	-	-	-	-	21,328	20,528	5,923	47,412
Transfers in	705,992	310,000	1,321,914	(1,634,299)	975,923	531,428	-	4,424,133	1,850,165	881,518
Transfers out	(705,992)	(310,000)	(1,321,914)	1,634,299	(975,923)	(531,428)	-	(4,424,133)	(1,850,165)	(881,518)
Total other financing sources	<u>1,092,846</u>	<u>1,134,188</u>	<u>1,668,939</u>	<u>-</u>	<u>3,867,955</u>	<u>476,399</u>	<u>320,178</u>	<u>5,110,309</u>	<u>504,745</u>	<u>764,514</u>
Net change in fund balances	<u>\$ 1,746,320</u>	<u>\$ 944,319</u>	<u>\$ 1,868,071</u>	<u>\$ (1,107,432)</u>	<u>\$ 3,155,210</u>	<u>\$ 82,542</u>	<u>\$ 338,527</u>	<u>\$ 2,821,601</u>	<u>\$ 185,142</u>	<u>\$ 1,177,096</u>
Capital outlay included in expenditures above	<u>\$ 332,181</u>	<u>\$ 739,123</u>	<u>\$ 863,924</u>	<u>\$ 2,556,751</u>	<u>\$ 2,474,729</u>	<u>\$ 2,373,015</u>	<u>\$ 1,840,865</u>	<u>\$ 2,717,113</u>	<u>\$ 2,132,488</u>	<u>\$ 1,888,948</u>
Debt service as a percentage of noncapital expenditures	<u>8.0%</u>	<u>7.4%</u>	<u>8.1%</u>	<u>8.7%</u>	<u>9.1%</u>	<u>8.9%</u>	<u>7.8%</u>	<u>14.4%</u>	<u>6.8%</u>	<u>6.0%</u>

Revenue Capacity Information

TOWN OF CARRBORO
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(accrual basis of accounting)

Table 5

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General Government	\$ 146,775	\$ 124,752	\$ 288,116	\$ 251,669	\$ 148,995	\$ 221,913	\$ 250,719	\$ 714,449	\$ 958,976	\$ 767,303
Public Safety	433,218	609,234	620,852	800,903	700,807	755,276	644,867	916,576	813,257	677,124
Planning	371,758	540,057	325,666	381,452	427,535	299,022	521,028	141,086	83,602	120,607
Public Works and Transportation	1,977,871	1,132,819	816,891	1,661,709	828,263	1,212,175	1,150,348	710,883	984,621	860,795
Economic and Physical Development	66,066	-	244,243	337,894	42,179	-	181,753	74,926	47,585	17,234
Parks and Recreation	335,807	339,541	368,196	296,123	314,311	309,703	296,123	297,437	325,197	305,926
Total primary government	<u>\$ 3,331,495</u>	<u>\$ 2,746,403</u>	<u>\$ 2,663,964</u>	<u>\$ 3,729,750</u>	<u>\$ 2,462,090</u>	<u>\$ 2,798,089</u>	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>

TOWN OF CARRBORO
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS ^a
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

<u>Fiscal Year</u>	<u>Property Taxes</u>
2006	\$ 8,578,222
2007	9,672,841
2008	10,041,553
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
Change 2006 - 2015	37.2%

^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
2006	2005	\$ 1,252,027,870	\$ 105,636,174	\$ 14,737,286	\$ 1,372,401,330	0.6244	\$ 1,372,401,330	100%
2007	2006	1,462,675,049	120,737,680	13,425,570	1,596,838,299	0.6244	1,596,838,299	100%
2008	2007	1,400,382,686	124,823,950	13,379,348	1,538,585,984	0.6537	1,538,585,984	100%
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%

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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Table 8

Fiscal Year	Direct Rate	Overlapping Rate
	Town of Carrboro	Orange County
2006	0.6244	0.8430
2007	0.6244	0.9030
2008	0.6537	0.9500
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

Source: Orange County, North Carolina, Tax Assessor.

**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		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2006	2005	\$ 8,820,233	\$ 8,695,718	98.59%	\$ 113,671	\$ 8,809,389	99.88%	\$ 10,844
2007	2006	9,892,881	9,784,087	98.90%	91,093	9,875,180	99.82%	17,701
2008	2007	10,303,874	10,177,986	98.78%	107,219	10,285,205	99.82%	18,669
2009	2008	11,167,691	11,014,097	98.62%	135,153	11,149,250	99.83%	18,441
2010	2009	11,686,026	11,470,312	98.15%	194,680	11,664,992	99.82%	21,034
2011	2010	11,792,820	11,578,630	98.18%	186,368	11,764,998	99.76%	27,822
2012	2011	11,999,523	11,790,705	98.26%	165,693	11,956,398	99.64%	43,125
2013	2012	12,184,632	11,937,142	97.97%	183,964	12,121,106	99.48%	63,526
2014	2013	12,868,792	12,741,993	99.01%	68,254	12,810,247	99.55%	58,545
2015	2014	12,970,309	12,887,757	99.36%	-	12,887,757	99.36%	82,552

TOWN OF CARRBORO
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table 10

Taxpayer	2015			2006		
	2014 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Autumn Woods LLC	\$ 20,697,344	1	0.99%	\$ 16,751,118	2	1.22%
Carr Mill Mall Limited, Partnership	16,417,310	2	0.79%	14,689,817	5	1.07%
Landmark at Chelsea Commons LP	16,048,280	3	0.77%			
GS Villages of Chapel Hill, LLC	16,006,656	4	0.77%	16,054,146	3	1.17%
Tarheel Lodging II LLC	15,229,465	5	0.73%			
Westdale Poplar Place LP	14,699,900	6	0.70%			
RP Barnes LLC	14,215,453	7	0.68%			
Carrboro Shopping Center I LLC	13,223,400	8	0.63%	11,555,777	6	0.84%
*Collins Crossing Terraces LLC	11,476,040	9	0.55%			
188 Claremont LLC	10,719,019	10	0.51%			
Vac Limited Partnership	-		-	26,899,561	1	1.96%
Crit NC III, LLC	-		-	15,875,154	4	1.16%
Fairfield Popular Place LP	-		-	10,689,577	7	0.78%
CAJF Associates LLC	-		-	10,263,710	8	0.75%
Sheryl Mar Co. LLC	-		-	8,731,591	9	0.64%
Sterling Brook Apartments, LLC	-		-	8,510,770	10	0.62%
Total	<u>\$ 148,732,867</u>		<u>7.12%</u>	<u>\$ 140,021,221</u>		<u>10.21%</u>

Source: Orange County Tax Assessor Office.

Debt Capacity Information

TOWN OF CARRBORO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita
	General Obligation Bonds	Installment Purchase Agreements	Bond Anticipation Notes Payable		
2006	\$ 331,679	\$ 4,521,157	\$ 1,230,000	\$ 6,082,836	\$ 337.94
2007	229,822	4,710,738	2,590,000	7,530,560	413.77
2008	127,964	5,380,571	2,590,000	8,098,535	435.15
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	3,444,437	-	8,044,437	410.81
2014	4,350,000	3,127,109	-	7,477,109	379.51
2015	4,100,000	3,148,164	-	7,248,164	345.41

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

TOWN OF CARRBORO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 12

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total			
2006	\$ 331,679	\$ 331,679	\$ 1,372,401,330	0.024%	\$ 18.43
2007	229,822	229,822	1,596,838,299	0.014%	12.63
2008	127,964	127,964	1,538,585,984	0.008%	6.88
2009	26,107	26,107	1,581,966,677	0.002%	1.34
2010	-	-	1,915,872,793	0.000%	0.00
2011	-	-	1,939,126,061	0.000%	0.00
2012	-	-	1,972,777,796	0.000%	0.00
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

TOWN OF CARRBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2015

Table 13

<u>Town of Carrboro</u>	<u>Total Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
General Obligation Debt			
Town of Carrboro's direct debt	\$ 7,248,164	100.00%	\$ 7,248,164
Overlapping (Bonded) Debt - Orange County			
Overlapping debt - Orange County	214,322,108	13.55%	<u>29,040,646</u>
Total direct and overlapping debt			<u><u>\$ 36,288,810</u></u>

Sources:

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

**TOWN OF CARRBORO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

Table 14

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 109,792,106	\$ 127,517,242	\$ 123,086,879	\$ 126,557,334	\$ 153,269,823	\$ 155,130,085	\$ 152,417,005	\$ 160,253,797	\$ 167,081,127	\$ 169,112,237
Total net debt applicable to limit	4,852,837	4,940,559	5,508,535	4,406,943	7,060,641	6,319,304	5,405,219	8,044,437	7,477,109	7,248,164
Legal debt margin	<u>\$ 104,939,269</u>	<u>\$ 122,576,683</u>	<u>\$ 117,578,344</u>	<u>\$ 122,150,391</u>	<u>\$ 146,209,182</u>	<u>\$ 148,810,781</u>	<u>\$ 147,011,786</u>	<u>\$ 152,209,360</u>	<u>\$ 159,604,018</u>	<u>\$ 161,864,073</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.42%</u>	<u>3.87%</u>	<u>4.48%</u>	<u>3.48%</u>	<u>4.61%</u>	<u>4.07%</u>	<u>3.55%</u>	<u>5.02%</u>	<u>4.48%</u>	<u>4.29%</u>

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

**TOWN OF CARRBORO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Table 15

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
2006	18,000	\$ 39,380	28.1	11,018	582	3.2%
2007	18,200	39,380	28.1	11,389	535	3.9%
2008	18,611	39,380	28.1	11,630	1,140	4.6%
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%

Notes:

Orange County unemployment rate is used.

Population for 2011- 2015 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 budget.

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

2015				2006			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment	Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	229	1	1.96%	Information	Information		Information
Chapel Hill-Carrboro City Schools	216	2	1.85%	Not	Not		Not
Kaplan College	160	3	1.37%	Available	Available		Available
Orange Water & Sewer Authority	119	4	1.02%				
Food Lion	112	5	0.96%				
Harris Teeter	94	6	0.80%				
Weaver Street Market	75	7	0.64%				
Piedmont Health Services	69	8	0.60%				
Tyler's Restaurant & Tap Room	50	9	0.43%				
Acme Food	46	10	0.39%				
Total	1,170		10.02%		-		-

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 CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 17

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Mayor and Board of Aldermen	-	-	-	-	-	-	-	-	-	-
Town Manager	2	2	2	2	2	4	5	5	5.0	6.0
Economic Development	1	1	1	1	1	1	2	2	1.5	1.5
Town Clerk	1	1	1	1	1	1	1	1	1.5	1.5
Management Services	8	8	8	8	8	6	7	7	6.5	6.5
Human Resources	2	2	2	2	2	2	2	2	2.0	1.5
Public Safety										
Police	42	41	42	42	44	44	42	41	41.0	41.0
Fire	28	33	36	36	36	36	37	37	36.5	36.5
Planning	14	14	14	14	14	14	14	14	14.0	13.5
Public Works	35	36	36	36	36	36	34	35	35.0	35.0
Parks and Recreation	10	10	11	11	11	11	13	13	12.5	12.5
Total	<u>143</u>	<u>148</u>	<u>153</u>	<u>153</u>	<u>155</u>	<u>155</u>	<u>155</u>	<u>155</u>	<u>155.5</u>	<u>155.5</u>

Source: Annual operating budget

Operating Information

TOWN OF CARRBORO
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 18

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Revolving loan inquiries	31	39	42	40	50	50	5	6	6	6
Small business counseling referrals	37	32	45	40	29	40	10	12	10	10
Privilege licenses issued	944	925	917	1,115	1,253	1,158	948	1,203	720	301
Public Safety										
Police										
Major crimes	1,174	1,275	972	814	750	716	746	599	625	472
Criminal arrests	762	713	881	881	830	767	830	1,082	829	665
Motor vehicle accidents	524	540	466	573	494	479	476	476	490	453
Narcotics arrests	55	56	107	132	204	157	150	105	243	169
Fire										
Fire and EMS responses	920	1,397	1,480	1,576	1,530	1,392	1,406	1,517	1,520	2,231
Inspections	400	633	486	955	998	1,006	1,045	1,070	1,090	646
Planning										
Annexations	2	2	1	-	-	-	1	-	-	-
Zoning permits	110	129	119	66	89	88	86	89	90	87
Building permits for new residential	41	71	55	54	77	50	92	92	60	66
Building permits for new commercial	22	1	7	3	78	4	6	11	12	4
Value of building permits issued	\$ 41,510,253	\$ 34,883,581	\$ 15,634,025	\$ 15,313,066	\$ 29,410,835	\$ 18,883,628	\$ 30,184,969	\$ 18,978,343	\$ 18,000,000	\$ 14,424,416
Public Works										
Paved streets maintained (miles)	37	37	39	39	39	42	42	44	44	46
Unpaved streets maintained (miles)	2	2	2	2	2	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1	1	1	1	1	1
Litter collection (hours annually)	400	400	400	400	425	425	405	390	400	428
Residential refuse collection (tons annually)	2,635	2,611	3,250	3,483	3,765	3,645	3,971	4,277	3,666	2,754
Multi-family & commercial refuse collection	4,600	3,521	4,379	4,146	2,865	3,098	3,595	2,534	2,823	3,713
Bus shelters maintained	18	20	20	20	22	23	23	23	23	23
Parks and Recreation										
Athletic activities offered	46	54	46	61	48	50	48	48	44	46
Athletic activity participants	2,470	2,442	2,904	3,229	2,760	2,909	2,763	2,872	2,533	2,726
Athletic activity hours	864	1,000	1,003	1,111	952	934	882	878	885	1,079
Other activities offered	213	255	276	333	284	263	364	393	405	392
Other activity participants	20,255	25,015	25,111	27,517	26,122	17,476	30,056	31,667	32,252	34,988
Century Center rentals (a)	1,351	1,957	2,211	418	139	127	105	116	120	109
Park rentals (a)	560	856	1,008	234	203	181	201	199	182	135

Sources: Town departments

Notes: N/A - Information was not collected/available.

(a) One rental contract can be for more than one event.

TOWN OF CARRBORO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 19

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	42	41	43	42	42	43	43	43	43	43
Fire stations	1	1	1	1	1	2	2	2	2	2
Fire trucks	5	5	5	6	6	6	6	6	6	6
Public Works										
Refuse collection trucks	8	8	7	7	7	7	7	7	7	7
Replacement refuse collection trucks	3	1	1	1	1	1	1	1	1	1
Streets (miles)	38	38.70	38.79	39.35	39.35	43.27	43.27	43.27	43.27	43.27
Bike paths (miles)	3	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32
Streetlights	764	869	962	968	968	986	986	986	986	986
Parks and recreation										
Parkland (acres)	95.7	112	112	112	112	112	112	112	112	112
Parks (quantity)	9	10	10	10	10	10	10	10	10	10
Hiking trails	5	5	5	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	5	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	5	7	7	8	8	8	8	8	8	8
Picnic shelters	5	5	4	4	4	5	5	5	5	5

Sources: Town Departments

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SUPPLEMENTARY INFORMATION:

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

To the 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 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, 2015, 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 October 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Carrboro'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.

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
October 29, 2015***