

REVIEWED

By SLGFD at 11:56 am, Jan 21, 2022



Town of Carrboro

Annual Comprehensive Financial Report

Year Ended June 30, 2021
Prepared by Finance Department

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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

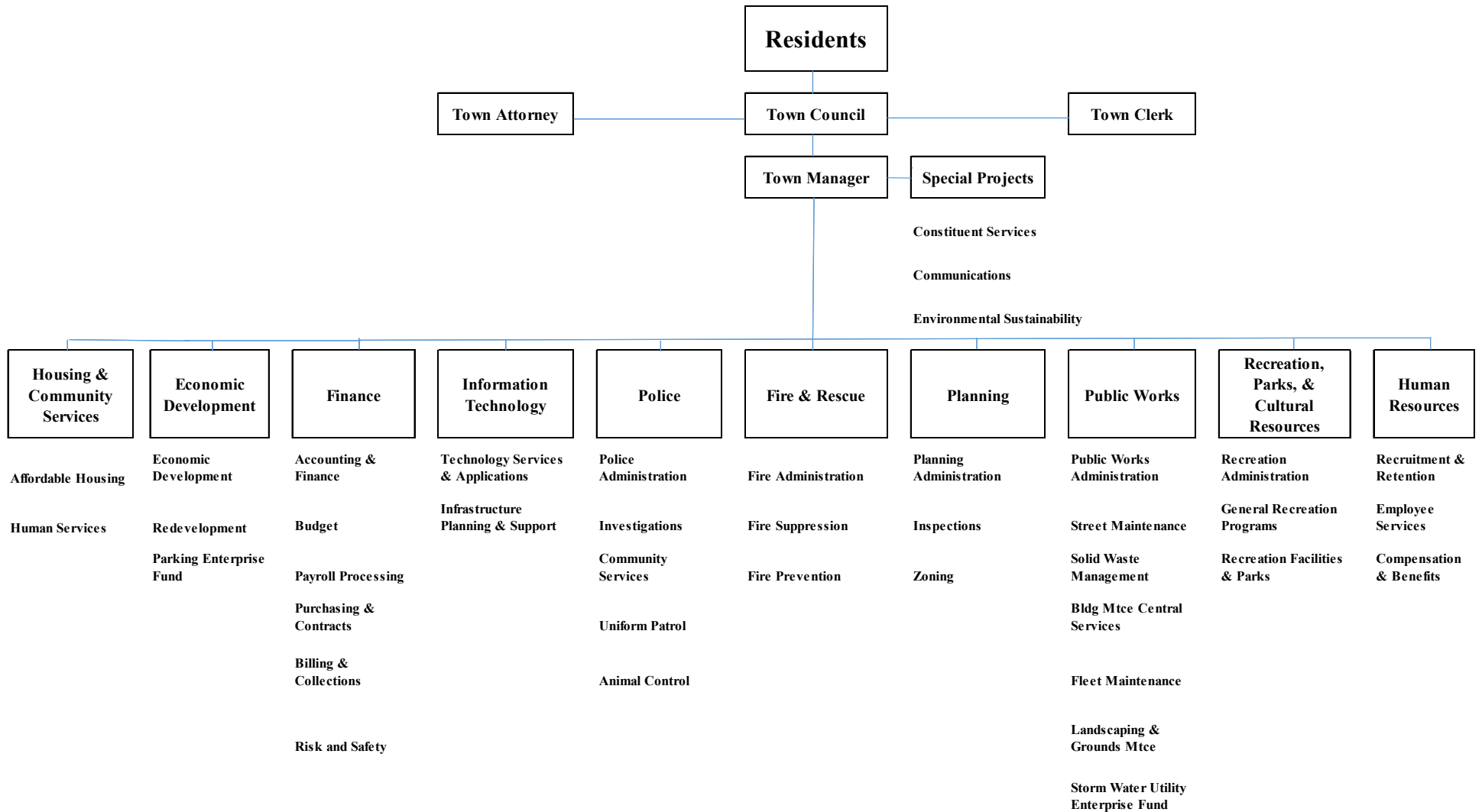
Richard J. White III, ICMA-CM

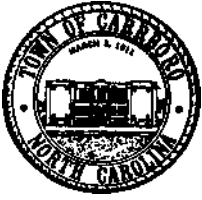
Finance Department

Arche L. McAdoo, Finance Director
Jane Bowden, Management Assistant/Purchasing Agent
Donald Coble, Accounting and Grants Supervisor
Chandra Edwards, Accounting Technician/Receptionist
Edna Kirkman, Staff Accountant
Cary McNallan, Deputy Finance Director
Jordan Kerr, Payroll and Benefits Coordinator

Town of Carrboro, North Carolina

Organizational Chart





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

January 10, 2022

Honorable Mayor and Members of the Town Council Town of Carrboro

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Carrboro for the fiscal year ended June 30, 2021 (FY 2020-2021). As required by North Carolina General Statutes (NCGS), the ACFR 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 auditor's 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 1.5 cents 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 2019 median household income is \$58,702. 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 3.0% 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 increased by 29.1% or \$7,574,232 from \$26,027,909 at June 30, 2020 to \$33,602,141 at June 30, 2021. This is primarily due to an installment purchase and a \$4.7 million increase in the Town's OPEB liability.

The Town had debt retirement for this fiscal year with the principal repayment of \$588,314. There was one installment financing in the amount of \$1.9 million.

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 FY 2021-22:

- 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,
- Continue 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 spring of 2022.

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, 2021, the Town had a total General Fund balance of \$17.8 million or 82.2% of total General Fund expenditures.

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 is 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

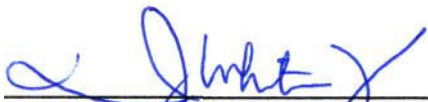
North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP was selected by the Council and performed this audit. The auditors' report on the basic financial statements, 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

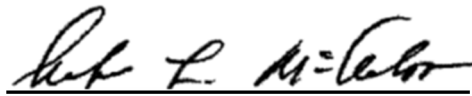
The Government Finance Officers Association of the United States and Canada (GFOA) awarded, for the fifteenth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting to the Town of Carrboro for its Annual Comprehensive Financial Report issued for fiscal year 2019-20. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and we will submit our ACFR for the fiscal year ended June 30, 2021 to the GFOA to determine its eligibility for another year. The Certificate Program managed by the GFOA was established in 1945 and is designed to recognize and encourage excellence in financial reporting by state and local governments. Further information about the Certificate Program can be obtained by visiting GFOA's website at: www.gfoa.org. The GFOA reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. We agree with this direction and, in keeping with our past practice, have made available a copy of this report to each of you, Town departments, bond-rating agencies, the North Carolina Local Government Commission, and other financial institutions that have expressed an interest in the Town's financial affairs.

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



Richard J. White III, 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, 2020

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, 2021, 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, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual 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 January 10, 2022, 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 solely 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 effectiveness of the organization's 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, NC
January 10, 2022

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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, 2021. 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 \$31,039,430 (net position).
- The total net position of the Town increased by \$937,662 from the amount previously reported at June 30, 2020.
- At June 30, 2021, the Town's governmental funds had combined ending fund balances of \$19,702,642, an increase of 3.0% or \$573,299 in comparison with the prior year. Approximately 56.8% or \$11,181,810 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the year unassigned fund balance for the General Fund was \$11,595,919 or 53.5% of total General Fund expenditures of \$21,673,887.
- Long-term debt obligations for the Town increased by 29.1% or \$7,574,232 from \$26,027,909 at June 30, 2020 to \$33,602,141 at June 30, 2021. This is primarily due to direct borrowing installment purchases and an increase in the OPEB liability.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

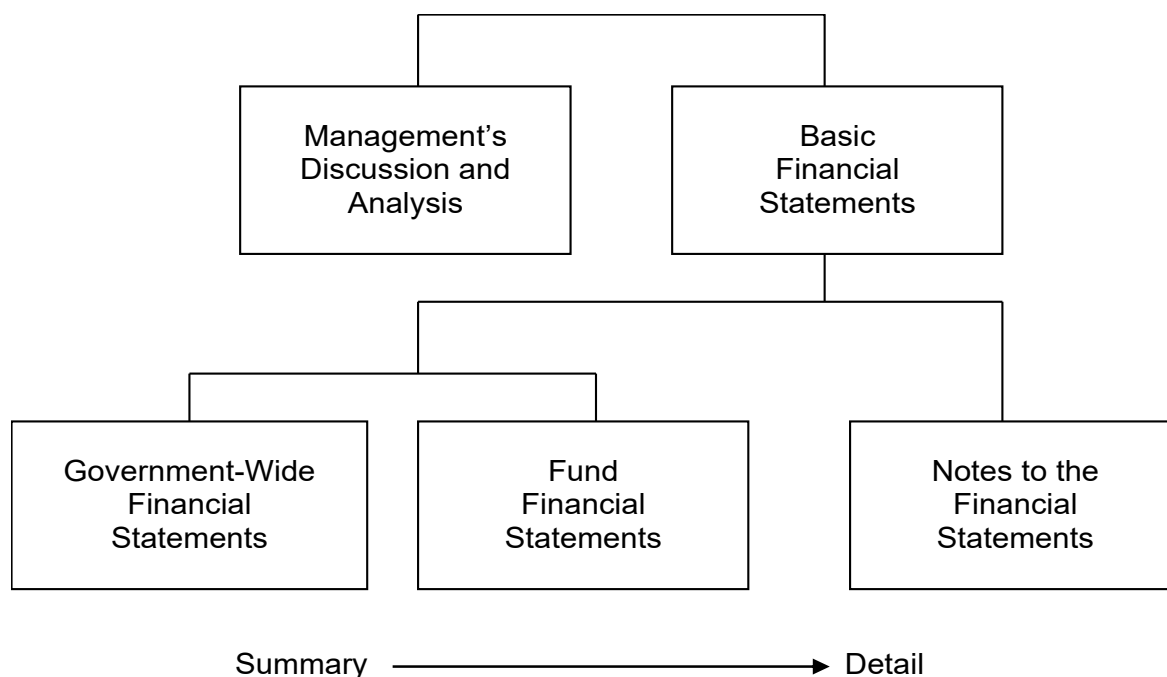
Overview of the Financial Statements

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.

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.

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Management's Discussion and Analysis

Proprietary funds – 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.

In 2021, the Town Council authorized the creation of a Parking Enterprise Fund to account for parking expenses. The Parking Enterprise Fund is currently funded by General Fund revenues to support free parking throughout the Town, until such time the Town implements a fee structure for parking facilities.

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 61 of this report.

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

Government-wide financial analysis

Town of Carrboro's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 22,453,465	\$ 21,885,073	\$ 1,243,419	\$ 799,564	\$ 23,696,884	\$ 22,684,637
Capital assets, net	41,107,251	38,530,705	611,550	349,932	41,718,801	38,880,637
Total assets	63,560,716	60,415,778	1,854,969	1,149,496	65,415,685	61,565,274
Deferred outflows of resources	6,970,328	2,677,479	75,485	25,333	7,045,813	2,702,812
Total assets and deferred outflows of resources	70,531,044	63,093,257	1,930,454	1,174,829	72,461,498	64,268,086
Long-term liabilities outstanding	33,316,079	25,818,452	286,062	209,457	33,602,141	26,027,909
Other liabilities	2,717,482	1,946,695	23,173	19,045	2,740,655	1,965,740
Total liabilities	36,033,561	27,765,147	309,235	228,502	36,342,796	27,993,649
Deferred inflows of resources	5,029,920	6,112,942	49,352	59,727	5,079,272	6,172,669
Net position:						
Net investment in capital assets	36,062,824	34,478,765	611,550	349,932	36,674,374	34,828,697
Restricted	3,312,120	3,349,924	-	-	3,312,120	3,349,924
Unrestricted	(9,907,381)	(8,613,521)	960,317	536,668	(8,947,064)	(8,076,853)
Total net position, ending	\$ 29,467,563	\$ 29,215,168	\$ 1,571,867	\$ 886,600	\$ 31,039,430	\$ 30,101,768

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 \$31,039,430 as of June 30, 2021. The majority of net position (118.1%) 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

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

acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion (10.7% or \$3,312,120) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of (\$8,947,064) (-28.8%) is unrestricted.

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

Town of Carrboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,406,530	\$ 1,637,616	\$ 1,013,598	\$ 812,545	\$ 2,420,128	\$ 2,450,161
Operating grants and contributions	1,273,741	1,159,067	-	-	1,273,741	1,159,067
Capital grants and contributions	432,923	698,031	-	-	432,923	698,031
General revenues:						
Property taxes	13,654,117	13,480,652	-	-	13,654,117	13,480,652
Local option sales taxes	5,467,567	4,772,318	-	-	5,467,567	4,772,318
Other taxes	1,636,916	1,535,867	-	-	1,636,916	1,535,867
Grants and contributions not restricted	1,381,436	1,408,981	104,820	-	1,486,256	1,408,981
Other	449,538	279,600	132	4,259	449,670	283,859
Total revenues	<u>25,702,768</u>	<u>24,972,132</u>	<u>1,118,550</u>	<u>816,804</u>	<u>26,821,318</u>	<u>25,788,936</u>
Expenses:						
General government	5,270,260	5,288,695	-	-	5,270,260	5,288,695
Public safety	8,522,469	8,283,668	-	-	8,522,469	8,283,668
Planning	1,540,407	1,520,044	-	-	1,540,407	1,520,044
Transportation	1,872,343	1,835,146	-	-	1,872,343	1,835,146
Public works	5,085,068	5,298,021	-	-	5,085,068	5,298,021
Parks and recreation	1,858,667	1,943,269	-	-	1,858,667	1,943,269
Economic and physical development	1,079,915	727,748	-	-	1,079,915	727,748
Interest on long-term debt	99,469	98,950	-	-	99,469	98,950
Parking	-	-	86,321	-	86,321	-
Stormwater	-	-	468,737	444,871	468,737	444,871
Total expenses	<u>25,328,598</u>	<u>24,995,541</u>	<u>555,058</u>	<u>444,871</u>	<u>25,883,656</u>	<u>25,440,412</u>
Increase (decrease) in net position before transfers	<u>374,170</u>	<u>(23,409)</u>	<u>563,492</u>	<u>371,933</u>	<u>937,662</u>	<u>348,524</u>
Transfers	<u>(121,775)</u>	<u>-</u>	<u>121,775</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>252,395</u>	<u>(23,409)</u>	<u>685,267</u>	<u>371,933</u>	<u>937,662</u>	<u>348,524</u>
Net position, beginning, as previously reported	<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>
Prior period adjustment	<u>-</u>	<u>(918,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(918,084)</u>
Net position, beginning, as restated	<u>29,215,168</u>	<u>29,238,577</u>	<u>886,600</u>	<u>514,667</u>	<u>31,101,768</u>	<u>29,753,244</u>
Net position, ending	<u>\$ 29,467,563</u>	<u>\$ 29,215,168</u>	<u>\$ 1,571,867</u>	<u>\$ 886,600</u>	<u>\$ 31,039,430</u>	<u>\$ 30,101,768</u>

Governmental activities. Governmental activities increased the Town's net position by \$252,395. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by \$180,087 or 1.3% from \$13.5 million in 2020 to \$13.7 million in 2021. This increase is related to an increase in assessed properties within the Town.
- Local option sales tax revenues increased by \$695,249 or 14.6% above the prior year. This increase is the result of residents utilizing internet sales to undertake a variety of home improvement projects during 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 \$1.6 million.
- Unrestricted intergovernmental revenues remained stable at \$1.5 million.
- Revenues from fees and permits remained stable at \$1.2 million.
- Capital grants and contributions decreased from \$698,031 in 2020 to \$432,923 in 2021, 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 from \$24,995,541 in 2020 to \$25,328,598 in 2021.
- Expense for interest on long-term debt increased slightly from \$98,950 in 2020 to \$99,469 in 2021. The Town has not issued any major debt since the 2013 general obligation bonds for construction of sidewalks and greenways, but did undertake lease purchases borrowing of \$1.8M for vehicles and equipment in 2021.

Business-type activities. Business-type activities increased the Town's net position by \$685,267 due to the collection of user fees for stormwater services in 2021.

Financial Analysis of the Town of Carrboro's Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,595,919, an increase of \$1.56 million or 15.6% from \$10,030,700 in 2020. The total general fund balance for 2021 was \$17,818,427, a 12.0% increase from the 2020 amount of \$15,911,609. This increase in fund balance is due primarily to stability of revenue collections and the increase in sales tax revenues. 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 53.5% of total General Fund expenditures of \$21,673,887. Total fund balance represents 82.2% 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 \$58,637, or 20.8%, as a result of a new \$60,000 business loan for a local restaurant.

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

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 \$260,754, or 472%. The negative fund balance for this fund reflects a timing issue with the collection of revenues and expenditures where the Town is reimbursed after expenditure by the Town. Many of the projects are being completed and finalized so the fund is slowly drawing to a close and the remaining bond proceeds are expected to be spent in 2022. Additional state and federal grants are pending that will supplement some of 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 \$937,949, or 52.7%. The decrease is a result of an increase in expenditures for projects funded in previous years.

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 2021, this fund increased by \$117,123, primarily because grant funds were received for a hazard mitigation grant project that was primarily expensed in the previous year.

The Nonmajor Funds, which include the Affordable Housing Fund, the Energy Efficiency Revolving Loan Fund, the Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund, and the Facilities Rehabilitation Fund had a decrease in fund balance of \$193,302, or 14.2%. The majority of the revenues and expenditure are related to the Affordable Housing Fund, which includes ad valorem taxes equal to 1.0 cents of the tax rate, and a \$112,500 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 was initially funded by a federal grant to provide loans to small businesses for energy improvements. This fund was relatively inactive during 2021.

At June 30, 2021, the governmental funds of the Town of Carrboro reported a combined fund balance of \$19,702,642. The reported combined fund balance of the governmental funds includes a fund balance (deficit) within the Bond Fund of (\$205,503), and within the Facilities Rehabilitation Fund of \$588,027, and a fund balance within the Capital Projects Fund of \$840,624. These fund balances are either restricted or committed for capital project purposes, net of any negative unassigned amounts.

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 \$286,940 (1.2%) from an original appropriation of \$24,157,056 to a final appropriation of \$24,443,996.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$23,950,581, compared to budget of \$22,709,032.

Revenues from taxes (i.e., property, local option sales, and other) represent 85.8% of the total revenues. Property, sales and other tax revenues were above budget projections (\$1,554,760 or 8.2%).

Revenue from permits and fees represent 4.6% of total revenues, and were under budget projections by \$132,333 or 10.7%. Total revenue for permits and fees this year remained stable at \$1.1 million.

Revenues from sales and services, and investment earnings were lower than budget projections by \$181,228 or 66.8%. This was primarily due to lower than expected interest earnings, and partially due to the loss in Recreation and Park revenues because of cancellation of programs and activities, both factors of the pandemic.

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

The unrestricted intergovernmental revenue receipts exceeded budget projections by \$8,252 or 0.6% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,381,436 compared to \$1,408,981 in 2020.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$21,673,887, which was \$2,770,109 less than the final budget of \$24,443,996. All spending by function was in compliance with budgetary requirements.

All expenditures were less than final budget at June 30, 2021, and were 2.6% less than the prior year. Expenditures for general government were 4.0% lower than the prior year, decreasing from \$5,433,773 in 2020 to \$5,215,913 in 2021. Actual expenditures for public safety increased by 2.3% from \$7,083,070 in 2020 to \$7,243,745 in 2021. Actual expenditures for planning decreased by 3.1% from \$1,423,554 in 2020 to \$1,379,968 in 2021. Transportation expenditures increased 2.0% from \$1,835,146 in 2020 to \$1,872,010 in 2021. Public works expenditures remained mostly unchanged at \$3,865,558 in 2021. Recreation and parks expenditures decreased by 13.2% from \$1,628,112 in 2020 to \$1,412,944 in 2021. Debt service expenditures decreased by 14.8% 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, 2021 totaled \$41,107,251 (net of accumulated depreciation) and the Town's investment in capital assets for its business-type activities as of June 30, 2021 totaled \$611,550 (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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	<u>2,590,647</u>	<u>1,500,566</u>	<u>-</u>	<u>101,521</u>	<u>2,590,647</u>	<u>1,602,087</u>
Total capital assets not being depreciated	<u>17,338,603</u>	<u>16,248,522</u>	<u>-</u>	<u>101,521</u>	<u>17,338,603</u>	<u>16,350,043</u>
Capital assets being depreciated:						
Buildings and systems	7,935,094	7,966,752	107,332	111,165	8,042,426	8,077,917
Improvements other than buildings	681,100	719,182	-	-	681,100	719,182
Infrastructure	11,550,769	10,792,848	403,572	-	11,954,341	10,792,848
Machinery and equipment	1,465,968	1,525,534	100,646	137,246	1,566,614	1,662,780
Vehicles	<u>2,135,717</u>	<u>1,277,867</u>	<u>-</u>	<u>-</u>	<u>2,135,717</u>	<u>1,277,867</u>
Total capital assets being depreciated	<u>23,768,648</u>	<u>22,282,183</u>	<u>611,550</u>	<u>248,411</u>	<u>24,380,198</u>	<u>22,530,594</u>
Total capital assets	<u>\$ 41,107,251</u>	<u>\$ 38,530,705</u>	<u>\$ 611,550</u>	<u>\$ 349,932</u>	<u>\$ 41,718,801</u>	<u>\$ 38,880,637</u>

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

Long-term debt. As of June 30, 2021 and 2020, the Town of Carrboro had the following long-term liabilities:

Town of Carrboro's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Government obligation bond	\$ 2,600,000	\$ 2,850,000	\$ -	\$ -	\$ 2,600,000	\$ 2,850,000
Premium on bonds	51,097	55,963	-	-	51,097	55,963
Direct borrowing						
installment purchases	2,679,585	1,145,977	-	-	2,679,585	1,145,977
Compensated absences	867,973	826,999	16,606	11,768	884,579	838,767
OPEB liability	20,745,094	16,065,479	203,383	157,505	20,948,477	16,222,984
LGERS net pension liability	4,314,590	3,375,107	66,073	40,184	4,380,663	3,415,291
Law enforcement officers' total pension liability	2,057,740	1,498,927	-	-	2,057,740	1,498,927
Total	\$ 33,316,079	\$ 25,818,452	\$ 286,062	\$ 209,457	\$ 33,602,141	\$ 26,027,909

Total long-term liabilities for the Town increased by \$7,574,232 (29.1%) during fiscal year 2021 primarily due increases in the pension and OPEB liabilities, and issuance of installment purchase obligations for equipment. The Town had debt retirement for this fiscal year with the principal repayment of \$588,314.

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 \$192,607,719. The Town has no general obligation bonds authorized but unissued at June 30, 2021.

Additional information regarding the Town's long-term debt can be found beginning on page 44 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 is showing some signs of remission due to the availability of vaccines. However, it is uncertain as to whether the signs are sustainable given that a large share of the population remains unvaccinated. With inflation on the rise, there is concern that the economic environment may take longer to recover, especially if pandemic cases increase and governments revert back to lock downs.
- The economic and health uncertainties of a resurgent pandemic, and the related unknown economic factors make it difficult to forecast the financial implications for the Town with any certainty. However, the good news is that through the American Rescue Plan Act there is an infusion of financial resources to local governments that will help mitigate the negative side effects of the pandemic.
- 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. With the county-wide revaluation of all property, the Town expects that the property tax collection rate will return to a 98 to 99% rate.
- The Town's historical local sales tax growth is expected to continue in the coming fiscal year.
- Additional revenue options for local governments pending in the North Carolina General Assembly are being closely monitored for any potential adverse impact on local governments.

Budget highlights for the fiscal year ending June 30, 2022

Governmental activities. The Town has approved a General Fund budget in the amount of \$25,347,801 for fiscal year 2022, which is a 1.1% increase over the original adopted fiscal year 2021 budget.

The primary focus in preparing the fiscal year 2022 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 6.9% due to a revaluation of the tax base; while sales taxes are projected to increase 15.4% due to a stronger than expected revenue stream. The tax rate for real property equals \$60.44 cents per one hundred dollars (0.6044), which is an increase of .0500 from fiscal year 2021. This rate includes 1.5 cents 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 2022 are expected to 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 increase slightly from \$118,600 in 2021 to \$189,400 in 2022. These capital outlays will be primarily for vehicles and equipment purchases. The budget for debt service in 2022 is \$876,790 compared to \$1,105,233 in 2021.

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 2022 to provide more funding for stormwater capital projects and other management program requirements. In 2021, staff developed a 10-year financing plan and model, which provides for rate increases effective July 1, 2022.

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, 2021

Exhibit 1

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Carrboro Tourism
	Activities	Activities		Development
				Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,354,024	\$ 1,085,718	\$ 19,439,742	\$ 117,814
Receivables:				
Taxes receivable, net	171,516	-	171,516	-
Accrued interest receivable, property taxes	50,407	-	50,407	-
Accounts receivable, net	94,029	52,881	146,910	-
Due from primary government	-	-	-	34,113
Due from other governments	2,595,602	104,820	2,700,422	-
Inventories	15,191	-	15,191	-
Prepays	259,869	-	259,869	-
Restricted cash	654,851	-	654,851	-
Total current assets	22,195,489	1,243,419	23,438,908	151,927
Non-current assets:				
Notes receivable, net	257,976	-	257,976	-
Capital assets				
Land, non-depreciable improvements, and construction in progress	17,338,603	-	17,338,603	-
Other capital assets, net of accumulated depreciation	23,768,648	611,550	24,380,198	-
Total noncurrent assets	41,365,227	611,550	41,976,777	-
Total assets	63,560,716	1,854,969	65,415,685	151,927
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	3,172,614	41,648	3,214,262	-
OPEB deferrals	3,797,714	33,837	3,831,551	-
Total deferred outflows	6,970,328	75,485	7,045,813	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,626,786	23,173	1,649,959	-
Payable from restricted assets, customer deposits and performance bonds	41,785	-	41,785	-
Revenues received in advance	963,959	-	963,959	-
Accrued interest payable	50,839	-	50,839	-
Due to component unit	34,113	-	34,113	-
Current portion of total pension liability - LEO	74,101	-	74,101	-
Current portion of total OPEB liability	346,390	-	346,390	-
Current portion of long-term liabilities	1,266,788	4,737	1,271,525	-
Total current liabilities	4,404,761	27,910	4,432,671	-
Long-term liabilities:				
Net pension liability - LGERS	4,314,590	66,073	4,380,663	-
Total pension liability - LEO, net of current	1,983,639	-	1,983,639	-
Total OPEB liability, net of current	20,398,704	203,383	20,602,087	-
Due in more than one year	4,931,867	11,869	4,943,736	-
Total noncurrent liabilities	31,628,800	281,325	31,910,125	-
Total liabilities	36,033,561	309,235	36,342,796	-
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	75,922	783	76,705	-
OPEB deferrals	4,953,998	48,569	5,002,567	-
Total deferred inflows	5,029,920	49,352	5,079,272	-
NET POSITION				
Net investment in capital assets	36,062,824	611,550	36,674,374	-
Restricted for:				
Stabilization by State Statute	2,943,525	-	2,943,525	34,113
Streets	368,595	-	368,595	-
Unrestricted	(9,907,381)	960,317	(8,947,064)	117,814
Total net position	\$ 29,467,563	\$ 1,571,867	\$ 31,039,430	\$ 151,927

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, 2021

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	\$ 5,270,260	\$ 533,630	\$ 162,813	\$ -	\$ (4,573,817)	\$ -	\$ (4,573,817)	\$ -
Public safety	8,522,469	620,290	175,101	162,881	(7,564,197)	-	(7,564,197)	-
Planning	1,540,407	46,767	-	-	(1,493,640)	-	(1,493,640)	-
Transportation	1,872,343	-	456,561	20,793	(1,394,989)	-	(1,394,989)	-
Public works	5,085,068	55,894	30,195	249,249	(4,749,730)	-	(4,749,730)	-
Parks and recreation	1,858,667	67,923	35,898	-	(1,754,846)	-	(1,754,846)	-
Economic and physical development	1,079,915	82,026	413,173	-	(584,716)	-	(584,716)	-
Interest on long-term debt	99,469	-	-	-	(99,469)	-	(99,469)	-
Total governmental activities	25,328,598	1,406,530	1,273,741	432,923	(22,215,404)	-	(22,215,404)	-
Business-type activities:								
Stormwater	468,737	1,013,598	-	-	-	544,861	544,861	-
Parking	86,321	-	-	-	-	(86,321)	(86,321)	-
Total business- type activities	555,058	1,013,598	-	-	-	458,540	458,540	-
Total primary government	\$ 25,883,656	\$ 2,420,128	\$ 1,273,741	\$ 432,923	-	-	(21,756,864)	-
Component unit:								
Tourism Development Authority	\$ 350,879	\$ -	\$ -	\$ -	-	-	-	(133,138)
Total component unit	\$ 350,879	\$ -	\$ -	\$ -	-	-	-	(133,138)

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, 2021

Exhibit 2
(2 pages)

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Unit
					Governmental Activities	Business-Type Activities		Carrboro Tourism Development Authority
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 13,654,117	\$ -	\$ 13,654,117	\$ -
Local option sales taxes					5,467,567	-	5,467,567	-
Other taxes					1,636,916	-	1,636,916	-
Unrestricted intergovernmental revenues					1,381,436	104,820	1,486,256	-
Unrestricted investment earnings					3,132	108	3,240	-
Gain on disposal					82,606	-	82,606	-
Miscellaneous					363,800	24	363,824	-
Payments from Town of Carrboro					-	-	-	148,902
Total general revenues not including transfers					22,589,574	104,952	22,694,526	148,902
Transfers					(121,775)	121,775	-	-
Total general revenues					22,467,799	226,727	22,694,526	148,902
Change in net position					252,395	685,267	937,662	15,764
Net position, beginning					29,215,168	886,600	30,101,768	136,163
Net position, ending					\$ 29,467,563	\$ 1,571,867	\$ 31,039,430	\$ 151,927

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3
(3 pages)

	Major Funds		
	General Fund	Revolving Loan Fund	Bond Fund
ASSETS			
Cash and cash equivalents	\$ 16,082,475	\$ 223,301	\$ -
Taxes receivable, net	171,516	-	-
Accounts receivable, net	65,696	-	-
Due from other governments	2,024,985	-	302,804
Due from other funds	211,209	-	-
Notes receivable, net	-	58,849	-
Inventories	15,191	-	-
Prepays	259,869	-	-
Restricted cash	368,595	-	-
Total assets	<u>\$ 19,199,536</u>	<u>\$ 282,150</u>	<u>\$ 302,804</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,015,289	\$ -	\$ 49,947
Payable from restricted assets, customer deposits and performance bonds	41,785	-	-
Revenues received in advance	118,406	-	-
Due to other funds	-	-	211,209
Due to component unit	34,113	-	-
Total liabilities	<u>1,209,593</u>	<u>-</u>	<u>261,156</u>
DEFERRED INFLOWS OF RESOURCES	<u>171,516</u>	<u>58,849</u>	<u>247,151</u>
FUND BALANCES			
Nonspendable:			
Inventories	15,191	-	-
Prepays	259,869	-	-
Restricted:			
Stabilization by state statute	2,430,918	-	61,532
Powell Bill (streets)	326,810	-	-
Public safety	-	-	-
Committed:			
Economic development	-	223,301	-
Capital projects	-	-	-
Affordable housing	-	-	-
Energy efficiency	-	-	-
Assigned:			
Subsequent year's expenditures	1,189,720	-	-
Capital projects	2,000,000	-	-
Unassigned	11,595,919	-	(267,035)
Total fund balances	<u>17,818,427</u>	<u>223,301</u>	<u>(205,503)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,199,536</u>	<u>\$ 282,150</u>	<u>\$ 302,804</u>

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3
(3 pages)

	Major Funds			Total Governmental Funds
	Capital Projects Fund	Grants Administration Fund	Nonmajor Funds	
ASSETS				
Cash and cash equivalents	\$ 836,563	\$ 43,190	\$ 1,168,495	\$ 18,354,024
Taxes receivable, net	-	-	-	171,516
Accounts receivable, net	28,333	-	-	94,029
Due from other governments	93,463	174,350	-	2,595,602
Due from other funds	-	-	-	211,209
Notes receivable, net	-	-	199,127	257,976
Inventories	-	-	-	15,191
Prepays	-	-	-	259,869
Restricted cash	286,256	-	-	654,851
Total assets	<u>\$ 1,244,615</u>	<u>\$ 217,540</u>	<u>\$ 1,367,622</u>	<u>\$ 22,614,267</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 375,658	\$ 182,142	\$ 3,750	\$ 1,626,786
Payable from restricted assets, customer deposits and performance bonds	-	-	-	41,785
Revenues received in advance	-	-	-	118,406
Due to other funds	-	-	-	211,209
Due to component unit	-	-	-	34,113
Total liabilities	<u>375,658</u>	<u>182,142</u>	<u>3,750</u>	<u>2,032,299</u>
DEFERRED INFLOWS OF RESOURCES	<u>28,333</u>	<u>174,350</u>	<u>199,127</u>	<u>879,326</u>
FUND BALANCES				
Nonspendable:				
Inventories	-	-	-	15,191
Prepays	-	-	-	259,869
Restricted:				
Stabilization by state statute	442,953	8,122	-	2,943,525
Powell Bill (streets)	-	-	-	326,810
Capital projects	286,256	-	-	286,256
Committed:				
Economic development	-	-	164,921	388,222
Capital projects	111,415	-	588,027	699,442
Affordable housing	-	-	278,107	278,107
Energy efficiency	-	-	133,690	133,690
Assigned:				
Subsequent year's expenditures	-	-	-	1,189,720
Capital projects	-	-	-	2,000,000
Unassigned	-	(147,074)	-	11,181,810
Total fund balances	<u>840,624</u>	<u>(138,952)</u>	<u>1,164,745</u>	<u>19,702,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,244,615</u>	<u>\$ 217,540</u>	<u>\$ 1,367,622</u>	<u>\$ 22,614,267</u>

Town of Carrboro, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Exhibit 3
(3 pages)

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - governmental funds	\$ 19,702,642
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	41,107,251
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.	50,407
Deferred outflows of resources related to pensions are not reported in the fund statements.	3,172,614
Deferred outflows of resources related to OPEB are not reported in the fund statements.	3,797,714
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	879,326
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(7,044,208)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(75,922)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(4,953,998)
Net pension liability - LGERS	(4,314,590)
Total pension liability - LEO	(2,057,740)
Total OPEB liability	(20,745,094)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	<u>(50,839)</u>
Net position of governmental activities	<u>\$ 29,467,563</u>

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

Exhibit 4
(4 pages)

	Major Funds		
	General Fund	Revolving Loan Fund	Bond Fund
Revenues:			
Ad valorem taxes	\$ 13,452,024	\$ -	\$ -
Local option sales taxes	5,467,567	-	-
Other taxes and licenses	1,636,916	-	-
Unrestricted intergovernmental	1,381,436	-	-
Restricted intergovernmental	608,764	-	160,565
Permits and fees	1,100,596	-	-
Sales and services	88,106	-	-
Investment earnings	1,916	212	15
Other	213,256	1,151	-
Total revenues	23,950,581	1,363	160,580
Expenditures:			
General government	5,146,951	-	-
Public safety	7,199,852	-	-
Planning	1,379,968	-	-
Transportation	1,872,010	-	332
Public works	3,832,513	-	-
Economic and physical development	-	60,000	-
Parks and recreation	1,412,944	-	-
Capital outlay	145,900	-	416,870
Debt service:			
Principal	588,314	-	-
Interest and other charges	95,435	-	-
Total expenditures	21,673,887	60,000	417,202
Excess of revenues over (under) expenditures	2,276,694	(58,637)	(256,622)
Other financing sources (uses):			
Transfers from other funds	183,668	-	-
Transfers to other funds	(636,150)	-	(4,132)
Sale of capital assets	82,606	-	-
Installment purchase obligations issued	-	-	-
Total other financing sources (uses)	(369,876)	-	(4,132)
Net change in fund balances	1,906,818	(58,637)	(260,754)
Fund balance (deficit), beginning of year	15,911,609	281,938	55,251
Fund balance (deficit), end of year	\$ 17,818,427	\$ 223,301	\$ (205,503)

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

Exhibit 4
(4 pages)

	Major Funds			Total Governmental Funds
	Capital Projects Fund	Grants Administration Fund	Nonmajor Funds	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 227,189	\$ 13,679,213
Local option sales taxes	-	-	-	5,467,567
Other taxes and licenses	-	-	-	1,636,916
Unrestricted intergovernmental	-	-	-	1,381,436
Restricted intergovernmental	699,439	500,868	240,999	2,210,635
Permits and fees	-	-	-	1,100,596
Sales and services	-	-	-	88,106
Investment earnings	163	-	824	3,130
Other	153,333	-	147,264	515,004
Total revenues	852,935	500,868	616,276	26,082,603
Expenditures:				
General government	164,264	-	78,106	5,389,321
Public safety	-	-	16,495	7,216,347
Planning	-	-	-	1,379,968
Transportation	-	-	-	1,872,342
Public works	-	-	18,450	3,850,963
Economic and physical development	-	336,197	684,668	1,080,865
Parks and recreation	-	-	87,098	1,500,042
Capital outlay	3,760,639	7,792	37,261	4,368,462
Debt service:				
Principal	-	-	-	588,314
Interest and other charges	-	-	-	95,435
Total expenditures	3,924,903	343,989	922,078	27,342,059
Excess of revenues over (under) expenditures	(3,071,968)	156,879	(305,802)	(1,259,456)
Other financing sources (uses):				
Transfers from other funds	383,131	18,744	112,500	698,043
Transfers to other funds	(121,036)	(58,500)	-	(819,818)
Sale of capital assets	-	-	-	82,606
Installment purchase obligations issued	1,871,924	-	-	1,871,924
Total other financing sources (uses)	2,134,019	(39,756)	112,500	1,832,755
Net change in fund balances	(937,949)	117,123	(193,302)	573,299
Fund balance (deficit), beginning of year	1,778,573	(256,075)	1,358,047	19,129,343
Fund balance (deficit), end of year	\$ 840,624	\$ (138,952)	\$ 1,164,745	\$ 19,702,642

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, 2021

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 \$ 573,299

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which capital
outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 4,368,462	
Depreciation expense for governmental assets	(2,057,816)	2,310,646

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	(82,606)	
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Gain on sale of fixed assets recognized under full accrual basis	82,606	-
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Contributions to the pension plan in the current fiscal year are
not included on the Statement of Activities.

947,981

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

77,027

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

346,390

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Donated capital assets	265,900	
Change in accrued interest receivable, property taxes	(6,774)	
Change in deferred revenues, property taxes	(18,322)	
Change in deferred revenues	(42,258)	
Change in total OPEB liability due to implicit rate subsidy	97,900	296,446

296,446

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

Exhibit 4
(4 pages)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Installment purchase obligations issued	\$	(1,871,924)	
Principal payments on long-term debt		588,314	
Change in accrued interest payable		<u>(8,901)</u>	\$ (1,292,511)

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			(699,439)
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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		(1,653,781)	
OPEB expense		(617,556)	
Change in compensated absences		<u>(40,974)</u>	<u>(2,307,444)</u>

Total changes in net position of governmental activities			<u><u>\$ 252,395</u></u>
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General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 13,156,500	\$ 13,156,500	\$ 13,452,024	\$ 295,524
Local option sales taxes	4,242,202	4,242,202	5,467,567	1,225,365
Other taxes and licenses	1,603,045	1,603,045	1,636,916	33,871
Unrestricted intergovernmental	1,389,688	1,389,688	1,381,436	(8,252)
Restricted intergovernmental	695,648	648,148	608,764	(39,384)
Permits and fees	1,222,929	1,232,929	1,100,596	(132,333)
Sales and services	131,250	131,250	88,106	(43,144)
Investment earnings	140,000	140,000	1,916	(138,084)
Other revenues	182,270	165,270	213,256	47,986
Total revenues	22,763,532	22,709,032	23,950,581	1,241,549
Expenditures				
Current:				
General government	5,627,231	5,854,771	5,215,913	638,858
Public safety	7,376,879	7,554,847	7,243,745	311,102
Planning	1,563,585	1,633,418	1,379,968	253,450
Transportation	2,029,600	2,029,600	1,872,010	157,590
Public works	4,113,574	4,194,510	3,865,558	328,952
Parks and recreation	1,844,009	1,849,273	1,412,944	436,329
General services	496,945	222,344	-	222,344
Debt service	1,105,233	1,105,233	683,749	421,484
Total expenditures	24,157,056	24,443,996	21,673,887	2,770,109
Excess of revenues over (under) expenditures	(1,393,524)	(1,734,964)	2,276,694	4,011,658
Other financing sources (uses)				
Transfers from other funds	-	183,668	183,668	-
Transfers to other funds	(906,050)	(1,665,294)	(636,150)	1,029,144
Sale of capital assets	60,000	60,000	82,606	22,606
Total other financing sources (uses)	(846,050)	(1,421,626)	(369,876)	1,051,750
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,239,574)	(3,156,590)	1,906,818	5,063,408
Fund balance appropriated	2,239,574	3,156,590	-	(3,156,590)
Net change in fund balance	\$ -	\$ -	1,906,818	\$ 1,906,818
Fund balance, beginning of year			15,911,609	
Fund balance, end of year			\$ 17,818,427	

Town of Carrboro, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 6

	Major Enterprise Funds Stormwater Utility Enterprise Fund	Nonmajor Fund Parking Utility Enterprise Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,000,247	\$ 85,471	\$ 1,085,718
Accounts receivable	52,881	-	52,881
Due from other governments	104,820	-	104,820
Total current assets	1,157,948	85,471	1,243,419
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	611,550	-	611,550
Total capital assets	611,550	-	611,550
Total noncurrent assets	611,550	-	611,550
Total assets	1,769,498	85,471	1,854,969
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	41,648	-	41,648
OPEB deferrals	33,837	-	33,837
Total deferred outflows of resources	75,485	-	75,485
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	23,173	-	23,173
Current portion of long-term liabilities	4,737	-	4,737
Total current liabilities	27,910	-	27,910
Long-term liabilities:			
Net pension liability - LGERS	66,073	-	66,073
Total OPEB liability	203,383	-	203,383
Due in more than one year	11,869	-	11,869
Total long-term liabilities	281,325	-	281,325
Total liabilities	309,235	-	309,235
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	783	-	783
OPEB deferrals	48,569	-	48,569
Total deferred inflows of resources	49,352	-	49,352
NET POSITION			
Net investment in capital assets	611,550	-	611,550
Unrestricted	874,846	85,471	960,317
Total net position	\$ 1,486,396	\$ 85,471	\$ 1,571,867

Town of Carrboro, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021

Exhibit 7

	Major Enterprise Funds Stormwater Utility Enterprise Fund	Nonmajor Fund Parking Utility Enterprise Fund	Total Enterprise Funds
Operating revenues			
Charges for services	\$ 1,013,598	\$ -	\$ 1,013,598
Total operating revenues	1,013,598	-	1,013,598
Operating expenses			
Personnel services	311,173	1,849	313,022
Depreciation	41,276	-	41,276
Other current charges	116,288	84,472	200,760
Total operating expenses	468,737	86,321	555,058
Operating income (loss)	544,861	(86,321)	458,540
Nonoperating revenues			
Investment earnings	91	17	108
Intergovernmental revenue	104,820	-	104,820
Interest and other charges	24	-	24
Total nonoperating revenues	104,935	17	104,952
Income before transfers	649,796	(86,304)	563,492
Transfers			
Transfers to capital projects fund	(50,000)	-	(50,000)
Transfers from general fund	-	171,775	171,775
Change in net position	599,796	85,471	685,267
Total net position, beginning	886,600	-	886,600
Total net position, ending	\$ 1,486,396	\$ 85,471	\$ 1,571,867

Town of Carrboro, North Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

Exhibit 8

	Major Enterprise Funds Stormwater Utility Enterprise Fund	Nonmajor Fund Parking Utility Enterprise Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 978,286	\$ -	\$ 978,286
Cash paid for goods and services	(112,160)	(84,472)	(196,632)
Cash paid to or on behalf of employees for services	(295,095)	(1,849)	(296,944)
Net cash provided by operating activities	571,031	(86,321)	484,710
Cash flows from noncapital financing activities:			
Operating subsidies from other funds	-	171,775	171,775
Net cash used by noncapital financing activities	-	171,775	171,775
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(302,894)	-	(302,894)
Transfers to other funds for capital projects	(50,000)	-	(50,000)
Net cash used by capital and related financing activities	(352,894)	-	(352,894)
Cash flows from investing activities:			
Investment earnings	115	17	132
Net cash provided by investing activities	115	17	132
Net increase in cash and cash equivalents	218,252	85,471	303,723
Cash and cash equivalents, beginning	781,995	-	781,995
Cash and cash equivalents, ending	\$ 1,000,247	\$ 85,471	\$ 1,085,718
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 544,861	\$ (86,321)	\$ 458,540
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	41,276	-	41,276
Change in assets, deferred outflows of resources, and liabilities:			
Increase in accounts receivable	(35,312)	-	(35,312)
Decrease in prepaid expenses	-	-	-
Increase in accounts payable and accrued liabilities	4,128	-	4,128
Increase in accrued vacation pay	4,838	-	4,838
Increase in deferred outflows of resources for pensions	(16,315)	-	(16,315)
Decrease in deferred inflows of resources for pensions	(431)	-	(431)
Increase in deferred outflows of resources for OPEB	(33,837)	-	(33,837)
Decrease in deferred inflows of resources for OPEB	(9,944)	-	(9,944)
Increase in net pension liability	25,889	-	25,889
Increase in total OPEB liability	45,878	-	45,878
Net cash provided by operating activities	\$ 571,031	\$ (86,321)	\$ 484,710

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

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.

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

The Town reports the following major governmental funds:

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

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

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

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

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

The Town reports the following non-major governmental funds:

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

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

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.

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.

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.

The Town reports the following non-major enterprise fund:

Parking Enterprise Fund. This fund is used to account for all parking related expenses for the growing needs of parking facilities in the Town. The Town Council has requested a parking study to consider the implementation of parking fees for various parking facilities. The Parking Enterprise Fund will be funded with a transfer from the General Fund, until such time that the Fund can generate its own revenue source.

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 storm water utility enterprise fund are charges to customers for sales and services. The principal operating revenues of the Town's parking enterprise fund will be charges to customers for sales and services, following commencement of such fees in future years. 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, Storm Water Utility Enterprise Fund, and Parking 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-

Town of Carrboro, North Carolina
Notes to Financial Statements

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. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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.

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 \$326,810 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. Unexpended debt proceeds in the amount of \$286,255 are classified as restricted cash, as they may only be spent for the purposes of the related debt issuance.

Ad valorem taxes receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. 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.

Town of Carrboro, North Carolina
Notes to 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.

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 2021 fiscal year and OPEB deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable which are net of allowance, as well as pension and OPEB-related deferrals.

Long-term obligations

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

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

Compensated absences

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

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

Net position/fund balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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.

Other restrictions - portion of fund balances that are restricted by the restrictive nature of special revenue and capital project funds. These restrictions are classified by the functional nature of each fund (i.e., public safety, transportation, etc.).

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.

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, 2021, the Town had a deficit in the Bond Fund in the amount of \$205,503, and in the Grants Administration Fund in the amount of \$138,952. The deficits in these funds are due to timing only, as grant revenues in the amounts of \$247,151 and \$174,350, respectively were not considered to be available as of June 30, 2021, 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.

Town of Carrboro, North Carolina
Notes to Financial Statements

At June 30, 2021, the Town's deposits had a carrying amount of \$5,556,096 and a bank balance of \$5,919,465. Of the bank balance, \$500,000 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 \$117,814 and the bank balance of deposits was \$117,814. All of the bank balance was covered by federal depository insurance. At June 30, 2021, the Town's petty cash fund totaled \$150.

Investments

At June 30, 2021, the Town had \$14,538,347 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	\$ -	\$ -	\$ 1,402,067	\$ 1,402,067
Sales tax refunds	-	59,778	105,931	165,709
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	287,558	287,558
Solid waste disposal tax	-	-	3,853	3,853
NCVTS tag and tax proceeds	-	-	145,827	145,827
Other	18,476	1,495	-	19,971
	18,476	61,273	1,945,236	2,024,985
Grant Administration fund:				
Grant reimbursements	-	-	174,350	174,350
Bond fund:				
Grant reimbursements	-	-	302,804	302,804
Capital Projects fund				
Balance due under inter-local agreement	-	93,463	-	93,463
Stormwater Utility fund:				
Grant reimbursements	104,820	-	-	104,820
Total	<u>\$ 18,476</u>	<u>\$ 154,736</u>	<u>\$ 2,422,390</u>	<u>\$ 2,700,422</u>

(b) Notes receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2021, 2 of the 3 the Revolving Loan Fund notes receivable are fully reserved.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2021:

	<u>Interest Rate</u>	<u>Balance</u>
Bryan's Guitar	3.00	\$ 50,613
Carrboro Creative Co-working	2.00	15,161
Tesoro LLC	3.00	58,849
		124,623
Less allowance		(65,774)
Total		<u>\$ 58,849</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

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, 2021:

	<u>Balance</u>
Armadillo Grill	\$ 20,625
Be Pure	11,989
Carrboro Coffee Company	20,089
Ceremony Salon	11,000
Creative Electric of NC	17,440
Dispute Settlement Center	22,500
F&F Car Care	18,000
Firefly Carrboro	4,821
Grow Your World	11,417
Lazarus Repair & Maintenance	11,726
OE Enterprises, Inc.	20,089
Open Eye Café	20,089
Pilot Mission, LLC	10,425
Twin House Music, LLC	12,954
Van Hook Enterprises, Inc.	11,251
Wax Poetic	<u>20,357</u>
	244,772
Less allowance	<u>(61,002)</u>
Total	<u><u>\$ 183,770</u></u>

The Energy Efficiency Revolving Loan Fund was created to advance the Town's goal of increasing energy efficiency in buildings within the Town in cooperation with Southeast Energy Efficiency Alliance. As of June 30, 2021, the Energy Efficiency Revolving Loan Fund notes receivable balance was \$14,075.

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 \$1,282, net of allowances of \$355,320 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><u>\$ 72,661</u></u>

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Capital assets

Capital asset activity for the year ended June 30, 2021 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>1,500,566</u>	<u>2,767,030</u>	<u>(1,676,949)</u>	<u>2,590,647</u>
Total capital assets not being depreciated	<u>16,248,522</u>	<u>2,767,030</u>	<u>(1,676,949)</u>	<u>17,338,603</u>
Capital assets being depreciated:				
Buildings and improvements	12,964,613	359,980	-	13,324,593
Land improvements	1,127,024	-	-	1,127,024
Infrastructure	15,445,231	1,314,128	-	16,759,359
Equipment and heavy equipment	6,901,234	424,618	(45,755)	7,280,097
Vehicles	<u>6,537,291</u>	<u>1,445,555</u>	<u>(992,772)</u>	<u>6,990,074</u>
Total capital assets being depreciated	<u>42,975,393</u>	<u>3,544,281</u>	<u>(1,038,527)</u>	<u>45,481,147</u>
Less accumulated depreciation for:				
Buildings and improvements	4,997,861	391,638	-	5,389,499
Land improvements	407,842	38,082	-	445,924
Infrastructure	4,652,383	556,207	-	5,208,590
Equipment and heavy equipment	5,375,700	484,184	(45,755)	5,814,129
Vehicles	<u>5,259,424</u>	<u>587,705</u>	<u>(992,772)</u>	<u>4,854,357</u>
Total accumulated depreciation	<u>20,693,210</u>	<u>\$ 2,057,816</u>	<u>\$ (1,038,527)</u>	<u>21,712,499</u>
Total capital assets being depreciated, net	<u>22,282,183</u>			<u>23,768,648</u>
Governmental activity capital assets, net	<u>\$ 38,530,705</u>			<u>\$ 41,107,251</u>

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

General government	\$ 76,459
Public safety	704,609
Planning	51,541
Public works	967,217
Parks and recreation	<u>257,990</u>
Total depreciation expense	<u>\$ 2,057,816</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	\$ 101,521	\$ 302,894	\$ (404,415)	\$ -
Total capital assets not being depreciated	<u>101,521</u>	<u>302,894</u>	<u>(404,415)</u>	<u>-</u>

Town of Carrboro, North Carolina
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 114,998	\$ -	\$ -	\$ 114,998
Infrastructure	-	404,415	-	404,415
Equipment and heavy equipment	182,995	-	-	182,995
Total capital assets being depreciated	297,993	404,415	-	702,408
Less accumulated depreciation for:				
Buildings and improvements	3,833	3,833	-	7,666
Infrastructure	-	843	-	843
Equipment and heavy equipment	45,749	36,600	-	82,349
Total accumulated depreciation	49,582	\$ 41,276	\$ -	90,858
Total capital assets being depreciated, net	248,411			611,550
Business-type capital assets, net	\$ 349,932			\$ 611,550

Construction commitments

The Town has active capital projects as of June 30, 2021. 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	201,631	1,271
Jones Creek Greenway	165,900	17,187
South Greensboro Street Sidewalk	144,945	269,453
	794,478	292,519
Capital Projects Fund:		
South Greensboro Street	1,165,733	1,341,835
Bus shelter improvements	-	117,500
Martin Luther King, Jr. Park	143,102	12,348
Town comprehensive plan	169,281	11,170
Unpaved road upgrades	30,987	136,645
2021 vehicles	-	349,490
	1,509,103	1,968,988
Facilities Rehabilitation Capital Projects Fund:		
Architectural services	77,210	47,700
Century Center floor improvements	-	3,926
Public works site design services	2,450	2,450
Town Hall improvements	-	7,182
	79,660	61,258
Stormwater Enterprise Fund:		
Infrastructure improvements	-	31,454
	-	31,454
Total	\$ 2,383,241	\$ 2,354,219

B. Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 677,204	\$ 338,085	\$ 1,015,289
Other governmental	<u>611,497</u>	<u>-</u>	<u>611,497</u>
Total governmental activities	<u>\$ 1,288,701</u>	<u>\$ 338,085</u>	<u>\$ 1,626,786</u>
Business-type activities:			
Storm water	\$ 15,477	\$ 7,696	\$ 23,173
Total business-type activities	<u>\$ 15,477</u>	<u>\$ 7,696</u>	<u>\$ 23,173</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 Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their

last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Carrboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.20% 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 \$965,751 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$4,380,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.123%, which was a decrease of 0.002% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,436,183. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 553,201	\$ -
Changes of assumptions	326,007	-
Net difference between projected and actual earnings on pension plan investments	616,461	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	87,417	51,931
Town contributions subsequent to the measurement date	<u>965,751</u>	<u>-</u>
Total	<u>\$ 2,548,837</u>	<u>\$ 51,931</u>

\$965,751 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 ending

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June 30, 2022. 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>	
2022	\$ 421,497
2023	568,341
2024	358,877
2025	182,440
2026	-
Thereafter	<u>-</u>
Total	<u>\$ 1,531,155</u>

Actuarial assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2020 (measurement date) are summarized in the following table:

	<u>Target Allocation</u>	<u>Long- Term Expected Real Rate of Return</u>
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	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability	<u>\$ 8,887,888</u>	<u>\$ 4,380,663</u>	<u>\$ 634,842</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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

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annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>36</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, 2019 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	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019.

Mortality rates are based on Pub-2010 amount-weighted tables with adjustments for mortality improvements based on Scale MP-2019.

(iv) Change in actuarial assumptions:

On the prior measurement date (December 31, 2019), the Municipal Bond Index Rate, on which the discount rate is based, was 3.26%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 1.93% as of the Measurement Date (December 31, 2020). 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

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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 \$142,446 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$2,057,740. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$244,511.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,464	\$ 3,628
Changes of assumptions	475,934	21,146
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>77,027</u>	<u>-</u>
Total	<u>\$ 665,425</u>	<u>\$ 24,774</u>

\$77,027 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 143,004
2023	136,728
2024	135,683
2025	112,280
2026	35,929
Thereafter	<u>-</u>
Total	<u>\$ 563,624</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 (0.93 percent) or 1 percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 2,215,770</u>	<u>\$ 2,057,740</u>	<u>\$ 1,911,823</u>

Changes in the Total Pension Liability

	<u>2021</u>
Beginning balance	\$ 1,498,927
Service cost	57,596
Interest on the total pension liability	46,540
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	62,506
Changes of assumptions or other inputs	534,823
Benefit payments	(142,652)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,057,740</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	\$ 1,436,183	\$ 244,511	\$ 1,680,694
Pension liability	4,380,663	2,057,740	6,438,403
Proportionate share of net pension liability	0.123%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	\$ 553,201	\$ 112,464	\$ 665,665
Changes of assumptions	326,007	475,934	801,941
Net difference between projected and actual earnings on plan investments	616,461	-	616,461
Changes in proportion and differences between contributions and proportionate share of contributions	87,417	-	87,417
Benefit payments and administrative costs paid subsequent to the measurement date	965,751	77,027	1,042,778
Deferred inflows of resources			
Differences between expected and actual experience	-	3,628	3,628
Changes of assumptions	-	21,146	21,146
Changes in proportion and differences between contributions and proportionate share of contributions	51,931	-	51,931

(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 Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has also elected to contribute each month an amount equal to 3% of each participating general employee's salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$762,250, which consisted of \$325,340 from the Town and \$436,910 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.

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

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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><u>201</u></u>

Total OPEB liability

The Town's total OPEB liability of \$20,948,477 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

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:

Inflation	2.50 percent, including real wage growth
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	2.21 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	\$ 16,222,984
Service cost	548,056
Interest on the total pension liability	579,983
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(27,789)
Changes of assumptions or other inputs	4,028,868
Benefit payments	<u>(403,625)</u>
Ending balance of the total OPEB liability	<u><u>\$ 20,948,477</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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.

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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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 25,130,157</u>	<u>\$ 20,948,477</u>	<u>\$ 17,717,324</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:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB liability	<u>\$ 17,231,839</u>	<u>\$ 20,948,477</u>	<u>\$ 25,876,196</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$619,651. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,204,396
Changes of assumptions	3,485,161	1,798,171
Benefit payments and administrative costs made subsequent to the measurement date	<u>346,390</u>	<u>-</u>
Total	<u>\$ 3,831,551</u>	<u>\$ 5,002,567</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

\$346,390 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30,</u>	
2022	\$ (508,387)
2023	(508,387)
2024	(508,387)
2025	(370,990)
2026	(139,453)
Thereafter	<u>518,198</u>
Total	<u>\$ (1,517,406)</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.

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.

Town of Carrboro, North Carolina
Notes to Financial Statements

Deferred outflows and inflows of resources

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

	<u>Deferred Outflows</u>
Contributions to pension plan in current fiscal year	\$ 965,751
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	77,027
Benefit payments made for OPEB subsequent to measurement date	346,390
Differences between actual and expected experience	665,665
Changes of assumptions	4,287,102
Net difference between projected and actual earnings on pension plan investments	616,461
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>87,417</u>
Total	<u>\$ 7,045,813</u>

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

	<u>Statement of Net Position</u>	<u>Governmental Funds Balance Sheet</u>
Taxes receivable, less penalties	\$ -	\$ 171,516
Notes receivable, net	-	257,976
Unavailable contribution revenues	-	449,834
Changes in assumptions	1,819,317	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	51,931	-
Differences between expected and actual experience	<u>3,208,024</u>	<u>-</u>
Total	<u>\$ 5,079,272</u>	<u>\$ 879,326</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 \$5 million per occurrence and auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

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

Town of Carrboro, North Carolina
Notes to Financial Statements

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, 2021, 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.

\$ 2,600,000

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>
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>\$ 2,600,000</u>	<u>\$ 383,125</u>

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

The Town has direct borrowing installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2021, are as follows:

Town of Carrboro, North Carolina
Notes to Financial Statements

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.

\$ 49,329

The financing contract requires an annual level payment of \$278,649 due November 1, including interest of 1.04%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning November 1, 2021, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on November 1, 2027.

1,871,923

Total

\$ 1,921,252

Annual debt service payments of the direct borrowing installment purchases for equipment as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 308,564	\$ 20,820
2023	261,877	16,772
2024	264,601	14,048
2025	267,353	11,297
2026	270,133	8,516
Thereafter	<u>548,724</u>	<u>8,575</u>
Total	<u>\$ 1,921,252</u>	<u>\$ 80,028</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, 2021, 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.

\$ 758,333

Annual debt service payments of the direct borrowing installment purchase for improvements as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 216,667	\$ 28,660
2023	216,667	19,841
2024	216,667	11,023
2025	<u>108,332</u>	<u>2,204</u>
Total	<u>\$ 758,333</u>	<u>\$ 61,728</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

(d) Changes in long-term debt obligations

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation - bonds	\$ 2,850,000	\$ -	\$ (250,000)	\$ 2,600,000	\$ 250,000
Premium on bond	55,964	-	(4,867)	51,097	4,866
Direct borrowing installment purchases - improvements	975,000	-	(216,667)	758,333	216,667
Direct borrowing installment purchases - equipment	170,976	1,871,923	(121,647)	1,921,252	308,564
Compensated absences	826,999	527,665	(486,691)	867,973	486,691
Total OPEB liability	16,065,479	4,679,615	-	20,745,094	346,390
Net pension liability (LGERS)	3,375,107	939,483	-	4,314,590	-
Total pension liability (LEO)	<u>1,498,927</u>	<u>558,813</u>	<u>-</u>	<u>2,057,740</u>	<u>74,101</u>
Total governmental activities	<u>25,818,452</u>	<u>8,577,499</u>	<u>(1,079,872)</u>	<u>33,316,079</u>	<u>1,687,279</u>
Business-type activities:					
Compensated absences	11,768	9,575	(4,737)	16,606	4,737
Total OPEB liability	157,505	45,878	-	203,383	-
Net pension liability (LGERS)	<u>40,184</u>	<u>25,889</u>	<u>-</u>	<u>66,073</u>	<u>-</u>
Total business-type activities	<u>209,457</u>	<u>81,342</u>	<u>(4,737)</u>	<u>286,062</u>	<u>4,737</u>
Total long-term obligations	<u>\$ 26,027,909</u>	<u>\$ 8,658,841</u>	<u>\$ (1,084,609)</u>	<u>\$ 33,602,141</u>	<u>\$ 1,692,016</u>

Compensated absences have typically been liquidated in the General Fund.

The Town's legal debt margin at June 30, 2021 was \$192,607,719.

C. Interfund balances and activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2021 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) \$303,131 to support the purchase of vehicles, and (2) \$30,000 to support the unpaved roads improvement project.	\$ 333,131
From the General Fund to the Affordable Housing Fund for general support for the purposes of the fund.	112,500
From the General Fund to the Parking Operations Enterprise Fund to support operations until such time as the fund begins generating revenues.	171,775
From the General Fund to the Grants Administration Fund in the amounts of (1) \$9,110 to support municipal parking lot projects, and (2) \$9,634 to support the purchase of fire equipment.	18,744
From the Grants Administration Fund to the General Fund to reimburse the General Fund for items paid in prior years that were eligible for reimbursement under the Coronavirus Relief Fund grant received in the current fiscal year	58,500
From the Bond Fund to the General Fund to close out various projects	4,132
From the Capital Projects Fund to the General Fund to close out various projects	121,036

Town of Carrboro, North Carolina
Notes to Financial Statements

From the Stormwater Enterprise Fund to the Capital Projects Fund to provide loans to support parking lot projects.

	50,000
	<u>\$ 869,818</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	<u>\$ 211,209</u>
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D. Net investment in capital assets

Governmental activities:

Capital assets	\$ 41,107,251
Less: related debt:	
General obligation bonds	2,600,000
Premium on bond issuance	51,097
Direct borrowing installment purchases - improvements	758,333
Direct borrowing installment purchases - equipment	1,921,252
Add: unexpended debt proceeds	<u>286,255</u>

Net investment in capital assets	<u>\$ 36,062,824</u>
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Business-type activities:

Capital assets	<u>\$ 611,550</u>
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Net investment in capital assets	<u>\$ 611,550</u>
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E. Fund balance

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

Total fund balance - General Fund	\$ 17,818,427
Less:	
Inventories	(15,191)
Prepays	(259,869)
Stabilization by state statute	(2,430,918)
Powell Bill (streets)	(326,810)
Appropriated fund balance in subsequent fiscal year's budget	(1,189,720)
Capital projects	<u>(2,000,000)</u>
Unassigned fund balance	11,595,919
Working capital/fund balance policy	<u>5,703,256</u>
Remaining fund balance	<u>\$ 5,892,663</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>\$ 129,028</u>
Grants Administration Fund	<u>\$ 8,122</u>
Bond Fund	<u>\$ 5,879</u>
Capital Projects Fund	<u>\$ 349,490</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 \$1,319 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 \$85,884. Of this amount, 3%, or \$2,578, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$83,306 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) for the

fourth quarter (April through June) collections in the amount of \$34,113. During the year ended June 30, 2020, the CTDA paid the Town \$175,000 to provide small business loans to local businesses impacted by the COVID-19 pandemic. During the year ended June 30, 2021, remaining funds of \$65,596 that were not utilized for small business loans were returned to the CTDA, and are included in Payments from the Town of Carrboro on the statement of activities.

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, 2021 are as follows:

2022	\$ 99,421
2023	<u>98,090</u>
	<u>\$ 197,511</u>

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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 Five Fiscal Years*

Schedule A-1

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019	\$ 1,548,384
Service cost	57,596	51,566	54,174	50,529	53,184
Interest on the total pension liability	46,540	49,150	45,312	54,918	52,965
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	62,506	86,934	26,014	(15,424)	-
Changes of assumptions and other inputs	534,823	39,325	(47,288)	77,967	(28,949)
Benefit payments	(142,652)	(156,647)	(167,084)	(146,538)	(129,565)
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 2,057,740</u>	<u>\$ 1,498,927</u>	<u>\$ 1,428,599</u>	<u>\$ 1,517,471</u>	<u>\$ 1,496,019</u>

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

Information is not required to be presented retroactivity. Data for years prior to that presented is unavailable.
This schedule will not present ten years of fiscal information until 2026.

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 Five Fiscal Years

Schedule A-2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,057,740	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019
Covered employee payroll	2,106,793	2,033,738	2,017,955	2,143,082	2,134,068
Total pension liability as a percentage of covered payroll	97.67%	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.

Information is not required to be presented retroactivity. Data for years prior to that presented is unavailable.

This schedule will not present ten years of fiscal information until 2026.

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

Schedule B-1

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 548,056	\$ 627,875	\$ 669,530	\$ 764,631
Interest	579,983	755,138	697,815	623,406
Differences between expected and actual experience	(27,789)	(4,335,353)	(14,947)	(13,116)
Changes of assumptions or other inputs	4,028,868	(58,898)	(1,212,461)	(2,188,095)
Benefit payments	(403,625)	(352,745)	(306,331)	(287,110)
Net change in total OPEB liability	4,725,493	(3,363,983)	(166,394)	(1,100,284)
Total OPEB liability, beginning	16,222,984	19,586,967	19,753,361	20,853,645
Total OPEB liability, ending	<u>\$ 20,948,477</u>	<u>\$ 16,222,984</u>	<u>\$ 19,586,967</u>	<u>\$ 19,753,361</u>
Covered-employee payroll	\$ 8,230,323	\$ 8,230,323	\$ 6,862,156	\$ 6,862,156
Total OPEB liability as a percentage of covered-employee payroll	254.53%	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.*

Fiscal Year	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

*Information is not required to be presented retroactivity. Data for years prior to that presented is unavailable.
This schedule will not present ten years of fiscal information until 2027.*

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 Eight Fiscal Years *

Schedule C-1

	<u>2021</u>	<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) (%)	0.1226%	0.1251%	0.1153%	0.1325%	0.1363%	0.1481%	-0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) (\$)	\$ 4,380,663	\$ 3,415,291	\$ 2,735,310	\$ 2,023,775	\$ 2,892,957	\$ 664,576	\$ (882,438)	\$ 1,796,023
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	7,396,688
Carrboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.71%	39.75%	34.46%	24.78%	37.47%	8.62%	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	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.

Information is not required to be presented retroactivity. Data for years prior to that presented is unavailable.
This schedule will not present ten years of fiscal information until 2023.

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

Schedule C-2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 965,751	\$ 832,586	\$ 682,598	\$ 609,535	\$ 607,662	\$ 526,105	\$ 551,682	\$ 538,976
Contributions in relation to the contractually required contribution	<u>965,751</u>	<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>	<u>\$ -</u>
Carrboro's covered payroll	\$ 9,413,488	\$ 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	10.26%	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.

Information is not required to be presented retroactivity. Data for years prior to that presented is unavailable.
This schedule will not present ten years of fiscal information until 2023.

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, 2021

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes	\$ 13,128,000	\$ 13,419,248	\$ 291,248
Penalties and interest	28,500	32,776	4,276
Total	<u>13,156,500</u>	<u>13,452,024</u>	<u>295,524</u>
Local option sales taxes:			
Article 39, 1%	1,433,374	1,745,531	312,157
Article 40, ½%	1,002,454	1,345,387	342,933
Article 42, ½%	716,996	875,762	158,766
Article 44, ½%	27,406	30,848	3,442
City hold harmless	1,061,972	1,470,039	408,067
Total	<u>4,242,202</u>	<u>5,467,567</u>	<u>1,225,365</u>
Other taxes and licenses:			
Room occupancy tax	165,000	85,884	(79,116)
Motor vehicle license fees, net of refunds and collection fees	1,436,845	1,549,842	112,997
Beer and wine licenses	1,200	1,190	(10)
Total	<u>1,603,045</u>	<u>1,636,916</u>	<u>33,871</u>
Unrestricted intergovernmental:			
NC DOT reimbursement	6,300	2,388	(3,912)
Utility franchise tax	973,888	966,688	(7,200)
Piped natural gas tax	47,600	54,731	7,131
Video sales programming tax	56,500	66,024	9,524
Telecommunications sales tax	145,600	142,714	(2,886)
Direct-to-home satellite sales tax	57,800	50,148	(7,652)
EMS location	12,000	12,000	-
Beer and wine tax	90,000	86,743	(3,257)
Total	<u>1,389,688</u>	<u>1,381,436</u>	<u>(8,252)</u>
Restricted intergovernmental:			
Powell Bill	475,000	456,561	(18,439)
Solid waste disposal tax distribution	14,500	15,545	1,045
Planning work grant	25,000	14,650	(10,350)
NC risk management agency grant	25,000	16,458	(8,542)
ABC Board grant	19,000	16,000	(3,000)
Supplemental PEG channel support	53,750	52,901	(849)
U.S. Department of Justice block grant	-	751	751
Recreation municipal supplement	35,898	35,898	-
Total	<u>648,148</u>	<u>608,764</u>	<u>(39,384)</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Schedule 1
(5 pages)

	Final Budget	Actual	Variance Positive (Negative)
Fees and permits:			
Fire district fees	\$ 568,695	\$ 586,324	\$ 17,629
Fire permitting fees	1,600	1,620	20
Building permits	60,000	58,865	(1,135)
Electrical permits	60,000	54,822	(5,178)
Mechanical permits	62,000	75,813	13,813
Plumbing permits	33,000	27,013	(5,987)
Refuse collection fees	56,200	55,869	(331)
Development review	30,000	46,767	16,767
Engineering fees	6,000	-	(6,000)
Technical review	30,000	55,570	25,570
Tower fees	136,090	101,725	(34,365)
Parking and animal violations	7,000	7,155	155
School resource officer contract fees	163,394	21,168	(142,226)
Miscellaneous fees	18,950	7,885	(11,065)
Total	<u>1,232,929</u>	<u>1,100,596</u>	<u>(132,333)</u>
Sales and services:			
Recreation fees	92,250	67,923	(24,327)
Town Center fees	37,500	19,309	(18,191)
Miscellaneous	1,500	874	(626)
Total	<u>131,250</u>	<u>88,106</u>	<u>(43,144)</u>
Investment earnings:			
Interest on investments	<u>140,000</u>	<u>1,916</u>	<u>(138,084)</u>
Other revenues:			
Rental income	2,370	2,370	-
Donations	101,800	77,454	(24,346)
Miscellaneous	61,100	133,432	72,332
Total	<u>165,270</u>	<u>213,256</u>	<u>47,986</u>
Total revenues	<u>22,709,032</u>	<u>23,950,581</u>	<u>1,241,549</u>
Expenditures			
General government:			
Mayor and Town Council:			
Personnel services	111,204	111,182	22
Operations	283,309	184,992	98,317
Total	<u>394,513</u>	<u>296,174</u>	<u>98,339</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Schedule 1
(5 pages)

	Final Budget	Actual	Variance Positive (Negative)
Advisory boards:			
Operations	\$ 46,047	\$ 13,446	\$ 32,601
Total	46,047	13,446	32,601
Town Manager:			
Personnel services	347,191	347,147	44
Operations	45,998	20,658	25,340
Total	393,189	367,805	25,384
Economic and community development:			
Personnel services	132,040	116,172	15,868
Operations	237,944	116,756	121,188
Total	369,984	232,928	137,056
Town Clerk:			
Personnel services	137,327	122,892	14,435
Operations	18,820	6,920	11,900
Total	156,147	129,812	26,335
Finance:			
Personnel services	774,102	751,571	22,531
Operations	504,528	472,334	32,194
Total	1,278,630	1,223,905	54,725
Human Resources:			
Personnel services	578,187	569,570	8,617
Operations	104,720	52,795	51,925
Total	682,907	622,365	60,542
Information technology:			
Personnel services	357,653	357,617	36
Operations	1,400,025	1,304,418	95,607
Capital outlay	89,470	68,962	20,508
Total	1,847,148	1,730,997	116,151
Climate action:			
Personnel services	88,240	80,318	7,922
Operations	60,522	9,251	51,271
Total	148,762	89,569	59,193
Housing and community services:			
Personnel services	244,664	244,636	28
Operations	292,780	264,276	28,504
Total	537,444	508,912	28,532
Total general government	5,854,771	5,215,913	638,858

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police department			
Personnel services	\$ 3,682,905	\$ 3,580,755	\$ 102,150
Operations	541,042	358,110	182,932
Capital outlay	15,851	15,851	-
Total	<u>4,239,798</u>	<u>3,954,716</u>	<u>285,082</u>
Fire department:			
Personnel services	3,005,569	3,005,409	160
Operations	271,283	255,578	15,705
Capital outlay	38,197	28,042	10,155
Total	<u>3,315,049</u>	<u>3,289,029</u>	<u>26,020</u>
Total public safety	<u>7,554,847</u>	<u>7,243,745</u>	<u>311,102</u>
Planning:			
Personnel services	1,309,817	1,191,479	118,338
Operations	323,601	188,489	135,112
Total planning	<u>1,633,418</u>	<u>1,379,968</u>	<u>253,450</u>
Transportation:			
Operations	1,946,000	1,872,010	73,990
Capital outlay	83,600	-	83,600
Total transportation	<u>2,029,600</u>	<u>1,872,010</u>	<u>157,590</u>
Public works:			
Public works department:			
Personnel services	2,579,674	2,405,177	174,497
Operations	1,579,836	1,427,336	152,500
Capital outlay	35,000	33,045	1,955
Total public works	<u>4,194,510</u>	<u>3,865,558</u>	<u>328,952</u>
Parks and recreation:			
Recreation department:			
Personnel services	1,359,503	1,171,353	188,150
Operations	489,770	241,591	248,179
Total parks and recreation	<u>1,849,273</u>	<u>1,412,944</u>	<u>436,329</u>
General services:			
Personnel services	202,995	-	202,995
Operations	19,349	-	19,349
Total general services	<u>222,344</u>	<u>-</u>	<u>222,344</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal retirement	\$ 985,304	\$ 588,314	\$ 396,990
Interest and fees	119,929	95,435	24,494
Total debt service	<u>1,105,233</u>	<u>683,749</u>	<u>421,484</u>
Total expenditures	<u>24,443,996</u>	<u>21,673,887</u>	<u>2,770,109</u>
Revenues over (under) expenditures	<u>(1,734,964)</u>	<u>2,276,694</u>	<u>4,011,658</u>
Other financing sources (uses):			
Transfers from other funds:			
From Capital Projects Fund	125,168	125,168	-
From Grant Fund	58,500	58,500	-
Transfers to other funds:			
To Capital Projects Fund	(1,190,500)	(333,131)	857,369
To Affordable Housing Fund	(112,500)	(112,500)	-
To Parking Operations Fund	(343,550)	(171,775)	171,775
To Grant Fund	(18,744)	(18,744)	-
Sale of capital assets	60,000	82,606	22,606
Total other financing sources (uses)	<u>(1,421,626)</u>	<u>(369,876)</u>	<u>1,051,750</u>
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(3,156,590)</u>	<u>1,906,818</u>	<u>5,063,408</u>
Appropriated fund balance	<u>3,156,590</u>	<u>-</u>	<u>(3,156,590)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,906,818</u>	<u>\$ 1,906,818</u>
Fund balance, beginning of year		<u>15,911,609</u>	
Fund balance, end of year		<u>\$ 17,818,427</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, 2021

Schedule 2
(2 pages)

	Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Loans	Positive Negative
				Total to Date	(Negative)
Revenues					
Investment earnings:					
Interest on					
investments	\$ 224,701	\$ 224,667	\$ 34	\$ -	\$ -
Interest repayments	493,223	493,045	178	(300,000)	(300,000)
Total investment earnings	717,924	717,712	212	(300,000)	(300,000)
Revolving loan repayments:					
Bryan's Guitar	90,000	39,387	-	-	(50,613)
Carrboro Coworking	90,000	74,839	-	-	(15,161)
Tesoro LLC	60,000	-	1,151	-	(58,849)
Total revolving loan payments	240,000	114,226	1,151	-	(124,623)
Total revenues	957,924	831,938	1,363	(300,000)	(424,623)
Expenditures					
General government:					
Contractual services	5,246	-	-	-	5,246
Miscellaneous	3,979	-	-	-	3,979
Total general government	9,225	-	-	-	9,225
Economic and physical development:					
Bryan's Guitar	90,000	90,000	-	-	-
Carrboro Coworking	90,000	90,000	-	-	-
Tesorra LLC	60,000	-	60,000	-	-
Bad debts	70,000	70,000	-	-	-
Total economic and physical development	310,000	250,000	60,000	-	-
Total expenditures	319,225	250,000	60,000	-	9,225
Revenues over expenditures	638,699	581,938	(58,637)	(300,000)	(415,398)

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, 2021

Schedule 2
(2 pages)

	Actual					
	Project Authorization	Prior Years	Current Year	Closed Loans	Total to Date	Variance Positive (Negative)
Other financing uses						
Transfer to Emergency Loan & Grant Fund	\$ (300,000)	\$ (300,000)	\$ -	\$ 300,000	\$ -	\$ 300,000
Total other financing uses	(300,000)	(300,000)	-	300,000	-	300,000
Revenues and other financing sources over (under) expenditures and other financing uses	338,699	281,938	(58,637)	-	223,301	(115,398)
Appropriated to fund balance	(338,699)	-	-	-	-	338,699
Net change in fund balance	\$ -	\$ 281,938	(58,637)	\$ -	\$ 223,301	\$ 223,301
Fund balance, beginning of year			281,938			
Fund balance, end of year			\$ 223,301			

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, 2021

Schedule 3
(2 pages)

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to Date	Positive (Negative)
Revenues						
General revenues:						
Federal STP-DA funds	\$ 2,791,352	\$ 1,710,063	\$ 139,772	\$ (520,414)	\$ 1,329,421	\$ (1,461,931)
Federal STBGP-DA funds	483,729	-	-	-	-	(483,729)
Federal TAP-DA funds	730,000	-	-	-	-	(730,000)
CMAQ funds	440,000	-	-	-	-	(440,000)
Orange County Transit funds	752,177	125,857	20,793	(120,889)	25,761	(726,416)
Payments in lieu	48,046	-	-	-	-	(48,046)
Interest on investments	70,446	92,616	15	(22,186)	70,445	(1)
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>5,315,750</u>	<u>1,928,536</u>	<u>160,580</u>	<u>(663,489)</u>	<u>1,425,627</u>	<u>(3,890,123)</u>
Expenditures						
Capital outlay:						
General expenditures (non-project)	162,484	145,739	-	-	145,739	16,745
Morgan Creek Greenway	1,742,500	421,809	-	-	421,809	1,320,691
Bolin Creek Greenway	1,521,770	1,332,995	161,911	-	1,494,906	26,864
Davie Street Sidewalk	-	-	-	-	-	-
Rogers Road Sidewalk	-	1,488,083	332	(1,488,415)	-	-
Jones Creek Greenway	850,250	117,313	48,587	-	165,900	684,350
S. Greensboro Street Sidewalk	1,781,462	68,677	120,103	-	188,780	1,592,682
Sidewalk repairs	190,000	60,443	86,269	-	146,712	43,288
Total capital outlay	<u>6,248,466</u>	<u>3,635,059</u>	<u>417,202</u>	<u>(1,488,415)</u>	<u>2,563,846</u>	<u>3,684,620</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>6,301,679</u>	<u>3,688,272</u>	<u>417,202</u>	<u>(1,488,415)</u>	<u>2,617,059</u>	<u>3,684,620</u>
Revenues under expenditures	<u>(985,929)</u>	<u>(1,759,736)</u>	<u>(256,622)</u>	<u>824,926</u>	<u>(1,191,432)</u>	<u>(205,503)</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, 2021

Schedule 3
(2 pages)

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Out Projects	Total to Date	Positive (Negative)
Other financing sources						
(uses)						
Transfers from (to) other funds:						
From General Fund	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -
From Capital Reserve Fund	-	143,823	-	(143,823)	-	-
To General Fund	(1,000)	(1,000)	(4,132)	4,132	(1,000)	-
To Capital Projects Fund	-	-	-	-	-	-
General obligation bonds issued	893,468	1,578,703	-	(685,235)	893,468	-
Premium on bond issuance	92,461	92,461	-	-	92,461	-
Total other financing sources (uses)	985,929	1,814,987	(4,132)	(824,926)	985,929	-
Net change in fund balance	\$ -	\$ 55,251	(260,754)	\$ -	\$ (205,503)	\$ (205,503)
Fund balance, beginning of year			55,251			
Fund deficit, end of year			\$ (205,503)			

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, 2021

Schedule 4
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
General revenues:						
Federal STP-DA funds	\$ 30,000	\$ 14,820	\$ -	\$ -	\$ 14,820	\$ (15,180)
Interest on investments	47,279	42,867	91	4,321	47,279	-
Orange County contribution	15,638,255	146,114	699,439	-	845,553	(14,792,702)
South Orange Fire Department contributions	125,000	-	125,000	-	125,000	-
Arts Center settlement agreement	-	28,333	28,333	-	56,666	56,666
Miscellaneous	-	9,758	-	(4,321)	5,437	5,437
Total revenues	15,840,534	241,892	852,863	-	1,094,755	(14,745,779)
Expenditures						
Capital outlay:						
General (non-project)	47,279	-	-	-	-	47,279
Rogers Road conduit	113,380	-	113,380	-	113,380	-
S. Greensboro Street conduit	95,000	-	-	-	-	95,000
S. Greensboro Street	28,239,650	1,119,623	1,260,269	-	2,379,892	25,859,758
MLK park design	2,761,196	2,669,263	56,817	-	2,726,080	35,116
Town comprehensive plan	250,000	9,680	164,263	-	173,943	76,057
Self-contained breathing apparatus	270,926	224,670	46,256	-	270,926	-
Unpaved road upgrades	310,000	29,977	38,989	-	68,966	241,034
2020 Street resurfacing	952,567	118,117	834,450	-	952,567	-
Bus shelter replacement	288,000	-	-	-	-	288,000
2020 Vehicles	1,003,855	490,671	513,184	-	1,003,855	-
Pedestrian safety improvements and bike plan	257,000	-	-	-	-	257,000
Playground equipment	100,000	-	-	-	-	100,000
2021 vehicles	1,275,295	-	897,295	-	897,295	378,000
Other	57,500	18,525	-	-	18,525	38,975
Total capital outlay	36,021,648	4,680,526	3,924,903	-	8,605,429	27,416,219

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, 2021

Schedule 4
(2 pages)

	Project Authorization	Prior Years	Actual Current Year	Closed Out Projects	Total to Date	Variance Positive (Negative)
Total expenditures	36,021,648	4,680,526	3,924,903	-	8,605,429	27,416,219
Revenues under expenditures	(20,181,114)	(4,438,634)	(3,072,040)	-	(7,510,674)	12,670,440
Other financing sources (uses)						
Transfers from other funds:						
From General Fund	6,126,084	5,385,953	333,131	-	5,719,084	(407,000)
From Capital Reserve Fund	54,143	54,143	-	-	54,143	-
From Bond Fund	200,000	200,000	-	-	200,000	-
From Stormwater Fund	50,000	-	50,000	-	50,000	-
Transfers to other funds:						
To General Fund	(121,036)	-	(121,036)	-	(121,036)	-
Installment purchase obligations issued	13,871,923	-	1,871,924	-	1,871,924	(11,999,999)
Total other financing sources (uses)	20,181,114	5,640,096	2,134,019	-	7,774,115	(12,406,999)
Net change in fund balance	\$ -	\$ 1,201,462	(938,021)	\$ -	\$ 263,441	\$ 263,441
Fund balance, beginning of year			1,201,462			
Fund balance, end of year			263,441			
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:						
Interest on investments - Capital Reserve Fund			53			
Interest on investments - Payment in Lieu Reserve Fund			19			
Fund balance, beginning (Capital Reserve Fund)			424,420			
Fund balance, beginning (Payment in Lieu Reserve Fund)			152,691			
Fund balance, ending (Consolidated Capital Projects Fund)			\$ 840,624			

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Fund
Year Ended June 30, 2021

Schedule 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	<u>\$ 400</u>	<u>\$ 53</u>	<u>\$ (347)</u>
Other financing sources and uses			
Debt service	<u>(400)</u>	<u>-</u>	<u>400</u>
Total other financing sources	<u>(400)</u>	<u>-</u>	<u>400</u>
Revenues and other financing sources over other financing uses	<u>-</u>	<u>53</u>	<u>53</u>
Appropriation to fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>53</u>	<u><u>\$ 53</u></u>
Fund balance, beginning of year		<u>424,420</u>	
Fund balance, end of year		<u><u>\$ 424,473</u></u>	

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Payment in Lieu Reserve Fund
Year Ended June 30, 2021

Schedule 6

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	\$ 700	\$ 19	\$ (681)
Appropriation to fund balance	(700)	-	700
Net change in fund balance	<u>\$ -</u>	19	<u>\$ 19</u>
Fund balance, beginning of year		<u>152,691</u>	
Fund balance, end of year		<u>\$ 152,710</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, 2021

Schedule 7

	Actual					Variance
	Project Authorization	Prior Years	Current Year	Closed-Out Projects	Total to Date	Positive (Negative)
Revenues						
U.S. Department of Homeland Security: FEMA hazard mitigation grant	\$ 637,630	\$ 525	\$ 236,661	\$ -	\$ 237,186	\$ (400,444)
U.S. Department of Housing & Urban Development: CDBG grant	900,000	-	-	-	-	(900,000)
N.C. Department of Public Safety: Hazard mitigation grant	185,619	175	78,886	-	79,061	(106,558)
N.C. Department of Transportation: Bicycle transportation grant	49,000	43,922	5,078	-	49,000	-
Orange County: CARES Act funds	180,243	-	180,243	-	-	-
Investment earnings	-	20	-	-	20	20
Miscellaneous	10,064	20,321	-	-	20,321	10,257
Total revenues	1,962,556	64,963	500,868	-	385,588	(1,396,725)
Expenditures						
Flooding mitigation	823,249	279,293	28,940	-	308,233	515,016
Bicycle transportation plan	70,000	62,745	7,255	-	70,000	-
Housing assistance	900,000	-	174,350	-	174,350	725,650
Pandemic response	121,743	-	121,744	-	121,744	(1)
Fire equipment	15,750	-	7,792	-	7,792	7,958
Miscellaneous	3,948	-	3,908	-	3,908	40
Total expenditures	1,934,690	342,038	343,989	-	686,027	1,248,663
Revenue under expenditures	27,866	(277,075)	156,879	-	(300,439)	(148,062)
Other financing sources (uses)						
Transfer from the General Fund	30,634	21,000	18,744	-	39,744	9,110
Transfer to the General Fund	(58,500)	-	(58,500)	-	(58,500)	-
Total other financing sources (uses)	(27,866)	21,000	(39,756)	-	(18,756)	9,110
Net change in fund balance	\$ -	\$ (256,075)	117,123	\$ -	\$ (319,195)	\$ (138,952)
Fund deficit, beginning of year			(256,075)			
Fund deficit, end of year			\$ (138,952)			

Town of Carrboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 8

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Small Business and NP Loan/ Grant COVID 19 Emergency Fund	Facilities Rehabilitation Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 281,857	\$ 133,690	\$ 164,921	\$ 588,027	\$ 1,168,495
Notes receivable	1,282	14,075	183,770	-	199,127
Total assets	<u>\$ 283,139</u>	<u>\$ 147,765</u>	<u>\$ 348,691</u>	<u>\$ 588,027</u>	<u>\$ 1,367,622</u>
Liabilities					
Accounts payable	\$ 3,750	\$ -	\$ -	\$ -	\$ 3,750
Total liabilities	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750</u>
Deferred inflows of resources	<u>1,282</u>	<u>14,075</u>	<u>183,770</u>	<u>-</u>	<u>199,127</u>
Fund balances					
Committed:					
Affordable housing	278,107	-	-	-	278,107
Economic development	-	-	164,921	-	164,921
Capital projects	-	-	-	588,027	588,027
Energy efficiency	-	133,690	-	-	133,690
Total fund balances	<u>278,107</u>	<u>133,690</u>	<u>164,921</u>	<u>588,027</u>	<u>1,164,745</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 283,139</u>	<u>\$ 147,765</u>	<u>\$ 348,691</u>	<u>\$ 588,027</u>	<u>\$ 1,367,622</u>

Town of Carrboro, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 9

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Small Business and NP Loan/ Grant COVID 19 Emergency Fund	Facilities Rehabilitation Fund	Total Nonmajor Governmental Funds
Revenues					
Payment in lieu	\$ 82,026	\$ -	\$ -	\$ -	82,026
Loan repayments	-	13,067	52,171	-	65,238
Interest repayments	-	638	-	-	638
Ad valorem taxes	227,189	-	-	-	227,189
Grant revenues	241,895	-	(896)	-	240,999
Interest on investments	52	15	23	96	186
Total revenues	551,162	13,720	51,298	96	616,276
Expenditures					
General government	-	-	-	78,106	78,106
Public safety	-	-	-	16,495	16,495
Public works	-	-	-	18,450	18,450
Economic and physical development	628,036	-	56,632	-	684,668
Parks and recreation	-	-	-	87,098	87,098
Capital outlay	-	-	-	37,261	37,261
Total expenditures	628,036	-	56,632	237,410	922,078
Revenues over (under) expenditures	(76,874)	13,720	(5,334)	(237,314)	(305,802)
Other financing uses					
Transfer from General Fund	112,500	-	-	-	112,500
Total other financing uses	112,500	-	-	-	112,500
Net change in fund balance	35,626	13,720	(5,334)	(237,314)	(193,302)
Fund balance, beginning of year	242,481	119,970	170,255	825,341	1,358,047
Fund balance, end of year	\$ 278,107	\$ 133,690	\$ 164,921	\$ 588,027	\$ 1,164,745

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, 2021

Schedule 10

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed-Out Projects	Total to Date	Positive (Negative)
Revenues						
Payment in lieu	\$ -	\$ 76,771	\$ 82,026	\$ (76,771)	\$ 82,026	\$ 82,026
Donations	9,855	9,855	-	-	9,855	-
Loan repayments	-	-	-	-	-	-
Property taxes	454,706	334,027	227,189	(107,726)	453,490	(1,216)
Federal grants	300,000	58,105	241,895	-	300,000	-
Interest on investments	7,125	6,325	52	-	6,377	(748)
Total revenues	771,686	485,083	551,162	(184,497)	851,748	80,062
Expenditures						
Deferred loan expense	4,600	8,250	-	(8,250)	-	4,600
Critical home repairs	136,195	95,128	96,318	(95,128)	96,318	39,877
Contributions for acquisitions	157,086	35,000	103,390	(35,000)	103,390	53,696
Rental deposits	390	50,252	300	(50,252)	300	90
Rental deposits - COVID-19	336,477	58,105	278,372	-	336,477	-
Affordable housing commission	541	159	7	(159)	7	534
Emergency home repairs grant	-	78,012	-	(78,012)	-	-
Human services grants	-	140,200	-	(140,200)	-	-
Community home trust	74,567	397,811	74,518	(397,811)	74,518	49
Home consortium match	17,081	55,277	12,651	(55,277)	12,651	4,430
Partnership to end homelessness	37,582	104,971	35,232	(104,971)	35,232	2,350
Northside Neighborhood Initiative	-	30,000	-	(30,000)	-	-
CASA	-	357,208	-	(357,208)	-	-
Center for Community Self-Help	27,248	55,000	27,248	(55,000)	27,248	-
Miscellaneous	92,419	-	-	-	-	92,419
Total expenditures	884,186	1,465,373	628,036	(1,407,268)	686,141	105,626
Revenues under expenditures	(112,500)	(980,290)	(76,874)	1,222,771	165,607	278,107
Other financing sources						
Transfer from General Fund	112,500	1,212,771	112,500	(1,212,771)	112,500	-
Transfer from Business Loan Fund	-	10,000	-	(10,000)	-	-
Total other financing sources	112,500	1,222,771	112,500	(1,222,771)	112,500	-
Net change in fund balance	\$ -	\$ 242,481	35,626	\$ -	\$ 278,107	\$ 278,107
Fund balance, beginning of year			242,481			
Fund balance, end of year			\$ 278,107			

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, 2021

Schedule 11

	Project Authorization	Prior Years	Actual Current Year	Closed-Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
Interest repayments	\$ 17,213	\$ 16,575	\$ 638	\$ -	\$ 17,213	\$ -
Interest on investments	2,425	2,410	15	-	2,425	-
Revolving loan repayments:						
The Arts Center	21,578	18,560	3,018	-	21,578	-
Dispute Settlement Center	33,721	28,117	5,604	-	33,721	-
LB Bradley Properties	-	6,194	806	(7,000)	-	-
Sophie Piesse Architect	6,419	5,574	845	-	6,419	-
Surplus Sid's	24,334	21,540	2,794	-	24,334	-
Total revolving loan payments	86,052	79,985	13,067	(7,000)	86,052	-
Total revenues	105,690	98,970	13,720	(7,000)	105,690	-
Expenditures						
Economic and physical development:						
The Arts Center	28,128	28,128	-	-	28,128	-
Dispute Settlement Center	35,000	35,000	-	-	35,000	-
LB Bradley Properties	-	7,000	-	(7,000)	-	-
Sophie Piesse Architect	7,000	7,000	-	-	7,000	-
Surplus Sid's	30,000	30,000	-	-	30,000	-
Miscellaneous	133,690	-	-	-	-	133,690
Total expenditures	233,818	107,128	-	(7,000)	100,128	133,690
Revenues over (under) expenditures	(128,128)	(8,158)	13,720	-	5,562	(133,690)
Other financing sources						
Transfer from Grant Fund	83,128	83,128	-	-	83,128	-
Transfer from Revolving Loan Fund	45,000	45,000	-	-	45,000	-
Total other financing sources	128,128	128,128	-	-	128,128	-
Fund balance appropriated	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ 119,970	\$ 13,720	\$ -	\$ 133,690	\$ (133,690)
Fund balance, beginning of year			119,970			
Fund balance, end of year			\$ 133,690			

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund
From Project Inception and for the Year Ended June 30, 2021

Schedule 12
(2 pages)

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Federal grants	\$ 32,994	\$ 33,890	\$ (896)	\$ 32,994	\$ -
CTDA contributions	175,000	175,000	-	175,000	-
Interest on investments	289	265	23	288	(1)
	<u>208,283</u>	<u>209,155</u>	<u>(873)</u>	<u>208,282</u>	<u>(1)</u>
Revolving loan repayments:					
Ali Cat Toys	4,500	-	4,500	4,500	-
Armadillo Grill	1,875	-	1,875	1,875	-
Be Pure	971	-	971	971	-
Carrboro Coffee Company	2,411	-	2,411	2,411	-
Ceremony Salon	2,500	-	2,500	2,500	-
Creative Electric of NC	2,000	-	2,000	2,000	-
Dispute Settlement Center	-	-	-	-	-
F&F Car Care	4,500	-	4,500	4,500	-
Firefly Carrboro	579	-	579	579	-
Grow Your World	1,543	-	1,543	1,543	-
Lazarus Repair and Maintenance	1,234	-	1,234	1,234	-
OE Enterprises	2,411	-	2,411	2,411	-
Open Eye Café	2,411	-	2,411	2,411	-
Pilot Mission	948	-	948	948	-
Twin House Music	996	-	996	996	-
Van Hook Enterprises	1,709	-	1,709	1,709	-
Wax Poetic	2,143	-	2,143	2,143	-
Weaver Street Realty and Auction	19,440	-	19,440	19,440	-
Total revolving loan payments	<u>52,171</u>	<u>-</u>	<u>52,171</u>	<u>52,171</u>	<u>-</u>
Total revenues	<u>260,454</u>	<u>209,155</u>	<u>51,298</u>	<u>260,453</u>	<u>(1)</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund
From Project Inception and for the Year Ended June 30, 2021

Schedule 12
(2 pages)

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures					
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	12,636	21,600	(8,964)	12,636	-
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 and Auction	21,600	21,600	-	21,600	-
CTDA	65,596	-	65,596	65,596	-
General	164,922	-	-	-	164,922
Total expenditures	<u>560,454</u>	<u>338,900</u>	<u>56,632</u>	<u>395,532</u>	<u>164,922</u>
Revenues under expenditures	<u>(300,000)</u>	<u>(129,745)</u>	<u>(5,334)</u>	<u>(135,079)</u>	<u>164,921</u>
Other financing sources					
Transfer from Revolving Loan Fund	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Appropriation to fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 170,255</u>	<u>\$ (5,334)</u>	<u>\$ 164,921</u>	<u>\$ 164,921</u>
Fund balance, beginning of year			<u>170,255</u>		
Fund balance, end of year			<u>\$ 164,921</u>		

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, 2021

Schedule 13

	Project Authorization	Prior Years	Actual Current Year	Closed-Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
Interest on investments	\$ 3,788	\$ 3,692	\$ 96	\$ -	\$ 3,788	\$ -
Expenditures						
Century Center drainage	-	3,871	-	(3,871)	-	-
Century Center interior improvements	20,132	13,270	6,862	-	20,132	-
Century Center roof replacement	37,550	-	37,550	-	37,550	-
Century Center painting	60,000	-	41,835	-	41,835	18,165
Century Center floor improvements	5,340	-	851	-	851	4,489
Fire Station #1 concrete driveway	-	33,977	-	(33,977)	-	-
Fire Station #1 improvements	-	8,205	-	(8,205)	-	-
Fire Station #1 bay roof	-	58,606	-	(58,606)	-	-
Fire Station #1 carpet replacement	3,808	-	3,808	-	3,808	-
Fire Station #1 painting	8,668	-	8,668	-	8,668	-
Fire Station #1 kitchen renovation	33,313	-	33,313	-	33,313	-
Fire Station #2 improvements	10,076	2,109	7,967	-	10,076	-
Wilson Park improvements	-	4,992	-	(4,992)	-	-
Anderson Park fountain repair	-	6,273	-	(6,273)	-	-
Playground equipment	-	1,650	-	(1,650)	-	-
Public Works maintenance bay shelters	-	18,445	-	(18,445)	-	-
Public Works renovation	20,900	-	18,450	-	18,450	2,450
Survey of Public Works property	-	6,900	-	(6,900)	-	-
Town Hall exterior rehabilitation	-	17,500	-	(17,500)	-	-
Town Hall floor improvements	896	-	896	-	896	-
Town Hall interior improvements	5,803	2,553	-	-	2,553	3,250
Town Hall security measures	5,000	-	-	-	-	5,000
Architectural improvements	124,910	-	77,210	-	77,210	47,700
Unexpended reserves	506,973	-	-	-	-	506,973
Total expenditures	843,369	178,351	237,410	(160,419)	255,342	588,027
Revenues under expenditures	(839,581)	(174,659)	(237,314)	160,419	(251,554)	588,027
Other financing sources						
Transfer from General Fund	1,000,000	1,000,000	-	(160,419)	839,581	(160,419)
Total other financing sources	839,581	1,000,000	-	(160,419)	839,581	(160,419)
Revenues and other financing sources over (under) expenditures	-	825,341	(237,314)	-	588,027	427,608
Net change in fund balance	\$ -	\$ 825,341	(237,314)	\$ -	\$ 588,027	\$ 427,608
Fund balance, beginning of year			825,341			
Fund balance, end of year			\$ 588,027			

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, 2021

Schedule 14

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 989,475	\$ 1,013,598	\$ 24,123
Federal grants	-	104,820	104,820
Investment earnings	5,166	91	(5,075)
Miscellaneous	-	24	24
Total expenditures	994,641	1,118,533	123,892
Expenditures			
Personnel services	299,527	295,097	4,430
Operations	180,045	116,288	63,757
Capital outlay	570,504	302,894	267,610
Total expenditures	1,050,076	714,279	335,797
Revenues over expenditures	(55,435)	404,254	459,689
Other financing uses			
Transfers to:			
Capital projects fund	(50,000)	(50,000)	-
Unexpended reserves	(1,088)	-	1,088
Total other financing uses	(51,088)	(50,000)	1,088
Revenues and other financing sources over expenditures	(106,523)	354,254	460,777
Appropriated fund balance	106,523	-	(106,523)
Net change in fund balance	\$ -	\$ 354,254	\$ 354,254
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		\$ 302,894	
Depreciation		(41,276)	
Increase in accrued vacation pay		(4,838)	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		17,770	
Pension expense		(26,913)	
OPEB expense		(2,095)	
Total reconciling items		245,542	
Change in net position		\$ 599,796	

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Parking Enterprise Fund
Year Ended June 30, 2021

Schedule 15

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 2,000	\$ -	\$ (2,000)
Investment earnings	750	17	(733)
Total expenditures	2,750	17	(2,733)
Expenditures			
Personnel services	21,000	1,849	19,151
Operations	325,300	84,472	240,828
Total expenditures	346,300	86,321	259,979
Revenues under expenditures	(343,550)	(86,304)	262,712
Other financing sources			
Transfers from:			
General Fund	343,550	171,775	(171,775)
Total other financing sources	343,550	171,775	(171,775)
Revenues and other financing sources over expenditures	-	85,471	90,937
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	\$ 85,471	\$ 90,937

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Additional Financial Data

This section contains additional information on property taxes.

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

Town of Carrboro, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Schedule 16

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 15,313,630	\$ 15,247,066	\$ 66,564
2019 - 2020	77,203	-	43,998	33,205
2018 - 2019	40,153	-	11,739	28,414
2017 - 2018	24,422	-	3,742	20,680
2016 - 2017	21,626	-	5,289	16,337
2015 - 2016	18,714	-	4,774	13,940
2014 - 2015	8,360	-	3,892	4,468
2013 - 2014	19,729	-	632	19,097
2012 - 2013	27,676	-	518	27,158
2011 - 2012	20,421	-	6,107	14,314
2010 - 2011	14,175	-	14,175	-
	<u>\$ 272,479</u>	<u>\$ 15,313,630</u>	<u>\$ 15,341,932</u>	244,177
Less: allowance for uncollectible accounts:				
General Fund				<u>(72,661)</u>
Ad valorem taxes receivable - net				<u>\$ 171,516</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 13,452,024
Ad valorem taxes - Affordable Housing Fund				227,189
Motor vehicle license fees - General Fund				<u>1,549,842</u>
Total revenues				15,229,055
Reconciling items:				
Releases and adjustments				22,406
NCVTS collection fees				76,296
Amounts written off for tax year 2010-2011 per statute of limitations				<u>14,175</u>
				<u>\$ 15,341,932</u>

Town of Carrboro, North Carolina
Analysis of Current Tax Levy - Town-Wide Levy
Year Ended June 30, 2021

Schedule 17

	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	\$ 2,474,230,018	0.5994	\$ 14,830,535	\$ 13,665,963	\$ 1,164,572
Penalties and interest	-		5,195	5,195	-
Total property valuation	<u>\$ 2,474,230,018</u>		14,835,730	13,671,158	1,164,572
Vehicle tag fees			477,900	-	477,900
Total gross levy			15,313,630	13,671,158	1,642,472
Uncollected taxes at June 30, 2021			66,564	66,564	-
Current year's taxes collected			<u>\$ 15,247,066</u>	<u>\$ 13,604,594</u>	<u>\$ 1,642,472</u>
Current levy collection percentage			<u>99.57%</u>	<u>99.51%</u>	<u>100.00%</u>

* Total adjusted levy includes discoveries and abatements.

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

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Statistical Section

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

	<u>Page</u>
<i>Financial Trends Information</i>	
These schedules contain trend information intended to help the reader understand how the City's financial position has changed over time.	101
<i>Revenue Capacity Information</i>	
These schedules contain information to help the reader assess the Town's most significant local revenue sources, primarily property taxes.	114
<i>Debt Capacity Information</i>	
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.	123
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	129
<i>Operating Information</i>	
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.	134

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

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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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:					
Net investment in capital assets	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361	\$ 29,120,308	\$ 28,529,962
Restricted	1,877,720	1,902,041	1,918,028	2,187,718	2,015,396
Unrestricted	10,311,263	9,735,451	7,090,901	6,358,440	6,447,035
Total governmental activities net position	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:					
Net investment in capital assets	\$ 24,803,167	\$ 25,869,273	\$ 28,835,361	\$ 29,120,308	\$ 28,529,962
Restricted	1,877,720	1,902,041	1,918,028	2,187,718	2,015,396
Unrestricted	10,311,263	9,735,451	7,090,901	6,358,440	6,447,035
Total primary government net position	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>

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

Table 1
(2 pages)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:					
Net investment in capital assets	\$ 28,581,194	\$ 30,401,621	\$ 32,602,046	\$ 34,478,765	\$ 36,062,824
Restricted	2,097,192	2,719,947	3,869,297	3,349,924	3,312,120
Unrestricted	<u>(5,179,126)</u>	<u>(5,964,874)</u>	<u>(6,314,682)</u>	<u>(8,613,521)</u>	<u>(9,907,381)</u>
Total governmental activities net position	<u><u>\$ 25,499,260</u></u>	<u><u>\$ 27,156,694</u></u>	<u><u>\$ 30,156,661</u></u>	<u><u>\$ 29,215,168</u></u>	<u><u>\$ 29,467,563</u></u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ 288,843	\$ 349,932	\$ 611,550
Unrestricted	<u>-</u>	<u>56,475</u>	<u>225,824</u>	<u>536,668</u>	<u>960,317</u>
Total business-type activities net position	<u><u>\$ -</u></u>	<u><u>\$ 56,475</u></u>	<u><u>\$ 514,667</u></u>	<u><u>\$ 886,600</u></u>	<u><u>\$ 1,571,867</u></u>
Primary Government:					
Net investment in capital assets	\$ 28,581,194	\$ 30,401,621	\$ 32,890,889	\$ 34,828,697	\$ 36,674,374
Restricted	2,097,192	2,719,947	3,869,297	3,349,924	3,312,120
Unrestricted	<u>(5,179,126)</u>	<u>(5,908,399)</u>	<u>(6,088,858)</u>	<u>(8,076,853)</u>	<u>(8,947,064)</u>
Total primary government net position	<u><u>\$ 25,499,260</u></u>	<u><u>\$ 27,213,169</u></u>	<u><u>\$ 30,671,328</u></u>	<u><u>\$ 30,101,768</u></u>	<u><u>\$ 31,039,430</u></u>

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

Table 2
(4 pages)

	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 3,493,073	\$ 3,978,378	\$ 4,571,146	\$ 4,200,241	\$ 4,487,922
Public safety	6,835,304	6,778,893	6,925,676	6,951,141	7,051,112
Planning	1,162,777	1,107,377	1,153,138	1,244,849	1,374,325
Transportation	1,058,859	1,286,714	1,396,423	1,472,508	1,540,288
Public works	4,252,251	4,072,606	4,035,886	4,421,682	4,205,935
Parks and recreation	1,516,336	1,453,991	1,553,686	1,642,737	1,741,056
Economic and community development	275,681	170,695	623,220	90,108	200,798
Interest on long-term debt	301,772	186,898	211,082	191,916	167,984
Total governmental activities expenses	<u>18,896,053</u>	<u>19,035,552</u>	<u>20,470,257</u>	<u>20,215,182</u>	<u>20,769,420</u>
Business-type activities:					
Stormwater	-	-	-	-	-
Parking	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 18,896,053</u>	<u>\$ 19,035,552</u>	<u>\$ 20,470,257</u>	<u>\$ 20,215,182</u>	<u>\$ 20,769,420</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 344,239	\$ 546,583	\$ 531,812	\$ 652,862	\$ 528,403
Public safety	483,956	120,171	65,823	73,311	117,590
Planning	551,792	572,542	655,664	675,682	665,028
Public works	126,495	82,458	107,622	70,249	74,644
Parks and recreation	260,225	259,168	279,499	270,028	259,974
Economic and community development	-	-	-	-	-
Operating grants and contributions	871,613	320,304	707,636	723,767	700,263
Capital grants and contributions	406,518	954,131	865,182	283,090	5,635
Total governmental activities program revenues	<u>3,044,838</u>	<u>2,855,357</u>	<u>3,213,238</u>	<u>2,748,989</u>	<u>2,351,537</u>
Business-type activities:					
Charges for services:					
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>	<u>\$ 2,351,537</u>

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

Table 2
(4 pages)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses					
Governmental activities:					
General government	\$ 4,695,317	\$ 4,849,740	\$ 5,246,829	\$ 5,288,695	\$ 5,270,260
Public safety	7,550,083	7,469,443	7,735,947	8,283,668	8,522,469
Planning	1,356,771	1,206,329	1,422,374	1,520,044	1,540,407
Transportation	1,455,012	1,455,012	1,808,940	1,835,146	1,872,343
Public works	4,295,622	4,142,187	4,839,876	5,298,021	5,085,068
Parks and recreation	1,724,769	1,737,984	1,845,198	1,943,269	1,858,667
Economic and community development	147,259	220,960	692,328	727,748	1,079,915
Interest on long-term debt	154,350	127,897	115,564	98,950	99,469
Total governmental activities expenses	<u>21,379,183</u>	<u>21,209,552</u>	<u>23,707,056</u>	<u>24,995,541</u>	<u>25,328,598</u>
Business-type activities:					
Stormwater	-	251,908	269,163	444,871	468,737
Parking	-	-	-	-	86,321
Total business-type activities expenses	<u>-</u>	<u>251,908</u>	<u>269,163</u>	<u>444,871</u>	<u>555,058</u>
Total primary government expenses	<u>\$ 21,379,183</u>	<u>\$ 21,461,460</u>	<u>\$ 23,976,219</u>	<u>\$ 25,440,412</u>	<u>\$ 25,883,656</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 416,231	\$ 644,733	\$ 726,021	\$ 629,447	\$ 533,630
Public safety	696,492	720,801	739,011	753,901	620,290
Planning	57,005	116,135	39,872	74,241	46,767
Public works	77,454	51,733	56,561	57,154	55,894
Parks and recreation	280,625	242,740	182,644	122,873	67,923
Economic and community development	-	-	-	-	82,026
Operating grants and contributions	654,075	641,436	832,607	1,159,067	1,273,741
Capital grants and contributions	90,166	13,080	2,504,061	698,031	432,923
Total governmental activities program revenues	<u>2,272,048</u>	<u>2,430,658</u>	<u>5,080,777</u>	<u>3,494,714</u>	<u>3,113,194</u>
Business-type activities:					
Charges for services:					
Stormwater	-	-	778,157	812,545	1,013,598
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>778,157</u>	<u>812,545</u>	<u>1,013,598</u>
Total primary government program revenues	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,858,934</u>	<u>\$ 4,307,259</u>	<u>\$ 4,126,792</u>

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

Table 2
(4 pages)

	2012	2013	2014	2015	2016
Net expenses					
Governmental activities	\$ 15,851,215	\$ 16,180,195	\$ 17,257,019	\$ 17,466,193	\$ 18,417,883
Business-type activities	-	-	-	-	-
Total primary government net expenses	<u>\$ 15,851,215</u>	<u>\$ 16,180,195</u>	<u>\$ 17,257,019</u>	<u>\$ 17,466,193</u>	<u>\$ 18,417,883</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 15,445,629	\$ 15,695,931	\$ 16,599,061	\$ 17,011,559	\$ 17,322,279
Unrestricted intergovernmental revenues	946,091	952,397	982,040	1,481,631	1,452,221
Miscellaneous and unrestricted investment earnings	47,980	46,482	13,443	52,226	28,818
Transfers	-	-	-	-	-
Total governmental activities	<u>16,439,700</u>	<u>16,694,810</u>	<u>17,594,544</u>	<u>18,545,416</u>	<u>18,803,318</u>
Business-type activities:					
Unrestricted intergovernmental revenues	-	-	-	-	-
Miscellaneous and unrestricted investment earnings	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 16,439,700</u>	<u>\$ 16,694,810</u>	<u>\$ 17,594,544</u>	<u>\$ 18,545,416</u>	<u>\$ 18,803,318</u>
Change in net position					
Governmental activities	\$ 588,485	\$ 514,615	\$ 337,525	\$ 1,079,223	\$ 385,435
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 588,485</u>	<u>\$ 514,615</u>	<u>\$ 337,525</u>	<u>\$ 1,079,223</u>	<u>\$ 385,435</u>

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

Table 2
(4 pages)

	2017	2018	2019	2020	2021
Net expenses					
Governmental activities	\$ 19,107,135	\$ 18,778,894	\$ 18,626,279	\$ 21,500,827	\$ 22,215,404
Business-type activities	-	251,908	(508,994)	(367,674)	(458,540)
Total primary government net expenses	<u>\$ 19,107,135</u>	<u>\$ 19,030,802</u>	<u>\$ 18,117,285</u>	<u>\$ 21,133,153</u>	<u>\$ 21,756,864</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 17,690,415	\$ 19,094,382	\$ 19,695,520	\$ 19,788,837	\$ 20,758,600
Unrestricted intergovernmental revenues	1,418,370	1,406,331	1,492,028	1,408,981	1,381,436
Miscellaneous and unrestricted investment earnings	58,455	243,998	382,223	279,600	449,538
Transfers	-	(308,383)	56,475	-	(121,775)
Total governmental activities	<u>19,167,240</u>	<u>20,436,328</u>	<u>21,626,246</u>	<u>21,477,418</u>	<u>22,467,799</u>
Business-type activities:					
Unrestricted intergovernmental revenues	-	-	-	-	104,820
Miscellaneous and unrestricted investment earnings	-	-	5,673	4,259	132
Transfers	-	308,383	(56,475)	-	121,775
Total business-type activities	<u>-</u>	<u>308,383</u>	<u>(50,802)</u>	<u>4,259</u>	<u>226,727</u>
Total primary government	<u>\$ 19,167,240</u>	<u>\$ 20,744,711</u>	<u>\$ 21,575,444</u>	<u>\$ 21,481,677</u>	<u>\$ 22,694,526</u>
Change in net position					
Governmental activities	\$ 60,105	\$ 1,657,434	\$ 2,999,967	\$ (23,409)	\$ 252,395
Business-type activities	-	56,475	458,192	371,933	685,267
Total primary government	<u>\$ 60,105</u>	<u>\$ 1,713,909</u>	<u>\$ 3,458,159</u>	<u>\$ 348,524</u>	<u>\$ 937,662</u>

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

Table 3
(2 pages)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</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	\$ 403,022	\$ 98,336	\$ 294,643	\$ 92,212	\$ 159,185
Restricted	2,527,603	2,549,652	2,397,759	2,788,336	2,642,583
Committed	-	-	-	-	-
Assigned	2,787,316	2,866,048	3,084,075	2,624,916	2,275,559
Unassigned	9,804,868	7,296,945	7,988,424	9,119,966	10,638,014
Total general fund	<u>15,522,809</u>	<u>12,810,981</u>	<u>13,764,901</u>	<u>14,625,430</u>	<u>15,715,341</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	1,076,370	791,699	2,453,964	1,890,936	1,590,442
Committed	1,404,374	4,652,528	2,225,168	3,105,843	3,715,244
Assigned	-	-	-	-	-
Unassigned	(2,606,994)	(37,048)	(40,731)	(41,811)	43,892
Total all other governmental funds	<u>(126,250)</u>	<u>5,407,179</u>	<u>4,638,401</u>	<u>4,954,968</u>	<u>5,349,578</u>
Total, all governmental funds	<u>\$ 15,396,559</u>	<u>\$ 18,218,160</u>	<u>\$ 18,403,302</u>	<u>\$ 19,580,398</u>	<u>\$ 21,064,919</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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	\$ 25,775	\$ 280,068	\$ 317,306	\$ 74,353	\$ 275,060
Restricted	2,466,537	2,532,472	2,652,989	2,566,982	2,757,728
Committed	-	-	-	-	-
Assigned	2,569,579	3,088,391	3,500,753	3,239,574	3,189,720
Unassigned	10,816,213	10,634,162	11,233,203	10,030,700	11,595,919
Total general fund	<u>15,878,104</u>	<u>16,535,093</u>	<u>17,704,251</u>	<u>15,911,609</u>	<u>17,818,427</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	1,348,609	827,636	1,458,567	782,942	798,863
Committed	4,454,119	4,119,338	2,947,928	2,851,025	1,499,461
Assigned	-	-	-	-	-
Unassigned	(680)	-	(496,241)	(416,233)	(414,109)
Total all other governmental funds	<u>5,802,048</u>	<u>4,946,974</u>	<u>3,910,254</u>	<u>3,217,734</u>	<u>1,884,215</u>
Total, all governmental funds	<u>\$ 21,680,152</u>	<u>\$ 21,482,067</u>	<u>\$ 21,614,505</u>	<u>\$ 19,129,343</u>	<u>\$ 19,702,642</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)

	2012	2013	2014	2015	2016
Revenues					
Ad valorem taxes	\$ 11,708,787	\$ 11,754,299	\$ 11,792,234	\$ 11,771,793	\$ 11,829,436
Local option sales taxes	3,308,060	3,427,678	3,567,123	3,897,200	4,105,283
Other taxes and licenses	449,628	461,054	1,316,876	1,386,254	1,381,093
Unrestricted					
intergovernmental	946,091	952,397	982,040	1,481,631	1,452,221
Restricted intergovernmental	1,095,408	1,179,461	1,487,840	949,579	651,211
Permits and fees	1,308,544	1,255,930	1,249,319	1,260,859	1,270,187
Sales and services	260,225	261,373	283,611	274,350	263,444
Investment earnings	47,980	25,954	11,757	10,477	28,818
Other	266,206	135,078	207,671	400,617	218,561
Total revenues	19,390,929	19,453,224	20,898,471	21,432,760	21,200,254
Expenditures					
General government	3,350,244	3,345,195	3,964,409	4,093,908	4,353,526
Public Safety	5,795,546	5,736,675	6,019,294	6,265,547	6,216,871
Planning	1,045,854	1,088,802	1,150,603	1,203,990	1,333,903
Transportation	1,032,825	1,286,714	1,396,423	1,472,508	1,540,288
Public Works	3,397,396	3,385,065	3,260,291	3,481,463	3,134,390
Parks and recreation	1,274,082	170,695	1,378,862	1,444,752	1,529,332
Economic and community development	275,681	1,276,064	623,220	20,108	145,144
Capital outlay	1,840,865	2,717,113	2,132,488	1,888,948	1,410,447
Debt service					
Interest	292,041	2,503,013	226,334	202,907	191,229
Principal	1,068,046	232,596	1,066,150	946,047	973,069
Total expenditures	19,372,580	21,741,932	21,218,074	21,020,178	20,828,199
Excess of revenues over (under) expenditures	18,349	(2,288,708)	(319,603)	412,582	372,055
Other financing sources (uses)					
Proceeds from borrowing	298,850	4,997,320	498,822	717,102	621,180
Premium on borrowing	-	92,461	-	-	-
Sale of capital assets	21,328	20,528	5,923	47,412	491,287
Transfers in	-	4,424,133	1,850,165	881,518	1,808,060
Transfers out	-	(4,424,133)	(1,850,165)	(881,518)	(1,808,060)
Total other financing sources	320,178	5,110,309	504,745	764,514	1,112,467
Net change in fund balances	\$ 338,527	\$ 2,821,601	\$ 185,142	\$ 1,177,096	\$ 1,484,522
Capital outlay included in expenditures above	\$ 1,840,865	\$ 2,717,113	\$ 2,132,488	\$ 1,888,948	\$ 1,410,447
Debt service as a percentage of noncapital expenditures	7.8%	14.4%	6.8%	6.0%	6.0%

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

Table 4
(2 pages)

	2017	2018	2019	2020	2021
Revenues					
Ad valorem taxes	\$ 11,769,118	\$ 12,921,946	\$ 13,223,592	\$ 13,499,126	\$ 13,679,213
Local option sales taxes	4,345,612	4,557,933	4,880,680	4,772,318	5,467,567
Other taxes and licenses	1,601,126	1,601,362	1,630,840	1,535,867	1,636,916
Unrestricted					
intergovernmental	1,409,630	1,406,331	1,492,028	1,408,981	1,381,436
Restricted intergovernmental	722,928	636,879	2,867,644	1,091,381	2,210,635
Permits and fees	1,177,350	1,377,586	1,273,962	1,292,786	1,100,596
Sales and services	282,929	245,059	253,023	171,937	88,106
Investment earnings	58,455	151,707	266,589	182,257	3,130
Other	128,591	210,283	378,474	509,210	515,004
Total revenues	21,495,739	23,109,086	26,266,832	24,463,863	26,082,603
Expenditures					
General government	4,503,267	4,729,326	5,369,254	5,474,673	5,389,321
Public Safety	6,506,633	6,555,984	6,649,349	7,093,384	7,216,347
Planning	1,285,705	1,134,657	1,331,441	1,423,554	1,379,968
Transportation	1,455,012	1,455,012	1,808,940	1,835,146	1,872,342
Public Works	3,192,643	3,104,559	3,750,034	3,872,550	3,850,963
Parks and recreation	1,474,274	1,503,476	1,602,097	1,658,168	1,500,042
Economic and community development	147,259	220,511	692,328	957,638	1,080,865
Capital outlay	1,549,712	3,486,840	4,063,670	3,085,782	4,368,462
Debt service					
Interest	152,927	138,983	126,621	109,942	95,435
Principal	983,905	1,001,731	824,548	692,206	588,314
Total expenditures	21,251,337	23,331,079	26,218,282	26,203,043	27,342,059
Excess of revenues over (under) expenditures	244,402	(221,993)	48,550	(1,739,180)	(1,259,456)
Other financing sources (uses)					
Proceeds from borrowing	362,091	240,000	-	-	1,871,924
Premium on borrowing	-	-	-	-	-
Sale of capital assets	8,740	92,291	27,413	32,418	82,606
Transfers in	1,522,129	3,165,098	2,279,109	3,740,494	698,043
Transfers out	(1,522,129)	(3,473,481)	(2,222,634)	(3,740,494)	(819,818)
Total other financing sources	370,831	23,908	83,888	32,418	1,832,755
Net change in fund balances	\$ 615,233	\$ (198,085)	\$ 132,438	\$ (1,706,762)	\$ 573,299
Capital outlay included in expenditures above	\$ 1,549,712	\$ 3,486,840	\$ 4,063,670	\$ 3,085,782	\$ 4,368,462
Debt service as a percentage of noncapital expenditures	5.8%	5.7%	4.3%	3.5%	3.0%

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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)

Function/Program	2012	2013	2014	2015	2016
Governmental activities:					
General Government	\$ 250,719	\$ 714,449	\$ 958,976	\$ 767,303	\$ 650,899
Public Safety	644,867	916,576	813,257	677,124	667,572
Planning	521,028	141,086	83,602	120,607	148,749
Public Works and					
Transportation	1,150,348	710,883	984,621	860,795	587,845
Parks and Recreation	296,123	297,437	325,197	305,926	296,472
Economic and community					
development	181,753	74,926	47,585	17,234	-
Total primary government	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>	<u>\$ 2,351,537</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)

Function/Program	2017	2018	2019	2020	2021
Governmental activities:					
General Government	\$ 502,078	\$ 725,885	\$ 949,456	\$ 873,274	\$ 696,443
Public Safety	697,660	721,382	797,011	1,091,147	958,272
Planning	82,718	143,804	39,872	74,241	46,767
Public Works and					
Transportation	668,277	560,949	3,034,038	899,992	812,692
Parks and Recreation	317,927	278,638	218,542	158,771	103,821
Economic and Physical					
Development	3,388	-	41,858	397,289	495,199
Total primary government	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,080,777</u>	<u>\$ 3,494,714</u>	<u>\$ 3,113,194</u>

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

Table 6

Fiscal Year	Property Taxes
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
2020	13,499,126
2021	13,679,213
Change 2012 - 2021	16.8%

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

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

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (\$100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
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%
2020	2019	2,184,315,909	205,137,622	21,630,535	2,411,084,066	0.5994	2,411,084,066	100%
2021	2020	2,225,431,947	226,627,908	22,170,163	2,474,230,018	0.5994	2,474,230,018	100%

Source: Orange County, North Carolina, Tax Assessor.

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

Town of Carrboro, 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
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
2020	0.5994	0.8679
2021	0.5994	0.8679

Source: Orange County, North Carolina, Tax Assessor.

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

Town of Carrboro, North Caro
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	
2012	2011	\$ 11,999,523	\$ 11,790,705	98.26%	194,504	11,985,209	99.88%	14,314
2013	2012	12,184,632	11,937,142	97.97%	220,332	12,157,474	99.78%	27,158
2014	2013	12,868,792	12,741,993	99.01%	107,702	12,849,695	99.85%	19,097
2015	2014	12,970,309	12,887,757	99.36%	78,084	12,965,841	99.97%	4,468
2016	2015	13,083,098	12,989,241	99.28%	79,917	13,069,158	99.89%	13,940
2017	2016	13,219,902	13,143,645	99.42%	59,920	13,203,565	99.88%	16,337
2018	2017	14,377,304	14,276,093	99.30%	80,531	14,356,624	99.86%	20,680
2019	2018	14,670,122	14,587,583	99.44%	54,125	14,641,708	99.81%	28,414
2020	2019	14,908,231	14,831,028	99.48%	43,998	14,875,026	99.78%	33,205
2021	2020	15,313,630	15,247,066	99.57%	-	15,247,066	99.57%	66,564

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

Table 10

Taxpayer	2021			2012		
	2020 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2011 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
GS Villages of Chapel Hill, LLC	\$ 27,273,975	1	1.10%	\$ 16,056,152	3	0.81%
MREI IV Autumn Woods LLC	26,733,615	2	1.08%	20,458,649	2	1.04%
180 West Clup LP	21,876,793	3	0.88%			
Carr Mill Mall Limited, Partnership	18,244,700	4	0.74%			
Westdale Poplar Place LP	18,137,300	5	0.73%	14,966,607	5	0.76%
Tarheel Lodging II LLC	17,824,603	6	0.72%			
Ashbrook Investors LLC	17,169,550	7	0.69%			
TGM Rock Creek LLC	15,939,179	8	0.64%			
RP Barnes LLC	14,950,600	9	0.60%			
SK Chapel Hill LLC	14,827,886	10	0.60%			
Carrboro Shopping Center I LLC	-		-	13,223,588	6	0.67%
G & I VI Ramsgate LP	-		-	8,216,194	10	0.42%
VAC Limited Partnership	-		-	23,672,699	1	1.20%
Crit NC III, LLC	-		-	16,048,280	4	0.81%
188 Claremont LLC	-		-	10,714,591	8	0.54%
Lucas Investments LTD	-		-	10,859,123	7	0.55%
100 Rock Haven LLC	-		-	10,052,453	9	0.51%
Total	<u>\$ 192,978,201</u>		<u>7.80%</u>	<u>\$ 144,268,336</u>		<u>7.31%</u>

Source: Orange County Tax Assessor Office.

Debt Capacity Information

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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		
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
2020	2,850,000	55,963	1,145,976	-	4,051,939	193.10
2021	2,600,000	51,097	2,679,585	-	5,330,682	250.33

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

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total			
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
2020	2,850,000	2,850,000	2,411,084,066	0.118%	135.82
2021	2,600,000	2,600,000	2,474,230,018	0.105%	122.09

Town of Carrboro, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2021

Table 13

<u>Town of Carrboro</u>	<u>Total Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
General obligation debt			
Town of Carrboro's direct debt	\$ 5,330,682	100.00%	\$ 5,330,682
Overlapping (bonded) debt - Orange County			
Overlapping debt - Orange County	29,399,529	13.71%	<u>4,030,675</u>
Total direct and overlapping debt			<u><u>\$ 9,361,357</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)

	2012	2013	2014	2015	2016
Debt limit	\$ 152,417,005	\$ 160,253,797	\$ 167,081,127	\$ 169,112,237	\$ 170,848,376
Total net debt applicable to limit	5,405,219	8,044,437	7,477,109	7,248,164	6,896,275
Legal debt margin	<u>\$ 147,011,786</u>	<u>\$ 152,209,360</u>	<u>\$ 159,604,018</u>	<u>\$ 161,864,073</u>	<u>\$ 163,952,101</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.55%</u>	<u>5.02%</u>	<u>4.48%</u>	<u>4.29%</u>	<u>4.04%</u>

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

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

Table 14
(2 pages)

	2017	2018	2019	2020	2021
Debt limit	\$ 173,060,766	\$ 188,861,198	\$ 191,198,869	\$ 188,834,785	\$ 197,938,401
Total net debt applicable to limit	6,274,461	5,578,428	4,749,013	4,051,939	5,330,682
Legal debt margin	<u>\$ 166,786,305</u>	<u>\$ 183,282,770</u>	<u>\$ 186,449,856</u>	<u>\$ 184,782,846</u>	<u>\$ 192,607,719</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.63%</u>	<u>2.95%</u>	<u>2.48%</u>	<u>2.15%</u>	<u>2.69%</u>

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

Demographic and Economic Information

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
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%
2020	20,984	32,198	30.1	12,115	1,318	6.7%
2021	21,295	40,199	32.7	11,732	1,315	3.7%

Notes:

Orange County unemployment rate is used.

Population for 2020-2021 is based on last actual value calculated in 2020 from the U.S. Census Bureau.

Per capita personal income is based on the past 12 months(in 2019 dollars,) Quick Facts calculated in 2020 from the U.S. Census Bureau.

Median age is based on projections from the US Census in 2010.

Public school enrollment is based on the Opening of School Report 2020-21, for Chapel Hill-Carrboro

City Schools.

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

2021			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	190	1	1.55%
Chapel Hill-Carrboro City Schools	150	2	1.22%
Piedmont Health Services, Inc.	125	3	1.02%
Kitware Inc.	110	4	0.90%
OWASA	110	5	0.90%
Carolina Institute - UNC	90	6	0.73%
Kirby Of Carrboro	80	7	0.65%
Weaver Street Market	75	8	0.61%
Crescent Green of Carrboro	70	9	0.57%
James Carter Studio-School-Jewelry	65	10	0.53%
Total	1,065		8.69%

Source:

2021 Business Database USA, average number of employees FY 2021 from Business Database Index.

2012			
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.

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

Table 17

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Mayor and Town Council	-	-	-	-	-	-	-	-	-	-
Town manager	5	5	5.0	6.0	6.0	3.0	3.0	4.0	4.0	3.0
Economic development	2	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Town clerk	1	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Management services	7	7	6.5	6.5	6.0	6.0	6.0	8.0	8.0	8.0
Human resources	2	2	2.0	1.5	2.0	3.0	3.0	2.0	2.0	2.0
Information technology	1	2	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Climate Action	-	-	-	-	-	-	-	-	-	1.0
Housing & Community Services	-	-	-	-	-	-	-	-	-	2.5
Public safety:										
Police	42	41	41.0	41.0	41.0	41.0	42.0	42.0	42.0	42.0
Fire	37	37	36.5	36.5	37.0	37.0	37.0	37.0	37.0	37.0
Planning	14	14	14.0	13.5	13.5	14.5	13.5	15.5	15.5	14.5
Public works	34	35	35.0	35.0	36.0	37.0	36.0	39.0	39.0	40.5
Parks and recreation	13	13	12.5	12.5	12.0	13.0	13.0	13.5	13.5	13.5
Total	156	157	157.5	158.5	159.5	160.5	159.5	167.0	167.0	169.5

Source: Annual operating budget

Operating Information

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

Table 18
(2 pages)

	2012	2013	2014	2015	2016
General government:					
Revolving loan inquiries	5	6	6	6	5
Small business counseling referrals	10	12	10	10	13
Privilege licenses issued	948	1,203	720	301	*
Public safety:					
Police:					
Major crimes	746	599	625	472	521
Criminal arrests	830	1,082	829	665	550
Motor vehicle accidents	476	476	490	453	540
Narcotics arrests	150	105	243	169	93
Fire:					
Fire and EMS responses	1,406	1,517	1,520	2,231	2,227
Inspections	1,045	1,070	1,090	646	1,050
Planning:					
Annexations	1	-	-	-	-
Zoning permits	86	89	90	87	73
Building permits for new residential	92	92	60	66	69
Building permits for new commercial	6	11	12	4	9
Value of building permits issued	\$ 30,184,969	\$ 18,978,343	\$ 18,000,000	\$ 14,424,416	\$ 13,021,295
Public works:					
Paved streets maintained (miles)	42	44	44	46	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1
Litter collection (hours annually)	405	390	400	428	385
Residential refuse collection (tons annually)	3,971	4,277	3,666	2,754	2,132
Multi-family & commercial refuse collection	3,595	2,534	2,823	3,713	4,692
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	48	48	44	46	42
Athletic activity participants	2,763	2,872	2,533	2,726	2,534
Athletic activity hours	882	878	885	1,079	972
Other activities offered	364	393	405	392	358
Other activity participants	30,056	31,667	32,252	34,988	22,793
Century Center rentals (a)	105	116	120	109	112
Park rentals (a)	201	199	182	135	186

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)

	2017	2018	2019	2020	2021
General government:					
Revolving loan inquiries	5	8	5	25	4
Small business counseling referrals	12	15	12	12	6
Privilege licenses issued	*	*	*	*	*
Public safety:					
Police:					
Major crimes	441	473	406	357	423
Criminal arrests	458	488	399	328	318
Motor vehicle accidents	514	465	491	452	329
Narcotics arrests	132	81	45	24	16
Fire:					
Fire and EMS responses	2,300	2,308	2,185	1,785	1,349
Inspections	1,020	421	941	355	240
Planning:					
Annexations	-	-	-	-	-
Zoning permits	62	53	70	159	139
Building permits for new residential	28	42	55	124	782
Building permits for new commercial	41	127	8	121	115
Value of building permits issued	\$ 11,905,162	\$ 50,502,713	\$ 138,482	\$ 45,965	\$ 289,786
Public works:					
Paved streets maintained (miles)	46	46	46	45	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	2	1	1
Litter collection (hours annually)	321	207	29	N/A	N/A
Residential refuse collection (tons annually)	2,497	2,740	2,547	2,736	2,804
Multi-family & commercial refuse collection	3,269	9,502	3,991	3,991	3,795
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	51	63	65	50	47
Athletic activity participants	2,822	2,751	2,285	1,283	773
Athletic activity hours	942	877	1,068	617	447
Other activities offered	318	343	289	207	110
Other activity participants	22,720	28,436	26,031	15,154	7,580
Century Center rentals (a)	1,610	674	750	261	70
Park rentals (a)	410	526	650	234	115

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Function/Program</u>										
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	43	43	43	43	47	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	5
Public works:										
Refuse collection trucks	7	7	7	7	7	7	8	8	6	6
Replacement refuse collection trucks	1	1	1	1	1	1	-	-	2	2
Streets (miles)	43.27	43.27	43.27	43.27	43.27	43.27	46.70	46.70	47.04	47.04
Bike paths (miles)	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.84	3.84	3.84
Streetlights	986	986	986	986	986	986	986	1,014	1,014	1,064
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	6	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	3	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, NC

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, 2021, 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 January 10, 2022. 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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, NC
January 10, 2022



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

Honorable Mayor and Members of
the Town Council
Town of Carrboro, NC

Report on Compliance for the Major Federal Program

We have audited the Town of Carrboro, North Carolina's (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2021. The Town's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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



Opinion on Major Federal Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

High Point, NC
January 10, 2022



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

Honorable Mayor and Members of
the Town Council
Town of Carrboro, NC

Report on Compliance for the Major State Program

We have audited the Town of Carrboro, North Carolina's ("Town") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town's major state program for the year ended June 30, 2021. The Town's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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



Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

High Point, NC
January 10, 2022

Schedule of Findings and Questioned Costs

I. Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiency(s) ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiency(s) ☐ Yes ☒ None reported

- Noncompliance material to federal awards?

☐ Yes ☒ No

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

Unmodified

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

☐ Yes ☒ No

Identification of major federal program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as a low-risk auditee?

☐ Yes ☒ No

State Awards

Internal control over major state programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are
not considered to be material weaknesses _____ Yes X None reported
- Noncompliance material to state award _____ Yes X No

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

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the State Single
Audit Implementation Act?

_____ Yes X No

Name of State Program

State Aid to Municipalities ("Powell Bill")

II. Financial Statement Findings

No findings noted.

III. Findings and Questioned Costs Related to the Audit of Federal Awards

No findings noted.

IV. Findings and Questioned Costs Related to the Audit of State Awards

No findings noted.



TOWN OF CARRBORO

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Town of Carrboro, North Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Summary Schedule of Prior Year's Audit Findings

Finding: 2020-001, Financial Accounting Closing Procedures

Status: Corrected.

Town of Carrboro, North Carolina
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

(2 pages)

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Grant Number	Current Year Expenditures	
				Federal Expenditures (Direct and Pass-Through)	State Expenditures
Federal Grants					
U.S Department of Transportation:					
Passed through the North Carolina Department of Transportation:					
Highway Planning and Construction Cluster					
Highway Planning and Construction (Federal Aid Highway Program):					
Homestead Chapel Hill HS MUP	20.205		EL-4994	\$ 161,911	\$ -
Morgan Creek Greenway	20.205		EL-4828A	(4,782)	-
Jones Creek Greenway	20.205		C-5181	48,587	-
S. Greensboro Street S/W	20.205		C-5650	120,103	-
Total Highway Planning and Construction Cluster				325,819	-
Total passed through North Carolina Department of Transportation				325,819	-
Total U.S. DOT assistance				325,819	-
Department of Homeland Security:					
Hazard Mitigation Grant Program (HMGP):					
FEMA Hazard Mitigation	97.039		4393DR	133,760	-
Total Department of Homeland Security assistance				133,760	-
Department of the Treasury:					
Passed through Orange County:					
COVID-19 - Coronavirus Relief Fund:					
Rental Assistance	21.019		02-66-03	241,895	-
Non-Profit and Recovery Consultant	21.019		02-66-03	180,243	-
Emergency Business Grants	21.019		02-66-03	896	-
Total Coronavirus Relief Fund				423,034	-
Total passed through Orange County				423,034	-
Total Department of Treasury Assistance				423,034	-

Town of Carrboro, North Carolina
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

(2 pages)

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Grant Number	Current Year Expenditures	
				Federal Expenditures (Direct and Pass-Through)	State Expenditures
U.S. Department of Housing and Urban Development:					
Passed through Orange County:					
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218		20-V-3525	\$ 174,350	\$ -
Total Community Development Block Grants/Entitlement Grants				174,350	-
Total U.S. Department of Housing and Urban Development Assistance				174,350	-
State Grants					
North Carolina Department of Transportation:					
Powell Bill		DOT-4	2000040184	-	568,639
Bicycle Transportation		U-4726-DF	2000027926	-	5,079
Total North Carolina Department of Transportation Assistance				-	573,718
Orange County ABC Board					
ABC Board Grant				-	16,000
Total assistance				\$ 1,056,963	\$ 589,718

Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Carrboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of Significant Accounting Policies

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

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