



Town of Carrboro

Comprehensive Annual Financial Report

Year Ended June 30, 2019

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

Town Manager

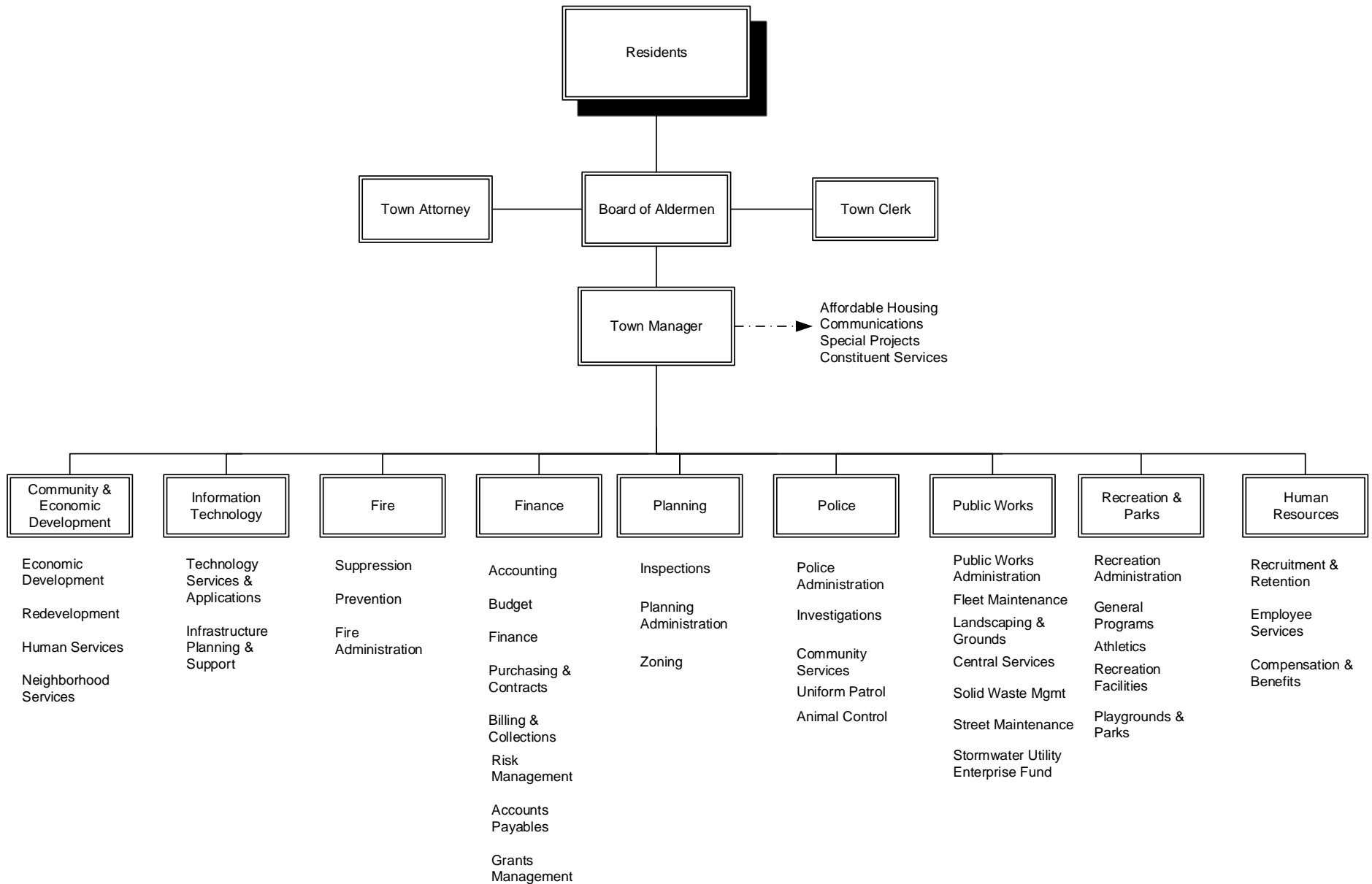
David Andrews

Finance Department

Arche L. McAdoo, Finance Director
Jane Bowden, Administrative Assistant
Donald Coble, Assistant to the Finance Director
Chandra Edwards, Accounting Technician/Receptionist
Edna Kirkman, Staff Accountant
Cary McNallen, Budget Analyst
Kathleen Nolan, Payroll and Benefits Coordinator

Town of Carrboro, North Carolina

Organizational Chart





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

November 20, 2019

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, 2019 (FY 2018-19). As required by North Carolina General Statutes (NCGS), the CAFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

The Town is a small community located within Orange County in the north central portion of North Carolina. It is situated next to the Town of 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 21,009. The growth of the Town is directly related to the expansion of the University of North Carolina at Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has increased slightly from 29,911 in 2017 to an estimated 30,011 in 2018. 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 strategic priorities and values adopted by the Board with the goal of maintaining a sustainable community that is a highly desirable place to live. These strategic priorities are to:

- A. Diversify revenue stream to maintain ethnic and economic diversity;
- B. Protect historic neighborhoods and maintain Carrboro's unique identity;
- C. Improve walkability and public transportation;
- D. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes;
and,
- E. Enhance and sustain quality of life/place issues for everyone.

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

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

Governance

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

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

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

Economic Condition and Outlook

The median household income is \$56,573. Twenty-two percent of the households earn less than \$25,000 a year. Twenty-one percent of households make between \$25,000 and \$50,000 a year. Fifty-seven percent (57%) make more than \$50,000 a year.

Carrboro had a slight decrease in the unemployment rate from 3.6% in 2017 to 3.4% in 2018, which is well below the statewide rate of 4.45%. The local employment base is relatively stable with the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park in close proximity to the Town.

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

Long-term debt obligations for the Town decreased by 1.0% or \$301,536 from \$29,618,162 at June 30, 2018 to \$29,316,626 at June 30, 2019. This is primarily due to payments made on government obligation bonds and direct borrowing installment purchases.

The Town had debt retirement for this fiscal year with the principal repayment of \$824,548. There were no additions to debt during 2019.

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

The following projects initiated in prior years will continue as a priority into FY2019-20:

- Implementation of new permitting software for planning, zoning and inspections,
- Completion of assessment of existing facilities for capital improvement,
- Implementation of parking plan strategies based on Town-wide parking study,
- Continue to evaluate solid waste operations for inclusion of "best practice" options,
- Continue to pursue gold level bicycle designation,
- Continued implementation of Strategic Energy and Climate Protection Plan.

Two major initiatives implemented in 2017-18 will continue development into 2019--20. In 2018-19 the Town established a fee schedule for storm water utility enterprise fund which will provide ongoing financial support for the utility. As the challenges of storm water and flooding continues, the Town will seek to develop a ten year financing model for the Storm Water Utility Enterprise Fund.

The Town will continue the planning and design of the 203 Project, a new facility to house the Orange County Southern Branch Library and program space for Town's Recreation and Parks Department. This facility is a joint undertaking with Orange County.

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

- Town residents approved \$4.6 million of general obligation bonds in a referendum in November 2003 to construct sidewalks and greenways throughout the Town to increase the safety and convenience of walking. To date the Town has constructed 23 sidewalks covering more than 8.0 miles, completed construction of the Wilson Park Multi-Use Path, and constructed the Homestead-Chapel Hill High School Multi-Use Path.
- The Town has been awarded a Silver Award by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). The award is presented to communities that are committed to bicycling, provide safe accommodations and facilities for bicyclists, and encourage bicycling for fun, fitness, and transportation. This is a four-year award valid through 2018. The Town's goal is to achieve Gold Level status.
- The Town continue to participate in the North Carolina League of Municipalities "Green Challenge," for Greenhouse Gas Emission Inventory and Reduction to reduce the carbon footprint; and to assess the Town's energy efficiency through the U.S. Environmental Protection Agency's "Energy Star Challenge" that involves reviewing and reducing utility consumption in Town facilities, streetlights, and fuel usage.

- The 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 Projects 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, 2019, the Town had a \$11.2 million General Fund unassigned fund balance or 51.9% of total General Fund expenditures. This compares to an unassigned fund balance of \$10.6 million or 52.3% of expenditures in 2018. In 2017 and 2018 the Town used reserves to fund construction improvements to Town Commons and to construct Martin Luther King, Jr. Park.

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

Budget Control

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

Public input and review of the budget prior to adoption by the Board is encouraged. The 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 development of the Manager's recommended budget and a legally mandated one following presentation of the Manager's recommended budget to the Board. Prior to the adoption of an annual budget, the Board may hold budget work sessions on the Manager's recommended budget. The adopted budget document is available at the Town Clerk's office and the Town's website for review.

Internal Controls

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

- Safeguarding of assets against loss from unauthorized use or disposition;
- Reliability of financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America and maintaining accountability of assets;
- Effectiveness and efficiency of operations; and

- Compliance with applicable laws and regulations related to federal and state financial assistance programs.

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

Other Information

Independent Audit

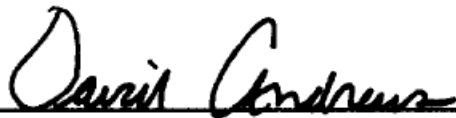
North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP was selected by the Board and performed this audit.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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded, for the fifteenth 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 2017-18. 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, 2019 to the GFOA to determine its eligibility for another year. The Certificate Program managed by the GFOA was established in 1945, and is designed to recognize and encourage excellence in financial reporting by state and local governments. Further information about the Certificate Program can be obtained by visiting GFOA's website at: www.gfoa.org. The GFOA reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. We agree with this direction and, in keeping with our past practice, have made available a copy of this report to each of you, Town departments, bond-rating agencies, the North Carolina Local Government Commission, and other financial institutions that have expressed an interest in the Town's financial affairs.

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



**David L. Andrews, ICMA-CM
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, 2018

Christopher P. Morrell

Executive Director/CEO

Financial Section

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Carrboro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 64 through 65, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 66, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 67 and 68, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, 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
November 20, 2019**

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Management's Discussion and Analysis

As management of the Town of Carrboro, we offer readers of the Town of Carrboro's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. 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 \$30,671,328 (net position).
- Driven by revenues exceeding expenditures for the fiscal year, the total net position of the Town increased by \$3,458,159 from the amount previously reported at June 30, 2018.
- At June 30, 2019, the Town's governmental funds had combined ending fund balances of \$21,614,505, an increase of 0.6% or \$132,438 in comparison with the prior year. Approximately 49.7% or \$10,736,962 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 \$11,233,203 or 51.9% of total General Fund expenditures of \$21,661,648.
- Long-term debt obligations for the Town decreased by 1.0% or \$301,536 from \$29,618,162 at June 30, 2018 to \$29,316,626 at June 30, 2019. This is primarily due to payments made on government obligation bonds and direct borrowing installment purchases.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

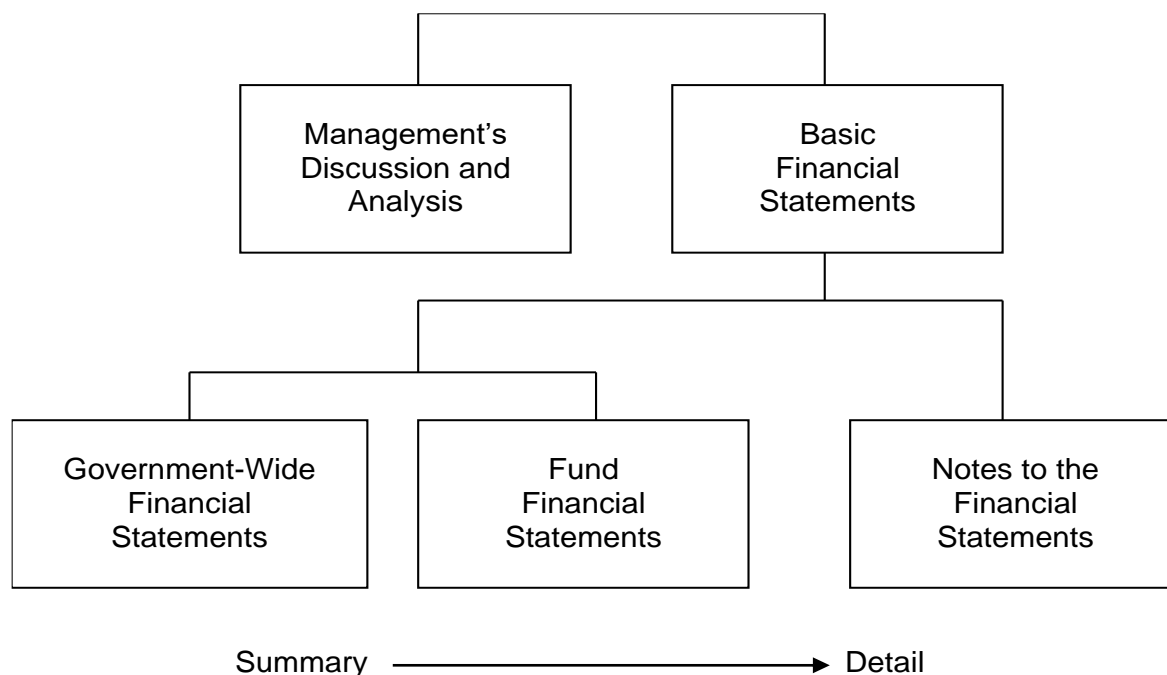
Overview of the Financial Statements

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

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

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

Required Components of Annual Financial Report
Figure 1



Basic financial statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government at a more detailed level than the government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the proprietary fund statements; and (3) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to financial statements of a private-sector business. The statement of net position presents information on all of the Town's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Town of Carrboro, North Carolina Management's Discussion and Analysis

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

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

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

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

Fund financial statements

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

Governmental funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements are focused on a detailed, short-term view that helps the reader determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. Exhibit 5 shows four columns: (1) the original budget as adopted by the Board; (2) the final budget as amended by the Board; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

Town of Carrboro, North Carolina
Management's Discussion and Analysis

Proprietary fund - The Stormwater Utility Enterprise Fund received funding from the General Fund in 2018. As of July 1, 2018, the Town has implemented a user fee schedule for stormwater operations and program expenses. Recognizing that the current user fee may not be sufficient to address the numerous stormwater capital improvements and repairs, the Town is looking to develop a ten-year financing plan and model.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 33 through 62 of this report.

Supplementary information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 63 of this report.

Government-wide financial analysis

Town of Carrboro's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 24,040,027	\$ 22,886,444	\$ 377,801	\$ 194,426	\$ 24,417,828	\$ 23,080,870
Capital assets, net	37,351,059	35,050,326	288,843	-	37,639,902	35,050,326
Deferred outflows of resources	2,576,157	1,875,220	27,599	7,435	2,603,756	1,882,655
Total assets and deferred outflows of resources	63,967,243	59,811,990	694,243	201,861	64,661,486	60,013,851
Long-term liabilities outstanding	29,159,067	29,486,528	157,559	131,634	29,316,626	29,618,162
Other liabilities	1,792,711	1,066,159	4,316	1,834	1,797,027	1,067,993
Total liabilities	30,951,778	30,552,687	161,875	133,468	31,113,653	30,686,155
Deferred inflows of resources	2,858,804	2,102,609	17,701	11,918	2,876,505	2,114,527
Net position:						
Net investment in capital assets	32,602,046	30,401,621	288,843	-	32,890,889	30,401,621
Restricted	3,869,297	2,719,947	-	-	3,869,297	2,719,947
Unrestricted	(6,314,682)	(5,964,874)	225,824	56,475	(6,088,858)	(5,908,399)
Total net position, ending	\$ 30,156,661	\$ 27,156,694	\$ 514,667	\$ 56,475	\$ 30,671,328	\$ 27,213,169

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 \$30,671,328 as of June 30, 2019. The majority of net position (107%) 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 (13% or \$3,869,297) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of (\$6,088,858) (-20%) is unrestricted.

Town of Carrboro, North Carolina
Management's Discussion and Analysis

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

- Property tax revenues increased by \$248,913 from \$12.9 million in 2018 to \$13.1 million in 2019.
- Local option sales tax revenues increased by 7.1% over the prior year.
- Other tax revenues, primarily from motor vehicle license taxes, remained stable at \$1.6 million.
- Unrestricted intergovernmental revenues increased by \$85,697 or 6.1%.

Town of Carrboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,744,109	\$ 1,776,142	\$ 778,157	\$ -	\$ 2,522,266	\$ 1,776,142
Operating grants and contributions	832,607	641,436	-	-	832,607	641,436
Capital grants and contributions	2,504,061	13,080	-	-	2,504,061	13,080
General revenues:						
Property taxes	13,184,000	12,935,087	-	-	13,184,000	12,935,087
Local option sales taxes	4,880,680	4,557,933	-	-	4,880,680	4,557,933
Other taxes	1,630,840	1,601,362	-	-	1,630,840	1,601,362
Grant and contributions not restricted	1,492,028	1,406,331	-	-	1,492,028	1,406,331
Other	382,223	243,998	5,673	-	387,896	243,998
Total revenues	<u>26,650,548</u>	<u>23,175,369</u>	<u>783,830</u>	<u>-</u>	<u>27,434,378</u>	<u>23,175,369</u>
Expenses:						
General government	\$ 5,246,829	\$ 4,849,740	\$ -	\$ -	\$ 5,246,829	\$ 4,849,740
Public safety	7,735,947	7,469,443	-	-	7,735,947	7,469,443
Planning	1,422,374	1,206,329	-	-	1,422,374	1,206,329
Transportation	1,808,940	1,455,012	-	-	1,808,940	1,455,012
Public works	4,839,876	4,142,187	-	-	4,839,876	4,142,187
Parks and recreation	1,845,198	1,737,984	-	-	1,845,198	1,737,984
Economic and physical development	692,328	220,960	-	-	692,328	220,960
Interest on long-term debt	115,564	127,897	-	-	115,564	127,897
Stormwater	-	-	269,163	251,908	269,163	251,908
Total expenses	<u>23,707,056</u>	<u>21,209,552</u>	<u>269,163</u>	<u>251,908</u>	<u>23,976,219</u>	<u>21,461,460</u>
Increase (decrease) in net position before transfers	<u>2,943,492</u>	<u>1,965,817</u>	<u>514,667</u>	<u>(251,908)</u>	<u>3,458,159</u>	<u>1,713,909</u>
Transfers	<u>56,475</u>	<u>(308,383)</u>	<u>(56,475)</u>	<u>308,383</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,999,967</u>	<u>1,657,434</u>	<u>458,192</u>	<u>56,475</u>	<u>3,458,159</u>	<u>1,713,909</u>
Net position, beginning	<u>27,156,694</u>	<u>25,499,260</u>	<u>56,475</u>	<u>-</u>	<u>27,213,169</u>	<u>25,499,260</u>
Net position, ending	<u>\$ 30,156,661</u>	<u>\$ 27,156,694</u>	<u>\$ 514,667</u>	<u>\$ 56,475</u>	<u>\$ 30,671,328</u>	<u>\$ 27,213,169</u>

Town of Carrboro, North Carolina Management's Discussion and Analysis

Governmental activities. Governmental activities increased the Town's net position by \$2,999,967. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by \$248,913 or 1.9% from \$12.9 million in 2018 to \$13.1 million in 2019. This increase is related to the revaluation of real property by the Orange County Tax Administrator in 2018, now that all appeals have been completed.
- Local option sales tax revenues increased by \$322,747 or 7.1% over the prior year. This reflects the continuing improvements in the local economy and expansion of local option sales tax to now include services, such as auto repairs and other personal services.
- Other tax revenues, primarily from motor vehicle license taxes, remained stable at \$1.6 million.
- Unrestricted intergovernmental revenues increased by \$85,697 or 6.1% due to increase in sales tax collections for electric and natural gas utilities.
- Revenues from fees and permits decreased by \$103,624 or 7.5% from \$1,377,586 in 2018 to \$1,273,962 in 2019. This is related to the cyclical nature of private development (i.e., permits are issued in one year and construction takes place the following year).
- Capital grants and contributions increased by \$2.5 million from \$13,080 in 2018 to \$2,504,061 in 2019, due primarily from increase in federal funding for capital projects. As a general rule, capital grants and contributions vary from year to year depending upon the completion and commencement of various capital projects.
- Expenses for total governmental activities increased by \$2,497,504 or 11.8% from \$21,209,552 in 2018 to \$23,707,056 in 2019.
- Expense for interest on long-term debt decreased from \$127,897 in 2018 to \$115,564 in 2019. The Town has not issued any major debt since the 2013 general obligation bonds for construction of sidewalks and greenways, and did not undertake lease purchases for vehicles and equipment in 2019.

Business-type activities. Business-type activities increase the Town's net position by \$458,192 due to the establishment of user fees for stormwater services in 2019.

Financial Analysis of the Town of Carrboro's Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,233,203, an increase of \$599,041 or 6.1% from \$10,634,162 in 2018. The total general fund balance for 2019 was \$17,704,251, a 7.1% increase over the 2018 amount of \$16,535,093. This increase in fund balance is due primarily to actual revenues (excluding other financings) exceeding expenses by \$2.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51.9% of total General Fund expenditures of \$21,661,648. Total fund balance represents 81.7% of total General Fund expenditures.

Town of Carrboro, North Carolina Management's Discussion and Analysis

At June 30, 2019, the governmental funds of the Town of Carrboro reported a combined fund balance of \$21,614,505. The reported combined fund balance of the governmental funds includes a fund balance within the Bond Fund of \$159,221 and a fund balance within the Capital Projects Fund of \$2,824,693. These fund balances are either restricted or committed for capital project purposes.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budgeted expenditures were increased by \$958,520 (4.2%) from an original appropriation of \$22,612,722 to a final appropriation of \$23,571,242.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$23,899,184, compared to budget of \$21,827,531.

Revenues from taxes (i.e., property, local option sales, and other) represent 82.1% of the total revenues. Property, sales and other tax revenues were above budget projections (\$1,598,649 or 8.9%).

Revenue from permits and fees represent 5.3% of total revenues, and were over budget projections by \$80,877 or 6.7%. Total revenue for permits and fees this year was \$1,273,962 compared to \$1,377,586 in 2018. These revenues fluctuate based on the number of approved private developments that actual begin or complete construction in a given year. Revenues from sales and services, and investment earnings were above budget projections by \$118,539 or 35.1%.

The unrestricted intergovernmental revenue receipts exceeded budget projections by \$69,939 or 4.9% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,492,028 compared to \$1,406,331 in 2018.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$21,661,648, which was \$1,909,594 less than the final budget of \$23,571,242. All spending by function was in compliance with budgetary requirements.

All expenditures were less than final budget at June 30, 2019, but were 6.5% more than the prior year. Expenditures for general government were 14.3% higher than the prior year, increasing from \$4,735,147 in 2018 to \$5,414,220 in 2019. Actual expenditures for public safety decreased by 1.1% from \$6,804,321 in 2018 to \$6,724,929 in 2019. Actual expenditures for planning increased by 17.3% from 1,134,657 in 2018 to \$1,331,441 in 2019. Transportation expenditures increased 24.3% from \$1,455,012 in 2018 to \$1,808,940 in 2019. Public works expenditures increased by 7.1% from \$3,571,134 in 2018 to \$3,823,825 in 2019. Recreation and parks expenditures increased by 6.9% from \$11,503,476 in 2018 to \$1,607,124 in 2019. Debt service expenditures decreased by 16.6% from the prior year.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2019 totaled \$37,351,059 (net of accumulated depreciation) and the Town's investment in capital assets for its business-type activities as of June 30, 2019 totaled \$288,843. These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the replacement of police vehicles and solid waste equipment.

Town of Carrboro, North Carolina
Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	<u>4,944,914</u>	<u>4,023,527</u>	<u>114,998</u>	<u>-</u>	<u>5,059,912</u>	<u>4,023,527</u>
Total capital assets not being depreciated	<u>19,692,870</u>	<u>18,771,483</u>	<u>114,998</u>	<u>-</u>	<u>19,807,868</u>	<u>18,771,483</u>
Capital assets being depreciated:						
Buildings and systems	5,449,562	4,414,399	-	-	5,449,562	4,414,399
Improvements other than buildings	757,264	795,346	-	-	757,264	795,346
Infrastructure	8,461,765	8,780,528	-	-	8,461,765	8,780,528
Machinery and equipment	1,655,005	809,489	173,845	-	1,828,850	809,489
Vehicles	<u>1,334,593</u>	<u>1,479,081</u>	<u>-</u>	<u>-</u>	<u>1,334,593</u>	<u>1,479,081</u>
Total capital assets being depreciated	<u>17,658,189</u>	<u>16,278,843</u>	<u>173,845</u>	<u>-</u>	<u>17,832,034</u>	<u>16,278,843</u>
Total capital assets	<u>\$ 37,351,059</u>	<u>\$ 35,050,326</u>	<u>\$ 288,843</u>	<u>\$ -</u>	<u>\$ 37,639,902</u>	<u>\$ 35,050,326</u>

Additional information on the Town's capital assets can be found on pages 43 and 44 of this report.

Long-term debt. As of June 30, 2019 and 2018, the Town of Carrboro had the following long-term liabilities:

Town of Carrboro's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Government obligation bond	\$ 3,100,000	\$ 3,350,000	\$ -	\$ -	\$ 3,100,000	\$ 3,350,000
Premium on bonds	60,831	65,698	-	-	60,831	65,698
Direct borrowing						
installment purchases	1,588,182	2,162,730	-	-	1,588,182	2,162,730
Compensated absences	805,969	737,005	10,768	8,122	816,737	745,127
OPEB liability	19,474,398	19,639,836	112,569	113,525	19,586,967	19,753,361
LGERS net pension liability	2,701,088	2,013,788	34,222	9,987	2,735,310	2,023,775
Law enforcement officers' total pension liability	<u>1,428,599</u>	<u>1,517,471</u>	<u>-</u>	<u>-</u>	<u>1,428,599</u>	<u>1,517,471</u>
Total	<u>\$ 29,159,067</u>	<u>\$ 29,486,528</u>	<u>\$ 157,559</u>	<u>\$ 131,634</u>	<u>\$ 29,316,626</u>	<u>\$ 29,618,162</u>

Total long-term liabilities for the Town decreased by \$301,537 (1.0%) during fiscal year 2019 primarily due to payments on government obligation bonds and the direct borrowing installment purchases. The Town had debt retirement for this fiscal year with the principal repayment of \$824,548. There were no additions to debt during 2019.

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.

Town of Carrboro, North Carolina Management's Discussion and Analysis

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 \$186,449,856. The Town has no general obligation bonds authorized but unissued at June 30, 2019.

Additional information regarding the Town's long-term debt can be found beginning on page 58 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 3.7%, below the statewide rate of 3.9%. This trend is expected to continue for the next year.
- Stable property tax base. The Town expects to continue to collect property taxes at a rate of 98 to 99%.
- Continued local sales tax growth is expected to continue into the next fiscal year.
- Additional revenue options for local governments pending in the North Carolina General Assembly are being closely monitored for any potential adverse impact on local governments.

Budget highlights for the fiscal year ending June 30, 2020

Governmental activities. The Town has approved a General Fund budget in the amount of \$24,577,008 for fiscal year 2020, which is a 7.5% increase over the original adopted fiscal year 2019 budget. While the economy continues to show signs of improvement, it is incumbent upon management to continue its disciplined approach and not become too optimistic in projecting revenues.

The primary focus in preparing the fiscal year 2020 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 8.6% and sales taxes are projected to increase 3.9% due to the improving economy. The tax rate for real property equals \$59.94 cents per one hundred dollars (0.5994), which is a ½ cent increase from fiscal year 2019. The ½ cent increase when combined with the ½ cent increase in 2019 totals 1 cent that is dedicated for and is to be used solely for affordable housing.

Sales tax revenues over the past year continue to show signs of recovery and are anticipated to grow by 3.9% over the 2018-19 level due to an increase in the sale of general retail items (e.g., food, clothing, household goods, services, etc.) and overall improving economy. In 2017 the local sales tax was expanded by the North Carolina General Assembly to include certain services which had not been taxed in the past.

Town of Carrboro, North Carolina Management's Discussion and Analysis

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 2020 will increase, the Town will continue to implement several initiatives began in previous fiscal years. These include implementation of a parking plan, solid waste study, gold level bicycle designation, new permitting software for planning, and 203 Project Development. In 2018-19 the Town implemented a user fee structure for the storm water utility enterprise fund operations to address regulatory compliance and increased flooding issues in the Town. This user fee provides a revenue source for stormwater management and eases the dependency on the General Fund.

Capital outlays in the General Fund will decrease slightly from \$299,379 in 2019 to \$285,600 in 2020. These capital outlays will be primarily for vehicles and equipment purchases. The budget for debt service in 2020 is \$1,245,244 compared to \$1,094,285 in 2019.

Business-type activities. In 2019, the stormwater utility enterprise fund established a user fee schedule, which has eliminated the need for major financial support from the General Fund.

Requests for information

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

Basic Financial Statements

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Town of Carrboro, North Carolina
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government			Component Unit Carrboro Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,410,825	\$ 350,890	\$ 19,761,715	\$ 296,552
Receivables:				
Taxes receivable, net	219,186	-	219,186	-
Accrued interest receivable, property taxes	46,307	-	46,307	-
Accounts receivable, net	18,860	26,051	44,911	-
Due from primary government	-	-	-	54,616
Due from other governments	3,670,702	-	3,670,702	92
Inventories	31,503	-	31,503	-
Prepays	285,803	860	286,663	584
Restricted cash	304,463	-	304,463	-
Total current assets	23,987,649	377,801	24,365,450	351,844
Non-current assets:				
Notes receivable, net	52,378	-	52,378	-
Capital assets				
Land, non-depreciable improvements, and construction in progress	19,692,870	114,998	19,807,868	-
Other capital assets, net of accumulated depreciation	17,658,189	173,845	17,832,034	-
Total noncurrent assets	37,403,437	288,843	37,692,280	-
Total assets	61,391,086	666,644	62,057,730	351,844
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	2,278,813	27,599	2,306,412	-
OPEB deferrals	297,344	-	297,344	-
Total deferred outflows	2,576,157	27,599	2,603,756	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,526,866	4,316	1,531,182	9,000
Payable from restricted assets, customer deposits and performance bonds	62,204	-	62,204	-
Revenues received in advance	100,962	-	100,962	-
Accrued interest payable	48,063	-	48,063	-
Due to component unit	54,616	-	54,616	-
Current portion of long-term liabilities	1,261,869	867	1,262,736	-
Total current liabilities	3,054,580	5,183	3,059,763	9,000
Long-term liabilities:				
Net pension liability - LGERS	2,701,088	34,222	2,735,310	-
Total pension liability - LEO	1,428,599	-	1,428,599	-
Total OPEB liability	19,474,398	112,569	19,586,967	-
Due in more than one year	4,293,113	9,901	4,303,014	-
Total liabilities	30,951,778	161,875	31,113,653	9,000
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	193,247	2,293	195,540	-
OPEB deferrals	2,665,557	15,408	2,680,965	-
Total deferred inflows	2,858,804	17,701	2,876,505	-
NET POSITION				
Net investment in capital assets	32,602,046	288,843	32,890,889	-
Restricted for:				
Stabilization by State Statute	3,869,297	-	3,869,297	54,708
Unrestricted	(6,314,682)	225,824	(6,088,858)	288,136
Total net position	\$ 30,156,661	\$ 514,667	\$ 30,671,328	\$ 342,844

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

Town of Carrboro, North Carolina
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,246,829	\$ 726,021	\$ 223,435	\$ -
Public safety	7,735,947	739,011	10,000	48,000
Planning	1,422,374	39,872	-	-
Transportation	1,808,940	-	484,000	-
Public works	4,839,876	56,561	65,824	2,427,653
Parks and recreation	1,845,198	182,644	35,898	-
Economic and physical development	692,328	-	13,450	28,408
Interest on long-term debt	115,564	-	-	-
Total governmental activities	23,707,056	1,744,109	832,607	2,504,061
Business-type activities:				
Stormwater	269,163	778,157	-	-
Total business-type activities	269,163	778,157	-	-
Total primary government	\$ 23,976,219	\$ 2,522,266	\$ 832,607	\$ 2,504,061
Component unit:				
Tourism Development Authority	\$ 152,467	\$ -	\$ -	\$ -
Total component unit	\$ 152,467	\$ -	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option sales taxes				
Other taxes				
Unrestricted intergovernmental revenues				
Unrestricted investment earnings				
Gain on disposal				
Miscellaneous				
Payments from Town of Carrboro				
Total general revenues not including transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

Net Revenue (Expense) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
\$ (4,297,373)	\$ -	\$ (4,297,373)	\$ -
(6,938,936)	-	(6,938,936)	-
(1,382,502)	-	(1,382,502)	-
(1,324,940)	-	(1,324,940)	-
(2,289,838)	-	(2,289,838)	-
(1,626,656)	-	(1,626,656)	-
		-	
(650,470)	-	(650,470)	-
(115,564)	-	(115,564)	-
(18,626,279)	-	(18,626,279)	-
-	508,994	508,994	-
-	508,994	508,994	-
-	508,994	(18,117,285)	-
-	-	-	(152,467)
-	-	-	(152,467)
13,184,000	-	13,184,000	-
4,880,680	-	4,880,680	-
1,630,840	-	1,630,840	-
1,492,028	-	1,492,028	-
266,589	5,673	272,262	-
27,413	-	27,413	-
88,221	-	88,221	-
-	-	-	184,648
21,569,771	5,673	21,575,444	184,648
56,475	(56,475)	-	-
21,626,246	(50,802)	21,575,444	184,648
2,999,967	458,192	3,458,159	32,181
27,156,694	56,475	27,213,169	310,663
<u>\$ 30,156,661</u>	<u>\$ 514,667</u>	<u>\$ 30,671,328</u>	<u>\$ 342,844</u>

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

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3
(3 pages)

	Major Funds				
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration Fund
ASSETS					
Cash and cash equivalents	\$ 16,026,704	\$ 573,348	\$ -	\$ 2,438,455	\$ -
Taxes receivable, net	219,186	-	-	-	-
Accounts receivable, net	18,860	-	-	-	-
Due from other governments	2,016,896	-	843,183	778,400	32,223
Due from other funds	223,781	-	-	-	-
Notes receivable, net	-	13,568	-	-	-
Inventories	31,503	-	-	-	-
Prepays	285,803	-	-	-	-
Restricted cash	304,463	-	-	-	-
Total assets	<u>\$ 19,127,196</u>	<u>\$ 586,916</u>	<u>\$ 843,183</u>	<u>\$ 3,216,855</u>	<u>\$ 32,223</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 985,977	\$ -	\$ 130,218	\$ 392,162	\$ -
Payable from restricted assets, customer deposits and performance bonds	62,204	-	-	-	-
Revenues received in advance	100,962	-	-	-	-
Due to other funds	-	-	219,149	-	4,632
Due to component unit	54,616	-	-	-	-
Total liabilities	<u>1,203,759</u>	<u>-</u>	<u>349,367</u>	<u>392,162</u>	<u>4,632</u>
DEFERRED INFLOWS OF RESOURCES	<u>219,186</u>	<u>13,568</u>	<u>334,595</u>	<u>-</u>	<u>28,408</u>
FUND BALANCES					
Nonspendable:					
Inventories	31,503	-	-	-	-
Prepays	285,803	-	-	-	-
Restricted:					
Stabilization by state statute	2,410,730	-	650,830	778,400	3,815
Powell Bill (streets)	242,259	-	-	-	-
Capital projects	-	-	-	-	-
Committed:					
Economic development	-	573,348	-	-	-
Capital projects	-	-	-	2,046,293	-
Affordable housing	-	-	-	-	-
Energy efficiency	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,500,753	-	-	-	-
Capital projects	2,000,000	-	-	-	-
Unassigned	11,233,203	-	(491,609)	-	(4,632)
Total fund balances	<u>17,704,251</u>	<u>573,348</u>	<u>159,221</u>	<u>2,824,693</u>	<u>(817)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,127,196</u>	<u>\$ 586,916</u>	<u>\$ 843,183</u>	<u>\$ 3,216,855</u>	<u>\$ 32,223</u>

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

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3
(3 pages)

	Nonmajor Funds	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 372,318	\$ 19,410,825
Taxes receivable, net	-	219,186
Accounts receivable, net	-	18,860
Due from other governments	-	3,670,702
Due from other funds	-	223,781
Notes receivable, net	38,810	52,378
Inventories	-	31,503
Prepays	-	285,803
Restricted cash	-	304,463
Total assets	<u>\$ 411,128</u>	<u>\$ 24,217,501</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 18,509	\$ 1,526,866
Payable from restricted assets, customer deposits and performance bonds	-	62,204
Revenues received in advance	-	100,962
Due to other funds	-	223,781
Due to component unit	-	54,616
Total liabilities	<u>18,509</u>	<u>1,968,429</u>
DEFERRED INFLOWS OF RESOURCES	<u>38,810</u>	<u>634,567</u>
FUND BALANCES		
Nonspendable:		
Inventories	-	31,503
Prepays	-	285,803
Restricted:		
Stabilization by state statute	25,522	3,869,297
Powell Bill (streets)	-	242,259
Capital projects	-	-
Committed:		
Economic development	-	573,348
Capital projects	-	2,046,293
Affordable housing	219,570	219,570
Energy efficiency	108,717	108,717
Assigned:		
Subsequent year's expenditures	-	1,500,753
Capital projects	-	2,000,000
Unassigned	-	10,736,962
Total fund balances	<u>353,809</u>	<u>21,614,505</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 411,128</u>	<u>\$ 24,217,501</u>

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

Town of Carrboro, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Exhibit 3
(3 pages)

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - governmental funds	\$ 21,614,505
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	37,351,059
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	46,307
Deferred outflows of resources related to pensions are not reported in the fund statements.	2,278,813
Deferred outflows of resources related to OPEB are not reported in the fund statements.	297,344
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	634,567
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(5,554,982)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(193,247)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(2,665,557)
Net pension liability - LGERS	(2,701,088)
Total pension liability - LEO	(1,428,599)
Total OPEB liability	(19,474,398)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	(48,063)
Net position of governmental activities	<u>\$ 30,156,661</u>

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Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Exhibit 4
(4 pages)

	Major Funds				
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration
Revenues:					
Ad valorem taxes	\$ 13,113,521	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	4,880,680	-	-	-	-
Other taxes and licenses	1,630,840	-	-	-	-
Unrestricted					
intergovernmental	1,492,028	-	-	-	-
Restricted intergovernmental	774,586	-	1,116,490	956,402	20,166
Permits and fees	1,273,962	-	-	-	-
Sales and services	253,023	-	-	-	-
Investment earnings	202,849	7,034	21,080	29,366	-
Other	277,695	38,138	-	32,000	20,321
Total revenues	<u>23,899,184</u>	<u>45,172</u>	<u>1,137,570</u>	<u>1,017,768</u>	<u>40,487</u>
Expenditures:					
General government	5,369,254	-	-	-	-
Public safety	6,649,349	-	-	-	-
Planning	1,331,441	-	-	-	-
Transportation	1,808,940	-	-	-	-
Public works	3,750,034	-	-	-	-
Economic and					
physical development	-	-	-	-	61,397
Parks and recreation	1,602,097	-	-	-	-
Capital outlay	199,364	-	1,491,938	2,372,368	-
Debt service:					
Principal	824,548	-	-	-	-
Interest and other					
charges	126,621	-	-	-	-
Total expenditures	<u>21,661,648</u>	<u>-</u>	<u>1,491,938</u>	<u>2,372,368</u>	<u>61,397</u>
Excess of revenues over (under) expenditures	<u>2,237,536</u>	<u>45,172</u>	<u>(354,368)</u>	<u>(1,354,600)</u>	<u>(20,910)</u>
Other financing sources (uses):					
Transfers from other funds	491,659	-	-	1,787,450	-
Transfers to other funds	(1,587,450)	-	(201,000)	(318,713)	-
Sale of capital assets	27,413	-	-	-	-
Total other financing sources (uses)	<u>(1,068,378)</u>	<u>-</u>	<u>(201,000)</u>	<u>1,468,737</u>	<u>-</u>
Net change in fund balances	1,169,158	45,172	(555,368)	114,137	(20,910)
Fund balances, beginning of year	<u>16,535,093</u>	<u>528,176</u>	<u>714,589</u>	<u>2,710,556</u>	<u>20,093</u>
Fund balances, end of year	<u>\$ 17,704,251</u>	<u>\$ 573,348</u>	<u>\$ 159,221</u>	<u>\$ 2,824,693</u>	<u>\$ (817)</u>

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

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Exhibit 4
(4 pages)

	Nonmajor Funds	Total Governmental Funds
Revenues:		
Ad valorem taxes	\$ 110,071	\$ 13,223,592
Local option sales taxes	-	4,880,680
Other taxes and licenses	-	1,630,840
Unrestricted		
intergovernmental	-	1,492,028
Restricted intergovernmental	-	2,867,644
Permits and fees	-	1,273,962
Sales and services	-	253,023
Investment earnings	6,260	266,589
Other	10,320	378,474
Total revenues	<u>126,651</u>	<u>26,266,832</u>
Expenditures:		
General government	-	5,369,254
Public safety	-	6,649,349
Planning	-	1,331,441
Transportation	-	1,808,940
Public works	-	3,750,034
Economic and		
physical development	630,931	692,328
Parks and recreation	-	1,602,097
Capital outlay	-	4,063,670
Debt service:		
Principal	-	824,548
Interest and other		
charges	-	126,621
Total expenditures	<u>630,931</u>	<u>26,218,282</u>
Excess of revenues over (under) expenditures	<u>(504,280)</u>	<u>48,550</u>
Other financing sources (uses):		
Transfers from other funds	-	2,279,109
Transfers to other funds	(115,471)	(2,222,634)
Sale of capital assets	-	27,413
Total other financing sources (uses)	<u>(115,471)</u>	<u>83,888</u>
Net change in fund balances	(619,751)	132,438
Fund balances, beginning of year	<u>973,560</u>	<u>21,482,067</u>
Fund balances, end of year	<u>\$ 353,809</u>	<u>\$ 21,614,505</u>

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

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Exhibit 4
(4 pages)

**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	\$	132,438
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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	\$ 4,063,670	
Depreciation expense for governmental assets	<u>(1,762,937)</u>	2,300,733

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	(27,413)	
Gain on sale of fixed assets recognized under full accrual basis	<u>27,413</u>	-

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

674,058

Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities.

165,820

Benefit payments paid and administrative expense for the OPEB are not included on the Statement of Activities.

297,344

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	(10,416)	
Change in deferred revenues, property taxes	(29,176)	
Change in deferred revenues	327,995	
Change in total OPEB liability due to implicit rate subsidy	<u>67,900</u>	356,303

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction does not have an effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	824,548	
Change in accrued interest payable	<u>6,190</u>	830,738

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Exhibit 4
(4 pages)

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	\$	4,867	
Pension expense		(772,793)	
OPEB expense		(920,577)	
Change in compensated absences		<u>(68,964)</u>	\$ <u>(1,757,467)</u>
Total changes in net position of governmental activities			<u><u>\$ 2,999,967</u></u>

Town of Carrboro, North Carolina
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2019

Exhibit 5

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 11,945,655	\$ 11,945,655	\$ 13,113,521	\$ 1,167,866
Local option sales taxes	4,475,980	4,475,980	4,880,680	404,700
Other taxes and licenses	1,604,757	1,604,757	1,630,840	26,083
Unrestricted intergovernmental	1,422,090	1,422,089	1,492,028	69,939
Restricted intergovernmental	623,891	683,991	774,586	90,595
Permits and fees	1,203,185	1,193,085	1,273,962	80,877
Sales and services	285,520	285,521	253,023	(32,498)
Investment earnings	51,812	51,812	202,849	151,037
Other revenues	79,441	164,641	277,695	113,054
Total revenues	<u>21,692,331</u>	<u>21,827,531</u>	<u>23,899,184</u>	<u>2,071,653</u>
Expenditures				
Current:				
General government	5,237,626	5,592,770	5,414,220	178,550
Public safety	6,936,113	7,074,033	6,724,929	349,104
Planning	1,477,419	1,606,023	1,331,441	274,582
Transportation	1,811,000	2,188,789	1,808,940	379,849
Public works	3,705,212	3,860,045	3,823,825	36,220
Parks and recreation	1,604,901	1,721,493	1,607,124	114,369
General services	746,166	433,804	-	433,804
Debt service	1,094,285	1,094,285	951,169	143,116
Total expenditures	<u>22,612,722</u>	<u>23,571,242</u>	<u>21,661,648</u>	<u>1,909,594</u>
Excess of revenues over (under) expenditures	<u>(920,391)</u>	<u>(1,743,711)</u>	<u>2,237,536</u>	<u>3,981,247</u>
Other financing sources (uses)				
Transfers from other funds	-	486,223	491,659	5,436
Transfers to other funds	(250,000)	(1,587,450)	(1,587,450)	-
Sale of capital assets	82,000	82,000	27,413	(54,587)
Total other financing sources (uses)	<u>(168,000)</u>	<u>(1,019,227)</u>	<u>(1,068,378)</u>	<u>(49,151)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,088,391)</u>	<u>(2,762,938)</u>	<u>1,169,158</u>	<u>3,932,096</u>
Fund balance appropriated	<u>1,088,391</u>	<u>2,762,938</u>	<u>-</u>	<u>(2,762,938)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,169,158</u>	<u>\$ 1,169,158</u>
Fund balance, beginning of year			<u>16,535,093</u>	
Fund balance, end of year			<u>\$ 17,704,251</u>	

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

Town of Carrboro, North Carolina
Statement of Net Position
Proprietary Fund - Stormwater Utility Enterprise Fund
June 30, 2019

Exhibit 6

ASSETS

Current assets:

Cash and cash equivalents	\$	350,890
Accounts receivable		26,051
Prepays		860
Total current assets		377,801

Noncurrent assets:

Capital assets:

Construction in progress	114,998
Other capital assets, net of depreciation	173,845

Total capital assets	288,843
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Total noncurrent assets	288,843
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Total assets	666,644
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DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals	27,599
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Total deferred outflows of resources	27,599
--------------------------------------	--------

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	4,316
Current portion of long-term liabilities	867

Total current liabilities	5,183
---------------------------	-------

Long-term liabilities:

Net pension liability - LGERS	34,222
Total OPEB liability	112,569
Due in more than one year	9,901

Total long-term liabilities	156,692
-----------------------------	---------

Total liabilities	161,875
-------------------	---------

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	2,293
OPEB deferrals	15,408

Total deferred inflows of resources	17,701
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NET POSITION

Net investment in capital assets	288,843
----------------------------------	---------

Unrestricted	225,824
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Total net position	\$ 514,667
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Town of Carrboro, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Stormwater Utility Enterprise Fund
Year Ended June 30, 2019

Exhibit 7

Operating revenues	
Charges for services	\$ 778,157
Total operating revenues	<u>778,157</u>
Operating expenses	
Personnel services	194,089
Depreciation	9,150
Other current charges	<u>65,924</u>
Total operating expenses	<u>269,163</u>
Operating income	508,994
Nonoperating revenues (expenses)	
Investment earnings	<u>5,673</u>
Total nonoperating revenues (expenses)	<u>5,673</u>
Income before transfers	514,667
Transfers	
Transfers to general fund	<u>(56,475)</u>
Change in net position	458,192
Total net position, beginning	<u>56,475</u>
Total net position, ending	<u><u>\$ 514,667</u></u>

Town of Carrboro, North Carolina
Statement of Cash Flows
Proprietary Fund - Stormwater Utility Enterprise Fund
Year Ended June 30, 2019

Exhibit 8

Cash flows from operating activities:

Cash received from customers	\$ 752,106
Cash paid for goods and services	(64,302)
Cash paid to or on behalf of employees for services	(182,545)
Net cash provided by operating activities	505,259

Cash flows from noncapital financing activities:

Transfers to other funds	(56,475)
Net cash used by noncapital financing activities	(56,475)

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(297,993)
Net cash used by capital and related financing activities	(297,993)

Cash flows from investing activities:

Investment earnings	5,673
Net cash provided by investing activities	5,673
Net increase in cash and cash equivalents	156,464

Cash and cash equivalents, beginning	194,426
Cash and cash equivalents, ending	\$ 350,890

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 508,994
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,150
Change in assets, deferred outflows of resources, and liabilities:	
Increase in prepaid expenses	(860)
Increase in accounts receivable	(26,051)
Increase in accounts payable and accrued liabilities	2,482
Increase in accrued vacation pay	2,646
Increase in deferred outflows of resources for pensions	(20,164)
Increase in deferred inflows of resources for pensions	1,346
Increase in deferred inflows of resources for OPEB	4,437
Increase in net pension liability	24,235
Decrease in total OPEB liability	(956)
Net cash provided by operating activities	\$ 505,259

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Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

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

Carrboro Tourism Development Authority

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

B. Basis of presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Town of Carrboro, North Carolina

Notes to Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

Capital Projects Fund. The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities. Additionally, the Town has legally adopted a Capital Reserve Fund and Payment in Lieu Reserve Fund. The Capital Reserve Fund and Payment in Lieu Reserve Fund are consolidated in the Capital Projects Fund. The budgetary comparisons for the Capital Reserve Fund has been included in the supplemental information. The Capital Reserve Fund accounts for resources to be used for future major capital purchases or projects. The Payment in Lieu Reserve Fund accounts for payments received from developers in lieu of providing on-site recreational areas and open spaces. The funds are held in reserve for use in one of four geographically defined quadrants of the Town (where the residential development is located) for use in acquisition and development of recreational facilities present or future.

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

The Town reports the following non-major governmental funds:

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

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

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

The Town reports the following major enterprise fund:

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

C. *Measurement focus and basis of accounting*

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

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services, which went in effect during the fiscal year ending June 30, 2019. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under direct borrowing installment purchase agreements are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for the billing and collecting of the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements, and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Carrboro because the tax is levied by Orange County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues which are unearned at year end are recorded as deferred inflows of resources. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Storm Water Utility Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Revolving Loan Fund, the Bond Fund, the Capital Projects Fund, the Grants Administration Fund, the Affordable Housing Fund, the Energy Efficiency Revolving Loan Fund, and the Business Loan Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. The Finance Officer is authorized to approve intradepartmental transfer requests between appropriation units and between departmental programs within the limits of the approved departmental budget. In the Capital Projects Fund, the Town Manager is allowed to transfer funds under \$10,000 between line items as long as transfers are within the overall project budget. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and investments

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

State law [G. S. 159-30(c)] authorizes the Town and the CTDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's and the CTDA's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the NCCMT Term Portfolio has a duration of 0.11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

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.

Town of Carrboro, North Carolina

Notes to Financial Statements

Restricted assets

Credit deposits in the amount of \$62,204 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. Powell Bill funds in the amount of \$242,259 are also classified as restricted cash because they can be expended only for the purposes outlined in G. S. 136-41.1 through 136-41.4.

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, 2017. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for doubtful accounts

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

Inventory and prepaid items

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

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

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than a certain amount and an estimated useful life in excess of two years.

Minimum capitalization costs are as follows:

	<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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Town of Carrboro, North Carolina

Notes to Financial Statements

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals for the 2019 fiscal year and OPEB deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable which are net of allowance, as well as pension and OPEB related deferrals.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources. Issuance costs, whether or not held from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences

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

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

Town of Carrboro, North Carolina

Notes to Financial Statements

Net position/fund balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Affordable housing - portion of fund balance committed by the Board for providing safe and decent housing within the Town.

Energy efficiency - portion of fund balance committed by the Board for the goal of increasing energy efficiency in buildings within the Town.

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

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

Capital projects - portion of fund balance assigned by Town management for future capital projects.

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

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

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

Defined benefit cost-sharing plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

2. Stewardship, Compliance and Accountability

A. Deficit in Fund Balance or Net Position of Individual Funds

At June 30, 2019, The Town had deficit in the Grants Administration Fund of \$817. The deficit in the Grants Administration Fund is due to timing only, as the respective grant revenues were not considered to be available as of June 30, 2019, and therefore are presented as deferred revenues.

3. Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of \$5,256,524 and a bank balance of \$5,574,441. 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 and the bank balance of deposits for the CTDA was \$296,552. All of the bank balance was covered by federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$150.

Investments

At June 30, 2019, the Town had \$14,809,504 invested with the North Carolina Capital Management Trust Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Town of Carrboro, North Carolina
Notes to Financial Statements

Receivables

(a) 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>
General fund:				
Local option sales tax	\$ -	\$ -	\$ 1,355,510	\$ 1,355,510
Sales tax refunds	-	60,829	106,355	167,184
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	305,716	305,716
Solid waste disposal tax	-	-	3,873	3,873
City of Durham planning grant	37,847	-	-	37,847
NCVTS tag and tax proceeds	-	-	135,930	135,930
Other	<u>9,000</u>	<u>1,836</u>	<u>-</u>	<u>10,836</u>
	46,847	62,665	1,907,384	2,016,896
Grant Administration fund:				
Grant reimbursements	-	-	32,223	32,223
Bond fund:				
Grant reimbursements	-	-	843,183	843,183
Capital Projects fund:				
Balance due under inter-local agreement	<u>-</u>	<u>778,400</u>	<u>-</u>	<u>778,400</u>
Total	<u>\$ 46,847</u>	<u>\$ 841,065</u>	<u>\$ 2,782,790</u>	<u>\$ 3,670,702</u>

(b) Notes receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2019, the Revolving Loan Fund notes receivable balance was \$13,568, net of a \$56,000 allowance.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2019:

	<u>Interest Rate</u>	<u>Balance</u>
Alphabet Soup	6.00	\$ 3,794
Bryan's Guitar	3.00	50,613
Art in a Pickle	2.00	-
Carrboro Creative Co-working	2.00	<u>15,161</u>
		69,568
Less allowance		<u>(56,000)</u>
Total		<u>\$ 13,568</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, 2019, the Energy Efficiency Revolving Loan Fund notes receivable balance was \$36,428.

Town of Carrboro, North Carolina
Notes to Financial Statements

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, 2019, the Affordable Housing Fund notes receivable balance was \$2,382, net of an allowance of \$345,301 for a note receivable from a nonprofit housing entity, which is forgivable in equal amounts over a 30-year period, as long as the entity remains in compliance with the requirements of the loan agreement.

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. During the year ended June 30, 2019, the Business Loan Fund was closed, and the remaining cash balance of \$115,471 was transferred to the General Fund.

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>86,708</u>

Capital assets

Capital asset activity for the year ended June 30, 2019 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	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956
Construction-in-progress	<u>4,023,527</u>	<u>3,565,822</u>	<u>(2,644,435)</u>	<u>4,944,914</u>
Total capital assets not being depreciated	<u>18,771,483</u>	<u>3,565,822</u>	<u>(2,644,435)</u>	<u>19,692,870</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,787,063	\$ 1,324,740	\$ -	\$ 10,111,803
Land improvements	1,127,024	-	-	1,127,024
Infrastructure	12,546,367	116,367	-	12,662,734
Equipment and heavy equipment	5,260,845	1,312,060	-	6,572,905
Vehicles	<u>6,490,569</u>	<u>389,116</u>	<u>(132,234)</u>	<u>6,747,451</u>
Total capital assets being depreciated	<u>34,211,868</u>	<u>3,142,283</u>	<u>(132,234)</u>	<u>37,221,917</u>
Less accumulated depreciation for:				
Buildings and improvements	4,372,664	289,577	-	4,662,241
Land improvements	331,678	38,082	-	369,760
Infrastructure	3,765,839	435,130	-	4,200,969
Equipment and heavy equipment	4,451,356	466,544	-	4,917,900
Vehicles	<u>5,011,488</u>	<u>533,604</u>	<u>(132,234)</u>	<u>5,412,858</u>
Total accumulated depreciation	<u>17,933,025</u>	<u>\$ 1,762,937</u>	<u>\$ (132,234)</u>	<u>19,563,728</u>
Total capital assets being depreciated, net	<u>16,278,843</u>			<u>17,658,189</u>
Governmental activity capital assets, net	<u>\$ 35,050,326</u>			<u>\$ 37,351,059</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

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

General government	\$ 32,615
Public safety	686,587
Public works	876,015
Parks and recreation	<u>167,720</u>
Total depreciation expense	<u>\$ 1,762,937</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Storm Water fund:				
Capital assets not being depreciated:				
Construction-in-progress	\$ -	\$ 114,998	\$ -	\$ 114,998
Total capital assets not being depreciated	-	114,998	-	114,998
Capital assets being depreciated:				
Equipment and heavy equipment	-	182,995	-	182,995
Total capital assets being depreciated	-	182,995	-	182,995
Less accumulated depreciation for:				
Equipment and heavy equipment	-	9,150	-	9,150
Total accumulated depreciation	-	<u>\$ 9,150</u>	<u>\$ -</u>	9,150
Total capital assets being depreciated, net	-			<u>173,845</u>
Business-type capital assets, net	<u>\$ -</u>			<u>\$ 288,843</u>

Construction commitments

The Town has active capital projects as of June 30, 2019. At year end, the government's commitments with contractors/vendors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Martin Luther King, Jr. Park	<u>\$ 928,981</u>	<u>\$ 1,277,641</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

B. Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 774,927	\$ 211,050	\$ 985,977
Other governmental	<u>540,889</u>	<u>-</u>	<u>540,889</u>
Total governmental activities	<u>\$ 1,315,816</u>	<u>\$ 211,050</u>	<u>\$ 1,526,866</u>
Business-type activities:			
Storm Water	\$ 4,316	\$ -	\$ 4,316
Total business-type activities	<u>\$ 4,316</u>	<u>\$ -</u>	<u>\$ 4,316</u>

Pension plan obligations

(a) Local Governmental Employees' Retirement System

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

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

Town of Carrboro, North Carolina
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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, 2019, was 8.50% of compensation for law enforcement officers and 7.81% 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 \$682,598 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$2,735,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.115%, which was a decrease of 0.017% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$684,882. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 421,993	\$ 14,160
Changes of assumptions	725,846	-
Net difference between projected and actual earnings on pension plan investments	375,477	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	169,149
Town contributions subsequent to the measurement date	<u>682,598</u>	<u>-</u>
Total	<u>\$ 2,205,914</u>	<u>\$ 183,309</u>

Town of Carrboro, North Carolina
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\$682,598 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 663,060
2021	424,143
2022	57,130
2023	195,674
2024	-
Thereafter	-
Total	<u>\$ 1,340,007</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Town of Carrboro, North Carolina
Notes to Financial Statements

	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 6,570,452</u>	<u>\$ 2,735,310</u>	<u>\$ (469,394)</u>

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

(b) Law Enforcement Officers' Special Separation Allowance

(i) Plan description

The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Town of Carrboro, North Carolina
Notes to Financial Statements

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>38</u>
Total	<u><u>48</u></u>

A separate report was not issued for the plan.

(ii) *Summary of significant accounting policies:*

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

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

(iii) *Actuarial assumptions:*

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the weekly average of the S&P Municipal Bond 20 Year High Grade Rate Index determined at the end of each month for the year ended December 31, 2017.

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

(iv) *Change in actuarial assumptions:*

On the prior measurement date (December 31, 2017), the Municipal Bond Index Rate, on which the discount rate is based, was 3.16%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 3.64% as of the Measurement Date (December 31, 2018). This resulted in a \$47,288 decrease in the Total Pension Liability.

(v) *Contributions:*

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$165,820 as benefits came due for the reporting period.

Town of Carrboro, North Carolina
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- (vi) *Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:*

At June 30, 2019, the Town reported a total pension liability of \$1,428,599. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$101,868.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,737	\$ 9,526
Changes of assumptions	-	2,705
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>79,761</u>	<u>-</u>
Total	<u>\$ 100,498</u>	<u>\$ 12,231</u>

\$79,761 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 2,381
2021	2,381
2022	5,010
2023	(1,266)
2024	-
Thereafter	<u>-</u>
Total	<u>\$ 8,506</u>

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

The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	<u>\$ 1,529,190</u>	<u>\$ 1,428,599</u>	<u>\$ 1,335,790</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

Changes in the Total Pension Liability

	<u>2019</u>
Beginning balance	\$ 1,517,471
Service cost	54,174
Interest on the total pension liability	45,312
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	26,014
Changes of assumptions or other inputs	(47,288)
Benefit payments	(167,084)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 1,428,599</u>

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

(vii) *Total expense, liabilities, and deferred outflows and inflows of resources related to pensions:*

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 684,882	\$ 101,868	\$ 786,750
Pension liability	2,735,310	1,428,599	4,163,909
Proportionate share of net pension liability	0.115%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	421,993	20,737	442,730
Changes of assumptions	725,846	-	725,846
Net difference between projected and actual earnings on plan investments	375,477	-	375,477
Benefit payments and administrative costs paid subsequent to the measurement date	682,598	79,761	762,359
Deferred inflows of resources			
Differences between expected and actual experience	14,160	9,526	23,686
Changes of assumptions	-	2,705	2,705
Changes in proportion and differences between contributions and proportionate share of contributions	169,149	-	169,149

(c) Supplemental Retirement Income Plan

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

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has also elected to contribute each month an amount equal to 3% of each participating general employee's salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$618,276, which consisted of \$293,960 from the Town and \$324,316 from the employees.

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

(d) Other post-employment benefits (OPEB)

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

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

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

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

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

Total OPEB liability

The Town's total OPEB liability of \$19,586,967 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.50 percent, including real wage growth
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% decreasing to an ultimate rate of 5.00% by 2023 Medicare - 5.50% decreasing to an ultimate rate of 5.00% by 2020

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

Changes in the total OPEB liability

	<u>2019</u>
Beginning balance	\$ 19,753,361
Service cost	669,530
Interest on the total pension liability	697,815
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,947)
Changes of assumptions or other inputs	(1,212,461)
Benefit payments	<u>(306,331)</u>
Ending balance of the total OPEB liability	<u><u>\$ 19,586,967</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Town of Carrboro, North Carolina
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Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.89 percent) or 1 percentage point higher (4.89 percent) than the current rate:

	<u>1% Decrease (2.89%)</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB liability	<u>\$ 23,607,943</u>	<u>\$ 19,586,967</u>	<u>\$ 16,473,422</u>

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 16,060,058</u>	<u>\$ 19,586,967</u>	<u>\$ 24,236,332</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$924,058. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,594
Changes of assumptions	-	2,658,371
Benefit payments and administrative costs made subsequent to the measurement date	<u>297,344</u>	<u>-</u>
Total	<u>\$ 297,344</u>	<u>\$ 2,680,965</u>

\$297,344 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (455,328)
2021	(455,328)
2022	(455,328)
2023	(455,328)
2024	(455,328)
Thereafter	<u>(404,325)</u>
Total	<u>\$ (2,680,965)</u>

Town of Carrboro, North Carolina
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Other employment benefits

The Town has elected to provide death benefits to local law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service, and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

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

Deferred outflows and inflows of resources

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

	Deferred Outflows
Contributions to pension plan in current fiscal year	\$ 682,598
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	79,761
Benefit payments made for OPEB subsequent to measurement date	297,344
Differences between actual and expected experience	442,730
Changes of assumptions	725,846
Net difference between projected and actual earnings on pension plan investments	<u>375,477</u>
Total	<u>\$ 2,603,756</u>

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

	Statement of Net Position	Governmental Funds Balance Sheet
Taxes receivable, less penalties	\$ -	\$ 219,186
Notes receivable, net	-	52,378
Unavailable grant revenues	-	363,003
Changes in assumptions	2,661,076	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	169,149	-
Differences between expected and actual experience	<u>46,280</u>	<u>-</u>
Total	<u>\$ 2,876,505</u>	<u>\$ 634,567</u>

Town of Carrboro, North Carolina

Notes to Financial Statements

Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability of \$2 million per occurrence and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for police liability and public officials' liability. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance.

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

Long-term obligations

(a) General obligation indebtedness

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

Bonds payable at June 30, 2019, is comprised of the following individual issue:

General Obligation Bonds

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

\$ 3,100,000

Town of Carrboro, North Carolina
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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>
2020	\$ 250,000	\$ 72,500
2021	250,000	67,500
2022	250,000	62,500
2023	250,000	57,500
2024 - 2028	1,250,000	154,125
2029 - 2032	<u>850,000</u>	<u>56,500</u>
	<u>\$ 3,100,000</u>	<u>\$ 470,625</u>

(b) Direct borrowing installment purchase agreements - equipment - General Fund

The Town has direct borrowing installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2019, are as follows:

The financing contract requires an annual level payment of \$127,714 due June 27, including interest of 1.40%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 27, 2016, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 27, 2020.	\$ 106,300
The financing contract requires an annual level payment of \$74,997 due June 30, including interest of 1.72%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 30, 2017, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 30, 2021.	146,080
The financing contract requires an annual level payment of \$50,735 due June 29, including interest of 2.85%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 29, 2018, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 29, 2022.	<u>144,135</u>
Total	<u>\$ 396,515</u>

Annual debt service payments of the direct borrowing installment purchases for equipment as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 225,637	\$ 8,467
2021	121,647	4,085
2022	<u>49,231</u>	<u>1,406</u>
Total	<u>\$ 396,515</u>	<u>\$ 13,958</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

(c) Direct borrowing installment purchase agreement - improvements - General Fund

The Town has direct borrowing installment purchase agreement for improvements. The installment purchase note payable at June 30, 2019, is as follows:

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

\$ 1,191,667

Annual debt service payments of the direct borrowing installment purchase for improvements as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 216,667	\$ 46,296
2021	216,667	37,478
2022	216,667	28,660
2023	216,667	19,841
2024 - 2025	<u>324,999</u>	<u>13,227</u>
Total	<u>\$ 1,191,667</u>	<u>\$ 145,502</u>

(d) Changes in long-term debt obligations

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation - bonds	\$ 3,350,000	\$ -	\$ (250,000)	\$ 3,100,000	\$ 250,000
Premium on bond	65,698	-	(4,867)	60,831	4,866
Direct borrowing installment purchases - improvements	1,408,333	-	(216,666)	1,191,667	216,667
Direct borrowing installment purchases - equipment	754,397	-	(357,882)	396,515	225,637
Compensated absences	737,005	633,663	(564,699)	805,969	564,699
Total OPEB liability	19,639,836	-	(165,438)	19,474,398	-
Net pension liability (LGERS)	2,013,788	687,300	-	2,701,088	-
Total pension liability (LEO)	<u>1,517,471</u>	<u>-</u>	<u>(88,872)</u>	<u>1,428,599</u>	<u>-</u>
Total governmental activities	<u>29,486,528</u>	<u>1,320,963</u>	<u>(1,648,424)</u>	<u>29,159,067</u>	<u>1,261,869</u>
Business-type activities:					
Compensated absences	8,122	3,513	(867)	10,768	867
Total OPEB liability	113,525	-	(956)	112,569	-
Net pension liability (LGERS)	<u>9,987</u>	<u>24,235</u>	<u>-</u>	<u>34,222</u>	<u>-</u>
Total business-type activities	<u>131,634</u>	<u>27,748</u>	<u>(1,823)</u>	<u>157,559</u>	<u>867</u>
Total long-term obligations	<u>\$ 29,618,162</u>	<u>\$ 1,348,711</u>	<u>\$ (1,650,247)</u>	<u>\$ 29,316,626</u>	<u>\$ 1,262,736</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

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, 2019 was \$186,449,856.

C. Interfund balances and activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) \$32,000 to support the UNC Conduit project, (2) \$332,382 to purchase police vehicles, (3) \$2,526 to support the police body worn cameras project, (4) \$60,000 to support the LED lights project, (5) \$107,000 to support the Public Works skid steer and additional implements, and (6) \$863,542 to support MLK Park construction various projects.	\$ 1,397,450
From the Capital Projects Fund to the General Fund to transfer unspent funds related to the pavilion ceiling fans project.	60,000
From the Capital Projects Fund to the General Fund in the amounts of (1) \$48,313 to return unspent funds related to the Anderson Park project and (2) \$270,400.	318,713
From the General Fund to the Capital Reserve Fund support future street resurfacing.	250,000
From the Business Loan Fund to the General Fund to close out various projects.	115,471
From the Bond Fund to the General Fund to close out the Morgan Creek project.	1,000
From the Bond Fund to the Capital Projects Fund to support the MLK Park project.	200,000
From the Storm Water Fund to the General Fund to return unspent "start up" funds from fiscal year 2018.	56,475
	<u>\$ 2,399,109</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.

Balances due to/from other funds

Due to the General Fund for cash deficits from the :

Bond Fund	\$ 219,149
Grants Administration Fund	<u>4,632</u>
	<u>\$ 223,781</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

D. Net investment in capital assets

Governmental activities:	
Capital assets	\$ 37,351,059
Less: related debt:	
General obligation bonds	3,100,000
Premium on bond issuance	60,831
Direct borrowing installment purchases - improvements	1,191,667
Direct borrowing installment purchases - equipment	396,515
Add: unexpended debt proceeds	<u>-</u>
Net investment in capital assets	<u>\$ 32,602,046</u>
Business-type activities:	
Capital assets	<u>\$ 288,843</u>
Net investment in capital assets	<u>\$ 288,843</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	\$ 17,704,251
Less:	
Inventories	(31,503)
Prepays	(285,803)
Stabilization by state statute	(2,410,730)
Powell Bill (streets)	(242,259)
Appropriated fund balance in subsequent fiscal year's budget	(1,500,753)
Capital projects	<u>(2,000,000)</u>
Unassigned fund balance	11,233,203
Working capital/fund balance policy	<u>5,529,827</u>
Remaining fund balance	<u>\$ 5,703,376</u>

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

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

General Fund	<u>\$ 151,193</u>
Capital Projects Fund	<u>\$ 46,453</u>

4. Summary Disclosure of Significant Contingencies

A. Federal and state-assisted programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as to not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

B. Employment security benefits

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

C. Claims and contingent liabilities

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

5. Related-Party Transactions

The Town collected occupancy tax proceeds in the amount of \$190,359. Of this amount, 3%, or \$5,711, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$184,648 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 \$54,616.

6. Future Expected Annual Cell Tower Revenue

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

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

Town of Carrboro, North Carolina
Notes to Financial Statements

The expected annual cell tower revenues for which contracts are in place as of June 30, 2019 are as follows:

2020	\$	81,885
2021		84,342
2022		86,872
2023		<u>57,120</u>
	\$	<u>310,219</u>

Required Supplementary Financial Data

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

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

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

Schedule A-1

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,517,471	\$ 1,496,019	\$ 1,548,384
Service cost	54,174	50,529	53,184
Interest on the total pension liability	45,312	54,918	52,965
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	26,014	(15,424)	-
Changes of assumptions and other inputs	(47,288)	77,967	(28,949)
Benefit payments	(167,084)	(146,538)	(129,565)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 1,428,599</u>	<u>\$ 1,517,471</u>	<u>\$ 1,496,019</u>

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

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

Schedule A-2

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019
Covered payroll	2,017,955	2,143,082	2,134,068
Total pension liability as a percentage of covered payroll	70.79%	70.81%	70.10%

Notes to the Schedules:

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

Town of Carrboro, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Financial Data
Last Two Fiscal Years

Schedule B-1

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 669,530	\$ 764,631
Interest	697,815	623,406
Changes of benefit terms	-	-
Differences between expected and actual experience	(14,947)	(13,116)
Changes of assumptions or other inputs	(1,212,461)	(2,188,095)
Benefit payments	<u>(306,331)</u>	<u>(287,110)</u>
Net change in total OPEB liability	(166,394)	(1,100,284)
Total OPEB liability, beginning	<u>19,753,361</u>	<u>20,853,645</u>
Total OPEB liability, ending	<u><u>\$ 19,586,967</u></u>	<u><u>\$ 19,753,361</u></u>
Covered-employee payroll	\$ 6,862,156	\$ 6,862,156
Total OPEB liability as a percentage of covered-employee payroll	285.43%	287.86%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

Town of Carrboro, North Carolina
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Financial Data
Last Six Fiscal Years*

Schedule C-1

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Carrboro's proportion of the net pension liability (asset) (%)	0.1153%	0.1325%	0.1363%	0.1481%	-0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) (\$)	\$ 2,735,310	\$ 2,023,775	\$ 2,892,957	\$ 664,576	\$ (882,438)	\$ 1,796,023
Carrboro's covered-employee payroll	7,936,677	8,167,996	7,721,032	7,711,880	7,606,585	7,396,688
Carrboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.46%	24.78%	37.47%	8.62%	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Town of Carrboro, North Carolina
Schedule of Contributions
Local Government Employees' Retirement System
Required Supplementary Financial Data
Last Six Fiscal Years

Schedule C-2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 682,598	\$ 609,535	\$ 607,662	\$ 526,105	\$ 551,682	\$ 538,976
Contributions in relation to the contractually required contribution	<u>682,598</u>	<u>609,535</u>	<u>607,662</u>	<u>526,105</u>	<u>551,682</u>	<u>538,976</u>
Contribution deficiency employee (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Carrboro's covered payroll	\$ 8,591,744	\$ 7,936,677	\$ 8,167,996	\$ 7,721,032	\$ 7,711,880	\$ 7,606,585
Contributions as a percentage of covered-employee payroll	7.94%	7.68%	7.44%	6.81%	7.15%	7.15%

Supplementary Information

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Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Schedule 1
(5 Pages)

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	\$ 11,917,569	\$ 13,081,430	\$ 1,163,861
Penalties and interest	28,086	32,091	4,005
Total	<u>11,945,655</u>	<u>13,113,521</u>	<u>1,167,866</u>
Local option sales taxes:			
Article 39, 1%	1,503,483	1,647,929	144,446
Article 40, ½%	1,063,289	1,154,298	91,009
Article 42, ½%	752,998	824,500	71,502
Article 44, ½%	26,570	28,922	2,352
City hold harmless	1,129,640	1,225,031	95,391
Total	<u>4,475,980</u>	<u>4,880,680</u>	<u>404,700</u>
Other taxes and licenses:			
Room occupancy tax	177,316	190,359	13,043
Motor vehicle license fees, net of refunds and collection fees	1,425,906	1,439,289	13,383
Beer and wine licenses	1,535	1,192	(343)
Total	<u>1,604,757</u>	<u>1,630,840</u>	<u>26,083</u>
Unrestricted intergovernmental:			
NC DOT reimbursement	1,516	-	(1,516)
Utility franchise tax	933,174	1,043,665	110,491
Piped natural gas tax	42,508	50,842	8,334
Video sales programming tax	55,088	58,413	3,325
Telecommunications sales tax	211,392	176,680	(34,712)
Direct-to-home satellite sales tax	72,432	60,002	(12,430)
EMS location	12,000	12,000	-
Beer and wine tax	93,979	90,426	(3,553)
Total	<u>1,422,089</u>	<u>1,492,028</u>	<u>69,939</u>
Restricted intergovernmental:			
Powell Bill	482,495	484,000	1,505
Solid waste disposal tax distribution	13,947	15,549	1,602
Planning work grant	25,970	18,275	(7,695)
NC risk management agency grant	-	100,159	100,159
Orange County Arts Commission grant	1,515	-	(1,515)
ABC Board grant	19,000	18,650	(350)
Supplemental PEG channel support	55,724	54,055	(1,669)
U.S. Department of Justice block grant	1,180	-	(1,180)
Recreation municipal supplement	36,160	35,898	(262)
Fire restricted revenue	48,000	48,000	-
Total	<u>683,991</u>	<u>774,586</u>	<u>90,595</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Schedule 1
(5 Pages)

	Final Budget	Actual	Variance Positive (Negative)
Fees and permits:			
Fire district fees	\$ 540,877	\$ 567,376	\$ 26,499
Fire permitting fees	1,121	4,486	3,365
Building permits	55,463	66,886	11,423
Electrical permits	59,923	62,205	2,282
Mechanical permits	61,000	70,730	9,730
Plumbing permits	36,832	39,243	2,411
Refuse collection fees	71,560	56,561	(14,999)
Development review	31,024	32,393	1,369
Engineering fees	18,168	7,479	(10,689)
Technical review	8,383	48,205	39,822
Tower fees	131,517	133,986	2,469
Parking and animal violations	10,308	10,168	(140)
School resource officer contract fees	139,037	153,839	14,802
Miscellaneous fees	27,872	20,405	(7,467)
Total	<u>1,193,085</u>	<u>1,273,962</u>	<u>80,877</u>
Sales and services:			
Recreation fees	184,296	182,644	(1,652)
Town Center fees	98,898	67,506	(31,392)
Miscellaneous	2,327	2,873	546
Total	<u>285,521</u>	<u>253,023</u>	<u>(32,498)</u>
Investment earnings:			
Interest on investments	<u>51,812</u>	<u>202,849</u>	<u>151,037</u>
Other revenues:			
Rental income	3,771	3,870	99
Donations	48,743	50,571	1,828
Miscellaneous	112,127	223,254	111,127
Total	<u>164,641</u>	<u>277,695</u>	<u>113,054</u>
Total revenues	<u>21,827,531</u>	<u>23,899,184</u>	<u>2,071,653</u>
Expenditures			
General government:			
Mayor and Board of Aldermen:			
Personnel services	113,517	113,517	-
Operations	243,424	244,204	(780)
Total	<u>356,941</u>	<u>357,721</u>	<u>(780)</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Schedule 1
(5 Pages)

	Final Budget	Actual	Variance Positive (Negative)
Advisory boards:			
Operations	\$ 26,100	\$ 13,962	\$ 12,138
Total	26,100	13,962	12,138
Governance support:			
Operations	777,239	735,178	42,061
Total	777,239	735,178	42,061
Town Manager:			
Personnel services	446,851	446,850	1
Operations	57,484	47,656	9,828
Capital outlay	8,323	8,217	106
Total	512,658	502,723	9,935
Economic and community development:			
Personnel services	141,083	141,082	1
Operations	151,494	141,332	10,162
Total	292,577	282,414	10,163
Town Clerk:			
Personnel services	131,103	124,840	6,263
Operations	38,950	37,395	1,555
Total	170,053	162,235	7,818
Management services:			
Personnel services	602,764	602,764	-
Operations	614,177	596,766	17,411
Total	1,216,941	1,199,530	17,411
Human Resources:			
Personnel services	485,562	477,186	8,376
Operations	99,900	99,011	889
Total	585,462	576,197	9,265
Information technology:			
Personnel services	317,216	317,215	1
Operations	1,298,083	1,230,296	67,787
Capital outlay	39,500	36,749	2,751
Total	1,654,799	1,584,260	70,539
Total general government	5,592,770	5,414,220	178,550

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Schedule 1
(5 Pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police department			
Personnel services	\$ 3,318,393	\$ 3,233,329	\$ 85,064
Operations	559,018	429,912	129,106
Total	<u>3,877,411</u>	<u>3,663,241</u>	<u>214,170</u>
Fire department:			
Personnel services	2,845,508	2,760,819	84,689
Operations	273,080	225,289	47,791
Capital outlay	78,034	75,580	2,454
Total	<u>3,196,622</u>	<u>3,061,688</u>	<u>134,934</u>
Total public safety	<u>7,074,033</u>	<u>6,724,929</u>	<u>349,104</u>
Planning:			
Personnel services	1,206,147	1,153,442	52,705
Operations	399,876	177,999	221,877
Total planning	<u>1,606,023</u>	<u>1,331,441</u>	<u>274,582</u>
Transportation:			
Operations	2,105,189	1,808,940	296,249
Capital outlay	83,600	-	83,600
Total transportation	<u>2,188,789</u>	<u>1,808,940</u>	<u>379,849</u>
Public works:			
Public works department:			
Personnel services	2,130,444	2,093,702	36,742
Operations	1,653,734	1,656,332	(2,598)
Capital outlay	75,867	73,791	2,076
Total public works	<u>3,860,045</u>	<u>3,823,825</u>	<u>36,220</u>
Parks and recreation:			
Recreation department:			
Personnel services	1,220,683	1,215,214	5,469
Operations	494,810	386,883	107,927
Capital outlay	6,000	5,027	973
Total parks and recreation	<u>1,721,493</u>	<u>1,607,124</u>	<u>114,369</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

Schedule 1
(5 Pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General services:			
Operations	\$ 433,804	\$ -	\$ 433,804
Total general services	<u>433,804</u>	<u>-</u>	<u>433,804</u>
Debt service:			
Principal retirement	966,306	824,548	141,758
Interest and fees	<u>127,979</u>	<u>126,621</u>	<u>1,358</u>
Total debt service	<u>1,094,285</u>	<u>951,169</u>	<u>143,116</u>
Total expenditures	<u>23,571,242</u>	<u>21,661,648</u>	<u>1,909,594</u>
Revenues over (under) expenditures	<u>(1,743,711)</u>	<u>2,237,536</u>	<u>3,981,247</u>
Other financing sources (uses):			
Transfers from other funds:			
From Capital Projects Fund	313,277	318,713	5,436
From Business Loan Fund	115,471	115,471	-
From Bond Fund	1,000	1,000	-
From Stormwater Fund	56,475	56,475	-
Transfers to other funds:			
To Capital Projects Fund	(1,337,450)	(1,337,450)	-
To Capital Reserve Fund	(250,000)	(250,000)	-
Sale of capital assets	<u>82,000</u>	<u>27,413</u>	<u>(54,587)</u>
Total other financing sources (uses)	<u>(1,019,227)</u>	<u>(1,068,378)</u>	<u>(49,151)</u>
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(2,762,938)</u>	<u>1,169,158</u>	<u>3,932,096</u>
Appropriated fund balance	<u>2,762,938</u>	<u>-</u>	<u>(2,762,938)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,169,158</u>	<u>\$ 1,169,158</u>
Fund balance, beginning of year		<u>16,535,093</u>	
Fund balance, end of year		<u>\$ 17,704,251</u>	

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, 2019

Schedule 2
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Loans	Total to Date	Variance Positive (Negative)
Revenues						
Investment earnings:						
Interest on						
investments	\$ 237,385	\$ 232,018	\$ 5,368	\$ -	\$ 237,386	\$ 1
Interest repayments	596,984	595,318	1,666	-	596,984	-
Total investment earnings	834,369	827,336	7,034	-	834,370	1
Revolving loan repayments:						
Alphabet Soup	48,000	40,851	3,355	-	44,206	(3,794)
Bryan's Guitar	90,000	39,387	-	-	39,387	(50,613)
Art in a Pickle	105,000	71,628	33,372	-	105,000	-
Carrboro Coworking	90,000	73,428	1,411	-	74,839	(15,161)
The Carrboro Citizen	50,000	50,000	-	-	50,000	-
Total revolving loan payments	383,000	275,294	38,138	-	313,432	(69,568)
Total revenues	1,217,369	1,102,630	45,172	-	1,147,802	(69,567)
Expenditures						
General government:						
Contractual services	16,679	11,433	-	-	11,433	5,246
Miscellaneous	10,000	6,021	-	-	6,021	3,979
Total general government	26,679	17,454	-	-	17,454	9,225
Economic and physical development:						
Alphabet Soup	48,000	48,000	-	-	48,000	-
Bryan's Guitar	90,000	90,000	-	-	90,000	-
Art in a Pickle	105,000	105,000	-	-	105,000	-
Carrboro Coworking	90,000	90,000	-	-	90,000	-
The Carrboro Citizen	50,000	50,000	-	-	50,000	-
Bad debts	70,000	70,000	-	-	70,000	-
Total economic and physical development	453,000	453,000	-	-	453,000	-
Total expenditures	479,679	470,454	-	-	470,454	9,225
Revenues over expenditures	737,690	632,176	45,172	-	677,348	(60,342)

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, 2019

Schedule 2
(2 pages)

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u> <u>Current Year</u>	<u>Closed Loans</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)						
Transfer from General Fund	\$ -	\$ 80,000	\$ -	\$ -	\$ 80,000	\$ 80,000
Transfer to Energy Efficiency Fund	(45,000)	(45,000)	-	-	(45,000)	-
Transfer to General Fund	<u>(139,000)</u>	<u>(139,000)</u>	<u>-</u>	<u>-</u>	<u>(139,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(184,000)</u>	<u>(104,000)</u>	<u>-</u>	<u>-</u>	<u>(104,000)</u>	<u>80,000</u>
Revenues and other financing sources over expenditures and other financing uses	553,690	528,176	45,172	-	573,348	19,658
Appropriated to fund balance	<u>(553,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,690</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 528,176</u>	<u>45,172</u>	<u>\$ -</u>	<u>\$ 573,348</u>	<u>\$ 573,348</u>
Fund balance, beginning of year			<u>528,176</u>			
Fund balance, end of year			<u>\$ 573,348</u>			

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, 2019

Schedule 3
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
General revenues:						
Federal STP-DA funds	\$ 2,989,752	\$ 791,954	\$ 1,116,490	\$ (244,243)	\$ 1,664,201	\$ (1,325,551)
Federal STBGP-DA funds	277,386	-	-	-	-	(277,386)
Federal TAP-DA funds	730,000	-	-	-	-	(730,000)
CMAQ funds	440,000	-	-	-	-	(440,000)
Orange County Transit funds	752,177	-	-	-	-	(752,177)
Safe Routes to School Grant	-	293,641	-	(293,641)	-	-
NCDENR Grant	-	75,000	-	(75,000)	-	-
Bolin Creek Co-Housing	-	88,644	-	(88,644)	-	-
Payment in lieu	48,046	-	-	-	-	(48,046)
Donations	-	2,100	-	(2,100)	-	-
Interest on investments	85,845	150,438	21,080	(85,674)	85,844	(1)
Miscellaneous	-	7,863	-	(7,863)	-	-
Total revenues	<u>5,323,206</u>	<u>1,409,640</u>	<u>1,137,570</u>	<u>(797,165)</u>	<u>1,750,045</u>	<u>(3,573,161)</u>
Expenditures						
Capital outlay:						
General expenditures (non-project)	353,933	145,739	-	-	145,739	208,194
Morgan Creek Greenway	1,567,500	358,359	63,450	-	421,809	1,145,691
Bolin Creek Greenway	1,521,770	1,054,759	256,692	-	1,311,451	210,319
Phase 1B Bond Sidewalks	-	1,210,784	-	(1,210,784)	-	-
Davie Street Sidewalk	316,018	316,018	-	-	316,018	-
Rogers Road Sidewalk	1,471,658	257,350	1,117,415	-	1,374,765	96,893
Jones Creek Greenway	420,000	1,301	53,697	-	54,998	365,002
S. Greensboro Street Sidewalk	1,750,119	43,152	684	-	43,836	1,706,283
Remaining projects	-	2,103,360	-	(2,103,360)	-	-
Total capital outlay	<u>7,400,998</u>	<u>5,490,822</u>	<u>1,491,938</u>	<u>(3,314,144)</u>	<u>3,668,616</u>	<u>3,732,382</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>53,213</u>	<u>53,213</u>	<u>-</u>	<u>-</u>	<u>53,213</u>	<u>-</u>
Total expenditures	<u>7,454,211</u>	<u>5,544,035</u>	<u>1,491,938</u>	<u>(3,314,144)</u>	<u>3,721,829</u>	<u>3,732,382</u>
Revenues under expenditures	<u>(2,131,005)</u>	<u>(4,134,395)</u>	<u>(354,368)</u>	<u>2,516,979</u>	<u>(1,971,784)</u>	<u>159,221</u>

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, 2019

Schedule 3
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Other financing sources (uses)						
Transfers from (to) other funds:						
From General Fund	\$ 1,000	\$ 12,700	\$ -	\$ (11,700)	\$ 1,000	\$ -
From Capital Reserve Fund	143,823	143,823	-	-	143,823	-
To General Fund	(1,000)	-	(1,000)	-	(1,000)	-
To Capital Projects Fund	(200,000)	-	(200,000)	-	(200,000)	-
General obligation bonds issued	2,094,721	4,600,000	-	(2,505,279)	2,094,721	-
Premium on bond issuance	92,461	92,461	-	-	92,461	-
Total other financing sources	2,131,005	4,848,984	(201,000)	(2,516,979)	2,131,005	-
Net change in fund balance	\$ -	\$ 714,589	(555,368)	\$ -	\$ 159,221	\$ 159,221
Fund balance, beginning of year			714,589			
Fund balance, end of year			\$ 159,221			

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorizaton and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2019

Schedule 4
(2 pages)

	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	\$ 14,820	\$ -	\$ -	\$ 14,820	\$ (15,180)
Interest on investments	58,406	32,714	25,692	-	58,406	-
Orange County contribution	6,098,500	-	918,084	-	918,084	(5,180,416)
US DOJ grant	38,318	-	38,318	-	38,318	-
Donations and other	52,135	20,135	32,000	-	52,135	-
Miscellaneous	-	5,439	-	-	5,439	5,439
Total revenues	6,277,359	73,108	1,014,094	-	1,087,202	(5,190,157)
Expenditures						
Capital outlay:						
General (non-project)	36,171	-	-	-	-	36,171
Fire Substation #2 project	3,398,457	3,398,457	-	-	3,398,457	-
Fire Substation #2 fiber optics	-	283,156	-	(283,156)	-	-
Public Works facility	-	756,486	-	(756,486)	-	-
Rogers Road conduit	155,000	-	-	-	-	155,000
S. Greensboro Street	15,699,895	644,503	458,705	-	1,103,208	14,596,687
Fleet Feet office condo	-	567,966	-	(567,966)	-	-
Anderson Park bathroom renovation	-	248,286	-	(248,286)	-	-
Anderson Park MP field renovation	-	181,400	-	(181,400)	-	-
Anderson Park field lighting	-	140,000	-	(140,000)	-	-
Wilson Park tennis court	-	125,322	-	(125,322)	-	-
Town Commons improvements	1,223,417	1,029,388	194,029	-	1,223,417	-
MLK park design	2,761,196	186,940	1,003,186	-	1,190,126	1,571,070
Police body worn cameras	131,843	66,318	65,525	-	131,843	-
Public safety radio upgrades	925,680	923,736	1,944	-	925,680	-
Planning permmtting software	230,000	129,755	53,291	-	183,046	46,954
Anderson Park pavilion	-	142,261	-	(142,261)	-	-
Anderson Park bleachers and fence	-	46,687	-	(46,687)	-	-
Century Center HVAC	-	149,698	-	(149,698)	-	-
Shetley Property	-	139,563	-	(139,563)	-	-
2019 Vehicles	298,483	-	298,483	-	298,483	-
2019 Equipment	101,318	-	101,318	-	101,318	-
Other	312,991	73,525	195,887	-	269,412	43,579
Total capital outlay	25,274,451	9,233,447	2,372,368	(2,780,825)	8,824,990	16,449,461

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorizaton and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2019

Schedule 4
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Debt service:						
Principal retirement	\$ 1,467,188	\$ 1,467,188	\$ -	\$ -	\$ 1,467,188	\$ -
Interest and other charges	32,175	32,175	-	-	32,175	-
Total debt service	1,499,363	1,499,363	-	-	1,499,363	-
Total expenditures	26,773,814	10,732,810	2,372,368	(2,780,825)	10,324,353	16,449,461
Revenues under expenditures	(20,496,455)	(10,659,702)	(1,358,274)	2,780,825	(9,237,151)	11,259,304
Other financing sources (uses)						
Transfers from (to) other funds:						
From General Fund	8,252,804	8,940,691	1,337,450	(1,865,337)	8,412,804	160,000
From Capital Reserve Fund	62,969	141,969	-	(79,000)	62,969	-
From Bond Fund	200,000	-	200,000	-	200,000	-
To General Fund	(333,276)	(20,000)	(318,713)	-	(338,713)	(5,437)
To Capital Reserve Fund	(26,555)	(26,555)	-	-	(26,555)	-
Installment purchase obligations issued	12,340,513	4,017,000	-	(836,488)	3,180,512	(9,160,001)
Total other financing sources (uses)	20,496,455	13,053,105	1,218,737	(2,780,825)	11,491,017	(9,005,438)
Net change in fund balance	\$ -	\$ 2,393,403	(139,537)	\$ -	\$ 2,253,866	\$ 2,253,866
Fund balance, beginning of year			2,393,403			
Fund balance, end of year			2,253,866			
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			250,000			
Interest on investments - Capital Reserve Fund			2,084			
Interest on investments - Payment in Lieu Reserve Fund			1,590			
Fund balance, beginning (Capital Reserve Fund)			167,373			
Fund balance, beginning (Payment in Lieu Reserve Fund)			149,780			
Fund balance, ending (Consolidated Capital Projects Fund)			<u>\$ 2,824,693</u>			

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Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Fund
Year Ended June 30, 2019

Schedule 5

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Interest on investments	\$ -	\$ 2,084	\$ 2,084
Other financing sources			
Transfer from General Fund	\$ 250,000	\$ 250,000	\$ -
Transfer to Capital Projects Fund	(250,000)	-	250,000
Total other financing sources (uses)	-	250,000	250,000
Net change in fund balance	<u>\$ -</u>	<u>252,084</u>	<u>\$ 252,084</u>
Fund balance, beginning of year		<u>167,373</u>	
Fund balance, end of year		<u>\$ 419,457</u>	

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Payment in Lieu Reserve Fund
Year Ended June 30, 2019

Schedule 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 1,590</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>1,590</u>	<u><u>\$ 1,590</u></u>
Fund balance, beginning of year		<u>149,780</u>	
Fund balance, end of year		<u><u>\$ 151,370</u></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, 2019

Schedule 6

	Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed-Out Projects	Positive (Negative)
Revenues					
U.S. Department of Homeland Security: FEMA hazard mitigation grant	\$ 823,249	\$ -	\$ -	\$ -	\$ (823,249)
N.C. Department of Public Safety: Hazard mitigation grant	185,619	-	-	-	(185,619)
N.C. Department of Transportation: Bicycle transportation grant	49,000	-	20,166	-	(28,834)
Duke Energy charging stations grant	9,082	9,082	-	-	-
Investment earnings	20	20	-	-	-
Miscellaneous	-	-	20,321	-	20,321
Total revenues	1,066,970	9,102	40,487	-	(1,017,381)
Expenditures					
Flooding mitigation	1,008,868	927	22,596	-	985,345
Charging stations	9,082	9,082	-	-	-
Bicycle transportation plan	70,000	-	38,801	-	31,199
Total expenditures	1,087,950	10,009	61,397	-	1,016,544
Revenue under expenditures	(20,980)	(907)	(20,910)	-	(837)
Other financing sources					
Transfer from the General Fund	20,980	21,000	-	-	20
Total other financing sources	20,980	21,000	-	-	20
Net change in fund balance	\$ -	\$ 20,093	(20,910)	\$ -	\$ (817)
Fund balance, beginning of year			20,093		
Fund balance, end of year			\$ (817)		

Town of Carrboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2019

Schedule 7

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 263,601	\$ 108,717	\$ -	\$ 372,318
Notes receivable	<u>2,382</u>	<u>36,428</u>	<u>-</u>	<u>38,810</u>
Total assets	<u><u>\$ 265,983</u></u>	<u><u>\$ 145,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 411,128</u></u>
Liabilities				
Accounts payable	<u>\$ 18,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,509</u>
Deferred inflows of resources	<u>2,382</u>	<u>36,428</u>	<u>-</u>	<u>38,810</u>
Fund balances				
Restricted:				
Stabilization by state statute	25,522	-	-	25,522
Committed:				
Affordable housing	219,570	-	-	219,570
Energy efficiency	<u>-</u>	<u>108,717</u>	<u>-</u>	<u>108,717</u>
Total fund balances	<u>245,092</u>	<u>108,717</u>	<u>-</u>	<u>353,809</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 265,983</u></u>	<u><u>\$ 145,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 411,128</u></u>

Town of Carrboro, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2019

Schedule 8

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Business Loan Fund	Total Nonmajor Governmental Funds
Revenues				
Loan repayments	\$ -	\$ 10,320	\$ -	\$ 10,320
Interest repayments	-	1,283	-	1,283
Ad valorem taxes	110,071	-	-	110,071
Interest on investments	3,553	1,424	-	4,977
Total revenues	113,624	13,027	-	126,651
Expenditures				
Economic and physical development	630,931	-	-	630,931
Total expenditures	630,931	-	-	630,931
Revenues over (under) expenditures	(517,307)	13,027	-	(504,280)
Other financing uses				
Transfer to General Fund	-	-	(115,471)	(115,471)
Total other financing uses	-	-	(115,471)	(115,471)
Net change in fund balance	(517,307)	13,027	(115,471)	(619,751)
Fund balance, beginning of year	762,399	95,690	115,471	973,560
Fund balance, end of year	\$ 245,092	\$ 108,717	\$ -	\$ 353,809

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, 2019

Schedule 9

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Payment in lieu	\$ 96,501	\$ 96,501	\$ -	\$ 96,501	\$ -
Donations	10,355	10,355	-	10,355	-
Loan repayments	16,733	16,733	-	16,733	-
Property taxes	112,501	-	110,071	110,071	(2,430)
Interest on investments	420	420	3,553	3,973	3,553
Total revenues	236,510	124,009	113,624	237,633	1,123
Expenditures					
Deferred loan expense	65,213	45,213	-	45,213	20,000
Critical home repairs	46,757	-	46,757	46,757	-
Contributions for acquisitions	35,000	-	-	-	35,000
Rental deposits	9,116	-	5,115	5,115	4,001
Emergency home repairs grant	224,415	93,012	-	93,012	131,403
Human services grants	123,650	94,700	24,500	119,200	4,450
Community home trust	324,077	213,599	110,428	324,027	50
Home consortium match	44,756	19,496	13,545	33,041	11,715
Partnership to end homelessness	72,089	46,361	23,378	69,739	2,350
Northside Neighborhood Initiative	30,000	-	30,000	30,000	-
CASA	357,208	-	357,208	357,208	-
Center for community self-help	75,000	20,000	20,000	40,000	35,000
Total expenditures	1,407,281	532,381	630,931	1,163,312	243,969
Revenues under expenditures	(1,170,771)	(408,372)	(517,307)	(925,679)	245,092
Other financing sources					
Transfer from General Fund	1,160,771	1,160,771	-	1,160,771	-
Transfer from Business Loan Fund	10,000	10,000	-	10,000	-
Total other financing sources	1,170,771	1,170,771	-	1,170,771	-
Fund balance appropriated	-	-	-	-	-
Net change in fund balance	\$ -	\$ 762,399	(517,307)	\$ 245,092	\$ 245,092
Fund balance, beginning of year			762,399		
Fund balance, end of year			\$ 245,092		

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, 2019

Schedule 10

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest repayments	\$ -	\$ 14,310	\$ 1,283	\$ 15,593	\$ 15,593
Interest on investments	-	-	1,424	1,424	1,424
Revolving loan repayments:					
The Arts Center	28,128	13,067	2,847	15,914	(12,214)
Dispute Settlement Center	35,000	21,981	3,351	25,332	(9,668)
LB Bradley Properties	7,000	4,800	753	5,553	(1,447)
Sophie Piesse Architect	7,000	4,084	734	4,818	(2,182)
Surplus Sid's	30,000	16,448	2,635	19,083	(10,917)
Total revolving loan payments	107,128	60,380	10,320	70,700	(36,428)
Total revenues	107,128	74,690	13,027	87,717	(19,411)
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	-	(32,438)	13,027	(19,411)	(19,411)
Other financing sources					
Transfer from Grant Fund	83,128	83,128	-	83,128	-
Transfer from Revolving Loan Fund	45,000	45,000	-	45,000	-
Total other financing sources	128,128	128,128	-	128,128	-
Fund balance appropriated	(128,128)	-	-	-	128,128
Net change in fund balance	\$ -	\$ 95,690	\$ 13,027	\$ 108,717	\$ 108,717
Fund balance, beginning of year			95,690		
Fund balance, end of year			\$ 108,717		

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, 2019

Schedule 11

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

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Stormwater Enterprise Fund
Year Ended June 30, 2019

Schedule 12

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 900,000	\$ 778,157	\$ 121,843
Investment earnings	-	5,673	(5,673)
Total expenditures	900,000	783,830	116,170
Expenditures			
Personnel services	182,555	182,545	10
Operations	121,664	65,924	55,740
Capital outlay	297,993	297,993	-
Total expenditures	602,212	546,462	55,750
Revenues under expenditures	297,788	237,368	(60,420)
Other financing uses			
Transfers to:			
General Fund	(56,475)	(56,475)	-
Unexpended reserves	(148,693)	-	148,693
Total other financing uses	(205,168)	(56,475)	148,693
Revenues and other financing sources over expenditures	92,620	180,893	88,273
Appropriated fund balance	(92,620)	-	92,620
Revenues, other financing sources and appropriated fund balance over expenditures	\$ -	\$ 180,893	\$ 180,893
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		\$ 297,993	
Depreciation		(9,150)	
Increase in accrued vacation pay		(2,646)	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		8,540	
Pension expense		(13,957)	
OPEB expense		(3,481)	
Total reconciling items		277,299	
Change in net position		\$ 458,192	

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Additional Financial Data

This section contains additional information on property taxes.

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

Town of Carrboro, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Schedule 13

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018 - 2019	\$ -	\$ 14,670,122	\$ 14,587,583	\$ 82,539
2017 - 2018	101,211	-	61,895	39,316
2016 - 2017	44,995	-	14,185	30,810
2015 - 2016	28,360	-	7,217	21,143
2014 - 2015	20,233	-	5,451	14,782
2013 - 2014	28,638	-	5,543	23,095
2012 - 2013	41,019	-	11,721	29,298
2011 - 2012	26,460	-	4,742	21,718
2010 - 2011	23,843	-	406	23,437
2009 - 2010	19,773	-	17	19,756
2008 - 2009	18,091	-	18,091	-
	<u>\$ 352,623</u>	<u>\$ 14,670,122</u>	<u>\$ 14,716,851</u>	<u>305,894</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(86,708)</u>
Ad valorem taxes receivable - net				<u>\$ 219,186</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 13,113,521
Ad valorem taxes - Affordable Housing Fund				110,071
Motor vehicle license fees - General Fund				<u>1,439,289</u>
Total revenues				14,662,881
Reconciling items:				
Releases and adjustments				35,879
Amounts written off for tax year 2008-2009 per statute of limitations				<u>18,091</u>
				<u>\$ 14,716,851</u>

Town of Carrboro, North Carolina
Analysis of Current Tax Levy - Town-Wide Levy
Year Ended June 30, 2019

Schedule 14

	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	\$ 2,389,985,868	0.5944	\$ 14,206,076	\$ 13,154,572	\$ 1,051,504
Penalties and interest			8,316	8,316	-
Total property valuation	<u>\$ 2,389,985,868</u>		14,214,392	13,162,888	1,051,504
Vehicle tag fees			455,730	-	455,730
Total gross levy			14,670,122	13,162,888	1,507,234
Uncollected taxes at June 30, 2018			82,539	77,664	4,875
Current year's taxes collected			<u>\$ 14,587,583</u>	<u>\$ 13,085,224</u>	<u>\$ 1,502,359</u>
Current levy collection percentage			<u>99.44%</u>	<u>99.41%</u>	<u>99.68%</u>

* Total adjusted levy includes discoveries and abatements.

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

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Statistical Section

Statistical Section

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

Page

Financial Trends Information

These schedules contain trend information intended to help the reader understand how the City's financial position has changed over time.

99

Revenue Capacity Information

These schedules contain information to help the reader assess the Town's most significant local revenue sources, primarily property taxes.

111

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.

119

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.

126

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.

131

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

Financial Trends Information

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

Table 1
(2 pages)

	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 23,811,827	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361
Restricted	-	2,625,784	1,877,720	1,902,041	1,918,028
Unrestricted	12,296,387	10,977,854	10,311,263	9,735,451	7,090,901
Total governmental activities net position	<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>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:					
Net investment in capital assets	\$ 23,811,827	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361
Restricted	-	2,625,784	1,877,720	1,902,041	1,918,028
Unrestricted	12,296,387	10,977,854	10,311,263	9,735,451	7,090,901
Total primary government net position	<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>

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

Table 1
(2 pages)

	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 29,120,308	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,602,046
Restricted	2,187,718	2,015,396	2,097,192	2,719,947	3,869,297
Unrestricted	6,358,440	6,447,035	(5,179,126)	(5,964,874)	(6,314,682)
Total governmental activities net position	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,156,694</u>	<u>\$ 30,156,661</u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 288,843
Restricted	-	-	-	-	-
Unrestricted	-	-	-	56,475	225,824
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,475</u>	<u>\$ 514,667</u>
Primary Government:					
Net investment in capital assets	\$ 29,120,308	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,890,889
Restricted	2,187,718	2,015,396	2,097,192	2,719,947	3,869,297
Unrestricted	6,358,440	6,447,035	(5,179,126)	(5,908,399)	(6,088,858)
Total primary government net position	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,213,169</u>	<u>\$ 30,671,328</u>

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

Table 2
(4 pages)

	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 3,139,849	\$ 3,355,221	\$ 3,493,073	\$ 3,978,378	\$ 4,571,146
Public safety	6,087,506	6,757,198	6,835,304	6,778,893	6,925,676
Planning	1,399,817	1,232,157	1,162,777	1,107,377	1,153,138
Transportation	1,032,835	1,184,975	1,058,859	1,286,714	1,396,423
Public works	3,614,262	3,929,320	4,252,251	4,072,606	4,035,886
Parks and recreation	1,833,715	1,498,043	1,516,336	1,453,991	1,553,686
Economic and community development	50,543	185,874	275,681	170,695	623,220
Interest on long-term debt	327,037	292,766	301,772	186,898	211,082
Total governmental activities expenses	<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>
Business-type activities:					
Stormwater	-	-	-	-	-
Total primary government expenses	<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>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 134,344	\$ 128,530	\$ 344,239	\$ 546,583	\$ 531,812
Public safety	384,667	286,847	483,956	120,171	65,823
Planning	577,392	573,316	551,792	572,542	655,664
Public works	85,779	115,107	126,495	82,458	107,622
Parks and recreation	256,639	254,933	260,225	259,168	279,499
Operating grants and contributions	786,375	791,842	871,613	320,304	707,636
Capital grants and contributions	236,894	647,514	406,518	954,131	865,182
Total governmental activities program revenues	<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>

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

Table 2
(4 pages)

	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 4,200,241	\$ 4,487,922	\$ 4,695,317	\$ 4,849,740	\$ 5,246,829
Public safety	6,951,141	7,051,112	7,550,083	7,469,443	7,735,947
Planning	1,244,849	1,374,325	1,356,771	1,206,329	1,422,374
Transportation	1,472,508	1,540,288	1,455,012	1,455,012	1,808,940
Public works	4,421,682	4,205,935	4,295,622	4,142,187	4,839,876
Parks and recreation	1,642,737	1,741,056	1,724,769	1,737,984	1,845,198
Economic and community development	90,108	200,798	147,259	220,960	692,328
Interest on long-term debt	191,916	167,984	154,350	127,897	115,564
Total governmental activities expenses	<u>20,215,182</u>	<u>20,769,420</u>	<u>21,379,183</u>	<u>21,209,552</u>	<u>23,707,056</u>
Business-type activities:					
Stormwater	-	-	-	251,908	269,163
Total primary government expenses	<u>\$ 20,215,182</u>	<u>\$ 20,769,420</u>	<u>\$ 21,379,183</u>	<u>\$ 21,461,460</u>	<u>\$ 23,976,219</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 652,862	\$ 528,403	\$ 416,231	\$ 644,733	\$ 726,021
Public safety	73,311	117,590	696,492	720,801	739,011
Planning	675,682	665,028	57,005	116,135	39,872
Public works	70,249	74,644	77,454	51,733	56,561
Parks and recreation	270,028	259,974	280,625	242,740	182,644
Operating grants and contributions	723,767	700,263	654,075	641,436	832,607
Capital grants and contributions	283,090	5,635	90,166	13,080	2,504,061
Total governmental activities program revenues	<u>2,748,989</u>	<u>2,351,537</u>	<u>2,272,048</u>	<u>2,430,658</u>	<u>5,080,777</u>

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

Table 2
(4 pages)

	2010	2011	2012	2013	2014
Business-type activities:					
Charges for services:					
Stormwater	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	<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>
Net expenses					
Governmental activities	\$ 15,023,474	\$ 15,637,465	\$ 15,851,215	\$ 16,180,195	\$ 17,257,019
Business-type activities	-	-	-	-	-
Total primary government net expenses	<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>
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 14,834,736	\$ 14,917,776	\$ 15,445,629	\$ 15,695,931	\$ 16,599,061
Unrestricted intergovernmental revenues	870,613	951,820	946,091	952,397	982,040
Miscellaneous and unrestricted investment earnings	49,175	63,320	47,980	46,482	13,443
Transfers	-	-	-	-	-
Total governmental activities	<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>
Business-type activities:					
Unrestricted investment earnings	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<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>
Change in net position					
Governmental activities	\$ 731,050	\$ 295,451	\$ 588,485	\$ 514,615	\$ 337,525
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 731,050</u>	<u>\$ 295,451</u>	<u>\$ 588,485</u>	<u>\$ 514,615</u>	<u>\$ 337,525</u>

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

Table 2
(4 pages)

	2015	2016	2017	2018	2019
Business-type activities:					
Charges for services:					
Stormwater	\$ -	\$ -	\$ -	\$ -	\$ 778,157
Total business-type activities program revenues	-	-	-	-	778,157
Total primary government program revenues	\$ 2,748,989	\$ 2,351,537	\$ 2,272,048	\$ 2,430,658	\$ 5,858,934
Net expenses					
Governmental activities	\$ 17,466,193	\$ 18,417,883	\$ 19,107,135	\$ 18,778,894	\$ 18,626,279
Business-type activities	-	-	-	251,908	(508,994)
Total primary government net expenses	\$ 17,466,193	\$ 18,417,883	\$ 19,107,135	\$ 19,030,802	\$ 18,117,285
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 17,011,559	\$ 17,322,279	\$ 17,690,415	\$ 19,094,382	\$ 19,695,520
Unrestricted intergovernmental revenues	1,481,631	1,452,221	1,418,370	1,406,331	1,492,028
Miscellaneous and unrestricted investment earnings	52,226	28,818	58,455	243,998	382,223
Transfers	-	-	-	(308,383)	56,475
Total governmental activities	18,545,416	18,803,318	19,167,240	20,436,328	21,626,246
Business-type activities:					
unrestricted investment earnings	-	-	-	-	5,673
Transfers	-	-	-	308,383	(56,475)
Total business-type activities	-	-	-	308,383	(50,802)
Total primary government	\$ 18,545,416	\$ 18,803,318	\$ 19,167,240	\$ 20,744,711	\$ 21,575,444
Change in net position					
Governmental activities	\$ 1,079,223	\$ 385,435	\$ 60,105	\$ 1,657,434	\$ 2,999,967
Business-type activities	-	-	-	56,475	458,192
Total primary government	\$ 1,079,223	\$ 385,435	\$ 60,105	\$ 1,713,909	\$ 3,458,159

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

**Table 3
(2 pages)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:					
Reserved	\$ 2,062,813	N/A	N/A	N/A	N/A
Unreserved, designated	933,608	N/A	N/A	N/A	N/A
Unreserved, undesignated	9,950,620	N/A	N/A	N/A	N/A
Nonspendable	N/A	\$ 213,743	\$ 403,022	\$ 98,336	\$ 294,643
Restricted	N/A	2,459,812	2,527,603	2,549,652	2,397,759
Committed	N/A	N/A	-	-	-
Assigned	N/A	2,712,163	2,787,316	2,866,048	3,084,075
Unassigned	N/A	8,354,128	9,804,868	7,296,945	7,988,424
Total general fund	<u>12,947,041</u>	<u>13,739,846</u>	<u>15,522,809</u>	<u>12,810,981</u>	<u>13,764,901</u>
All other governmental funds:					
Reserved	-	N/A	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	(436,507)	N/A	N/A	N/A	N/A
Capital projects funds	2,464,956	N/A	N/A	N/A	N/A
Nonspendable	N/A	-	-	-	-
Restricted	N/A	1,414,404	1,076,370	791,699	2,453,964
Committed	N/A	2,369,833	1,404,374	4,652,528	2,225,168
Assigned	N/A	-	-	-	-
Unassigned	N/A	(2,466,051)	(2,606,994)	(37,048)	(40,731)
Total all other governmental funds	<u>2,028,449</u>	<u>1,318,186</u>	<u>(126,250)</u>	<u>5,407,179</u>	<u>4,638,401</u>
Total, all governmental funds	<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>

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

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

Table 3
(2 pages)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, designated	N/A	N/A	N/A	N/A	N/A
Unreserved, undesignated	N/A	N/A	N/A	N/A	N/A
Nonspendable	\$ 92,212	\$ 159,185	\$ 25,775	\$ 280,068	\$ 317,306
Restricted	2,788,336	2,642,583	2,466,537	2,532,472	2,652,989
Committed	-	-	-	-	-
Assigned	2,624,916	2,275,559	2,569,579	3,088,391	3,500,753
Unassigned	9,119,966	10,638,014	10,816,213	10,634,162	11,233,203
Total general fund	<u>14,625,430</u>	<u>15,715,341</u>	<u>15,878,104</u>	<u>16,535,093</u>	<u>17,704,251</u>
All other governmental funds:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	N/A	N/A	N/A	N/A	N/A
Capital projects funds	N/A	N/A	N/A	N/A	N/A
Nonspendable	-	-	-	-	-
Restricted	1,890,936	1,590,442	1,348,609	827,636	1,458,567
Committed	3,105,843	3,715,244	4,454,119	4,119,338	2,947,928
Assigned	-	-	-	-	-
Unassigned	(41,811)	43,892	(680)	-	(496,241)
Total all other governmental funds	<u>4,954,968</u>	<u>5,349,578</u>	<u>5,802,048</u>	<u>4,946,974</u>	<u>3,910,254</u>
Total, all governmental funds	<u>\$ 19,580,398</u>	<u>\$ 21,064,919</u>	<u>\$ 21,680,152</u>	<u>\$ 21,482,067</u>	<u>\$ 21,614,505</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
(2 pages)

	2010	2011	2012	2013	2014
Revenues					
Ad valorem taxes	\$ 11,213,669	\$ 11,386,243	\$ 11,708,787	\$ 11,754,299	\$ 11,792,234
Local option sales taxes	3,039,931	3,113,356	3,308,060	3,427,678	3,567,123
Other taxes and licenses	508,344	438,229	449,628	461,054	1,316,876
Unrestricted					
intergovernmental	875,129	951,820	946,091	952,397	982,040
Restricted intergovernmental	731,165	1,075,884	1,095,408	1,179,461	1,487,840
Permits and fees	1,175,313	1,090,101	1,308,544	1,255,930	1,249,319
Sales and services	256,639	254,934	260,225	261,373	283,611
Investment earnings	49,174	63,320	47,980	25,954	11,757
Other	148,927	539,189	266,206	135,078	207,671
Total revenues	<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>
Expenditures					
General government	2,980,135	3,162,592	3,350,244	3,345,195	3,964,409
Public Safety	5,397,502	5,624,076	5,795,546	5,736,675	6,019,294
Planning	1,098,192	1,132,203	1,045,854	1,088,802	1,150,603
Transportation	1,032,835	1,032,825	1,032,825	1,286,714	1,396,423
Public Works	2,958,684	3,100,603	3,397,396	3,385,065	3,260,291
Parks and recreation	1,243,416	1,237,163	1,274,082	170,695	1,378,862
Economic and community development	47,825	132,826	275,681	1,276,064	623,220
Capital outlay	2,474,729	2,373,015	1,840,865	2,717,113	2,132,488
Debt service					
Interest	263,461	1,217,736	292,041	2,503,013	226,334
Principal	1,214,257	293,894	1,068,046	232,596	1,066,150
Total expenditures	<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>
Excess of revenues over (under) expenditures	<u>(712,745)</u>	<u>(393,857)</u>	<u>18,349</u>	<u>(2,288,708)</u>	<u>(319,603)</u>
Other financing sources (uses)					
Proceeds from borrowing	3,867,955	476,399	298,850	4,997,320	498,822
Premium on borrowing	-	-	-	92,461	-
Sale of capital assets	-	-	21,328	20,528	5,923
Transfers in	975,923	531,428	-	4,424,133	1,850,165
Transfers out	(975,923)	(531,428)	-	(4,424,133)	(1,850,165)
Total other financing sources	<u>3,867,955</u>	<u>476,399</u>	<u>320,178</u>	<u>5,110,309</u>	<u>504,745</u>
Net change in fund balances	<u>\$ 3,155,210</u>	<u>\$ 82,542</u>	<u>\$ 338,527</u>	<u>\$ 2,821,601</u>	<u>\$ 185,142</u>
Capital outlay included in expenditures above	<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>
Debt service as a percentage of noncapital expenditures	<u>9.1%</u>	<u>8.9%</u>	<u>7.8%</u>	<u>14.4%</u>	<u>6.8%</u>

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

Table 4
(2 pages)

	2015	2016	2017	2018	2019
Revenues					
Ad valorem taxes	\$ 11,771,793	\$ 11,829,436	\$ 11,769,118	\$ 12,921,946	\$ 13,223,592
Local option sales taxes	3,897,200	4,105,283	4,345,612	4,557,933	4,880,680
Other taxes and licenses	1,386,254	1,381,093	1,601,126	1,601,362	1,630,840
Unrestricted					
intergovernmental	1,481,631	1,452,221	1,409,630	1,406,331	1,492,028
Restricted intergovernmental	949,579	651,211	722,928	636,879	2,867,644
Permits and fees	1,260,859	1,270,187	1,177,350	1,377,586	1,273,962
Sales and services	274,350	263,444	282,929	245,059	253,023
Investment earnings	10,477	28,818	58,455	151,707	266,589
Other	400,617	218,561	128,591	210,283	378,474
Total revenues	<u>21,432,760</u>	<u>21,200,254</u>	<u>21,495,739</u>	<u>23,109,086</u>	<u>26,266,832</u>
Expenditures					
General government	4,093,908	4,353,526	4,503,267	4,729,326	5,369,254
Public Safety	6,265,547	6,216,871	6,506,633	6,555,984	6,649,349
Planning	1,203,990	1,333,903	1,285,705	1,134,657	1,331,441
Transportation	1,472,508	1,540,288	1,455,012	1,455,012	1,808,940
Public Works	3,481,463	3,134,390	3,192,643	3,104,559	3,750,034
Parks and recreation	1,444,752	1,529,332	1,474,274	1,503,476	1,602,097
Economic and community development	20,108	145,144	147,259	220,511	692,328
Capital outlay	1,888,948	1,410,447	1,549,712	3,486,840	4,063,670
Debt service					
Interest	202,907	191,229	152,927	138,983	126,621
Principal	946,047	973,069	983,905	1,001,731	824,548
Total expenditures	<u>21,020,178</u>	<u>20,828,199</u>	<u>21,251,337</u>	<u>23,331,079</u>	<u>26,218,282</u>
Excess of revenues over (under) expenditures	<u>412,582</u>	<u>372,055</u>	<u>244,402</u>	<u>(221,993)</u>	<u>48,550</u>
Other financing sources (uses)					
Proceeds from borrowing	717,102	621,180	362,091	240,000	-
Premium on borrowing	-	-	-	-	-
Sale of capital assets	47,412	491,287	8,740	92,291	27,413
Transfers in	881,518	1,808,060	1,522,129	3,165,098	2,279,109
Transfers out	(881,518)	(1,808,060)	(1,522,129)	(3,473,481)	(2,222,634)
Total other financing sources	<u>764,514</u>	<u>1,112,467</u>	<u>370,831</u>	<u>23,908</u>	<u>83,888</u>
Net change in fund balances	<u>\$ 1,177,096</u>	<u>\$ 1,484,522</u>	<u>\$ 615,233</u>	<u>\$ (198,085)</u>	<u>\$ 132,438</u>
Capital outlay included in expenditures above	<u>\$ 1,888,948</u>	<u>\$ 1,410,447</u>	<u>\$ 1,549,712</u>	<u>\$ 3,486,840</u>	<u>\$ 4,063,670</u>
Debt service as a percentage of noncapital expenditures	<u>6.0%</u>	<u>6.0%</u>	<u>5.8%</u>	<u>5.7%</u>	<u>4.3%</u>

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Revenue Capacity Information

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

Table 5
(2 pages)

Function/Program	2010	2011	2012	2013	2014
Governmental activities:					
General Government	\$ 148,995	\$ 221,913	\$ 250,719	\$ 714,449	\$ 958,976
Public Safety	700,807	755,276	644,867	916,576	813,257
Planning	427,535	299,022	521,028	141,086	83,602
Public Works and					
Transportation	828,263	1,212,175	1,150,348	710,883	984,621
Parks and Recreation	314,311	309,703	296,123	297,437	325,197
Economic and community development	42,179	-	181,753	74,926	47,585
Total primary government	<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>

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

Table 5
(2 pages)

Function/Program	2015	2016	2017	2018	2019
Governmental activities:					
General Government	\$ 767,303	\$ 650,899	\$ 502,078	\$ 725,885	\$ 949,456
Public Safety	677,124	667,572	697,660	721,382	797,011
Planning	120,607	148,749	82,718	143,804	39,872
Public Works and					
Transportation	860,795	587,845	668,277	560,949	3,034,038
Parks and Recreation	305,926	296,472	317,927	278,638	218,542
Economic and Physical					
Development	17,234	-	3,388	-	41,858
Total primary government	<u>\$ 2,748,989</u>	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,080,777</u>

Town of Carrboro
Tax Revenues by Source ^a
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 6

Fiscal Year	Property Taxes
2010	\$ 11,213,669
2011	11,386,243
2012	11,708,787
2013	11,754,299
2014	11,792,234
2015	11,771,793
2016	11,829,436
2017	11,769,118
2018	12,921,946
2019	13,223,592
Change 2010 - 2019	17.9%

^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
2010	2009	\$ 1,784,120,826	\$ 116,231,101	\$ 15,520,866	\$ 1,915,872,793	0.5894	\$ 1,915,872,793	100%
2011	2010	1,808,720,407	116,141,072	14,264,582	1,939,126,061	0.5894	1,939,126,061	100%
2012	2011	1,833,640,649	124,209,262	14,927,885	1,972,777,796	0.5894	1,972,777,796	100%
2013	2012	1,840,579,388	147,215,525	15,377,555	2,003,172,468	0.5894	2,003,172,468	100%
2014	2013	1,879,514,863	193,640,289	15,358,935	2,088,514,087	0.5894	2,088,514,087	100%
2015	2014	1,902,400,670	197,002,419	14,499,872	2,113,902,961	0.5894	2,113,902,961	100%
2016	2015	1,932,854,388	185,701,586	17,048,727	2,135,604,701	0.5894	2,135,604,701	100%
2017	2016	1,940,618,958	204,073,445	18,567,166	2,163,259,569	0.5894	2,163,259,569	100%
2018	2017	2,137,452,118	204,113,885	19,198,975	2,360,764,978	0.5894	2,360,764,978	100%
2019	2018	2,159,464,518	208,868,826	21,652,524	2,389,985,868	0.5944	2,389,985,868	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
2010	0.5894	0.8580
2011	0.5894	0.8580
2012	0.5894	0.8580
2013	0.5894	0.8580
2014	0.5894	0.8580
2015	0.5894	0.8780
2016	0.5894	0.8780
2017	0.5894	0.8780
2018	0.5894	0.8780
2019	0.5944	0.8504

Source: Orange County, North Carolina, Tax Assessor.

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

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

Table 9

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2010	2009	\$ 11,686,026	\$ 11,470,312	98.15%	\$ 195,958	\$ 11,666,270	99.83%	\$ 19,756
2011	2010	11,792,820	11,578,630	98.18%	190,753	11,769,383	99.80%	23,437
2012	2011	11,999,523	11,790,705	98.26%	187,100	11,977,805	99.82%	21,718
2013	2012	12,184,632	11,937,142	97.97%	218,192	12,155,334	99.76%	29,298
2014	2013	12,868,792	12,741,993	99.01%	103,704	12,845,697	99.82%	23,095
2015	2014	12,970,309	12,887,757	99.36%	67,770	12,955,527	99.89%	14,782
2016	2015	13,083,098	12,989,241	99.28%	72,714	13,061,955	99.84%	21,143
2017	2016	13,219,902	13,143,645	99.42%	45,447	13,189,092	99.77%	30,810
2018	2017	14,377,304	14,276,093	99.30%	61,895	14,337,988	99.73%	39,316
2019	2018	14,670,122	14,587,583	99.44%	-	14,587,583	99.44%	82,539

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

Table 10

Taxpayer	2019			2010		
	2018 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2009 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
GS Villages of Chapel Hill, LLC	\$ 28,323,144	1	1.19%	\$ 19,346,054	3	1.01%
MREI IV Autumn Woods LLC	26,816,161	2	1.12%	20,538,496	2	1.07%
180 West Clup LP	21,853,000	3	0.92%			
Carr Mill Mall Limited, Partnership	18,244,700	4	0.76%	16,417,310	4	0.86%
Tarheel Lodging II LLC	18,166,616	5	0.76%			
Westdale Poplar Place LP	18,137,300	6	0.76%	14,968,400	6	0.78%
Ashbrook Investors LLC	17,171,402	7	0.72%			
TGM Rock Creek LLC	15,918,108	8	0.67%			
RP Barnes LLC	14,950,600	9	0.63%			
SK Chapel Hill LLC	14,823,576	10	0.62%			
Carrboro Shopping Center I LLC	-		-	13,223,589	7	0.69%
BBR Chapel Hill	-		-	9,361,186	10	0.49%
VAC Limited Partnership	-		-	23,542,873	1	1.23%
Crit NC III, LLC	-		-	16,048,281	5	0.84%
188 Claremont LLC	-		-	10,023,122	8	0.52%
Zell Samuel Trustee	-		-	9,996,256	9	0.52%
Total	<u>\$ 194,404,607</u>		<u>8.15%</u>	<u>\$ 153,465,567</u>		<u>8.01%</u>

Source: Orange County Tax Assessor Office.

Debt Capacity Information

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

Table 11

Fiscal Year	Governmental Activities				Total Primary Government	Per Capita
	General Obligation Bonds	Premium On Bonds	Installment Purchase Agreements	Bond Anticipation Notes Payable		
2010	\$ -	\$ -	\$ 7,060,641	\$ 2,590,000	\$ 9,650,641	485.18
2011	-	-	6,319,304	2,590,000	8,909,304	454.97
2012	-	-	5,405,219	2,590,000	7,995,219	408.29
2013	4,600,000	90,028	3,444,437	-	8,134,465	415.41
2014	4,350,000	85,162	3,127,109	-	7,562,271	383.83
2015	4,100,000	80,296	3,148,164	-	7,328,460	349.24
2016	3,850,000	75,430	3,046,275	-	6,971,705	332.24
2017	3,600,000	70,563	2,674,461	-	6,345,024	302.37
2018	3,350,000	65,698	2,162,730	-	5,578,428	265.84
2019	3,100,000	60,831	1,588,182	-	4,749,013	226.32

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			
2010	\$ -	\$ -	\$ 1,915,872,793	0.000%	\$ -
2011	-	-	1,939,126,061	0.000%	-
2012	-	-	1,972,777,796	0.000%	-
2013	4,600,000	4,600,000	2,003,172,468	0.230%	234.91
2014	4,350,000	4,350,000	2,088,514,087	0.208%	220.79
2015	4,100,000	4,100,000	2,113,902,961	0.194%	195.39
2016	3,850,000	3,850,000	2,135,604,701	0.180%	183.47
2017	3,600,000	3,600,000	2,163,259,569	0.166%	171.56
2018	3,350,000	3,350,000	2,360,764,978	0.142%	159.65
2019	3,100,000	3,100,000	2,389,985,868	0.130%	147.73

Town of Carrboro
Direct and Overlapping Governmental Activities Debt
June 30, 2019

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	\$ 4,749,013	100.00%	\$ 4,749,013
Overlapping (bonded) debt - Orange County			
Overlapping debt - Orange County	126,048,971	13.83%	<u>17,432,573</u>
Total direct and overlapping debt			<u><u>\$ 22,181,586</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
Governmental Funds
Last Ten Fiscal Years**

**Table 14
(2 pages)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 153,269,823	\$ 155,130,085	\$ 152,417,005	\$ 160,253,797	\$ 167,081,127
Total net debt applicable to limit	<u>7,060,641</u>	<u>6,319,304</u>	<u>5,405,219</u>	<u>8,044,437</u>	<u>7,477,109</u>
Legal debt margin	<u><u>\$ 146,209,182</u></u>	<u><u>\$ 148,810,781</u></u>	<u><u>\$ 147,011,786</u></u>	<u><u>\$ 152,209,360</u></u>	<u><u>\$ 159,604,018</u></u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.61%</u>	<u>4.07%</u>	<u>3.55%</u>	<u>5.02%</u>	<u>4.48%</u>

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

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

**Table 14
(2 pages)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 169,112,237	\$ 170,848,376	\$ 173,060,766	\$ 188,861,198	\$ 191,198,869
Total net debt applicable to limit	<u>7,248,164</u>	<u>6,896,275</u>	<u>6,274,461</u>	<u>5,578,428</u>	<u>4,749,013</u>
Legal debt margin	<u>\$ 161,864,073</u>	<u>\$ 163,952,101</u>	<u>\$ 166,786,305</u>	<u>\$ 183,282,770</u>	<u>\$ 186,449,856</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.29%</u>	<u>4.04%</u>	<u>3.63%</u>	<u>2.95%</u>	<u>2.48%</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, North Carolina
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
2010	19,891	\$ 39,380	28.1	11,657	1,611	6.4%
2011	19,582	32,198	30.1	11,892	1,663	7.2%
2012	19,582	32,198	30.1	11,885	1,449	6.5%
2013	19,582	32,198	30.1	12,094	1,490	5.7%
2014	19,702	32,198	30.1	12,353	1,490	4.2%
2015	20,984	32,198	30.1	12,353	1,490	3.9%
2016	20,984	32,198	30.1	12,076	1,321	4.7%
2017	20,984	32,198	30.1	12,115	1,318	4.6%
2018	20,984	32,198	30.1	12,115	1,318	3.7%
2019	20,984	32,198	30.1	12,115	1,318	3.3%

Notes:

Orange County unemployment rate is used.

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

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

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

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

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

**Town of Carrboro
Principal Employers
Current Year and Nine Years Ago**

**Table 16
(2 pages)**

2019			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Cypress Creek Renewables LLC	201	1	1.64%
Town of Carrboro	192	2	1.57%
Chapel Hill-Carrboro City Schools	148	3	1.21%
Food Lion	118	4	0.96%
Orange Water & Sewer Authority	109	5	0.89%
Art Is Love LLC	90	6	0.73%
Harris Teeter	83	7	0.68%
Elmo's Diner (Cacklerberrys Carrboro Inc)	78	8	0.64%
Weaver Street Market	72	9	0.59%
U.S. Postal Service	72	10	0.59%
Total	1,163		9.49%

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
Principal Employers
Current Year and Nine Years Ago**

**Table 16
(2 pages)**

2010			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Carrboro Elementary School	210	1	1.91%
Town of Carrboro	155	2	1.41%
Orange Water and Sewer	139	3	1.26%
Harris Teeter	82	4	0.75%
Food Lion	56	5	0.51%
Elmo's Diner	56	6	0.51%
Piedmont Health Services, Inc.	50	7	0.45%
Weaver Street Market	50	8	0.45%
Crescent Green of Carrboro	48	9	0.44%
Carolina Fitness	45	10	0.41%
	<u>891</u>		<u>8.10%</u>

Source:

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

Note:

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

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

Table 17

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Mayor and Board of Aldermen	-	-	-	-	-	-	-	-	-	-
Town manager	2	4	5	5	5.0	6.0	6.0	3.0	3.0	4.0
Economic development	1	1	2	2	1.5	1.5	1.5	1.5	1.5	1.5
Town clerk	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5
Management services	8	6	7	7	6.5	6.5	6.0	6.0	6.0	8.0
Human resources	2	2	2	2	2.0	1.5	2.0	3.0	3.0	2.0
Information technology	1	1	1	2	2.0	3.0	3.0	3.0	3.0	3.0
Public safety:										
Police	44	44	42	41	41.0	41.0	41.0	41.0	42.0	42.0
Fire	36	36	37	37	36.5	36.5	37.0	37.0	37.0	37.0
Planning	14	14	14	14	14.0	13.5	13.5	14.5	13.5	15.5
Public works	36	36	34	35	35.0	35.0	36.0	37.0	36.0	39.0
Parks and recreation	11	11	13	13	12.5	12.5	12.0	13.0	13.0	13.5
Total	<u>156</u>	<u>156</u>	<u>156</u>	<u>157</u>	<u>158</u>	<u>158.5</u>	<u>159.5</u>	<u>160.5</u>	<u>159.5</u>	<u>167.0</u>

Source: Annual operating budget

Operating Information

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

Table 18
(2 pages)

	2010	2011	2012	2013	2014
General government:					
Revolving loan inquiries	50	50	5	6	6
Small business counseling referrals	29	40	10	12	10
Privilege licenses issued	1,253	1,158	948	1,203	720
Public safety:					
Police:					
Major crimes	750	716	746	599	625
Criminal arrests	830	767	830	1,082	829
Motor vehicle accidents	494	479	476	476	490
Narcotics arrests	204	157	150	105	243
Fire:					
Fire and EMS responses	1,530	1,392	1,406	1,517	1,520
Inspections	998	1,006	1,045	1,070	1,090
Planning:					
Annexations	-	-	1	-	-
Zoning permits	89	88	86	89	90
Building permits for new residential	77	50	92	92	60
Building permits for new commercial	78	4	6	11	12
Value of building permits issued	\$ 29,410,835	\$ 18,883,628	\$ 30,184,969	\$ 18,978,343	\$ 18,000,000
Public works:					
Paved streets maintained (miles)	39	42	42	44	44
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1
Litter collection (hours annually)	425	425	405	390	400
Residential refuse collection (tons annually)	3,765	3,645	3,971	4,277	3,666
Multi-family & commercial refuse collection	2,865	3,098	3,595	2,534	2,823
Bus shelters maintained	22	23	23	23	23
Parks and recreation:					
Athletic activities offered	48	50	48	48	44
Athletic activity participants	2,760	2,909	2,763	2,872	2,533
Athletic activity hours	952	934	882	878	885
Other activities offered	284	263	364	393	405
Other activity participants	26,122	17,476	30,056	31,667	32,252
Century Center rentals (a)	139	127	105	116	120
Park rentals (a)	203	181	201	199	182

Sources: Town departments

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

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

* North Carolina General Assembly eliminated privilege licenses in FY 2015.

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

Table 18
(2 pages)

	2015	2016	2017	2018	2019
General government:					
Revolving loan inquiries	6	5	5	8	5
Small business counseling referrals	10	13	12	15	12
Privilege licenses issued	301	*	*	*	*
Public safety:					
Police:					
Major crimes	472	521	441	473	406
Criminal arrests	665	550	458	488	399
Motor vehicle accidents	453	540	514	465	491
Narcotics arrests	169	93	132	81	45
Fire:					
Fire and EMS responses	2,231	2,227	2,300	2,308	2,185
Inspections	646	1,050	1,020	421	941
Planning:					
Annexations	-	-	-	-	-
Zoning permits	87	73	62	53	70
Building permits for new residential	66	69	28	42	55
Building permits for new commercial	4	9	41	127	8
Value of building permits issued	\$ 14,424,416	\$ 13,021,295	\$ 11,905,162	\$ 50,502,713	\$ 138,482
Public works:					
Paved streets maintained (miles)	46	46	46	46	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	2
Litter collection (hours annually)	428	385	321	207	29
Residential refuse collection (tons annually)	2,754	2,132	2,497	2,740	2,547
Multi-family & commercial refuse collection	3,713	4,692	3,269	9,502	3,991
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	46	42	51	63	65
Athletic activity participants	2,726	2,534	2,822	2,751	2,285
Athletic activity hours	1,079	972	942	877	1,068
Other activities offered	392	358	318	343	289
Other activity participants	34,988	22,793	22,720	28,436	26,031
Century Center rentals (a)	109	112	1,610	674	750
Park rentals (a)	135	186	410	526	650

Sources: Town departments

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

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

* North Carolina General Assembly eliminated privilege licenses in FY 2015.

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

Table 19

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	42	43	43	43	43	43	43	43	47	
Fire stations	1	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Public works:										
Refuse collection trucks	7	7	7	7	7	7	7	7	8	8
Replacement refuse collection trucks	1	1	1	1	1	1	1	1	-	-
Streets (miles)	39.35	43.27	43.27	43.27	43.27	43.27	43.27	43.27	46.70	46.70
Bike paths (miles)	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.84
Streetlights	968	986	986	986	986	986	986	986	986	1,014
Parks and recreation:										
Parkland (acres)	112	112	112	112	112	112	112	112	112	112
Parks (quantity)	10	10	10	10	10	10	10	10	10	10
Hiking trails	6	6	6	6	6	6	6	6	6	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	6
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	6	6	6	6	6	6	6
Volleyball courts	2	2	2	2	2	2	2	2	2	3
Multi-purpose fields	3	3	3	3	3	3	3	3	3	3
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	8	8	8	8	8	8	8	8	8
Picnic shelters	4	5	5	5	5	5	5	5	5	5

Sources: Town Departments

Compliance Section

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Independent Auditors' 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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina (the "Town"), as of and for the year ended June 30, 2019, 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 November 20, 2019. The financial statements of the Carrboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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
November 20, 2019**

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

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

Report on Compliance for the Major Federal Program

We have audited Town of Carrboro, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on its major federal program for the year ended June 30, 2019. The Town of Carrboro's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Town of Carrboro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
November 20, 2019**

Schedule of Findings and Questioned Costs

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No
- Noncompliance material to federal award _____ Yes X No

Type of auditors' report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000

Auditee qualified as a low-risk auditee?

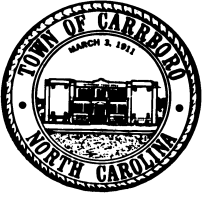
_____ Yes X No

II. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2019.

III. Federal Awards Findings and Questioned Costs

There were no findings related to the federal awards for the fiscal year ended June 30, 2019.



TOWN OF CARRBORO
NORTH CAROLINA
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Summary Schedule of Prior Audit Findings

North Carolina Department of Transportation

Program Name: Powell Bill
Program Number: DOT-4
Grant Number: 2000006452

Finding 2018-001: Allowable Costs/Cost Principles

Corrective action has been taken by the Town of Carrboro. This finding is cleared.

Town of Carrboro, North Carolina
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

Schedule 17

<u>Grantor/Program Title</u>	<u>Federal CFDA/ State Number</u>	<u>Grant Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>
<i>Federal grants:</i>				
<u>U.S. Department of Justice</u>				
Direct payments:				
Office of Justice Programs				
Body Worn Camera Policy and Implementation	16.835	2017-BC-BX-0075	\$ 38,318	\$ -
Total U.S. Department of Justice			38,318	-
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster:				
Passed through the NC Department of Transportation:				
Highway Planning and Construction (Federal Aid Highway Program):				
Bolin Creek Greenway	20.205	36268.3.F26	123,524	-
Rogers Road Sidewalk	20.205	36268.3.25	799,184	-
Jones Creek Greenway	20.205	46289.3.1	43,999	-
Bicycle Transportation Plan	20.205	44527.1.33	16,133	4,033
Total Passed through NC Department of Transportation			982,840	4,033
Total Highway Planning and Construction Cluster			982,840	4,033
<u>U.S. Department of Homeland Security</u>				
Passed through N.C. Department of Public Safety-Emergency Management:				
Hazard Mitigation Grant Program	97.039	HMGP-4167-0023	22,596	-
Total Passed through NC Department of Public Safety - Emergency Management			22,596	-
Total U.S. Department of Homeland Security			22,596	-
Total assistance - federal programs			1,043,754	4,033
<i>State grants:</i>				
<u>NC Department of Transportation</u>				
Direct programs:				
Powell Bill	DOT-4	2000026784	-	241,741
Total NC Department of Transportation			-	241,741
Total assistance - state programs			-	241,741
Total assistance			\$ 1,043,754	\$ 245,774

Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Carrboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of Significant Accounting Policies

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

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