



# Town of Carrboro

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## Comprehensive Annual Financial Report

Year Ended June 30, 2020

Prepared by Finance Department

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## Town of Carrboro, North Carolina

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# **Town of Carrboro, North Carolina**

## **Principal Officials**

### ***Town Council***

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

### ***Town Manager***

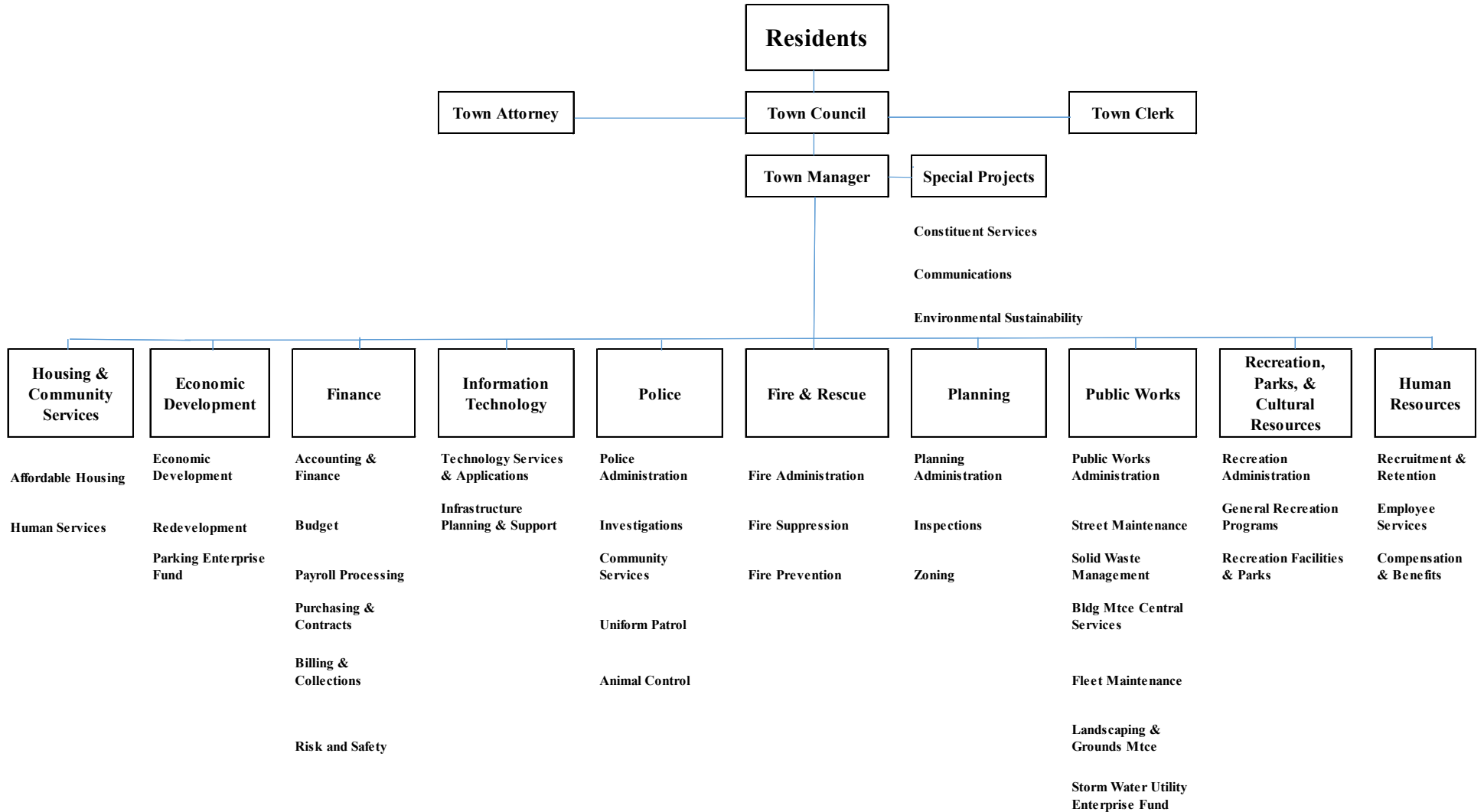
David Andrews

### ***Finance Department***

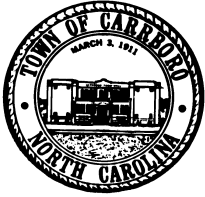
Arche L. McAdoo, Finance Director  
Jane Bowden, Management Assistant  
Donald Coble, Assistant to the Finance Director  
Chandra Edwards, Accounting Technician/Receptionist  
Edna Kirkman, Staff Accountant  
Cary McNallan, Budget & Contracts Specialist  
Kathleen Nolan, Payroll and Benefits Coordinator  
Trina Briggs, Safety Officer

# Town of Carrboro, North Carolina

## Organizational Chart







## TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

November 25, 2020

### **Honorable Mayor and Members of the Town Council 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, 2020 (FY 2019-20). 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 20,984. 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 decreased slightly from 30,011 in 2018 to an estimated 29,877 in 2019. 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 Town Council 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; and
- D. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes.

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 Council. 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 100 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 and biking throughout the Town's neighborhoods.

### ***Governance***

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

The Council appoints a manager who carries out the laws and policies enacted by the Council, and is responsible for managing the Town's employees, finances, and resources. The Council also appoints a Town Clerk to maintain Town records, and appoints an attorney to represent the Council 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., human resources, information 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 3.4% in 2018 to 2.9% in 2019, which is well below the statewide rate of 3.50%. 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 for revenues 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 11.2% or \$3,289,795 from \$29,316,626 at June 30, 2019 to \$26,026,831 at June 30, 2020. This is primarily due to payments made on government obligation bonds and direct borrowing installment purchases, and a \$3.4M decrease in the Town's OPEB liability.

The Town had debt retirement for this fiscal year with the principal repayment of \$692,206. There were no additions to debt during 2020.

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 FY2020-21:

- Preparation of a comprehensive plan for the Town,
- 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.

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 and construction is expected to begin in the fall of 2021.

As noted above, the Town Council 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, constructed the Homestead-Chapel Hill High School Multi-Use Path, and Rogers Road Sidewalk. Projects currently underway include Morgan Creek Greenway, Jones Creek Greenway, and South Greensboro Street Sidewalk.
- 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 2022. The Town's goal is to achieve Gold Level status.
- The Town continues 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 35th 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 Council 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, 2020, the Town had a \$10.0 million General Fund unassigned fund balance or 45.1% of total General Fund expenditures. This compares to an unassigned fund balance of \$11.2 million or 51.9% of expenditures in 2019. In 2020 the Town used more than \$3.0 million of reserves to fund fire self-contained breathing apparatus, a comprehensive plan study, bus shelter replacements, and construction improvements for a variety of public facilities including Town Hall, Fire stations, and the Century Center building.

The Town's management continues to take a conservative approach to revenue projections in relation to the numerous decisions necessary 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 Town Council 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 Council 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 Council 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 Council. Prior to the adoption of an annual budget, the Council 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

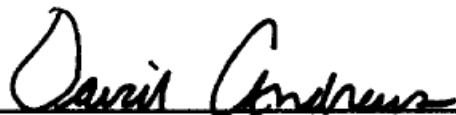
North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP was selected by the Council and performed this audit. 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 2018-19. 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, 2020 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](http://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, 2019

*Christopher P. Morrell*

Executive Director/CEO

## **Financial Section**

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## **Independent Auditors' Report**

Honorable Mayor, Town Council,  
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, 2020, 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, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 7 to the financial statements, subsequent to the issuance of the June 30, 2019 financial statements, management discovered an error in previously reported receivables from other governments, and long-term liabilities reported in the Capital Projects Fund. The fiscal year 2019 financial statements have been restated for the effects of this error. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 62 through 63, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 64, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 65 and 66, 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 fund financial statements and budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and the other schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules 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 25, 2020, 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 25, 2020**

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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, 2020. 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 \$30,101,768 (net position).
- A combination of reduced revenues due to the current economic downturn, and an increase in non-capitalized building repairs/improvements resulted in the total net position of the Town slightly increasing by \$348,524 from the amount previously reported at June 30, 2019.
- At June 30, 2020, the Town's governmental funds had combined ending fund balances of \$19,129,343, a decrease of 8.2% or \$1,706,762 in comparison with the prior year. Approximately 50.3% or \$9,614,467 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the year unassigned fund balance for the General Fund was \$10,030,700 or 45.1% of total General Fund expenditures of \$22,262,237.
- Long-term debt obligations for the Town decreased by 11.2% or \$3,288,717 from \$29,316,626 at June 30, 2019 to \$26,027,909 at June 30, 2020. This is primarily due to payments made on government obligation bonds and direct borrowing installment purchases and decrease in the OPEB liability.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

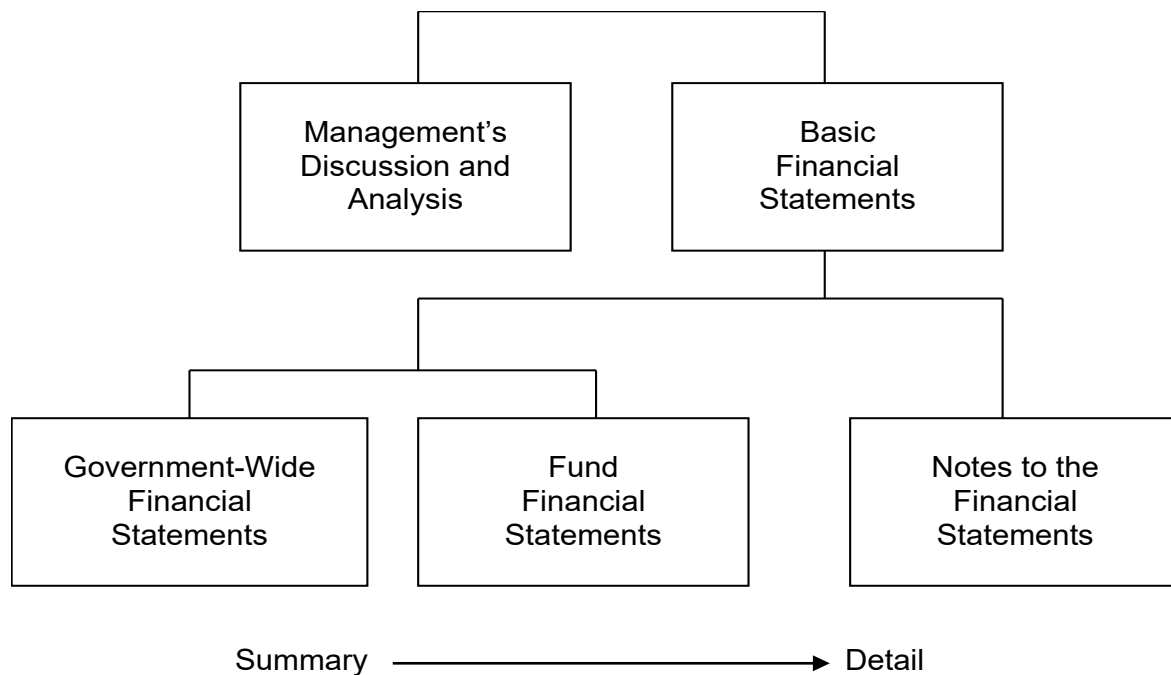
### **Overview of the Financial Statements**

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

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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. The business-type activities are those that the Town charges customers for certain services such as stormwater services. This includes stormwater services offered by the Town. The final category is the Town's component unit, Carrboro Tourism Development Authority. Although legally separate from the Town, the Town Council exercises control over this entity through appointment of the Chair and members of the Authority.

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 Council 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 Council; (2) the final budget as amended by the Council; (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** – As of July 1, 2018, the Town 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 has developed 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 31 through 60 of this report.

**Supplementary information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

**Government-wide financial analysis**

**Town of Carrboro's Net Position**  
**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	<b>\$ 21,885,073</b>	\$ 24,040,027	<b>\$ 799,564</b>	\$ 377,801	<b>\$ 22,684,637</b>	\$ 24,417,828
Capital assets, net	<b>38,530,705</b>	37,351,059	<b>349,932</b>	288,843	<b>38,880,637</b>	37,639,902
Total assets	<b>60,415,778</b>	61,391,086	<b>1,149,496</b>	666,644	<b>61,565,274</b>	62,057,730
Deferred outflows of resources	<b>2,677,479</b>	2,576,157	<b>25,333</b>	27,599	<b>2,702,812</b>	2,603,756
Total assets and deferred outflows of resources	<b>63,093,257</b>	63,967,243	<b>1,174,829</b>	694,243	<b>64,268,086</b>	64,661,486
Long-term liabilities outstanding	<b>25,818,452</b>	29,159,067	<b>209,457</b>	157,559	<b>26,027,909</b>	29,316,626
Other liabilities	<b>1,946,695</b>	1,792,711	<b>19,045</b>	4,316	<b>1,965,740</b>	1,797,027
Total liabilities	<b>27,765,147</b>	30,951,778	<b>228,502</b>	161,875	<b>27,993,649</b>	31,113,653
Deferred inflows of resources	<b>6,112,942</b>	2,858,804	<b>59,727</b>	17,701	<b>6,172,669</b>	2,876,505
Net position:						
Net investment in capital assets	<b>34,478,765</b>	32,602,046	<b>349,932</b>	288,843	<b>34,828,697</b>	32,890,889
Restricted	<b>3,349,924</b>	3,869,297	-	-	<b>3,349,924</b>	3,869,297
Unrestricted	<b>(8,613,521)</b>	(6,314,682)	<b>536,668</b>	225,824	<b>(8,076,853)</b>	(6,088,858)
Total net position, ending	<b>\$ 29,215,168</b>	\$ 30,156,661	<b>\$ 886,600</b>	\$ 514,667	<b>\$ 30,101,768</b>	\$ 30,671,328

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 \$30,101,768 as of June 30, 2020. The majority of net position (116%) 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 (11% or \$3,349,924) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of (\$8,076,853) (-27%) is unrestricted.



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

The Town's total unrestricted governmental net position was influenced by increased property tax revenues, decreased local option sales tax revenues, and stability of other tax and unrestricted intergovernmental revenues.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:						
Program revenues:						
Charges for services	\$ 1,637,616	\$ 1,744,109	\$ 812,545	\$ 778,157	\$ 2,450,161	\$ 2,522,266
Operating grants and contributions	1,159,067	832,607	-	-	1,159,067	832,607
Capital grants and contributions	698,031	2,504,061	-	-	698,031	2,504,061
General revenues:						
Property taxes	13,480,652	13,184,000	-	-	13,480,652	13,184,000
Local option sales taxes	4,772,318	4,880,680	-	-	4,772,318	4,880,680
Other taxes	1,535,867	1,630,840	-	-	1,535,867	1,630,840
Grants and contributions not restricted	1,408,981	1,492,028	-	-	1,408,981	1,492,028
Other	279,600	382,223	4,259	5,673	283,859	387,896
Total revenues	<u>24,972,132</u>	<u>26,650,548</u>	<u>816,804</u>	<u>783,830</u>	<u>25,788,936</u>	<u>27,434,378</u>
Expenses:						
General government	\$ 5,288,695	\$ 5,246,829	\$ -	\$ -	\$ 5,288,695	\$ 5,246,829
Public safety	8,283,668	7,735,947	-	-	8,283,668	7,735,947
Planning	1,520,044	1,422,374	-	-	1,520,044	1,422,374
Transportation	1,835,146	1,808,940	-	-	1,835,146	1,808,940
Public works	5,298,021	4,839,876	-	-	5,298,021	4,839,876
Parks and recreation	1,943,269	1,845,198	-	-	1,943,269	1,845,198
Economic and physical development	727,748	692,328	-	-	727,748	692,328
Interest on long-term debt	98,950	115,564	-	-	98,950	115,564
Stormwater	-	-	444,871	269,163	444,871	269,163
Total expenses	<u>24,995,541</u>	<u>23,707,056</u>	<u>444,871</u>	<u>269,163</u>	<u>25,440,412</u>	<u>23,976,219</u>
Increase (decrease) in net position before transfers	<u>(23,409)</u>	<u>2,943,492</u>	<u>371,933</u>	<u>514,667</u>	<u>348,524</u>	<u>3,458,159</u>
Transfers	-	56,475	-	(56,475)	-	-
Change in net position	<u>(23,409)</u>	<u>2,999,967</u>	<u>371,933</u>	<u>458,192</u>	<u>348,524</u>	<u>3,458,159</u>
Net position, beginning, as previously reported	30,156,661	27,156,694	514,667	56,475	30,671,328	27,213,169
Prior period adjustment (Note 7)	<u>(918,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(918,084)</u>	<u>-</u>
Net position, beginning, as restated	<u>29,238,577</u>	<u>27,156,694</u>	<u>514,667</u>	<u>56,475</u>	<u>29,753,244</u>	<u>27,213,169</u>
Net position, ending	<u>\$ 29,215,168</u>	<u>\$ 30,156,661</u>	<u>\$ 886,600</u>	<u>\$ 514,667</u>	<u>\$ 30,101,768</u>	<u>\$ 30,671,328</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$23,409. Key elements of this change are as follows:

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

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- Ad valorem property tax revenues increased by \$296,652 or 2.3% from \$13.1 million in 2019 to \$13.4 million in 2020. This increase is related to an increase in assessed properties within the Town.
- Local option sales tax revenues decreased by \$108,362 or 2.2% below the prior year. This decrease is the result of the economic downturn brought on by the COVID-19 pandemic and the government mandated restrictions put in place to try to slow the spread of this disease.
- Other tax revenues, primarily from motor vehicle license taxes, remained stable at \$1.5 million.
- Unrestricted intergovernmental revenues remained stable at \$1.4 million.
- Revenues from fees and permits remained stable at \$1.2 million.
- Capital grants and contributions decreased by \$1.8 million or 72.1% from \$2,504,061 in 2019 to \$698,031 in 2020, due primarily from a decrease in federal funding for transportation-related 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 \$1.3 million or 5.4% from \$23,707,056 in 2019 to \$24,995,541 in 2020.
- Expense for interest on long-term debt decreased from \$115,564 in 2019 to \$98,950 in 2020. 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 2020.

**Business-type activities.** Business-type activities increased the Town's net position by \$371,933 due to the collection of user fees for stormwater services in 2020.

### *Financial Analysis of the Town of Carrboro's Funds*

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,030,700, a decrease of \$1.2 million or 10.7% from \$11,233,203 in 2019. The total general fund balance for 2020 was \$15,911,609, a 10.1% decrease from the 2019 amount of \$17,704,251. This decrease in fund balance is due primarily to transfer of roughly \$3.3 million for required capital improvements to several buildings. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.1% of total General Fund expenditures of \$22,262,237. Total fund balance represents 71.5% of total General Fund expenditures.

The Revolving Loan Fund is used to encourage economic and community development in Carrboro by offering loans to new businesses. The fund balance for this fund decreased by \$291,410, or 50.8%, as a result of a \$300,000 transfer to the Small Business & NP Loan/Grant COVID 19 Emergency Fund, which was used to provide grants and loans to existing Carrboro businesses that had financial hardships as a result of the pandemic.

The Bond Fund includes sidewalk and greenway construction projects that are funded with 2013 bond proceeds and various state and federal grants. The fund balance for this fund decreased by \$103,970, or 65.3%, because of project expenditures that have exceeded grant revenues. Many of the projects are being completed and finalized

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

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so the fund is slowly drawing to a close and using the remaining bond proceeds. Additional state and federal grants are pending that will supplement the existing projects.

The Capital Projects Fund, which includes construction or acquisition of capital assets, is primarily funded with operating transfers from the General Fund and notes or debt instruments. The fund balance for this fund decreased by \$267,720, or 13.1%. The decrease is a result of a combination of a delay in finalizing a \$1.8 million installment financing for the Town's vehicle and equipment purchases, netted with the transfer in of general fund dollars for projects that have not yet been started or completed.

The Grants Administration Fund contains various grant awards made to the Town of Carrboro that are legally restricted to expenditures for specific programs and activities. At the end of fiscal year 2020, this fund decreased by \$255,258 primarily because of expenditures related to a hazard mitigation grant project where the grant funds are not received until the completion of the project.

The Small Business & NP Loan/Grant COVID 19 Emergency Fund, and the Facilities Rehabilitation Fund are new funds in 2020 and each show an increase in fund balance since these funds have not yet expended the operating transfer funds that were used as seed money to initiate the funds.

The Nonmajor Funds, which include the Affordable Housing Fund and the Energy Efficiency Revolving Loan Fund, had an increase in fund balance of \$8,642, or 2.4%. The majority of the revenues and expenditure are related to the Affordable Housing Fund, which includes ad valorem taxes and a \$52,000 transfer from the General Fund. Expenses in the Affordable Housing Fund are related to increasing the stock of affordable, safe and decent housing within the Town and providing housing assistance to the eligible citizens of Carrboro. The Energy Efficiency Revolving Loan provides loans to small businesses for energy improvements. This fund was relatively inactive during 2020.

At June 30, 2020, the governmental funds of the Town of Carrboro reported a combined fund balance of \$19,129,343. The reported combined fund balance of the governmental funds includes a fund balance within the Bond Fund of \$55,251, and within the Facilities Rehabilitation Fund of \$825,341, and a fund balance within the Capital Projects Fund of \$1,778,573. 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 \$497,075 (2.1%) from an original appropriation of \$24,119,808 to a final appropriation of \$24,616,883.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$23,692,807, compared to budget of \$23,130,734.

Revenues from taxes (i.e., property, local option sales, and other) represent 82.7% of the total revenues. Property, sales and other tax revenues were above budget projections (\$345,457 or 1.8%).

Revenue from permits and fees represent 5.5% of total revenues, and were over budget projections by \$55,567 or 4.5%. Total revenue for permits and fees this year remained stable at \$1.2 million.

Revenues from sales and services, and investment earnings were lower than budget projections by \$106,997 or 25.2%. This was primarily due to the loss in Recreation and Park revenues due to the pandemic restrictions.

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

The unrestricted intergovernmental revenue receipts exceeded budget projections by \$8,281 or 0.6% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,408,981 compared to \$1,492,028 in 2019.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$22,262,237, which was \$2,354,646 less than the final budget of \$24,616,883. All spending by function was in compliance with budgetary requirements.

All expenditures were less than final budget at June 30, 2020; however, they were 2.8% more than the prior year. Expenditures for general government were 3.1% higher than the prior year, increasing from \$5,414,220 in 2019 to \$5,581,966 in 2020. Actual expenditures for public safety increased by 5.5% from \$6,724,929 in 2019 to \$7,094,883 in 2020. Actual expenditures for planning increased by 6.9% from \$1,331,441 in 2019 to \$1,423,554 in 2020. Transportation expenditures increased 1.4% from \$1,808,940 in 2019 to \$1,835,146 in 2020. Public works expenditures increased by 1.9% from \$3,823,825 in 2019 to \$3,896,428 in 2020. Recreation and parks expenditures increased by 1.3% from \$1,607,124 in 2019 to \$1,628,112 in 2020. Debt service expenditures decreased by 15.7% 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, 2020 totaled \$38,530,705 (net of accumulated depreciation) and the Town's investment in capital assets for its business-type activities as of June 30, 2020 totaled \$349,932 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the replacement of police vehicles and solid waste equipment, along with the construction of the Martin Luther King, Jr Park, Rogers Road Sidewalk, and the Homestead Road Chapel Hill High School multi-use path.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	<u>1,500,566</u>	<u>4,944,914</u>	<u>101,521</u>	<u>114,998</u>	<u>1,602,087</u>	<u>5,059,912</u>
Total capital assets not being depreciated	<u>16,248,522</u>	<u>19,692,870</u>	<u>101,521</u>	<u>114,998</u>	<u>16,350,043</u>	<u>19,807,868</u>
Capital assets being depreciated:						
Buildings and systems	7,966,752	5,449,562	111,165	-	8,077,917	5,449,562
Improvements other than buildings	719,182	757,264	-	-	719,182	757,264
Infrastructure	10,792,848	8,461,765	-	-	10,792,848	8,461,765
Machinery and equipment	1,525,534	1,655,005	137,246	173,845	1,662,780	1,828,850
Vehicles	<u>1,277,867</u>	<u>1,334,593</u>	<u>-</u>	<u>-</u>	<u>1,277,867</u>	<u>1,334,593</u>
Total capital assets being depreciated	<u>22,282,183</u>	<u>17,658,189</u>	<u>248,411</u>	<u>173,845</u>	<u>22,530,594</u>	<u>17,832,034</u>
Total capital assets	<u>\$ 38,530,705</u>	<u>\$ 37,351,059</u>	<u>\$ 349,932</u>	<u>\$ 288,843</u>	<u>\$ 38,880,637</u>	<u>\$ 37,639,902</u>

Additional information on the Town's capital assets can be found on pages 41 and 42 of this report.

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

**Long-term debt.** As of June 30, 2020 and 2019, the Town of Carrboro had the following long-term liabilities:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Government obligation bond	\$ 2,850,000	\$ 3,100,000	\$ -	\$ -	\$ 2,850,000	\$ 3,100,000
Premium on bonds	55,963	60,831	-	-	55,963	60,831
Direct borrowing installment purchases	1,145,977	1,588,182	-	-	1,145,977	1,588,182
Compensated absences	826,999	805,969	11,768	10,768	838,767	816,737
OPEB liability	16,065,479	19,474,398	157,505	112,569	16,222,984	19,586,967
LGERS net pension liability	3,375,107	2,701,088	40,184	34,222	3,415,291	2,735,310
Law enforcement officers' total pension liability	1,498,927	1,428,599	-	-	1,498,927	1,428,599
<b>Total</b>	<b>\$ 25,818,452</b>	<b>\$ 29,159,067</b>	<b>\$ 209,457</b>	<b>\$ 157,559</b>	<b>\$ 26,027,909</b>	<b>\$ 29,316,626</b>

Total long-term liabilities for the Town decreased by \$3,288,717 (11.2%) during fiscal year 2020 primarily due to payments on government obligation bonds and the direct borrowing installment purchases as well as decreases in the OPEB liability. The Town had debt retirement for this fiscal year with the principal repayment of \$692,206. There were no additions to debt during 2020.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$188,834,785. The Town has no general obligation bonds authorized but unissued at June 30, 2020.

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.

- The COVID-19 world-wide pandemic has created an economic environment that is unstable and unpredictable. It has caused thousands to die, millions to be infected, and hundreds of millions dealing with lock-downs at home, lack of income, loss of jobs, and concerns about the safety and well-being of families.
- The economic and health uncertainties of this pandemic, and the related unknown factors such as length of the pandemic, availability of federal and state financial assistance for local governments and citizens, make it difficult to forecast the financial implications for the Town.
- Low unemployment. Historically, the Town has experienced a low unemployment rate (as reflected in the county-wide Orange County rate) of 2.9%, below the statewide rate of 3.5%. The hope is that this trend will continue when the pandemic and economic downturn subsides.
- Stable property tax base. The Town expects that the property tax collection rate will decline somewhat as a result of job losses and less earnings potential per households, however, once the

pandemic subsidies and the economy recovers, there is no reason not to expect to continue to collect property taxes at a rate of 98 to 99%.

- The Town's historical local sales tax growth will likely reverse course in the coming fiscal year, and depending on the length of the pandemic and any federal and state financial assistance to the citizens, it may take considerable time for this growth to return.
- 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, 2021***

**Governmental activities.** The Town has approved a General Fund budget in the amount of \$25,063,106 for fiscal year 2021, which is a 2.0% increase over the original adopted fiscal year 2020 budget. The pandemic arrived prior to the adoption of the budget so in anticipation of revenue reductions, staff identified many expenditures that could be put on hold or eliminated such as employee wage adjustments, no new employees for governmental activities, no new program initiatives, and deferment of certain building improvements and repairs.

The primary focus in preparing the fiscal year 2021 budget was to develop one that:

1. Implemented the Council's strategic priorities;
2. Managed costs during an economic downturn while maintaining adequate services to citizens;
3. Avoided increasing the tax burden for Town residents and local businesses; and
4. Avoiding furloughs or employee layoffs.

The two largest sources of revenues for the Town are property taxes and sales taxes. Property taxes are projected to increase 1.4% due to an expanding tax base; while sales taxes are projected to decrease 8.2% due to the economic downturn. The tax rate for real property equals \$59.94 cents per one hundred dollars (0.5994), which is the same rate from fiscal year 2020. This rate includes one cent that is dedicated for and is to be used solely for affordable housing.

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 2021 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, and 203 Project Development.

Capital outlays in the General fund will decrease slightly from \$285,600 in 2020 to \$118,600 in 2021. These capital outlays will be primarily for vehicles and equipment purchases. The budget for debt service in 2021 is \$1,105,233 compared to \$1,245,244 in 2020.

**Business-type activities.** In 2019 the Town established 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 rate was increased for fiscal year 2021 to provide more funding for stormwater capital projects and other management program requirements. In 2020, staff developed a 10-year financing plan and model, which the Council adopted, and provides for rate increases effective July 1, 2020.

### ***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, 2020**

**Exhibit 1**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 18,346,535	\$ 781,995	\$ 19,128,530	\$ 141,217
Receivables:				
Taxes receivable, net	189,838	-	189,838	-
Accrued interest receivable, property taxes	57,181	-	57,181	-
Accounts receivable, net	83,301	17,569	100,870	-
Due from primary government	-	-	-	7,146
Due from other governments	2,380,287	-	2,380,287	-
Inventories	6,817	-	6,817	-
Prepays	67,536	-	67,536	-
Restricted cash	480,595	-	480,595	-
Total current assets	21,612,090	799,564	22,411,654	148,363
Non-current assets:				
Notes receivable, net	272,983	-	272,983	-
Capital assets				
Land, non-depreciable improvements, and construction in progress	16,248,522	101,521	16,350,043	-
Other capital assets, net of accumulated depreciation	22,282,183	248,411	22,530,594	-
Total noncurrent assets	38,803,688	349,932	39,153,620	-
Total assets	60,415,778	1,149,496	61,565,274	148,363
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	2,354,225	25,333	2,379,558	-
OPEB deferrals	323,254	-	323,254	-
Total deferred outflows	2,677,479	25,333	2,702,812	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,474,035	19,045	1,493,080	12,200
Payable from restricted assets, customer deposits and performance bonds	41,785	-	41,785	-
Revenues received in advance	381,791	-	381,791	-
Accrued interest payable	41,938	-	41,938	-
Due to component unit	7,146	-	7,146	-
Current portion of total pension liability - LEO	128,821	-	128,821	-
Current portion of total OPEB liability	323,254	-	323,254	-
Current portion of long-term liabilities	1,099,014	9,872	1,108,886	-
Total current liabilities	3,497,784	28,917	3,526,701	12,200
Long-term liabilities:				
Net pension liability - LGERS	3,375,107	40,184	3,415,291	-
Total pension liability - LEO, net of current	1,370,106	-	1,370,106	-
Total OPEB liability, net of current	15,742,225	157,505	15,899,730	-
Due in more than one year	3,779,925	1,896	3,781,821	-
Total noncurrent liabilities	24,267,363	199,585	24,466,948	-
Total liabilities	27,765,147	228,502	27,993,649	12,200
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	144,583	1,214	145,797	-
OPEB deferrals	5,968,359	58,513	6,026,872	-
Total deferred inflows	6,112,942	59,727	6,172,669	-
<b>NET POSITION</b>				
Net investment in capital assets	34,478,765	349,932	34,828,697	-
Restricted for:				
Stabilization by State Statute	2,911,114	-	2,911,114	7,146
Streets	438,810	-	438,810	-
Unrestricted	(8,613,521)	536,668	(8,076,853)	129,017
Total net position	\$ 29,215,168	\$ 886,600	\$ 30,101,768	\$ 136,163

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, 2020**

**Exhibit 2**  
**(2 pages)**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
Primary government:								
Governmental activities:								
General government	\$ 5,288,695	\$ 629,447	\$ 243,827	\$ -	\$ (4,415,421)	\$ -	\$ (4,415,421)	\$ -
Public safety	8,283,668	753,901	58,880	278,366	(7,192,521)	-	(7,192,521)	-
Planning	1,520,044	74,241	-	-	(1,445,803)	-	(1,445,803)	-
Transportation	1,835,146	-	475,126	125,857	(1,234,163)	-	(1,234,163)	-
Public works	5,298,021	57,154	33,047	208,808	(4,999,012)	-	(4,999,012)	-
Parks and recreation	1,943,269	122,873	35,898	-	(1,784,498)	-	(1,784,498)	-
Economic and physical development	727,748	-	312,289	85,000	(330,459)	-	(330,459)	-
Interest on long-term debt	98,950	-	-	-	(98,950)	-	(98,950)	-
Total governmental activities	24,995,541	1,637,616	1,159,067	698,031	(21,500,827)	-	(21,500,827)	-
Business-type activities:								
Stormwater	444,871	812,545	-	-	-	367,674	367,674	-
Total business-type activities	444,871	812,545	-	-	-	367,674	367,674	-
Total primary government	\$ 25,440,412	\$ 2,450,161	\$ 1,159,067	\$ 698,031	-	367,674	(21,133,153)	-
Component unit:								
Tourism Development Authority	\$ 350,879	\$ -	\$ -	\$ -	-	-	-	(350,879)
Total component unit	\$ 350,879	\$ -	\$ -	\$ -	-	-	-	(350,879)

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, 2020**

**Exhibit 2**  
**(2 pages)**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
General revenues:								
Taxes:								
	Property taxes, levied for general purposes				13,480,652	-	13,480,652	-
	Local option sales taxes				4,772,318	-	4,772,318	-
	Other taxes				1,535,867	-	1,535,867	-
	Unrestricted intergovernmental revenues				1,408,981	-	1,408,981	-
	Unrestricted investment earnings				182,257	4,019	186,276	-
	Gain on disposal				28,343	-	28,343	-
	Miscellaneous				69,000	240	69,240	-
	Payments from Town of Carrboro				-	-	-	144,198
	Total general revenues				21,477,418	4,259	21,481,677	144,198
	Change in net position				(23,409)	371,933	348,524	(206,681)
	Net position, beginning, as previously reported				30,156,661	514,667	30,671,328	342,844
	Prior period adjustment (Note 7)				(918,084)	-	(918,084)	-
	Net position, beginning, as restated				29,238,577	514,667	29,753,244	342,844
	Net position, ending				\$ 29,215,168	\$ 886,600	\$ 30,101,768	\$ 136,163

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

**Town of Carrboro, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

**Exhibit 3**  
**(3 pages)**

	Major Funds				
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,455,662	\$ 281,938	\$ -	\$ 2,111,348	\$ -
Taxes receivable, net	189,838	-	-	-	-
Accounts receivable, net	26,634	-	-	56,667	-
Due from other governments	1,859,593	-	232,198	6,430	282,066
Due from other funds	206,625	-	-	-	-
Notes receivable, net	-	-	-	-	-
Inventories	6,817	-	-	-	-
Prepays	67,536	-	-	-	-
Restricted cash	480,595	-	-	-	-
Total assets	<u>\$ 17,293,300</u>	<u>\$ 281,938</u>	<u>\$ 232,198</u>	<u>\$ 2,174,445</u>	<u>\$ 282,066</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,040,325	\$ -	\$ 30,470	\$ 339,205	\$ -
Payable from restricted assets, customer deposits and performance bonds	41,785	-	-	-	-
Revenues received in advance	102,597	-	-	-	57,575
Due to other funds	-	-	3,725	-	202,900
Due to component unit	7,146	-	-	-	-
Total liabilities	<u>1,191,853</u>	<u>-</u>	<u>34,195</u>	<u>339,205</u>	<u>260,475</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>189,838</u>	<u>-</u>	<u>142,752</u>	<u>56,667</u>	<u>277,666</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	6,817	-	-	-	-
Prepays	67,536	-	-	-	-
Restricted:					
Stabilization by state statute	2,128,172	-	211,009	567,533	4,400
Powell Bill (streets)	438,810	-	-	-	-
Committed:					
Economic development	-	281,938	-	-	-
Capital projects	-	-	-	1,211,040	-
Affordable housing	-	-	-	-	-
Energy efficiency	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	2,239,574	-	-	-	-
Capital projects	1,000,000	-	-	-	-
Unassigned	10,030,700	-	(155,758)	-	(260,475)
Total fund balances	<u>15,911,609</u>	<u>281,938</u>	<u>55,251</u>	<u>1,778,573</u>	<u>(256,075)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,293,300</u>	<u>\$ 281,938</u>	<u>\$ 232,198</u>	<u>\$ 2,174,445</u>	<u>\$ 282,066</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, 2020**

	<b>Major Fund</b>			<b>Total Governmental Funds</b>
	<b>Small Business &amp; NP Loan/Grant COVID 19 Emergency Fund</b>	<b>Facilities Rehabilitation Fund</b>	<b>Nonmajor Funds</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 183,865	\$ 831,271	\$ 482,451	\$ 18,346,535
Taxes receivable, net	-	-	-	189,838
Accounts receivable, net	-	-	-	83,301
Due from other governments	-	-	-	2,380,287
Due from other funds	-	-	-	206,625
Notes receivable, net	244,008	-	28,975	272,983
Inventories	-	-	-	6,817
Prepays	-	-	-	67,536
Restricted cash	-	-	-	480,595
<b>Total assets</b>	<b>\$ 427,873</b>	<b>\$ 831,271</b>	<b>\$ 511,426</b>	<b>\$ 22,034,517</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 5,930	\$ 58,105	\$ 1,474,035
Payable from restricted assets, customer deposits and performance bonds	-	-	-	41,785
Revenues received in advance	13,610	-	61,895	235,677
Due to other funds	-	-	-	206,625
Due to component unit	-	-	-	7,146
<b>Total liabilities</b>	<b>13,610</b>	<b>5,930</b>	<b>120,000</b>	<b>1,965,268</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>244,008</b>	<b>-</b>	<b>28,975</b>	<b>939,906</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	-	-	-	6,817
Prepays	-	-	-	67,536
Restricted:				
Stabilization by state statute	-	-	-	2,911,114
Powell Bill (streets)	-	-	-	438,810
Committed:				
Economic development	170,255	-	-	452,193
Capital projects	-	825,341	-	2,036,381
Affordable housing	-	-	242,481	242,481
Energy efficiency	-	-	119,970	119,970
Assigned:				
Subsequent year's expenditures	-	-	-	2,239,574
Capital projects	-	-	-	1,000,000
Unassigned	-	-	-	9,614,467
<b>Total fund balances</b>	<b>170,255</b>	<b>825,341</b>	<b>362,451</b>	<b>19,129,343</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 427,873</b>	<b>\$ 831,271</b>	<b>\$ 511,426</b>	<b>\$ 22,034,517</b>

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, 2020**

**Exhibit 3**  
**(3 pages)**

	<b>Total Governmental Funds</b>
<b>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</b>	
Total fund balances - governmental funds	\$ 19,129,343
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	38,530,705
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.	57,181
Deferred outflows of resources related to pensions are not reported in the fund statements.	2,354,225
Deferred outflows of resources related to OPEB are not reported in the fund statements.	323,254
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	939,906
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(5,025,053)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(144,583)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(5,968,359)
Net pension liability - LGERS	(3,375,107)
Total pension liability - LEO	(1,498,927)
Total OPEB liability	(16,065,479)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	(41,938)
Net position of governmental activities	<u>\$ 29,215,168</u>

**Town of Carrboro, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

**Exhibit 4**  
**(4 pages)**

	Major Funds				
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Grants Administration
Revenues:					
Ad valorem taxes	\$ 13,275,170	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	4,772,318	-	-	-	-
Other taxes and licenses	1,535,867	-	-	-	-
Unrestricted					
intergovernmental	1,408,981	-	-	-	-
Restricted intergovernmental	796,781	-	171,719	6,430	24,456
Permits and fees	1,292,786	-	-	-	-
Sales and services	171,937	-	-	-	-
Investment earnings	146,169	4,796	6,772	16,243	-
Other	292,798	3,794	-	28,333	-
Total revenues	<u>23,692,807</u>	<u>8,590</u>	<u>178,491</u>	<u>51,006</u>	<u>24,456</u>
Expenditures:					
General government	5,433,773	-	-	20,847	-
Public safety	7,083,070	-	-	-	-
Planning	1,423,554	-	-	-	-
Transportation	1,835,146	-	-	-	-
Public works	3,865,650	-	-	-	-
Economic and					
physical development	-	-	-	-	279,714
Parks and recreation	1,628,112	-	-	-	-
Capital outlay	190,784	-	282,461	2,501,509	-
Debt service:					
Principal	692,206	-	-	-	-
Interest and other					
charges	109,942	-	-	-	-
Total expenditures	<u>22,262,237</u>	<u>-</u>	<u>282,461</u>	<u>2,522,356</u>	<u>279,714</u>
Excess of revenues over (under) expenditures	<u>1,430,570</u>	<u>8,590</u>	<u>(103,970)</u>	<u>(2,471,350)</u>	<u>(255,258)</u>
Other financing sources (uses):					
Transfers from other funds	92,432	-	-	2,296,062	-
Transfers to other funds	(3,348,062)	(300,000)	-	(92,432)	-
Sale of capital assets	32,418	-	-	-	-
Total other financing sources (uses)	<u>(3,223,212)</u>	<u>(300,000)</u>	<u>-</u>	<u>2,203,630</u>	<u>-</u>
Net change in fund balances	<u>(1,792,642)</u>	<u>(291,410)</u>	<u>(103,970)</u>	<u>(267,720)</u>	<u>(255,258)</u>
Fund balances, beginning of year, as previously reported	17,704,251	573,348	159,221	2,824,693	(817)
Prior period adjustment (Note 7)	-	-	-	(778,400)	-
Fund balances, beginning of year, as restated	<u>17,704,251</u>	<u>573,348</u>	<u>159,221</u>	<u>2,046,293</u>	<u>(817)</u>
Fund balances, end of year	<u>\$ 15,911,609</u>	<u>\$ 281,938</u>	<u>\$ 55,251</u>	<u>\$ 1,778,573</u>	<u>\$ (256,075)</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, 2020**

**Exhibit 4**  
**(4 pages)**

	Major Fund			
	Small Business & NP Loan/Grant COVID 19 Emergency Fund	Facilities Rehabilitation Fund	Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 223,956	\$ 13,499,126
Local option sales taxes	-	-	-	4,772,318
Other taxes and licenses	-	-	-	1,535,867
Unrestricted				
intergovernmental	-	-	-	1,408,981
Restricted intergovernmental	33,890	-	58,105	1,091,381
Permits and fees	-	-	-	1,292,786
Sales and services	-	-	-	171,937
Investment earnings	265	3,692	4,320	182,257
Other	175,000	-	9,285	509,210
Total revenues	209,155	3,692	295,666	24,463,863
Expenditures:				
General government	-	20,053	-	5,474,673
Public safety	-	10,314	-	7,093,384
Planning	-	-	-	1,423,554
Transportation	-	-	-	1,835,146
Public works	-	6,900	-	3,872,550
Economic and				
physical development	338,900	-	339,024	957,638
Parks and recreation	-	30,056	-	1,658,168
Capital outlay	-	111,028	-	3,085,782
Debt service:				
Principal	-	-	-	692,206
Interest and other				
charges	-	-	-	109,942
Total expenditures	338,900	178,351	339,024	26,203,043
Excess of revenues over (under) expenditures	(129,745)	(174,659)	(43,358)	(1,739,180)
Other financing sources (uses):				
Transfers from other funds	300,000	1,000,000	52,000	3,740,494
Transfers to other funds	-	-	-	(3,740,494)
Sale of capital assets	-	-	-	32,418
Total other financing sources (uses)	300,000	1,000,000	52,000	32,418
Net change in fund balances	170,255	825,341	8,642	(1,706,762)
Fund balances, beginning of year, as previously reported	-	-	353,809	21,614,505
Prior period adjustment (Note 7)	-	-	-	(778,400)
Fund balances, beginning of year, as restated	-	-	353,809	20,836,105
Fund balances, end of year	\$ 170,255	\$ 825,341	\$ 362,451	\$ 19,129,343

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, 2020**

**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	\$	(1,706,762)
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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	\$ 3,085,782	
Depreciation expense for governmental assets	<u>(1,902,061)</u>	1,183,721

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	(32,418)	
Gain on sale of fixed assets recognized under full accrual basis	<u>28,343</u>	(4,075)

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

822,790

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

154,120

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

323,254

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	10,874	
Change in deferred revenues, property taxes	(29,348)	
Change in deferred revenues	334,687	
Change in total OPEB liability due to implicit rate subsidy	<u>69,000</u>	385,213

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	692,206	
Change in accrued interest payable	<u>6,125</u>	698,331

**Town of Carrboro, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

**Exhibit 4**  
**(4 pages)**

The receipt of contributions towards deposits on joint construction project provides current financial resources to the funds. This transaction does not have an effect on net position. This amount is the net effect of these differences in the treatment of such contributions received.

Receipt of joint capital project deposit from Orange County	(6,430)
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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	(1,597,181)	
OPEB expense	(260,227)	
Change in compensated absences	<u>(21,030)</u>	<u>\$ (1,873,571)</u>

<b>Total changes in net position of governmental activities</b>		<u><u>\$ (23,409)</u></u>
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**Town of Carrboro, North Carolina**  
**General Fund Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2020**

**Exhibit 5**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 12,978,367	\$ 12,978,367	\$ 13,275,170	\$ 296,803
Local option sales taxes	4,649,090	4,649,090	4,772,318	123,228
Other taxes and licenses	1,610,441	1,610,441	1,535,867	(74,574)
Unrestricted intergovernmental	1,400,700	1,400,700	1,408,981	8,281
Restricted intergovernmental	645,198	663,824	796,781	132,957
Permits and fees	1,227,219	1,237,219	1,292,786	55,567
Sales and services	273,050	273,050	171,937	(101,113)
Investment earnings	150,000	152,053	146,169	(5,884)
Other revenues	142,190	165,990	292,798	126,808
Total revenues	<u>23,076,255</u>	<u>23,130,734</u>	<u>23,692,807</u>	<u>562,073</u>
<b>Expenditures</b>				
Current:				
General government	5,636,906	5,986,254	5,581,966	404,288
Public safety	7,019,545	7,169,001	7,094,883	74,118
Planning	1,649,897	1,779,590	1,423,554	356,036
Transportation	2,002,600	2,002,600	1,835,146	167,454
Public works	3,971,369	4,066,182	3,896,428	169,754
Parks and recreation	1,735,881	1,791,192	1,628,112	163,080
General services	858,366	576,820	-	576,820
Debt service	1,245,244	1,245,244	802,148	443,096
Total expenditures	<u>24,119,808</u>	<u>24,616,883</u>	<u>22,262,237</u>	<u>2,354,646</u>
Excess of revenues over (under) expenditures	<u>(1,043,553)</u>	<u>(1,486,149)</u>	<u>1,430,570</u>	<u>2,916,719</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	97,869	92,432	(5,437)
Transfers to other funds	(457,200)	(3,348,062)	(3,348,062)	-
Sale of capital assets	-	-	32,418	32,418
Total other financing sources (uses)	<u>(457,200)</u>	<u>(3,250,193)</u>	<u>(3,223,212)</u>	<u>26,981</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,500,753)</u>	<u>(4,736,342)</u>	<u>(1,792,642)</u>	<u>2,943,700</u>
Fund balance appropriated	<u>1,500,753</u>	<u>4,736,342</u>	<u>-</u>	<u>(4,736,342)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,792,642)</u>	<u>\$ (1,792,642)</u>
Fund balance, beginning of year			<u>17,704,251</u>	
Fund balance, end of year			<u>\$ 15,911,609</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, 2020**

**Exhibit 6**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 781,995
Accounts receivable	17,569
	<hr/>
Total current assets	799,564
	<hr/>
Noncurrent assets:	
Capital assets:	
Construction in progress	101,521
Other capital assets, net of depreciation	248,411
	<hr/>
Total capital assets	349,932
	<hr/>
Total noncurrent assets	349,932
	<hr/>
Total assets	1,149,496
	<hr/>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension deferrals	25,333
	<hr/>
Total deferred outflows of resources	25,333
	<hr/>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued liabilities	19,045
Current portion of long-term liabilities	9,872
	<hr/>
Total current liabilities	28,917
	<hr/>
Long-term liabilities:	
Net pension liability - LGERS	40,184
Total OPEB liability	157,505
Due in more than one year	1,896
	<hr/>
Total long-term liabilities	199,585
	<hr/>
Total liabilities	228,502
	<hr/>

**DEFERRED INFLOWS OF RESOURCES**

Pension deferrals	1,214
OPEB deferrals	58,513
	<hr/>
Total deferred inflows of resources	59,727
	<hr/>

**NET POSITION**

Net investment in capital assets	349,932
Unrestricted	536,668
	<hr/>
Total net position	\$ 886,600
	<hr/>

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

**Town of Carrboro, North Carolina**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund - Stormwater Utility Enterprise Fund**  
**Year Ended June 30, 2020**

**Exhibit 7**

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<b>Operating revenues</b>	
Charges for services	\$ 812,545
Total operating revenues	812,545
<b>Operating expenses</b>	
Personnel services	288,845
Depreciation	40,432
Other current charges	115,594
Total operating expenses	444,871
Operating income	367,674
<b>Nonoperating revenues (expenses)</b>	
Investment earnings	4,019
Interest and other charges	240
Total nonoperating revenues (expenses)	4,259
Change in net position	371,933
Total net position, beginning	514,667
Total net position, ending	\$ 886,600

**Town of Carrboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund - Stormwater Utility Enterprise Fund**  
**Year Ended June 30, 2020**

**Exhibit 8**

**Cash flows from operating activities:**

Cash received from customers	\$ 821,027
Cash paid for goods and services	(100,005)
Cash paid to or on behalf of employees for services	(192,655)
Net cash provided by operating activities	<u>528,367</u>

**Cash flows from capital and related financing activities:**

Acquisition and construction of capital assets	<u>(101,521)</u>
Net cash used by capital and related financing activities	<u>(101,521)</u>

**Cash flows from investing activities:**

Investment earnings	<u>4,259</u>
Net cash provided by investing activities	<u>4,259</u>
Net increase in cash and cash equivalents	431,105
Cash and cash equivalents, beginning	<u>350,890</u>
Cash and cash equivalents, ending	<u><u>\$ 781,995</u></u>

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

Operating income	\$ 367,674
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	40,432
Change in assets, deferred outflows of resources, and liabilities:	
Decrease in accounts receivable	8,482
Decrease in prepaid expenses	860
Increase in accounts payable and accrued liabilities	14,729
Increase in accrued vacation pay	1,000
Decrease in deferred outflows of resources for pensions	2,266
Decrease in deferred inflows of resources for pensions	(1,079)
Increase in deferred outflows of resources for OPEB	-
Increase in deferred inflows of resources for OPEB	43,105
Increase in net pension liability	5,962
Increase in total OPEB liability	<u>44,936</u>
Net cash provided by operating activities	<u><u>\$ 528,367</u></u>

## 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 Town Council. 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 Council. 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 Town Council. 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. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for 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**

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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.

***Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund.*** The Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund is used to account for loans made to various local businesses as a result of the COVID-19 pandemic. The loans were provided for personnel and other recurring expenses for such businesses during the State/Town declared COVID 19 emergency. The primary revenue sources consists of a transfer from the Revolving Loan Fund, a contribution from the Carrboro Tourism Development Authority, and funding received under the CARES Act.

***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.

***Facilities Rehabilitation Capital Projects Fund.*** The Facilities Rehabilitation Capital Projects Fund accounts for the financial resources to be used for the rehabilitation and improvement of various Town facilities.

***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.



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 first 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 Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund, the Bond Fund, the Capital Projects Fund, the Facilities Rehabilitation Capital Projects Fund, the Grants Administration Fund, the Affordable Housing Fund, and the Energy Efficiency Revolving 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 Town Council and the Council 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 Council-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) money market mutual fund, 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, 2020, the NCCMT Term Portfolio has a duration of 0.15 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

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#### Restricted assets

Credit deposits in the amount of \$41,785 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 \$438,810 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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2019. 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**

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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 2020 fiscal year and OPEB deferrals for the 2020 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

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#### 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 non-spendable. 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 Town Council (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 Council for economic development through the use of loans to various businesses.

*Capital projects* - portion of fund balance committed by the Council for completion of capital projects.

## **Town of Carrboro, North Carolina**

### **Notes to Financial Statements**

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

*Energy efficiency* - portion of fund balance committed by the Council 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 Council 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, 2020, the Town had a deficit in the Grants Administration Fund of \$256,075. The deficit in the Grants Administration Fund is due to timing only, as \$277,666 of respective grant revenues were not considered to be available as of June 30, 2020, 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, 2020, the Town's deposits had a carrying amount of \$4,795,148 and a bank balance of \$4,989,118. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. The carrying amount of deposits for the CTDA was \$141,217 and the bank balance of deposits was \$147,883. All of the bank balance was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$150.

##### Investments

At June 30, 2020, the Town had \$14,813,827 invested with the North Carolina Capital Management Trust Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

##### Receivables

#### **(a) Due from other governments**

Amounts due from other governments consist of the following:

	<u>Other</u>	<u>County</u>	<u>State</u>	<u>Total</u>
General fund:				
Local option sales tax	\$ -	\$ -	\$ 1,282,990	\$ 1,282,990
Sales tax refunds	-	64,873	112,807	177,680
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	269,217	269,217
Solid waste disposal tax	-	-	3,743	3,743
NCVTS tag and tax proceeds	-	-	112,188	112,188
Other	<u>12,206</u>	<u>1,569</u>	<u>-</u>	<u>13,775</u>
	12,206	66,442	1,780,945	1,859,593
Grant Administration fund:				
Grant reimbursements	-	-	282,066	282,066
Bond fund:				
Grant reimbursements	-	-	232,198	232,198

**Town of Carrboro, North Carolina**  
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Capital Projects fund:				
Balance due under inter-local agreement	<u>-</u>	<u>6,430</u>	<u>-</u>	<u>6,430</u>
Total	<u>\$ 12,206</u>	<u>\$ 72,872</u>	<u>\$ 2,295,209</u>	<u>\$ 2,380,287</u>

**(b) Notes receivable**

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2020, the Revolving Loan Fund notes receivable balance was fully reserved.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2020:

	<u>Interest Rate</u>	<u>Balance</u>
Bryan's Guitar	3.00	\$ 50,613
Carrboro Creative Co-working	2.00	<u>15,161</u>
		65,774
Less allowance		<u>(65,774)</u>
Total		<u>\$ -</u>

The Emergency Loan and Grant Fund was established for the purpose of making loans to numerous local businesses impacted by the COVID-19 pandemic. Ten percent of the amounts advanced to these businesses were considered grants, while the remaining 90% is to be repaid over a 7-year term, beginning on the first day of the month following a six-month grace period beginning on the dates of the individual loan agreements. The loans bear no interest.

The following is a summary of notes receivable of the Emergency Grant and Loan Fund at June 30, 2020:

	<u>Balance</u>
Ali Cat Toys	\$ 4,500
Armadillo Grill	22,500
Be Pure	12,960
Carrboro Coffee Company	22,500
Ceremony Salon	13,500
Creative Electric of NC	19,440
Dispute Settlement Center	22,500
F&F Car Care	22,500
Firefly Carrboro	5,400
Grow Your World	12,960
Lazarus Repair & Maintenance	12,960
OE Enterprises, Inc.	22,500
Open Eye Café	22,500
Pilot Mission, LLC	19,440
Twin House Music, LLC	13,950
Van Hook Enterprises, Inc.	12,960
Wax Poetic	22,500
Weaver Street Realty & Auction	<u>19,440</u>
	305,010
Less allowance	<u>(61,002)</u>
Total	<u>\$ 244,008</u>



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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, 2020, the Energy Efficiency Revolving Loan Fund notes receivable balance was \$27,143.

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, 2020, the Affordable Housing Fund notes receivable balance was \$1,832, net of allowances of \$368,394 for two notes receivable from separate nonprofit housing entities, which are forgivable in equal amounts over a 30-year period, as long as the entities remain in compliance with the requirements of the loan agreements.

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>82,641</u>

Capital assets

Capital asset activity for the year ended June 30, 2020 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>4,944,914</u>	<u>2,328,376</u>	<u>(5,772,724)</u>	<u>1,500,566</u>
Total capital assets not being depreciated	<u>19,692,870</u>	<u>2,328,376</u>	<u>(5,772,724)</u>	<u>16,248,522</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 10,111,803	\$ 2,852,810	\$ -	\$ 12,964,613
Land improvements	1,127,024	-	-	1,127,024
Infrastructure	12,662,734	2,782,497	-	15,445,231
Equipment and heavy equipment	6,572,905	439,229	(110,900)	6,901,234
Vehicles	<u>6,747,451</u>	<u>455,594</u>	<u>(665,754)</u>	<u>6,537,291</u>
Total capital assets being depreciated	<u>37,221,917</u>	<u>6,530,130</u>	<u>(776,654)</u>	<u>42,975,393</u>
Less accumulated depreciation for:				
Buildings and improvements	4,662,241	335,620	-	4,997,861
Land improvements	369,760	38,082	-	407,842
Infrastructure	4,200,969	451,414	-	4,652,383
Equipment and heavy equipment	4,917,900	564,625	(106,825)	5,375,700
Vehicles	<u>5,412,858</u>	<u>512,320</u>	<u>(665,754)</u>	<u>5,259,424</u>
Total accumulated depreciation	<u>19,563,728</u>	<u>\$ 1,902,061</u>	<u>\$ (772,579)</u>	<u>20,693,210</u>
Total capital assets being depreciated, net	<u>17,658,189</u>			<u>22,282,183</u>
Governmental activity capital assets, net	<u>\$ 37,351,059</u>			<u>\$ 38,530,705</u>

**Town of Carrboro, North Carolina**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 35,803
Public safety	767,668
Planning	14,270
Public works	879,250
Parks and recreation	<u>205,070</u>
Total depreciation expense	<u>\$ 1,902,061</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	<u>\$ 114,998</u>	<u>\$ 101,521</u>	<u>\$ (114,998)</u>	<u>\$ 101,521</u>
Total capital assets not being depreciated	<u>114,998</u>	<u>101,521</u>	<u>(114,998)</u>	<u>101,521</u>
Capital assets being depreciated:				
Buildings and improvements	-	114,998	-	114,998
Equipment and heavy equipment	<u>182,995</u>	<u>-</u>	<u>-</u>	<u>182,995</u>
Total capital assets being depreciated	<u>182,995</u>	<u>114,998</u>	<u>-</u>	<u>297,993</u>
Less accumulated depreciation for:				
Buildings and improvements	-	3,833	-	3,833
Equipment and heavy equipment	<u>9,150</u>	<u>36,599</u>	<u>-</u>	<u>45,749</u>
Total accumulated depreciation	<u>9,150</u>	<u>\$ 40,432</u>	<u>\$ -</u>	<u>49,582</u>
Total capital assets being depreciated, net	<u>173,845</u>			<u>248,411</u>
Business-type capital assets, net	<u>\$ 288,843</u>			<u>\$ 349,932</u>

**Construction commitments**

The Town has active capital projects as of June 30, 2020. 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>
Bond Fund		
Morgan Creek Greenway	\$ 282,002	\$ 4,608
Bolin Creek Greenway	1,146,425	116,955
Rogers Road Sidewalk	130,440	144
Jones Creek Greenway	117,313	65,774
S. Greensboro Street Sidewalk	<u>24,841</u>	<u>389,557</u>
	<u>1,701,021</u>	<u>577,038</u>
Capital Projects Fund		
S. Greensboro Street	\$ 432,745	\$ 2,417,533
Martin Luther King Jr. Park	268,156	72,994
Town comprehensive plan	9,344	171,107
Self-contained breathing apparatus	224,670	44,289

**Town of Carrboro, North Carolina**  
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Unpaved road upgrades	29,977	5,023
2020 Street resurfacing	118,117	722,823
2020 Vehicles	570	516,814
	<u>1,083,579</u>	<u>3,950,583</u>
Facilities Rehabilitation Capital Projects Fund		
Architectural services	\$ -	\$ 124,910
Stormwater Enterprise Fund		
Broad Street Culvert	\$ 41,380	\$ 5,805
Stream restoration	-	149,360
	<u>41,380</u>	<u>155,165</u>
Total	<u>\$ 2,825,980</u>	<u>\$ 4,807,696</u>

**B. Liabilities**

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 713,044	\$ 327,281	\$ 1,040,325
Other governmental	433,710	-	433,710
Total governmental activities	<u>\$ 1,146,754</u>	<u>\$ 327,281</u>	<u>\$ 1,474,035</u>
Business-type activities:			
Storm Water	\$ 13,080	\$ 5,965	\$ 19,045
Total business-type activities	<u>\$ 13,080</u>	<u>\$ 5,965</u>	<u>\$ 19,045</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](http://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

## Town of Carrboro, North Carolina

### Notes to Financial Statements

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service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Carrboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.01% 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 \$832,586 for the year ended June 30, 2020.

*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, 2020, the Town reported a liability of \$3,415,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. 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, 2019 (measurement date), the Town's proportion was 0.125%, which was a decrease of 0.010% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,485,315. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 584,784	\$ -
Changes of assumptions	556,636	-
Net difference between projected and actual earnings on pension plan investments	83,304	-

**Town of Carrboro, North Carolina**  
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Changes in proportion and differences between Town contributions and proportionate share of contributions	95,766	103,219
Town contributions subsequent to the measurement date	<u>832,586</u>	<u>-</u>
Total	<u>\$ 2,153,076</u>	<u>\$ 103,219</u>

\$832,586 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, 2021. 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>	
2021	\$ 582,959
2022	183,044
2023	332,700
2024	118,568
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 1,217,271</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2018 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, 2018 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, 2019 are summarized in the following table:

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	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 2018 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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	<u>\$ 7,811,395</u>	<u>\$ 3,415,291</u>	<u>\$ (238,762)</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

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All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u><u>44</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, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 percent

The discount rate is based on the weekly average of the S&P Municipal Bond 20 Year High Grade Rate Index determined as of December 31, 2018.

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, 2018), the Municipal Bond Index Rate, on which the discount rate is based, was 3.64%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 3.26% as of the Measurement Date (December 31, 2019). This resulted in a \$39,325 increase in the Total Pension Liability.

(v) *Contributions:*

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$154,120 as benefits came due for the reporting period.

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

**Town of Carrboro, North Carolina**  
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At June 30, 2020, the Town reported a total pension liability of \$1,498,927. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$128,811.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,689	\$ 6,577
Changes of assumptions	64,559	36,001
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>77,234</u>	<u>-</u>
Total	<u>\$ 226,482</u>	<u>\$ 42,578</u>

\$77,234 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 ending June 30, 2021. 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>	
2021	\$ 28,095
2022	30,724
2023	24,448
2024	23,403
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 106,670</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 3.26 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 (2.26 percent) or 1 percentage point higher (4.26 percent) than the current rate:

	<u>1% Decrease (2.26%)</u>	<u>Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Total pension liability	<u>\$ 1,608,236</u>	<u>\$ 1,498,927</u>	<u>\$ 1,397,963</u>

**Changes in the Total Pension Liability**

	<u>2020</u>
Beginning balance	\$ 1,428,599
Service cost	51,566
Interest on the total pension liability	49,150
Changes of benefit terms	-
Differences between expected and actual experience	



**Town of Carrboro, North Carolina**  
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in the measurement of the total pension liability	86,934
Changes of assumptions or other inputs	39,325
Benefit payments	(156,647)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,498,927</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	\$ 1,485,315	\$ 128,811	\$ 1,614,126
Pension liability	3,415,291	1,498,927	4,914,218
Proportionate share of net pension liability	0.125%	n/a	
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	584,784	84,689	669,473
Changes of assumptions	556,636	64,559	621,195
Net difference between projected and actual earnings on plan investments	83,304	-	83,304
Changes in proportion and differences between contributions and proportionate share of contributions	95,766	-	95,766
Benefit payments and administrative costs paid subsequent to the measurement date	832,586	77,234	909,820
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	-	6,577	6,577
Changes of assumptions	-	36,001	36,001
Changes in proportion and differences between contributions and proportionate share of contributions	103,219	-	103,219

**(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 employees of the Town. For law enforcement officers, the Town contributes 5% of the employee's salary and for all other employees the contribution is 3%. 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 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.

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*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, 2020 were \$678,639, which consisted of \$313,893 from the Town and \$364,746 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 Council 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, 2019, the stipend was \$525.22 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 Town Council may amend the benefit provisions. A separate report was not issued for the plan.

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

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	46
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>155</u>
Total	<u>201</u>

**Total OPEB liability**

The Town's total OPEB liability of \$16,222,984 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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Inflation	2.50 percent, including real wage growth
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% decreasing to an ultimate rate of 4.50% by 2026 Medicare - 5.00% decreasing to an ultimate rate of 4.50% by 2021

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

**Changes in the total OPEB liability**

	<u>2020</u>
Beginning balance	\$ 19,586,967
Service cost	627,875
Interest on the total pension liability	755,138
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(4,335,353)
Changes of assumptions or other inputs	(58,898)
Benefit payments	<u>(352,745)</u>
Ending balance of the total OPEB liability	<u>\$ 16,222,984</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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, 2019 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	<u>\$ 19,134,520</u>	<u>\$ 16,222,984</u>	<u>\$ 13,930,474</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>
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**Town of Carrboro, North Carolina**  
**Notes to Financial Statements**

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Total OPEB liability \$ 13,697,265    \$ 16,222,984    \$ 19,489,717  
**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$348,268. At June 30, 2020, 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	\$ -	\$ 3,769,152
Changes of assumptions	-	2,257,720
Benefit payments and administrative costs made subsequent to the measurement date	<u>323,254</u>	<u>-</u>
Total	<u>\$ 323,254</u>	<u>\$ 6,026,872</u>

\$323,254 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 ending June 30, 2021. 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>	
2021	\$ (1,048,344)
2022	(1,048,344)
2023	(1,048,344)
2024	(1,048,344)
2025	(910,947)
Thereafter	<u>(922,549)</u>
Total	<u>\$ (6,026,872)</u>

Other employment benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership 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. If the member is a firefighter, rescue squad worker or local law enforcement officer killed in the line of duty, their beneficiary may also be entitled to a \$100,000 line-of-duty death benefit. This lump sum benefit is administered jointly by the North Carolina Industrial Commission and the Department of the State Treasurer. 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 post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

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The Town provides additional group term life insurance through The Hartford Financial Services Group, Inc. The death benefit provided by the Town is \$25,000. Employees may purchase additional supplemental insurance. The supplemental amounts are available in increments of \$25,000, up to an additional voluntary coverage of \$100,000. 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:

	<b>Deferred Outflows</b>
Contributions to pension plan in current fiscal year	\$ 832,586
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	77,234
Benefit payments made for OPEB subsequent to measurement date	323,254
Differences between actual and expected experience	669,473
Changes of assumptions	621,195
Net difference between projected and actual earnings on pension plan investments	83,304
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>95,766</u>
Total	<u>\$ 2,702,812</u>

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

	<b>Statement of Net Position</b>	<b>Governmental Funds Balance Sheet</b>
Taxes receivable, less penalties	\$ -	\$ 189,838
Notes receivable, net	-	272,983
Unavailable contribution revenues	-	477,085
Changes in assumptions	2,293,721	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	103,219	-
Differences between expected and actual experience	<u>3,775,729</u>	<u>-</u>
Total	<u>\$ 6,172,669</u>	<u>\$ 939,906</u>

Risk management

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

**Town of Carrboro, North Carolina**  
**Notes to Financial Statements**

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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, 2020, 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.

\$ 2,850,000

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 250,000	\$ 67,500
2022	250,000	62,500
2023	250,000	57,500
2024	250,000	52,500
2025	250,000	46,875
2026 - 2030	1,250,000	149,250
2031 - 2032	<u>350,000</u>	<u>14,500</u>
	<u>\$ 2,850,000</u>	<u>\$ 450,625</u>

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**(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, 2020, are as follows:

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.	\$ 73,685
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>97,291</u>
Total	<u>\$ 170,976</u>

Annual debt service payments of the direct borrowing installment purchases for equipment as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 121,647	\$ 4,085
2022	<u>49,329</u>	<u>1,406</u>
Total	<u>\$ 170,976</u>	<u>\$ 5,491</u>

**(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, 2020, 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.	<u>\$ 975,000</u>
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Annual debt service payments of the direct borrowing installment purchase for improvements as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 216,667	\$ 37,478
2022	216,667	28,660
2023	216,667	19,841
2024	216,667	11,023

**Town of Carrboro, North Carolina**  
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2025	108,332	2,204
Total	<u>\$ 975,000</u>	<u>\$ 99,206</u>

**(d) Changes in long-term debt obligations**

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation - bonds	\$ 3,100,000	\$ -	\$ (250,000)	\$ 2,850,000	\$ 250,000
Premium on bond	60,831	-	(4,867)	55,964	4,866
Direct borrowing installment purchases - improvements	1,191,667	-	(216,667)	975,000	216,667
Direct borrowing installment purchases - equipment	396,515	-	(225,539)	170,976	121,647
Compensated absences	805,969	526,864	(505,834)	826,999	505,834
Total OPEB liability	19,474,398	-	(3,408,919)	16,065,479	323,254
Net pension liability (LGERS)	2,701,088	674,019	-	3,375,107	-
Total pension liability (LEO)	<u>1,428,599</u>	<u>70,328</u>	<u>-</u>	<u>1,498,927</u>	<u>128,821</u>
Total governmental activities	<u>29,159,067</u>	<u>1,271,211</u>	<u>(4,611,826)</u>	<u>25,818,452</u>	<u>1,551,089</u>
Business-type activities:					
Compensated absences	10,768	10,872	(9,872)	11,768	9,872
Total OPEB liability	112,569	44,936	-	157,505	-
Net pension liability (LGERS)	<u>34,222</u>	<u>5,962</u>	<u>-</u>	<u>40,184</u>	<u>-</u>
Total business-type activities	<u>157,559</u>	<u>61,770</u>	<u>(9,872)</u>	<u>209,457</u>	<u>9,872</u>
Total long-term obligations	<u>\$ 29,316,626</u>	<u>\$ 1,332,981</u>	<u>\$ (4,621,698)</u>	<u>\$ 26,027,909</u>	<u>\$ 1,560,961</u>

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

The Town's legal debt margin at June 30, 2020 was \$188,834,785.

**C. Interfund balances and activity**

Transfers to/from other funds

Transfers to/from other funds at June 30, 2020 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) \$314,924 to support the self-contained breathing apparatus purchase, (2) \$95,000 to support the S. Greensboro Street conduit project, (3) \$100,000 to support the Town Hall roof replacement project, (4) \$288,000 to support the bus shelter replacement project, (5) \$100,000 to support the Town Hall basement waterproofing project, (6) \$200,000 to support the Town's Comprehensive Plan development, (7) \$230,000 to support the unpaved roads improvement project, and (8) \$912,938 to support the 2020 street resurfacing project.

\$ 2,240,862

From the General Fund to the Affordable Housing Fund for general support for the purposes of the fund.

52,000



**Town of Carrboro, North Carolina**  
**Notes to Financial Statements**

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From the General Fund to the Capital Reserve Fund to support future debt service.	55,200
From the General Fund to the Facilities Rehabilitation Capital Projects Fund in the amounts of (1) \$3,871 to support the Century Center drainage project, (2) \$13,270 to support the Century Center interior improvements various projects, (3) \$33,977 to support the Fire Station #1 concrete driveway project, (4) \$2,109 to support the Fire Station #2 improvements various projects, (5) \$8,205 to support the Fire Station #1 improvements various projects, (6) \$58,606 to support the Fire Station #1 bay roof project, (7) \$4,992 to support the Wilson Park improvements various projects, (8) \$6,273 to support the Anderson Park fountain repair project, (9) \$1,650 to support the playground equipment project, (10) \$18,445 to support the Public Works maintenance bay shelters, (11) \$6,900 to support the Public Works property survey project, (12) \$17,500 to support the Town Hall exterior renovation project, (13) \$2,553 to support the Town Hall interior improvements various projects, (14) \$124,910 to support various architectural improvement projects, and (15) \$696,739 to support upcoming projects.	1,000,000
From the Capital Projects Fund to the General Fund to close out various projects	92,432
From the Revolving Loan Fund to the Small Business & Non-Profit Loan/Grant COVID 19 Emergency Fund to provide loans to local businesses impacted by the COVID-19 pandemic.	300,000
From the Capital Reserve Fund to the Capital Projects Fund to support the 2020 street resurfacing project.	54,143
	<u>\$ 3,794,637</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	\$ 3,725
Grants Administration Fund	<u>202,900</u>
	<u>\$ 206,625</u>

**D. Net investment in capital assets**

Governmental activities:	
Capital assets	\$ 38,530,705
Less: related debt:	
General obligation bonds	2,850,000
Premium on bond issuance	55,964
Direct borrowing installment purchases - improvements	975,000
Direct borrowing installment purchases - equipment	170,976
Add: unexpended debt proceeds	<u>-</u>
Net investment in capital assets	<u>\$ 34,478,765</u>

**Town of Carrboro, North Carolina**  
**Notes to Financial Statements**

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Business-type activities:	
Capital assets	\$ <u>349,932</u>
Net investment in capital assets	\$ <u>349,932</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	\$ 15,911,609
Less:	
Inventories	(6,817)
Prepays	(67,536)
Stabilization by state statute	(2,128,172)
Powell Bill (streets)	(438,810)
Appropriated fund balance in subsequent fiscal year's budget	(2,239,574)
Capital projects	<u>(1,000,000)</u>
Unassigned fund balance	10,030,700
Working capital/fund balance policy	<u>5,639,199</u>
Remaining fund balance	\$ <u>4,391,501</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>35,320</u>
Bond Fund	\$ <u>121,563</u>
Capital Projects Fund	\$ <u>561,103</u>

**4. Summary Disclosure of Significant Contingencies and Uncertainties**

**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 payments of \$2,800 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.

**D. COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus ("COVID-19") to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. The COVID-19 pandemic has impacted and may continue to impact the Town, including employees, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

**5. Related-Party Transactions**

The Town collected occupancy tax proceeds in the amount of \$148,658. Of this amount, 3%, or \$4,460, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$144,198 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 from the Town (primary government) to the CTDA (component unit) and a receivable from the Town to the CTDA for the fourth quarter (April through June) collections in the amount of \$7,146.

**6. Future Expected Annual Cell Tower Revenue**

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

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

The expected annual cell tower revenues for which contracts are in place as of June 30, 2020 are as follows:

2021	\$	82,032
2022		83,458
2023		<u>50,427</u>
	\$	<u>215,917</u>

## **7. Prior Period Adjustment**

During the year ended June 30, 2020, management discovered an error related to revenues and receivables reported in the Capital Projects Fund in the prior year financial statements. For the year ended June 30, 2019, the Town reported restricted intergovernmental revenues of \$918,084 as capital grants received from Orange County, of which \$778,400 was included in Due from other governments on the Statement of Net Position and Governmental Funds Balance Sheet as of June 30, 2019. Management determined that the receivable balance of \$778,400 reported June 30, 2019 was improperly recognized, as the related capital project expenditures had not yet been incurred. In addition, at the government-wide level, the proceeds received from Orange County should have been recorded as a long-term liability in the amount of \$139,684. To correct these errors, the beginning fund balance of the Capital Projects Fund of \$2,824,693, as originally reported, has been decreased to \$2,046,293. In addition, the beginning net position for governmental activities of \$30,156,661, as originally reported, has been decreased to \$29,238,577.

## ***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 Four Fiscal Years**

**Schedule A-1**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	<b>\$ 1,428,599</b>	<b>\$ 1,517,471</b>	<b>\$ 1,496,019</b>	<b>\$ 1,548,384</b>
Service cost	<b>51,566</b>	54,174	50,529	53,184
Interest on the total pension liability	<b>49,150</b>	45,312	54,918	52,965
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	<b>86,934</b>	26,014	(15,424)	-
Changes of assumptions and other inputs	<b>39,325</b>	(47,288)	77,967	(28,949)
Benefit payments	<b>(156,647)</b>	(167,084)	(146,538)	(129,565)
Other changes	-	-	-	-
Ending balance of the total pension liability	<b><u>\$ 1,498,927</u></b>	<b><u>\$ 1,428,599</u></b>	<b><u>\$ 1,517,471</u></b>	<b><u>\$ 1,496,019</u></b>

\* 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 Four Fiscal Years**

**Schedule A-2**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019
Covered payroll	2,033,738	2,017,955	2,143,082	2,134,068
Total pension liability as a percentage of covered payroll	73.70%	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 Three Fiscal Years**

**Schedule B-1**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 627,875	\$ 669,530	\$ 764,631
Interest	755,138	697,815	623,406
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(4,335,353)	(14,947)	(13,116)
Changes of assumptions or other inputs	(58,898)	(1,212,461)	(2,188,095)
Benefit payments	<u>(352,745)</u>	<u>(306,331)</u>	<u>(287,110)</u>
Net change in total OPEB liability	(3,363,983)	(166,394)	(1,100,284)
Total OPEB liability, beginning	<u>19,586,967</u>	<u>19,753,361</u>	<u>20,853,645</u>
Total OPEB liability, ending	<u><u>\$ 16,222,984</u></u>	<u><u>\$ 19,586,967</u></u>	<u><u>\$ 19,753,361</u></u>
Covered-employee payroll	\$ 8,230,323	\$ 6,862,156	\$ 6,862,156
Total OPEB liability as a percentage of covered-employee payroll	197.11%	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>
2020	3.50%
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 Seven Fiscal Years \***

**Schedule C-1**

	<u>2020</u>	<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) (%)	<b>0.1251%</b>	0.1153%	0.1325%	0.1363%	0.1481%	-0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) (\$)	<b>\$ 3,415,291</b>	\$ 2,735,310	\$ 2,023,775	\$ 2,892,957	\$ 664,576	\$ (882,438)	\$ 1,796,023
Carrboro's covered payroll	<b>8,591,744</b>	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 payroll	<b>39.75%</b>	34.46%	24.78%	37.47%	8.62%	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability	<b>90.86%</b>	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 ended June 30.*

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

**Schedule C-2**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 832,586	\$ 682,598	\$ 609,535	\$ 607,662	\$ 526,105	\$ 551,682	\$ 538,976
Contributions in relation to the contractually required contribution	<u>832,586</u>	<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>
Carrboro's covered payroll	\$ 9,182,756	\$ 8,591,744	\$ 7,936,677	\$ 8,167,996	\$ 7,721,032	\$ 7,711,880	\$ 7,606,585
Contributions as a percentage of covered payroll	9.07%	7.94%	7.68%	7.44%	6.81%	7.15%	7.09%

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

## ***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, 2020**

**Schedule 1**  
**(5 pages)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Ad valorem taxes:			
Taxes	\$ 12,950,000	\$ 13,239,557	\$ 289,557
Penalties and interest	28,367	35,613	7,246
Total	<u>12,978,367</u>	<u>13,275,170</u>	<u>296,803</u>
Local option sales taxes:			
Article 39, 1%	1,571,502	1,526,866	(44,636)
Article 40, ½%	1,099,086	1,174,894	75,808
Article 42, ½%	786,110	766,912	(19,198)
Article 44, ½%	28,051	29,695	1,644
City hold harmless	1,164,341	1,273,951	109,610
Total	<u>4,649,090</u>	<u>4,772,318</u>	<u>123,228</u>
Other taxes and licenses:			
Room occupancy tax	183,000	148,658	(34,342)
Motor vehicle license fees, net of refunds and collection fees	1,425,906	1,385,974	(39,932)
Beer and wine licenses	1,535	1,235	(300)
Total	<u>1,610,441</u>	<u>1,535,867</u>	<u>(74,574)</u>
Unrestricted intergovernmental:			
NC DOT reimbursement	6,200	4,777	(1,423)
Utility franchise tax	940,000	999,130	59,130
Piped natural gas tax	43,000	41,235	(1,765)
Video sales programming tax	57,500	63,409	5,909
Telecommunications sales tax	190,000	144,093	(45,907)
Direct-to-home satellite sales tax	62,000	55,241	(6,759)
EMS location	12,000	12,000	-
Beer and wine tax	90,000	89,096	(904)
Total	<u>1,400,700</u>	<u>1,408,981</u>	<u>8,281</u>
Restricted intergovernmental:			
Powell Bill	475,126	475,126	-
Federal grants	41,500	117,546	76,046
Solid waste disposal tax distribution	13,800	15,676	1,876
Planning work grant	25,000	17,371	(7,629)
NC risk management agency grant	-	60,217	60,217
ABC Board grant	19,000	19,000	-
Supplemental PEG channel support	53,500	54,705	1,205
U.S. Department of Justice block grant	-	1,242	1,242
Recreation municipal supplement	35,898	35,898	-
Total	<u>663,824</u>	<u>796,781</u>	<u>132,957</u>

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

**Schedule 1**  
**(5 pages)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Fees and permits:</b>			
Fire district fees	\$ 568,695	\$ 575,344	\$ 6,649
Fire permitting fees	1,200	2,120	920
Building permits	57,000	60,560	3,560
Electrical permits	57,000	56,455	(545)
Mechanical permits	59,000	65,293	6,293
Plumbing permits	30,000	25,954	(4,046)
Refuse collection fees	67,500	56,889	(10,611)
Development review	30,000	73,361	43,361
Engineering fees	15,000	880	(14,120)
Technical review	30,000	51,253	21,253
Tower fees	132,281	133,809	1,528
Parking and animal violations	9,000	9,333	333
School resource officer contract fees	157,743	163,395	5,652
Miscellaneous fees	22,800	18,140	(4,660)
Total	<u>1,237,219</u>	<u>1,292,786</u>	<u>55,567</u>
<b>Sales and services:</b>			
Recreation fees	189,000	122,873	(66,127)
Town Center fees	81,000	46,134	(34,866)
Miscellaneous	3,050	2,930	(120)
Total	<u>273,050</u>	<u>171,937</u>	<u>(101,113)</u>
<b>Investment earnings:</b>			
Interest on investments	<u>152,053</u>	<u>146,169</u>	<u>(5,884)</u>
<b>Other revenues:</b>			
Rental income	3,590	2,380	(1,210)
Donations	106,200	109,905	3,705
Miscellaneous	56,200	180,513	124,313
Total	<u>165,990</u>	<u>292,798</u>	<u>126,808</u>
Total revenues	<u>23,130,734</u>	<u>23,692,807</u>	<u>562,073</u>
<b>Expenditures</b>			
<b>General government:</b>			
Mayor and Town Council:			
Personnel services	113,436	112,388	1,048
Operations	284,825	276,922	7,903
Total	<u>398,261</u>	<u>389,310</u>	<u>8,951</u>

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

**Schedule 1**  
**(5 pages)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Advisory boards:			
Operations	\$ 35,747	\$ 7,983	\$ 27,764
Total	<u>35,747</u>	<u>7,983</u>	<u>27,764</u>
Governance support:			
Operations	713,427	630,768	82,659
Total	<u>713,427</u>	<u>630,768</u>	<u>82,659</u>
Town Manager:			
Personnel services	477,999	477,949	50
Operations	80,571	40,350	40,221
Capital outlay	5,000	-	5,000
Total	<u>563,570</u>	<u>518,299</u>	<u>45,271</u>
Economic and community development:			
Personnel services	173,159	172,279	880
Operations	160,662	95,129	65,533
Total	<u>333,821</u>	<u>267,408</u>	<u>66,413</u>
Town Clerk:			
Personnel services	135,755	135,752	3
Operations	21,070	18,128	2,942
Total	<u>156,825</u>	<u>153,880</u>	<u>2,945</u>
Management services:			
Personnel services	721,284	715,853	5,431
Operations	537,570	470,851	66,719
Total	<u>1,258,854</u>	<u>1,186,704</u>	<u>72,150</u>
Human Resources:			
Personnel services	546,682	535,278	11,404
Operations	112,720	90,228	22,492
Total	<u>659,402</u>	<u>625,506</u>	<u>33,896</u>
Information technology:			
Personnel services	338,502	338,483	19
Operations	1,378,845	1,315,432	63,413
Capital outlay	149,000	148,193	807
Total	<u>1,866,347</u>	<u>1,802,108</u>	<u>64,239</u>
Total general government	<u>5,986,254</u>	<u>5,581,966</u>	<u>404,288</u>

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

**Schedule 1**  
**(5 pages)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Public safety:			
Police department			
Personnel services	\$ 3,494,480	\$ 3,503,171	\$ (8,691)
Operations	510,681	450,787	59,894
Total	<u>4,005,161</u>	<u>3,953,958</u>	<u>51,203</u>
Fire department:			
Personnel services	2,857,577	2,857,508	69
Operations	294,449	271,604	22,845
Capital outlay	11,814	11,813	1
Total	<u>3,163,840</u>	<u>3,140,925</u>	<u>22,915</u>
Total public safety	<u>7,169,001</u>	<u>7,094,883</u>	<u>74,118</u>
Planning:			
Personnel services	1,431,962	1,289,086	142,876
Operations	<u>347,628</u>	<u>134,468</u>	<u>213,160</u>
Total planning	<u>1,779,590</u>	<u>1,423,554</u>	<u>356,036</u>
Transportation:			
Operations	1,919,000	1,835,146	83,854
Capital outlay	<u>83,600</u>	<u>-</u>	<u>83,600</u>
Total transportation	<u>2,002,600</u>	<u>1,835,146</u>	<u>167,454</u>
Public works:			
Public works department:			
Personnel services	2,445,218	2,402,231	42,987
Operations	1,572,371	1,463,419	108,952
Capital outlay	<u>48,593</u>	<u>30,778</u>	<u>17,815</u>
Total public works	<u>4,066,182</u>	<u>3,896,428</u>	<u>169,754</u>
Parks and recreation:			
Recreation department:			
Personnel services	1,275,904	1,256,801	19,103
Operations	515,288	371,311	143,977
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total parks and recreation	<u>1,791,192</u>	<u>1,628,112</u>	<u>163,080</u>



**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

**Schedule 1**  
**(5 pages)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
General services:			
Personnel services	\$ 556,613	\$ -	\$ 556,613
Operations	20,207	-	20,207
Total general services	576,820	-	576,820
Debt service:			
Principal retirement	1,123,352	692,206	431,146
Interest and fees	121,892	109,942	11,950
Total debt service	1,245,244	802,148	443,096
Total expenditures	24,616,883	22,262,237	2,354,646
Revenues over (under) expenditures	(1,486,149)	1,430,570	2,916,719
Other financing sources (uses):			
Transfers from other funds:			
From Capital Projects Fund	97,869	92,432	(5,437)
Transfers to other funds:			
To Capital Projects Fund	(2,240,862)	(2,240,862)	-
To Capital Reserve Fund	(55,200)	(55,200)	-
To Affordable Housing Fund	(52,000)	(52,000)	-
To Facilities Rehab Fund	(1,000,000)	(1,000,000)	-
Sale of capital assets	-	32,418	32,418
Total other financing sources (uses)	(3,250,193)	(3,223,212)	26,981
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	(4,736,342)	(1,792,642)	2,943,700
Appropriated fund balance	4,736,342	-	(4,736,342)
Net change in fund balance	<u>\$ -</u>	(1,792,642)	<u>\$ (1,792,642)</u>
Fund balance, beginning of year		17,704,251	
Fund balance, end of year		<u>\$ 15,911,609</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, 2020**

**Schedule 2**  
**(2 pages)**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Closed Loans</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Investment earnings:						
Interest on investments	\$ 224,667	\$ 237,386	\$ 4,735	\$ (17,454)	\$ 224,667	\$ -
Interest repayments	493,045	596,984	61	(104,000)	493,045	-
Total investment earnings	717,712	834,370	4,796	(121,454)	717,712	-
Revolving loan repayments:						
Alphabet Soup	-	44,206	3,794	(48,000)	-	-
Bryan's Guitar	90,000	39,387	-	-	39,387	(50,613)
Art in a Pickle	-	105,000	-	(105,000)	-	-
Carrboro Coworking	90,000	74,839	-	-	74,839	(15,161)
The Carrboro Citizen	-	50,000	-	(50,000)	-	-
Total revolving loan payments	180,000	313,432	3,794	(203,000)	114,226	(65,774)
Total revenues	897,712	1,147,802	8,590	(324,454)	831,938	(65,774)
<b>Expenditures</b>						
General government:						
Contractual services	5,246	11,433	-	(11,433)	-	5,246
Miscellaneous	3,979	6,021	-	(6,021)	-	3,979
Total general government	9,225	17,454	-	(17,454)	-	9,225
Economic and physical development:						
Alphabet Soup	-	48,000	-	(48,000)	-	-
Bryan's Guitar	90,000	90,000	-	-	90,000	-
Art in a Pickle	-	105,000	-	(105,000)	-	-
Carrboro Coworking	90,000	90,000	-	-	90,000	-
The Carrboro Citizen	-	50,000	-	(50,000)	-	-
Bad debts	70,000	70,000	-	-	70,000	-
Total economic and physical development	250,000	453,000	-	(203,000)	250,000	-
Total expenditures	259,225	470,454	-	(220,454)	250,000	9,225
Revenues over expenditures	638,487	677,348	8,590	(104,000)	581,938	(56,549)

**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, 2020**

**Schedule 2**  
**(2 pages)**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Closed Loans</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Other financing sources (uses)</b>						
Transfer from General Fund	\$ -	\$ 80,000	\$ -	\$ (80,000)	\$ -	\$ -
Transfer to Energy Efficiency Fund	-	(45,000)	-	45,000	-	-
Transfer to Emergency Loan & Grant Fund	(300,000)	-	(300,000)	-	(300,000)	-
Transfer to General Fund	-	(139,000)	-	139,000	-	-
<b>Total other financing sources (uses)</b>	<b>(300,000)</b>	<b>(104,000)</b>	<b>(300,000)</b>	<b>104,000</b>	<b>(300,000)</b>	<b>-</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>338,487</b>	<b>573,348</b>	<b>(291,410)</b>	<b>-</b>	<b>281,938</b>	<b>(56,549)</b>
<b>Appropriated to fund balance</b>	<b>(338,487)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338,487</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 573,348</b>	<b>(291,410)</b>	<b>\$ -</b>	<b>\$ 281,938</b>	<b>\$ 281,938</b>
<b>Fund balance, beginning of year</b>			<b>573,348</b>			
<b>Fund balance, end of year</b>			<b>\$ 281,938</b>			

**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, 2020**

**Schedule 3**  
**(2 pages)**

		Actual				Variance
	Project	Prior	Current	Closed Out	Total	Positive
	Authorization	Years	Year	Projects	to Date	(Negative)
<b>Revenues</b>						
General revenues:						
Federal STP-DA funds	\$ 2,989,752	\$ 1,664,201	\$ 45,862	\$ -	\$ 1,710,063	\$ (1,279,689)
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	873,066	-	125,857	-	125,857	(747,209)
Payments in lieu	48,046	-	-	-	-	(48,046)
Interest on investments	92,616	85,844	6,772	-	92,616	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>5,450,866</u>	<u>1,750,045</u>	<u>178,491</u>	<u>-</u>	<u>1,928,536</u>	<u>(3,522,330)</u>
<b>Expenditures</b>						
Capital outlay:						
General expenditures (non-project)	245,704	145,739	-	-	145,739	99,965
Morgan Creek Greenway	1,567,500	421,809	-	-	421,809	1,145,691
Bolin Creek Greenway	1,521,770	1,311,451	21,544	-	1,332,995	188,775
Davie Street Sidewalk	-	316,018	-	(316,018)	-	-
Rogers Road Sidewalk	1,492,547	1,374,765	113,318	-	1,488,083	4,464
Jones Creek Greenway	420,000	54,998	62,315	-	117,313	302,687
S. Greensboro Street Sidewalk	1,750,119	43,836	24,841	-	68,677	1,681,442
Sidewalk repairs	115,000	-	60,443	-	60,443	54,557
Total capital outlay	<u>7,112,640</u>	<u>3,668,616</u>	<u>282,461</u>	<u>(316,018)</u>	<u>3,635,059</u>	<u>3,477,581</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>7,165,853</u>	<u>3,721,829</u>	<u>282,461</u>	<u>(316,018)</u>	<u>3,688,272</u>	<u>3,477,581</u>
Revenues under expenditures	<u>(1,714,987)</u>	<u>(1,971,784)</u>	<u>(103,970)</u>	<u>316,018</u>	<u>(1,759,736)</u>	<u>(44,749)</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, 2020**

**Schedule 3**  
**(2 pages)**

	Actual				Variance
	Project	Prior	Current	Closed Out	Positive
	Authorization	Years	Year	Projects	(Negative)
<b>Other financing sources (uses)</b>					
Transfers from (to) other funds:					
From General Fund	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -
From Capital Reserve Fund	143,823	143,823	-	-	-
To General Fund	(1,000)	(1,000)	-	-	-
To Capital Projects Fund	-	(200,000)	-	200,000	-
General obligation bonds issued	1,478,703	2,094,721	-	(516,018)	100,000
Premium on bond issuance	92,461	92,461	-	-	-
Total other financing sources	1,714,987	2,131,005	-	(316,018)	100,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 159,221</u>	<u>(103,970)</u>	<u>\$ -</u>	<u>\$ 55,251</u>
Fund balance, beginning of year			159,221		
Fund balance, end of year			<u>\$ 55,251</u>		

**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, 2020**

**Schedule 4**  
**(2 pages)**

	Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Positive (Negative)
<b>Revenues</b>					
General revenues:					
Federal STP-DA funds	\$ 30,000	\$ 14,820	\$ -	\$ -	\$ 14,820
Interest on investments	42,866	58,406	11,016	(26,555)	42,867
Orange County contribution	13,831,095	139,684	6,430	-	146,114
US DOJ grant	-	38,318	-	(38,318)	-
Arts Center settlement agreement	-	-	28,333	-	28,333
Donations and other	-	52,135	-	(52,135)	-
Miscellaneous	4,319	9,758	-	-	9,758
Total revenues	13,908,280	313,121	45,779	(117,008)	241,892
<b>Expenditures</b>					
Capital outlay:					
General (non-project)	47,185	-	-	-	47,185
Fire Substation #2 project	-	3,398,457	-	(3,398,457)	-
Rogers Road conduit	155,000	-	-	-	155,000
S. Greensboro Street conduit	95,000	-	-	-	95,000
S. Greensboro Street Town Commons improvements	26,432,490	1,103,208	16,415	-	1,119,623
MLK park design	-	1,223,417	-	(1,223,417)	-
Police body worn cameras	2,761,196	1,190,126	1,479,137	-	2,669,263
Public safety radio upgrades	-	131,843	-	(131,843)	-
Planning permtting software	-	925,680	-	(925,680)	-
Town comprehensive plan	-	183,046	46,954	(230,000)	-
Town Hall roof replacement	200,000	-	9,680	-	9,680
Town Hall basement waterproofing	-	-	90,964	(90,964)	-
Self-contained breathing apparatus	-	-	11,167	(11,167)	-
Unpaved road upgrades	314,924	-	224,670	-	224,670
2020 Street resurfacing	230,000	-	29,977	-	29,977
Bus shelter replacement	967,081	-	118,117	-	118,117
2019 Vehicles	288,000	-	-	-	288,000
2019 Equipment	-	298,483	-	(298,483)	-
2020 Vehicles	-	101,318	-	(101,318)	-
Other	1,089,814	-	490,671	-	490,671
Total capital outlay	57,500	273,731	4,604	(259,810)	18,525
Total capital outlay	32,638,190	8,829,309	2,522,356	(6,671,139)	4,680,526
					27,957,664

**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, 2020**

**Schedule 4**  
**(2 pages)**

		Actual				Variance
	Project	Prior	Current	Closed Out	Total	Positive
	Authorization	Years	Year	Projects	to Date	(Negative)
Debt service:						
Principal retirement	\$ -	\$ 1,467,188	\$ -	\$ (1,467,188)	\$ -	\$ -
Interest and other charges	-	32,175	-	(32,175)	-	-
Total debt service	-	1,499,363	-	(1,499,363)	-	-
Total expenditures	32,638,190	10,328,672	2,522,356	(8,170,502)	4,680,526	27,957,664
Revenues under expenditures	(18,729,910)	(10,015,551)	(2,476,577)	8,053,494	(4,438,634)	14,291,276
<b>Other financing sources (uses)</b>						
Transfers from (to) other funds:						
From General Fund	10,385,953	8,412,804	2,240,862	(5,267,713)	5,385,953	(5,000,000)
From Capital Reserve Fund	54,143	62,969	54,143	(62,969)	54,143	-
From Bond Fund	200,000	200,000	-	-	200,000	-
To General Fund	-	(338,713)	(92,432)	431,145	-	-
To Capital Reserve Fund	-	(26,555)	-	26,555	-	-
Installment purchase obligations issued	8,089,814	3,180,512	-	(3,180,512)	-	(8,089,814)
Total other financing sources (uses)	18,729,910	11,491,017	2,202,573	(8,053,494)	5,640,096	(13,089,814)
Net change in fund balance	\$ -	\$ 1,475,466	(274,004)	\$ -	\$ 1,201,462	\$ 1,201,462
Fund balance, beginning of year			1,475,466			
Fund balance, end of year			1,201,462			
<b>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:</b>						
Transfers in - Capital Reserve Fund			55,200			
Transfers out - Capital Reserve Fund			(54,143)			
Interest on investments - Capital Reserve Fund			3,906			
Interest on investments - Payment in Lieu Reserve Fund			1,321			
Fund balance, beginning (Capital Reserve Fund)			419,457			
Fund balance, beginning (Payment in Lieu Reserve Fund)			151,370			
Fund balance, ending (Consolidated Capital Projects Fund)			\$ 1,778,573			

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Capital Reserve Fund**  
**Year Ended June 30, 2020**

**Schedule 5**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Interest on investments	\$ 1,000	\$ 3,906	\$ 2,906
<b>Other financing sources and uses</b>			
Transfer from General Fund	\$ 55,200	\$ 55,200	\$ -
Transfer to Capital Projects Fund	(54,143)	(54,143)	-
Total other financing sources	1,057	1,057	-
Revenues and other financing sources over othe financing uses	2,057	4,963	2,906
Appropriation to fund balance	(2,057)	-	2,057
Net change in fund balance	\$ -	4,963	\$ 4,963
Fund balance, beginning of year		419,457	
Fund balance, end of year		\$ 424,420	



**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, 2020**

**Schedule 6**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Interest on investments	\$ 950	\$ 1,321	\$ 371
Appropriation to fund balance	(950)	-	950
Net change in fund balance	<u>\$ -</u>	1,321	<u>\$ 1,321</u>
Fund balance, beginning of year		<u>151,370</u>	
Fund balance, end of year		<u>\$ 152,691</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, 2020**

**Schedule 7**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Closed-Out Projects</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
U.S. Department of Homeland Security: FEMA hazard mitigation grant	\$ 637,630	\$ -	\$ 525	\$ -	\$ 525	\$ (637,105)
N.C. Department of Public Safety: Hazard mitigation grant	185,619	-	175	-	175	(185,444)
N.C. Department of Transportation: Bicycle transportation grant	49,000	20,166	23,756	-	43,922	(5,078)
Duke Energy charging stations grant	-	9,082	-	(9,082)	-	-
Investment earnings	-	20	-	-	20	20
Miscellaneous	-	20,321	-	-	20,321	20,321
Total revenues	872,249	49,589	24,456	(9,082)	64,963	(807,286)
<b>Expenditures</b>						
Flooding mitigation	823,249	23,523	255,770	-	279,293	543,956
Charging stations	-	9,082	-	(9,082)	-	-
Bicycle transportation plan	70,000	38,801	23,944	-	62,745	7,255
Total expenditures	893,249	71,406	279,714	(9,082)	342,038	551,211
Revenue under expenditures	(21,000)	(21,817)	(255,258)	-	(277,075)	(256,075)
<b>Other financing sources</b>						
Transfer from the General Fund	21,000	21,000	-	-	21,000	-
Total other financing sources	21,000	21,000	-	-	21,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (817)</u>	(255,258)	<u>\$ -</u>	<u>\$ (256,075)</u>	<u>\$ (256,075)</u>
Fund balance, beginning of year			(817)			
Fund balance, end of year			<u>\$ (256,075)</u>			

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Project Authorization and Actual**  
**Small Business & Non-Profit Loan/Grant COVID 19 Emergency Fund**  
**From Project Inception and for the Year Ended June 30, 2020**

**Schedule 8**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>					
Federal grants	\$ 47,500	\$ -	\$ 33,890	\$ 33,890	\$ (13,610)
CTDA contributions	175,000	-	175,000	175,000	-
Interest on investments	265	-	265	265	-
Total revenues	222,765	-	209,155	209,155	(13,610)
<b>Expenditures</b>					
Economic and physical development:					
Ali Cat Toys	5,000	-	5,000	5,000	-
Armadillo Grill	25,000	-	25,000	25,000	-
Be Pure	14,400	-	14,400	14,400	-
Carrboro Coffee Company	25,000	-	25,000	25,000	-
Ceremony Salon	15,000	-	15,000	15,000	-
Creative Electric of NC	21,600	-	21,600	21,600	-
Dispute Settlement Center	25,000	-	25,000	25,000	-
F&F Car Care	25,000	-	25,000	25,000	-
Firefly Carrboro	6,000	-	6,000	6,000	-
Grow Your World	14,400	-	14,400	14,400	-
Lazarus Repair and Maintenance	14,400	-	14,400	14,400	-
OE Enterprises	25,000	-	25,000	25,000	-
Open Eye Café	25,000	-	25,000	25,000	-
Pilot Mission	21,600	-	21,600	21,600	-
Twin House Music	15,500	-	15,500	15,500	-
Van Hook Enterprises	14,400	-	14,400	14,400	-
Wax Poetic	25,000	-	25,000	25,000	-
Weaver Street Realty & Auction	21,600	-	21,600	21,600	-
General	183,600	-	-	-	183,600
Total expenditures	522,500	-	338,900	338,900	183,600
Revenues under expenditures	(299,735)	-	(129,745)	(129,745)	169,990
<b>Other financing sources</b>					
Transfer from Revolving Loan Fund	300,000	-	300,000	300,000	-
Total other financing sources	300,000	-	300,000	300,000	-
Appropriation to fund balance	(265)	-	-	-	265
Net change in fund balance	\$ -	\$ -	\$ 170,255	\$ 170,255	\$ 170,255
Fund balance, beginning of year			-		
Fund balance, end of year			\$ 170,255		

**Town of Carrboro, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Project Authorization and Actual**  
**Facilities Rehabilitation Capital Projects Fund**  
**From Project Inception and for the Year Ended June 30, 2020**

**Schedule 9**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>					
Interest on investments	\$ 3,691	\$ -	\$ 3,692	\$ 3,692	\$ 1
<b>Expenditures</b>					
Century Center drainage	3,871	-	3,871	3,871	-
Century Center interior improvements	20,151	-	13,270	13,270	6,881
Fire Station #1 concrete driveway	33,977	-	33,977	33,977	-
Fire Station #1 improvements	8,205	-	8,205	8,205	-
Fire Station #1 bay roof	58,606	-	58,606	58,606	-
Fire Station #2 improvements	2,109	-	2,109	2,109	-
Wilson Park improvements	4,992	-	4,992	4,992	-
Anderson Park fountain repair	6,273	-	6,273	6,273	-
Playground equipment	1,650	-	1,650	1,650	-
Public Works maintenance bay shelters	18,445	-	18,445	18,445	-
Survey of Public Works property	6,900	-	6,900	6,900	-
Town Hall exterior rehabilitation	17,500	-	17,500	17,500	-
Town Hall interior improvements	2,553	-	2,553	2,553	-
Architectural improvements	124,910	-	-	-	124,910
Unexpended reserves	693,549	-	-	-	693,549
Total expenditures	1,003,691	-	178,351	178,351	825,340
Revenues under expenditures	(1,000,000)	-	(174,659)	(174,659)	825,341
<b>Other financing sources</b>					
Transfer from General Fund	1,000,000	-	1,000,000	1,000,000	-
Total other financing sources	1,000,000	-	1,000,000	1,000,000	-
Revenues and other financing sources over expenditures	-	-	825,341	825,341	825,341
Net change in fund balance	\$ -	\$ -	825,341	\$ 825,341	\$ 825,341
Fund balance, beginning of year			-		
Fund balance, end of year			\$ 825,341		

**Town of Carrboro, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

**Schedule 10**

	<b>Affordable Housing Fund</b>	<b>Energy Efficiency Revolving Loan Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and investments	\$ 362,481	\$ 119,970	\$ 482,451
Notes receivable	1,832	27,143	28,975
<b>Total assets</b>	<b>\$ 364,313</b>	<b>\$ 147,113</b>	<b>\$ 511,426</b>
<b>Liabilities</b>			
Accounts payable	\$ 58,105	\$ -	\$ 58,105
Revenue received in advance	61,895	-	61,895
<b>Total liabilities</b>	<b>120,000</b>	<b>-</b>	<b>120,000</b>
<b>Deferred inflows of resources</b>	<b>1,832</b>	<b>27,143</b>	<b>28,975</b>
<b>Fund balances</b>			
Restricted:			
Stabilization by state statute	-	-	-
Committed:			
Affordable housing	242,481	-	242,481
Energy efficiency	-	119,970	119,970
<b>Total fund balances</b>	<b>242,481</b>	<b>119,970</b>	<b>362,451</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 364,313</b>	<b>\$ 147,113</b>	<b>\$ 511,426</b>

**Town of Carrboro, North Carolina**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

**Schedule 11**

	<b>Affordable Housing Fund</b>	<b>Energy Efficiency Revolving Loan Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Loan repayments	\$ -	\$ 9,285	\$ 9,285
Interest repayments	-	982	982
Ad valorem taxes	223,956	-	223,956
Grant revenues	58,105	-	58,105
Interest on investments	2,352	986	3,338
Total revenues	284,413	11,253	295,666
<b>Expenditures</b>			
Economic and physical development	339,024	-	339,024
Total expenditures	339,024	-	339,024
Revenues over (under) expenditures	(54,611)	11,253	(43,358)
<b>Other financing uses</b>			
Transfer from General Fund	52,000	-	52,000
Total other financing uses	52,000	-	52,000
Net change in fund balance	(2,611)	11,253	8,642
Fund balance, beginning of year	245,092	108,717	353,809
Fund balance, end of year	\$ 242,481	\$ 119,970	\$ 362,451

**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, 2020**

**Schedule 12**

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed-Out Projects	Total to Date	Positive (Negative)
<b>Revenues</b>						
Payment in lieu	\$ 76,771	\$ 96,501	\$ -	\$ (19,730)	\$ 76,771	\$ -
Donations	9,855	10,355	-	(500)	9,855	-
Loan repayments	-	16,733	-	(16,733)	-	-
Property taxes	337,732	110,071	223,956	-	334,027	(3,705)
Federal grants	120,000	-	58,105	-	58,105	(61,895)
Interest on investments	6,325	3,973	2,352	-	6,325	-
Total revenues	550,683	237,633	284,413	(36,963)	485,083	(65,600)
<b>Expenditures</b>						
Deferred loan expense	28,250	45,213	-	(36,963)	8,250	20,000
Critical home repairs	144,873	46,757	48,371	-	95,128	49,745
Contributions for acquisitions	92,086	-	35,000	-	35,000	57,086
Rental deposits	55,116	5,115	45,137	-	50,252	4,864
Rental deposits - COVID-19	120,000	-	58,105	-	58,105	61,895
Affordable housing commission	500	-	159	-	159	341
Emergency home repairs grant	159,491	93,012	(15,000)	-	78,012	81,479
Human services grants	140,200	119,200	21,000	-	140,200	-
Community home trust	397,860	324,027	73,784	-	397,811	49
Home consortium match	58,301	33,041	22,236	-	55,277	3,024
Partnership to end homelessness	107,321	69,739	35,232	-	104,971	2,350
Northside Neighborhood Initiative	30,000	30,000	-	-	30,000	-
CASA	357,208	357,208	-	-	357,208	-
Center for Community Self-Help	82,248	40,000	15,000	-	55,000	27,248
Total expenditures	1,773,454	1,163,312	339,024	(36,963)	1,465,373	308,081
Revenues under expenditures	(1,222,771)	(925,679)	(54,611)	-	(980,290)	242,481
<b>Other financing sources</b>						
Transfer from General Fund	1,212,771	1,160,771	52,000	-	1,212,771	-
Transfer from Business Loan Fund	10,000	10,000	-	-	10,000	-
Total other financing sources	1,222,771	1,170,771	52,000	-	1,222,771	-
Net change in fund balance	\$ -	\$ 245,092	(2,611)	\$ -	\$ 242,481	\$ 242,481
Fund balance, beginning of year			245,092			
Fund balance, end of year			\$ 242,481			

**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, 2020**

**Schedule 13**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>					
Interest repayments	\$ -	\$ 15,593	\$ 982	\$ 16,575	\$ 16,575
Interest on investments	-	1,424	986	2,410	2,410
Revolving loan repayments:					
The Arts Center	28,128	15,914	2,646	18,560	(9,568)
Dispute Settlement					
Center	35,000	25,332	2,785	28,117	(6,883)
LB Bradley Properties	7,000	5,553	641	6,194	(806)
Sophie Piesse Architect	7,000	4,818	756	5,574	(1,426)
Surplus Sid's	30,000	19,083	2,457	21,540	(8,460)
Total revolving					
loan payments	107,128	70,700	9,285	79,985	(27,143)
Total revenues	107,128	87,717	11,253	98,970	(8,158)
<b>Expenditures</b>					
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	-	(19,411)	11,253	(8,158)	(8,158)
<b>Other financing sources</b>					
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	\$ -	\$ 108,717	\$ 11,253	\$ 119,970	\$ 119,970
Fund balance,					
beginning of year			108,717		
Fund balance,					
end of year			\$ 119,970		



**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, 2020**

**Schedule 14**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 792,975	\$ 812,545	\$ (19,570)
Investment earnings	6,888	4,019	2,869
Miscellaneous	-	240	(240)
Total expenditures	799,863	816,804	(16,941)
<b>Expenditures</b>			
Personnel services	210,095	192,655	17,440
Operations	165,219	115,594	49,625
Capital outlay	531,000	101,521	429,479
Total expenditures	906,314	409,770	496,544
Revenues under expenditures	(106,451)	407,034	513,485
<b>Other financing uses</b>			
Unexpended reserves	(1,088)	-	1,088
Total other financing uses	(1,088)	-	1,088
Revenues and other financing sources over expenditures	(107,539)	407,034	514,573
Appropriated fund balance	107,539	-	(107,539)
Net change in fund balance	\$ -	\$ 407,034	\$ 407,034

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Reconciling items:

Capital outlay	\$ 101,521
Depreciation	(40,432)
Increase in accrued vacation pay	(1,000)
Deferred outflows of resources for contributions made to pension plan in current fiscal year	9,796
Pension expense	(16,945)
OPEB expense	(88,041)

Total reconciling items (35,101)

Change in net position \$ 371,933

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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

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**Town of Carrboro, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

**Schedule 15**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2019</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2020</b>
2019 - 2020	\$ -	\$ 14,908,231	\$ 14,831,028	\$ 77,203
2018 - 2019	82,539	-	42,386	40,153
2017 - 2018	39,316	-	14,894	24,422
2016 - 2017	30,810	-	9,184	21,626
2015 - 2016	21,143	-	2,429	18,714
2014 - 2015	14,782	-	6,422	8,360
2013 - 2014	23,095	-	3,366	19,729
2012 - 2013	29,298	-	1,622	27,676
2011 - 2012	21,718	-	1,297	20,421
2010 - 2011	23,437	-	9,262	14,175
2009 - 2010	19,756	-	19,756	-
	<u>\$ 305,894</u>	<u>\$ 14,908,231</u>	<u>\$ 14,941,646</u>	<u>272,479</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(82,641)</u>
Ad valorem taxes receivable - net				<u>\$ 189,838</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 13,275,170
Ad valorem taxes - Affordable Housing Fund				223,956
Motor vehicle license fees - General Fund				<u>1,385,974</u>
Total revenues				14,885,100
Reconciling items:				
Releases and adjustments				36,790
Amounts written off for tax year 2009-2010 per statute of limitations				<u>19,756</u>
				<u>\$ 14,941,646</u>

**Town of Carrboro, North Carolina**  
**Analysis of Current Tax Levy - Town-Wide Levy**  
**Year Ended June 30, 2020**

**Schedule 16**

	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	\$ 2,411,084,066	0.5994	\$ 14,467,813	\$ 13,440,259	\$ 1,027,554
Penalties and interest			3,378	3,378	-
Total property valuation	<u>\$ 2,411,084,066</u>		14,471,191	13,443,637	1,027,554
Vehicle tag fees			437,040	-	437,040
Total gross levy			14,908,231	13,443,637	1,464,594
Uncollected taxes at June 30, 2020			77,203	72,936	4,267
Current year's taxes collected			<u>\$ 14,831,028</u>	<u>\$ 13,370,701</u>	<u>\$ 1,460,327</u>
Current levy collection percentage			<u>99.48%</u>	<u>99.46%</u>	<u>99.71%</u>

\* Total adjusted levy includes discoveries and abatements.

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

## ***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.

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#### ***Revenue Capacity Information***

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

110

#### ***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.

118

#### ***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.

124

#### ***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.

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**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, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**(2 pages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:					
Net investment in capital assets	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361	\$ 29,120,308
Restricted	2,625,784	1,877,720	1,902,041	1,918,028	2,187,718
Unrestricted	<u>10,977,854</u>	<u>10,311,263</u>	<u>9,735,451</u>	<u>7,090,901</u>	<u>6,358,440</u>
Total governmental activities net position	<u>\$ 36,403,665</u>	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:					
Net investment in capital assets	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361	\$ 29,120,308
Restricted	2,625,784	1,877,720	1,902,041	1,918,028	2,187,718
Unrestricted	<u>10,977,854</u>	<u>10,311,263</u>	<u>9,735,451</u>	<u>7,090,901</u>	<u>6,358,440</u>
Total primary government net position	<u>\$ 36,403,665</u>	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>

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

**Table 1**  
**(2 pages)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Governmental activities:					
Net investment in capital assets	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,602,046	\$ <b>34,478,765</b>
Restricted	2,015,396	2,097,192	2,719,947	3,869,297	<b>3,349,924</b>
Unrestricted	<u>6,447,035</u>	<u>(5,179,126)</u>	<u>(5,964,874)</u>	<u>(6,314,682)</u>	<u><b>(8,613,521)</b></u>
Total governmental activities net position	<u><u>\$ 36,992,393</u></u>	<u><u>\$ 25,499,260</u></u>	<u><u>\$ 27,156,694</u></u>	<u><u>\$ 30,156,661</u></u>	<u><u>\$ <b>29,215,168</b></u></u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 288,843	\$ <b>349,932</b>
Restricted	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>56,475</u>	<u>225,824</u>	<u><b>536,668</b></u>
Total business-type activities net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56,475</u></u>	<u><u>\$ 514,667</u></u>	<u><u>\$ <b>886,600</b></u></u>
Primary Government:					
Net investment in capital assets	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,890,889	\$ <b>34,828,697</b>
Restricted	2,015,396	2,097,192	2,719,947	3,869,297	<b>3,349,924</b>
Unrestricted	<u>6,447,035</u>	<u>(5,179,126)</u>	<u>(5,908,399)</u>	<u>(6,088,858)</u>	<u><b>(8,076,853)</b></u>
Total primary government net position	<u><u>\$ 36,992,393</u></u>	<u><u>\$ 25,499,260</u></u>	<u><u>\$ 27,213,169</u></u>	<u><u>\$ 30,671,328</u></u>	<u><u>\$ <b>30,101,768</b></u></u>

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

**Table 2**  
**(4 pages)**

	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,355,221	\$ 3,493,073	\$ 3,978,378	\$ 4,571,146	\$ 4,200,241
Public safety	6,757,198	6,835,304	6,778,893	6,925,676	6,951,141
Planning	1,232,157	1,162,777	1,107,377	1,153,138	1,244,849
Transportation	1,184,975	1,058,859	1,286,714	1,396,423	1,472,508
Public works	3,929,320	4,252,251	4,072,606	4,035,886	4,421,682
Parks and recreation	1,498,043	1,516,336	1,453,991	1,553,686	1,642,737
Economic and community development	185,874	275,681	170,695	623,220	90,108
Interest on long-term debt	292,766	301,772	186,898	211,082	191,916
Total governmental activities expenses	18,435,554	18,896,053	19,035,552	20,470,257	20,215,182
Business-type activities:					
Stormwater	-	-	-	-	-
Total primary government expenses	\$ 18,435,554	\$ 18,896,053	\$ 19,035,552	\$ 20,470,257	\$ 20,215,182
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 128,530	\$ 344,239	\$ 546,583	\$ 531,812	\$ 652,862
Public safety	286,847	483,956	120,171	65,823	73,311
Planning	573,316	551,792	572,542	655,664	675,682
Public works	115,107	126,495	82,458	107,622	70,249
Parks and recreation	254,933	260,225	259,168	279,499	270,028
Operating grants and contributions	791,842	871,613	320,304	707,636	723,767
Capital grants and contributions	647,514	406,518	954,131	865,182	283,090
Total governmental activities program revenues	2,798,089	3,044,838	2,855,357	3,213,238	2,748,989

**Town of Carrboro, North Carolina.**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(4 pages)**

	2016	2017	2018	2019	2020
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,487,922	\$ 4,695,317	\$ 4,849,740	\$ 5,246,829	\$ 5,288,695
Public safety	7,051,112	7,550,083	7,469,443	7,735,947	8,283,668
Planning	1,374,325	1,356,771	1,206,329	1,422,374	1,520,044
Transportation	1,540,288	1,455,012	1,455,012	1,808,940	1,835,146
Public works	4,205,935	4,295,622	4,142,187	4,839,876	5,298,021
Parks and recreation	1,741,056	1,724,769	1,737,984	1,845,198	1,943,269
Economic and community development	200,798	147,259	220,960	692,328	727,748
Interest on long-term debt	167,984	154,350	127,897	115,564	98,950
Total governmental activities expenses	20,769,420	21,379,183	21,209,552	23,707,056	24,995,541
Business-type activities:					
Stormwater	-	-	251,908	269,163	444,871
Total primary government expenses	\$ 20,769,420	\$ 21,379,183	\$ 21,461,460	\$ 23,976,219	\$ 25,440,412
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 528,403	\$ 416,231	\$ 644,733	\$ 726,021	\$ 629,447
Public safety	117,590	696,492	720,801	739,011	753,901
Planning	665,028	57,005	116,135	39,872	74,241
Public works	74,644	77,454	51,733	56,561	57,154
Parks and recreation	259,974	280,625	242,740	182,644	122,873
Operating grants and contributions	700,263	654,075	641,436	832,607	1,159,067
Capital grants and contributions	5,635	90,166	13,080	2,504,061	698,031
Total governmental activities program revenues	2,351,537	2,272,048	2,430,658	5,080,777	3,494,714

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

**Table 2**  
**(4 pages)**

	2011	2012	2013	2014	2015
Business-type activities:					
Charges for services:					
Stormwater	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	<u>\$ 2,798,089</u>	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>
<b>Net expenses</b>					
Governmental activities	\$ 15,637,465	\$ 15,851,215	\$ 16,180,195	\$ 17,257,019	\$ 17,466,193
Business-type activities	-	-	-	-	-
Total primary government net expenses	<u>\$ 15,637,465</u>	<u>\$ 15,851,215</u>	<u>\$ 16,180,195</u>	<u>\$ 17,257,019</u>	<u>\$ 17,466,193</u>
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes	\$ 14,917,776	\$ 15,445,629	\$ 15,695,931	\$ 16,599,061	\$ 17,011,559
Unrestricted intergovernmental revenues	951,820	946,091	952,397	982,040	1,481,631
Miscellaneous and unrestricted investment earnings	63,320	47,980	46,482	13,443	52,226
Transfers	-	-	-	-	-
Total governmental activities	<u>15,932,916</u>	<u>16,439,700</u>	<u>16,694,810</u>	<u>17,594,544</u>	<u>18,545,416</u>
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>\$ 15,932,916</u>	<u>\$ 16,439,700</u>	<u>\$ 16,694,810</u>	<u>\$ 17,594,544</u>	<u>\$ 18,545,416</u>
<b>Change in net position</b>					
Governmental activities	\$ 295,451	\$ 588,485	\$ 514,615	\$ 337,525	\$ 1,079,223
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 295,451</u>	<u>\$ 588,485</u>	<u>\$ 514,615</u>	<u>\$ 337,525</u>	<u>\$ 1,079,223</u>

**Town of Carrboro, North Carolina.**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(4 pages)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Business-type activities:					
Charges for services:					
Stormwater	\$ -	\$ -	\$ -	\$ 778,157	\$ 812,545
Total business-type activities program revenues	-	-	-	778,157	812,545
Total primary government program revenues	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,858,934</u>	<u>\$ 4,307,259</u>
<b>Net expenses</b>					
Governmental activities	\$ 18,417,883	\$ 19,107,135	\$ 18,778,894	\$ 18,626,279	\$ 21,500,827
Business-type activities	-	-	251,908	(508,994)	(367,674)
Total primary government net expenses	<u>\$ 18,417,883</u>	<u>\$ 19,107,135</u>	<u>\$ 19,030,802</u>	<u>\$ 18,117,285</u>	<u>\$ 21,133,153</u>
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes	\$ 17,322,279	\$ 17,690,415	\$ 19,094,382	\$ 19,695,520	\$ 19,788,837
Unrestricted intergovernmental revenues	1,452,221	1,418,370	1,406,331	1,492,028	1,408,981
Miscellaneous and unrestricted investment earnings	28,818	58,455	243,998	382,223	279,600
Transfers	-	-	(308,383)	56,475	-
Total governmental activities	<u>18,803,318</u>	<u>19,167,240</u>	<u>20,436,328</u>	<u>21,626,246</u>	<u>21,477,418</u>
Business-type activities:					
unrestricted investment earnings	-	-	-	5,673	4,259
Transfers	-	-	308,383	(56,475)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>308,383</u>	<u>(50,802)</u>	<u>4,259</u>
Total primary government	<u>\$ 18,803,318</u>	<u>\$ 19,167,240</u>	<u>\$ 20,744,711</u>	<u>\$ 21,575,444</u>	<u>\$ 21,481,677</u>
<b>Change in net position</b>					
Governmental activities	\$ 385,435	\$ 60,105	\$ 1,657,434	\$ 2,999,967	\$ (23,409)
Business-type activities	-	-	56,475	458,192	371,933
Total primary government	<u>\$ 385,435</u>	<u>\$ 60,105</u>	<u>\$ 1,713,909</u>	<u>\$ 3,458,159</u>	<u>\$ 348,524</u>

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

**Table 3**  
**(2 pages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	\$ 213,743	\$ 403,022	\$ 98,336	\$ 294,643	\$ 92,212
Restricted	2,459,812	2,527,603	2,549,652	2,397,759	2,788,336
Committed	N/A	-	-	-	-
Assigned	2,712,163	2,787,316	2,866,048	3,084,075	2,624,916
Unassigned	<u>8,354,128</u>	<u>9,804,868</u>	<u>7,296,945</u>	<u>7,988,424</u>	<u>9,119,966</u>
Total general fund	<u>13,739,846</u>	<u>15,522,809</u>	<u>12,810,981</u>	<u>13,764,901</u>	<u>14,625,430</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	1,414,404	1,076,370	791,699	2,453,964	1,890,936
Committed	2,369,833	1,404,374	4,652,528	2,225,168	3,105,843
Assigned	-	-	-	-	-
Unassigned	<u>(2,466,051)</u>	<u>(2,606,994)</u>	<u>(37,048)</u>	<u>(40,731)</u>	<u>(41,811)</u>
Total all other governmental funds	<u>1,318,186</u>	<u>(126,250)</u>	<u>5,407,179</u>	<u>4,638,401</u>	<u>4,954,968</u>
Total, all governmental funds	<u>\$ 15,058,032</u>	<u>\$ 15,396,559</u>	<u>\$ 18,218,160</u>	<u>\$ 18,403,302</u>	<u>\$ 19,580,398</u>

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



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

**Table 3**  
**(2 pages)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</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	\$ 159,185	\$ 25,775	\$ 280,068	\$ 317,306	\$ 74,353
Restricted	2,642,583	2,466,537	2,532,472	2,652,989	2,566,982
Committed	-	-	-	-	-
Assigned	2,275,559	2,569,579	3,088,391	3,500,753	3,239,574
Unassigned	10,638,014	10,816,213	10,634,162	11,233,203	10,030,700
Total general fund	<u>15,715,341</u>	<u>15,878,104</u>	<u>16,535,093</u>	<u>17,704,251</u>	<u>15,911,609</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	1,590,442	1,348,609	827,636	1,458,567	782,942
Committed	3,715,244	4,454,119	4,119,338	2,947,928	2,851,025
Assigned	-	-	-	-	-
Unassigned	43,892	(680)	-	(496,241)	(416,233)
Total all other governmental funds	<u>5,349,578</u>	<u>5,802,048</u>	<u>4,946,974</u>	<u>3,910,254</u>	<u>3,217,734</u>
Total, all governmental funds	<u>\$ 21,064,919</u>	<u>\$ 21,680,152</u>	<u>\$ 21,482,067</u>	<u>\$ 21,614,505</u>	<u>\$ 19,129,343</u>

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

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

**Table 4**  
**(2 pages)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Revenues</b>					
Ad valorem taxes	\$ 11,386,243	\$ 11,708,787	\$ 11,754,299	\$ 11,792,234	\$ 11,771,793
Local option sales taxes	3,113,356	3,308,060	3,427,678	3,567,123	3,897,200
Other taxes and licenses	438,229	449,628	461,054	1,316,876	1,386,254
Unrestricted					
intergovernmental	951,820	946,091	952,397	982,040	1,481,631
Restricted intergovernmental	1,075,884	1,095,408	1,179,461	1,487,840	949,579
Permits and fees	1,090,101	1,308,544	1,255,930	1,249,319	1,260,859
Sales and services	254,934	260,225	261,373	283,611	274,350
Investment earnings	63,320	47,980	25,954	11,757	10,477
Other	539,189	266,206	135,078	207,671	400,617
Total revenues	<u>18,913,076</u>	<u>19,390,929</u>	<u>19,453,224</u>	<u>20,898,471</u>	<u>21,432,760</u>
<b>Expenditures</b>					
General government	3,162,592	3,350,244	3,345,195	3,964,409	4,093,908
Public Safety	5,624,076	5,795,546	5,736,675	6,019,294	6,265,547
Planning	1,132,203	1,045,854	1,088,802	1,150,603	1,203,990
Transportation	1,032,825	1,032,825	1,286,714	1,396,423	1,472,508
Public Works	3,100,603	3,397,396	3,385,065	3,260,291	3,481,463
Parks and recreation	1,237,163	1,274,082	170,695	1,378,862	1,444,752
Economic and community development	132,826	275,681	1,276,064	623,220	20,108
Capital outlay	2,373,015	1,840,865	2,717,113	2,132,488	1,888,948
Debt service					
Interest	1,217,736	292,041	2,503,013	226,334	202,907
Principal	293,894	1,068,046	232,596	1,066,150	946,047
Total expenditures	<u>19,306,933</u>	<u>19,372,580</u>	<u>21,741,932</u>	<u>21,218,074</u>	<u>21,020,178</u>
Excess of revenues over (under) expenditures	<u>(393,857)</u>	<u>18,349</u>	<u>(2,288,708)</u>	<u>(319,603)</u>	<u>412,582</u>
<b>Other financing sources (uses)</b>					
Proceeds from borrowing	476,399	298,850	4,997,320	498,822	717,102
Premium on borrowing	-	-	92,461	-	-
Sale of capital assets	-	21,328	20,528	5,923	47,412
Transfers in	531,428	-	4,424,133	1,850,165	881,518
Transfers out	(531,428)	-	(4,424,133)	(1,850,165)	(881,518)
Total other financing sources	<u>476,399</u>	<u>320,178</u>	<u>5,110,309</u>	<u>504,745</u>	<u>764,514</u>
Net change in fund balances	<u>\$ 82,542</u>	<u>\$ 338,527</u>	<u>\$ 2,821,601</u>	<u>\$ 185,142</u>	<u>\$ 1,177,096</u>
Capital outlay included in expenditures above	<u>\$ 2,373,015</u>	<u>\$ 1,840,865</u>	<u>\$ 2,717,113</u>	<u>\$ 2,132,488</u>	<u>\$ 1,888,948</u>
Debt service as a percentage of noncapital expenditures	<u>8.9%</u>	<u>7.8%</u>	<u>14.4%</u>	<u>6.8%</u>	<u>6.0%</u>

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

**Table 4**  
**(2 pages)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Revenues</b>					
Ad valorem taxes	\$ 11,829,436	\$ 11,769,118	\$ 12,921,946	\$ 13,223,592	\$ 13,499,126
Local option sales taxes	4,105,283	4,345,612	4,557,933	4,880,680	4,772,318
Other taxes and licenses	1,381,093	1,601,126	1,601,362	1,630,840	1,535,867
Unrestricted					
intergovernmental	1,452,221	1,409,630	1,406,331	1,492,028	1,408,981
Restricted intergovernmental	651,211	722,928	636,879	2,867,644	1,091,381
Permits and fees	1,270,187	1,177,350	1,377,586	1,273,962	1,292,786
Sales and services	263,444	282,929	245,059	253,023	171,937
Investment earnings	28,818	58,455	151,707	266,589	182,257
Other	218,561	128,591	210,283	378,474	509,210
Total revenues	<u>21,200,254</u>	<u>21,495,739</u>	<u>23,109,086</u>	<u>26,266,832</u>	<u>24,463,863</u>
<b>Expenditures</b>					
General government	4,353,526	4,503,267	4,729,326	5,369,254	5,474,673
Public Safety	6,216,871	6,506,633	6,555,984	6,649,349	7,093,384
Planning	1,333,903	1,285,705	1,134,657	1,331,441	1,423,554
Transportation	1,540,288	1,455,012	1,455,012	1,808,940	1,835,146
Public Works	3,134,390	3,192,643	3,104,559	3,750,034	3,872,550
Parks and recreation	1,529,332	1,474,274	1,503,476	1,602,097	1,658,168
Economic and community development	145,144	147,259	220,511	692,328	957,638
Capital outlay	1,410,447	1,549,712	3,486,840	4,063,670	3,085,782
Debt service					
Interest	191,229	152,927	138,983	126,621	109,942
Principal	973,069	983,905	1,001,731	824,548	692,206
Total expenditures	<u>20,828,199</u>	<u>21,251,337</u>	<u>23,331,079</u>	<u>26,218,282</u>	<u>26,203,043</u>
Excess of revenues over (under) expenditures	<u>372,055</u>	<u>244,402</u>	<u>(221,993)</u>	<u>48,550</u>	<u>(1,739,180)</u>
<b>Other financing sources (uses)</b>					
Proceeds from borrowing	621,180	362,091	240,000	-	-
Premium on borrowing	-	-	-	-	-
Sale of capital assets	491,287	8,740	92,291	27,413	32,418
Transfers in	1,808,060	1,522,129	3,165,098	2,279,109	3,740,494
Transfers out	(1,808,060)	(1,522,129)	(3,473,481)	(2,222,634)	(3,740,494)
Total other financing sources	<u>1,112,467</u>	<u>370,831</u>	<u>23,908</u>	<u>83,888</u>	<u>32,418</u>
Net change in fund balances	<u>\$ 1,484,522</u>	<u>\$ 615,233</u>	<u>\$ (198,085)</u>	<u>\$ 132,438</u>	<u>\$ (1,706,762)</u>
Capital outlay included in expenditures above	<u>\$ 1,410,447</u>	<u>\$ 1,549,712</u>	<u>\$ 3,486,840</u>	<u>\$ 4,063,670</u>	<u>\$ 3,085,782</u>
Debt service as a percentage of noncapital expenditures	<u>6.0%</u>	<u>5.8%</u>	<u>5.7%</u>	<u>4.3%</u>	<u>3.5%</u>

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### ***Revenue Capacity Information***

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

**Table 5**  
**(2 pages)**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Governmental activities:					
General Government	\$ 221,913	\$ 250,719	\$ 714,449	\$ 958,976	\$ 767,303
Public Safety	755,276	644,867	916,576	813,257	677,124
Planning	299,022	521,028	141,086	83,602	120,607
Public Works and					
Transportation	1,212,175	1,150,348	710,883	984,621	860,795
Parks and Recreation	309,703	296,123	297,437	325,197	305,926
Economic and community development	-	181,753	74,926	47,585	17,234
Total primary government	<u>\$ 2,798,089</u>	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>

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

**Table 5**  
**(2 pages)**

<b>Function/Program</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Governmental activities:					
General Government	\$ 650,899	\$ 502,078	\$ 725,885	\$ 949,456	\$ 873,274
Public Safety	667,572	697,660	721,382	797,011	1,091,147
Planning	148,749	82,718	143,804	39,872	74,241
Public Works and					
Transportation	587,845	668,277	560,949	3,034,038	899,992
Parks and Recreation	296,472	317,927	278,638	218,542	158,771
Economic and Physical					
Development	-	3,388	-	41,858	397,289
Total primary government	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,080,777</u>	<u>\$ 3,494,714</u>

**Town of Carrboro, North Carolina**  
**Tax Revenues by Source <sup>a</sup>**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 6**

<b>Fiscal Year</b>	<b>Property Taxes</b>
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
<b>2020</b>	<b>13,499,126</b>
Change 2011 - 2020	<b>18.6%</b>

<sup>a</sup> 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, North Carolina**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 7**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (\$100 of Assessed Value)</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as Percentage of Actual Taxable Value</b>
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%
<b>2020</b>	<b>2019</b>	<b>2,184,315,909</b>	<b>205,137,622</b>	<b>21,630,535</b>	<b>2,411,084,066</b>	<b>0.5994</b>	<b>2,411,084,066</b>	<b>100%</b>

**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, North Carolina**  
**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
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
<b>2020</b>	<b>0.5994</b>	<b>0.8679</b>

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

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

**Town of Carrboro, North**  
**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	
2011	2010	\$ 11,792,820	\$ 11,578,630	98.18%	\$ 200,015	\$ 11,778,645	99.88%	\$ 14,175
2012	2011	11,999,523	11,790,705	98.26%	188,397	11,979,102	99.83%	20,421
2013	2012	12,184,632	11,937,142	97.97%	219,814	12,156,956	99.77%	27,676
2014	2013	12,868,792	12,741,993	99.01%	107,070	12,849,063	99.85%	19,729
2015	2014	12,970,309	12,887,757	99.36%	74,192	12,961,949	99.94%	8,360
2016	2015	13,083,098	12,989,241	99.28%	75,143	13,064,384	99.86%	18,714
2017	2016	13,219,902	13,143,645	99.42%	54,631	13,198,276	99.84%	21,626
2018	2017	14,377,304	14,276,093	99.30%	76,789	14,352,882	99.83%	24,422
2019	2018	14,670,122	14,587,583	99.44%	42,386	14,629,969	99.73%	40,153
<b>2020</b>	<b>2019</b>	<b>14,908,231</b>	<b>14,831,028</b>	<b>99.48%</b>	-	<b>14,831,028</b>	<b>99.48%</b>	<b>77,203</b>

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

**Table 10**

Taxpayer	2020			2011		
	2019 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2010 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
GS Villages of Chapel Hill, LLC	\$ 27,273,975	1	1.14%	\$ 19,346,054	3	1.01%
MREI IV Autumn Woods LLC	26,733,615	2	1.12%	20,538,496	2	1.07%
180 West Clup LP	21,876,793	3	0.92%			
Carr Mill Mall Limited, Partnership	18,244,700	4	0.76%	16,417,310	4	0.86%
Westdale Poplar Place LP	18,137,300	5	0.76%			
Tarheel Lodging II LLC	17,824,603	6	0.75%	14,968,400	6	0.78%
Ashbrook Investors LLC	17,169,550	7	0.72%			
TGM Rock Creek LLC	15,939,179	8	0.67%			
RP Barnes LLC	14,950,600	9	0.63%			
SK Chapel Hill LLC	14,827,886	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>\$ 192,978,201</u>		<u>8.09%</u>	<u>\$ 153,465,567</u>		<u>8.01%</u>

**Source:** Orange County Tax Assessor Office.

### ***Debt Capacity Information***

**Town of Carrboro, North Carolina**  
**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		
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
<b>2020</b>	<b>2,850,000</b>	<b>55,963</b>	<b>1,145,976</b>	<b>-</b>	<b>4,051,939</b>	<b>193.10</b>

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

**Town of Carrboro, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 12**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Actual Taxable Value of Property</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Total</b>			
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
<b>2020</b>	<b>2,850,000</b>	<b>2,850,000</b>	<b>2,411,084,066</b>	<b>0.118%</b>	<b>135.82</b>

**Town of Carrboro, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2020**

**Table 13**

<b>Town of Carrboro</b>	<b>Total Outstanding</b>	<b>Percentage Applicable to Town</b>	<b>Amount Applicable to Town</b>
<b>General obligation debt</b>			
Town of Carrboro's direct debt	\$ 4,051,939	100.00%	\$ 4,051,939
<b>Overlapping (bonded) debt - Orange County</b>			
Overlapping debt - Orange County	304,144,660	13.64%	<u>41,485,332</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 45,537,271</u></u>

**Sources:**

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



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

**Table 14  
(2 pages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 155,130,085	\$ 152,417,005	\$ 160,253,797	\$ 167,081,127	\$ 169,112,237
Total net debt applicable to limit	<u>6,319,304</u>	<u>5,405,219</u>	<u>8,044,437</u>	<u>7,477,109</u>	<u>7,248,164</u>
Legal debt margin	<u>\$ 148,810,781</u>	<u>\$ 147,011,786</u>	<u>\$ 152,209,360</u>	<u>\$ 159,604,018</u>	<u>\$ 161,864,073</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.07%</u>	<u>3.55%</u>	<u>5.02%</u>	<u>4.48%</u>	<u>4.29%</u>

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

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

**Table 14**  
**(2 pages)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 170,848,376	\$ 173,060,766	\$ 188,861,198	\$ 191,198,869	\$ <b>188,834,785</b>
Total net debt applicable to limit	<u>6,896,275</u>	<u>6,274,461</u>	<u>5,578,428</u>	<u>4,749,013</u>	<u><b>4,051,939</b></u>
Legal debt margin	<u><u>\$ 163,952,101</u></u>	<u><u>\$ 166,786,305</u></u>	<u><u>\$ 183,282,770</u></u>	<u><u>\$ 186,449,856</u></u>	<u><u><b>\$ 184,782,846</b></u></u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.04%</u>	<u>3.63%</u>	<u>2.95%</u>	<u>2.48%</u>	<u><b>2.15%</b></u>

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

## ***Demographic and Economic Information***

**Town of Carrboro, North Carolina  
Demographic and Economic Statistics  
Last Ten Calendar Years**

**Table 15**

<b>Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Chapel Hill and Carrboro Schools Public School Enrollment</b>	<b>Carrboro Schools Only Public School Enrollment</b>	<b>Unemployment Rate</b>
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%
<b>2020</b>	<b>20,984</b>	<b>32,198</b>	<b>30.1</b>	<b>12,115</b>	<b>1,318</b>	<b>6.7%</b>

**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, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

**Table 16  
(2 pages)**

<b>2020</b>			
<b>Employer</b>	<b>Average Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Town of Carrboro	150	1	1.20%
Harris Teeter	120	2	0.96%
Carrboro Community Health	112	3	0.90%
McDougle Elementary School	101	4	0.81%
U.S. Post Office	100	5	0.80%
Carrboro Elementary School	100	6	0.80%
OWASA	100	7	0.80%
The Family Life Project	85	8	0.68%
Carolina Institute for Developmental Disabilities	80	9	0.64%
Elmo's Diner	70	10	0.56%
Total	<b>1,018</b>		<b>8.16%</b>

**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, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

**Table 16  
(2 pages)**

2011			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Carrboro Elementary School	218	1	1.98%
Town of Carrboro	155	2	1.41%
Orange Water and Sewer	112	3	1.02%
Piedmont Health Services, Inc.	104	4	0.95%
Elmo's Diner	101	5	0.92%
Food Lion	97	6	0.88%
Harris Teeter	88	7	0.80%
Weaver Street Market	72	8	0.65%
Tylers Restaurant and Tap Room	51	9	0.46%
Crescent Green of Carrboro	48	10	0.44%
	<u>1,046</u>		<u>9.51%</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, North Carolina**  
**Full-Time Equivalent Town Government Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table 17**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General government:										
Mayor and Town Council	-	-	-	-	-	-	-	-	-	-
Town manager	4	5	5	5.0	6.0	6.0	3.0	3.0	4.0	<b>4.0</b>
Economic development	1	2	2	1.5	1.5	1.5	1.5	1.5	1.5	<b>1.5</b>
Town clerk	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5	<b>1.5</b>
Management services	6	7	7	6.5	6.5	6.0	6.0	6.0	8.0	<b>8.0</b>
Human resources	2	2	2	2.0	1.5	2.0	3.0	3.0	2.0	<b>2.0</b>
Information technology	1	1	2	2.0	3.0	3.0	3.0	3.0	3.0	<b>3.0</b>
Public safety:										
Police	44	42	41	41.0	41.0	41.0	41.0	42.0	42.0	<b>42.0</b>
Fire	36	37	37	36.5	36.5	37.0	37.0	37.0	37.0	<b>37.0</b>
Planning	14	14	14	14.0	13.5	13.5	14.5	13.5	15.5	<b>15.5</b>
Public works	36	34	35	35.0	35.0	36.0	37.0	36.0	39.0	<b>39.0</b>
Parks and recreation	11	13	13	12.5	12.5	12.0	13.0	13.0	13.5	<b>13.5</b>
Total	<u>156</u>	<u>156</u>	<u>157</u>	<u>157.5</u>	<u>158.5</u>	<u>159.5</u>	<u>160.5</u>	<u>159.5</u>	<u>167.0</u>	<u><b>167.0</b></u>

**Source:** Annual operating budget

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## ***Operating Information***

**Town of Carrboro, North Carolina**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Table 18**  
**(2 pages)**

	2011	2012	2013	2014	2015
General government:					
Revolving loan inquiries	50	5	6	6	6
Small business counseling referrals	40	10	12	10	10
Privilege licenses issued	1,158	948	1,203	720	301
Public safety:					
Police:					
Major crimes	716	746	599	625	472
Criminal arrests	767	830	1,082	829	665
Motor vehicle accidents	479	476	476	490	453
Narcotics arrests	157	150	105	243	169
Fire:					
Fire and EMS responses	1,392	1,406	1,517	1,520	2,231
Inspections	1,006	1,045	1,070	1,090	646
Planning:					
Annexations	-	1	-	-	-
Zoning permits	88	86	89	90	87
Building permits for new residential	50	92	92	60	66
Building permits for new commercial	4	6	11	12	4
Value of building permits issued	\$ 18,883,628	\$ 30,184,969	\$ 18,978,343	\$ 18,000,000	\$ 14,424,416
Public works:					
Paved streets maintained (miles)	42	42	44	44	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1
Litter collection (hours annually)	425	405	390	400	428
Residential refuse collection (tons annually)	3,645	3,971	4,277	3,666	2,754
Multi-family & commercial refuse collection	3,098	3,595	2,534	2,823	3,713
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	50	48	48	44	46
Athletic activity participants	2,909	2,763	2,872	2,533	2,726
Athletic activity hours	934	882	878	885	1,079
Other activities offered	263	364	393	405	392
Other activity participants	17,476	30,056	31,667	32,252	34,988
Century Center rentals (a)	127	105	116	120	109
Park rentals (a)	181	201	199	182	135

**Sources:** Town departments

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

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

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

**Town of Carrboro, North Carolina**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Table 18**  
**(2 pages)**

	2016	2017	2018	2019	2020
General government:					
Revolving loan inquiries	5	5	8	5	25
Small business counseling referrals	13	12	15	12	12
Privilege licenses issued	*	*	*	*	*
Public safety:					
Police:					
Major crimes	521	441	473	406	357
Criminal arrests	550	458	488	399	328
Motor vehicle accidents	540	514	465	491	452
Narcotics arrests	93	132	81	45	24
Fire:					
Fire and EMS responses	2,227	2,300	2,308	2,185	1,785
Inspections	1,050	1,020	421	941	355
Planning:					
Annexations	-	-	-	-	-
Zoning permits	73	62	53	70	159
Building permits for new residential	69	28	42	55	124
Building permits for new commercial	9	41	127	8	121
Value of building permits issued	\$ 13,021,295	\$ 11,905,162	\$ 50,502,713	\$ 138,482	\$ 45,965
Public works:					
Paved streets maintained (miles)	46	46	46	46	45
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	2	1
Litter collection (hours annually)	385	321	207	29	N/A
Residential refuse collection (tons annually)	2,132	2,497	2,740	2,547	2,736
Multi-family & commercial refuse collection	4,692	3,269	9,502	3,991	3,991
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	42	51	63	65	50
Athletic activity participants	2,534	2,822	2,751	2,285	1,283
Athletic activity hours	972	942	877	1,068	617
Other activities offered	358	318	343	289	207
Other activity participants	22,793	22,720	28,436	26,031	15,154
Century Center rentals (a)	112	1,610	674	750	261
Park rentals (a)	186	410	526	650	234

**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, North Carolina**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Table 19**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	43	43	43	43	43	47	47	47
Fire stations	2	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	8	8	6
Replacement refuse collection trucks	1	1	1	1	1	1	1	-	-	2
Streets (miles)	43.27	43.27	43.27	43.27	43.27	43.27	43.27	46.70	46.70	47.04
Bike paths (miles)	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.84	3.84
Streetlights	986	986	986	986	986	986	986	986	1,014	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	6	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	3	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	5	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 Town Council  
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, 2020, 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 25, 2020. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Town of Carrboro's Response to Finding***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 25, 2020**



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## Schedule of Findings and Responses

### ***Finding 2020-001: Financial Accounting Closing Procedures***

#### Material Weakness

**Condition:** In the fiscal year ended June 30, 2019, the Town had incorrectly reported \$778,400 due from Orange County as a receivable and revenue which caused an overstatement of fund balance and net position as of June 30, 2019 in the Capital Projects Fund. In addition, \$139,684 of proceeds received from Orange County were recorded as revenues on the government-wide statements, which should have been reported as a long-term liability. As a result of these errors, beginning net position for government-wide activities and beginning fund balance for the Capital Projects Fund were recorded to correct these errors.

**Effect:** Inaccurate reconciliation of certain asset and liability accounts resulted in the identification of a material adjusting journal entry during the audit process to correct improperly reported balances as of June 30, 2019.

**Cause:** The Town did not follow proper review and reconciliation processes for certain balance sheet accounts.

**Criteria:** Financial statement balances are required to be reported in accordance with the accounting principles generally accepted in the United States of America, as established by the Government Accounting Standards Board.

**Recommendation:** We recommend that management analyzes all significant sources of grant revenue and related receivables on a routine basis, whether monthly, quarterly, or annually, to ensure that receivables and revenues are only recorded when a right to receipt exists.

**View of responsible official and planned corrective action:** We agree with the finding and will implement more robust procedures surrounding the review of accounts receivable to ensure that receivables accurately reflect rights to receipt of the Town.