

**Town of Carrboro, North Carolina**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

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# Town of Carrboro, North Carolina

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# Town of Carrboro, North Carolina

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## LIST OF PRINCIPAL OFFICIALS

### BOARD OF ALDERMEN

Mark Chilton, Mayor

Dan Coleman  
Joal Hall Broun  
Ranee Haven-O'Donnell

Lydia Lavelle  
John Herrera  
Jacquelyn Gist

### TOWN MANAGER

Steven E. Stewart

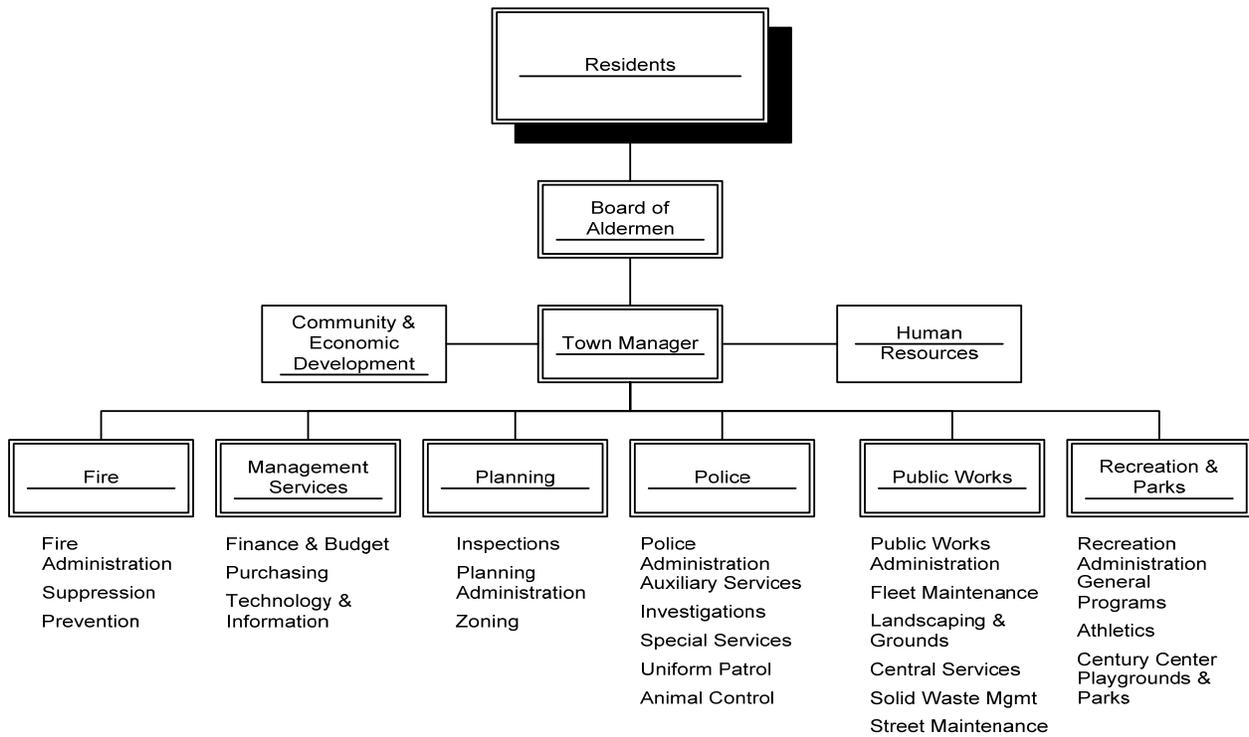
### MANAGEMENT SERVICES DEPARTMENT

L. Bingham Roenigk, Finance Director  
Nancy Emslie, Accounting Officer  
Tonya Counts, Staff Accountant  
Jane Bowden, Accounting Technician I  
Lynda Frei, Accounting Technician II  
Carrie Farrington, Program Support Assistant II  
Sandy Svoboda, Purchasing Officer  
Andy Vogel, IT Manager  
Greg Brusseau, IT Support Engineer

# Town of Carrboro, North Carolina

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## Organizational Chart



October 26, 2009

The Honorable Mayor Mark Chilton, Board of Aldermen,  
and Residents of the Town of Carrboro  
Town of Carrboro  
301 West Main Street  
Carrboro, North Carolina 27510

Dear Mayor Chilton and Members of the Board of Aldermen:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Carrboro for its comprehensive annual financial report for the fiscal year ended June 30, 2008. For five consecutive years, the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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's requirements and will be submitting our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 to the Government Finance Officers Association (GFOA). The Certificate Program managed by the GFOA was established in 1945, and is designed to recognize and encourage excellence in financial reporting by state and local governments. Further information about the Certificate Program can be obtained by visiting GFOA's website at: [www.gfoa.org](http://www.gfoa.org).

This report is the official comprehensive publication of the Town's financial position at June 30, 2009, and the results of operations for the fiscal year then ended for all funds of the Town. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the data, as presented, are accurate in all material respects; that they are presented in a manner designed to fairly set forth the financial activity of the Town's various funds; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Town's financial activity have been included.

The Town of Carrboro's financial statements have been audited by Dixon Hughes PLLC. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an **unqualified** opinion that the Town of Carrboro's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' opinion is considered to be **unqualified** unless the auditors (1) offer an adverse opinion, (2) offer a qualified opinion (i.e., fairly presented except for...), or (3) disclaim an opinion on all or a portion of the basic financial statements. The independent auditors' report is presented as the first component of the financial section of this report.

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.

### ***Town of Carrboro - Community and Organizational Profile***

The Town is a growing community located within Orange County in the north central portion of North Carolina. The area's topography is characterized by rolling hills. The Town, which was incorporated in 1911, now covers an area of 6.35 square miles and has a population of approximately 19,479. Carrboro is situated next to Chapel Hill and the University of North Carolina, and is near the Research Triangle Park.

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 27,468 in 2009. It is anticipated that the 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 values based on maintaining a sustainable community. The strategic priorities developed by the Town's elected board specifically define the vision of a sustainable Carrboro:

- ✓ *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*
- ✓ *Enhance and sustain quality of life/place issues for everyone*

The support for these strategic priorities is also notable in the amounts allocated within the annual operating and capital budgets and in various awards the Town receives. The Town is distinctive in having the highest population density, or stated in another way, the highest number of persons per square mile, of any municipality in North Carolina in the 2000 Census.

The Town is also strongly committed to environmental sustainability, adequate public facilities, and a variety of local recreational opportunities. Over the past year, the Town installed low flow valves in urinals at the Century Center; implemented a cardboard recycling program; and worked with the various schools and nonprofits in the community on green jobs initiatives. A solar demonstration project was implemented at the Town Commons using solar light to illuminate a sign.

In terms of budgetary allocations, the Town commits over one million dollars to provide fare-free transit for Town residents in an effort to reduce the reliance on automobiles and to create a system of public transit, walking, and biking. Carrboro is one of 38 communities in the nation that has been granted the Bicycle-Friendly Community designation in recognition of the Town's commitment to providing safe accommodation and facilities for bicyclists, and for the Town's efforts to encourage bicycling for fun, fitness, and transportation. The award, valid through 2012, also recognized town efforts to include bike lanes in all state road improvement projects and has amended street standards to include bike lanes as a requirement on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. The community, via a bond referendum in November 2003, endorsed construction of \$4.6 million in sidewalks and greenways to increase the safety and convenience of walking throughout the Town's neighborhoods, and to major facilities such as schools, bus stops, shopping areas, and recreational facilities.

The Town of Carrboro 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 also appoints a manager who carries out the laws and policies enacted by the Board. The Town Manager is responsible for managing the Town's employees, finances, and resources. The Board of Aldermen also appoints a Town Clerk to maintain important Town records, and an attorney, who represents 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 reflect key services that are contracted with other governmental jurisdictions such as transit services, recycling, and landfill fees. The Town also has administrative support units (personnel, technology, finance, budget, purchasing, Town Clerk, etc.) that provide both direct services as well as indirect support services. This report includes all of the Town's activities in delivering and administering these services.

### ***Economic Condition and Outlook***

The forces that affect information presented in the Town's financial statements can be better understood in the context of external economic conditions, community needs and resources, management practices, and financial factors.

The Town relies on a largely residential tax base to provide services. The major employers within Orange County (those with 450 or more employees) reflect the dominance of the professional services and retail sectors. Of the total property tax assessed, it is estimated that approximately 10.5% is commercial, similar to the prior year. The commercial base is largely retail with some service-oriented businesses. The Town continues to experience modest growth and is considered to be a desirable place to live and work.

With the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park businesses providing jobs to residents of Carrboro, the local unemployment rate has been relatively low. Orange County has been ranked as having the lowest unemployment rate in the state for 2009 for most, if not all of the year. Orange County, as a whole, shows a slightly lower unemployment rate trend (from 4.5% in June 2004 to 7.0% in 2009), reflecting an economy that has held up better than most relative to the economic battering experienced by other municipalities in North Carolina and other economic regions in the United States. Over the past five years, the unemployment rate in North Carolina has gone from 5.9% in June 2004 to 11.2% in 2009. The recent recession, which has been described as one of the longest since the Great Depression, deeply affected the state unemployment rate. The relatively stable employment base contributes to the Town's positive economic state.

From a budgetary and financial perspective, the Town experienced slight fiscal growth in the year ended June 2009, with overall general fund revenue increasing approximately 3.1% over prior year actual revenues. The revenue stream was bolstered by property taxes revenue due to growth in the Winmore development in the northern area of town and the receipt of grant funds as reimbursement for projects completed in the prior fiscal year.

The fund balance trend in the past five years shows that undesignated fund reserves as a percentage of total audited expenditures have increased from 45.3% for the year ended June 30, 2005 to 47.3% for year ended June 30, 2009. This is a reflection of extraordinary steps taken by the Town to protect its fiscal health in light of the difficult economy. Town staff used numerous fiscal tools to adapt the budget and capital plans and financing to the current financial challenges by delaying capital projects, freezing vacant positions, and cutting expenses for less vital operating expenses.

Over the next five years, the Town anticipates several new capital projects that could affect Town borrowing and future debt payments. In addition, the Town is set to continue its path of issuing bond anticipation notes as the first phase of sidewalks and greenways is underway. Financing for the fire substation in the northern area of town occurred in the current fiscal year and construction is underway. The Town budget in FY09-10 allocated debt service payments for the substation.

Projects anticipated in the near future that may require debt financing include development of the Martin Luther King, Jr. neighborhood park, and the purchase of parking lots for the downtown area. A more comprehensive analysis of the Town's capital needs and financing mechanisms can be reviewed in the Town's capital improvements program (listed on the Town's website at <http://www.townofcarrboro.org/docs.htm>). The potential impact on property tax rates of these projects will be affected by the timing of the implementation of the proposed projects and the availability of other sources 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 the noteworthy accomplishments in fiscal year 2008-2009 are a reflection of the Board's priorities.

- ☆ The Town applied for two "Safe Routes to Schools" grants to help our local elementary schools plan for kids to walk, bike, and avoid vehicle trips as much as possible. One grant has been awarded a sidewalk on Elm Street, which is located near Carrboro Elementary School. The sidewalk is slated for construction in FY09-10.
- ☆ The Town has been engaged with schools and nonprofits about the best way to introduce the green jobs concept to the youth our community. One such project that was approved is a solar demonstration project at the Carrboro Town Commons where a solar light was installed to illuminate a sign on the site. The project was completed in the summer.
- ☆ 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 and recreation, and as a viable alternative to the automobile. The plan was reviewed and approved by the Board March 24, 2009.
- ☆ The Town is designated 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 2012.
- ☆ The Town applied for a grant from the NC Division of Water Quality and the EPA to continue with watershed restoration efforts. The grant, approved in FY09-10, 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.

- ☆ The Town, in FY07-08, 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 federal Environmental Protection Agency’s “Energy Star Challenge” that involves reviewing and reducing the utility consumption in town facilities, streetlights, and fuel usage. The Town continues to improve in this area and submitted for a higher level designation known as a “Green Challenge Advanced” municipality. The Town achieved this award in the following year.
  
- ☆ The GFOA (Government Finance Officers Association) Distinguished Budget Presentation Award has been given to the Town for its FY08-09 budget document. It is the highest form of recognition in governmental budgeting. The Town submitted the FY09-10 budget document for recognition, accomplishing its sixth year of this award.
  
- ☆ The Town’s continued commitment to the environment is rewarded with its national designation as a Tree City USA town and an Erosion and Sedimentation Control Award from the North Carolina Sedimentation Control Commission.
  
- ☆ Town residents approved a \$4.6 million bond referendum in November 2003 to construct sidewalks and greenways throughout town to increase the safety and convenience of walking throughout the Town’s neighborhoods. The sidewalks are under construction and greenway design and planning is underway. The Town has chosen a strategy of issuing bond anticipation notes until the entire bond issue is spent, provided the Town’s fiscal position and the economy remain healthy.

***Budget Control***

The primary mission of the budget and related processes is the development of an annual financial plan for the Town. However, just as important, the budget is a strategic plan whereby departmental missions and objectives are aligned with the Board’s goals and commitments made today, and the impact of those decisions are projected and planned for into the future.

Public input and review of the budget prior to adoption by the elected 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 and must be adopted by the Board of Aldermen prior to the beginning of each fiscal year. The Town holds two public hearings, one to receive community input prior to presentation of the Manager’s recommended budget and then a legally mandated hearing following the recommendations presented to the Board. The entire budget document is available at the Town Clerk’s office and the Town’s website for review. The Board of Aldermen holds at least two budget review sessions following the Manager’s recommended budget prior to the adoption of an annual budget.

Formal budgetary accounting is used for all funds, as a management control required by the North Carolina General Statutes. All governmental units are required to adopt a balanced budget by July 1 of each year. The budget ordinance, passed by the Board of Aldermen, creates a legal limit on spending authorizations at the departmental level. Budgetary control is facilitated by the use of an automated requisition encumbrance and purchase order system that ensures the adequacy of funds prior to the placement of orders or the award of contracts.

### ***Internal Controls***

This report consists of management's representations concerning the finances of the Town of Carrboro. To prove a reasonable basis for making these representations, a comprehensive internal control framework has been designed in developing and maintaining the Town's accounting system. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the 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) the 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 adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### ***Cash Management***

North Carolina General Statutes authorize the Town to deposit at interest or invest all or part of the cash balance of any fund. State law 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

To further enhance the cash management program, the Town maintains a comprehensive banking services agreement with Bank of America. Services provided include a concentration account for automatic investment of idle funds, zero balance payroll account, wire transfer and automated clearing house services and electronic banking services. The concentration account fulfills the Town's investment policy which emphasizes safety and liquidity while maintaining a competitive yield on its portfolio and it enables the Town objective in insuring that all deposits are collateralized or insured.

### ***Risk Management***

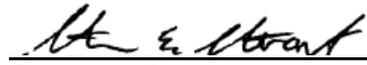
The Town protects itself from potential loss through participation in the Interlocal Risk Financing Fund of North Carolina for general liability, automobile liability, public officials' liability, employment practices, police professional liability, flood insurance coverage and property losses. The Town's potential loss for liability coverage is limited to the deductible amount of \$1,000 per claim for all coverage, except public officials' liability, employment practices and police professional liability, which are limited to the deductible amount of \$5,000 per claim. Also, the Town participates in the North Carolina Interlocal Risk Management Agency for workers' compensation.

### ***Other Information***

*Use of the Report:* The Government Finance Officers' Association 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, the various Town departments, bond rating agencies, the Local Government Commission and other financial institutions which have expressed an interest in the Town's financial affairs.

Other companion documents that are helpful in explaining 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>.

*Acknowledgements:* The presentation of this report could not have been accomplished without the entire Management Services Department and other departmental staff that assisted in producing this report. We would also like to thank the Mayor and Board of Aldermen and Town employees for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner that reflects positively on the Town.



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Steven E. Stewart  
Town Manager



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L. Bingham Roenigk  
Finance Officer

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# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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**DIXON HUGHES** PLLC  
Certified Public Accountants and Advisors

## ***INDEPENDENT AUDITORS' REPORT***

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the budget to actual comparison for the General Fund and the Capital Reserve Fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Carrboro's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the Capital Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2009 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 13 and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions on pages 53 and 54 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Carrboro's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements and schedules, the statistical tables, 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 nonmajor fund financial statements and the accompanying schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Dixon Hughes PLLC*

October 26, 2009

## Management's Discussion and Analysis

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Management of the Town of Carrboro, North Carolina offers readers of the Town's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. Readers are encouraged to examine the information presented here in conjunction with additional information that is provided in the Town's financial statements following this narrative.

### Financial Highlights

- The assets of the Town of Carrboro exceeded its liabilities at the close of the fiscal year by \$35,377,164 (net assets).
- The government's total net assets increased by \$2,847,784 due to increases in the net assets of the governmental-type activities.
- At the close of the current fiscal year, the Town of Carrboro's governmental funds reported combined ending fund balances of \$11,819,860 a decrease of \$1,107,432 in comparison with the prior year. Approximately 86.7% of this total amount, or \$10,243,041, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9,644,842 or 53.23% of total General Fund expenditures for the fiscal year.
- The Town of Carrboro's total debt decreased by \$1,040,481, (11.6%) during the current fiscal year. The key factor in this decrease was there was no installment purchase financing and no new proceeds from renewing bond anticipation notes.
- The Town has maintained and currently holds credit ratings of A+ with Standard and Poors, a rating of A1 with Moody's; and a rating of 83 with the NC Municipal Council.

### Overview of the Financial Statements

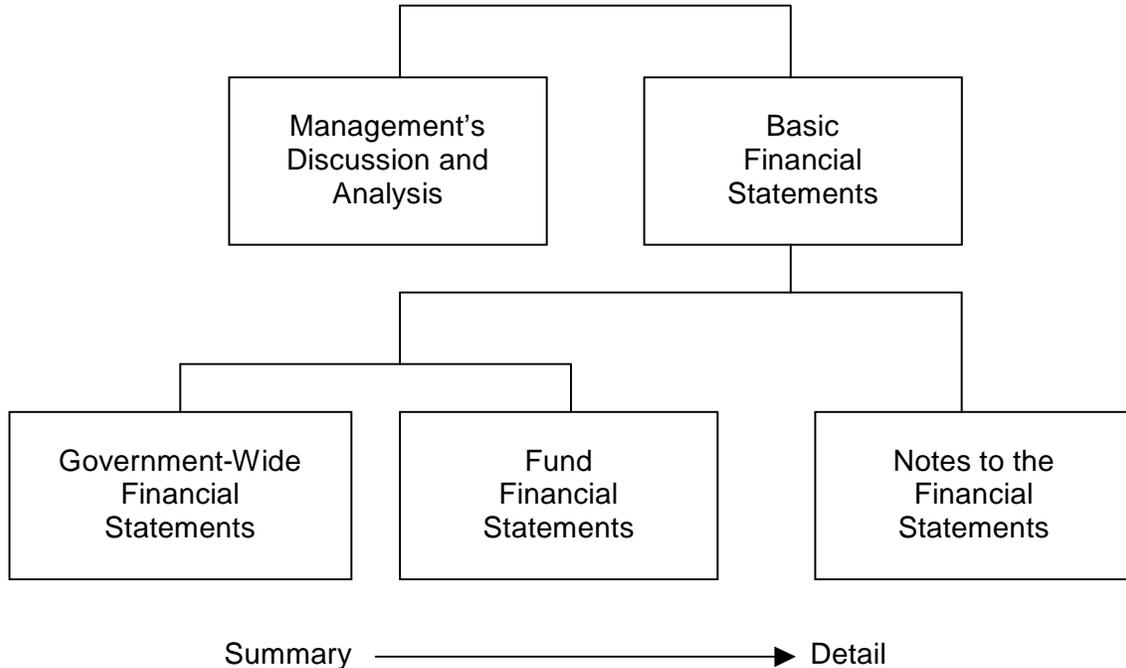
This discussion and analysis are intended to serve as an introduction to the Town of Carrboro's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). 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 of Carrboro, including a statistical section.

## Management's Discussion and Analysis (Continued)

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### 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**. They provide both short- and long-term information about the Town's financial status.

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

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

## Management's Discussion and Analysis (Continued)

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### 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 government-wide statements provide short- and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets reported on the *statement of net assets* are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition. The *statement of activities* presents information showing how the Town's net assets have 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 more detailed look at the Town's most significant activities. A fund is 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 (or noncompliance) 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

## Management's Discussion and Analysis (Continued)

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The Town adopts an annual budget for its General Fund, as required by the 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. The statement shows four columns: (1) the original budget as adopted by the Board; (2) the final budget as amended by the Board; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25 through 50 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 51 of this report.

**Management's Discussion and Analysis (Continued)**

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**Government-Wide Financial Analysis**

**The Town of Carrboro's Net Assets**

**Figure 2**

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 16,469,389	\$ 16,931,545
Capital assets	<u>27,962,502</u>	<u>25,415,385</u>
Total assets	<u>44,431,891</u>	<u>42,346,930</u>
Other liabilities	4,914,296	4,878,282
Long-term liabilities outstanding	<u>4,140,431</u>	<u>4,939,268</u>
Total liabilities	<u>9,054,727</u>	<u>9,817,550</u>
Net assets:		
Invested in capital assets, net of related debt	22,845,981	20,377,789
Unrestricted	<u>12,531,183</u>	<u>12,151,591</u>
Total net assets	<u>\$ 35,377,164</u>	<u>\$ 32,529,380</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Carrboro exceeded liabilities by \$35,377,164 as of June 30, 2009. The Town's net assets increased by \$2,847,784 for the fiscal year ended June 30, 2009. The largest portion of net assets (64.58%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Carrboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Carrboro'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. The remaining balance of \$12,531,183 (35.42%) is unrestricted.

## Management's Discussion and Analysis (Continued)

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.62% a slight decrease from last year's collection rate of 98.9%.
- Decrease in sales tax revenues of approximately \$244,934 due to a slow down in economic growth in the Town in what is a particularly difficult economy.
- Increase in property tax revenues of approximately \$782,578 due to growth in the tax base and tax levies.

### The Town of Carrboro's Changes in Net Assets

Figure 3

	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,303,667	\$ 1,424,989
Operating grants and contributions	1,370,387	847,507
Capital grants and contributions	1,054,333	391,468
General revenues:		
Taxes	14,432,869	13,799,533
Grants and contributions not restricted to specific programs	943,578	874,786
Other	212,091	712,153
Total revenues	19,316,925	18,050,436
Expenses:		
General government	3,099,916	3,027,301
Public safety	5,565,460	5,088,188
Planning	1,124,240	1,195,300
Transportation	1,033,837	970,617
Public works	3,582,740	3,469,934
Parks and recreation	1,383,873	1,248,818
Economic and physical development	413,790	231,808
Interest on long-term debt	265,285	284,025
Total expenses	16,469,141	15,515,991
Increase in net assets	2,847,784	2,534,445
Net assets, July 1	32,529,380	29,994,935
Net assets, June 30	\$ 35,377,164	\$ 32,529,380

## Management's Discussion and Analysis (Continued)

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**Governmental Activities.** Governmental activities increased the Town's net assets by \$2,847,784. Key elements of this change are as follows:

- Ad valorem property tax revenue increased by \$782,578, which represents a 7.8% increase over the prior year. The tax valuation for this same period increased by 2.8%. The remainder of the increase can be attributed to tax rate changes.
- Sales tax revenue decreased by \$244,934, reflecting lackluster sales returns, in what is a particularly difficult economy.
- The Town continued with its operational initiatives financing bond-funded sidewalk 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 \$1,888,639 for roads and sidewalks completed.

### Financial Analysis of the Town's Funds

As noted earlier, the Town of Carrboro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town of Carrboro'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 of Carrboro's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Carrboro. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$9,644,842, while total fund balance reached \$11,127,379. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 53.23% of total General Fund expenditures.

At June 30, 2009, the governmental funds of the Town of Carrboro reported a combined fund balance of \$11,819,860, a 9.37% decrease over last year. Included in this change in fund balance are decreases in fund balance in the General Fund and the Revolving Loan Fund. The General Fund transferred a total of \$1,600,099 to other funds (of note \$1,121,099 to the Capital Reserve Fund, \$430,000 to the Capital Project Fund) and the Revolving Loan Fund disbursed \$405,540 in new loan proceeds.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

## Management's Discussion and Analysis (Continued)

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The Town revised the General Fund original budget several times, increasing the total budget by \$4,015,279. The bulk of adjustments represent operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual June 30, 2009 audit of the previous year that were re-appropriated into the current year budget (\$3,951,802). In addition, the Board appropriated designated fund balance to fund the Affordable Housing Fund (\$48,000). Another \$5,880 in grant funds from the ABC Board supported policing services to fight underage drinking.

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 \$413,197. The bright spots in the revenue stream, property taxes and grant fund reimbursements for projects completed in previous years, account for \$364,793 of the overall growth in revenues. This net increase is in spite of a significant shortfall in sales tax (\$237,751). As with sales taxes, services generated by the Recreation Department were also affected by the recession, falling short of budgeted projection (\$33,031).

The unrestricted intergovernmental revenue shows receipts exceeding budget projections for video sales programming fees and telecommunication tax. The video sales programming fee is relatively new and there is little history upon which to base the fee. The telecommunications tax receipts partially reflect an increase partially due to the higher tax rate approved by the General Assembly on telecommunications that took effect in April 2008. Interest earning revenue is typically higher than budgeted because municipalities are discouraged from using interest earnings as a revenue source (\$51,318). Due to variability in cash flow and in interest rates earned on idle cash, interest earnings are not a reliable or level source of revenue. Other revenues includes fixed asset sales from which the Town earned \$32,764 that was not anticipated, and a one-time letter of credit that was cashed (\$52,120) from a developer to assume responsibility for incomplete work on the Tramore subdivision. Staff is reviewing options for the best use of the available funds. Other smaller revenue increases are attributable to permits and fees (\$56,665).

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Overall expenditures were \$3,057,040 less than budgeted figures and all departmental spending was in compliance with budgetary requirements. The largest savings in expenditures are reflected in the Public Safety, Public Works, Debt Service, and Parks and Recreation functions (combined total of \$2,467,950). The majority of savings in these departments is due to freezes on filling vacant positions and the delay of capital purchases that was implemented to protect the Town's fiscal health.

**Management's Discussion and Analysis (Continued)**

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**Capital Asset and Debt Administration**

**Capital Assets.** The Town of Carrboro's investment in capital assets for its governmental-type activities as of June 30, 2009, totals \$27,962,502 (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 and disposals:

- \$1,888,639 for roads and sidewalks completed.
- \$314,828 for disposal of vehicles and equipment.

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

**Figure 4**

	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
Land	\$ 14,199,018	\$ 14,199,018
Construction-in-progress	383,603	531,879
Buildings and systems	2,796,709	2,873,013
Improvements other than buildings	488,987	139,312
Machinery and equipment	874,527	1,106,552
Infrastructure	6,806,131	5,142,657
Vehicles and motorized equipment	2,413,527	1,422,954
	<b>\$ 27,962,502</b>	<b>\$ 25,415,385</b>
Total	<b>\$ 27,962,502</b>	<b>\$ 25,415,385</b>

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

## Management's Discussion and Analysis (Continued)

**Long-Term Debt.** As of June 30, 2009, the Town of Carrboro had total outstanding bonded debt, backed by the full faith and credit of the Town of \$26,107.

### The Town of Carrboro's Outstanding Debt

Figure 5

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 26,107	\$ 127,964
Bond anticipation note	2,590,000	2,590,000
Installment purchases	4,380,835	5,380,571
Compensated absences	575,056	532,229
Net pension obligation	293,117	274,832
Total	<u>\$ 7,865,115</u>	<u>\$ 8,905,596</u>

The Town of Carrboro's total debt decreased by \$1,040,481 (11.6%) during the past fiscal year, primarily due to the installment purchase and normal debt retirement, plus the Town did not have any new installment purchase financing this fiscal year.

As mentioned in the financial highlights section of this document, the Town of Carrboro currently holds and has maintained its A1 bond rating from Moody's Investor Service and A+ rating from Standard and Poors Corporation. This bond rating is 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 of Carrboro is \$122,150,392. The Town has \$4,600,000 in bonds authorized, but unissued at June 30, 2009.

Additional information regarding the Town of Carrboro's long-term debt can be found beginning on page 44 of this report.

### Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town of Carrboro.

- Low unemployment. The Town's unemployment rate (as reflected in the county-wide Orange County rate) of 7.0% is well below the state average of 11.2% for the year ended June 30, 2009.
- Stable property tax base. The Town of Carrboro continues to collect property taxes at rate in excess of 98%.

## Management's Discussion and Analysis (Continued)

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### Budget Highlights for the Fiscal Year Ending June 30, 2010

**Governmental Activities:** The Town has approved a \$19,075,434 General Fund budget for fiscal year 2010 which represents a \$595,059 increase over the adopted fiscal year 2009 budget. Recognizing that the impact of the economy is also felt by residents, this budget required a disciplined decision to focus on specific service priorities: public safety, transit, increased debt service related to the sidewalk construction program approved by voters in November 2003, and maintaining current service levels throughout the organization.

Key interests in preparing the FY09-10 budget was to avoid a tax rate increase, maintain current service levels where possible, maintain current active employees' jobs and benefits, and continue with planned long-term capital initiatives. The tax rate, adjusted for general reappraisal of real property to a "revenue-neutral rate" equals 58.94 cents, down from the 68.63 cent tax rate approved in FY08-09. Given the severity of the recession, employee salaries remain unchanged in the upcoming year and funded capital needs were limited to recurring vehicle needs and construction of the fire substation in the northern area of town.

### Requests for Information

This report is designed to provide an overview of the Town of Carrboro'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 NC 27510. Other related financial documents may be reviewed online at the Town's website at: <http://www.townofcarrboro.org/departments/ms/budget.htm>.

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***BASIC FINANCIAL STATEMENTS***

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**TOWN OF CARRBORO, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

Exhibit 1

<b>ASSETS</b>	<b>Governmental Activities</b>
Current assets:	
Cash and investments	\$ 12,230,740
Receivables:	
Taxes receivable, net	310,149
Accrued interest receivable, property taxes	36,833
Accounts receivable, net	115,422
Due from other governments	1,136,485
Notes receivable	535,361
Other receivable	7,882
Inventories	57,344
Prepays	158,751
Restricted cash	<u>1,880,422</u>
Total current assets	<u>16,469,389</u>
Noncurrent assets:	
Capital assets:	
Land	14,199,018
Construction-in-progress	383,603
Other capital assets, net of depreciation	<u>13,379,881</u>
Total noncurrent assets	<u>27,962,502</u>
Total assets	<u>44,431,891</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	789,849
Customer deposits and performance bonds	111,734
Unearned revenues	227,847
Accrued interest payable	60,182
Current portion of long-term liabilities	<u>3,724,684</u>
Total current liabilities	4,914,296
Long-term liabilities:	
Due in more than one year	<u>4,140,431</u>
Total liabilities	<u>9,054,727</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	22,845,981
Unrestricted	<u>12,531,183</u>
Total net assets	<u><u>\$ 35,377,164</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009**

**Exhibit 2**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 3,099,916	\$ -	\$ -	\$ -	\$ (3,099,916)
Public safety	5,565,460	570,840	230,063	-	(4,764,557)
Planning	1,124,240	274,697	106,755	-	(742,788)
Transportation	1,033,837	-	-	-	(1,033,837)
Public works	3,582,740	97,516	509,860	1,054,333	(1,921,031)
Parks and recreation	1,383,873	226,141	68,619	-	(1,089,113)
General services	-	134,473	117,196	-	251,669
Economic and Physical Development	413,790	-	337,894	-	(75,896)
Unallocated interest expense	265,285	-	-	-	(265,285)
Total governmental activities	<u>\$ 16,469,141</u>	<u>\$ 1,303,667</u>	<u>\$ 1,370,387</u>	<u>\$ 1,054,333</u>	(12,740,754)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					10,866,379
Local option sales taxes					3,137,836
Other taxes					428,654
Unrestricted intergovernmental revenues					943,578
Investment earnings, unrestricted					201,829
Miscellaneous					10,262
Total general revenues					<u>15,588,538</u>
Change in net assets					2,847,784
Net assets - beginning					<u>32,529,380</u>
Net assets - ending					<u>\$ 35,377,164</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009**

**Exhibit 3**

ASSETS	Major Funds				Non-Major Funds	Total Governmental Funds
	General Fund	Revolving Loan Fund	Capital Reserve Fund	Bond Fund		
Cash and cash equivalents	\$ 9,498,204	\$ 57,344	\$ 1,676,662	\$ -	\$ 998,530	\$ 12,230,740
Taxes receivable, net	310,149	-	-	-	-	310,149
Accounts receivable, net	112,906	-	2,516	-	-	115,422
Due from other governments	1,136,485	-	-	-	-	1,136,485
Notes receivable, net	-	535,361	-	-	-	535,361
Other receivable	-	-	-	-	7,882	7,882
Inventories	57,344	-	-	-	-	57,344
Prepaid Items	158,751	-	-	-	-	158,751
Restricted cash	1,224,399	-	-	656,023	-	1,880,422
<b>Total assets</b>	<b>\$ 12,498,238</b>	<b>\$ 592,705</b>	<b>\$ 1,679,178</b>	<b>\$ 656,023</b>	<b>\$ 1,006,412</b>	<b>\$ 16,432,556</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 683,770	\$ 1,872	\$ -	\$ 51,193	\$ 53,014	\$ 789,849
Customer deposits and performance bonds	111,734	-	-	-	-	111,734
Deferred revenues	575,355	535,360	2,516	-	7,882	1,121,113
Long-term debt	-	-	-	2,590,000	-	2,590,000
<b>Total liabilities</b>	<b>1,370,859</b>	<b>537,232</b>	<b>2,516</b>	<b>2,641,193</b>	<b>60,896</b>	<b>4,612,696</b>
Fund balances (deficit):						
Reserved for encumbrances	129,956	2,000	-	52,906	39,375	224,237
Reserved for prepaid items	158,751	-	-	-	-	158,751
Reserved by state statute	1,193,830	-	-	-	-	1,193,830
Unreserved, General Fund:						
Designated for project expenditures	535,411	-	-	-	-	535,411
Designated for specific purposes	-	-	-	-	-	-
Designated for subsequent year's expenditures	546,306	-	-	-	-	546,306
Undesignated	8,563,125	-	-	-	-	8,563,125
Unreserved, Special Revenue Funds:						
Designated for project expenditures	-	-	-	(2,038,076)	685,072	(1,353,004)
Designated for specific purposes	-	53,473	2,468	-	163,565	219,506
Designated for subsequent year's expenditures	-	-	544,806	-	-	544,806
Undesignated	-	-	1,129,388	-	57,504	1,186,892
<b>Total fund balances (deficit)</b>	<b>11,127,379</b>	<b>55,473</b>	<b>1,676,662</b>	<b>(1,985,170)</b>	<b>945,516</b>	<b>11,819,860</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,498,238</b>	<b>\$ 592,705</b>	<b>\$ 1,679,178</b>	<b>\$ 656,023</b>	<b>\$ 1,006,412</b>	

**Amounts reported for governmental activities in the statement of net assets are different because**

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	27,962,502
Liabilities for earned but deferred revenues in fund statements, including accrued interest receivable on property taxes.	930,099
Some liabilities, including long-term obligations and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,335,297)</u>
Net assets of governmental activities	<u>\$ 35,377,164</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2009**

Exhibit 4  
Page 1 of 2

	Major Funds				Non-Major Funds	Total Governmental Funds
	General Fund	Revolving Loan Fund	Capital Reserve Fund	Bond Fund		
Revenues:						
Ad valorem taxes	\$ 10,824,131	\$ -	\$ -	\$ -	\$ -	\$ 10,824,131
Local option sales taxes	3,137,836	-	-	-	-	3,137,836
Other taxes and licenses	428,654	-	-	-	-	428,654
Unrestricted intergovernmental	947,801	-	-	-	-	947,801
Restricted intergovernmental	810,402	-	-	15,960	76,710	903,072
Permits and fees	1,062,027	-	-	-	-	1,062,027
Sales and services	260,829	-	-	-	-	260,829
Investment earnings	151,318	13,820	14,737	11,157	10,797	201,829
Other	142,015	32,813	1,721	7,862	5,429	189,840
<b>Total revenues</b>	<b>17,765,013</b>	<b>46,633</b>	<b>16,458</b>	<b>34,979</b>	<b>92,936</b>	<b>17,956,019</b>
Expenditures:						
Current:						
General government	3,027,115	2,268	-	-	-	3,029,383
Public safety	5,222,589	-	-	-	56,556	5,279,145
Planning	1,110,797	-	-	-	-	1,110,797
Transportation	1,033,837	-	-	-	-	1,033,837
Public works	3,004,354	-	-	-	-	3,004,354
Economic and physical development	-	405,540	-	-	8,250	413,790
Parks and recreation	1,207,492	-	-	-	-	1,207,492
Capital outlay	1,804,428	-	-	667,858	84,465	2,556,751
Debt service:						
Principal	1,101,592	-	-	-	-	1,101,592
Interest and other charges	326,310	-	-	-	-	326,310
<b>Total expenditures</b>	<b>17,838,514</b>	<b>407,808</b>	<b>-</b>	<b>667,858</b>	<b>149,271</b>	<b>19,063,451</b>
Excess of revenues over (under) expenditures	(73,501)	(361,175)	16,458	(632,879)	(56,335)	(1,107,432)
Other financing sources (uses):						
Transfers from other funds	34,200	-	1,121,099	1,000	478,000	1,634,299
Transfers to other funds	(1,600,099)	-	-	-	(34,200)	(1,634,299)
<b>Total other financing sources (uses)</b>	<b>(1,565,899)</b>	<b>-</b>	<b>1,121,099</b>	<b>1,000</b>	<b>443,800</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,639,400)</b>	<b>(361,175)</b>	<b>1,137,557</b>	<b>(631,879)</b>	<b>387,465</b>	<b>(1,107,432)</b>
Fund balance (deficit), beginning of year	12,766,779	416,648	539,105	(1,353,291)	558,051	12,927,292
<b>Fund balance (deficit), ending</b>	<b>\$ 11,127,379</b>	<b>\$ 55,473</b>	<b>\$ 1,676,662</b>	<b>\$ (1,985,170)</b>	<b>\$ 945,516</b>	<b>\$ 11,819,860</b>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2009**

Exhibit 4  
Page 2 of 2

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

**Total net change in fund balances - governmental funds** \$ (1,107,432)

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

Governmental funds report capital outlays (\$2,556,751) 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 (\$1,063,967) in the current period. 1,492,784

The net effect of transactions involving capital asset donations is to increase net assets. 1,054,333

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	2,601
Change in deferred revenues, property taxes	39,649
Change in deferred revenues	264,324

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$1,101,592) consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. 1,101,592

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.

Accrued interest on general long-term debt	61,024
Compensated absences	(42,806)
Net pension obligation	(18,285)

**Changes in net assets of governmental activities** \$ 2,847,784

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended June 30, 2009**

Exhibit 5

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 10,616,221	\$ 10,616,221	\$ 10,824,131	\$ 207,910
Local option sales taxes	3,375,587	3,375,587	3,137,836	(237,751)
Other taxes and licenses	416,740	416,740	428,654	11,914
Unrestricted intergovernmental	831,762	831,762	947,801	116,039
Restricted intergovernmental	646,639	653,519	810,402	156,883
Permits and fees	1,005,362	1,005,362	1,062,027	56,665
Sales and services	293,860	293,860	260,829	(33,031)
Investment earnings	100,000	100,000	151,318	51,318
Other	50,168	58,765	142,015	83,250
<b>Total revenues</b>	<b>17,336,339</b>	<b>17,351,816</b>	<b>17,765,013</b>	<b>413,197</b>
Expenditures:				
Current:				
General government	3,151,025	3,358,962	3,076,574	282,388
Public safety	5,534,732	6,910,464	6,173,225	737,239
Planning	1,160,251	1,278,464	1,110,797	167,667
Transportation	1,064,150	1,064,150	1,033,837	30,313
Public works	3,482,856	4,653,051	3,781,160	871,891
Parks and recreation	1,373,258	1,594,567	1,235,019	359,548
General services	730,831	108,723	-	108,723
Debt service	1,777,173	1,927,173	1,427,902	499,271
<b>Total expenditures</b>	<b>18,274,276</b>	<b>20,895,554</b>	<b>17,838,514</b>	<b>3,057,040</b>
Excess of revenues over (under) expenditures	(937,937)	(3,543,738)	(73,501)	3,470,237
Other financing sources (uses):				
Transfers from other funds	-	-	34,200	34,200
Transfers to other funds	(206,099)	(1,600,099)	(1,600,099)	-
Installment purchase obligations issued	597,730	597,730	-	(597,730)
<b>Total other financing sources (uses)</b>	<b>391,631</b>	<b>(1,002,369)</b>	<b>(1,565,899)</b>	<b>(563,530)</b>
Excess of revenues and other sources over (under) expenditures and other uses	(546,306)	(4,546,107)	(1,639,400)	2,906,706
Fund balance appropriated	546,306	4,546,107	-	(4,546,107)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,639,400)</b>	<b>\$ (1,639,401)</b>
Fund balance, beginning of year			12,766,779	
Fund balance, ending			<b>\$ 11,127,379</b>	

The accompanying notes are an integral part of this statement.

Capital Reserve Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	14,737	14,737
-	-	1,721	1,721
-	-	16,458	16,458
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	16,458	16,458
-	-	1,121,099	1,121,099
-	-	-	-
-	-	-	-
-	-	1,121,099	1,121,099
-	-	1,137,557	1,137,557
-	-	-	-
\$ -	\$ -	1,137,557	\$ 1,137,557
		539,105	
		\$ 1,676,662	

The accompanying notes are an integral part of this statement.

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**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

B. Basis of Presentation

*Government-Wide Statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*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 nonmajor funds.

The Town reports the following major governmental funds:

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

**Revolving Loan Fund** - The Revolving Loan Fund is used to account for loans made to various local businesses.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

The Town reports the following major governmental funds (Continued):

***Bond Fund*** - The Bond Fund accounts for the financial resources to be used for the acquisition or construction of greenways and sidewalks.

***Capital Reserve Fund*** - The Capital Reserve Fund accounts for resources to be used for future major capital purchases or projects.

The Town reports the following non-major governmental funds:

***Capital Projects Fund*** - The Capital Projects Ordinance Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities.

***Payment in Lieu Reserve Fund*** - 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.

***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.

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

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.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

The Town reports the following non-major governmental fund (Continued):

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

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, state law implemented a staggered expiration system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from seven to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

D. Budgetary Data

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 revenues.

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve Fund, the Payment in Lieu Reserve Fund and the Affordable Housing Fund (Special Revenue Funds). All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the remaining Special Revenue Funds, the Revolving Loan Fund, the Bond Fund, the Capital Projects Fund and the Grants Administration Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the fund 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. During the year, several amendments to the original budget were necessary, the effects of which were not material. The bulk of amendments represent operating funds encumbered or designated within fund balance for project expenditures at June 30, 2008 that were re-appropriated into the current year budget (\$2,157,023).

E. Assets, Liabilities 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 and loan 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).

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities and Fund Equity (Continued)

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.

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 \$1,224,399 are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the installment purchase agreements were issued, including \$1,142,878 which will reimburse the General Fund for approved expenditures. The unexpended bond anticipation note proceeds in the amount of \$656,023 are classified as restricted assets of the Bond Fund because their use is completely restricted to the purpose for which the bond anticipation notes were issued.

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, 2008.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities and Fund Equity (Continued)

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:

	Cost
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:

	Useful Life
Land improvements and infrastructure	20 to 40 years
Furniture, fixtures, equipment, heavy equipment, and vehicles	5 to 10 years
Computer equipment and software	3 years

8. 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 assets.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities and Fund Equity (Continued)

9. 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.

10. Net Assets/Fund Balances

Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G. S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

TOWN OF CARRBORO, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities and Fund Equity (Continued)

10. Net Assets/Fund Balances (Continued)

**RESERVED:**

***Reserved for encumbrances*** - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year end.

***Reserved for prepaid items*** - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of prepaid expenses, which are not expendable, available resources.

***Reserved by state statute*** - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under state law [G. S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which have not been offset by deferred revenues.

**UNRESERVED:**

***Designated for project expenditures*** - portion of fund balance designated to ensure funding for items intended for expenditure in the current fiscal year, but for which the Town has not completed the project to enable spending.

***Designated for specific purposes*** - portion of fund balance designated to ensure funding for items intended for expenditure in the current fiscal year, but for which the Town has not completed the purpose to enable spending.

***Designated for subsequent year's expenditures*** - portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

***Undesignated*** - portion of total fund balance available for appropriation that is uncommitted at year end.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 2. Stewardship, Compliance, and Accountability**

A. Deficit Fund Balance of Individual Funds

At June 30, 2009, the Bond Fund has a deficit fund balance of \$1,985,170. This deficit fund balance is primarily the result of bond anticipation notes that are required to be reported in this fund as a current liability. The Town anticipates that these bond anticipation notes will eventually be refinanced by long-term general obligation bonds approved by a 2003 Bond Referendum (see Note 3.B.7.d.).

**Note 3. 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 non-interest-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.

At June 30, 2009, the Town's deposits had a carrying amount of \$1,951,340 and a bank balance of \$1,984,035. Of the bank balance, \$696,573 was covered by federal depository insurance and \$1,287,462 was covered under the Pooling Method. The Town had \$1,700 of petty cash on hand at June 30, 2009.

**TOWN OF CARRBORO, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**Note 3. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

2. Investments

At June 30, 2009, the Town of Carrboro had \$12,158,122 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.

At June 30, 2009, the Town's investment balances were as follows:

	Reported Value	Fair Value
North Carolina Capital Management Trust - Cash Portfolio	\$12,158,122	\$12,158,122

There were no realized or unrealized gains or losses on the Town's investments during the fiscal year ended June 30, 2009.

3. Receivables

Due from Governmental Agencies

Amounts due from other governments consist of the following:

	Other	County	State	Total
<i>General Fund</i>				
Sales and use tax distribution	\$ -	\$ -	\$ 878,950	\$ 878,950
Utilities franchise and telecommunications tax	-	-	138,200	138,200
Sales and gas tax refunds	-	30,367	61,565	91,932
Other	19,657	2,041	4,655	26,353
Grants	1,050	-	-	1,050
<b>Total</b>	<b>\$ 20,707</b>	<b>\$ 32,408</b>	<b>\$ 1,083,370</b>	<b>\$ 1,136,485</b>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 3. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

3. Receivables (Continued)

Notes Receivable

In 1986, the Town obtained three grants from the North Carolina Department of Natural Resources and Community Development for the purpose of making loans to three local businesses. The principal repayments and related interest income have been used to establish a revolving loan fund from which loans have been made to numerous additional local businesses.

The following is a summary of notes receivable at June 30, 2009:

	Interest Rate	Balance
University Printery	8.00%	\$ 2,758
Blue Icon	8.00	10,625
Alphabet Soup	6.00	30,265
Cycling Specifics	5.00	12,015
Bryan's Guitar	3.00	63,743
Science Technologies	2.00	22,024
Art in a Pickle	2.00	92,475
The Beehive	3.00	49,087
Carrboro Creative Coworking	2.00	90,000
Cycle 9	3.00	68,540
Original Ornament	3.00	70,000
Kind Coffee	3.00	57,000
Carrboro Raw	2.00	40,000
Carrboro Citizen	2.00	30,000
		638,532
Less Allowance		(103,171)
Total		535,361

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, 2009**

**Note 3. 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	<u>\$ 131,464</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,199,018	\$ -	\$ -	\$ 14,199,018
Construction-in-progress	<u>531,879</u>	<u>3,611,084</u>	<u>3,759,359</u>	<u>383,604</u>
Total capital assets not being depreciated	<u>\$ 14,730,897</u>	<u>\$ 3,611,084</u>	<u>\$ 3,759,359</u>	<u>\$ 14,582,622</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,039,109	\$ 76,444	\$ -	\$ 5,115,553
Land improvements	207,115	370,004	-	577,119
Infrastructure	5,467,557	1,888,639	-	7,356,196
Equipment and heavy equipment	2,697,850	170,746	151,617	2,716,979
Vehicles	<u>4,576,036</u>	<u>1,253,527</u>	<u>314,828</u>	<u>5,514,735</u>
Total capital assets being depreciated	<u>\$ 17,987,667</u>	<u>\$ 3,759,360</u>	<u>\$ 466,445</u>	<u>\$ 21,280,582</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,166,096	\$ 152,747	\$ -	\$ 2,318,843
Land improvements	67,803	20,329	-	88,132
Infrastructure	324,900	225,164	-	550,064
Equipment and heavy equipment	1,680,300	280,899	151,616	1,809,583
Vehicles	<u>3,064,080</u>	<u>384,828</u>	<u>314,828</u>	<u>3,134,080</u>
Total accumulated depreciation	<u>\$ 7,303,179</u>	<u>\$ 1,063,967</u>	<u>\$ 466,444</u>	<u>\$ 7,900,702</u>
Total capital assets being depreciated, net	<u>\$ 10,684,488</u>	<u>\$ 2,695,393</u>	<u>\$ -</u>	<u>\$ 13,379,880</u>
Governmental activity capital assets, net	<u>\$ 25,415,385</u>	<u>\$ 6,306,477</u>	<u>\$ 3,759,359</u>	<u>\$ 27,962,502</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. 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	\$ 56,405
Public safety	347,156
Planning	11,210
Public works	475,396
Parks and recreation	<u>173,800</u>
Total depreciation expense	<u>\$ 1,063,967</u>

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2009 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General	\$ 516,522	\$ 166,795	\$ 453	\$ 683,770
Other governmental	<u>75,788</u>	<u>-</u>	<u>30,291</u>	<u>106,079</u>
Total governmental activities	<u>\$ 592,310</u>	<u>\$ 166,795</u>	<u>\$ 30,744</u>	<u>\$ 789,849</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations

***Local Governmental Employees' Retirement System***

*Plan Description.* The Town of Carrboro 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 4.86% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Carrboro are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$350,238, \$337,771 and \$308,487, respectively. The contributions made by the Town equaled the required contributions for each year.

***Law Enforcement Officers' Special Separation Allowance***

*Plan Description.* The Town of Carrboro 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 .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

***Law Enforcement Officers' Special Separation Allowance (Continued)***

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>40</u>
Total	<u><u>42</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.

*Contribution:* 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, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. 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, 2007 was 23 years.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

***Law Enforcement Officers' Special Separation Allowance (Continued)***

*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	\$ 61,335
Interest on net pension obligation	19,925
Adjustment to annual required contribution	<u>(16,802)</u>
Annual pension cost	64,458
Contributions made	<u>46,173</u>
Increase in net pension obligation	18,285
Net pension obligation, beginning of year	<u>274,832</u>
Net pension obligation, end of year	<u>\$ 293,117</u>

*Funded Status and Funding Process:* As of December 31, 2007 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 \$654,656. The covered payroll (annual payroll of active employees covered by the plan was \$1,848,527, and the ratio of the UAAL to the covered payroll was 35.42%.

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

*Three-Year Trend Information:*

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/07	\$ 51,586	44.15%	\$ 249,515
6/30/08	61,562	58.88%	274,832
6/30/09	64,458	71.63%	293,117

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

*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, 2009 were \$444,049, which consisted of \$244,418 from the Town and \$199,631 from the employees.

3. Other Post-Employment Benefits

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 Town pays the full cost of coverage for these benefits. 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, 20 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2009, the Town made payments for post-retirement health premiums of \$94,116.

In fiscal year 2009-2010, the Town will need to implement GASB 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions) which requires public agencies to report their costs and obligations pertaining to health and other benefits of current and future retired employees.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

4. Other Employment Benefits

The Town has elected to provide death benefits to local law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the Town made contributions to the state for death benefits of \$6,598. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07% and .14%, respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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, 2009**

**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

5. Deferred/Unearned Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The balance in deferred revenues in the fund financial statements (includes both, the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year end are comprised of the following elements:

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
Property taxes receivable, net	\$ 310,149	\$ -
Notes receivable, net	535,361	-
Prepaid privilege license	29,238	40,046
Parks and recreation program and facility reservations	-	135,544
Other unearned revenues received	<u>18,518</u>	<u>52,257</u>
Total	<u>\$ 893,266</u>	<u>\$ 227,847</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.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. 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.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). The Town has been designated an area X by the Federal Emergency Management Agency. For all buildings and contents located in the NFIP flood zone X, the flood deductible is \$50,000 per occurrence with a \$5,000,000 aggregate limit.

7. Long-Term Obligations

a. Installment Purchase Agreements - Equipment - General Fund

The Town has entered into agreements to finance certain equipment. The title to the equipment is held in the name of the Town and security interest in the equipment has been granted to the financing institution. The capital assets have been recorded at the present value of the future minimum installment payments as of the date of their inception.

**TOWN OF CARRBORO, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The future minimum payments of the installment purchase and the net present value of these payments as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	General Long-Term Debt
2010	\$ 727,042
2011	531,378
2012	303,014
2013	143,970
2014	143,970
Total minimum payments	1,849,374
Less amount representing interest	(122,452)
Present value of installment purchase payments - equipment	\$ 1,726,922

b. Installment Purchase Agreements - Improvements - General Fund

The Town has an installment purchase agreement for the purchase and renovation of a facility for the Carrboro Century Center and for improvements to the Town Hall Municipal Building. The financing contract requires semi-annual payments of \$114,939 due July 3 and January 3, including interest at 3.75%. The financing institution holds a first priority lien on the property and a first priority security interest in any and all fixtures used in connection with the operation of the property.

The Town has an installment purchase agreement to partially finance the purchase of land for a park. The financing contract requires semi-annual payments of \$12,336 due July 1 and January 1, including interest at 3.99%. The financing institution holds a first lien security interest on the property and to any improvements to the real estate.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The Town has an installment purchase agreement to finance the purchase of land for construction of a new Public Works building in the future. The financing contract requires semi-annual payments of \$37,630 due August 1 and February 1, including interest at 3.96%. The financing institution holds a first lien security interest on the property and to any improvements to the real estate.

The Town has an installment purchase agreement to finance the purchase of land for preservation. The financing contract requires annual principal payments of \$40,000 plus interest accrued at 4.1% due July 1. The financing institution holds a first lien security interest on the property and to any improvements to the real estate.

The future minimum payments of the installment purchase and the net present value of these payments as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	General Long-Term Debt
2010	\$ 380,658
2011	376,965
2012	373,272
2013	369,610
2014	365,686
2015-2019	1,240,030
2020	<u>41,640</u>
Total minimum payments	3,147,861
Less amount representing interest	<u>(493,947)</u>
Present value of installment purchase payments - improvements	<u>\$ 2,653,914</u>

**TOWN OF CARRBORO, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. General Obligation Indebtedness

General obligation bonds payable at June 30, 2009 consist of the following issues:

Tax-Exempt Refunding Bonds, Series 2003B, dated June 26, 2003; principal and interest at 2.99% due in semi-annual installments on December 1 and June 1 through 2008.	<u>\$ 26,107</u>
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Total general obligation bonds	<u>\$ 26,107</u>
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Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2010	<u>\$ 26,107</u>	<u>\$ 1,386</u>	<u>\$ 27,493</u>

d. Bond Anticipation Notes - Bond Fund (Short-Term Debt)

The Town issued bond anticipation notes (BAN) for sidewalk and greenway trail improvements in the amount of \$2,590,000 on August 27, 2008, which matured on May 19, 2009. The BAN was renewed at the same face value and will mature on February 17, 2010. The note bears interest at a stated rate of 1.00 % per annum. The bond anticipation notes do not meet the criteria for classification as general long-term debt as set forth in the Financial Accounting Standards Board's Statement No. 6; thus, the accounting for these bonds is maintained in the Bond Fund. The Town anticipates the issuance of 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."

**TOWN OF CARRBORO, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**Note 3. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Changes in Long-Term and Short-Term Debt Obligations

During the year ended June 30, 2009, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation bonds	\$ 127,964	\$ -	\$ 101,857	\$ 26,107	\$ 26,107
Installment purchases - improvements	2,927,383	-	273,469	2,653,914	280,417
Installment purchases - equipment	2,453,188	-	726,266	1,726,922	497,091
Compensated absences	532,249	373,896	331,089	575,056	331,069
Net pension obligation	<u>274,832</u>	<u>64,458</u>	<u>46,173</u>	<u>293,117</u>	<u>-</u>
Total long-term obligations	<u>6,315,616</u>	<u>438,354</u>	<u>1,478,854</u>	<u>5,275,115</u>	<u>1,134,684</u>
Bond anticipation note	<u>2,590,000</u>	<u>-</u>	<u>-</u>	<u>2,590,000</u>	<u>2,590,000</u>
Total debt	<u>\$ 8,905,616</u>	<u>\$ 438,354</u>	<u>\$ 1,478,854</u>	<u>\$ 7,865,115</u>	<u>\$ 3,724,684</u>

Compensated absences and net pension obligation liabilities have typically been liquidated in the General Fund.

The Town has \$4,600,000 in bonds authorized, but unissued at June 30, 2009. The Town's legal debt margin at June 30, 2009 was \$122,150,392.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 3. Detail Notes on All Funds (Continued)**

C. Interfund Balances and Activity

*Transfers to/from other funds:*

Transfers to/from other funds at June 30, 2009 consist of the following:

From the General Fund to the Capital Reserve Fund for future capital projects expenditures	\$ 1,121,099
From the General Fund to the Capital Projects Fund to offset consulting costs for the new fire sub-station	430,000
From the General Fund to the Bond Fund for future capital projects expenditures	1,000
From the General Fund to the Affordable Housing Fund for project expenditures	48,000
From the Grants Administration Fund to the General Fund for project expenditures	14,200
From the Capital Projects Fund to the General Fund for project expenditures	<u>20,000</u>
Total	<u>\$ 1,634,299</u>

**Note 4. 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 \$9,653 for employment security benefits during the current fiscal year.

**TOWN OF CARRBORO, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 5. Future Expected Annual Cell Tower Revenue**

The Town entered into a five-year contractual arrangement with three 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:

2010	\$ 88,669
2011	89,259
2012	89,867
2013	90,493
2014	<u>96,988</u>
	<u>\$ 455,276</u>

**Note 6. Significant Effects of Subsequent Events**

The Town of Carrboro's Board of Aldermen has previously authorized the construction and development of a fire substation and authorized the Town's use of installment financing to construct the fire substation. The Town of Carrboro closed on the installment financing in July 2009. The amount of \$3,250,000 was financed by BB&T at an interest rate of 4.07% with a 15-year amortization of semi-annual payments due in January and July of each year.

### ***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.

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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)
1999	\$ -	\$ 208,366	\$ 208,366	0.00%	\$ 1,060,714	19.64%
2000	-	312,476	312,476	0.00%	1,189,634	26.27%
2001	-	355,690	355,690	0.00%	1,333,658	26.67%
2002	-	403,085	403,085	0.00%	1,311,158	30.74%
2003	-	423,271	423,271	0.00%	1,375,349	30.78%
2004	-	460,887	460,887	0.00%	1,523,125	30.26%
2005	-	412,323	412,323	0.00%	1,560,379	26.42%
2006	-	534,900	534,900	0.00%	1,752,714	30.52%
2007	-	557,745	557,745	0.00%	1,718,362	32.46%
2008	-	654,656	654,656	0.00%	1,848,527	35.42%

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

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Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
2000	\$ 24,100	29.93%
2001	28,960	49.82%
2002	35,631	34.71%
2003	40,896	50.83%
2004	44,347	48.60%
2005	47,919	44.98%
2006	53,533	40.26%
2007	48,581	44.37%
2008	58,804	61.66%
2009	61,335	75.28%

**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, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5% - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None

**TOWN OF CARRBORO, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2009**

Schedule 1  
Page 1 of 5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes			
Taxes	\$ 10,594,721	\$ 10,802,805	\$ 208,084
Penalties and interest	21,500	21,326	(174)
Total	<u>10,616,221</u>	<u>10,824,131</u>	<u>207,910</u>
Local option sales taxes			
Article 39, 1%	1,072,786	1,093,269	20,483
Article 40, ½%	846,849	760,211	(86,638)
Article 42, ½%	850,784	753,381	(97,403)
Article 44, ½%	605,168	530,975	(74,193)
Total	<u>3,375,587</u>	<u>3,137,836</u>	<u>(237,751)</u>
Other taxes and licenses			
Motor vehicle license fees	323,140	313,812	(9,328)
Privilege licenses	62,000	82,964	20,964
Franchise fees	31,600	31,878	278
Total	<u>416,740</u>	<u>428,654</u>	<u>11,914</u>
Unrestricted intergovernmental			
North Carolina Department of Transportation reimbursement	4,200	4,223	23
Utilities franchise and telecommunications tax	742,562	857,450	114,888
Beer and wine tax	85,000	86,128	1,128
Total	<u>831,762</u>	<u>947,801</u>	<u>116,039</u>
Restricted intergovernmental			
Powell Bill	491,497	493,378	1,881
Solid Waste Disposal Tax Distribution	-	8,925	8,925
Planning Work Grant	25,364	25,406	42
Clean Water Act Grant	-	45,000	45,000
North Carolina Department of Transportation Bicycle and Pedestrian Program	-	34,650	34,650
North Carolina Dept of Justice Fingerprint Grant	-	23,780	23,780
NC Risk Mgmt Agency Grant (bullet proof vests)	750	-	(750)
Justice Department Block Grant	2,800	6,777	3,977
Fire Grant for Car Seats	-	4,259	4,259
Channel 18 Government Access Grant	-	7,136	7,136
SAFER Grant - Fire Department	90,330	110,716	20,386
Orange County Arts Commission Grant	-	3,000	3,000
ABC Board Grant	5,880	-	(5,880)
Orange County Econominc Development Grant	1,000	1,000	-
North Carolina Department of Revenue seizure funds	-	10,442	10,442
Recreation municipal supplement	35,898	35,933	35
Total	<u>653,519</u>	<u>810,402</u>	<u>156,883</u>

**TOWN OF CARRBORO, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Permits and fees			
Fire district fees	\$ 423,966	\$ 429,969	\$ 6,003
Building permits	50,000	50,613	613
Electrical permits	45,000	55,561	10,561
Mechanical permits	40,000	40,739	739
Re-inspection fees	2,000	1,185	(815)
Plumbing permits	40,000	38,976	(1,024)
Refuse collection fees	90,288	85,328	(4,960)
Development review	25,000	36,303	11,303
Engineering fees	40,000	38,084	(1,916)
Technical Review-future equipment	-	7,698	7,698
Tower fees	120,000	120,417	417
Dog fees	5,000	6,495	1,495
Sign permits	350	420	70
Street closing	500	6,315	5,815
Street signs	-	255	255
Street inspection fees	500	-	(500)
Parking violations	3,500	5,850	2,350
Court officer fees	3,000	5,105	2,105
School Resource Officer contract fees	96,208	107,624	11,416
Recycling fees	6,500	4,872	(1,628)
Time Warner Peg Access fee	11,000	11,609	609
Car Seat Sales	-	630	630
Fire Permitting fees	1,800	4,700	2,900
Miscellaneous fees	750	3,279	2,529
Total	<u>1,005,362</u>	<u>1,062,027</u>	<u>56,665</u>
Sales and services			
Recreation fees	191,100	186,465	(4,635)
Town Center fees	102,760	74,364	(28,396)
Total	<u>293,860</u>	<u>260,829</u>	<u>(33,031)</u>
Investment earnings			
Interest on investments	<u>100,000</u>	<u>151,318</u>	<u>51,318</u>
Other			
Sale of lots	12,000	9,060	(2,940)
Sale of fixed assets	-	32,764	32,764
Refuse cart sales	5,000	4,138	(862)
Yard waste container sales	2,660	2,430	(230)
Farmers' Market rent	2,000	2,370	370
Donations	31,097	33,125	2,028
Miscellaneous	6,008	58,128	52,120
Total	<u>58,765</u>	<u>142,015</u>	<u>83,250</u>
Total revenues	<u>17,351,816</u>	<u>17,765,013</u>	<u>413,197</u>

**TOWN OF CARRBORO, NORTH CAROLINA  
GENERAL FUND  
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>			
General government			
Mayor and Board of Aldermen			
Personnel services	\$ 114,313	\$ 110,828	\$ 3,485
Operations	<u>167,473</u>	<u>141,254</u>	<u>26,219</u>
Total	<u>281,786</u>	<u>252,082</u>	<u>29,704</u>
Advisory boards			
Operations	<u>17,619</u>	<u>7,791</u>	<u>9,828</u>
Total	<u>17,619</u>	<u>7,791</u>	<u>9,828</u>
Governmental support			
Operations	<u>261,772</u>	<u>258,632</u>	<u>3,140</u>
Total	<u>261,772</u>	<u>258,632</u>	<u>3,140</u>
Town Manager			
Personnel services	251,408	234,252	17,156
Operations	<u>24,480</u>	<u>14,332</u>	<u>10,148</u>
Total	<u>275,888</u>	<u>248,584</u>	<u>27,304</u>
Town Clerk			
Personnel services	109,403	101,702	7,701
Operations	<u>19,653</u>	<u>9,245</u>	<u>10,408</u>
Total	<u>129,056</u>	<u>110,947</u>	<u>18,109</u>
Management services			
Personnel services	607,879	593,343	14,536
Operations	1,188,812	1,083,011	105,801
Capital outlay	<u>50,339</u>	<u>49,459</u>	<u>880</u>
Total	<u>1,847,030</u>	<u>1,725,813</u>	<u>121,217</u>
Personnel			
Personnel services	301,837	273,821	28,016
Operations	<u>88,370</u>	<u>72,621</u>	<u>15,749</u>
Total	<u>390,207</u>	<u>346,442</u>	<u>43,765</u>
Economic and community development			
Personnel services	122,659	119,286	3,373
Operations	<u>32,945</u>	<u>6,997</u>	<u>25,948</u>
Total	<u>155,604</u>	<u>126,283</u>	<u>29,321</u>
Total general government	<u>3,358,962</u>	<u>3,076,574</u>	<u>282,388</u>

**TOWN OF CARRBORO, NORTH CAROLINA  
GENERAL FUND  
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety			
Police department			
Personnel services	\$ 2,892,621	\$ 2,652,819	\$ 239,802
Operations	376,815	263,530	113,285
Capital outlay	64,524	37,980	26,544
Total	<u>3,333,960</u>	<u>2,954,329</u>	<u>379,631</u>
Fire department			
Personnel services	2,094,496	2,026,912	67,584
Operations	306,284	279,328	26,956
Capital outlay	1,175,724	912,656	263,068
Total	<u>3,576,504</u>	<u>3,218,896</u>	<u>357,608</u>
Total public safety	<u>6,910,464</u>	<u>6,173,225</u>	<u>737,239</u>
Planning			
Personnel services	1,037,995	967,266	70,729
Operations	240,469	143,531	96,938
Total planning	<u>1,278,464</u>	<u>1,110,797</u>	<u>167,667</u>
Transportation			
Operations	1,064,150	1,033,837	30,313
Total transportation	<u>1,064,150</u>	<u>1,033,837</u>	<u>30,313</u>
Public works			
Public works department			
Personnel services	1,914,618	1,774,097	140,521
Operations	1,660,816	1,230,257	430,559
Capital outlay	1,077,617	776,806	300,811
Total public works	<u>4,653,051</u>	<u>3,781,160</u>	<u>871,891</u>
Parks and recreation			
Recreation department			
Personnel services	1,023,975	951,195	72,780
Operations	350,351	256,297	94,054
Capital outlay	220,241	27,527	192,714
Total parks and recreation	<u>1,594,567</u>	<u>1,235,019</u>	<u>359,548</u>
General services			
Operations	108,723	-	108,723
Total general services	<u>108,723</u>	<u>-</u>	<u>108,723</u>

**TOWN OF CARRBORO, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service			
Principal retirement	\$ 1,291,614	\$ 1,101,592	\$ 190,022
Interest and fees	635,559	326,310	309,249
Total debt service	<u>1,927,173</u>	<u>1,427,902</u>	<u>499,271</u>
Total expenditures	<u>20,895,554</u>	<u>17,838,514</u>	<u>3,057,040</u>
Revenues under expenditures	<u>(3,543,738)</u>	<u>(73,501)</u>	<u>3,470,237</u>
Other financing sources (uses)			
Transfers in			
From Capital Project Fund	-	20,000	20,000
From Grant Fund	-	14,200	14,200
Transfers out			
To Capital Reserve Fund	(1,121,099)	(1,121,099)	-
To Capital Projects Fund	(430,000)	(430,000)	-
To Bond Fund	(1,000)	(1,000)	-
To Affordable Housing Fund	(48,000)	(48,000)	-
Installment purchase obligations issued	597,730	-	(597,730)
Total other financing uses	<u>(1,002,369)</u>	<u>(1,565,899)</u>	<u>(563,530)</u>
Revenues and other sources under expenditures and other uses	(4,546,107)	(1,639,400)	2,906,707
Appropriated fund balance	<u>4,546,107</u>	<u>-</u>	<u>(4,546,107)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,639,400)</u>	<u>\$ (1,639,400)</u>
Fund balance, beginning of year		<u>12,766,779</u>	
Fund balance, ending		<u>\$ 11,127,379</u>	

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL -**  
**REVOLVING LOAN FUND**  
**From Grant Inception and for the Year Ended June 30, 2009**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
General revenues					
Investment earnings					
Interest on investments	\$ 231,210	\$ 227,266	\$ 3,890	\$ 231,156	\$ (54)
Interest repayments	331,445	324,158	9,930	334,088	2,643
Total investment earnings	<u>562,655</u>	<u>551,424</u>	<u>13,820</u>	<u>565,244</u>	<u>2,589</u>
Other general revenues					
Revolving loan payments					
University Printery principal repay	27,243	27,241	-	27,241	(2)
Acme Food & Beverage Co. principal repay	50,000	48,260	1,739	49,999	(1)
Alphabet Soup	17,733	15,262	2,472	17,734	1
Science Technologies	12,611	8,335	4,642	12,977	366
Bryan's Guitar	26,189	22,126	4,131	26,257	68
Blue Icon	7,237	4,747	2,757	7,504	267
Cycling Specifics	32,699	29,164	3,634	32,798	99
Art in a Pickle	12,514	-	12,525	12,525	11
The Beehive	-	-	913	913	913
Original loan repayments	<u>273,087</u>	<u>273,087</u>	<u>-</u>	<u>273,087</u>	<u>-</u>
Total revolving loan payments	<u>459,313</u>	<u>428,222</u>	<u>32,813</u>	<u>461,035</u>	<u>1,722</u>
Total revenues	<u>1,021,968</u>	<u>979,646</u>	<u>46,633</u>	<u>1,026,279</u>	<u>4,311</u>
<b>Expenditures</b>					
General government					
Contractual Services	16,679	3,000	2,096	5,096	11,583
Miscellaneous	10,000	(12)	172	160	9,840
Administration	-	9,478	-	9,478	(9,478)
Total current	<u>26,679</u>	<u>12,466</u>	<u>2,268</u>	<u>14,734</u>	<u>11,945</u>
Economic and Physical Development:					
University Printery	30,000	30,000	-	30,000	-
Acme Food & Beverage Co.	50,000	50,000	-	50,000	-
Alphabet Soup	48,000	48,000	-	48,000	-
Science Technologies	35,000	35,000	-	35,000	-
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	-
Orginal Ornament	70,000	-	70,000	70,000	-
Cycle 9	68,540	-	68,540	68,540	-
The Beehive	50,000	-	50,000	50,000	-
The Kind Coffee	57,000	-	56,860	56,860	140
Carrboro Citizen	50,000	-	30,140	30,140	19,860
Carrboro Raw	40,000	-	40,000	40,000	-
Loss on loans	70,533	70,532	-	70,532	1
Unexpended reserves	<u>29,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,216</u>
Total Economic and Physical Development	<u>946,289</u>	<u>491,532</u>	<u>405,540</u>	<u>897,072</u>	<u>49,217</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL -**  
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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Total expenditures	\$ 972,968	\$ 503,998	\$ 407,808	\$ 911,806	\$ 61,162
Revenues over (under) expenditures	49,000	475,648	(361,175)	114,473	65,473
Other financing sources (uses)					
Transfers in (out)					
From General Fund	90,000	80,000	-	80,000	(10,000)
To General Fund	(139,000)	(139,000)	-	(139,000)	-
Total other financing uses	(49,000)	(59,000)	-	(59,000)	(10,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ 416,648</u>	(361,175)	<u>\$ 55,473</u>	<u>\$ 55,473</u>
Fund balance, beginning of year			<u>416,648</u>		
Fund balance, end of year			<u>\$ 55,473</u>		

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**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUNDS**  
**Year Ended June 30, 2009**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Interest earnings	\$ -	\$ 14,737	\$ 14,737
Other revenues	-	1,721	1,721
	<u>-</u>	<u>16,458</u>	<u>16,458</u>
Total revenues	-	16,458	16,458
Other financing sources			
Transfer from the General Fund	-	1,121,099	1,121,099
	<u>-</u>	<u>1,121,099</u>	<u>1,121,099</u>
Total other financing uses	-	1,121,099	1,121,099
	<u>-</u>	<u>1,121,099</u>	<u>1,121,099</u>
Net change in fund balance	<u>\$ -</u>	<u>1,137,557</u>	<u>\$ 1,137,557</u>
Fund balance, beginning of year		<u>539,105</u>	
Fund balance, end of year		<u>\$ 1,676,662</u>	

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - PROJECT AUTHORIZATION**  
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	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Bond projects					
Morgan Creek/Bolin Creek Greenway					
Interest earnings	\$ 22,971	\$ 14,000	\$ 8,971	\$ 22,971	\$ -
Federal STP-DA funds	100,000	-	-	-	(100,000)
Total Morgan Creek/Bolin Creek Greenway	122,971	14,000	8,971	22,971	(100,000)
Bolin Forest Sidewalk					
Federal STP-DA funds	15,960	-	15,960	15,960	-
Donations	2,100	2,100	-	2,100	-
Total Bolin Forest Sidewalk	18,060	2,100	15,960	18,060	-
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	152,786	100,321	2,186	102,507	(50,279)
Miscellaneous	7,863	-	7,862	7,862	(1)
Total Phase IB Bond Sidewalk projects	160,649	100,321	10,048	110,369	(50,280)
Ashe/Bim Sidewalk Project					
AARA Federal Grant	355,300	-	-	-	(355,300)
Interest Earnings	-	-	-	-	-
Total Ashe/Bim Sidewalk	355,300	-	-	-	(355,300)
Total revenues	801,188	260,629	34,979	295,608	(505,580)
<b>Expenditures</b>					
General					
Professional services	53,000	22,189	20,803	42,992	10,008
Miscellaneous	2,000	1,507	-	1,507	493
Design	1,945	1,945	-	1,945	-
Total General	56,945	25,641	20,803	46,444	10,501
Morgan Creek/Bolin Creek Greenway					
Design	125,000	-	67,094	67,094	57,906
Contingency	20,000	-	-	-	20,000
Total Morgan Creek/Bolin Creek Greenway	145,000	-	67,094	67,094	77,906
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	-

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - PROJECT AUTHORIZATION**  
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**From Project Inception and for the Year Ended June 30, 2009**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Bolin Forest Sidewalk</b>					
Miscellaneous	\$ 305	\$ 306	\$ -	\$ 306	\$ (1)
Engineering inspections	490	490	-	490	-
Construction	41,087	41,086	-	41,086	1
Design	13,019	13,019	-	13,019	-
Total Bolin Forest Sidewalk	<u>54,901</u>	<u>54,901</u>	<u>-</u>	<u>54,901</u>	<u>-</u>
<b>Hannah Street Sidewalk</b>					
Engineering inspections	5,097	5,098	-	5,098	(1)
Construction	188,398	188,398	-	188,398	-
Design	17,372	17,371	-	17,371	1
Total Hannah Street Sidewalk	<u>210,867</u>	<u>210,867</u>	<u>-</u>	<u>210,867</u>	<u>-</u>
<b>N. Greensboro Street Sidewalk</b>					
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	<u>348,864</u>	<u>348,864</u>	<u>-</u>	<u>348,864</u>	<u>-</u>
<b>Williams Street Sidewalk</b>					
Engineering inspections	388	388	-	388	-
Construction	26,208	26,208	-	26,208	-
Design	4,959	4,959	-	4,959	-
Total Williams Street Sidewalk	<u>31,555</u>	<u>31,555</u>	<u>-</u>	<u>31,555</u>	<u>-</u>
<b>Lloyd Street Sidewalk</b>					
Engineering inspections	97	97	-	97	-
Construction	8,267	8,266	-	8,266	1
Design	2,491	2,491	-	2,491	-
Total Lloyd Street Sidewalk	<u>10,855</u>	<u>10,854</u>	<u>-</u>	<u>10,854</u>	<u>1</u>
<b>Jones Ferry Sidewalk</b>					
Engineering inspections	146	144	-	144	2
Construction	11,933	11,934	-	11,934	(1)
Design	3,839	3,838	-	3,838	1
Total Jones Ferry Sidewalk	<u>15,918</u>	<u>15,916</u>	<u>-</u>	<u>15,916</u>	<u>2</u>
<b>Fowler Street Sidewalk</b>					
Engineering inspections	146	145	-	145	1
Construction	12,996	12,996	-	12,996	-
Design	3,393	3,393	-	3,393	-
Total Fowler Street Sidewalk	<u>16,535</u>	<u>16,534</u>	<u>-</u>	<u>16,534</u>	<u>1</u>
<b>S. Greensboro Street Sidewalk</b>					
Engineering inspections	486	486	-	486	-
Construction	36,915	36,915	-	36,915	-
Design	5,752	5,752	-	5,752	-
Total S. Greensboro Street Sidewalk	<u>43,153</u>	<u>43,153</u>	<u>-</u>	<u>43,153</u>	<u>-</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - PROJECT AUTHORIZATION**  
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Schedule 4  
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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Phase IB Bond Sidewalk Projects					
Professional services	\$ 4,312	\$ 4,312	\$ -	\$ 4,312	\$ -
Engineering inspections	17,807	12,119	4,273	16,392	1,415
Construction	1,147,470	261,247	488,148	749,395	398,075
Design	287,790	189,009	87,540	276,549	11,241
ROW/Easement	20,000	-	-	-	20,000
Contingency	1,865	-	-	-	1,865
Total Phase IB Bond Sidewalk Projects	<u>1,479,244</u>	<u>466,687</u>	<u>579,961</u>	<u>1,046,648</u>	<u>432,596</u>
NCDOT Enhancement Sidewalk Projects					
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	<u>126,849</u>	<u>126,849</u>	<u>-</u>	<u>126,849</u>	<u>-</u>
Ashe/Bim Sidewalk Project					
Inspections	52,550	-	-	-	(52,550)
Construction	437,914	-	-	-	(437,914)
Design	109,479	-	-	-	(109,479)
Total Ashe/Bim Sidewalk	<u>599,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(599,943)</u>
Total expenditures	<u>3,414,428</u>	<u>1,625,620</u>	<u>667,858</u>	<u>2,293,478</u>	<u>(78,936)</u>
Revenues under expenditures	<u>(2,613,240)</u>	<u>(1,364,991)</u>	<u>(632,879)</u>	<u>(1,997,870)</u>	<u>(584,516)</u>
Other financing sources (uses)					
Transfers in					
From General Fund	12,700	11,700	1,000	12,700	-
From Capital Reserve Fund	239,988	239,988	-	239,988	-
Transfers out					
To Capital Reserve Fund	(239,988)	(239,988)	-	(239,988)	-
Bond proceeds	2,600,540	-	-	-	(2,600,540)
Total other financing sources	<u>2,613,240</u>	<u>11,700</u>	<u>1,000</u>	<u>12,700</u>	<u>(2,600,540)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,353,291)</u>	<u>(631,879)</u>	<u>\$ (1,985,170)</u>	<u>\$ (3,185,056)</u>
Fund deficit, beginning of year			<u>(1,353,291)</u>		
Fund deficit, end of year			<u>\$ (1,985,170)</u>		

**TOWN OF CARRBORO, NORTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2009**

Schedule 5

	<u>Capital Projects Fund</u>	<u>Payment-in-Lieu Reserve Fund</u>	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 757,271	\$ 142,978	\$ 58,235	\$ 40,046	998,530
Other receivable	-	-	-	7,882	7,882
Total assets	<u>757,271</u>	<u>142,978</u>	<u>58,235</u>	<u>47,928</u>	<u>1,006,412</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	833	-	52,181	-	53,014
Deferred revenue	-	-	-	7,882	7,882
Total liabilities	<u>833</u>	<u>-</u>	<u>52,181</u>	<u>7,882</u>	<u>60,896</u>
Fund balances:					
Reserved for encumbrances	39,375	-	-	-	39,375
Unreserved:					
Designated for specific purposes	-	117,465	6,054	40,046	163,565
Designated for project expenditure	685,072	-	-	-	685,072
Undesignated	31,991	25,513	-	-	57,504
Total fund balances	<u>756,438</u>	<u>142,978</u>	<u>6,054</u>	<u>40,046</u>	<u>945,516</u>
Total liabilities and fund balances	<u>\$ 757,271</u>	<u>\$ 142,978</u>	<u>\$ 58,235</u>	<u>\$ 47,928</u>	<u>\$ 1,006,412</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2009**

Schedule 6

	<u>Capital Projects Fund</u>	<u>Payment-in-Lieu Reserve Fund</u>	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ 76,710	\$ -	\$ 76,710
Interest earnings	8,492	1,909	100	296	10,797
Other revenues	-	5,429	-	-	5,429
Total revenues	<u>8,492</u>	<u>7,338</u>	<u>76,810</u>	<u>296</u>	<u>92,936</u>
<b>Expenditures:</b>					
Public safety	-	-	56,556	-	56,556
Economic and physical development	-	-	-	8,250	8,250
Capital outlay	84,465	-	-	-	84,465
Total expenditures	<u>84,465</u>	<u>-</u>	<u>56,556</u>	<u>8,250</u>	<u>149,271</u>
Revenues over (under) expenditures	<u>(75,973)</u>	<u>7,338</u>	<u>20,254</u>	<u>(7,954)</u>	<u>(56,335)</u>
Other financing sources (uses)					
Transfer from General Fund	430,000	-	-	48,000	478,000
Transfer to General Fund	(20,000)	-	(14,200)	-	(34,200)
Total other finances sources (uses)	<u>410,000</u>	<u>-</u>	<u>(14,200)</u>	<u>48,000</u>	<u>443,800</u>
Net change in fund balance	334,027	7,338	6,054	40,046	387,465
Fund balance, beginning of year	<u>422,411</u>	<u>135,640</u>	<u>-</u>	<u>-</u>	<u>558,051</u>
Fund balance, end of year	<u>\$ 756,438</u>	<u>\$ 142,978</u>	<u>\$ 6,054</u>	<u>\$ 40,046</u>	<u>\$ 945,516</u>

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - PROJECT AUTHORIZATION**  
**AND ACTUAL - CAPITAL PROJECTS FUND**  
**From Project Inception and for the Year Ended June 30, 2009**

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Closed Out Projects	Current Year		
<b>Revenues</b>						
General revenues						
Interest on investments	\$ -	\$ 13,738	\$ -	\$ 8,492	\$ 22,230	\$ 22,230
Miscellaneous revenue	-	5,438	-	-	5,438	5,438
Total general revenues	-	19,176	-	8,492	27,668	27,668
Old Fayetteville Road Sidewalk						
Federal pass-through grant	-	80,507	(80,507)	-	-	-
Total Old Fayetteville Road Sidewalk	-	80,507	(80,507)	-	-	-
Jones Ferry Road Sidewalk						
Federal pass-through grant	-	10,568	(10,568)	-	-	-
Total Jones Ferry Road Sidewalk	-	10,568	(10,568)	-	-	-
Brewer Lane Sidewalk						
Federal pass-through grant	-	74,351	(74,351)	-	-	-
Total Brewer Lane Sidewalk	-	74,351	(74,351)	-	-	-
Main Street Sidewalk						
Federal pass-through grant	-	6,042	(6,042)	-	-	-
Total Main Street Sidewalk	-	6,042	(6,042)	-	-	-
Bus Shelter						
Federal pass-through grant	48,296	-	-	-	-	(48,296)
Total Bus shelter	48,296	-	-	-	-	(48,296)
Total revenues	48,296	190,644	(171,468)	8,492	27,668	(20,628)
<b>Expenditures</b>						
Fire Substation						
Architectural services	210,000	157,750	-	32,832	190,582	19,418
Professional services	39,022	-	-	9,795	9,795	29,227
Computer & Peripherals	429,800	72,362	-	25,935	98,297	331,503
Miscellaneous	44,500	605	-	-	605	43,895
Equipment	360,000	-	-	-	-	360,000
Construction	1,972,333	-	-	-	-	1,972,333
Construction services	9,375	8,575	-	800	9,375	-
Contingency	184,970	-	-	-	-	184,970
Total Fire Substation #2 Project	3,250,000	239,292	-	69,362	308,654	2,941,346
Weaver Street Reconstruction						
Construction	1,043,000	-	-	-	-	1,043,000
Design	260,000	5,309	-	15,103	20,412	239,588
Total Weaver Street Reconstruction	1,303,000	5,309	-	15,103	20,412	1,282,588
Old Fayetteville Road Sidewalk						
Construction	-	117,461	(117,461)	-	-	-
Right-of-way/easements	-	8,358	(8,358)	-	-	-
Design	-	26,070	(26,070)	-	-	-
Total Old Fayetteville Road Sidewalk	-	151,889	(151,889)	-	-	-
Jones Ferry Road Sidewalk						
Construction	-	6,215	(6,215)	-	-	-
Design	-	16,295	(16,295)	-	-	-
Total Jones Ferry Road Sidewalk	-	22,510	(22,510)	-	-	-

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - PROJECT AUTHORIZATION**  
**AND ACTUAL - CAPITAL PROJECTS FUND**  
**From Project Inception and for the Year Ended June 30, 2009**

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Closed Out Projects	Current Year		
Brewer Lane Sidewalk						
Construction	\$ -	\$ 79,877	\$ (79,877)	\$ -	\$ -	\$ -
Design	-	13,061	(13,061)	-	-	-
Total Brewer Lane Sidewalk	-	92,938	(92,938)	-	-	-
Main Street Sidewalk						
Construction	-	-	-	-	-	-
Design	-	3,277	(3,277)	-	-	-
Total Main Street Sidewalk	-	3,277	(3,277)	-	-	-
Public Works Facility Land						
Professional services	6,068	10,856	-	-	10,856	(4,788)
Engineering	4,051	-	-	-	-	4,051
Park supplies	5,000	5,750	-	-	5,750	(750)
Land	751,881	739,879	-	-	739,879	12,002
Total Public Works Facility Land	767,000	756,485	-	-	756,485	10,515
Bus shelter						
Construction	48,296	-	-	-	-	48,296
Design	-	-	-	-	-	-
Total Bus shelter	48,296	-	-	-	-	48,296
Total expenditures	5,368,296	1,271,700	(270,614)	84,465	1,085,551	4,282,745
Revenues under expenditures	(5,320,000)	(1,081,056)	99,146	(75,973)	(1,057,883)	(4,303,373)
Other financing sources (uses)						
Transfers in						
From General Fund	725,000	35,000	-	430,000	465,000	(260,000)
From Capital Reserve Fund	598,000	701,468	(103,469)	-	597,999	(1)
Transfers out						
To General Fund	(20,000)	-	-	(20,000)	(20,000)	-
To Undesignated Fund Balance	-	-	4,322	-	4,322	4,322
Installment purchase obligations issued	4,017,000	767,000	-	-	767,000	(3,250,000)
Total other financing sources	5,320,000	1,503,468	(99,147)	410,000	1,814,321	(3,505,679)
Net change in fund balance	\$ -	\$ 422,411	\$ -	334,027	\$ 756,438	\$ (7,809,052)
Fund balance, beginning of year				422,411		
Fund balance, end of year				<u>\$ 756,438</u>		

**TOWN OF CARRBORO, NORTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 PAYMENT IN LIEU RESERVE FUND  
 Year Ended June 30, 2009**

Schedule 8

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Crest Street - Recreation	\$ -	\$ 4,052	\$ 4,052
Crest Street - Open Space	-	1,377	1,377
Investment earnings	-	1,909	1,909
Total revenues	<u>-</u>	<u>7,338</u>	<u>7,338</u>
Net change in fund balance	<u>\$ -</u>	7,338	<u>\$ 7,338</u>
Fund balance, beginning of year		<u>135,640</u>	
Fund balance, end of year		<u>\$ 142,978</u>	

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GRANTS ADMINISTRATION FUND**  
**Year Ended June 30, 2009**

Schedule 9

	<u>Project Authorization</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
U.S. Dept of Justice Fingerprinting Grant	\$ 82,515	\$ 76,710	\$ (5,805)
Investment earnings	<u>          -</u>	<u>          100</u>	<u>          100</u>
Total revenues	<u>82,515</u>	<u>76,810</u>	<u>(5,705)</u>
 Expenditures:			
Fingerprinting expense	<u>68,315</u>	<u>56,556</u>	<u>11,759</u>
Revenue over expenditures	14,200	20,254	6,054
Other financing uses			
Transfer to the General Fund	<u>(14,200)</u>	<u>(14,200)</u>	<u>          -</u>
Net change in fund balance	<u>\$          -</u>	<u>6,054</u>	<u>\$ 6,054</u>
Fund balance, beginning of year		<u>          -</u>	
Fund balance, end of year		<u>\$ 6,054</u>	

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**AFFORDABLE HOUSING FUND**  
**Year Ended June 30, 2009**

Schedule 10

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest Earned	\$ -	\$ 296	\$ (296)
Expenditures:			
Deferred Loan Expense	48,000	8,250	39,750
Revenues under expenditures	(48,000)	(7,954)	(40,046)
Other financing sources			
Transfer from General Fund	48,000	48,000	-
Net change in fund balance	<u>\$ -</u>	40,046	<u>\$ (40,046)</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ 40,046</u>	

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### ***ADDITIONAL FINANCIAL DATA***

This section contains additional information on property taxes.

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

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2009**

Schedule 11

<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2008</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008	\$ -	\$ 11,167,691	\$ 11,014,094	\$ 153,597
2007	125,888	-	91,869	34,019
2006	28,160	-	6,107	22,053
2005 and prior	238,035	-	6,091	231,944
	392,083	\$ 11,167,691	\$ 11,118,161	441,613
Less allowance for uncollectible accounts	(121,582)			(131,464)
Receivables, net	\$ 270,501			\$ 310,149
Reconciliation of revenues with collections:				
General Fund				\$ 10,824,131
General Fund vehicle license fees				313,812
Total revenues				11,137,943
Reconciling items:				
Adjustments				1,544
Penalties and interest				(21,326)
				\$ 11,118,161

**TOWN OF CARRBORO, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY**  
**Year Ended June 30, 2009**

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	\$ 1,548,025,746	\$ 0.6863	\$ 10,615,091	\$ 10,149,093	\$ 465,998
Motor vehicles taxed at prior year's rate	33,940,931	0.6537	221,871	-	221,871
Penalties and interest	-		329	329	-
Total property valuation	<u>\$ 1,581,966,677</u>		10,837,291	10,149,422	687,869
Vehicle tag fees			330,400	-	330,400
Total gross levy			11,167,691	10,149,422	1,018,269
Uncollected taxes at June 30, 2008			153,597	59,050	94,547
Current year's taxes collected			<u>\$ 11,014,094</u>	<u>\$ 10,090,372</u>	<u>\$ 923,722</u>
Current levy collection percentage			<u>98.62%</u>	<u>99.42%</u>	<u>90.71%</u>

\* Total adjusted levy includes discoveries and abatements.

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

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***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.*

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>82</b>
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>87</b>
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	<b>94</b>
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	<b>99</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
<b>Operating Information</b>	<b>103</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	

**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 2004; schedules presenting government-wide information include information beginning in that year.*

***Financial Trends Information:***

**Town of Carrboro**  
**Net Assets by Component,**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

**Table 1**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 16,174,743	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981
Restricted	-	18,851	-	-	-
Unrestricted	7,689,017	9,607,945	11,347,696	12,151,591	12,531,183
Total governmental activities net assets	<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>
Primary government					
Invested in capital assets, net of related debt	\$ 16,174,743	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981
Restricted	-	18,851	-	-	-
Unrestricted	7,689,017	9,607,945	11,347,696	12,151,591	12,531,183
Total primary government net assets	<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>

**Town of Carrboro**  
**Changes in Net Assets,**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

**Table 2**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,406,566	\$ 2,568,563	\$ 2,828,685	\$ 3,027,301	\$ 3,099,916
Public Safety	4,031,288	4,219,432	5,098,641	5,088,188	5,565,460
Planning	1,057,324	943,711	1,112,435	1,195,300	1,124,240
Transportation	917,900	841,313	962,714	970,617	1,033,837
Public Works	1,754,626	2,874,392	3,296,515	3,469,934	3,582,740
Parks and Recreation	1,206,197	1,244,258	1,212,610	1,248,818	1,383,873
Economic and Community Development	140,405	63,000	37,850	231,808	413,790
Interest on long-term debt	170,476	180,274	222,372	284,025	265,285
Total governmental activities expenses	<u>11,684,782</u>	<u>12,934,943</u>	<u>14,771,822</u>	<u>15,515,991</u>	<u>16,469,141</u>
Total primary government expenses	<u>\$ 11,684,782</u>	<u>\$ 12,934,943</u>	<u>\$ 14,771,822</u>	<u>\$ 15,515,991</u>	<u>\$ 16,469,141</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Public Safety	\$ 423,505	\$ 413,970	\$ 529,742	\$ 608,682	\$ 570,840
Planning	313,146	365,758	446,710	286,029	274,697
Public Works	106,197	88,309	110,746	74,539	97,516
Parks and Recreation	247,421	269,006	284,621	305,231	226,141
General Services	74,905	78,685	97,751	150,508	134,473
Operating grants and contributions	747,236	723,297	1,008,712	847,507	1,370,387
Capital grants and contributions	1,130,949	1,392,470	196,115	391,468	1,054,333
Total governmental activities program revenues	<u>3,043,359</u>	<u>3,331,495</u>	<u>2,674,397</u>	<u>2,663,964</u>	<u>3,728,387</u>
Total primary government program revenues	<u>\$ 3,043,359</u>	<u>\$ 3,331,495</u>	<u>\$ 2,674,397</u>	<u>\$ 2,663,964</u>	<u>\$ 3,728,387</u>
<b>Net Expense</b>					
Governmental activities	<u>\$ (8,641,423)</u>	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>
Total primary government net expense	<u>\$ (8,641,423)</u>	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Assets</b>					
Governmental activities:					
Taxes	\$ 11,561,864	\$ 12,185,361	\$ 13,503,535	\$ 13,799,533	\$ 14,432,869
Unrestricted intergovernmental revenues	549,086	608,951	691,784	874,786	943,578
Miscellaneous and unrestricted investment earnings	165,820	307,424	534,953	712,153	212,091
Total governmental activities	<u>12,276,770</u>	<u>13,101,736</u>	<u>14,730,272</u>	<u>15,386,472</u>	<u>15,588,538</u>
Total primary government	<u>\$ 12,276,770</u>	<u>\$ 13,101,736</u>	<u>\$ 14,730,272</u>	<u>\$ 15,386,472</u>	<u>\$ 15,588,538</u>
<b>Change in Net Assets</b>					
Governmental activities	<u>\$ 3,635,347</u>	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>
Total primary government	<u>\$ 3,635,347</u>	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>

**Town of Carrboro**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Table 3**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 1,069,442	\$ 1,284,894	\$ 1,251,462	\$ 1,085,035	\$ 1,930,188	\$ 1,612,492	\$ 2,795,270	\$ 2,049,578	\$ 3,265,631	\$ 1,482,537
Unreserved, designated	710,648	923,228	538,158	877,347	756,958	894,434	1,182,684	1,120,725	2,544,847	1,081,717
Unreserved, undesignated	<u>2,023,360</u>	<u>2,326,017</u>	<u>2,930,759</u>	<u>3,417,726</u>	<u>3,595,765</u>	<u>4,667,033</u>	<u>5,337,052</u>	<u>7,116,388</u>	<u>6,956,301</u>	<u>8,563,125</u>
Total general fund	<u>3,803,450</u>	<u>4,534,139</u>	<u>4,720,379</u>	<u>5,380,108</u>	<u>6,282,911</u>	<u>7,173,959</u>	<u>9,315,006</u>	<u>10,286,691</u>	<u>12,766,779</u>	<u>11,127,379</u>
All Other Governmental Funds										
Reserved	3,000	-	88,423	-	2,463	27,644	560,080	249,183	144,013	94,281
Unreserved, reported in:										
Special revenue funds	1,008,942	1,135,298	1,330,029	1,382,960	1,317,854	1,004,601	1,182,811	1,687,061	1,350,616	1,186,892
Capital projects funds	921,605	300,482	301,228	268,001	190,021	162,378	(942,995)	(1,163,714)	(1,334,116)	(1,353,004)
Debt service funds	21,276	-	-	-	-	-	-	-	-	-
Designated for special purposes	-	-	-	-	-	-	-	-	-	764,312
Designated for subsequent years	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>1,933,547</u>	<u>1,435,780</u>	<u>1,719,680</u>	<u>1,650,961</u>	<u>1,510,338</u>	<u>1,194,623</u>	<u>799,896</u>	<u>772,530</u>	<u>160,513</u>	<u>692,481</u>
Total, all governmental funds	<u>\$ 5,736,997</u>	<u>\$ 5,969,919</u>	<u>\$ 6,440,059</u>	<u>\$ 7,031,069</u>	<u>\$ 7,793,249</u>	<u>\$ 8,368,582</u>	<u>\$ 10,114,902</u>	<u>\$ 11,059,221</u>	<u>\$ 12,927,292</u>	<u>\$ 11,819,860</u>

**Town of Carrboro**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Table 4**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 5,260,124	\$ 5,874,291	\$ 6,838,670	\$ 7,324,513	\$ 7,791,921	\$ 8,227,622	\$ 8,578,222	\$ 9,672,841	\$ 10,041,553	\$ 10,824,131
Licenses, fees and permits	1,992,311	2,108,683	2,102,576	2,278,779	2,705,076	2,874,741	3,089,493	3,353,665	3,382,770	3,137,836
Fines and penalties	306,947	316,531	444,264	387,152	428,338	439,840	460,350	420,065	355,295	428,654
Charges for services	756,576	789,213	369,242	564,687	531,121	549,086	613,183	691,784	874,786	947,801
Special assessments	563,093	771,994	809,595	689,984	629,886	552,907	565,374	1,039,979	778,193	903,072
Intergovernmental	791,015	833,552	746,206	747,441	995,392	917,919	955,371	1,223,918	1,074,762	1,062,027
Restricted governmental	102,230	115,009	151,403	195,494	179,150	236,134	258,309	276,599	270,543	260,829
Investment earnings	330,941	333,572	131,432	78,616	51,269	130,270	291,873	534,956	525,462	201,829
Other revenues	202,595	162,866	162,568	167,324	129,649	444,023	157,549	209,087	487,963	189,840
<b>Total revenues</b>	<b>10,305,832</b>	<b>11,305,711</b>	<b>11,755,956</b>	<b>12,433,990</b>	<b>13,441,802</b>	<b>14,372,542</b>	<b>14,969,723</b>	<b>17,422,894</b>	<b>17,791,327</b>	<b>17,956,019</b>
<b>Expenditures</b>										
General government	1,384,454	1,829,253	1,868,732	1,923,071	2,409,684	2,421,531	2,543,543	3,003,404	3,222,136	3,029,383
Public Safety	2,884,355	3,173,326	3,521,900	3,442,054	3,945,853	4,025,778	4,257,421	5,555,899	5,144,593	5,279,145
Planning	731,751	852,909	843,097	922,863	911,521	1,071,142	956,304	1,110,467	1,179,139	1,110,797
Transportation	-	576,728	702,753	747,737	817,003	917,900	841,313	962,714	970,617	1,033,837
Public Works	2,742,633	2,743,076	2,654,718	2,919,627	3,008,021	3,073,794	3,033,855	3,776,477	3,642,698	3,004,354
Parks and Recreation	653,489	809,179	899,066	994,878	1,130,239	1,035,472	1,171,889	1,211,738	1,208,191	1,207,492
Economic & Community Dev.	550,647	82,505	45,000	138,041	25,000	140,000	63,000	-	-	413,790
Capital outlay	-	-	-	-	-	1,029,693	332,181	739,123	863,924	2,556,751
Debt service										
Interest	298,297	299,765	304,789	300,630	224,737	162,707	176,902	206,475	259,935	326,310
Principal	665,014	793,893	730,600	848,478	893,239	1,019,472	939,841	1,046,466	1,100,962	1,101,592
<b>Total expenditures</b>	<b>9,910,640</b>	<b>11,160,634</b>	<b>11,570,655</b>	<b>12,237,379</b>	<b>13,365,297</b>	<b>14,897,489</b>	<b>14,316,249</b>	<b>17,612,763</b>	<b>17,592,195</b>	<b>19,063,451</b>
Excess of revenues over (under) expenditures	395,192	145,077	185,301	196,611	76,505	(524,947)	653,474	(189,869)	199,132	(1,107,432)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	832,473	840,434	349,550	1,105,139	543,192	1,100,280	1,092,846	1,134,188	1,668,939	(1,634,299)
Proceeds from refunding	-	-	-	637,250	-	-	-	-	-	-
Payments to escrow agent	-	-	-	(622,000)	-	-	-	-	-	-
Transfers in	684,894	320,883	488,504	332,474	604,723	699,528	705,992	310,000	1,321,914	-
Transfers out	(684,894)	(320,883)	(488,504)	(292,474)	(604,723)	(699,528)	(705,992)	(310,000)	(1,321,914)	1,634,299
<b>Total other financing sources</b>	<b>832,473</b>	<b>840,434</b>	<b>349,550</b>	<b>1,160,389</b>	<b>543,192</b>	<b>1,100,280</b>	<b>1,092,846</b>	<b>1,134,188</b>	<b>1,668,939</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 1,227,665</b>	<b>\$ 985,511</b>	<b>\$ 534,851</b>	<b>\$ 1,357,000</b>	<b>\$ 619,697</b>	<b>\$ 575,333</b>	<b>\$ 1,746,320</b>	<b>\$ 944,319</b>	<b>\$ 1,868,071</b>	<b>\$ (1,107,432)</b>
Capital outlay included in expenditures above	1,947,403	877,125	64,711	938,741	135,046	1,610,364	1,106,998	2,676,218	2,208,378	2,556,751
Debt service as a percentage of noncapital expenditures	12.1%	10.6%	9.0%	10.2%	8.5%	8.9%	8.5%	8.4%	8.8%	8.7%

***Revenue Capacity Information:***

**Town of Carrboro**  
**Program Revenues by Function/Program,**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

**Table 5**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Function/Program</b>					
Governmental activities:					
Public Safety	\$ 455,520	\$ 433,218	\$ 609,234	\$ 620,852	\$ 800,903
Public Works	1,640,413	1,977,871	1,132,819	816,891	1,661,709
Planning	343,545	371,758	540,057	325,666	381,452
Economic and Physical Development	113,241	66,066	-	244,243	337,894
Parks and Recreation	390,193	335,807	339,541	368,196	294,760
General Services	<u>100,447</u>	<u>146,775</u>	<u>124,752</u>	<u>288,116</u>	<u>251,669</u>
 Total primary government	 <u>\$ 3,043,359</u>	 <u>\$ 3,331,495</u>	 <u>\$ 2,746,403</u>	 <u>\$ 2,663,964</u>	 <u>\$ 3,728,387</u>

**Town of Carrboro**  
**Tax Revenues by Source, Governmental Funds <sup>a</sup>**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Table 6**

<b>Fiscal Year</b>	<b>Property Taxes</b>
2000	5,260,124
2001	5,874,291
2002	6,838,670
2003	7,324,513
2004	7,791,921
2005	8,227,662
2006	8,578,222
2007	9,672,841
2008	10,041,553
2009	10,824,131
Change 1999-2009	105.8%

a) This table presents the Town's most significant own source of revenues. All other taxes and revenues are either comparatively insignificant or levied by another governmental entity besides 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
2000	1999	\$ 674,703,509	\$ 93,373,946	\$ 13,389,138	\$ 781,466,593	0.6750	\$ 781,466,593	100%
2001	2000	718,095,878	99,234,383	13,414,474	830,744,735	0.7120	830,744,735	100%
2002	2001	916,537,233	106,149,593	14,063,739	1,036,750,565	0.6568	1,036,750,565	100%
2003	2002	952,750,323	105,406,710	14,015,046	1,072,172,079	0.6852	1,072,172,079	100%
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%

**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**

<b>Fiscal Year</b>	<b>Town of Carrboro</b>	<b>Orange County</b>
	<b>Direct Rate</b>	<b>Overlapping Rate</b>
2000	0.6750	0.9190
2001	0.7120	0.9290
2002	0.6568	0.8050
2003	0.6852	0.8300
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

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

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

**Table 9**

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	1999	\$ 5,407,318	\$ 5,312,426	98.25%	\$ 82,469	\$ 5,394,895	99.77%
2001	2000	6,065,356	5,934,238	97.84%	107,117	6,041,355	99.60%
2002	2001	6,984,830	6,883,438	98.55%	81,338	6,964,776	99.71%
2003	2002	7,551,366	7,433,914	98.44%	93,910	7,527,824	99.69%
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%	91,529	9,875,616	99.83%
2008	2007	10,303,874	10,177,986	98.78%	95,102	10,273,088	99.70%
2009	2008	11,167,691	11,014,097	98.62%	101,446	11,115,543	99.53%

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

**Table 10**

<u>Taxpayer</u>	2009			1999		
	<u>2008 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>1998 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
VAC Limited Partnership	\$ 26,927,517	1	1.74%	\$ 14,693,913	1	2.84%
Fairfield Autumn Woods Apartments, Inc.	16,843,246	2	1.09%	-		0%
Villages of Chapel Hill	16,074,047	3	1.04%	8,466,087	5	1.64%
Carr Mill Mall Limited	14,689,817	4	0.95%	7,499,933	6	1.46%
CRIT NC III, LLC	14,021,614	5	0.91%	-		0%
Carrboro Shopping Center, Inc.	11,555,777	6	0.75%	-		0%
Westdale Poplar Place LLC	10,692,648	7	0.69%	-		0%
CAFJ Associates, Inc.	10,298,259	8	0.67%	-		0%
Zell Samuel Trustee	9,602,502	9	0.62%	-		0%
UDRO of North Carolina LLC	8,276,582	10	0.53%	-		0%
Sterling Apartments	-		0.00%	11,649,231	2	2.26%
Highland Hills, Ltd.	-		-	8,517,191	3	1.65%
Charter Properties	-		-	8,505,552	4	1.65%
Maq Southeast Properties	-		-	6,776,589	7	1.32%
Carolina Apt Properties	-		-	6,296,589	8	1.22%
Carolina Residential, Inc.	-		-	6,016,455	9	1.17%
Carrboro Belman, SC	-		-	5,321,472	10	1.03%
<b>Total</b>	<b>\$ 138,982,009</b>		<b>8.98%</b>	<b>\$ 83,743,012</b>		<b>16.24%</b>

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

**Note:** Per Orange County, the 1998 Taxable Assessed Value was not available from Orange County. Information shown above is the 1996 Taxable Assessed Value.

***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		
2000	\$ 1,119,000	\$ 3,912,629	\$ -	\$ 5,031,629	299.82
2001	991,000	4,087,170	-	5,078,170	294.56
2002	859,000	3,838,120	-	4,697,120	269.08
2003	737,250	4,231,781	-	4,969,031	282.57
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

**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			
2000	\$ 1,119,000	\$ 1,119,000	\$ 781,466,593	0.14	66.68
2001	991,000	991,000	830,744,735	0.12	57.48
2002	859,000	859,000	1,036,750,565	0.08	49.21
2003	737,250	737,250	1,072,172,079	0.07	41.92
2004	575,393	575,393	1,128,465,441	0.05	32.60
2005	433,536	433,536	1,152,569,042	0.04	24.36
2006	331,679	331,679	1,372,401,330	0.02	18.43
2007	229,822	229,822	1,596,838,299	0.01	12.63
2008	127,964	127,964	1,538,585,984	0.01	6.88
2009	26,107	26,107	1,581,966,677	0.01	1.34

**Town of Carrboro  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2009**

**Table 13**

<u>Town of Carrboro</u>	<u>Total Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
<b>General Obligation Debt</b>			
Town of Carrboro general debt obligation	\$ 26,107	100.00%	\$ 26,107
<b>Overlapping (bonded) Debt - Orange County</b>			
Overlapping debt - Orange County	121,415,000	12.34%	14,982,131
Subtotal, overlapping debt			<u>14,982,131</u>
<b>Total direct and overlapping debt</b>			<u>\$ 15,008,239</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

<b>Legal Debt Margin Calculation for Fiscal Year 2009</b>	
Assessed value	\$ 1,581,966,677
Debt limit (8% of assessed value)	126,557,334
Debt applicable to limit:	
General obligation bonds	26,107
Total gross bonded debt	26,107
Total net debt applicable to limit	
Legal debt margin	\$ 126,531,227

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 62,517,327	\$ 66,459,579	\$ 82,940,045	\$ 85,773,766	\$ 90,277,235	\$ 92,205,523	\$ 109,792,106	\$ 127,517,242	\$ 123,086,879	\$ 126,557,334
Total net debt applicable to limit	1,119,000	991,000	859,000	737,250	575,393	433,536	331,679	229,822	127,964	26,107
Legal debt margin	\$ 61,398,327	\$ 65,468,579	\$ 82,081,045	\$ 85,036,516	\$ 89,701,842	\$ 91,771,987	\$ 109,460,427	\$ 127,287,420	\$ 122,958,915	\$ 126,531,227
Total net debt applicable to the limit as a percentage of debt limit	1.79%	1.49%	1.04%	0.86%	0.64%	0.47%	0.30%	0.18%	0.10%	0.02%

**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
2000	16,782	\$ 30,885	26.5	8,992	492	2.9%
2001	17,240	32,302	26.5	9,628	509	3.4%
2002	17,456	33,375	28.1	10,003	488	4.5%
2003	17,585	34,182	28.1	10,592	535	5.0%
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%

**Notes:**

Orange County unemployment rate and per capita income used.

Per capital for 2006-2009 is estimated, based on last actual value calculated in 2005.

Median age is estimated from the 1990 and 2000 Census of population.

Public school enrollment is based on information received from Chapel Hill-Carrboro Schools for FY2000 through FY2009.

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**

<u>Employer</u>	<u>2009</u>			<u>Employer</u>	<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Carrboro Elementary School	210	1	1.91%				
Harris Teeter	150	2	1.36%	Information	Information	2	Information
Town of Carrboro	153	3	1.39%	Not Available	Not Available	3	Not Available
Food Lion	139	4	1.26%		Available	4	Available
Weaver Street Market	90	5	0.82%			5	
Orange Water & Sewer Authority	70	6	0.64%			6	
Elmo's Diner	70	7	0.64%			7	
Piedmont Health Services	65	8	0.59%			8	
Carolina Fitness	54	9	0.49%			9	
Crooks Corner	53	10	0.48%			10	
Total	<u>844</u>		<u>7.67%</u>				

**Source:**

Regional Technology Strategies, Inc.  
Orange County Economic Development Commission.

**Note:**

Percentages based on estimated Town employment of 11,000.

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

**Table 17**

<b>Function/Program</b>	<b>Full-Time Equivalent Employees as of June 30</b>										
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General government											
Mayor & Board of											
Aldermen	0	0	0	0	0	0	0	0	0	0	0
Town Manager	2	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1	1
Town Clerk	1	1	1	1	1	1	1	1	1	1	1
Management Services	5	6	6	7	7	8	8	8	8	8	8
Human Resources	2	2	2	2	2	2	2	2	2	2	2
Public Safety											
Police	36	37	38	37	37	40	40	42	41	42	42
Fire	21	24	24	24	28	28	28	28	33	36	36
Planning	13	13	14	14	14	14	14	14	14	14	14
Public Works	34	35	35	35	35	35	35	35	36	36	36
Parks and Recreation	8	9	9	9	9	10	10	10	10	11	11
<b>Total</b>	<b>123</b>	<b>130</b>	<b>132</b>	<b>132</b>	<b>136</b>	<b>141</b>	<b>141</b>	<b>143</b>	<b>148</b>	<b>153</b>	<b>153</b>

**Note:**

The Town does not calculate part-time equivalents.

***Operating Information:***

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

**Table 18**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Revolving loan inquiries	112	N/A	40	21	26	25	31	39	42	40
Small business counseling referrals	31	31	40	31	33	38	37	32	45	40
Privilege licenses issued	600	602	610	671	788	763	944	925	917	1,115
Public Safety										
Police (a)										
Major crimes	1,940	1,983	1,924	1,964	1,409	1,259	1,174	1,275	972	814
Criminal arrests	588	638	708	615	656	833	762	713	881	881
Motor vehicle accidents	538	553	586	498	541	546	524	540	466	573
Narcotics arrests	58	66	58	42	70	70	55	56	107	132
Fire (a)										
Fire and EMS responses	1,089	1,037	1,037	836	874	872	920	1,397	1,480	1,576
Inspections	382	281	365	259	420	363	400	633	486	955
Planning										
Annexations	3	3	3	6	2	2	2	2	1	-
Zoning permits	205	100	105	121	121	246	110	129	119	66
Building permits for new residential	135	129	84	61	72	57	41	71	55	54
Building permits for new commercial	7	9	8	4	38	7	22	1	7	3
Value of building permits issued	23,738,635	30,691,348	22,973,279	19,365,209	23,102,327	18,598,016	41,510,253	34,883,581	15,634,025	15,313,066
Public Works										
Paved streets maintained (miles)	33	29	31	32	35	35	37	37	39	39
Unpaved streets maintained (miles)	2	2	2	2	2	2	2	2	2	2
Paved bikeways maintained (miles)	2	3	3	3	3	3	3	3	3	3
Litter collection (hours annually)	360	370	408	370	400	400	400	400	400	400
Residential refuse collection (tons annually)	2,280	2,280	2,285	2,350	2,480	2,500	2,635	2,611	3,250	3,483
Multi-family & commercial refuse collection	4,480	4,480	5,026	5,150	4,470	4,710	4,600	3,521	4,379	4,146
Bus shelters maintained	12	14	16	16	18	18	18	20	20	20
Parks and Recreation										
Athletic activities offered	40	39	36	44	37	43	46	54	46	61
Athletic activity participants	2,399	2,368	2,200	2,512	2,507	2,694	2,470	2,442	2,904	3,229
Athletic activity hours	856	846	776	762	882	868	864	1,000	1,003	1,111
Other activities offered	N/A	N/A	N/A	N/A	187	198	213	255	276	333
Other activity participants	N/A	16,467	13,336	14,118	17,708	21,482	20,255	25,015	25,111	27,517
Century Center rentals (a)	N/A	39	231	200	1,269	1,052	1,351	1,957	2,211	418
Park rentals (b)	2	2	161	326	284	519	560	856	1,008	234

Sources: Town departments

**Notes:**

N/A - Information was not collected/available.

(a) Century Center open FY2001.

(b) Rental information for FY00-01 is for Town Commons only. The information on the other parks was unavailable.

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

**Table 19**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	25	30	36	42	42	42	41	43	42
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	5	5	5	5	5	5	5	5	5	6
Public Works										
Refuse collection trucks	8	8	8	8	8	8	8	8	7	7
Replacement refuse collection trucks	3	3	3	3	3	3	3	1	1	1
Streets (miles)	34.68	31.34	33.18	37.57	37	39	38	38.7	38.79	39.35
Bike paths (miles)	2.03	3	3	3	3	3	3	3.32	3.32	3.32
Streetlights	684	696	709	721	742	781	803	869	962	968
Parks and Recreation										
Parkland (acres)	55	65	86	86	96	96	96	112	112	112
Parks (quantity)	6	7	8	8	8	9	9	11	11	11
Hiking trails	2	2	2	2	2	5	5	5	5	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	-	1	1	1	1	1	1	1	1	1
Baseball/softball fields	5	5	5	5	5	5	5	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	1	1	3	3	3	3	3	3	3	3
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	4	4	5	5	5	5	5	7	7	8
Picnic shelters	3	3	5	5	5	5	5	5	4	4

**Sources:**

Town Departments.

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***SUPPLEMENTARY INFORMATION***

***COMPLIANCE SECTION***

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the budget to actual comparison for the General Fund and the Capital Reserve Fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina as of and for the year ended June 30, 2009, which collectively comprise the Town of Carrboro's basic financial statements, and have issued our report thereon dated October 26, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Carrboro's internal control over financial reporting as a basis for designing our auditing procedures 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 of Carrboro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Carrboro'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.

This report is intended solely for the information and use of management, members of the Board of Aldermen, and federal and state awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Dixon Hughes PLLC*

October 26, 2009

***SUPPLEMENTARY INFORMATION***

***SINGLE AUDIT SECTION***

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF 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

Compliance

We have audited the compliance of Town of Carrboro with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that are applicable to its major state program for the year ended June 30, 2009. The Town of Carrboro's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Carrboro's management. Our responsibility is to express an opinion on the Town of Carrboro's compliance based on our audit.

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 OMB Circular A-133, 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 of Carrboro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Town of Carrboro's compliance with those requirements.

In our opinion, The Town of Carrboro complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended June 30, 2009.

#### Internal Control Over Compliance

The management of the Town of Carrboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Carrboro's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town's internal control.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Aldermen, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Hughes PLLC*

October 26, 2009

**TOWN OF CARRBORO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2009**

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**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?      \_\_\_\_\_ 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 programs: Unqualified

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

Identification of major state program:

\_\_\_\_\_ Program Name

Powell Bill

**TOWN OF CARRBORO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2009**

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**II. Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2009.

**III. Federal Awards Findings and Questioned Costs**

Not applicable.

**IV. State Award Findings and Questioned Costs**

There were no findings related to state awards for the fiscal year ended June 30, 2009.

**TOWN OF CARRBORO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2009**

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Schedule 13

**Finding: 2008-1**

Status: Corrected

**Finding: 2008-2**

Status: Corrected

**TOWN OF CARRBORO, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

Schedule 14

<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>
<b>FEDERAL AWARDS</b>				
<b><i>U. S. Department of Justice</i></b>				
FY2008 Paul Coverdell Forensic Science Improvement Grants Program	16.742	2008-CD-BX-0053	\$ 70,756	\$ -
FY2004 Bulletproof Vest Partnership Grant	16.607	2004-BUBX04024021	4,164	-
Total U. S. Department of Justice			<u>74,920</u>	<u>-</u>
<b><i>U.S. Department of Homeland Security</i></b>				
FY2007 Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	EMW-2007-FF-00360	129,647	-
Total U. S. Department of Homeland Security			<u>129,647</u>	<u>-</u>
<b><i>U. S. Department of Transportation</i></b>				
Highway Planning and Construction				
Surface Transportation Program Direct Attributable (STP-DA) Passed through to NC DOT for Bolin Creek Greenway	20.205	EL-4994	43,219	
Surface Transportation Program Direct Attributable (STP-DA) Passed through to NC DOT for Morgan Creek Greenway	20.205	EL-4828	23,875	
Passed through the City of Durham Regional Planning Work Program	20-2058	Sec 104(F) DCHC	29,050	
Total U. S. Department of Transportation			<u>96,144</u>	<u>-</u>
Total Federal Awards			<u>300,711</u>	<u>-</u>
<b>STATE AWARDS</b>				
<b><i>N. C. Department of Transportation</i></b>				
Bicycle Master Plan		WBS 373091.1	-	30,000
Powell Bill	-	WBS 32570	-	493,595
Total N. C. Department of Transportation			<u>-</u>	<u>523,595</u>
<b><i>N. C. Department of Justice</i></b>				
SAFIS LiveScan Equipment Grant			-	23,780
Total N.C. Department of Justice			<u>-</u>	<u>23,780</u>
Total State Awards			<u>-</u>	<u>547,375</u>
Total Assistance			<u>\$ 300,711</u>	<u>\$ 547,375</u>

**Note to the Schedule of Expenditures of Federal and State Financial 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.