

Town of Carrboro, North Carolina

Comprehensive Annual Financial Report

**For the Fiscal Year
Ended June 30, 2013**

**Prepared by:
Management Services Department**

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Town of Carrboro, North Carolina

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Town of Carrboro, North Carolina

PRINCIPAL OFFICIALS

BOARD OF ALDERMEN

Lydia Lavelle, Mayor

Damon Seils
Michelle Johnson
Ranee Haven-O'Donnell

Sammy Slade
Jacquelyn Gist

TOWN MANAGER

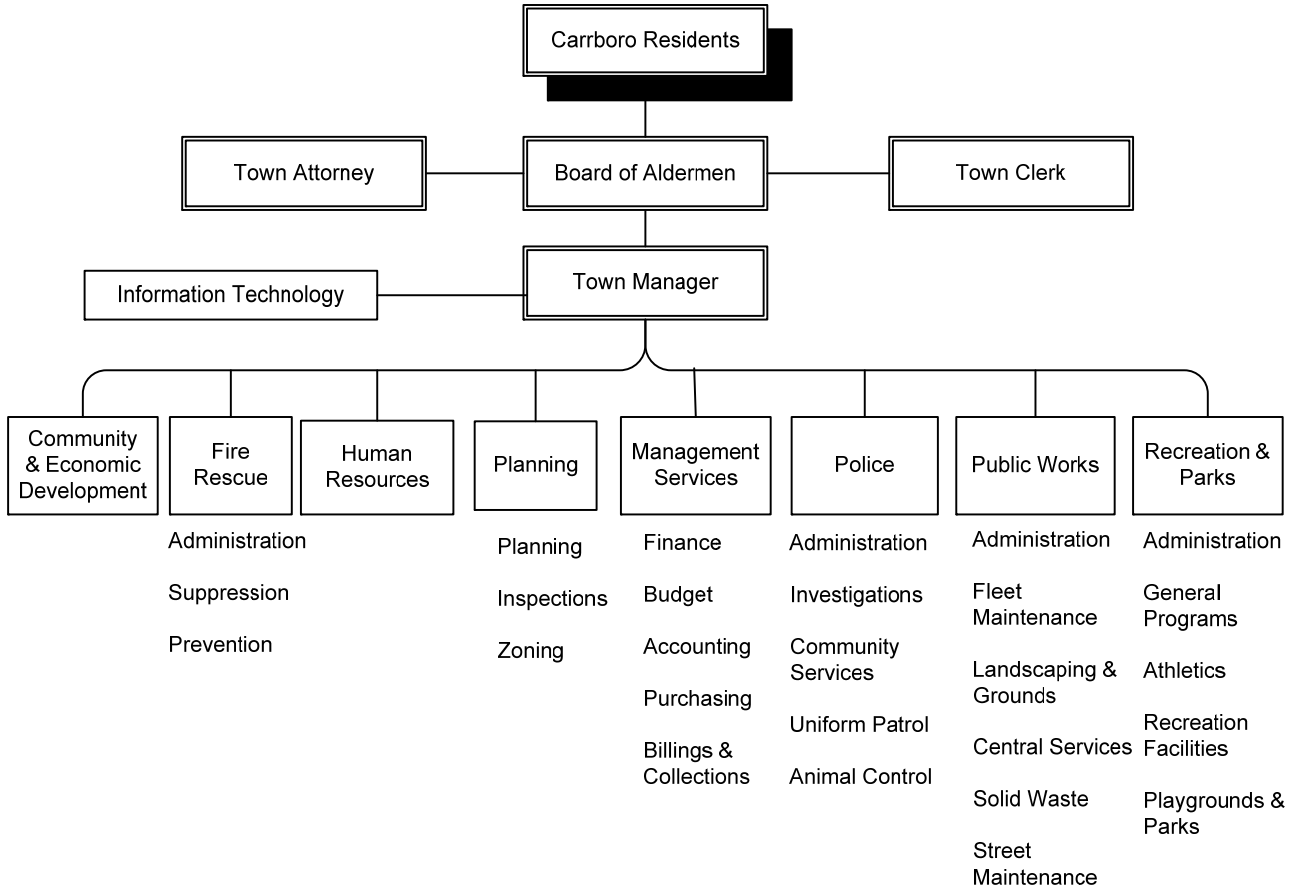
David Andrews

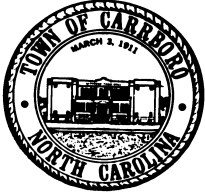
MANAGEMENT SERVICES DEPARTMENT

Arche L. McAdoo, Finance Director
Earlene Hicks, Assistant to the Finance Director
Sandy Svoboda, Purchasing Officer
Jane Bowden, Accounting Technician
Kathleen Nolan, Accounting Payroll Specialist
Donald Coble, Staff Accountant

Town of Carrboro, North Carolina

ORGANIZATIONAL CHART





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

January 14, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Carrboro for the fiscal year ended June 30, 2013 (FY 2012-13). As required by North Carolina General Statutes (NCGS), the CAFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

COMMUNITY AND ORGANIZATIONAL PROFILE

The Town is a small community located within Orange County in the north central portion of North Carolina. The area's topography is characterized by rolling hills. Carrboro is situated next to Chapel Hill and the University of North Carolina at Chapel Hill, and is near the Research Triangle Park. The Town was incorporated in 1911, now covers an area of 6.35 square miles, and has a population of 19,852. The Town is distinctive in having one of the highest population densities (i.e., the highest number of persons per square mile) of any municipality in North Carolina in the 2010 Census.

The growth of the Town is directly related to the expansion of the University of North Carolina at Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has risen from 8,791 in 1960 to 29,279 in 2012. It is anticipated that expansion will continue to occur in University-related health facilities such as the University of North Carolina Hospitals and with the proposed development of the Carolina North campus.

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

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

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

The Town commits over one million dollars annually to provide fare-free transit for Town residents in an effort to reduce reliance on automobiles and to promote public transit, walking, and biking. Carrboro is one of 27 communities in the nation that has been awarded the Silver Level Bicycle-Friendly Community designation by the League of American Bicyclists in recognition of its commitment to providing safe accommodation and facilities for bicyclists, as well as efforts to encourage bicycling for fun, fitness, and transportation. The award, valid through 2014, also recognized Town efforts to include bike lanes on all state road improvement projects. Additionally, the Town has amended its street standards to require bike lanes on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. The community approved a \$4.6 million bond referendum in November 2003 to construct sidewalks and greenways to increase the safety and convenience of walking throughout the Town's neighborhoods, including to schools, bus stops, shopping areas, and recreational facilities.

GOVERNANCE

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The 2010 per capita income for Carrboro is \$29,418 and the median household income is \$39,366. The household income levels of Carrboro break roughly into equal thirds: 32% earn less than \$25,000 a year; 25% make between \$25,000 and \$50,000 a year; and 41% make more than \$50,000 a year.

In 2005-2009, employment levels in Carrboro reflected national and statewide trends with an increase in the unemployment rate from 3.6% in 2000 to 5.9% in 2009. The unemployment rate for Orange County was 2.9% in 2006 and climbed to 6.1% in December 2011, well below the state unemployment rate of 10.4%. As of August 2013 the unemployment rate for Orange County is 5.7% compared to the statewide rate of 8.7%. With the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park in close proximity to the Town, the local employment base is relatively stable and contributes to the Town's economic state.

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

Long-term debt for the Town is currently \$8.0 million, which includes \$4.6 million of general obligation bonds issued in January 2013 for the permanent financing of sidewalk and greenway construction projects, financing for construction of fire station #2, and financing for vehicles and equipment. For a more comprehensive analysis of the Town's capital needs and future financing, please consult the Town's Capital Improvements Program available on the Town's website. The potential impact on property tax rates of capital projects will be affected by the timing of the implementation of the proposed projects, availability of other revenue sources, and/or cost savings to fund the projects.

MAJOR TOWN INITIATIVES

The Board of Aldermen has defined strategic priorities for the Town with the ultimate goal of creating and maintaining Carrboro as a sustainable community that is a highly desirable place to live. These strategic priorities are considered long-term goals and some noteworthy accomplishments include:

- The Town has completed 22 sidewalks covering 4.72 miles under its sidewalks and greenways program. Town residents approved \$4.6 million of general obligation bonds in a referendum in November 2003 to construct sidewalks and greenways throughout Town to increase the safety and convenience of walking.
- The Town was awarded a Bicycle Planning Grant from the North Carolina Department of Transportation in May 2007. The grant allowed the Town to develop a comprehensive bicycle plan for a connected, accessible and safe network of bicycle facilities. These facilities will be used for commuting, recreation, and as a viable alternative to the automobile. The plan was reviewed and approved by the Board March 24, 2009, and plan implementation is underway. Bike lanes have been completed along Old Fayetteville Road and are under construction along Smith-Level Road. Wilson Park Multi Use Path has been constructed.
- The Town has been awarded a Silver Award by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). The award is presented only to communities that are committed to bicycling, provide safe accommodation and facilities for bicyclists, and encourage bicycling for fun, fitness, and transportation. This award is valid through 2014.

- The Town received a “Safe Routes to Schools” grant to help local elementary school kids walk, bike, and avoid vehicle trips as much as possible. This award was used to construct a sidewalk on Elm Street, which is located near Carrboro Elementary School and was completed in 2012.
- The Town applied for and received a grant from the North Carolina Division of Water Quality and the U.S. Environmental Protection Agency to continue with watershed restoration efforts. The three-year grant, approved in FY 2009-10, covers watershed restoration efforts for a stream restoration project on Dry Gulch, continued monitoring of runoff from Pacifica, and a demonstration rain garden and cistern at McDougle Elementary/ Middle School.
- In FY 2007-08, the Town enlisted in the North Carolina League of Municipalities “Green Challenge,” agreeing to participate in the Greenhouse Gas Emission Inventory and Reduction effort to reduce the carbon footprint; and agreeing 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 continues to make improvements in this area and has been moved to a higher level designation known as a “Green Challenge Advanced” municipality.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award has been awarded to the Town for its FY 2013-14 budget document. It is the highest form of recognition in governmental budgeting.
- In 2013, the Town’s continued commitment to the environment was rewarded with its national designation as a Tree City USA Town for the 28th year. The Town received an Erosion and Sedimentation Control Award from the North Carolina Sedimentation Control Commission.
- The Town has been awarded a grant from the Southeast Energy Efficiency Alliance, funded by the U.S. Department of Energy to undertake an energy efficiency retrofit program for single-family residents, a multi-family residential energy pilot program, and create an Energy Efficiency Revolving Loan Fund for local businesses.

FINANCIAL INFORMATION

General Fund Balance

The Board has adopted a policy of maintaining a General Fund unassigned fund balance within a range of 22.5% to 35% of budgeted appropriations. When the General Fund unassigned fund balance exceeds 35%, the manager may set aside an amount in assigned fund balance for transfer to the Capital Reserve 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 past five years, the unassigned general fund balance as a percentage of total audited expenditures has remained stable from 44.3% for the year ended June 30, 2007, to 40.1% for the year ended June 30, 2013. This is a reflection of the conservative approach to revenue estimates in an uncertain recovering economy showing little, slow or no growth. It is also a reflection of the numerous actions taken by the Town to adapt its operating budget, capital plans and financing to existing and anticipated financial challenges. The steps taken in this regard include freezing vacant positions, reducing less vital operating expenses, and re-prioritizing or delaying capital projects.

Budget Control

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

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

Internal Controls

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

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

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

OTHER INFORMATION

Independent Audit

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

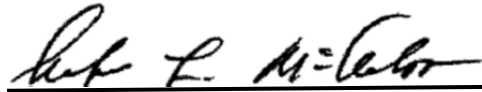
The Government Finance Officers Association of the United States and Canada (GFOA) awarded, for the ninth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting to the Town of Carrboro for its Comprehensive Annual Financial Report issued for fiscal year 2011-12. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to GFOA program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and will be submitting our CAFR for the fiscal year ended June 30, 2013 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 which 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 Management Services Staff. Other departments of the Town have contributed directly or indirectly in the preparation of this report and their cooperation and continued assistance is appreciated.



David L. Andrews, ICMA-CM
Town Manager



Arche L. McAdoo
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**Town of Carrboro
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Town'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.

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, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Law Enforcement Officers' Special Separation Allowance, and Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions on pages 5 through 14 and 61 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, other schedules, and statistical section, as well as the accompanying schedule of expenditures of federal and state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2014 on our consideration of the Town of Carrboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carrboro's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

January 14, 2014

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**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

The Management's Discussion and Analysis (MD&A) is to provide readers a narrative overview and analysis of the financial activities of the Town of Carrboro for the fiscal year ended June 30, 2013. Readers should review this information in conjunction with the transmittal letter and basic financial statements to enhance their understanding of the Town's financial condition and performance.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$37,506,765 (net position).
- Total net position increased by \$514,615 due to increases in the net position of the governmental-type activities.
- At June 30, 2013, the Town's governmental funds had combined ending fund balances of \$18,218,160, an increase of \$2,821,601 in comparison with the prior year, which is primarily related to the issuance of \$4.6 million of general obligation bonds. Approximately 39.8% or \$7,259,897 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- Unassigned fund balance for the General Fund was \$7,296,945 or 40.1% of total General Fund expenditures at the end of the fiscal year.
- Total long-term liabilities for the Town increased by \$4,063,870 from \$9,999,093 at June 30, 2012 to \$14,062,963 at June 30, 2013 (40.6%) primarily due to the issuance of general obligation bonds to replace bond anticipation notes and other post-employment benefits.
- The Town has maintained and currently holds credit ratings of AA+ with Standard and Poor's, Aa2 with Moody's; and a rating of 83 with the North Carolina Municipal Council.

Overview of the Financial Statements

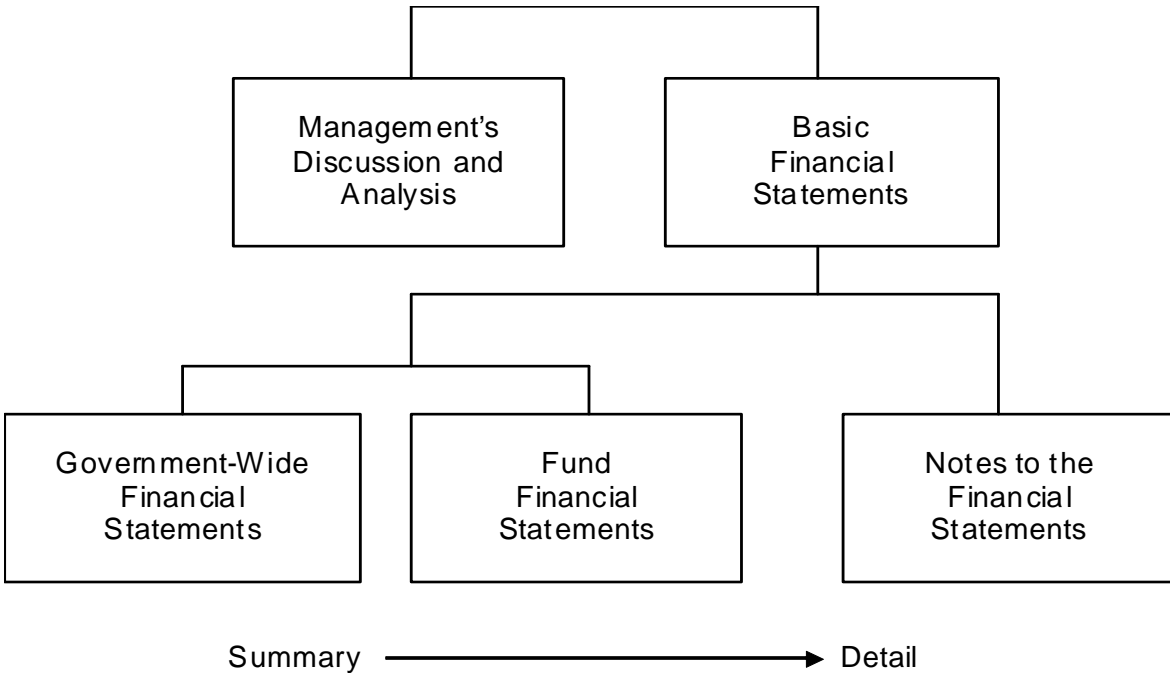
The Town's basic financial statements consist of three components (see Figure 1):

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

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

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

**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 (Exhibits 1 and 2). They provide both short- and long-term information about the Town's financial status.

The next statements are Fund Financial Statements (Exhibits 3 through 5). These statements focus on the activities of the individual parts of the Town's government at a more detailed level than the government-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental funds statements and (2) the budgetary comparison statements.

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

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

The government-wide financial statements are on pages 17 and 18 of this report.

Fund Financial Statements

The fund financial statements provide a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town are categorized under governmental funds and can be found beginning on page 19 of this report.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of 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.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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

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 23 through 57 of this report.

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

Government-Wide Financial Analysis

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

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 21,244,809	\$ 20,676,191
Capital assets	<u>32,564,427</u>	<u>31,072,133</u>
Total assets	<u>53,809,236</u>	<u>51,748,324</u>
Other liabilities	2,133,032	4,642,944
Long-term liabilities outstanding	<u>14,062,963</u>	<u>9,999,093</u>
Total liabilities	<u>16,195,995</u>	<u>14,642,037</u>
Deferred inflows of resources	<u>106,476</u>	<u>114,137</u>
Net position:		
Net investment in capital assets	25,869,273	24,803,167
Restricted - stabilization by state statute	1,902,041	1,877,720
Unrestricted	<u>9,735,451</u>	<u>10,311,263</u>
Total net position	<u>\$ 37,506,765</u>	<u>\$ 36,992,150</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities and deferred inflows of resources by \$37,506,765 as of June 30, 2013. This is an increase of \$514,615 over the prior fiscal year. The largest portion of net position (69%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, equipment, etc.); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position (\$1,902,041) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,735,461(26.0%) is unrestricted.

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

	<u>Governmental Activities</u> <u>2013</u>	<u>Governmental Activities</u> <u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,580,922	\$ 1,766,707
Operating grants and contributions	320,304	871,613
Capital grants and contributions	954,131	406,518
General revenues:		
Property taxes	11,807,199	11,687,941
Taxes	3,888,732	3,757,688
Grants and contributions not restricted to specific programs	952,397	946,091
Other	<u>46,482</u>	<u>47,980</u>
Total revenues	<u>19,550,167</u>	<u>19,484,538</u>
Expenses:		
General government	3,978,378	3,493,073
Public safety	6,778,893	6,835,304
Planning	1,107,377	1,162,777
Transportation	1,286,714	1,058,859
Public works	4,072,606	4,252,251
Parks and recreation	1,453,991	1,516,336
Economic and physical development	170,695	275,681
Interest on long-term debt	<u>186,898</u>	<u>301,772</u>
Total expenses	<u>19,035,552</u>	<u>18,896,053</u>
Increase in net position	514,615	588,485
Net position, July 1	<u>36,992,150</u>	<u>36,403,665</u>
Net position, June 30	<u>\$ 37,506,765</u>	<u>\$ 36,992,150</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

Governmental Activities. Governmental activities increased the Town's net position by \$514,615. Key elements of this change are as follows:

- Ad valorem property tax revenue increased by \$119,258 from \$11,687,941 last year to \$11,807,199 this fiscal year, which represents a 1.0% increase over the prior year. There was a slight increase in the tax collection rate from the prior year, and growth in the tax base and tax levies. The tax valuation for this fiscal year remained the same from the last fiscal year.
- Capital grants and contributions increased by \$547,613 from \$406,518 last year to \$954,131 this fiscal year compared to a decrease of \$240,996 between 2011 and 2012.
- Sales tax revenue increased by \$119,618, roughly 3.6%, from \$3,308,060 last year to \$3,427,678 this fiscal year.
- The Town issued \$4.6 million of general obligation bonds as permanent financing for sidewalk and greenways construction to promote open space preservation goals and walkable access through the Town, and provided for ongoing maintenance of facilities, replacement of computer network and desktop infrastructure, as well as vehicles and equipment. This fiscal year, the Town spent \$2,717,113 for capital outlay, which included completion of Wilson Park Multi Use Path, design of greenways, Roberson Street sewer improvements, and the purchase of new vehicles and equipment.
- Expense for interest on long-term debt decreased by \$114,874 from \$301,772 last year to \$186,898 this fiscal year.

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 \$7,296,945, while total fund balance reached \$12,810,981. This decrease in fund balance is due to a combination of factors: increase in revenues over the prior year; and reduction in debt service by retirement of older debt with higher interest rates before maturity. Both of these factors are offset by \$3.9 million of transfers to the Capital Projects and Capital Reserve funds for future construction. 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 40.1% of total General Fund expenditures.

At June 30, 2013, the governmental funds of the Town of Carrboro reported a combined fund balance of \$18,218,160. The reported combined fund balance of the governmental funds includes a fund balance within the Bond Fund of \$1,961,993. In 2012, the Bond Fund had a deficit fund balance of (\$2,228,483). This change is primarily due to the fact that the general obligation bonds in the amount of \$4.6 million were issued in the current year.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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 budget was increased by \$742,823 (3.8%) from an original appropriation of \$18,990,791 to a final appropriation of \$19,733,614.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Actual revenue receipts exceeded budgeted projections by \$743,998. Property and sales taxes accounted for roughly 4.1% of the revenue above budget projections. Property taxes were \$215,662 (1.8%) above budget projections and sales taxes were \$140,433 (4.3%) above budget projection.

Permits and fees exceeded budget projections by \$201,779. Total revenue for permits and fees this year was \$1,255,930, a 4% decrease over last year's actual of \$1,308,544. This is due to a number of approved private developments that began or completed construction last year. While revenues from sales and services, investment, and other exceeded budget projections by \$50,824, these revenues were slightly higher than those received for the prior year.

The unrestricted intergovernmental revenue shows receipts exceeding budget projections by \$89,660 for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$952,397 for 2013 compared to the prior year amount of \$946,091.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$18,200,904, which was \$1,532,710 less than the final budget of \$19,733,614. All spending by function was in compliance with budgetary requirements.

While all expenditures were less than final budget at June 30, 2013, they were slightly higher at 1.7% over the prior year. Actual Expenditures for Public Safety and Recreation and Parks were less than that of the prior year and decreased by 4.3% and 7.6%, respectively. This is due primarily to retirement of long tenured personnel in Police Department, and delay of capital purchases. Transportation and Public Works expenditures, on the other hand, were 24.6% and 15.3%, respectively, were higher than the prior year due to the increased transit operations, acquisition of additional major equipment for solid waste operations. Debt service expenditures decreased by 13.0% over the prior year. This is due to the retirement of long-term debt prior to maturity and prior years' debt for vehicles and equipment.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2013, totaled \$32,564,427 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the following additions:

- Completion of Wilson Park Multi Use Path
- Purchase of parking lot in downtown business district
- Replacement of police vehicles
- Replacement of solid waste equipment

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

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
Land	\$ 14,608,393	\$ 14,208,393
Construction-in-progress	325,179	664,777
Buildings and systems	4,955,816	4,792,123
Improvements other than buildings	427,950	451,283
Machinery and equipment	846,485	723,940
Infrastructure	9,604,006	8,175,924
Vehicles and motorized equipment	<u>1,796,598</u>	<u>2,055,693</u>
Total	<u>\$ 32,564,427</u>	<u>\$ 31,072,133</u>

Additional information on the Town's capital assets can be found in on pages 29 and 37 of this report.

Long-Term Debt. As of June 30, 2013, the Town of Carrboro had the following long-term liabilities:

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

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Bond anticipation note	\$ -	\$ 2,590,000
General obligation bonds	4,600,000	-
Premium on bonds	90,028	-
Installment purchases	3,444,437	5,405,219
Compensated absences	556,377	519,865
Other postemployment benefits obligation	4,984,883	3,701,243
Net pension obligation	<u>387,238</u>	<u>372,766</u>
Total	<u>\$ 14,062,963</u>	<u>\$ 12,589,093</u>

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

Total long-term liabilities for the Town increased by \$1,473,869 (11.7%) during fiscal year 2013 primarily due to the issuance of general obligation bonds to replace bond anticipation notes and other post-employment benefits. The Town had debt retirement for this fiscal year with the principal repayment of \$2,503,013. This includes the retirement of debt prior to maturity totaling \$1,487,687.

As mentioned in the financial highlights section of this document, the Town currently holds and has maintained its Aa2 bond rating from Moody's Investor Service and AA+ rating from Standard and Poor's Corporation. 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 \$152,209,360. The Town has no general obligation bonds authorized, but unissued at June 30, 2013.

Additional information regarding the Town's long-term debt can be found beginning on page 48 of this report.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators will impact the Town.

- Low unemployment. The Town's low unemployment rate (as reflected in the county-wide Orange County rate) of 5.7% is well below the state average of 10.4% as of August 2013. This trend is expected to continue for the next year.
- Stable property tax base. The Town expects to continue to collect property taxes at a rate in excess of 98%.
- Continued property and sales tax growth is expected to continue into the next fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The Town has approved a General Fund budget in the amount of \$20,735,656 for fiscal year 2014, which is a \$1,314,165 or 6.8% increase over the original adopted fiscal year 2013 budget. As the economy showed some signs of improvement, it was incumbent upon management to continue its disciplined approach and not become too optimistic in projecting revenues. The primary focus in preparing the fiscal year 2014 budget was to develop one that:

1. Reflected the Board's strategic priorities;
2. Maintained and enhanced service delivery levels and quality;
3. Avoided increasing the tax burden for Town residents and local businesses; and,
4. Provided a salary adjustment for Town employees.

**TOWN OF CARRBORO, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

The two largest sources of revenues, property taxes and sales taxes, are projected to increase. Property taxes are projected to increase by 3.8% due to increased valuations and private developments. The tax rate for real property equals 58.94 cents per one hundred dollars (0.5894), which remained unchanged from fiscal year 2012-2013.

Sales taxes revenue over the past year are showing signs of recovery and anticipated to grow by 1.2% over the 2012-13 level due to an increase in the sale of general retail items (e.g., food, clothing, household goods, etc.).

Increased operating expenditures are expected due to an overall 6% increase in personnel and benefits costs, including 10% increase for health insurance premiums, a 1.9% across-the-board pay increase for employees, increase in Law Enforcement Officers Early Separation Allowance, and mandatory employer contribution rate increase for Local Government Employees' Retirement System (LGERs). Other operating expense increases are expected for fair-free transit services (from \$1,240,000 to \$1,354,330); additional fuel to transport solid waste to Durham, rather than the local landfill that closed June 30, 2013; and upgrade of public safety radios.

Through re-prioritization of requests, capital outlays for vehicles and equipment were reduced to \$745,176 from the \$1.8 million included in the six-year capital improvement plan. Other capital investments include software upgrades to CAD and GIS information systems, IT server replacement, police-2-citizen and live scan fingerprint systems.

Debt service costs slightly decreased from \$1,430,681 to \$1,353,143 due to the payoff of some older debt with higher interest rates. The Town also issued the authorized \$4.6 million of general obligation bonds in January 2013.

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/ms/budget.htm>.

BASIC FINANCIAL STATEMENTS

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TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

Exhibit 1

ASSETS	<u>Governmental Activities</u>
Current assets	
Cash and investments	\$ 16,931,385
Receivables	
Taxes receivable, net	406,149
Accrued interest receivable, property taxes	25,629
Accounts receivable, net	4,142
Due from other governments	1,326,158
Notes receivable	444,437
Inventories	62,240
Prepays	36,096
Restricted cash	<u>2,008,573</u>
Total current assets	<u>21,244,809</u>
Non-current assets	
Capital assets	
Land	14,608,393
Construction-in-progress	324,729
Other capital assets, net of depreciation	<u>17,631,305</u>
Total non-current assets	<u>32,564,427</u>
Total assets	<u>53,809,236</u>
 LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	1,474,695
Customer deposits and performance bonds	569,263
Accrued interest payable	89,074
Current portion of long-term liabilities	<u>1,321,342</u>
Total current liabilities	<u>3,454,374</u>
Long-term liabilities	
Due in more than one year	<u>12,741,621</u>
Total long-term liabilities	<u>12,741,621</u>
Total liabilities	<u>16,195,995</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>106,476</u>
 NET POSITION	
Net investment in capital assets	25,869,273
Restricted for:	
Stabilization by State Statute	1,902,041
Unrestricted	<u>9,735,451</u>
Total net position	<u>\$ 37,506,765</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 3,978,378	\$ 546,583	\$ 167,866	\$ -	\$ (3,263,929)
Public safety	6,778,893	572,542	7,115	336,919	(5,862,317)
Planning	1,107,377	120,171	20,915	-	(966,291)
Transportation	1,286,714	-	-	477,977	(808,737)
Public works	4,072,606	82,458	11,213	139,235	(3,839,700)
Parks and recreation	1,453,991	259,168	38,269	-	(1,156,554)
Economic and physical development	170,695	-	74,926	-	(95,769)
Interest on long-term debt	186,898	-	-	-	(186,898)
Total governmental activities	<u>\$ 19,035,552</u>	<u>\$ 1,580,922</u>	<u>\$ 320,304</u>	<u>\$ 954,131</u>	<u>(16,180,195)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					11,807,199
Local option sales taxes					3,427,678
Other taxes					461,054
Unrestricted intergovernmental revenues					952,397
Unrestricted investment earnings					25,954
Miscellaneous					<u>20,528</u>
Total general revenues					<u>16,694,810</u>
Change in net position					514,615
Net position - beginning					<u>36,992,150</u>
Net position - ending					<u>\$ 37,506,765</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013**

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS						
Cash and cash equivalents	\$ 12,058,271	\$ 299,140	\$ 2,012,756	\$ 2,506,816	\$ 54,402	\$ 16,931,385
Taxes receivable, net	406,149	-	-	-	-	406,149
Accounts receivable, net	4,142	-	-	-	-	4,142
Due from other governments	1,263,815	-	-	-	62,343	1,326,158
Notes receivable, net	-	318,747	-	-	125,690	444,437
Inventories	62,240	-	-	-	-	62,240
Prepaid items	36,096	-	-	-	-	36,096
Restricted cash	1,279,217	-	-	729,356	-	2,008,573
	<u>\$ 15,109,930</u>	<u>\$ 617,887</u>	<u>\$ 2,012,756</u>	<u>\$ 3,236,172</u>	<u>\$ 242,435</u>	<u>\$ 21,219,180</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,217,061	\$ -	\$ 50,763	\$ 162,014	\$ 44,857	\$ 1,474,695
Customer deposits and performance bonds	569,263	-	-	-	-	569,263
	<u>1,786,324</u>	<u>-</u>	<u>50,763</u>	<u>162,014</u>	<u>44,857</u>	<u>2,043,958</u>
DEFERRED INFLOWS OF RESOURCES	<u>512,625</u>	<u>318,747</u>	<u>-</u>	<u>-</u>	<u>125,690</u>	<u>957,062</u>
FUND BALANCES						
Nonspendable:						
Inventories	62,240	-	-	-	-	62,240
Prepaid Items	36,096	-	-	-	-	36,096
Restricted:						
Stabilization by state statute	1,839,698	-	-	-	62,343	1,902,041
Capital equipment	709,954	-	-	-	-	709,954
Capital projects	-	-	-	729,356	-	729,356
Committed:						
Economic development	-	299,140	-	-	-	299,140
Capital projects	-	-	1,961,993	2,344,802	-	4,306,795
Affordable housing	-	-	-	-	12,707	12,707
Energy efficiency	-	-	-	-	33,886	33,886
Assigned:						
Subsequent year's expenditures	866,048	-	-	-	-	866,048
Capital projects	2,000,000	-	-	-	-	2,000,000
Unassigned	7,296,945	-	-	-	(37,048)	7,259,897
	<u>12,810,981</u>	<u>299,140</u>	<u>1,961,993</u>	<u>3,074,158</u>	<u>71,888</u>	<u>18,218,160</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,109,930</u>	<u>\$ 617,887</u>	<u>\$ 2,012,756</u>	<u>\$ 3,236,172</u>	<u>\$ 242,435</u>	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	32,564,427
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.	25,629
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	850,586
Some liabilities, including long-term obligations, are not due and payable in the current period and therefore are not reported in the funds.	(14,062,963)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	(89,074)
Net position of governmental activities	<u>\$ 37,506,765</u>

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
Year Ended June 30, 2013

Exhibit 4
Page 1 of 2

	Major Funds					Total Governmental Funds
	General Fund	Revolving Loan Fund	Bond Fund	Capital Projects Fund	Nonmajor Funds	
Revenues						
Ad valorem taxes	\$ 11,754,299	\$ -	\$ -	\$ -	\$ -	\$ 11,754,299
Local option sales taxes	3,427,678	-	-	-	-	3,427,678
Other taxes and licenses	461,054	-	-	-	-	461,054
Unrestricted intergovernmental	952,397	-	-	-	-	952,397
Restricted intergovernmental	591,276	-	352,721	-	235,464	1,179,461
Permits and fees	1,255,930	-	-	-	-	1,255,930
Sales and services	261,373	-	-	-	-	261,373
Investment earnings	11,565	7,039	481	-	6,869	25,954
Other	83,586	49,129	-	81	2,282	135,078
Total revenues	18,799,158	56,168	353,202	81	244,615	19,453,224
Expenditures						
General government	3,345,195	-	-	-	-	3,345,195
Public safety	5,736,675	-	-	-	-	5,736,675
Planning	1,088,802	-	-	-	-	1,088,802
Transportation	1,286,714	-	-	-	-	1,286,714
Public works	3,385,065	-	-	-	-	3,385,065
Economic and physical development	-	25,000	-	1,849	143,846	170,695
Parks and recreation	1,276,064	-	-	-	-	1,276,064
Capital outlay	899,356	-	945,797	806,274	65,686	2,717,113
Debt service:						
Principal	1,035,825	-	-	1,467,188	-	2,503,013
Interest and other charges	147,208	-	53,213	32,175	-	232,596
Total expenditures	18,200,904	25,000	999,010	2,307,486	209,532	21,741,932
Excess of revenues over (under) expenditures	598,254	31,168	(645,808)	(2,307,405)	35,083	(2,288,708)
Other financing sources (uses)						
Transfers from other funds	176,945	-	143,823	4,045,287	58,078	4,424,133
Transfers to other funds	(3,904,875)	-	-	(491,130)	(28,128)	(4,424,133)
Sale of capital assets	20,528	-	-	-	-	20,528
General obligation bonds issued	-	-	4,600,000	-	-	4,600,000
Premium on bond issuance	-	-	92,461	-	-	92,461
Installment purchase obligations issued	397,320	-	-	-	-	397,320
Total other financing sources (uses)	(3,310,082)	-	4,836,284	3,554,157	29,950	5,110,309
Net change in fund balances (deficit)	(2,711,828)	31,168	4,190,476	1,246,752	65,033	2,821,601
Fund balances (deficit), beginning of year	15,522,809	267,972	(2,228,483)	1,827,406	6,855	15,396,559
Fund balances, end of year	\$ 12,810,981	\$ 299,140	\$ 1,961,993	\$ 3,074,158	\$ 71,888	\$ 18,218,160

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
Year Ended June 30, 2013

Exhibit 4
Page 2 of 2

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

Total net change in fund balances - governmental funds \$ 2,821,601

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	\$ 2,717,113	
Depreciation expense for governmental assets	<u>(1,224,819)</u>	1,492,294

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

Change in accrued interest receivable, property taxes	(2,918)	
Change in deferred revenues, property taxes	55,818	
Change in deferred revenues	<u>23,515</u>	76,415

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New installment purchase obligations issued	(397,320)	
New general obligation bonds issued	(4,600,000)	
Premium on bonds issued	(92,461)	
Principal payments on long-term debt	<u>2,503,013</u>	(2,586,768)

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	2,433	
Change in prepaid interest on long-term debt	35,486	
Change in accrued interest payable on long-term debt	7,779	
Change in compensated absences	(36,513)	
Change in net pension obligation	(14,472)	
Change in other postemployment benefits	<u>(1,283,640)</u>	<u>(1,288,927)</u>

Total changes in net position of governmental activities \$ 514,615

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013

Exhibit 5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem taxes	\$ 11,538,637	\$ 11,538,637	\$ 11,754,299	\$ 215,662
Local option sales taxes	3,287,245	3,287,245	3,427,678	140,433
Other taxes and licenses	408,490	408,490	461,054	52,564
Unrestricted intergovernmental	862,737	862,737	952,397	89,660
Restricted intergovernmental	598,200	598,200	591,276	(6,924)
Permits and fees	1,054,151	1,054,151	1,255,930	201,779
Sales and services	229,845	229,845	261,373	31,528
Investment earnings	35,000	35,000	11,565	(23,435)
Other revenues	35,605	40,855	83,586	42,731
Total revenues	<u>18,049,910</u>	<u>18,055,160</u>	<u>18,799,158</u>	<u>743,998</u>
Expenditures				
Current:				
General government	3,792,087	3,900,205	3,393,510	506,695
Public safety	5,812,734	6,032,682	5,893,620	139,062
Planning	1,244,178	1,248,618	1,088,802	159,816
Transportation	1,240,000	1,287,000	1,286,714	286
Public works	3,735,232	4,289,433	4,043,678	245,755
Parks and recreation	1,425,878	1,514,093	1,311,547	202,546
General services	310,001	30,902	-	30,902
Debt service	1,430,681	1,430,681	1,183,033	247,648
Total expenditures	<u>18,990,791</u>	<u>19,733,614</u>	<u>18,200,904</u>	<u>1,532,710</u>
Excess of revenues over (under) expenditures	<u>(940,881)</u>	<u>(1,678,454)</u>	<u>598,254</u>	<u>2,276,708</u>
Other financing sources (uses)				
Transfers from other funds	176,945	176,945	176,945	-
Transfers to other funds	(450,700)	(4,054,875)	(3,904,875)	150,000
Sale of capital assets	30,000	30,000	20,528	(9,472)
Installment purchase obligation issued	397,320	397,320	397,320	-
Total other financing sources (uses)	<u>153,565</u>	<u>(3,450,610)</u>	<u>(3,310,082)</u>	<u>140,528</u>
Excess of revenues and other financing sources under expenditures and other financing uses	<u>(787,316)</u>	<u>(5,129,064)</u>	<u>(2,711,828)</u>	<u>2,417,236</u>
Fund balance appropriated	<u>787,316</u>	<u>5,129,064</u>	<u>-</u>	<u>(5,129,064)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,711,828)</u>	<u>\$ (2,711,828)</u>
Fund balance, beginning of year			<u>15,522,809</u>	
Fund balance, end of year			<u>\$ 12,810,981</u>	

The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town, a political subdivision of Orange County, is governed by an elected mayor and a six-member Board of Aldermen.

Effective March 1, 2013, a 3% hotel and motel room occupancy tax was established by the Board. As part of establishing this tax, the Town formed the Carrboro Tourism Development Authority (CTDA) that is a public authority under the Local Government Budget and Fiscal Control Act. The CTDA qualifies as a component unit of the Town. As of June 30, 2013, the CTDA had no activity as there had been no taxes levied for the aforementioned hotel and motel room occupancy tax.

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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.

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

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

The Town reports the following non-major governmental funds:

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

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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, 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, Orange County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Carrboro. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Orange County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset as a deferred inflow of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because they are not measurable until received in cash. 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 is 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.

As permitted by generally accepted accounting practices, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Revolving Loan Fund, the Bond Fund, the Capital Projects Fund, the Grant 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 governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town are made in Board-designated official depositories and are secured as required by state law [G. S. 159-31]. The Town may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended proceeds from installment purchase agreements in the amount of \$1,439,310 are classified as restricted assets because their use is completely restricted to the purpose for which the installment purchase agreements were issued. Credit deposits in the amount of \$569,263 are considered a liability and classified as restricted cash. The Town requires builders/contractors to pay a credit deposit when, due to circumstances beyond their control, there is uncompleted work on a construction project and the builder/contractor needs to have the Planning Department issue a Certificate of Occupancy for the property. Once the Town has ensured that the work has been satisfactorily completed, the credit deposit funds are released.

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. 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.

5. Allowances for Doubtful Accounts

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

6. Inventory and Prepaid Items

The inventory of the Town is valued at weighted average 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.

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

7. Capital Assets

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

Minimum capitalization costs are as follows:

	<u>Cost</u>
Land	\$ 1
Buildings and improvements	20,000
Vehicles, furniture and equipment	5,000
Infrastructure	100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at time of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. 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 items that meet the criterion for this category: taxes receivable, motor vehicle taxes receivable, and notes receivable which are net of allowance. In addition, the Town has unearned revenue items that meet this criterion for this category: R&P program, R&P facility, dumpster fees, and privilege licenses.

9. Long-Term Obligations

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances

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:

Nonspendable 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.

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

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

Restricted for stabilization by state statute - portion of fund balance restricted by State Statute [G.S. 159-8(a)].

Restricted for capital equipment - portion of fund balance that represents unspent debt proceeds that are restricted for the purchase of certain equipment.

Restricted for capital projects - portion of fund balance that represents unspent debt proceeds that are restricted for the construction of certain capital projects.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (Board of Aldermen). These commitments can only be overturned by a like action.

Economic development - portion of fund balance committed by the Board for economic development through the use of loans to various businesses.

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

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

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

Assigned Fund Balance - 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 - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

Note 2. Detail Notes on All Funds

A. Assets

1. Deposits

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds Continued

A. Assets (Continued)

1. Deposits (Continued)

At June 30, 2013, the Town's deposits had a carrying amount of \$8,484,398 and a bank balance of \$8,471,930. Of the bank balance, \$500,000 was covered by federal depository insurance and \$5,738,660 was covered under the Pooling Method. The Town had \$1,870 of petty cash on hand at June 30, 2013.

2. Investments

At June 30, 2013, the Town had \$10,453,690 invested with the North Carolina Capital Management Trust Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

There were no realized or unrealized gains or losses on the Town's investments during the fiscal year ended June 30, 2013.

3. Receivables

Due from Governmental Agencies

Amounts due from other governments consist of the following:

	<u>County</u>	<u>State</u>	<u>Total</u>
<i>General Fund</i>			
Local option sales tax	\$ -	\$ 742,297	\$ 742,297
Sales tax refunds	35,765	62,982	98,747
Utilities franchise, piped natural gas and telecommunications tax	-	422,771	422,771
<i>Other Funds</i>			
Grants	-	62,343	62,343
<i>Total</i>	\$ 35,765	\$ 1,290,393	\$ 1,326,158

Notes Receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2013, the Revolving Loan Fund notes receivable balance was \$318,747, net of a \$70,000 allowance.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Notes Receivable (Continued)

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2013:

	Interest Rate	Balance
Alphabet Soup	6.00	\$ 20,870
Bryan's Guitar	3.00	50,933
Art in a Pickle	2.00	45,766
The Beehive	3.00	25,482
Carrboro Creative Coworking	2.00	57,429
Original Ornament	3.00	70,000
Kind Coffee	3.00	28,725
Carrboro Citizen	2.00	29,561
PTA Thrift Store	3.00	22,536
Second Wind Juice Bar	3.00	37,444
		388,746
Less allowance		(70,000)
Total		\$ 318,747

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, 2013, the Energy Efficiency Revolving Loan Fund notes receivable balance was \$97,709.

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, 2013, the Affordable Housing Fund notes receivable balance was \$27,981.

4. Receivables - Allowance for Doubtful Accounts

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Receivables - Allowance for Doubtful Accounts (Continued)

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

General Fund
Property taxes, including motor vehicle \$ 94,515

5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,208,393	\$ 400,000	\$ -	\$ 14,608,393
Construction-in-progress	664,777	318,856	(658,454)	325,179
Total capital assets not being depreciated	14,873,170	718,856	(658,454)	14,933,572
Capital assets being depreciated:				
Buildings and improvements	7,696,349	391,318	-	8,087,667
Land improvements	608,431	-	-	608,431
Infrastructure	9,531,715	1,753,381	-	11,285,096
Equipment and heavy equipment	3,441,562	361,467	(140,236)	3,662,793
Vehicles	5,676,730	150,545	(142,612)	5,684,663
Total capital assets being depreciated	26,954,787	2,656,711	(282,848)	29,328,650
Less accumulated depreciation for:				
Buildings and improvements	2,904,226	227,625	-	3,131,851
Land improvements	157,148	23,333	-	180,481
Infrastructure	1,355,791	325,299	-	1,681,090
Equipment and heavy equipment	2,717,622	238,922	(140,236)	2,816,308
Vehicles	3,621,037	409,640	(142,612)	3,888,065
Total accumulated depreciation	10,755,824	\$ 1,224,819	\$ (282,848)	11,697,795
Total capital assets being depreciated, net	16,198,963			17,630,855
Governmental activity capital assets, net	\$ 31,072,133			\$ 32,564,427

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

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

General government	\$ 43,280
Public safety	390,760
Planning	6,304
Public works	623,294
Parks and recreation	<u>161,180</u>
Total depreciation expense	<u>\$ 1,224,819</u>

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General	\$ 777,863	\$ 436,040	\$ 3,158	\$ 1,217,061
Other governmental	<u>257,634</u>	<u>-</u>	<u>-</u>	<u>257,634</u>
Total governmental activities	<u>\$ 1,035,497</u>	<u>\$ 436,040</u>	<u>\$ 3,158</u>	<u>\$ 1,474,695</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 7.77%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$512,215, \$514,578, and \$476,399, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>42</u>
Total	<u><u>47</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Contributions:

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized on a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

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

Annual required contribution	\$ 108,440
Interest on net pension obligation	18,638
Adjustment to annual required contribution	<u>(23,198)</u>
Annual pension cost	103,880
Contributions made	<u>89,408</u>
Increase in net pension obligation	14,472
Net pension obligation, beginning of year	<u>372,766</u>
Net pension obligation, end of year	<u><u>\$ 387,238</u></u>

**TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Three-Year Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 89,794	58.39%	\$ 359,949
6/30/12	91,808	85.60%	372,766
6/30/13	103,880	86.07%	387,238

Funded Status and Funding Process: As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UALL) was \$1,099,249. The covered payroll (annual payroll of active employees covered by the plan) was \$1,894,654, and the ratio of the UAAL to the covered payroll was 58.02%.

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

Supplemental Retirement Income Plan

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has 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, 2013 were \$422,128, which consisted of \$257,115 from the Town and \$165,013 from the employees.

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

3. Other Post-Employment Benefits (OPEB)

Plan Description. In addition to providing pension benefits, the Town has elected to provide post-retirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System. The benefits are provided to any employees who retire with ten years or more of continuous service to the Town. The benefits vary based on years of continuous service at retirement and based on date of hire. The Board of Aldermen may amend the benefit provisions.

Membership of the Healthcare Benefits (HCB) Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	17	10
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>117</u>	<u>38</u>
Total	<u><u>134</u></u>	<u><u>48</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Also, retirees who have their dependents covered at the time of retirement may continue to cover dependents if they elect to pay the premiums. Currently, 27 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2013, the Town made payments for post-retirement health premiums of \$155,299. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 17.22% of annual covered payroll. For the current year, the Town contributed \$155,299 or 2.1% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 13.00% and 5.00% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$67,356. The Town's obligation to contribute to HBC Plan is established and may be amended by the Town's Board.

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

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

Annual required contribution	\$ 1,425,359
Interest on net OPEB obligation	98,938
Adjustment to annual required contribution	<u>(85,358)</u>
Annual OPEB cost	1,438,939
Contributions made	<u>(155,299)</u>
Increase in net OPEB obligation	1,283,640
Net OPEB obligation, beginning of year	<u>3,701,243</u>
Net OPEB obligation, end of year	<u><u>\$ 4,984,883</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,438,939	10.79%	\$ 4,984,883
2012	1,438,939	14.67%	3,701,243
2011	1,324,193	6.42%	2,473,455

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$13,603,239. The covered payroll (annual payroll of active employees covered by the plan) was \$7,223,608, and the ratio of the UAAL to the covered payroll was 188.3%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends.

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

4. Other Employment Benefits

The Town has elected to provide death benefits to local law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of the following:

	<u>Unavailable</u> <u>Revenues</u>	<u>Unearned</u> <u>Revenues</u>
Taxes receivable, net	\$ 406,149	\$ -
Notes receivable, net	444,437	-
Prepaid parks and recreation program	-	41,836
Prepaid parks and recreation facility	-	12,391
Prepaid dumpster revenue	-	16,384
Prepaid privilege license	-	35,865
	<u>\$ 850,586</u>	<u>\$ 106,476</u>

6. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability of \$2 million per occurrence and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and unlimited lifetime employee health coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000 and \$100,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Risk Management (Continued)

In accordance with G.S. 159-29, the Town's employees that 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 that have access to funds are bonded under a blanket bond for \$1,000,000.

7. Short-Term Obligation

Bond Anticipation Notes

The Town issued bond anticipation notes (BAN) for sidewalk and greenway trail improvements in the amount of \$2,590,000 on October 27, 2010, which matured on July 20, 2011. The BAN was renewed at the same face value and matured on April 18, 2012. In 2013, the Town issued general obligation bonds authorized by an order adopted on November 3, 2003 entitled, "Bond Order Authorizing the Issuance of \$4,600,000 Sidewalk and Greenway Trail Bonds of the Town of Carrboro" to pay off the BAN.

Changes in Short-Term Obligations

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental activities:					
Bond anticipation note	\$ 2,590,000	\$ -	\$ (2,590,000)	\$ -	\$ -
Total short-term obligations	<u>\$ 2,590,000</u>	<u>\$ -</u>	<u>\$ (2,590,000)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Long-Term Obligations

a. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued to refinance Bond Anticipation Notes. Those general obligation bonds issued to refinance the Bond Anticipation Notes are reported as long-term debt in the Bond Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

8. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

Bonds payable at June 30, 2013, is comprised of the following individual issue:

General Obligation Bonds

The bond contract requires principal payment of serial bonds on February 1 in the amount of \$250,000. Interest payments are due August 1 and February 2 at an interest rate of 2.0% through 2023 after which the interest rate will change. \$ 4,600,000

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>
2014	\$ 250,000	\$ 109,667
2015	250,000	100,000
2016	250,000	95,000
2017	250,000	90,000
2018	250,000	82,500
2019-2023	1,250,000	337,500
2024-2028	1,250,000	206,625
2029-2032	<u>850,000</u>	<u>56,500</u>
	<u>\$ 4,600,000</u>	<u>\$ 1,077,792</u>

b. Installment Purchase Agreements - Equipment - General Fund

The Town has installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2013, are as follows:

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The financing contract requires an annual level payment of \$143,970 due June 16, including interest at 3.19%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 24, 2008, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 24, 2014. \$ 139,519

The financing contract requires an annual level payment of \$129,114 due June 23, including interest at 2.235%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 23, 2010, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 23, 2014. 126,291

The financing contract requires an annual level payment of \$98,243 due June 24, including interest at 1.555%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 24, 2011, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 24, 2015. 191,995

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The financing contract requires an annual level payment of \$61,694 due June 21, including interest at 1.61%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2012, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2016. \$ 179,280

The finance contract requires an annual level payment of \$81,636 due June 21, including interest of 1.37%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2013, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2017. 315,684

Total \$ 952,769

Annual debt service payments of the installment purchases as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 500,697	\$ 17,461
2015	234,871	6,702
2016	140,166	3,165
2017	<u>77,035</u>	<u>1,100</u>
Total	<u>\$ 952,769</u>	<u>\$ 28,428</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Installment Purchase Agreement - Improvements - General Fund

The Town has installment purchase agreement for improvements. The installment purchase note payable at June 30, 2013, are 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%. The financing institution holds a first lien security interest on the property and first priority security interest in any and all fixtures used in connection with the operation of the property.

\$ 2,491,667

Annual debt service payments of the installment purchase as of June 30, 2013 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 216,667	\$ 99,206
2015	216,667	90,388
2016	216,667	81,570
2017	216,667	72,752
2018	216,667	63,933
2019 - 2023	1,083,332	187,389
2024 - 2026	325,000	33,068
Total	\$ 2,491,667	\$ 628,306

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

d. Changes in Long-Term Debt Obligations

During the year ended June 30, 2013, the following changes occurred in long-term and short-term obligations:

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>	Current Portion of Balance
Governmental activities:					
General Obligation-					
Bonds	\$ -	\$ 4,600,000	\$ -	\$ 4,600,000	\$ 250,000
Premium on bond	-	92,461	(2,433)	90,028	4,623
Long-term debt					
Installment purchases -					
improvements	4,354,221	-	(1,862,554)	2,491,667	216,667
Installment purchases -					
equipment	1,050,998	397,320	(495,548)	952,770	500,697
Compensated absences	519,865	390,490	(353,978)	556,377	349,355
Other post-employment					
benefits	3,701,243	1,438,939	(155,299)	4,984,883	-
Net pension obligation	<u>372,766</u>	<u>103,880</u>	<u>(89,408)</u>	<u>387,238</u>	-
Total long-term					
obligations	<u>\$ 9,999,093</u>	<u>\$ 7,023,090</u>	<u>\$ (2,959,220)</u>	<u>\$ 14,062,963</u>	<u>\$ 1,321,342</u>

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

The Town's legal debt margin at June 30, 2013 was \$152,209,360.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds:

Transfers to/from other funds at June 30, 2013 consist of the following:

From the General Fund to the Capital Projects Fund in the amounts of (1) \$450,000 to support Rogers Road remediation, (2) \$80,000 to support stormwater management, (3) \$251,459 to support Anderson Park bathroom renovations, (4) \$148,566 to support Anderson Park multi-purpose field renovations, (5) \$1,500,000 to support debt service, (6) \$1,173,000 to support the acquisition of property, (7) \$1,150 to support bicycle loop detection.	\$ 3,604,175
From the General Fund to the Capital Reserve Fund to support street resurfacing.	300,700
From the Grant Administration Fund to the Energy Efficiency Revolving Loan Fund to support the Artcenter.	28,128
From the Capital Reserve Fund to the Capital Projects Fund in the amounts of (1) \$79,000 to support fiber optics on Smith Level Road and (2) \$61,412 to support sidewalks and fire hydrants.	140,412
From the Capital Reserve Fund to the General Fund to support debt service.	176,945
From Capital Reserve Fund to the Grant Administration Fund to support the Roberson Street Sewer Project.	29,950
From the Capital Reserve Fund to the Bond Fund to support the Rogers Road project.	<u>143,823</u>
	<u>\$ 4,424,133</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

D. 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	<u>\$ 12,810,981</u>
Less:	
Inventories	\$ 62,240
Prepaid items	36,096
Stabilization by state statute	1,839,698
Capital equipment	709,954
Subsequent year's expenditures	866,048
Capital projects	2,000,000
Working capital/fund balance policy	2,822,470
Remaining fund balance	7,296,945

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

General Fund	\$ 571,741
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Note 3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Employment Security Benefits

The Town has elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee. The Town made payments of \$945 for employment security benefits during the current fiscal year.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Summary Disclosure of Significant Contingencies (Continued)

Claims and Contingent Liabilities

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

Note 4. Change in Accounting Principles

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position, and Statement 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, The Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified as Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. The implementation of these standards had no impact on fund balance or net position as previously reported.

Note 5. 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 are as follows:

2014	\$ 134,379
2015	136,165
2016	138,004
2017	139,898
2018	86,934
2019	<u>43,347</u>
	<u>\$ 678,727</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. Subsequent Events

On August 30, 2013, Town purchased an office condo at 110 East Main Street for \$537,898 and leased the condo to Fleet Fee, Incorporated for a term of 24 months at \$4,502 per month.

The Town previously entered into a lease with Main Street Properties in March 2011, whereby it would lease parking spaces within a parking garage. The lease went into effect on September 9, 2013 at the completion of the construction of the parking garage. The lease is for 5 years at a maximum annual rate of \$90,000 per year. Payments are made by the Town on a quarterly basis.

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for Other Postemployment Benefits.
- Schedule of Employer Contributions for Other Postemployment Benefits.
- Notes to the Required Schedules for Other Postemployment Benefits.

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) ÷ (c)
12/31/2003	\$ -	\$ 423,271	\$ 423,271	0.00%	\$ 1,375,349	30.78%
12/31/2004	-	460,887	460,887	0.00%	1,523,125	30.26%
12/31/2005	-	412,323	412,323	0.00%	1,560,379	26.42%
12/31/2006	-	534,900	534,900	0.00%	1,752,714	30.52%
12/31/2007	-	557,745	557,745	0.00%	1,718,362	32.46%
12/31/2008	-	654,656	654,656	0.00%	1,848,527	35.42%
12/31/2009	-	889,339	889,339	0.00%	1,965,368	45.25%
12/31/2010	-	901,763	901,763	0.00%	1,893,173	47.63%
12/31/2011	-	1,117,731	1,117,731	0.00%	1,764,435	63.35%
12/31/2012	-	1,099,249	1,099,249	0.00%	1,894,654	58.02%

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

Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
2004	\$ 44,347	48.60%
2005	47,919	44.98%
2006	53,533	40.26%
2007	48,581	44.37%
2008	58,804	61.64%
2009	61,335	75.28%
2010	73,193	64.09%
2011	90,934	57.66%
2012	95,280	82.48%
2013	108,440	82.45%

Notes to the Required Schedules

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

Valuation date	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increases	4.25% - 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

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

Exhibit B-1

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

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

Exhibit B-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
2011	\$ 1,324,183	6.42%
2012	1,425,359	14.81%
2013	1,425,359	10.90%

Notes to the Required Schedules

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

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	9.5% - 5.0%
Post-Medicare trend rate	7.0% - 5.0%
Year of ultimate trend rate	2018
Includes inflation at	3.00%

SUPPLEMENTARY INFORMATION

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TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013

Schedule 1
Page 1 of 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes			
Taxes	\$ 11,514,637	\$ 11,728,563	\$ 213,926
Penalties and interest	24,000	25,736	1,736
Total	<u>11,538,637</u>	<u>11,754,299</u>	<u>215,662</u>
Local option sales taxes			
Article 39, 1%	1,100,863	1,183,608	82,745
Article 40, ½%	826,555	818,605	(7,950)
Article 42, ½%	550,432	598,598	48,166
Article 44, ½%	809,395	826,867	17,472
Total	<u>3,287,245</u>	<u>3,427,678</u>	<u>140,433</u>
Other taxes and licenses			
Motor vehicle license fees	326,750	359,763	33,013
Privilege licenses	81,740	101,291	19,551
Total	<u>408,490</u>	<u>461,054</u>	<u>52,564</u>
Unrestricted intergovernmental			
North Carolina Department of Transportation reimbursement	4,200	-	(4,200)
Utilities franchise and telecommunications tax	828,966	872,031	43,065
Beer and wine tax	29,571	80,366	50,795
Total	<u>862,737</u>	<u>952,397</u>	<u>89,660</u>
Restricted intergovernmental			
Powell bill	461,696	477,977	16,281
Solid waste disposal tax distribution	10,434	11,213	779
Planning work grant	22,740	20,915	(1,825)
Firefighter grant	10,410	-	(10,410)
Orange County Arts Commission grant	1,500	-	(1,500)
ABC Board grant	12,500	13,300	800
Supplemental PEG channel support	32,520	23,999	(8,521)
US Department of Justice seizure funds	-	3,057	3,057
NC Department of Revenue seizure funds	10,502	2,546	(7,956)
Recreation municipal supplement	35,898	38,269	2,371
Total	<u>598,200</u>	<u>591,276</u>	<u>(6,924)</u>
Fees and permits			
Fire district fees	\$ 420,878	\$ 429,778	\$ 8,900
Building permits	65,000	151,058	86,058
Electrical permits	55,000	82,996	27,996
Mechanical permits	45,000	59,839	14,839
Re-inspection fees	2,100	1,958	(142)
Plumbing permits	36,000	49,654	13,654
Refuse collection fees	96,500	71,942	(24,558)
Development review	25,000	72,671	47,671

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013

Schedule 1
Page 2 of 5

	Final Budget	Actual	Variance Positive (Negative)
Engineering fees	26,000	12,640	(13,360)
Technical review	12,000	34,860	22,860
Tower fees	125,113	130,463	5,350
Dog fees	5,000	5,568	568
Sign permits	700	1,200	500
Street closing	500	2,586	2,086
Street cuts	500	720	220
Street signs	-	45	45
Parking violations	3,800	7,029	3,229
Court officer fees	3,000	4,165	1,165
School resource officer contract fees	107,624	110,852	3,228
Recycling fees	4,800	2,148	(2,652)
Time Warner PEG Access Fee	8,900	-	(8,900)
Fire permitting fees	8,000	10,718	2,718
Miscellaneous fees	2,736	13,040	10,304
Total	<u>1,054,151</u>	<u>1,255,930</u>	<u>201,779</u>
Sales and services			
Recreation fees	156,943	186,731	29,788
Town Center fees	71,752	72,437	685
Miscellaneous	1,150	2,205	1,055
Total	<u>229,845</u>	<u>261,373</u>	<u>31,528</u>
Investment earnings			
Interest on investments	35,000	11,565	(23,435)
Other revenues			
Banner revenues	3,750	3,150	(600)
Sale of lots	6,000	17,925	11,925
Refuse cart sales	4,200	4,963	763
Yard waste container sales	2,600	3,405	805
Farmers' market rent	2,370	2,370	-
Donations	15,235	19,967	4,732
Miscellaneous	6,700	31,806	25,106
Total	<u>40,855</u>	<u>83,586</u>	<u>42,731</u>
Total revenues	<u>18,055,160</u>	<u>18,799,158</u>	<u>743,998</u>
Expenditures			
General government			
Mayor and Board of Aldermen			
Personnel services	\$ 127,097	\$ 113,606	\$ 13,491
Operations	180,650	160,548	20,102
Total	<u>307,747</u>	<u>274,154</u>	<u>33,593</u>
Advisory boards			
Operations	13,597	6,178	7,419
Total	<u>13,597</u>	<u>6,178</u>	<u>7,419</u>
Governmental support			

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013

Schedule 1
Page 3 of 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operations	340,296	279,275	61,021
Total	<u>340,296</u>	<u>279,275</u>	<u>61,021</u>
Town Manager			
Personnel services	243,651	249,531	(5,880)
Operations	30,150	17,100	13,050
Total	<u>273,801</u>	<u>266,631</u>	<u>7,170</u>
Economic and community development			
Personnel services	118,995	118,992	3
Operations	47,793	32,150	15,643
Total	<u>166,788</u>	<u>151,142</u>	<u>15,646</u>
Town Clerk			
Personnel services	73,740	74,273	(533)
Operations	18,450	10,633	7,817
Total	<u>92,190</u>	<u>84,906</u>	<u>7,284</u>
Management services			
Personnel services	483,918	360,305	123,613
Operations	544,034	566,281	(22,247)
Total	<u>1,027,952</u>	<u>926,586</u>	<u>101,366</u>
Personnel			
Personnel services	428,986	348,162	80,824
Operations	83,720	65,900	17,820
Total	<u>512,706</u>	<u>414,062</u>	<u>98,644</u>
Information technology			
Personnel services	262,779	248,637	14,142
Operations	853,848	693,624	160,224
Capital outlay	48,501	48,315	186
Total	<u>1,165,128</u>	<u>990,576</u>	<u>174,552</u>
Total general government	<u>3,900,205</u>	<u>3,393,510</u>	<u>506,695</u>
Public safety			
Police department			
Personnel services	\$ 2,800,709	\$ 2,800,389	\$ 320
Operations	417,570	332,801	84,769
Capital outlay	141,120	127,788	13,332
Total	<u>3,359,399</u>	<u>3,260,978</u>	<u>98,421</u>
Fire department			
Personnel services	2,355,384	2,362,344	(6,960)
Operations	286,299	241,141	45,158
Capital outlay	31,600	29,157	2,443
Total	<u>2,673,283</u>	<u>2,632,642</u>	<u>40,641</u>
Total public safety	<u>6,032,682</u>	<u>5,893,620</u>	<u>139,062</u>

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013

Schedule 1
Page 4 of 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Planning			
Personnel services	1,028,236	962,314	65,922
Operations	211,192	126,488	84,704
Capital outlay	9,190	-	9,190
Total planning	<u>1,248,618</u>	<u>1,088,802</u>	<u>159,816</u>
Transportation			
Operations	1,287,000	1,286,714	286
Total transportation	<u>1,287,000</u>	<u>1,286,714</u>	<u>286</u>
Public works			
Public works department			
Personnel services	1,886,628	1,854,205	32,423
Operations	1,690,167	1,530,860	159,307
Capital outlay	712,638	658,613	54,025
Total public works	<u>4,289,433</u>	<u>4,043,678</u>	<u>245,755</u>
Parks and recreation			
Recreation department			
Personnel services	1,065,571	998,137	67,434
Operations	370,401	277,927	92,474
Capital outlay	78,121	35,483	42,638
Total parks and recreation	<u>1,514,093</u>	<u>1,311,547</u>	<u>202,546</u>
General services			
Operations	30,902	-	30,902
Total general services	<u>30,902</u>	<u>-</u>	<u>30,902</u>
Debt service			
Principal retirement	\$ 1,190,563	\$ 1,035,825	\$ 154,738
Interest and fees	240,118	147,208	92,910
Total debt service	<u>1,430,681</u>	<u>1,183,033</u>	<u>247,648</u>
Total expenditures	<u>19,733,614</u>	<u>18,200,904</u>	<u>1,532,710</u>
Revenues over (under) expenditures	<u>(1,678,454)</u>	<u>598,254</u>	<u>2,276,708</u>
Other financing sources (uses)			
Transfers from (to) other funds			
From Capital Reserve Fund	176,945	176,945	-
To Revolving Loan Fund	(150,000)	-	150,000
To Capital Projects Fund	(3,604,175)	(3,604,175)	-
To Capital Reserve Fund	(300,700)	(300,700)	-
Sale of capital assets	30,000	20,528	(9,472)
Installment purchase obligations issued	397,320	397,320	-

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2013**

Schedule 1
Page 5 of 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Total other financing sources (uses)	<u>(3,450,610)</u>	<u>(3,310,082)</u>	<u>140,528</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(5,129,064)	(2,711,828)	2,417,236
Appropriated fund balance	<u>5,129,064</u>	<u>-</u>	<u>(5,129,064)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,711,828)</u>	<u>\$ (2,711,828)</u>
Fund balance, beginning of year		<u>15,522,809</u>	
Fund balance, end of year		<u>\$ 12,810,981</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, 2013

Schedule 2
Page 1 of 2

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Closed Loans	Current Year		
Revenues						
General revenues						
Investment earnings						
Interest on investments	\$ 232,018	\$ 232,018	\$ -	\$ -	\$ 232,018	\$ -
Interest repayments	422,742	367,786	-	7,039	374,825	(47,917)
Total investment earnings	654,760	599,804	-	7,039	606,843	(47,917)
Other general revenues						
Revolving loan payments						
Alphabet Soup	48,000	24,662	-	2,468	27,130	(20,870)
Bryan's Guitar	90,000	37,751	-	1,315	39,066	(50,934)
Blue Icon	18,000	18,131	-	-	18,131	131
Cycling Specifics	45,000	38,714	-	6,099	44,813	(187)
Art in a Pickle	105,000	56,504	-	2,730	59,234	(45,766)
Carrboro Coworking	90,000	26,276	-	6,295	32,571	(57,429)
Original Ornament	70,000	-	-	-	-	(70,000)
The Beehive	50,000	18,336	-	6,182	24,518	(25,482)
The Kind Coffee	57,000	20,250	-	8,025	28,275	(28,725)
The Carrboro Citizen	50,000	14,444	-	5,995	20,439	(29,561)
Second Wind Juice Bar	45,000	-	-	7,556	7,556	(37,444)
Cameron's	50,000	-	-	-	-	(50,000)
PTA Thrift Store	25,000	-	-	2,464	2,464	(22,536)
Original loan repayments	-	202,554	-	-	202,554	202,554
Total revolving loan payments	743,000	457,622	-	49,129	506,751	(236,249)
Total revenues	1,397,760	1,057,426	-	56,168	1,113,594	(284,166)
Expenditures						
General government						
Contractual services	16,679	11,433	-	-	11,433	5,246
Miscellaneous	10,000	6,021	-	-	6,021	3,979
Total general government	26,679	17,454	-	-	17,454	9,225

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION AND
ACTUAL - REVOLVING LOAN FUND
From Project Inception and for the Year Ended June 30, 2013

Schedule 2
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	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Closed Loans	Current Year		
Economic and physical development:						
Alphabet Soup	\$ 48,000	\$ 48,000	-	\$ -	\$ 48,000	\$ -
Bryan's Guitar	90,000	90,000	-	-	90,000	-
Blue Icon Hairstylists	18,000	18,000	-	-	18,000	-
Cycling Specifics	45,000	45,000	-	-	45,000	-
Art in a Pickle	105,000	105,000	-	-	105,000	-
Carrboro Coworking	90,000	90,000	-	-	90,000	-
Original Ornament	70,000	70,000	-	-	70,000	-
The Beehive	50,000	50,000	-	-	50,000	-
The Kind Coffee	57,000	57,000	-	-	57,000	-
Carrboro Citizen	50,000	50,000	-	-	50,000	-
Second Wind Juice Bar	45,000	45,000	-	-	45,000	-
Cameron's	50,000	-	-	-	-	50,000
PTA Thrift Store	25,000	-	-	25,000	25,000	-
Total economic and physical development	743,000	668,000	-	25,000	693,000	50,000
Total expenditures	769,679	685,454	\$ -	25,000	710,454	59,225
Revenues over (under) expenditures	628,081	371,972	-	31,168	403,140	(224,941)
Other financing sources (uses)						
Transfers from (to) other funds						
From General Fund	80,000	80,000	-	-	80,000	-
To Revolving Loan Fund	(45,000)	(45,000)	-	-	(45,000)	-
To General Fund	(139,000)	(139,000)	-	-	(139,000)	-
Total other financing uses	(104,000)	(104,000)	-	-	(104,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	524,081	267,972	-	31,168	299,140	(224,941)
Appropriated fund balance	(524,081)	-	-	-	-	524,081
Net change in fund balance	\$ -	\$ 267,972	\$ -	31,168	\$ 299,140	\$ 299,140
Fund balance, beginning of year				267,972		
Fund balance, end of year				\$ 299,140		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Morgan Creek Greenway					
Interest earnings	\$ 7,971	\$ 22,971	\$ -	\$ 22,971	\$ 15,000
Federal STP-DA funds	480,000	208,386	14,364	222,750	(257,250)
Total Morgan Creek Greenway	487,971	231,357	14,364	245,721	(242,250)
Bolin Creek Greenway					
Interest earnings	15,000	-	-	-	(15,000)
Federal STP-DA funds	590,000	-	25,015	25,015	(564,985)
Total Bolin Creek Greenway	605,000	-	25,015	25,015	(579,985)
Bolin Forest Sidewalk					
Federal STP-DA funds	15,960	-	-	-	(15,960)
Donations	2,100	2,100	-	2,100	-
Total Bolin Forest Sidewalk	18,060	2,100	-	2,100	(15,960)
Hannah Street Sidewalk					
Federal STP-DA funds	55,564	55,564	-	55,564	-
Bolin Creek Co-Housing	88,644	88,644	-	88,644	-
Total Hannah Street Sidewalk	144,208	144,208	-	144,208	-
Phase IB Bond Sidewalk Projects					
Interest earnings	132,786	104,282	481	104,763	(28,023)
Miscellaneous	7,863	7,863	-	7,863	-
Total Phase IB Bond Sidewalk Projects	140,649	112,145	481	112,626	(28,023)
Ashe/Bim Sidewalk Projects					
ARRA Federal Grant	327,300	342,802	-	342,802	15,502
Elm St Sidewalk					
Safe Routes to School Grant	300,000	-	224,481	224,481	(75,519)
Rogers Road					
Federal STP-DA funds	428,960	-	13,581	13,581	(415,379)
Wilson Park Multi-Use Path Project					
Federal STP-DA funds	193,987	38,973	280	39,253	(154,734)
NCDENR Grant	75,000	-	75,000	75,000	-
Total Wilson Park Multi-Use Path Project	268,987	38,973	75,280	114,253	(154,734)
Total revenues	2,721,135	871,585	353,202	1,224,787	(1,496,348)
Expenditures					
General					
Capital projects manager	-	18,031	-	18,031	(18,031)
Professional services	73,000	53,994	-	53,994	19,006
Miscellaneous	2,000	1,507	-	1,507	493
Design	157,636	4,466	-	4,466	153,170
Total General	232,636	77,998	-	77,998	154,638
Morgan Creek Greenway					
Construction	257,695	41,086	-	41,086	216,609
Design	342,305	272,621	29,577	302,198	40,107
Contingency	8,971	-	-	-	8,971
Total Morgan Creek	608,971	313,707	29,577	343,284	265,687

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Bolin Creek Greenway Project					
Construction	\$ 452,211	\$ -	\$ -	\$ -	\$ 452,211
Design	217,449	-	50,040	50,040	167,409
Contingency	82,840	-	-	-	82,840
Total Bolin Creek Greenway	752,500	-	50,040	50,040	702,460
Bolin Forest Sidewalk					
Construction	41,087	-	-	-	41,087
Design	13,019	-	-	-	13,019
Inspection	490	490	-	490	-
Miscellaneous	305	305	-	305	-
Total Bolin Forest Sidewalk	54,901	795	-	795	54,106
Quail Roost Sidewalk					
Engineering inspections	1,436	1,436	-	1,436	-
Construction	129,056	129,056	-	129,056	-
Design	15,507	15,507	-	15,507	-
Total Quail Roost Sidewalk	145,999	145,999	-	145,999	-
Lisa Drive Sidewalk					
Engineering inspections	1,805	1,805	-	1,805	-
Construction	112,605	112,605	-	112,605	-
Design	13,390	13,390	-	13,390	-
Total Lisa Drive Sidewalk	127,800	127,800	-	127,800	-
Hannah Street Sidewalk					
Engineering inspections	5,097	5,097	-	5,097	-
Construction	188,398	188,398	-	188,398	-
Design	17,372	17,371	-	17,371	1
Total Hannah Street Sidewalk	210,867	210,866	-	210,866	1
N. Greensboro Street Sidewalk					
Engineering inspections	6,223	6,223	-	6,223	-
Construction	302,395	302,395	-	302,395	-
Design	40,246	40,246	-	40,246	-
Total N. Greensboro Street Sidewalk	348,864	348,864	-	348,864	-
Williams Street Sidewalk					
Engineering inspections	388	388	-	388	-
Construction	26,208	26,208	-	26,208	-
Design	4,959	4,959	-	4,959	-
Total Williams Street Sidewalk	31,555	31,555	-	31,555	-
Lloyd Street Sidewalk					
Engineering inspections	97	97	-	97	-
Construction	8,267	8,267	-	8,267	-
Design	2,491	2,491	-	2,491	-
Total Lloyd Street Sidewalk	10,855	10,855	-	10,855	-
Jones Ferry Sidewalk					
Engineering inspections	146	146	-	146	-
Construction	11,933	11,933	-	11,933	-
Design	3,839	3,838	-	3,838	1
Total Jones Ferry Sidewalk	15,918	15,917	-	15,917	1

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Fowler Street Sidewalk					
Engineering inspections	\$ 146	\$ 146	\$ -	\$ 146	\$ -
Construction	12,996	12,995	-	12,995	1
Design	3,393	3,393	-	3,393	-
Total Fowler Street Sidewalk	16,535	16,534	-	16,534	1
S. Greensboro Street Sidewalk					
Engineering inspections	486	486	-	486	-
Construction	36,915	36,915	-	36,915	-
Design	5,752	5,752	-	5,752	-
Total S. Greensboro Street Sidewalk	43,153	43,153	-	43,153	-
Phase IB Bond Sidewalk Projects					
Professional services	4,312	4,312	-	4,312	-
Temporary salary	77,924	-	47,494	47,494	30,430
FICA	6,393	-	3,633	3,633	2,760
Retirement	5,683	-	3,210	3,210	2,473
Engineering inspections	17,807	16,391	-	16,391	1,416
Construction	749,398	749,397	-	749,397	1
Design	381,790	320,602	-	320,602	61,188
ROW/Easement	12,728	-	-	-	12,728
Contingency	1,865	-	-	-	1,865
Total Phase IB Bond Sidewalk Projects	1,257,900	1,090,702	54,337	1,145,039	112,861
NCDOT Enhancement Sidewalk Projects					
Engineering inspections	10,744	10,744	-	10,744	-
Construction	111,033	111,033	-	111,033	-
Design	5,072	5,072	-	5,072	-
Total NCDOT Enhancement Sidewalk Projects	126,849	126,849	-	126,849	-
Ashe/Bim Sidewalk Projects					
Engineering inspections	43,198	43,058	140	43,198	-
Construction	363,578	363,578	-	363,578	-
Design	19,716	19,716	-	19,716	-
ROW/Easement	4,360	4,360	-	4,360	-
Total Ashe/Bim Sidewalks Projects	430,852	430,712	140	430,852	-
Wilson Park Multi-Use Path Project					
Construction	323,139	-	302,107	302,107	21,032
Design	54,476	48,716	5,760	54,476	-
Contingency	61,000	-	-	-	61,000
Total Wilson Park Multi-Use Path Project	438,615	48,716	307,867	356,583	82,032
Davie Street Sidewalk Project					
Construction	558,688	-	16,029	16,029	542,659
Design	20,000	8,058	12,020	20,078	(78)
Total Davie Street Sidewalk Project	578,688	8,058	28,049	36,107	542,581
Pine Street Sidewalk Project					
Engineering Inspections	21,000	-	11,532	11,532	9,468
Construction	309,000	-	240,977	240,977	68,023
Design	32,000	28,990	5,257	34,247	(2,247)
Total Pine Street Sidewalk Project	362,000	28,990	257,766	286,756	75,244

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Rogers Road Sidewalk Project					
Construction	\$ 962,392	\$ -	\$ -	\$ -	\$ 962,392
Design	107,278	-	52,463	52,463	54,815
Contingency	18,330	-	-	-	18,330
Total Rogers Road Sidewalk Project	<u>1,088,000</u>	<u>-</u>	<u>52,463</u>	<u>52,463</u>	<u>1,035,537</u>
Elm Street Sidewalk					
Engineering Inspection	33,478	-	14,103	14,103	19,375
Construction	288,222	-	151,455	151,455	136,767
Design	56,141	34,698	-	34,698	21,443
ROW/Easement	4,359	-	-	-	4,359
Total Elm Street Sidewalk	<u>382,200</u>	<u>34,698</u>	<u>165,558</u>	<u>200,256</u>	<u>181,944</u>
Shelton Street Sidewalk Project					
Construction	204,000	-	-	-	204,000
Design	8,000	-	-	-	8,000
Total Shelton Street Sidewalk Project	<u>212,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,000</u>
Total Capital Outlay	<u>7,477,658</u>	<u>3,112,768</u>	<u>945,797</u>	<u>4,058,565</u>	<u>3,419,093</u>
Debt service					
Bond issuance costs	-	-	33,860	33,860	(33,860)
Interest and other charges	-	-	19,353	19,353	(19,353)
Total debt service	<u>-</u>	<u>-</u>	<u>53,213</u>	<u>53,213</u>	<u>(53,213)</u>
Total expenditures	<u>7,477,658</u>	<u>3,112,768</u>	<u>999,010</u>	<u>4,111,778</u>	<u>3,365,880</u>
Revenues under expenditures	<u>(4,756,523)</u>	<u>(2,241,183)</u>	<u>(645,808)</u>	<u>(2,886,991)</u>	<u>1,869,532</u>
Other financing sources (uses)					
Transfers from other funds					
From General Fund	12,700	12,700	-	12,700	-
From Capital Reserve Fund	143,823	-	143,823	143,823	-
General obligation bonds issued	4,600,000	-	4,600,000	4,600,000	-
Premium on bond issuance	-	-	92,461	92,461	92,461
Total other financing sources (uses)	<u>4,756,523</u>	<u>12,700</u>	<u>4,836,284</u>	<u>4,848,984</u>	<u>92,461</u>
Net change in fund deficit	<u>\$ -</u>	<u>\$ (2,228,483)</u>	<u>4,190,476</u>	<u>\$ 1,961,993</u>	<u>\$ 1,961,993</u>
Fund deficit, beginning of year			<u>(2,228,483)</u>		
Fund balance, end of year			<u>\$ 1,961,993</u>		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION
CHANGES AND ACTUAL - CAPITAL PROJECTS FUND
From Project Inception and for the Year Ended June 30, 2013

Schedule 4
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	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
General revenues					
Interest on investments	\$ 22,232	\$ 32,717	\$ -	\$ 32,717	\$ 10,485
Miscellaneous revenues	-	5,438	81	5,519	5,519
Total general revenues	<u>22,232</u>	<u>38,155</u>	<u>81</u>	<u>38,236</u>	<u>16,004</u>
Bus shelter					
Federal pass-through grant	76,296	75,977	-	75,977	(319)
Weaver Street reconstruction					
OWASA reimbursement	-	399,039	-	399,039	399,039
Bike loop detector					
Federal pass-through grant	30,000	-	-	-	(30,000)
Rogers Road					
Federal pass-through grant	428,960	-	-	-	(428,960)
Total revenues	<u>557,488</u>	<u>513,171</u>	<u>81</u>	<u>513,252</u>	<u>(44,236)</u>
Expenditures					
Fire Substation #2 project					
Architectural services	228,910	228,910	-	228,910	-
Professional services	33,600	33,600	-	33,600	-
Computer and peripherals	196,852	196,852	-	196,852	-
Miscellaneous	55,608	55,608	-	55,608	-
Equipment	249,520	249,520	-	249,520	-
Construction	1,953,996	1,953,996	-	1,953,996	-
Construction services	9,375	9,375	-	9,375	-
Contingency	226,763	-	-	-	226,763
Total Fire Substation #2 project	<u>2,954,624</u>	<u>2,727,861</u>	<u>-</u>	<u>2,727,861</u>	<u>226,763</u>
Fire Substation #2 fiber optics					
Equipment	298,198	-	185,429	185,429	112,769
Computer and peripherals	-	6,344	-	6,344	(6,344)
Total Fire Substation #2 fiber optics	<u>298,198</u>	<u>6,344</u>	<u>185,429</u>	<u>191,773</u>	<u>106,425</u>
Weaver Street reconstruction					
Construction	1,160,969	1,160,969	-	1,160,969	-
Design	260,000	193,144	4,626	197,770	62,230
Contingency	-	-	-	-	-
Total Weaver Street reconstruction	<u>1,420,969</u>	<u>1,354,113</u>	<u>4,626</u>	<u>1,358,739</u>	<u>62,230</u>
Public Works facility land					
Professional services	6,068	4,355	-	4,355	1,713
Engineering	4,051	250	-	250	3,801
Park supplies	5,000	-	-	-	5,000
Land	751,881	751,881	-	751,881	-
Total Public Works facility land	<u>767,000</u>	<u>756,486</u>	<u>-</u>	<u>756,486</u>	<u>10,514</u>
Bus shelter					
Construction	71,496	69,713	-	69,713	1,783
Design	4,800	4,800	-	4,800	-
Total bus shelter	<u>76,296</u>	<u>74,513</u>	<u>-</u>	<u>74,513</u>	<u>1,783</u>

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION
CHANGES AND ACTUAL - CAPITAL PROJECTS FUND
From Project Inception and for the Year Ended June 30, 2013

Schedule 4
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	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Bike loop detector					
Construction	\$ 30,000	\$ -	\$ 16,673	\$ 16,673	\$ 13,327
Engineering	7,500	-	-	-	7,500
Total bike loop detector	37,500	-	16,673	16,673	20,827
Rogers Road					
Construction	400,000	-	-	-	400,000
Design	50,000	-	-	-	50,000
Contingency	-	-	-	-	-
Total Rogers Road reconstruction	450,000	-	-	-	450,000
S. Greensboro Street					
Land	605,000	-	601,395	601,395	3,605
Total S Greensboro Street	605,000	-	601,395	601,395	3,605
Fleet Fleet office condo					
Building Purchase	568,000	-	-	-	568,000
Total Fleet Fleet office condo	568,000	-	-	-	568,000
Storm water management					
Design	80,000	-	-	-	80,000
Total Storm water management	80,000	-	-	-	80,000
Anderson Park bathroom renovation					
Construction	201,459	-	-	-	201,459
Design	50,000	-	-	-	50,000
Total Anderson Park bathroom renovation	251,459	-	-	-	251,459
Anderson Park MP field renovation					
Construction	108,566	-	-	-	108,566
Design	40,000	-	-	-	40,000
Total Anderson Park MP field renovation	148,566	-	-	-	148,566
Smith Level Road					
Construction	62,562	-	-	-	62,562
Total Smith Level Road	62,562	-	-	-	62,562
Total Capital Outlay	7,720,174	4,919,317	808,123	5,727,440	1,992,734
Debt Service:					
Principal retirement	1,461,248	-	1,467,188	1,467,188	(5,940)
Interest and other charges	38,752	-	32,175	32,175	6,577
Total debt service	1,500,000	-	1,499,363	1,499,363	637
Total expenditures	9,220,174	4,919,317	2,307,486	7,226,803	1,993,371
Revenues under expenditures	(8,662,686)	(4,406,146)	(2,307,405)	(6,713,551)	1,949,135

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION
CHANGES AND ACTUAL - CAPITAL PROJECTS FUND
From Project Inception and for the Year Ended June 30, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)					
Transfers from (to) other funds					
From General Fund	\$ 3,604,175	\$ 616,883	\$ 3,604,175	\$ 4,221,058	\$ 616,883
From Capital Reserve Fund	1,088,066	598,000	140,412	738,412	(349,654)
To General Fund	(20,000)	(20,000)	-	(20,000)	-
To Capital Reserve Fund	(26,555)	(26,555)	-	(26,555)	-
To Undesignated Fund Balance	-	4,240	-	4,240	4,240
Installment purchase obligations issued	4,017,000	4,017,000	-	4,017,000	-
Total other financing sources	<u>8,662,686</u>	<u>5,189,568</u>	<u>3,744,587</u>	<u>8,934,155</u>	<u>271,469</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 783,422</u>	1,437,182	<u>\$ 2,220,604</u>	<u>\$ 2,220,604</u>
Fund balance, beginning of year			<u>783,422</u>		
Fund balance, end of year			2,220,604		

Amounts reported for Revenue, Expenditures and changes in Fund Balance are different for the Budgeted/Actual Statement due to consolidation of the Capital Reserve Fund and the Payment in Lieu Reserve Fund

Transfers in - Capital Reserve Fund	300,700
Transfers out - Capital Reserve Fund	(491,130)
Fund balance, beginning (Capital Reserve Fund)	894,204
Fund balance, beginning (Payment in Lieu Reserve Fund)	<u>149,780</u>
Fund balance, ending (Consolidated Capital Projects Fund)	<u>\$ 3,074,158</u>

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2013

Schedule 5

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)			
Transfers from (to) other funds			
From General Fund	\$ -	\$ 300,700	\$ 300,700
From Capital Project Fund	143,823	-	(143,823)
To General Fund	-	(176,945)	(176,945)
To Bond Fund	(143,823)	(143,823)	-
To Grants Administration Fund	(29,950)	(29,950)	-
To Capital Projects Fund	<u>(140,412)</u>	<u>(140,412)</u>	<u>-</u>
Total other financing sources (uses)	(170,362)	(190,430)	(20,068)
Fund balance appropriated	<u>170,362</u>	<u>-</u>	<u>(170,362)</u>
Net change in fund balance	<u>\$ -</u>	(190,430)	<u>\$ (190,430)</u>
Fund balance, beginning of year		<u>894,204</u>	
Fund balance, end of year		<u>\$ 703,774</u>	

**TOWN OF CARRBORO, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

Schedule 6

	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Energy Efficiency Revolving Loan Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 7,809	\$ 12,707	\$ 33,886	\$ 54,402
Due from other governments	62,343	-	-	62,343
Notes receivable	-	27,981	97,709	125,690
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 70,152</u>	<u>\$ 40,688</u>	<u>\$ 131,595</u>	<u>\$ 242,435</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 44,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,857</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>44,857</u>	<u>-</u>	<u>-</u>	<u>44,857</u>
Deferred inflows of resources	<u>-</u>	<u>27,981</u>	<u>97,709</u>	<u>125,690</u>
Fund balances				
Restricted				
Stabilization by state statute	62,343	-	-	62,343
Committed				
Affordable housing	-	12,707	-	12,707
Energy efficiency	-	-	33,886	33,886
Unassigned	<u>(37,048)</u>	<u>-</u>	<u>-</u>	<u>(37,048)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>25,295</u>	<u>12,707</u>	<u>33,886</u>	<u>71,888</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,152</u>	<u>\$ 40,688</u>	<u>\$ 131,595</u>	<u>\$ 242,435</u>

TOWN OF CARRBORO, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) FOR NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

Schedule 7

	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Energy Efficiency Revolving Loan Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Restricted intergovernmental	\$ 235,464	\$ -	\$ -	\$ 235,464
Loan repayments	-	-	2,282	2,282
Interest earnings	-	-	6,869	6,869
Total revenues	<u>235,464</u>	<u>-</u>	<u>9,151</u>	<u>244,615</u>
Expenditures				
Economic and physical development	115,718	-	28,128	143,846
Capital outlay	<u>65,686</u>	<u>-</u>	<u>-</u>	<u>65,686</u>
Total expenditures	<u>181,404</u>	<u>-</u>	<u>28,128</u>	<u>209,532</u>
Revenues over (under) expenditures	<u>54,060</u>	<u>-</u>	<u>(18,977)</u>	<u>35,083</u>
Other financing sources (uses)				
Transfer to the Energy Efficiency Revolving Loan Fund	(28,128)	-	-	(28,128)
Transfer from the Capital Reserve Fund	29,950	-	-	29,950
Transfer from Grants Administration Fund	-	-	28,128	28,128
Transfer from Revolving Loan Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>1,822</u>	<u>-</u>	<u>28,128</u>	<u>29,950</u>
Net change in fund balance	55,882	-	9,151	65,033
Fund balance (deficit), beginning of year	<u>(30,587)</u>	<u>12,707</u>	<u>24,735</u>	<u>6,855</u>
Fund balance, end of year	<u>\$ 25,295</u>	<u>\$ 12,707</u>	<u>\$ 33,886</u>	<u>\$ 71,888</u>

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - PROJECT AUTHORIZATION
AND ACTUAL - GRANTS ADMINISTRATION FUND
From Project Inception and for the Year Ended June 30, 2013

Schedule 8

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
U.S. Department of Energy					
Watershed restoration	\$ 205,000	\$ 161,450	\$ 38,882	\$ 200,332	\$ (4,668)
Southeast Energy Efficiency Alliance	302,742	121,364	110,612	231,976	(70,766)
U.S. Department of Justice					
Fingerprinting grant	82,515	70,756	-	70,756	(11,759)
U.S. Department of Health and Human Services					
Physical Activity FIT grant	24,900	15,453	-	15,453	(9,447)
Safe route to school (non-infrastructure)	12,864	10,004	-	10,004	(2,860)
Transportation demand management	-	491	-	491	491
Robeson Street sewer grant revenue (CDBG)	171,700	-	18,353	18,353	(153,347)
Robeson Street sewer grant revenue (ORANGE CO)	29,950	-	-	-	-
Robeson Street sewer grant program income	7,000	-	7,000	7,000	-
Fire sprinkler system	67,950	-	59,117	59,117	(8,833)
Orange County Arts Community Grant	-	-	1,500	1,500	1,500
Investment earnings	-	20	-	20	20
	<u>904,621</u>	<u>379,538</u>	<u>235,464</u>	<u>615,002</u>	<u>(259,669)</u>
Expenditures					
Watershed restoration	205,000	192,450	7,882	200,332	4,668
Southeast Energy Efficiency Alliance	282,514	66,365	82,484	148,849	133,665
Fingerprinting	82,515	56,556	-	56,556	25,959
Physical activity	24,900	15,550	-	15,550	9,350
Safe route to school (non-infrastructure)	12,864	10,004	-	10,004	2,860
Robeson Street sewer project	238,600	-	25,352	25,352	213,248
Capital outlay					
Fire sprinkler system	75,500	-	65,686	65,686	9,814
	<u>921,893</u>	<u>340,925</u>	<u>181,404</u>	<u>522,329</u>	<u>399,564</u>
Revenue over (under) expenditures	<u>(17,272)</u>	<u>38,613</u>	<u>54,060</u>	<u>92,673</u>	<u>109,945</u>
Other financing uses					
Transfer to the Energy Efficiency Fund	(28,128)	(55,000)	(28,128)	(83,128)	(55,000)
Transfer to the General Fund	-	(14,200)	-	(14,200)	(14,200)
Transfer from the Capital Reserve Fund	29,950	-	29,950	29,950	-
Transfer from the General Fund	15,450	-	-	-	(15,450)
	<u>17,272</u>	<u>(69,200)</u>	<u>1,822</u>	<u>(67,378)</u>	<u>(84,650)</u>
Net change in fund deficit	<u>\$ -</u>	<u>\$ (30,587)</u>	<u>55,882</u>	<u>\$ 25,295</u>	<u>\$ 25,295</u>
Fund deficit, beginning of year			<u>(30,587)</u>		
Fund balance, end of year			<u>\$ 25,295</u>		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - AFFORDABLE HOUSING FUND
From Project Inception and for the Year Ended June 30, 2013

Schedule 9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Interest earned	\$ -	\$ 500	\$ -	\$ 500	\$ 500
Miscellaneous	-	420	-	420	420
Total revenues	-	920	-	920	920
Expenditures					
Deferred loan expense	48,000	36,213	-	36,213	11,787
Revenue under expenditures	(48,000)	(35,293)	-	(35,293)	12,707
Other financing sources					
Transfer from General Fund	48,000	48,000	-	48,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,707</u>	-	<u>\$ 12,707</u>	<u>\$ 12,707</u>
Fund balance, beginning of year			<u>12,707</u>		
Fund balance, end of year			<u>\$ 12,707</u>		

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, 2013

Schedule 10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Loan repayments	\$ 55,000	\$ 1,187	\$ 2,282	\$ 3,469	\$ (51,531)
Interest earned	-	2,548	6,869	9,417	9,417
Interest on repayments	-	-	-	-	-
Total revenues	<u>55,000</u>	<u>3,735</u>	<u>9,151</u>	<u>12,886</u>	<u>(42,114)</u>
Expenditures					
Economic and physical development	128,128	79,000	28,128	107,128	21,000
Revenues over (under) expenditures	<u>(73,128)</u>	<u>(75,265)</u>	<u>(18,977)</u>	<u>(94,242)</u>	<u>(21,114)</u>
Other financing sources					
Transfer from Grant Fund	28,128	55,000	28,128	83,128	55,000
Transfer from Revolving Loan Fund	45,000	45,000	-	45,000	-
Total other financing sources	<u>73,128</u>	<u>100,000</u>	<u>28,128</u>	<u>128,128</u>	<u>55,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,735</u>	9,151	<u>\$ 33,886</u>	<u>\$ 33,886</u>
Fund balance, beginning of year			<u>24,735</u>		
Fund balance, end of year			<u>\$ 33,886</u>		

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

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TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2013

Schedule 11

<u>Year of Levy</u>	<u>Uncollected Balance June 30, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012 - 2013	\$ -	\$ 12,184,632	\$ 11,937,142	247,490
2011 - 2012	208,818	-	139,555	69,263
2010 - 2011	59,938	-	18,365	41,573
2010 and prior	176,090	-	33,752	142,338
	<u>\$ 444,846</u>	<u>\$ 12,184,632</u>	<u>\$ 12,128,814</u>	<u>500,664</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(94,515)</u>
Ad valorem taxes receivables - net				<u>\$ 406,149</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 11,728,563
Motor vehicle license fees - General Fund				<u>359,763</u>
Total revenues				12,088,326
Reconciling items:				
Penalties and interest				25,736
Adjustments				<u>14,752</u>
				<u>\$ 12,128,814</u>

TOWN OF CARRBORO, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
Year Ended June 30, 2013

Schedule 12

	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	\$ 1,967,568,869	0.5894	\$ 11,596,851	\$ 11,136,140	\$ 460,711
Motor vehicles taxed at prior year's rate	35,603,599	0.5894	209,848	-	209,848
Penalties and interest	-		2,112	2,112	-
 Total property valuation	<u>\$ 2,003,172,468</u>		11,808,811	11,138,252	670,559
 Vehicle tag fees			375,821	-	375,821
 Total gross levy			12,184,632	11,138,252	1,046,380
 Uncollected taxes at June 30, 2013			247,490	113,147	134,343
 Current year's taxes collected			<u>\$ 11,937,142</u>	<u>\$ 11,025,105</u>	<u>\$ 912,037</u>
 Current levy collection percentage			<u>97.97%</u>	<u>98.98%</u>	<u>87.16%</u>

* Total adjusted levy includes discoveries and abatements.

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

SUPPLEMENTARY INFORMATION
STATISTICAL SECTION

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STATISTICAL SECTION

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

CONTENTS	PAGE
FINANCIAL TRENDS INFORMATION - These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	88
REVENUE CAPACITY INFORMATION - these schedules contain information to help the reader assess the Town's most significant local revenue sources, property taxes and water and sewer charges.	94
DEBT CAPACITY INFORMATION - these schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	101
DEMOGRAPHIC AND ECONOMIC INFORMATION - these schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	106
OPERATING INFORMATION - these schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	110

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Financial Trends Information:

TOWN OF CARRBORO
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 13,197,169	\$ 16,174,743	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981	\$ 23,811,827	\$ 22,800,027	\$ 24,803,167	\$ 25,869,273
Restricted	-	-	18,851	-	-	-	-	2,625,784	1,877,720	1,902,041
Unrestricted	7,031,287	7,689,017	9,607,945	11,347,696	12,151,591	12,531,183	12,296,387	10,977,854	10,311,263	9,735,451
Total governmental activities net position	<u>\$ 20,228,456</u>	<u>\$ 23,863,760</u>	<u>\$ 27,362,088</u>	<u>\$ 29,994,935</u>	<u>\$ 32,529,380</u>	<u>\$ 35,377,164</u>	<u>\$ 36,108,214</u>	<u>\$ 36,403,665</u>	<u>\$ 36,992,150</u>	<u>\$ 37,506,765</u>

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

Table 2
Page 1 of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 2,325,813	\$ 2,406,566	\$ 2,568,563	\$ 2,828,685	\$ 3,027,301	\$ 3,099,916	\$ 3,139,849	\$ 3,355,221	\$ 3,493,073	\$ 3,978,378
Public Safety	3,970,899	4,031,288	4,219,432	5,098,641	5,088,188	5,565,460	6,087,506	6,757,198	6,835,304	6,778,893
Planning	906,766	1,057,324	943,711	1,112,435	1,195,300	1,124,240	1,399,817	1,232,157	1,162,777	1,107,377
Transportation	817,003	917,900	841,313	962,714	970,617	1,033,837	1,032,835	1,184,975	1,058,859	1,286,714
Public Works	2,775,381	1,754,626	2,874,392	3,296,515	3,469,934	3,582,740	3,614,262	3,929,320	4,252,251	4,072,606
Parks and recreation	1,182,059	1,206,197	1,244,258	1,212,610	1,248,818	1,383,873	1,833,715	1,498,043	1,516,336	1,453,991
Economic and Community Development	25,000	140,405	63,000	37,850	231,808	413,790	50,543	185,874	275,681	170,695
Interest on long-term debt	196,168	170,476	180,274	222,372	284,025	265,285	327,037	292,766	301,772	186,898
Total governmental activities expenses	12,199,089	11,684,782	12,934,943	14,771,822	15,515,991	16,469,141	17,485,564	18,435,554	18,896,053	19,035,552
Total primary government expenses	\$ 12,199,089	\$ 11,684,782	\$ 12,934,943	\$ 14,771,822	\$ 15,515,991	\$ 16,469,141	\$ 17,485,564	\$ 18,435,554	\$ 18,896,053	\$ 19,035,552
Program revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 73,023	\$ 74,905	\$ 78,685	\$ 97,751	\$ 150,508	\$ 134,473	\$ 134,344	\$ 128,530	\$ 344,239	\$ 546,583
Public Safety	410,203	423,505	413,970	529,742	608,682	570,840	577,392	573,316	551,792	572,542
Planning	400,831	313,146	365,758	446,710	286,029	274,697	384,667	286,847	483,956	120,171
Public Works	111,335	106,197	88,309	110,746	74,539	97,516	85,779	115,107	126,495	82,458
Parks and Recreation	179,150	247,421	269,006	284,621	305,231	226,141	256,639	254,933	260,225	259,168
Operating grants and contributions	629,886	747,236	723,297	1,008,712	847,507	1,370,387	786,375	791,842	871,613	320,304
Capital grants and contributions	-	1,130,949	1,392,470	196,115	391,468	1,054,333	236,894	647,514	406,518	954,131
Total governmental activities program revenues	1,804,428	3,043,359	3,331,495	2,674,397	2,663,964	3,728,387	2,462,090	2,798,089	3,044,838	2,855,357
Total primary government program revenues	\$ 1,804,428	\$ 3,043,359	\$ 3,331,495	\$ 2,674,397	\$ 2,663,964	\$ 3,728,387	\$ 2,462,090	\$ 2,798,089	\$ 3,044,838	\$ 2,855,357
Net expense										
Governmental activities	\$ (10,394,661)	\$ (10,394,661)	\$ (9,603,448)	\$ (12,097,425)	\$ (12,852,027)	\$ (12,740,754)	\$ (15,023,474)	\$ (15,637,465)	\$ (15,851,215)	\$ (16,180,195)
Total primary government net expense	\$ (10,394,661)	\$ (10,394,661)	\$ (9,603,448)	\$ (12,097,425)	\$ (12,852,027)	\$ (12,740,754)	\$ (15,023,474)	\$ (15,637,465)	\$ (15,851,215)	\$ (16,180,195)

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

Table 2
Page 2 of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 10,909,066	\$ 10,909,066	\$ 12,185,361	\$ 13,503,535	\$ 13,799,533	\$ 14,432,869	\$ 14,834,736	\$ 14,917,776	\$ 15,445,629	\$ 15,695,931
Unrestricted intergovernmental revenues	531,121	531,121	608,951	691,784	874,786	943,578	870,613	951,820	946,091	952,397
Miscellaneous and unrestricted investment earnings	146,056	146,056	307,424	534,953	712,153	212,091	49,175	63,320	47,980	46,482
Total governmental activities	<u>11,586,243</u>	<u>11,586,243</u>	<u>13,101,736</u>	<u>14,730,272</u>	<u>15,386,472</u>	<u>15,588,538</u>	<u>15,754,524</u>	<u>15,932,916</u>	<u>16,439,700</u>	<u>16,694,810</u>
Total primary government	<u>\$ 11,586,243</u>	<u>\$ 11,586,243</u>	<u>\$ 13,101,736</u>	<u>\$ 14,730,272</u>	<u>\$ 15,386,472</u>	<u>\$ 15,588,538</u>	<u>\$ 15,754,524</u>	<u>\$ 15,932,916</u>	<u>\$ 16,439,700</u>	<u>\$ 16,694,810</u>
Change in Net Position										
Governmental activities	<u>\$ 1,191,582</u>	<u>\$ 1,191,582</u>	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>	<u>\$ 731,050</u>	<u>\$ 295,451</u>	<u>\$ 588,485</u>	<u>\$ 514,615</u>

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

Table 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ 1,930,188	\$ 1,612,492	\$ 2,795,270	\$ 2,049,578	\$ 3,265,631	\$ 1,482,537	\$ 2,062,813	N/A	N/A	N/A
Unreserved, designated	756,958	894,434	1,182,684	1,120,725	2,544,847	1,081,717	933,608	N/A	N/A	N/A
Unreserved, undesignated	3,595,765	4,667,033	5,337,052	7,116,388	6,956,301	8,563,125	9,950,620	N/A	N/A	N/A
Non-spendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 213,743	\$ 403,022	\$ 98,336
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,459,812	2,527,603	2,549,652
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,712,163	2,787,316	2,866,048
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,354,128	9,804,868	7,296,945
Total general fund	6,282,911	7,173,959	9,315,006	10,286,691	12,766,779	11,127,379	12,947,041	13,739,846	15,522,809	12,810,981
All other governmental funds										
Reserved	2,463	27,644	560,080	249,183	144,013	94,281	-	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	1,317,854	1,004,601	1,182,811	1,687,061	1,350,616	(118,563)	(436,507)	N/A	N/A	N/A
Capital projects funds	190,021	162,378	(942,995)	(1,163,714)	(1,334,116)	716,763	2,464,956	N/A	N/A	N/A
Non-spendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,414,404	1,076,370	791,699
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,369,833	1,404,374	4,652,528
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(2,466,051)	(2,606,994)	(37,048)
Total all other governmental funds	1,510,338	1,194,623	799,896	772,530	160,513	692,481	2,028,449	1,318,186	(126,250)	5,407,179
Total, all governmental funds	\$ 7,793,249	\$ 8,368,582	\$ 10,114,902	\$ 11,059,221	\$ 12,927,292	\$ 11,819,860	\$ 14,975,490	\$ 15,058,032	\$ 15,396,559	\$ 18,218,160

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

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

Table 4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad valorem taxes	\$ 7,791,921	\$ 8,227,622	\$ 8,578,222	\$ 9,672,841	\$ 10,041,553	\$ 10,824,131	\$ 11,213,669	\$ 11,386,243	\$ 11,708,787	\$ 11,754,299
Local option sales taxes	2,705,076	2,874,741	3,089,493	3,353,665	3,382,770	3,137,836	3,039,931	3,113,356	3,308,060	3,427,678
Other taxes and licenses	428,338	439,840	460,350	420,065	355,295	428,654	508,344	438,229	449,628	461,054
Unrestricted intergovernmental	531,121	549,086	613,183	691,784	874,786	947,801	875,129	951,820	946,091	952,397
Restricted intergovernmental	629,886	552,907	565,374	1,039,979	778,193	903,072	731,165	1,075,884	1,095,408	1,179,461
Permits and fees	995,392	917,919	955,371	1,223,918	1,074,762	1,062,027	1,175,313	1,090,101	1,308,544	1,255,930
Sales and services	179,150	236,134	258,309	276,599	270,543	260,829	256,639	254,934	260,225	261,373
Investment earnings	51,269	130,270	291,873	534,956	525,462	201,829	49,174	63,320	47,980	25,954
Other	129,649	444,023	157,549	209,087	487,963	189,840	148,927	539,189	287,534	135,078
Total revenues	13,441,802	14,372,542	14,969,723	17,422,894	17,791,327	17,956,019	17,998,291	18,913,076	19,412,257	19,453,224
Expenditures										
General government	2,409,684	2,421,531	2,543,543	3,003,404	3,222,136	3,029,383	2,980,135	3,162,592	3,350,244	3,345,195
Public Safety	3,945,853	4,025,778	4,257,421	5,555,899	5,144,593	5,279,145	5,397,502	5,624,076	5,795,546	5,736,675
Planning	911,521	1,071,142	956,304	1,110,467	1,179,139	1,110,797	1,098,192	1,132,203	1,045,854	1,088,802
Transportation	817,003	917,900	841,313	962,714	970,617	1,033,837	1,032,835	1,032,825	1,032,825	1,286,714
Public Works	3,008,021	3,073,794	3,033,855	3,776,477	3,642,698	3,004,354	2,958,684	3,100,603	3,397,396	3,385,065
Parks and recreation	1,130,239	1,035,472	1,171,889	1,211,738	1,208,191	1,207,492	1,243,416	1,237,163	1,274,082	170,695
Economic and community development	25,000	140,000	63,000	-	-	413,790	47,825	132,826	275,681	1,276,064
Capital outlay	-	1,029,693	332,181	739,123	863,924	2,556,751	2,474,729	2,373,015	1,840,865	2,717,113
Debt service										
Interest	224,737	162,707	176,902	206,475	259,935	326,311	263,461	1,217,736	292,041	2,503,013
Principal	893,239	1,019,472	939,841	1,046,466	1,100,962	1,101,591	1,214,257	293,894	1,068,046	232,596
Total expenditures	13,365,297	14,897,489	14,316,249	17,612,763	17,592,195	19,063,451	18,711,036	19,306,933	19,372,580	21,741,932
Excess of revenues over (under) expenditures	76,505	(524,947)	653,474	(189,869)	199,132	(1,107,432)	(712,745)	(393,857)	39,677	(2,288,708)
Other Financing Sources (Uses)										
Proceeds from borrowing	543,192	1,100,280	1,092,846	1,134,188	1,668,939	(1,634,299)	3,867,955	476,399	298,850	4,997,320
fPremium on borrowing	-	-	-	-	-	-	-	-	-	92,461
fSale of capital assets	-	-	-	-	-	-	-	-	-	20,528
Transfers in	604,723	699,528	705,992	310,000	1,321,914	-	975,923	531,428	-	4,424,133
Transfers out	(604,723)	(699,528)	(705,992)	(310,000)	(1,321,914)	1,634,299	(975,923)	(531,428)	-	(4,424,133)
Total other financing sources	543,192	1,100,280	1,092,846	1,134,188	1,668,939	-	3,867,955	476,399	298,850	5,110,309
Net change in fund balances	\$ 619,697	\$ 575,333	\$ 1,746,320	\$ 944,319	\$ 1,868,071	\$ (1,107,432)	\$ 3,155,210	\$ 82,542	\$ 338,527	\$ 2,821,601
Capital outlay included in expenditures above	\$ 135,046	\$ 1,610,364	\$ 1,106,998	\$ 2,676,218	\$ 2,208,378	\$ 2,556,751	\$ 2,474,729	\$ 2,373,015	\$ 1,840,865	\$ 2,717,113
Debt service as a percentage of noncapital expenditures	8.5%	8.9%	8.5%	8.4%	8.8%	8.7%	9.1%	8.9%	7.8%	14.4%

Revenue Capacity Information:

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

Table 5

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function/Program										
Governmental activities:										
General Government	\$ 164,477	\$ 100,447	\$ 146,775	\$ 124,752	\$ 288,116	\$ 251,669	\$ 148,995	\$ 221,913	\$ 250,719	\$ 714,449
Public Safety	465,312	455,520	433,218	609,234	620,852	800,903	700,807	755,276	644,867	916,576
Planning	423,781	343,545	371,758	540,057	325,666	381,452	427,535	299,022	521,028	141,086
Public Works and Transportation	535,810	1,640,413	1,977,871	1,132,819	816,891	1,661,709	828,263	1,212,175	1,150,348	710,883
Economic and Physical Development	-	113,241	66,066	-	244,243	337,894	42,179	-	181,753	74,926
Parks and Recreation	215,048	390,193	335,807	339,541	368,196	296,123	314,311	309,703	296,123	297,437
Total primary government	<u>\$ 1,804,428</u>	<u>\$ 3,043,359</u>	<u>\$ 3,331,495</u>	<u>\$ 2,746,403</u>	<u>\$ 2,663,964</u>	<u>\$ 3,729,750</u>	<u>\$ 2,462,090</u>	<u>\$ 2,798,089</u>	<u>\$ 3,044,838</u>	<u>\$ 2,855,357</u>

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

Table 6

<u>Fiscal Year</u>	<u>Property Taxes</u>
2004	\$ 7,791,921
2005	8,227,662
2006	8,578,222
2007	9,672,841
2008	10,041,553
2009	10,824,131
2010	11,213,669
2011	11,386,243
2012	11,708,787
2013	11,754,299
Change 2004 - 2013	50.9%

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

TOWN OF CARRBORO
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (\$100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
2004	2003	\$ 1,005,282,825	\$ 108,676,566	\$ 14,505,050	\$ 1,128,464,441	0.6582	\$ 1,128,464,441	100%
2005	2004	1,029,610,609	108,489,664	14,468,769	1,152,569,042	0.7148	1,152,569,042	100%
2006	2005	1,252,027,870	105,636,174	14,737,286	1,372,401,330	0.6244	1,372,401,330	100%
2007	2006	1,462,675,049	120,737,680	13,425,570	1,596,838,299	0.6244	1,596,838,299	100%
2008	2007	1,400,382,686	124,823,950	13,379,348	1,538,585,984	0.6537	1,538,585,984	100%
2009	2008	1,445,628,863	121,818,472	14,519,342	1,581,966,677	0.6863	1,581,966,677	100%
2010	2009	1,784,120,826	116,231,101	15,520,866	1,915,872,793	0.5894	1,915,872,793	100%
2011	2010	1,808,720,407	116,141,072	14,264,582	1,939,126,061	0.5894	1,939,126,061	100%
2012	2011	1,833,640,649	124,209,262	14,927,885	1,972,777,796	0.5894	1,972,777,796	100%
2013	2012	1,840,579,388	147,215,525	15,377,555	2,003,172,468	0.5894	2,003,172,468	100%

Source: Orange County, North Carolina, Tax Assessor.

Note: Property in the Town of Carrboro is assessed and collected by Orange County, North Carolina. Property is assessed every four years at 100% actual value.

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

Table 8

Fiscal Year	Town of Carrboro	Orange County
	Direct Rate	Overlapping Rate
2004	0.6852	0.8450
2005	0.7148	0.8800
2006	0.6244	0.8430
2007	0.6244	0.9030
2008	0.6537	0.9500
2009	0.6863	0.9471
2010	0.5894	0.8580
2011	0.5894	0.8580
2012	0.5894	0.8580
2013	0.5894	0.8580

Source: Orange County, North Carolina, Tax Assessor.

**TOWN OF CARRBORO
PROPERTY TAX LEVIES 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	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	\$ 7,988,802	\$ 7,874,710	98.57%	\$ 79,095	\$ 7,953,805	99.56%
2005	2004	8,479,108	8,361,431	98.61%	77,410	8,438,841	99.53%
2006	2005	8,820,233	8,695,718	98.59%	73,180	8,768,898	99.42%
2007	2006	9,892,881	9,784,087	98.90%	97,043	9,881,130	99.88%
2008	2007	10,303,874	10,177,986	98.78%	102,561	10,280,547	99.77%
2009	2008	11,167,691	11,014,097	98.62%	144,204	11,158,301	99.92%
2010	2009	11,686,026	11,470,312	98.15%	182,495	11,652,807	99.72%
2011	2010	11,792,820	11,578,630	98.18%	154,252	11,732,882	99.49%
2012	2011	11,999,523	11,790,705	98.26%	139,555	11,930,260	99.42%
2013	2012	12,184,632	11,937,142	97.97%	-	11,937,142	97.97%

**TOWN OF CARRBORO
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago**

Table 10

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>2012 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>2003 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
VAC Limited Partnership	\$ 23,628,424	1	1.20%	\$ 22,759,668	1	2.02%
Fairfield Autumn Woods, LLC	20,073,200	2	1.02%	17,410,777	2	1.54%
Carr Mill Mall Limited, Partnership	16,417,310	3	0.84%	12,507,022	5	1.11%
CRIT NC III, LLC	16,048,280	4	0.82%	15,100,181	4	1.34%
GS Villages of Chapel Hill, LLC	16,006,656	5	0.82%	16,023,837	3	1.42%
Wesdale Poplar Place LLC	14,959,843	6	0.76%	-		-
Carrboro Shopping Center, Inc.	13,223,400	7	0.67%	-		-
Lucas Investments LTD	10,690,077	8	0.54%	-		-
188 Claremont, LLC	10,688,340	9	0.54%	-		-
100 Rock Haven, LLC	9,996,255	10	0.51%	-		-
Atlantic Multifamily	-		-	12,236,065	6	1.08%
Carolina Spring Limited	-		-	11,899,876	7	1.05%
Zell Samuel Trustee	-		-	10,231,986	8	0.91%
Sterling Brook Apartments, LLC	-		-	8,973,012	9	0.80%
CAJF Associates LLC	-		-	8,824,520	10	0.78%
Total	<u>\$ 151,731,784</u>		<u>7.73%</u>	<u>\$ 135,966,944</u>		<u>12.05%</u>

Source: Orange County Tax Assessor Office.

Debt Capacity Information:

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

Table 11

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita
	General Obligation Bonds	Installment Purchase Agreements	Bond Anticipation Notes Payable		
2004	\$ 575,393	\$ 4,043,591	\$ -	\$ 4,618,984	\$ 261.73
2005	433,536	4,266,256	-	4,699,792	264.08
2006	331,679	4,521,157	1,230,000	6,082,836	337.94
2007	229,822	4,710,738	2,590,000	7,530,560	413.77
2008	127,964	5,380,571	2,590,000	8,098,535	435.15
2009	26,107	4,380,836	2,590,000	6,996,944	359.20
2010	-	7,060,641	2,590,000	9,650,641	485.18
2011	-	6,319,304	2,590,000	8,909,304	454.97
2012	-	5,405,219	2,590,000	7,995,219	408.29
2013	4,600,000	3,444,437	-	8,044,437	410.81

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

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

Table 12

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total			
2004	\$ 575,393	\$ 575,393	\$ 1,128,465,441	0.050	\$ 32.60
2005	433,536	433,536	1,152,569,042	0.040	24.36
2006	331,679	331,679	1,372,401,330	0.020	18.43
2007	229,822	229,822	1,596,838,299	0.010	12.63
2008	127,964	127,964	1,538,585,984	0.010	6.88
2009	26,107	26,107	1,581,966,677	0.010	1.34
2010	-	-	1,915,872,793	0.000	0.00
2011	-	-	1,939,126,061	0.000	0.00
2012	-	-	1,972,777,796	0.000	0.00
2013	4,600,000	4,600,000	2,003,172,468	0.002	234.91

TOWN OF CARRBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2013

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 general debt obligation	\$ 4,600,000	100.00%	<u>\$ 4,600,000</u>
Overlapping (bonded) Debt - Orange County			
Overlapping debt - Orange County	86,205,000	12.46%	<u>10,741,712</u>
Subtotal, overlapping debt			<u>10,741,712</u>
Total direct and overlapping debt			<u><u>\$ 15,341,712</u></u>

Sources:

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

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

Table 14

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 90,277,235	\$ 92,205,523	\$ 109,792,106	\$ 127,517,242	\$ 123,086,879	\$ 126,557,334	\$ 153,269,823	\$ 155,130,085	\$ 152,417,005	\$ 160,253,797
Total net debt applicable to limit	<u>4,618,984</u>	<u>4,699,832</u>	<u>4,852,837</u>	<u>4,940,559</u>	<u>5,508,535</u>	<u>4,406,943</u>	<u>7,060,641</u>	<u>6,319,304</u>	<u>5,405,219</u>	<u>8,044,437</u>
Legal debt margin	<u>\$ 85,658,251</u>	<u>\$ 87,505,691</u>	<u>\$ 104,939,269</u>	<u>\$ 122,576,683</u>	<u>\$ 117,578,344</u>	<u>\$ 122,150,391</u>	<u>\$ 146,209,182</u>	<u>\$ 148,810,781</u>	<u>\$ 147,011,786</u>	<u>\$ 152,209,360</u>
Total net debt applicable to the limit as a percentage of debt limit	5.12%	5.10%	4.42%	3.87%	4.48%	3.48%	4.61%	4.07%	3.55%	5.02%

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

Demographic and Economic Information:

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

Table 15

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
2004	17,648	\$ 35,191	28.1	10,699	562	4.5%
2005	17,797	39,380	28.1	10,958	596	4.3%
2006	18,000	39,380	28.1	11,018	582	3.2%
2007	18,200	39,380	28.1	11,389	535	3.9%
2008	18,611	39,380	28.1	11,630	1,140	4.6%
2009	19,479	39,380	28.1	11,618	1,591	7.0%
2010	19,891	39,380	28.1	11,657	1,611	6.4%
2011	19,582	32,198	30.1	11,892	1,663	7.2%
2012	19,582	32,198	30.1	11,885	1,449	6.5%
2013	19,582	32,198	30.1	12,094	1,490	5.7%

Notes:

Orange County unemployment rate is used.

Population for 2011- 2013 is based on last actual value calculated in 2010 from the US Census Bureau.

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

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

Public school enrollment is based on information received from Chapel Hill-Carrboro Schools for FY2003 through FY2013.

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

**TOWN OF CARRBORO
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Table 16

2013				2004			
Employer	Average # Employees	Rank	Percentage of Total Town Employment	Employer	Employees	Rank	Percentage of Total City Employment
Town of Carrboro	229	1	1.96%	Information	Information		Information
Chapel Hill-Carrboro City Schools	216	2	1.85%	Not	Not		Not
Kaplan College	160	3	1.37%	Available	Available		Available
Orange Water & Sewer Authority	119	4	1.02%				
Food Lion	112	5	0.96%				
Harris Teeter	94	6	0.80%				
Weaver Street Market	75	7	0.64%				
Piedmont Health Services	69	8	0.60%				
Tyler's Restaurant & Tap Room	50	9	0.43%				
Acme Food	46	10	0.39%				
Total	<u>1,170</u>		<u>10.02%</u>		-		-

Source:

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

Note:

Orange County was unable to determine the number of employees in Carrboro only for the Chapel-Hill City Schools for 2003.

TOWN OF CARRBORO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYERS
BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 17

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Mayor and Board of Aldermen	-	-	-	-	-	-	-	-	1	1
Town Manager	2	2	2	2	2	2	2	4	5	5
Economic Development	1	1	1	1	1	1	1	1	2	2
Town Clerk	1	1	1	1	1	1	1	1	1	1
Management Services	8	8	8	8	8	8	8	6	7	7
Human Resources	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police	40	40	42	41	42	42	44	44	42	41
Fire	28	28	28	33	36	36	36	36	37	37
Planning	14	14	14	14	14	14	14	14	14	14
Public Works	35	35	35	36	36	36	36	36	34	35
Parks and Recreation	10	10	10	10	11	11	11	11	13	13
Total	141	141	143	148	153	153	155	155	158	158

Source: Annual operating budget.

Operating Information:

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

Table 18

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Revolving loan inquiries	26	25	31	39	42	40	50	50	5	6
Small business counseling referrals	33	38	37	32	45	40	29	40	10	12
Privilege licenses issued	788	763	944	925	917	1,115	1,253	1,158	948	1,203
Public Safety										
Police										
Major crimes	1,409	1,259	1,174	1,275	972	814	750	716	746	599
Criminal arrests	656	833	762	713	881	881	830	767	830	1,082
Motor vehicle accidents	541	546	524	540	466	573	494	479	476	476
Narcotics arrests	70	70	55	56	107	132	204	157	150	105
Fire										
Fire and EMS responses	874	872	920	1,397	1,480	1,576	1,530	1,392	1,406	1,517
Inspections	420	363	400	633	486	955	998	1,006	1,045	1,070
Planning										
Annexations	2	2	2	2	1	-	-	-	1	-
Zoning permits	121	246	110	129	119	66	89	88	86	89
Building permits for new residential	72	57	41	71	55	54	77	50	92	92
Building permits for new commercial	38	7	22	1	7	3	78	4	6	11
Value of building permits issued	\$ 23,102,327	\$ 18,598,016	\$ 41,510,253	\$ 34,883,581	\$ 15,634,025	\$ 15,313,066	\$ 29,410,835	\$ 18,883,628	\$ 30,184,969	\$ 18,978,343
Public Works										
Paved streets maintained (miles)	35	35	37	37	39	39	39	42	42	44
Unpaved streets maintained (miles)	2	2	2	2	2	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1	1	1	1	1	1
Litter collection (hours annually)	400	400	400	400	400	400	425	425	405	390
Residential refuse collection (tons annually)	2,480	2,500	2,635	2,611	3,250	3,483	3,765	3,645	3,971	4,277
Multi-family & commercial refuse collection	4,470	4,710	4,600	3,521	4,379	4,146	2,865	3,098	3,595	2,534
Bus shelters maintained	18	18	18	20	20	20	22	23	23	23
Parks and Recreation										
Athletic activities offered	37	43	46	54	46	61	48	50	48	48
Athletic activity participants	2,507	2,694	2,470	2,442	2,904	3,229	2,760	2,909	2,763	2,872
Athletic activity hours	882	868	864	1,000	1,003	1,111	952	934	882	878
Other activities offered	187	198	213	255	276	333	284	263	364	393
Other activity participants	17,708	21,482	20,255	25,015	25,111	27,517	26,122	17,476	30,056	31,667
Century Center rentals (a)	1,269	1,052	1,351	1,957	2,211	418	139	127	105	116
Park rentals (b)	284	519	560	856	1,008	234	203	181	201	199

Sources: Town departments

Notes:

N/A - Information was not collected/available.

(a) One rental contract can be for more than one event. The 105 Century Center rentals covered 375 events.

(b) One rental contract can be for more than one event. The 201 Park rentals covered 462 events.

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

Table 19

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	42	42	42	41	43	42	42	43	43	43
Fire stations	1	1	1	1	1	1	1	2	2	2
Fire trucks	5	5	5	5	5	6	6	6	6	6
Public Works										
Refuse collection trucks	8	8	8	8	7	7	7	7	7	7
Replacement refuse collection trucks	3	3	3	1	1	1	1	1	1	1
Streets (miles)	37	39	38	38.70	38.79	39.35	39.35	43.27	43.27	43.27
Bike paths (miles)	3	3	3	3.32	3.32	3.32	3.32	3.32	3.32	3.32
Streetlights	742	781	803	869	962	968	968	986	986	986
Parks and recreation										
Parkland (acres)	95.7	95.7	95.7	112	112	112	112	112	112	112
Parks (quantity)	8	9	9	10	10	10	10	10	10	10
Hiking trails	2	5	5	5	5	6	6	6	6	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	5	5	5	6	6	6	6	6	6	6
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	6	6	6	6	6	6	6
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Multi-purpose fields	3	3	3	3	3	3	3	3	3	3
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	5	5	5	7	7	8	8	8	8	8
Picnic shelters	5	5	5	5	4	4	4	5	5	5

Sources:
Town Departments

SUPPLEMENTARY INFORMATION:
COMPLIANCE SECTION

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, 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, 2013, 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 14, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

January 14, 2014



**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for The Major Federal Program

We have audited the Town of Carrboro, North Carolina's (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. The Town's major federal program is identified in the summary of auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 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 of the Town's compliance.

Opinion on the Major Federal 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 federal program for the year ended June 30, 2013.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 a 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

January 14, 2014



**REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for the Major State Program

We have audited Town of Carrboro, North Carolina's (the 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 its major state program for the year ended June 30, 2013. 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 of 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; applicable sections of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133 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 of Carrboro's compliance.

Opinion on the Major State 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 state program for the year ended June 30, 2013.

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, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

January 14, 2014

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? 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 deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to federal awards? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction (Federal-Aid Highway Program)

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013

Schedule 13
Page 2 of 3

I. Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major state programs:

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

Noncompliance material to State awards? _____ 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 Section 510(a) of Circular A-133 and the State Single Audit Implementation Act? _____ Yes X No

Identification of major state program(s):

State Number	Name of Program
DOT 4	Powell Bill

II. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2013.

III. Federal Awards Findings and Questioned Costs

There were no findings related to federal awards for the fiscal year ended June 30, 2013.

IV. State Awards Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2013.

TOWN OF CARRBORO, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2013

Schedule 14

There were no prior year audit findings.

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2013

Schedule 15

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID/ Project Award Number</u>	<u>Federal and Pass-Through Expenditures</u>	<u>State Expenditures</u>
FEDERAL AWARDS				
<i>U.S. Department of Homeland Security</i>				
Fire Fighters Program Grant	97.044	EMW-2011-FO-02907	\$ 59,117	\$ -
Total U.S. Department of Homeland Security			<u>59,117</u>	<u>-</u>
<i>U.S. Department of Energy</i>				
Passed through N.C. State Energy Office:				
Southeast Energy Efficiency Alliance- AARA funding	81.128	DE-EE0003575	110,612	-
Total U.S. Department of Energy			<u>110,612</u>	<u>-</u>
<i>U.S. Environmental Protection Agency</i>				
Passed through N.C. Department of Environment and Natural Resources Division of Water Quality:				
Grant 319 - watershed restoration	66.460	2870	38,882	-
Total U.S. Environmental Protection Agency			<u>38,882</u>	<u>-</u>
<i>U.S. Department of Commerce</i>				
Passed through N.C. Department of Commerce				
Robeson Street Sewer Grant	14.228	11-C-2342	18,353	-
Total U.S. Department of Commerce			<u>18,353</u>	<u>-</u>
<i>U.S. Department of Transportation</i>				
Passed through N.C. Department of Transportation				
Safe route to school	20.205-7	40924.3.30	224,481	-
STP-DA funding				
Passed through N.C. Department of Transportation				
Morgan Creek Greenway	20.205-2	402451.1	14,364	-
Wilson Park Multi-Use Path	20.205	U-4726DC	280	-
Rogers Road	20.205-1	36268	13,581	-
Bolin Creek Greenway	20.205-1	36268.1.26	25,015	-
Total U.S. Department of Transportation			<u>277,721</u>	<u>-</u>
Total federal awards			<u>504,685</u>	<u>-</u>
STATE AWARDS				
<i>N.C. Department of Environmental and Natural Resources</i>				
NC Recreational Trails Program		3383	-	75,000
<i>N.C. Department of Transportation</i>				
Powell Bill		32570	-	477,977
Total N.C. Department of Transportation			<u>-</u>	<u>477,977</u>
Total state awards			<u>-</u>	<u>552,977</u>
TOTAL ASSISTANCE			<u>\$ 504,685</u>	<u>\$ 552,977</u>

Note to the Schedule of Expenditures of Federal and State Awards

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Carrboro, North Carolina, and is presented on the modified accrual basis of accounting. The information in this schedule is in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act.