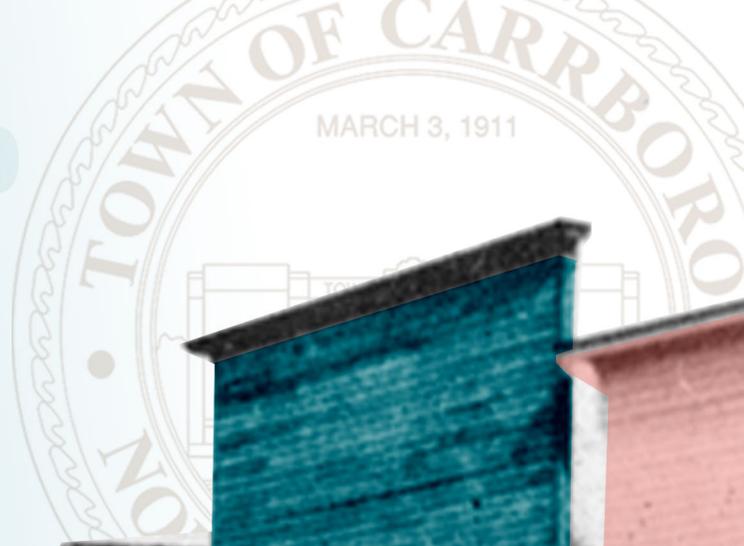


Town of Carrboro



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING JUNE 30, 2010

Prepared by
Management Services



Town of Carrboro, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2010

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Town of Carrboro, North Carolina

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Town of Carrboro, North Carolina

PRINCIPAL OFFICIALS

BOARD OF ALDERMEN

Mark Chilton, Mayor

Dan Coleman
Joal Hall Broun
Ranee Haven-O'Donnell

Lydia Lavelle
Sammy Slade
Jacquelyn Gist

TOWN MANAGER

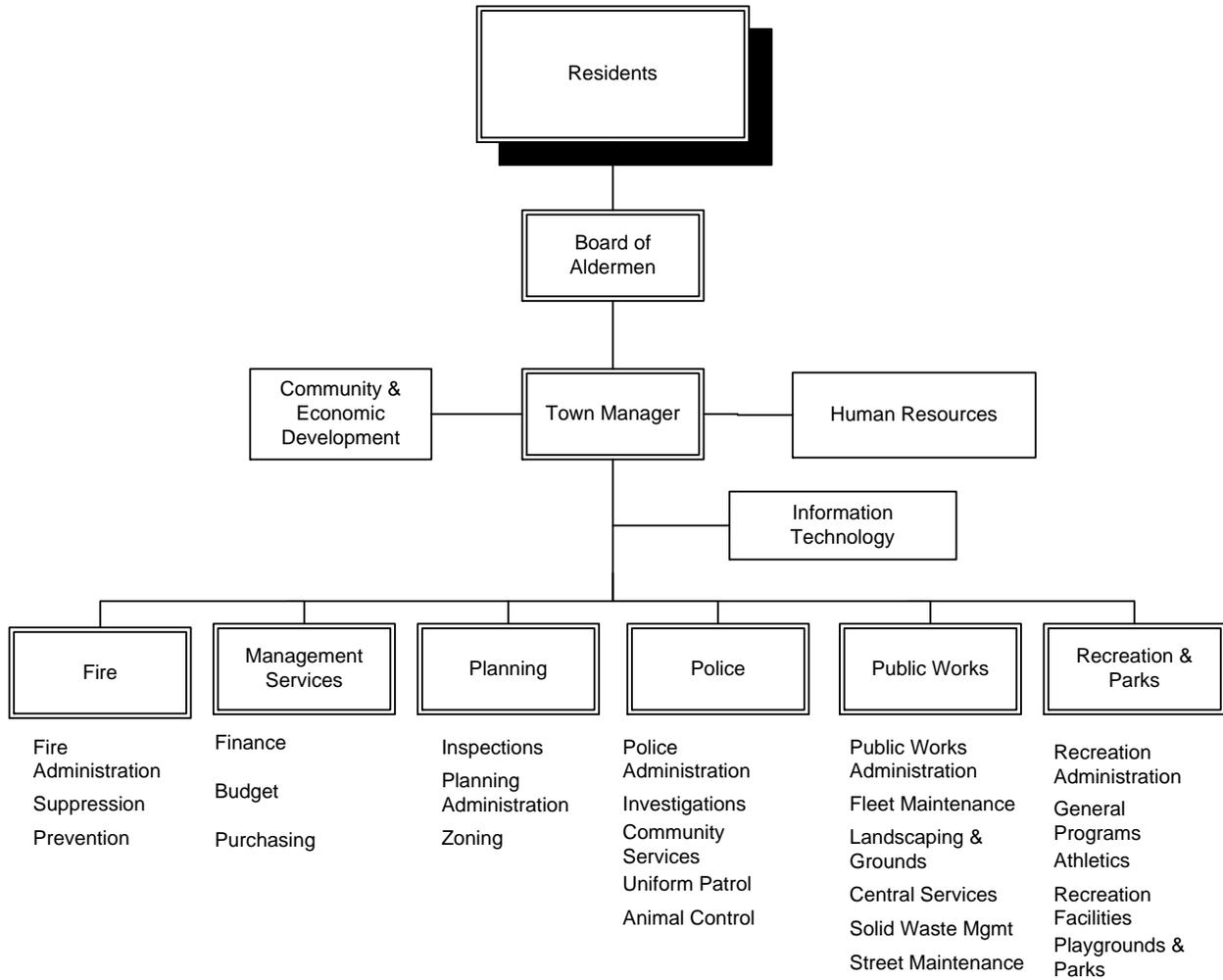
Steven E. Stewart

MANAGEMENT SERVICES DEPARTMENT

Arche L. McAdoo, Finance Director
Nancy Emslie, Accounting Officer
Karin Pecaut, Staff Accountant
Jane Bowden, Accounting Technician I
Debi Walker, Accounting Technician II
Mary Jane Jenkinson, Program Support Assistant II
Sandy Svoboda, Purchasing Officer

Town of Carrboro, North Carolina

Organizational Chart





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

November 1, 2010

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

We are pleased to submit The Comprehensive Annual Financial Report (CAFR) of the Town of Carrboro for the fiscal year ended June 30, 2010 (FY 2009-10). As required by North Carolina General Statutes (NCGS), the CAFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

COMMUNITY AND ORGANIZATIONAL PROFILE TOWN OF CARRBORO

The Town is a small growing community located within Orange County in the north central portion of North Carolina. The area's topography is characterized by rolling hills. Carrboro is situated next to Chapel Hill and the University of North Carolina, and is near the Research Triangle Park. The Town, which was incorporated in 1911, now covers an area of 6.35 square miles and has a population of 19,891. The Town is distinctive in having the highest population density (i.e., the highest number of persons per square mile) of any municipality in North Carolina in the 2000 Census.

The growth of the Town is directly related to the expansion of the University of North Carolina at Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has risen from 8,791 in 1960 to 28,136 in 2010. It is anticipated that expansion will continue to occur in University-related health facilities such as the University of North Carolina Hospitals and with the proposed development of the Carolina North campus.

The character of the Town is driven by core values based on maintaining a sustainable community. Strategic priorities, developed by the Board, defining the vision of a sustainable Carrboro are to:

- Diversify revenue stream to maintain ethnic and economic diversity;
 - Protect historic neighborhoods and maintain Carrboro's unique identity;
 - Improve walkability and public transportation;
 - Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes;
- and,

Enhance and sustain quality of life/place issues for everyone.

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

The Town commits over one million dollars to provide fare-free transit for Town residents in an effort to reduce 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 awarded the Bicycle-Friendly Community designation in recognition of its commitment to providing safe accommodation and facilities for bicyclists, as well as efforts to encourage bicycling for fun, fitness, and transportation. The award, valid through 2012, also recognized Town efforts to include bike lanes on all state road improvement projects. Additionally, the Town has amended its street standards to require bike lanes on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. The community approved a \$4.6 million bond referendum in November 2003 to construct sidewalks and greenways to increase the safety and convenience of walking throughout the Town's neighborhoods, including to schools, bus stops, shopping areas, and recreational facilities.

GOVERNANCE

The Town 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 is an elected body representing the residents of Carrboro. Under the current electoral system, the Board consists of a mayor and six aldermen. The mayor and the aldermen are elected by the voters of the entire town. The mayor is elected to serve a term of two years and the aldermen are elected to serve staggered terms of four years. The mayor acts as the official head of town government and presides at board meetings. The mayor is a voting member of the board and appoints board members to advisory boards and committees.

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

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

ECONOMIC CONDITION AND OUTLOOK

The 2010 per capita income for Carrboro is \$39,380. The household income levels of Carrboro break roughly into equal thirds: 30% earn less than \$20,000 a year; 35% make between \$20,000 and \$50,000 a year; and 35% make more than \$50,000 a year.

In 2010, Orange County was ranked as having the lowest unemployment rate in the state for most, if not all of the year. Orange County, as a whole, shows a slightly lower unemployment rate trend (from 4.3% in June 2005 to 6.4% in August 2010). 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.

Over the past five years, the unemployment rate in North Carolina has gone from 5.5% in June 2005 to 9.7% in August 2010. 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.

The Town relies on a largely residential tax base to provide services. Major employers within Orange County (those with 450 or more employees) reflect the dominance of the professional services and retail sectors. The commercial base is primarily 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.

Over the next five years, the Town anticipates several new capital projects that could affect Town borrowing and future debt payments. Projects anticipated in the future that may require debt financing include development of the Martin Luther King, Jr. neighborhood park, and 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 availability of other sources or cost savings to fund the projects.

The Town is set to continue its practice of issuing bond anticipation notes to finance the first phase of sidewalks and greenways construction. Financing for fire station #2 in the northern area of Town occurred in fiscal year 2008-09 and construction was completed in the current fiscal year. The Town budget in FY09-10 includes debt service payments for fire station #2.

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 2009-2010 are a reflection of the Board's priorities.

- The Town received a "Safe Routes to Schools" grant to help our local elementary school kids walk, bike, and avoid vehicle trips as much as possible. This award was used to plan for the construction of a sidewalk on Elm Street, which is located near Carrboro Elementary School. The sidewalk is slated for construction in FY 2010-11.
- The Town was awarded a Bicycle Planning Grant from the North Carolina Department of Transportation in May 2007. The grant allowed the Town to develop a comprehensive bicycle plan for a connected, accessible and safe network of bicycle facilities. These facilities will be used for commuting, recreation, and as a viable alternative to the automobile. The plan was reviewed and approved by the Board March 24, 2009.
- The Town has been designated by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). This past year Carrboro was promoted from the Bronze to the Silver award level. Carrboro joins 27 other cities and towns in the country that are recognized at the silver level. 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 and received a grant from the North Carolina Division of Water Quality and the U. S. Environmental Protection Agency to continue with watershed restoration efforts. The grant, approved in FY 2009-10, covers watershed restoration efforts for a stream restoration project on Dry Gulch, continued monitoring of runoff from Pacifica, and a demonstration rain garden and cistern at McDougle Elementary/Middle School.
- In FY 2007-08, the Town enlisted in the North Carolina League of Municipalities "Green Challenge," agreeing to participate in the Greenhouse Gas Emission Inventory and Reduction effort to reduce the carbon footprint; and agreeing to assess the Town's energy efficiency through the U. S. Environmental Protection Agency's "Energy Star Challenge" that involves reviewing and reducing utility consumption in town facilities, streetlights, and fuel usage. The Town continues to make improvements in this area and was moved to a higher level designation known as a "Green Challenge Advanced" municipality this fiscal year.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award has been awarded to the Town for its FY 2008-09 budget document. It is the highest form of recognition in governmental budgeting. The Town has submitted its FY 2009-10 budget document for evaluation for this recognition.
- 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. The sidewalks are under construction and design and planning is underway for the greenways. The Town plans to continue the strategy of issuing bond anticipation notes until the entire bond issue is spent.
- The Town, in collaboration with Chapel Hill, has been awarded a grant from the Southeast Energy Efficiency Alliance to engage in an energy efficiency retrofit program.

FINANCIAL INFORMATION

General Fund Balance

The Board has adopted a policy of maintaining an undesignated fund balance within a range of 22.5% to 35% of budgeted appropriations. This policy also provides for the transfer of funds to Capital Reserves when the undesignated fund balance exceeds 35%. For the past five years, the fund balance for undesignated fund reserves as a percentage of total audited expenditures has increased from 38.7% for the year ended June 30, 2006 to 59.3% for the year ended June 30, 2010. This is a reflection of extraordinary steps taken by the Town to protect its fiscal health in light of the difficult economy. Numerous actions to adapt the budget and capital plans and financing to the current financial challenges have included delaying capital projects, freezing vacant positions, and reducing less vital operating expenses.

Budget Control

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

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

Cash Management

Forecasting of cash requirements and progressive cash management has allowed maximum use of available cash resources. For the year ended June 30, 2010 the market value of the Town's portfolio was \$17,621,277.

The Town's investment policy emphasizes safety and liquidity that minimizes credit and market risk, while seeking a competitive yield on its portfolio and insuring that all deposits are collateralized or insured. The Town uses the pooled cash and investment concept in investing excess cash for all funds. Investments are made only in instruments permitted by North Carolina General Statute 159-30, which include certificates of deposit, repurchase agreements, secured time deposits, bankers acceptances, high quality commercial paper, United States government and agency securities, bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies, and the North Carolina Capital Management Trust (NCCMT).

Risk Management

The Town seeks to protect itself from potential loss through participation in the North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina for workers' compensation, 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 a deductible of \$1,000 per claim for all coverage, except public officials' liability, employment practices and police professional liability, which are limited to a deductible of \$5,000 per claim.

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.

OTHER INFORMATION

Independent Audit

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes PLLC was selected by the Board and performed this audit. In addition to meeting the statutory requirements, the audit also complies with the Federal Single Audit Act, Office of Management and Budget Circular A-133 and NCGS 159-34 (Single Audit Implementation Act). The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations are included in the Single Audit Section.

Awards and Acknowledgements

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and will be submitting our CAFR for the fiscal year ended June 30, 2010 to the GFOA to determine its eligibility for another year. The Certificate Program managed by the GFOA was established in 1945, and is designed to recognize and encourage excellence in financial reporting by state and local governments. Further information about the Certificate Program can be obtained by visiting GFOA's website at: www.gfoa.org. The GFOA reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, 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.

Preparation of this report would have been impossible without the hard work and dedication of the Management Services Staff. In particular the efforts of the Accounting Officer and Staff Accountant should be recognized. Other departments of the Town have contributed directly or indirectly in the preparation of this report and their cooperation and continued assistance is appreciated.



Steven E. Stewart
Town Manager



Arche L. McAdoo
Finance Officer

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, 2009

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.



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

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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, and the aggregate remaining fund information of the Town of Carrboro, North Carolina, as of and for the year ended June 30, 2010, 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, based on our audit, 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, 2010, 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 November 1, 2010 on our consideration of the Town of Carrboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 3 through 12 and 54 through 57, respectively, 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Carrboro. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of Federal and State awards as required by the applicable sections of 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, budgetary schedules, other schedules, 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 information and statistical tables 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

November 1, 2010

TOWN OF CARRBORO, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Our discussion and analysis of the Town of Carrboro's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should review the transmittal letter, and the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The assets of the Town of Carrboro exceeded its liabilities at the close of the fiscal year by \$36,108,214 (net assets).
- Total net assets increased by \$731,050 due to increases in the net assets of the governmental-type activities.
- At June 30, 2010, the Town's governmental funds had a combined ending fund balances of \$14,975,490, an increase of \$3,155,630 in comparison with the prior year. Approximately 86.2% or \$12,912,677 of this total amount is available for spending at the government's discretion (*unreserved fund balance*).
- Unreserved fund balance for the General Fund was \$10,884,228 or 64.8% of total General Fund expenditures at the end of the fiscal year.
- Total debt for the Town increased by \$3,939,848 (50.1%) primarily due to debt financing for the new fire substation.
- The Town has maintained and currently holds credit ratings of A+ with Standard and Poor's, A1 with Moody's; and a rating of 83 with the North Carolina Municipal Council.

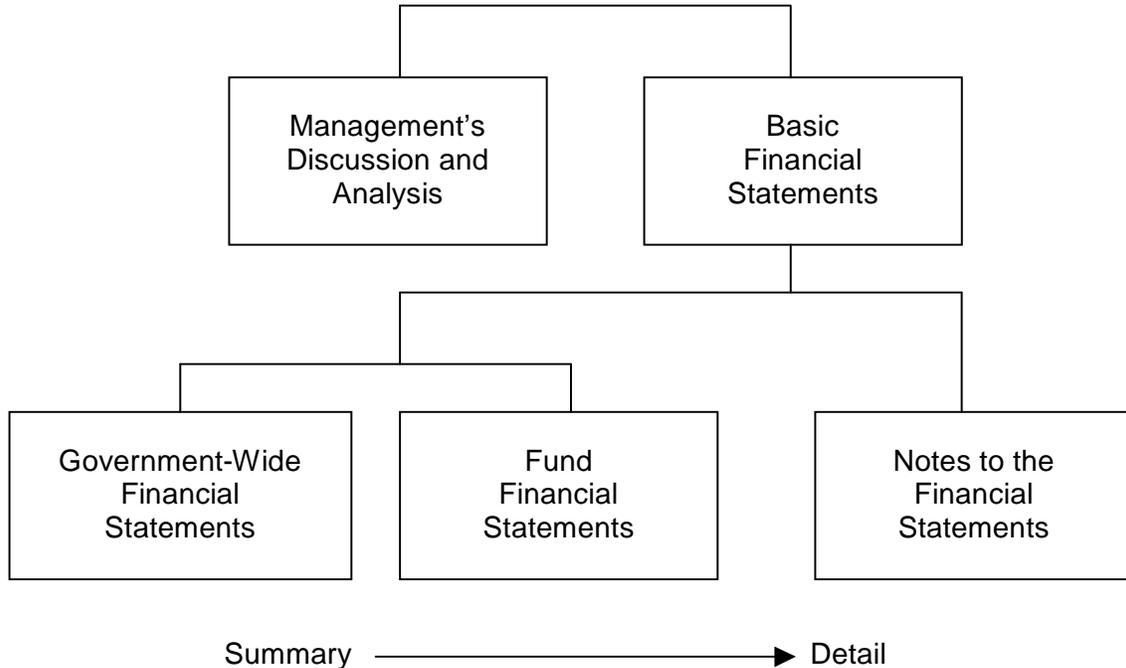
Overview of the Financial Statements

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, including a statistical section.

Management's Discussion and Analysis (Continued)

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the Government-Wide Financial Statements (Exhibit 1 and 2). They provide both short- and long-term information about the Town's financial status.

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

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

Management's Discussion and Analysis (Continued)

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net 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 15 and 16 of this report.

Fund Financial Statements

The fund financial statements provide a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town are categorized under governmental funds and can be found beginning on page 17 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)

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. Exhibit 5 shows four columns: (1) the original budget as adopted by the Board; (2) the final budget as amended by the Board; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 51 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 54 of this report.

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

The Town of Carrboro's Net Assets

Figure 2

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 20,033,376	\$ 16,469,389
Capital assets	<u>29,326,070</u>	<u>27,962,502</u>
Total assets	<u>49,359,446</u>	<u>44,431,891</u>
Other liabilities	5,520,252	4,914,296
Long-term liabilities outstanding	<u>7,730,980</u>	<u>4,140,431</u>
Total liabilities	<u>13,251,232</u>	<u>9,054,727</u>
Net assets:		
Invested in capital assets, net of related debt	23,811,827	22,845,981
Unrestricted	<u>12,296,387</u>	<u>12,531,183</u>
Total net assets	<u>\$ 36,108,214</u>	<u>\$ 35,377,164</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 exceeded liabilities by \$36,108,214 as of June 30, 2010. The Town's net assets increased by \$731,050 for the fiscal year ended June 30, 2010. The largest portion of net assets (65.9%) 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'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 \$12,086,203 (34.1%) is unrestricted.

Management's Discussion and Analysis (Continued)

Governmental Activities. Governmental activities increased the Town's net assets by \$731,050. Key elements of this change are as follows:

- Ad valorem property tax revenue increased by \$389,538 from \$10,824,131 last year to \$11,213,669 this fiscal year, which represents a 3.6% increase over the prior year. Although there was a slight decrease in the tax collection rate from the prior year, this increase is attributable to the growth in the tax base and tax levies. The tax valuation for this fiscal year remained the same from last fiscal year.
- Sales tax revenue decreased by \$97,905 from \$3,137,836 last year to \$3,039,931 this fiscal year reflecting lackluster sales returns due to the overall 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 \$2,474,729 for capital outlay, with the new fire substation as a major capital project this fiscal year.

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 \$10,884,228, while total fund balance reached \$12,947,041. 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 64.8% of total General Fund expenditures.

At June 30, 2010, the governmental funds of the Town of Carrboro reported a combined fund balance of \$14,975,490, a 26.7% increase over last year. The primary factor for the change in fund balance is due to the \$3,250,000 received in loan proceeds for the financing of the new fire substation. The reported combined fund balance of the governmental funds includes a deficit fund balance of \$2,127,006 within the Bond Fund. 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.

Management's Discussion and Analysis (Continued)

The Town of Carrboro's Changes in Net Assets

Figure 3

	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Program revenues:		
Charges for services	\$ 1,438,821	\$ 1,303,667
Operating grants and contributions	786,375	1,370,387
Capital grants and contributions	236,894	1,054,333
General revenues:		
Taxes	14,834,736	14,432,869
Grants and contributions not restricted to specific programs	870,613	943,578
Other	49,175	212,091
Total revenues	18,216,614	19,316,925
Expenses:		
General government	3,139,849	3,099,916
Public safety	6,087,506	5,565,460
Planning	1,399,817	1,124,240
Transportation	1,032,835	1,033,837
Public works	3,614,262	3,582,740
Parks and recreation	1,833,715	1,383,873
Economic and physical development	50,543	413,790
Interest on long-term debt	327,037	265,285
Total expenses	17,485,564	16,469,141
Increase in net assets	731,050	2,847,784
Net assets, July 1	35,377,164	32,529,380
Net assets, June 30	\$ 36,108,214	\$ 35,377,164

General Fund Budgetary Highlights: During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services. The General Fund budget was increased by \$458,460 increasing the total budget from \$19,075,434 to \$19,533,894.

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 \$426,830. Property taxes and permits and fees account for \$412,102 of the overall growth in revenues. This net increase is in spite of a shortfall in sales tax (\$22,114) and beer and wine tax (\$57,948). Services generated by the Recreation Department were also affected by the recession, falling short of budgeted projection (\$42,661).

Management's Discussion and Analysis (Continued)

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 reflect an increase that is partially due to the higher tax rate approved by the General Assembly on telecommunications that took effect in April 2008. Interest earnings revenue fell short of budget by \$75,546. 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 include fixed asset sales, from which the Town earned \$26,610.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Overall expenditures were \$2,746,646 less than budgeted figures and all departmental spending was in compliance with budgetary requirements. The largest savings in expenditures are reflected in the General Government, Public Works, and General Services functions (combined total of \$1,925,671). 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.

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, 2010, totaled \$29,326,070 (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:

- \$1,573,508 for construction-in-progress with the new fire substation as a major project; and,
- \$172,409 for street and sidewalk infrastructure improvements.

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

Figure 4

	2010	2009
Land	\$ 14,199,018	\$ 14,199,018
Construction-in-progress	2,228,987	383,604
Buildings and systems	2,713,150	2,796,710
Improvements other than buildings	468,323	488,987
Machinery and equipment	729,047	874,527
Infrastructure	6,553,744	6,806,131
Vehicles and motorized equipment	2,433,801	2,413,525
Total	\$ 29,326,070	\$ 27,962,502

Additional information on the Town's capital assets can be found in on page 28 and 34 of this report.

Management's Discussion and Analysis (Continued)

Long-Term Debt. As of June 30, 2010, the Town of Carrboro had no outstanding bonded debt, backed by the full faith and credit of the Town.

The Town of Carrboro's Outstanding Debt

Figure 5

	Governmental Activities	
	2010	2009
General obligation bonds	\$ -	\$ 26,107
Bond anticipation note	2,590,000	2,590,000
Installment purchases	7,060,641	4,380,835
Compensated absences	597,845	575,056
Other postemployment benefits obligation	1,234,293	-
Net pension obligation	<u>322,184</u>	<u>293,117</u>
Total	<u>\$ 11,804,963</u>	<u>\$ 7,865,115</u>

Total debt for the Town increased by \$3,939,848 (50.1%), during the past fiscal year, primarily due to the \$3,250,000 installment purchase financing for the new fire sub-station, \$1,324,183 in postemployment benefits obligations, and \$617,955 in vehicle and equipment installment purchase financing. The Town had normal debt retirement for 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 Poor's Corporation. These bond ratings are a clear indication of the Town's sound financial condition.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Carrboro is \$153,269,823. The Town has \$4,600,000 in bonds authorized, but unissued at June 30, 2010.

Additional information regarding the Town of Carrboro's long-term debt can be found beginning on page 45 of this report.

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budget and Rates

The following key economic indicators will impact the Town of Carrboro.

- Low unemployment. The Town's low unemployment rate (as reflected in the county-wide Orange County rate) of 6.4% is well below the state average of 9.7% as of August 2010. This trend is expected to continue for the next year.
- Stable property tax base. The Town expects to continue to collect property taxes at rate in excess of 98%.
- Continued sales tax depression is expected to continue into the next fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The Town has approved an \$18,525,685 General Fund budget for fiscal year 2011, which is a \$549,749 decrease from the adopted fiscal year 2010 budget. Recognizing that the impact of the economy is also felt by residents, this budget required a disciplined decision to focus on four priorities: 1) public safety, 2) transit, 3) increased debt service related to the sidewalk construction program approved by voters in November 2003, and 4) maintaining current service levels throughout the organization.

Key interests in preparing the FY10-11 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, which remained unchanged from fiscal year 2009-2010. 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>.

BASIC FINANCIAL STATEMENTS

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TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2010

Exhibit 1

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 13,377,371
Receivables:	
Taxes receivable, net	380,165
Accrued interest receivable, property taxes	39,611
Accounts receivable, net	882
Due from other governments	1,412,710
Notes receivable	514,533
Inventories	48,076
Prepays	16,122
Restricted cash	4,243,906
Total current assets	<u>20,033,376</u>
Noncurrent assets:	
Capital assets:	
Land	14,199,018
Construction-in-progress	2,228,987
Other capital assets, net of depreciation	12,898,065
Total noncurrent assets	<u>29,326,070</u>
Total assets	<u>49,359,446</u>
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,071,796
Customer deposits and performance bonds	107,508
Unearned revenues	143,208
Accrued interest payable	123,757
Current portion of long-term liabilities	4,073,983
Total current liabilities	<u>5,520,252</u>
Long-term liabilities:	
Due in more than one year	7,730,980
Total liabilities	<u>13,251,232</u>
 NET ASSETS	
Invested in capital assets, net of related debt	23,811,827
Unrestricted	12,296,387
Total net assets	<u>\$ 36,108,214</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</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>		
Governmental activities:						
General government	\$ 3,139,849	\$ 134,344	\$ 14,651	\$ -		\$ (2,990,854)
Public safety	6,087,506	577,392	123,415	-		(5,386,699)
Planning	1,399,817	384,667	42,868	-		(972,282)
Transportation	1,032,835	-	-	178,184		(854,651)
Public works	3,614,262	85,779	505,590	58,710		(2,964,183)
Parks and recreation	1,833,715	256,639	57,672	-		(1,519,404)
Economic and physical development	50,543	-	42,179	-		(8,364)
Interest on long-term debt	327,037	-	-	-		(327,037)
Total governmental activities	<u>\$ 17,485,564</u>	<u>\$ 1,438,821</u>	<u>\$ 786,375</u>	<u>\$ 236,894</u>		(15,023,474)
General revenues:						
Taxes:						
Property taxes, levied for general purposes						11,286,461
Local option sales taxes						3,119,620
Other taxes						428,655
Unrestricted intergovernmental revenues						870,613
Investment earnings, unrestricted						49,175
Total general revenues						<u>15,754,524</u>
Change in net assets						731,050
Net assets - beginning						<u>35,377,164</u>
Net assets - ending						<u>\$ 36,108,214</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CARRBORO, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010**

Exhibit 3

ASSETS	Major Funds					Nonmajor Funds	Total Governmental Funds
	General Fund	Revolving Loan Fund	Capital Reserve Fund	Capital Projects Fund	Bond Fund		
Cash and cash equivalents	\$ 11,654,872	\$ 128,358	\$ 1,416,570	\$ -	\$ -	\$ 177,571	\$ 13,377,371
Taxes receivable, net	380,165	-	-	-	-	-	380,165
Accounts receivable, net	-	-	882	-	-	-	882
Due from other governments	1,202,526	-	-	66,283	111,901	32,000	1,412,710
Notes receivable, net	-	479,303	-	-	-	35,230	514,533
Inventories	48,076	-	-	-	-	-	48,076
Prepaid Items	16,122	-	-	-	-	-	16,122
Restricted cash	807,243	-	-	2,931,289	505,374	-	4,243,906
Total assets	\$ 14,109,004	\$ 607,661	\$ 1,417,452	\$ 2,997,572	\$ 617,275	\$ 244,801	\$ 19,993,765
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	531,083	-	-	466,333	42,380	32,000	1,071,796
Customer deposits and performance bonds	107,508	-	-	-	-	-	107,508
Deferred revenues	380,164	479,303	882	66,283	111,901	67,230	1,105,763
Unearned revenues	143,208	-	-	-	-	-	143,208
Short-term debt	-	-	-	-	2,590,000	-	2,590,000
Total liabilities	1,161,963	479,303	882	532,616	2,744,281	99,230	5,018,275
Fund balances (deficit):							
Reserved for encumbrances	796,088	-	-	-	-	-	796,088
Reserved for prepaid items	16,122	-	-	-	-	-	16,122
Reserved by state statute	1,250,603	-	-	-	-	-	1,250,603
Unreserved General Fund:							
Designated for project expenditures	407,017	-	-	-	-	-	407,017
Designated for subsequent year's expenditures	526,591	-	-	-	-	-	526,591
Undesignated	9,950,620	-	-	-	-	-	9,950,620
Unreserved, Special Revenue Funds:							
Designated for project expenditures	-	-	-	2,464,956	-	-	2,464,956
Designated for specific purposes	-	128,358	435,381	-	-	151,766	715,505
Designated for subsequent year's expenditures	-	-	176,955	-	-	-	176,955
Undesignated	-	-	804,234	-	(2,127,006)	(6,195)	(1,328,967)
Total fund balances (deficit)	12,947,041	128,358	1,416,570	2,464,956	(2,127,006)	145,571	14,975,490
Total liabilities and fund balances	\$ 14,109,004	\$ 607,661	\$ 1,417,452	\$ 2,997,572	\$ 617,275	\$ 244,801	

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.	29,326,070
Liabilities for earned but deferred revenues in fund statements, including accrued interest receivable on property taxes.	1,145,375
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>(9,338,721)</u>
Net assets of governmental activities	<u>\$ 36,108,214</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, 2010

Exhibit 4
Page 1 of 2

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General Fund	Revolving Loan Fund	Capital Reserve Fund	Capital Projects Fund	Bond Fund		
Revenues:							
Ad valorem taxes	\$ 11,213,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,213,669
Local option sales taxes	3,039,931	-	-	-	-	-	3,039,931
Other taxes and licenses	508,344	-	-	-	-	-	508,344
Unrestricted intergovernmental	875,129	-	-	-	-	-	875,129
Restricted intergovernmental	678,992	-	-	4,800	53,327	(5,954)	731,165
Permits and fees	1,175,313	-	-	-	-	-	1,175,313
Sales and services	256,639	-	-	-	-	-	256,639
Investment earnings	24,453	14,716	3,683	4,887	1,163	272	49,174
Other	49,632	70,888	1,797	-	-	-	122,317
Total revenues	17,822,102	85,604	5,480	9,687	54,490	(5,682)	17,971,681
Expenditures:							
Current:							
General government	2,977,416	2,719	-	-	-	-	2,980,135
Public safety	5,397,502	-	-	-	-	-	5,397,502
Planning	1,098,192	-	-	-	-	-	1,098,192
Transportation	1,032,835	-	-	-	-	-	1,032,835
Public works	2,958,684	-	-	-	-	-	2,958,684
Economic and physical development	-	10,000	-	-	-	37,825	47,825
Parks and recreation	1,243,416	-	-	-	-	-	1,243,416
Capital outlay	601,486	-	-	1,676,497	196,746	-	2,474,729
Debt service:							
Principal	1,214,257	-	-	-	-	-	1,214,257
Interest and other charges	263,461	-	-	-	-	-	263,461
Total expenditures	16,787,249	12,719	-	1,676,497	196,746	37,825	18,711,036
Excess of revenues over (under) expenditures	1,034,853	72,885	5,480	(1,666,810)	(142,256)	(43,507)	(739,355)
Other financing sources (uses):							
Transfers from other funds	544,806	-	279,234	151,883	-	-	975,923
Transfers to other funds	(404,562)	-	(544,806)	(26,555)	-	-	(975,923)
Sale of capital assets	26,610	-	-	-	-	-	26,610
Installment purchase obligations issued	617,955	-	-	3,250,000	-	-	3,867,955
Total other financing sources	784,809	-	(265,572)	3,375,328	-	-	3,894,565
Net change in fund balances	1,819,662	72,885	(260,092)	1,708,518	(142,256)	(43,507)	3,155,210
Fund balance (deficit), beginning of year	11,127,379	55,473	1,676,662	756,438	(1,985,170)	189,078	11,819,860
Fund balance (deficit), ending	\$ 12,947,041	\$ 128,358	\$ 1,416,570	\$ 2,464,956	\$ (2,127,426)	\$ 145,571	\$ 14,975,070

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, 2010**

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	\$ 3,155,210
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays (\$2,474,578) as expenditures. However, in the statement of activities the cost of estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation (\$1,111,009) in the current period.	1,363,569
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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	2,776
Change in deferred revenues, property taxes	70,016
Change in deferred revenues	142,902

The issuance of long-term debt (\$3,867,955) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$1,214,257) consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,653,698)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on general long-term debt	(63,576)
Compensated absences	(22,789)
Net pension obligation	(29,067)
Other postemployment benefits	(1,234,293)

Changes in net assets of governmental activities	\$ 731,050
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The accompanying notes are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE
FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 10,956,318	\$ 10,956,318	\$ 11,213,669	\$ 257,351
Local option sales taxes	3,062,045	3,062,045	3,039,931	(22,114)
Other taxes and licenses	391,743	391,743	508,344	116,601
Unrestricted intergovernmental	920,868	920,868	875,129	(45,739)
Restricted intergovernmental	563,915	621,088	678,992	57,904
Permits and fees	1,020,562	1,020,562	1,175,313	154,751
Sales and services	299,300	299,300	256,639	(42,661)
Investment earnings	100,000	100,000	24,453	(75,547)
Other	39,075	39,959	49,632	9,673
Total revenues	17,353,826	17,411,883	17,822,102	410,219
Expenditures:				
Current:				
General government	3,246,374	3,346,151	2,994,879	351,272
Public safety	5,607,907	5,845,488	5,554,918	290,570
Planning	1,228,776	1,313,323	1,125,114	188,209
Transportation	1,064,150	1,064,150	1,032,835	31,315
Public works	4,167,122	4,411,604	3,318,788	1,092,816
Parks and recreation	1,410,212	1,435,634	1,282,997	152,637
General services	729,831	77,021	-	77,021
Debt service	1,621,062	1,635,962	1,477,718	158,244
Total expenditures	19,075,434	19,129,332	16,787,249	2,342,084
Excess of revenues over (under) expenditures	(1,721,608)	(1,717,449)	1,034,853	2,752,303
Other financing sources (uses):				
Transfers from other funds	544,806	544,806	544,806	-
Transfers to other funds	-	(404,562)	(404,562)	-
Sale of capital assets	10,000	10,000	26,610	16,610
Installment purchase financing issued	620,496	620,496	617,955	(2,541)
Total other financing sources (uses)	1,175,302	770,740	784,809	14,069
Excess of revenues and other sources over (under) expenditures and other uses	(546,306)	(946,709)	1,819,662	2,766,371
Fund balance appropriated	546,306	946,709	-	(946,709)
Net change in fund balance	\$ -	\$ -	1,819,662	\$ 1,819,662
Fund balance, beginning of year			11,127,379	
Fund balance, ending			<u>\$ 12,947,041</u>	

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	3,683	3,683
-	-	1,797	1,797
-	-	5,480	5,480
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	5,480	5,480
-	-	279,234	279,234
(544,806)	(544,806)	(544,806)	-
-	-	-	-
(544,806)	(544,806)	(265,572)	279,234
(544,806)	(544,806)	(260,092)	284,714
544,806	544,806	-	(544,806)
<u>\$ -</u>	<u>\$ -</u>	(260,092)	<u>\$ (260,092)</u>
		1,676,662	
		<u>\$ 1,416,570</u>	

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, 2010

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 non-major 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, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

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

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.

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

The Town reports the following nonmajor governmental funds:

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, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (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 a 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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, 2010

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 and the Payment in Lieu Reserve 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 the Grant Administration Fund and the Affordable Housing 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.

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 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, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

1. Deposits and Investments (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 \$3,631,024 are classified as restricted assets because their use is completely restricted to the purpose for which the installment purchase agreements were issued, including \$1,277,446, which will reimburse the General Fund for approved expenditures. The unexpended bond anticipation note proceeds in the amount of \$505,374 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. Credit deposits in the amount of \$107,508 are considered a liability and classified as restricted cash. The Town requires builders/contractors to pay a credit deposit when, due to circumstances beyond their control, there is uncompleted work on a construction project and the builder/contractor needs to have the Planning Department issue a Certificate of Occupancy for the property. Once the Town has ensured that the work has been satisfactorily completed, the credit deposit funds are released.

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2009.

5. Allowances for Doubtful Accounts

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

6. Inventory and Prepaid Items

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

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

7. Capital Assets

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

Minimum capitalization costs are as follows:

	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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

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.

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 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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

10. Net Assets/Fund Balances (Continued)

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:

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 subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

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.

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, 2010

Note 2. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance of Individual Funds

At June 30, 2010, the Bond Fund has a deficit fund balance of \$2,127,006. 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.c.). Also at June 30, 2010, the Grants Administration Fund had a deficit fund balance of \$32,000. The deficit fund balance is related to deferred revenue that will be recognized in the subsequent year.

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, 2010, the Town's deposits had a carrying amount of \$6,035,467 and a bank balance of \$6,079,534. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$5,079,534 was covered under the Pooling Method. The Town had \$1,700 of petty cash on hand at June 30, 2010.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2010, the Town of Carrboro had \$11,584,110 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, 2010, the Town's investment balances were as follows:

	Reported Value	Fair Value
North Carolina Capital Management Trust - Cash Portfolio	<u>\$11,584,110</u>	<u>\$11,584,110</u>

There were no realized or unrealized gains or losses on the Town's investments during the fiscal year ended June 30, 2010.

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	\$ -	\$ -	\$ 866,303	\$ 866,303
Utilities franchise and telecommunications tax	-	-	138,140	138,140
Sales and gas tax refunds	-	42,354	83,216	125,570
Other	16,585	2,640	53,288	72,513
<i>Other Funds</i>				
Grants	-	-	210,184	210,184
<i>Total</i>	\$ 16,585	\$ 44,994	\$ 1,351,131	\$ 1,412,710

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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. As of June 30, 2010, the Revolving Loan Fund notes receivable balance was \$479,303, net of a \$98,341 allowance.

In June 2007, an Affordable Housing Fund was created to advance the Town's goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. As of June 30, 2010, the Affordable Housing Fund notes receivable balance was \$35,230.

The following is a summary of notes receivable at June 30, 2010:

	<u>Interest Rate</u>	<u>Balance</u>
Blue Icon	8.00%	\$ 6,028
Alphabet Soup	6.00	28,131
Cycling Specifics	5.00	9,786
Bryan's Guitar	3.00	59,694
Science Technologies	2.00	17,689
Art in a Pickle	2.00	78,124
The Beehive	3.00	42,940
Carrboro Creative Coworking	2.00	84,636
Cycle 9	3.00	61,047
Original Ornament	3.00	70,000
Kind Coffee	3.00	52,131
Carrboro Raw	2.00	31,128
Carrboro Citizen	2.00	36,310
105 Cobb Street	2.00	7,332
109 Jones Ferry Road	2.00	<u>27,898</u>
		612,874
Less allowance		<u>(98,341)</u>
Total		<u>\$ 514,533</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

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.

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>\$143,645</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2010 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	383,604	2,474,578	629,195	2,228,987
Total capital assets not being depreciated	\$ 14,582,622	\$ 2,474,578	\$ 629,195	\$ 16,428,005
Capital assets being depreciated:				
Buildings and improvements	\$ 5,115,553	\$ 71,083	\$ -	\$ 5,186,636
Land improvements	577,119	1,934	-	579,053
Infrastructure	7,356,196	956	-	7,357,152
Equipment and heavy equipment	2,716,979	105,309	-	2,822,288
Vehicles	5,514,735	449,913	28,229	5,936,419
Total capital assets being depreciated	\$ 21,280,582	\$ 629,195	\$ 28,229	\$ 21,881,548
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,318,843	\$ 154,643	\$ -	\$ 2,473,486
Land improvements	88,132	22,598	-	110,730
Infrastructure	550,064	253,345	-	803,409
Equipment and heavy equipment	1,809,583	283,658	-	2,093,241
Vehicles	3,134,080	396,766	28,228	3,502,617
Total accumulated depreciation	\$ 7,900,702	\$ 1,111,009	\$ 28,228	\$ 8,983,483
Total capital assets being depreciated, net	\$ 13,379,880			\$ 12,898,065
Governmental activity capital assets, net	\$ 27,962,502			\$ 29,326,070

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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	\$ 62,602
Public safety	9,658
Planning	180,479
Public works	359,081
Parks and recreation	<u>499,189</u>
 Total depreciation expense	 <u>\$ 1,111,009</u>

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2010 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 317,890	\$ 212,542	\$ 651	\$ 531,083
Other governmental	<u>504,843</u>	<u>-</u>	<u>35,870</u>	<u>540,713</u>
 Total governmental activities	 <u>\$ 822,733</u>	 <u>\$ 212,542</u>	 <u>\$ 36,521</u>	 <u>\$ 1,071,796</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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 4.87% 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, 2010, 2009 and 2008 were \$356,545, \$350,238 and \$337,771, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	41
Total	44

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

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, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% 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, 2008 was 21 years.

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

Annual required contribution	\$ 73,193
Interest on net pension obligation	21,251
Adjustment to annual required contribution	<u>(18,464)</u>
Annual pension cost	75,980
Contributions made	<u>46,913</u>
Increase in net pension obligation	29,067
Net pension obligation, beginning of year	<u>293,117</u>
Net pension obligation, end of year	<u>\$ 322,184</u>

Funded Status and Funding Process: As of December 31, 2009, 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 \$889,339. The covered payroll (annual payroll of active employees covered by the plan was \$1,965,368, and the ratio of the UAAL to the covered payroll was 45.25%.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

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 Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 61,562	58.88%	\$ 274,832
6/30/09	64,458	71.63%	293,117
6/30/10	75,980	61.74%	322,184

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, 2010 were \$458,494, which consisted of \$252,474 from the Town and \$206,020 from the employees.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits

Plan Description. In addition to providing pension benefits, the Town has elected to provide post-retirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System. The Board of Aldermen may amend the benefit provisions.

Membership of the Healthcare Benefits (HCB) Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	18	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	123	40
Total	141	43

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Also, retirees who have their dependents covered at the time of retirement may continue to cover dependents if they elect to pay the premiums. Currently, 18 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2010, the Town made payments for post-retirement health premiums of \$107,546. There were no contributions made by employees, except for dependent coverage in the amount of \$17,656. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

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

Annual required contribution	\$ 1,324,183
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	1,324,183
Contributions made	(89,890)
Increase in net OPEB obligation	1,234,293
Net OPEB obligation, beginning of year	<u>-</u>
 Net OPEB obligation, end of year	 <u><u>\$ 1,234,293</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 were as follows:

<u>For Year</u> <u>Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2010	\$ 1,324,193	6.79%	\$ 1,234,293

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$13,138,991. The covered payroll (annual payroll of active employees covered by the plan) was \$7,108,351, and the ratio of the UAAL to the covered payroll was 184.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

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

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

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010, the Town made contributions to the state for death benefits of \$6,436. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.06% and 0.14%, 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, 2010

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 balances 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	\$ 380,165	\$ -
Notes receivable, net	514,533	-
Prepaid privilege license	-	46,540
Grants receivable	210,184	-
Parks and recreation program and facility reservations	-	55,058
Other unearned revenues received	<u>882</u>	<u>41,610</u>
Total	<u>\$ 1,105,763</u>	<u>\$ 143,208</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.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Risk Management (Continued)

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.

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, 2010

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, 2010 are as follows:

Fiscal Year Ending June 30,	General Long-Term Debt
2011	\$ 660,411
2012	432,128
2013	273,084
2014	<u>272,534</u>
Total minimum payments	1,638,157
Less amount representing interest	<u>(92,723)</u>
Present value of installment purchase payments - equipment	<u>\$ 1,545,434</u>

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, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. Installment Purchase Agreements - Improvements - General Fund

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 Town has an installment purchase agreement to finance the construction of the fire substation. The financing contract requires semi-annual payments of \$108,333 due July 15 and January 15, including interest at 4.07%. The financing institution holds a first lien security interest on the property and first priority security interest in any and all fixtures used in connection with the operation of the property.

The future minimum payments of the installment purchase and the net present value of these payments as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	General Long-Term Debt
2011	\$ 719,293
2012	706,781
2013	694,301
2014	681,759
2015	669,247
2016-2020	2,322,496
2021-2025	<u>1,074,185</u>
Total minimum payments	6,868,062
Less amount representing interest	<u>(1,352,855)</u>
Present value of installment purchase payments - improvements	<u>\$ 5,515,207</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. 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 May 19, 2009, which matured on February 17, 2010. The BAN was renewed at the same face value and will mature on October 27, 2010. Upon the October 2010 maturity, it is the Town's intent to renew again the same face value of \$2,590,000. The note bears interest at a stated rate of 1.25 % per annum. The bond anticipation notes do not meet the criteria for classification as general long-term debt as set forth in ASC 470; 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."

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

During the year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation bonds	\$ 26,107	\$ -	\$ 26,107	\$ -	\$ -
Installment purchases - improvements	2,653,914	3,250,000	388,707	5,515,207	504,297
Installment purchases - equipment	1,726,922	617,955	799,443	1,545,434	615,198
Compensated absences	575,056	387,277	364,488	597,845	364,488
Other Post-employment benefits	-	1,324,183	89,890	1,234,293	-
Net pension obligation	<u>293,117</u>	<u>75,980</u>	<u>46,913</u>	<u>322,184</u>	<u>-</u>
Total long-term obligations	5,275,115	5,655,395	1,715,548	9,214,963	1,483,983
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>\$ 7,865,115</u>	<u>\$ 5,655,394</u>	<u>\$ 1,715,548</u>	<u>\$ 11,804,963</u>	<u>\$ 4,073,983</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

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, 2010. The Town's legal debt margin at June 30, 2010 was \$153,269,823.

C. Interfund Balances and Activity

Transfers to/from other funds:

Transfers to/from other funds at June 30, 2010 consist of the following:

From the General Fund to the Capital Reserve Fund for future capital projects expenditures	\$ 252,679
From the General Fund to the Capital Projects Fund for project expenditures	151,883
From the Capital Reserve Fund to the General Fund for project expenditures	544,806
From the Capital Projects Fund to the Capital Reserve Fund for future project expenditures	<u>26,555</u>
Total	<u>\$ 975,923</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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 \$11,835 for employment security benefits during the current fiscal year.

Note 5. Future Expected Annual Cell Tower Revenue

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

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

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 5. Future Expected Annual Cell Tower Revenue (Continued)

The expected annual cell tower revenues are as follows:

2011	\$ 123,477
2012	104,245
2013	105,302
2014	<u>37,391</u>
	<u>\$ 370,415</u>

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) ÷ (c)
12/31/00	-	\$ 312,476	\$ 312,476	0.00%	\$ 1,189,634	26.27%
12/31/01	-	355,690	355,690	0.00%	1,333,658	26.67%
12/31/02	-	403,085	403,085	0.00%	1,311,158	30.74%
12/31/03	-	423,271	423,271	0.00%	1,375,349	30.78%
12/31/04	-	460,887	460,887	0.00%	1,523,125	30.26%
12/31/05	-	412,323	412,323	0.00%	1,560,379	26.42%
12/31/06	-	534,900	534,900	0.00%	1,752,714	30.52%
12/31/07	-	557,745	557,745	0.00%	1,718,362	32.46%
12/31/08	-	654,656	654,656	0.00%	1,848,527	35.42%
12/31/09	-	889,339	889,339	0.00%	1,965,368	45.25%

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

Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
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	51,586	44.15%
2008	61,562	58.88%
2009	64,458	71.63%
2010	75,980	61.74%

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, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5% - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None

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

Exhibit B-1

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

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

Exhibit B-2

Year Ended June 30	Annual Required Contribution	Annual Percentage Contributed
2010	\$ 1,324,183	6.79%

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 open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.5% - 5.0%
Year of ultimate trend rate	2016
Includes inflation at	3.75%

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes			
Taxes	\$ 10,936,318	\$ 11,186,596	\$ 250,278
Penalties and interest	20,000	27,073	7,073
Total	<u>10,956,318</u>	<u>11,213,669</u>	<u>257,351</u>
Local option sales taxes			
Article 39, 1%	986,963	1,077,020	90,057
Article 40, ½%	735,606	729,086	(6,520)
Article 42, ½%	782,721	573,166	(209,555)
Article 44, ½%	556,755	660,659	103,904
Total	<u>3,062,045</u>	<u>3,039,931</u>	<u>(22,114)</u>
Other taxes and licenses			
Motor vehicle license fees	329,743	401,462	71,719
Privilege licenses	62,000	72,117	10,117
Franchise fees	-	34,765	34,765
Total	<u>391,743</u>	<u>508,344</u>	<u>116,601</u>
Unrestricted intergovernmental			
North Carolina Department of Transportation reimbursement	4,200	4,517	317
Utilities franchise and telecommunications tax	830,938	842,830	11,892
Beer and wine tax	85,730	27,782	(57,948)
Total	<u>920,868</u>	<u>875,129</u>	<u>(45,739)</u>
Restricted intergovernmental			
Powell Bill	411,702	441,079	29,377
Solid Waste Disposal Tax Distribution	-	13,274	13,274
Planning Work Grant	22,740	42,868	20,128
NC Risk Mgmt Agency Grant (bullet proof vests)	750	-	(750)
Byrne JAG - K9 Grant	35,646	32,944	(2,702)
Fire Grant for Car Seats	-	1,190	1,190
Planning Grant - Safe Route to School Grant	12,864	-	(12,864)
Byrne JAG - Tactical Vests Grant	8,663	-	(8,663)
SAFER Grant - Fire Department	86,065	87,999	1,934
Orange County Arts Commission Grant	-	7,750	7,750
ABC Board Grant	5,800	6,605	805
Orange County Economic Development Grant	-	1,000	1,000
North Carolina Department of Revenue seizure funds	960	8,385	7,425
Recreation municipal supplement	35,898	35,898	-
Total	<u>621,088</u>	<u>678,992</u>	<u>57,904</u>

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Permits and fees			
Fire district fees	\$ 423,966	\$ 427,517	\$ 3,551
Building permits	50,000	95,164	45,164
Electrical permits	45,000	87,630	42,630
Mechanical permits	40,000	67,839	27,839
Re-inspection fees	3,500	1,625	(1,875)
Plumbing permits	40,000	56,084	16,084
Refuse collection fees	90,288	91,399	1,111
Development review	25,000	25,328	328
Engineering fees	40,000	24,594	(15,406)
Technical Review - future equipment	-	18,200	18,200
Tower fees	119,984	119,986	2
Dog fees	5,000	7,099	2,099
Sign permits	350	880	530
Street closing	500	1,185	685
Street signs	-	178	178
Street inspection fees	500	-	(500)
Parking violations	3,500	5,135	1,635
Court officer fees	3,000	4,740	1,740
School Resource Officer contract fees	107,624	107,624	-
Recycling fees	6,500	7,708	1,208
Time Warner Peg Access fee	12,000	11,939	(61)
Car seat sales	-	1,040	1,040
Fire Permitting fees	3,200	8,147	4,947
Miscellaneous fees	650	4,272	3,622
Total	<u>1,020,562</u>	<u>1,175,313</u>	<u>154,751</u>
Sales and services			
Recreation fees	203,000	182,439	(20,561)
Town Center fees	96,300	74,200	(22,100)
Total	<u>299,300</u>	<u>256,639</u>	<u>(42,661)</u>
Investment earnings			
Interest on investments	100,000	24,453	(75,547)
Other			
Sale of lots	5,000	6,040	1,040
Refuse cart sales	3,500	5,209	1,709
Yard waste container sales	2,600	2,662	62
Farmers' Market rent	2,000	2,370	370
Donations	20,859	15,418	(5,441)
Miscellaneous	6,000	17,933	11,933
Total	<u>39,959</u>	<u>49,632</u>	<u>9,673</u>
Total revenues	<u>17,411,883</u>	<u>17,822,102</u>	<u>410,219</u>

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Schedule 1
Page 3 of 5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General government			
Mayor and Board of Aldermen			
Personnel services	\$ 121,755	\$ 110,914	\$ 10,841
Operations	165,350	143,545	21,805
Total	<u>287,105</u>	<u>254,459</u>	<u>32,646</u>
Advisory boards			
Operations	16,963	8,892	8,071
Total	<u>16,963</u>	<u>8,892</u>	<u>8,071</u>
Governmental support			
Operations	261,658	259,472	2,186
Total	<u>261,658</u>	<u>259,472</u>	<u>2,186</u>
Town Manager			
Personnel services	249,255	250,954	(1,699)
Operations	25,980	15,285	10,695
Total	<u>275,235</u>	<u>266,239</u>	<u>8,996</u>
Town Clerk			
Personnel services	103,730	108,132	(4,402)
Operations	19,797	8,287	11,510
Total	<u>123,527</u>	<u>116,419</u>	<u>7,108</u>
Management services			
Personnel services	636,479	617,630	18,849
Operations	1,144,587	969,881	174,706
Capital outlay	49,000	17,463	31,537
Total	<u>1,830,066</u>	<u>1,604,974</u>	<u>225,092</u>
Personnel			
Personnel services	312,220	286,713	25,507
Operations	63,170	47,408	15,762
Total	<u>375,390</u>	<u>334,121</u>	<u>41,269</u>
Economic and community development			
Personnel services	120,063	120,219	(156)
Operations	56,144	30,084	26,060
Total	<u>176,207</u>	<u>150,303</u>	<u>25,904</u>
Total general government	<u>3,346,151</u>	<u>2,994,879</u>	<u>351,272</u>

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety			
Police department			
Personnel services	\$ 2,840,260	\$ 2,714,733	\$ 125,527
Operations	396,420	298,555	97,865
Capital outlay	117,190	112,936	4,254
Total	<u>3,353,870</u>	<u>3,126,224</u>	<u>227,646</u>
Fire department			
Personnel services	2,089,570	2,060,523	29,047
Operations	345,533	323,691	21,842
Capital outlay	56,515	44,480	12,035
Total	<u>2,491,618</u>	<u>2,428,694</u>	<u>62,924</u>
Total public safety	<u>5,845,488</u>	<u>5,554,918</u>	<u>290,570</u>
Planning			
Personnel services	1,033,618	974,869	58,749
Operations	249,705	123,323	126,382
Capital outlay	30,000	26,922	3,078
Total planning	<u>1,313,323</u>	<u>1,125,114</u>	<u>188,209</u>
Transportation			
Operations	<u>1,064,150</u>	<u>1,032,835</u>	<u>31,315</u>
Total transportation	<u>1,064,150</u>	<u>1,032,835</u>	<u>31,315</u>
Public works			
Public works department			
Personnel services	1,908,840	1,725,324	183,516
Operations	1,593,506	1,233,511	359,995
Capital outlay	909,258	359,953	549,305
Total public works	<u>4,411,604</u>	<u>3,318,788</u>	<u>1,092,816</u>
Parks and recreation			
Recreation department			
Personnel services	1,024,474	968,964	55,509
Operations	338,928	274,452	64,476
Capital outlay	72,232	39,581	32,651
Total parks and recreation	<u>1,435,634</u>	<u>1,282,997</u>	<u>152,636</u>
General services			
Operations	<u>77,021</u>	-	<u>77,021</u>
Total general services	<u>77,021</u>	-	<u>77,021</u>

**TOWN OF CARRBORO, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2010**

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service			
Principal retirement	\$ 1,329,450	\$ 1,214,257	\$ 115,193
Interest and fees	306,512	263,461	43,051
Total debt service	<u>1,635,962</u>	<u>1,477,718</u>	<u>158,244</u>
Total expenditures	<u>19,129,332</u>	<u>16,787,249</u>	<u>2,342,083</u>
Revenues over (under) expenditures	<u>(1,717,449)</u>	<u>1,034,853</u>	<u>2,752,302</u>
Other financing sources (uses)			
Transfers from (to) other funds			
From Capital Reserve Fund	544,806	544,806	-
To Capital Reserve Fund	(252,679)	(252,679)	-
To Capital Projects Fund	(151,883)	(151,883)	-
Sale of capital assets	10,000	26,610	16,610
Installment purchase obligations issued	620,496	617,955	(2,541)
Total other financing sources	<u>770,740</u>	<u>784,809</u>	<u>14,069</u>
Revenues and other sources over (under) expenditures and other uses	(946,709)	1,819,662	2,766,371
Appropriated fund balance	<u>946,709</u>	<u>-</u>	<u>(946,709)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,819,662</u>	<u>\$ 1,819,662</u>
Fund balance, beginning of year		<u>11,127,379</u>	
Fund balance, ending		<u>\$ 12,947,041</u>	

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION
CHANGES AND ACTUAL - CAPITAL PROJECTS FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
General revenues					
Interest on investments	\$ 22,232	\$ 22,230	\$ 4,887	\$ 27,117	\$ 4,885
Miscellaneous revenue	-	5,438	-	5,438	5,438
Total general revenues	<u>22,232</u>	<u>27,668</u>	<u>4,887</u>	<u>32,555</u>	<u>10,323</u>
Bus shelter					
Federal pass-through grant	76,296	-	4,800	4,800	(71,496)
Total bus shelter	<u>76,296</u>	<u>-</u>	<u>4,800</u>	<u>4,800</u>	<u>(71,496)</u>
Total revenues	<u>98,528</u>	<u>27,668</u>	<u>9,687</u>	<u>37,355</u>	<u>(61,173)</u>
Expenditures					
Fire Substation #2 project					
Architectural services	210,000	190,582	31,228	221,810	(11,810)
Professional services	39,022	9,795	17,138	26,933	12,089
Computer and peripherals	429,800	98,297	84,100	182,397	247,403
Miscellaneous	44,500	605	-	605	43,895
Equipment	360,000	-	127,494	127,494	232,506
Construction	1,972,333	-	1,313,550	1,313,550	658,783
Construction services	9,375	9,375	-	9,375	-
Contingency	184,970	-	-	-	184,970
Total Fire Substation #2 project	<u>3,250,000</u>	<u>308,654</u>	<u>1,573,510</u>	<u>1,882,164</u>	<u>1,367,836</u>
Weaver Street reconstruction					
Construction	1,043,000	-	-	-	1,043,000
Design	260,000	20,412	31,904	52,316	207,684
Total Weaver Street reconstruction	<u>1,303,000</u>	<u>20,412</u>	<u>31,904</u>	<u>52,316</u>	<u>1,250,684</u>
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	<u>767,000</u>	<u>756,485</u>	<u>-</u>	<u>756,485</u>	<u>10,515</u>
Bus shelter					
Construction	71,496	-	66,283	66,283	5,213
Design	4,800	-	4,800	4,800	-
Total bus shelter	<u>76,296</u>	<u>-</u>	<u>71,083</u>	<u>71,083</u>	<u>5,213</u>
Total expenditures	<u>5,396,296</u>	<u>1,085,551</u>	<u>1,676,497</u>	<u>2,762,048</u>	<u>2,634,248</u>
Revenues under expenditures	<u>(5,297,768)</u>	<u>(1,057,883)</u>	<u>(1,666,810)</u>	<u>(2,724,693)</u>	<u>2,573,075</u>
Other financing sources (uses)					
Transfers from (to) other funds					
From General Fund	729,323	465,000	151,883	616,883	(112,440)
From Capital Reserve Fund	598,000	597,999	-	597,999	(1)
To General Fund	(20,000)	(20,000)	-	(20,000)	-
To Capital Reserve Fund	(26,555)	-	(26,555)	(26,555)	-
To Undesignated Fund Balance	-	4,322	-	4,322	4,322
Installment purchase obligations issued	4,017,000	767,000	3,250,000	4,017,000	-
Total other financing sources	<u>5,297,768</u>	<u>1,814,321</u>	<u>3,375,328</u>	<u>5,189,649</u>	<u>(108,119)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 756,438</u>	<u>1,708,518</u>	<u>\$ 2,464,956</u>	<u>\$ 2,464,956</u>
Fund balance, beginning of year			756,438		
Fund balance, end of year			<u>\$ 2,464,956</u>		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION AND
ACTUAL - REVOLVING LOAN FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 3
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	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
General revenues					
Investment earnings					
Interest on investments	\$ 231,210	\$ 231,156	\$ 204	\$ 231,360	\$ 150
Interest repayments	331,445	334,088	14,512	348,600	17,155
Total investment earnings	562,655	565,244	14,716	579,960	17,305
Other general revenues					
Revolving loan payments					
University Printery principal repay	27,243	27,241	2,758	29,999	2,756
Acme Food & Beverage Co. principal repay	50,000	49,999	-	49,999	(1)
Alphabet Soup	17,733	17,734	2,134	19,868	2,135
Science Technologies	12,611	12,977	4,335	17,312	4,701
Bryan's Guitar	26,189	26,257	4,049	30,306	4,117
Blue Icon	7,237	7,504	4,597	12,101	4,864
Cycling Specifics	32,699	32,798	2,230	35,028	2,329
Art in a Pickle	12,514	12,525	14,351	26,876	14,362
Carrboro Coworking	-	-	5,364	5,364	5,364
Cycle 9	-	-	7,493	7,493	7,493
The Beehive	-	913	6,147	7,060	7,060
The Kind Coffee	-	-	4,869	4,869	4,869
The Carrboro Citizen	-	-	3,690	3,690	3,690
Carrboro Raw	-	-	8,871	8,871	8,871
Original loan repayments	273,087	273,087	-	273,087	-
Total revolving loan payments	459,313	461,035	70,888	531,923	72,610
Total revenues	1,021,968	1,026,279	85,604	1,111,883	89,915
Expenditures					
Current:					
General government					
Contractual services	16,679	5,096	2,658	7,754	8,925
Miscellaneous	10,000	160	61	221	9,779
Administration	-	9,478	-	9,478	(9,478)
Total current	26,679	14,734	2,719	17,453	9,226
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	-
Original 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	140	57,000	-
Carrboro Citizen	50,000	30,140	9,860	40,000	10,000
Carrboro Raw	40,000	40,000	-	40,000	-
Loss on loans	70,533	70,532	-	70,532	1
Unexpended reserves	29,216	-	-	-	29,216
Total Economic and Physical Development	946,289	897,072	10,000	907,072	39,217

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION AND
ACTUAL - REVOLVING LOAN FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 3
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	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Total expenditures	\$ 972,968	\$ 911,806	\$ 12,719	\$ 924,525	\$ 48,443
Revenues over expenditures	49,000	114,473	72,885	187,358	138,358
Other financing sources (uses)					
Transfers from (to) other funds					
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	\$ -	\$ 55,473	72,885	\$ 128,358	\$ 128,358
Fund balance, beginning of year			55,473		
Fund balance, end of year			\$ 128,358		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Bond projects					
Morgan Creek/Bolin Creek Greenway					
Interest earnings	\$ 22,971	\$ 22,971	\$ -	\$ 22,971	\$ -
Federal STP-DA funds	100,000	-	53,327	53,327	(46,673)
Total Morgan Creek/Bolin Creek Greenway	122,971	22,971	53,327	76,298	(46,673)
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	18,060	-	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	132,786	102,507	1,163	103,670	(29,116)
Miscellaneous	7,863	7,862	-	7,862	(1)
Total Phase IB Bond Sidewalk projects	140,649	110,369	1,163	111,532	(29,117)
Ashe/Bim Sidewalk Project					
ARRA Federal Grant	327,300	-	420	420	(326,880)
Elm Street Sidewalk Project					
ARRA Federal Grant	300,000	-	-	-	(300,000)
Wilson Park Multi-Use Path Project					
ARRA Federal Grant	168,684	-	-	-	(168,684)
Total revenues	1,221,872	295,608	54,910	350,518	(871,354)
Expenditures					
General					
Professional services	73,000	42,992	11,002	53,994	19,006
Miscellaneous	2,000	1,507	-	1,507	493
Design	1,945	1,945	-	1,945	-
Total General	76,945	46,444	11,002	57,446	19,499
Morgan Creek/Bolin Creek Greenway					
Design	125,000	67,094	55,285	122,379	2,621
Total Morgan Creek/Bolin Creek Greenway	125,000	67,094	55,285	122,379	2,621
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
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 4
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	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Bolin Forest Sidewalk					
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>
Hannah Street Sidewalk					
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>
N. Greensboro Street Sidewalk					
Engineering inspections	6,223	6,223	-	6,223	-
Construction	302,395	302,395	-	302,395	-
Design	40,246	40,246	-	40,246	-
Total N. Greensboro Street Sidewalk	<u>348,864</u>	<u>348,864</u>	<u>-</u>	<u>348,864</u>	<u>-</u>
Williams Street Sidewalk					
Engineering inspections	388	388	-	388	-
Construction	26,208	26,208	-	26,208	-
Design	4,959	4,959	-	4,959	-
Total Williams Street Sidewalk	<u>31,555</u>	<u>31,555</u>	<u>-</u>	<u>31,555</u>	<u>-</u>
Lloyd Street Sidewalk					
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>
Jones Ferry Sidewalk					
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>
Fowler Street Sidewalk					
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>
S. Greensboro Street Sidewalk					
Engineering inspections	486	486	-	486	-
Construction	36,915	36,915	-	36,915	-
Design	5,752	5,752	-	5,752	-
Total S. Greensboro Street Sidewalk	<u>43,153</u>	<u>43,153</u>	<u>-</u>	<u>43,153</u>	<u>-</u>
Phase IB Bond Sidewalk Projects					
Professional services	4,312	4,312	-	4,312	-
Engineering inspections	17,807	16,392	-	16,392	1,415
Construction	1,194,797	749,395	-	749,395	445,402
Design	351,790	276,549	18,103	294,652	57,138
ROW/Easement	20,000	-	-	-	20,000
Contingency	1,865	-	-	-	1,865
Total Phase IB Bond Sidewalk Projects	<u>1,590,571</u>	<u>1,046,648</u>	<u>18,103</u>	<u>1,064,751</u>	<u>525,820</u>

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - BOND FUND
From Project Inception and for the Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
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	43,300	-	18,623	18,623	24,677
Construction	284,000	-	93,698	93,698	190,302
Total Ashe/Bim Sidewalk	<u>327,300</u>	<u>-</u>	<u>112,321</u>	<u>112,321</u>	<u>214,979</u>
Elm Street Sidewalk Project					
Inspections	14,500	-	-	-	14,500
Construction	271,000	-	-	-	271,000
Design	14,500	-	35	35	14,465
ROW/Easement	16,000	-	-	-	16,000
Total Elm Street Sidewalk	<u>316,000</u>	<u>-</u>	<u>35</u>	<u>35</u>	<u>315,965</u>
Wilson Park Multi-Use Path Project					
Construction	230,000	-	-	-	230,000
Design	36,000	-	-	-	36,000
Total Wilson Park Multi-Use Path	<u>266,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,000</u>
Total expenditures	<u>3,835,112</u>	<u>2,293,478</u>	<u>196,746</u>	<u>2,490,224</u>	<u>1,344,888</u>
Revenues under expenditures	<u>(2,613,240)</u>	<u>(1,997,870)</u>	<u>(141,836)</u>	<u>(2,139,706)</u>	<u>473,534</u>
Other financing sources (uses)					
Transfers from (to) other funds					
From General Fund	12,700	12,700	-	12,700	-
From Capital Reserve Fund	239,988	239,988	-	239,988	-
To Capital Reserve Fund	(239,988)	(239,988)	-	(239,988)	-
Installment purchase obligations issued	2,600,540	-	-	-	(2,600,540)
Total other financing sources	<u>2,613,240</u>	<u>12,700</u>	<u>-</u>	<u>12,700</u>	<u>(2,600,540)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,985,170)</u>	<u>(141,836)</u>	<u>\$ (2,127,006)</u>	<u>\$ (2,127,006)</u>
Fund balance, beginning of year			(1,985,170)		
Fund balance, end of year			<u>\$ (2,127,006)</u>		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2010

Schedule 5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest earnings	\$ -	\$ 3,683	\$ 3,683
Other revenues	-	1,797	1,797
	-	5,480	5,480
Other financing sources (uses)			
Transfers from (to) other funds:			
From General Fund	-	252,679	252,679
From Capital Project Fund	-	26,555	26,555
To General Fund	(544,806)	(544,806)	-
Total other financing uses	(544,806)	(265,572)	279,234
Revenues and other sources under expenditures and other uses	(544,806)	(260,092)	284,714
Fund balance appropriated	544,806	-	(544,806)
Net change in fund balance	\$ -	(260,092)	\$ (260,092)
Fund balance, beginning of year		1,676,662	
Fund balance, end of year		\$ 1,416,570	

**TOWN OF CARRBORO, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010**

Schedule 6

	<u>Payment-in-Lieu Reserve Fund</u>	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 143,270	\$ -	\$ 34,301	\$ 177,571
Due from other governments	-	32,000	-	32,000
Notes receivable	-	-	35,230	35,230
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 143,270</u>	<u>\$ 32,000</u>	<u>\$ 69,531</u>	<u>\$ 244,801</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 32,000	\$ -	\$ 32,000
Deferred revenue	-	32,000	35,230	67,230
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>64,000</u>	<u>35,230</u>	<u>99,230</u>
Fund balances:				
Unreserved:				
Designated for specific purposes	117,465	-	34,301	151,766
Undesignated	25,805	(32,000)	-	(6,195)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>143,270</u>	<u>(32,000)</u>	<u>34,301</u>	<u>145,571</u>
Total liabilities and fund balances	<u>\$ 143,270</u>	<u>\$ 32,000</u>	<u>\$ 69,531</u>	<u>\$ 244,801</u>

TOWN OF CARRBORO, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

Schedule 7

	<u>Payment-in-Lieu Reserve Fund</u>	<u>Grants Administration Fund</u>	<u>Affordable Housing Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ (5,954)	\$ -	\$ (5,954)
Interest earnings	<u>292</u>	<u>(100)</u>	<u>80</u>	<u>272</u>
Total revenues	<u>292</u>	<u>(6,054)</u>	<u>80</u>	<u>(5,682)</u>
Expenditures:				
Economic and physical development	<u>-</u>	<u>32,000</u>	<u>5,825</u>	<u>37,825</u>
Total expenditures	<u>-</u>	<u>32,000</u>	<u>5,825</u>	<u>37,825</u>
Revenues over (under) expenditures	<u>292</u>	<u>(38,054)</u>	<u>(5,745)</u>	<u>(43,507)</u>
Net change in fund balance	292	(38,054)	(5,745)	(43,507)
Fund balance, beginning of year	<u>142,978</u>	<u>6,054</u>	<u>40,046</u>	<u>189,078</u>
Fund balance, end of year	<u>\$ 143,270</u>	<u>\$ (32,000)</u>	<u>\$ 34,301</u>	<u>\$ 145,571</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, 2010

Schedule 8

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment earnings	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 292</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>292</u>	<u><u>\$ 292</u></u>
Fund balance, beginning of year		<u>142,978</u>	
Fund balance, end of year		<u><u>\$ 143,270</u></u>	

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - GRANTS ADMINISTRATION FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 9

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Watershed restoration	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
U.S. Department of Justice Fingerprinting grant	82,515	76,710	(5,954)	70,756	(11,759)
Investment earnings	-	100	(100)	-	-
Total revenues	<u>282,515</u>	<u>76,810</u>	<u>(6,054)</u>	<u>70,756</u>	<u>(211,759)</u>
Expenditures:					
Watershed restoration expense	200,000	-	32,000	32,000	168,000
Fingerprinting expense	68,315	56,556	-	56,556	11,759
Total expenditures	<u>268,315</u>	<u>56,556</u>	<u>32,000</u>	<u>88,556</u>	<u>179,759</u>
Revenue over (under) expenditures	14,200	20,254	(38,054)	(17,800)	(32,000)
Other financing sources					
Transfer to the General Fund	<u>(14,200)</u>	<u>(14,200)</u>	-	<u>(14,200)</u>	-
Net changes in fund balance	<u>\$ -</u>	<u>\$ 6,054</u>	(38,054)	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>
Fund balance, beginning of year			<u>6,054</u>		
Fund balance, end of year			<u>\$ (32,000)</u>		

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - AFFORDABLE HOUSING FUND
From Project Inception and for the Year Ended June 30, 2010

Schedule 10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Interest earned	\$ -	\$ 296	\$ 80	\$ 376	\$ 376
Expenditures:					
Deferred loan expense	48,000	8,250	5,825	14,075	33,925
Revenue over (under) expenditures	(48,000)	(7,954)	(5,745)	(13,699)	34,301
Other financing sources					
Transfer from General Fund	48,000	48,000	-	48,000	-
Net changes in fund balance	<u>\$ -</u>	<u>\$ 40,046</u>		<u>\$ 34,301</u>	<u>\$ 34,301</u>
Fund balance, beginning of year			40,046		
Fund balance, end of year			<u>\$ 34,301</u>		

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, 2010

Schedule 11

Year of Levy	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 11,651,172	\$ 11,435,458	\$ 215,714
2008-2009	153,597	-	120,544	33,053
2007-2008	34,019	-	7,459	26,560
2007 and prior	253,997	-	5,514	248,483
	441,613	\$ 11,651,172	\$ 11,568,975	523,810
Less allowance for uncollectible accounts	(131,464)			(143,645)
Receivables, net	\$ 310,149			\$ 380,165
Reconciliation of revenues with collections:				
General Fund				\$ 11,213,669
General Fund vehicle license fees				401,462
Total revenues				11,615,131
Reconciling items:				
Adjustments				(19,083)
Penalties and interest				(27,073)
				\$ 11,568,975

TOWN OF CARRBORO, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
Year Ended June 30, 2010

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	\$ 1,882,870,699	\$ 0.5894	\$ 11,059,834	\$ 10,680,530	\$ 379,304
Motor vehicles taxed at prior year's rate	33,002,094	0.6863	226,621	-	226,621
Penalties and interest	-		502	502	-
Total property valuation	<u>\$ 1,915,872,793</u>		11,286,957	10,681,032	605,925
Vehicle tag fees			364,215	-	364,215
Total gross levy			11,651,172	10,681,032	970,140
Uncollected taxes at June 30, 2010			215,714	120,237	95,477
Current year's taxes collected			<u>\$ 11,435,458</u>	<u>\$ 10,560,795</u>	<u>\$ 874,663</u>
Current levy collection percentage			<u>98.15%</u>	<u>98.87%</u>	<u>90.16%</u>

* Total adjusted levy includes discoveries and abatements.

** Properly 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.

<u>Contents</u>	<u>Page</u>
Financial Trends Information	82
<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>	
Revenue Capacity Information	87
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity Information	94
<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>	
Demographic and Economic Information	99
<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>	
Operating Information	103
<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 Seven Fiscal Years
(accrual basis of accounting)

Table 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 13,197,169	\$ 16,174,743	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981	\$ 23,811,827
Restricted	-	-	18,851	-	-	-	-
Unrestricted	<u>7,031,287</u>	<u>7,689,017</u>	<u>9,607,945</u>	<u>11,347,696</u>	<u>12,151,591</u>	<u>12,531,183</u>	<u>12,296,387</u>
Total governmental activities net assets	<u>\$ 20,228,456</u>	<u>\$ 23,863,760</u>	<u>\$ 27,362,088</u>	<u>\$ 29,994,935</u>	<u>\$ 32,529,380</u>	<u>\$ 35,377,164</u>	<u>\$ 36,108,214</u>
Primary government							
Invested in capital assets, net of related debt	\$ 13,197,169	\$ 16,174,743	\$ 17,735,292	\$ 18,647,239	\$ 20,377,789	\$ 22,845,981	\$ 23,811,827
Restricted	-	-	18,851	-	-	-	-
Unrestricted	<u>7,031,287</u>	<u>7,689,017</u>	<u>9,607,945</u>	<u>11,347,696</u>	<u>12,151,591</u>	<u>12,531,183</u>	<u>12,296,387</u>
Total primary government net assets	<u>\$ 20,228,456</u>	<u>\$ 23,863,760</u>	<u>\$ 27,362,088</u>	<u>\$ 29,994,935</u>	<u>\$ 32,529,380</u>	<u>\$ 35,377,164</u>	<u>\$ 36,108,214</u>

Town of Carrboro
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

Table 2

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses							
Governmental activities:							
General government	\$ 2,325,813	\$ 2,406,566	\$ 2,568,563	\$ 2,828,685	\$ 3,027,301	\$ 3,099,916	\$ 3,139,849
Public Safety	3,970,899	4,031,288	4,219,432	5,098,641	5,088,188	5,565,460	6,087,506
Planning	906,766	1,057,324	943,711	1,112,435	1,195,300	1,124,240	1,399,817
Transportation	817,003	917,900	841,313	962,714	970,617	1,033,837	1,032,835
Public Works	2,775,381	1,754,626	2,874,392	3,296,515	3,469,934	3,582,740	3,614,262
Parks and recreation	1,182,059	1,206,197	1,244,258	1,212,610	1,248,818	1,383,873	1,833,715
Economic and Community Development	25,000	140,405	63,000	37,850	231,808	413,790	50,543
Interest on long-term debt	196,168	170,476	180,274	222,372	284,025	265,285	327,037
Total governmental activities expenses	<u>12,199,089</u>	<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>	<u>17,485,564</u>
Total primary government expenses	<u>\$ 12,199,089</u>	<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>	<u>\$ 17,485,564</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Public Safety	\$ 410,203	\$ 423,505	\$ 413,970	\$ 529,742	\$ 608,682	\$ 570,840	\$ 577,392
Planning	400,831	313,146	365,758	446,710	286,029	274,697	384,667
Public Works	111,335	106,197	88,309	110,746	74,539	97,516	85,779
Parks and Recreation	179,150	247,421	269,006	284,621	305,231	226,141	256,639
General Government	73,023	74,905	78,685	97,751	150,508	134,473	134,344
Operating grants and contributions	629,886	747,236	723,297	1,008,712	847,507	1,370,387	786,375
Capital grants and contributions	-	1,130,949	1,392,470	196,115	391,468	1,054,333	236,894
Total governmental activities program revenues	<u>1,804,428</u>	<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>	<u>2,462,090</u>
Total primary government program revenues	<u>\$ 1,804,428</u>	<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>	<u>\$ 2,462,090</u>
Net Expense							
Governmental activities	<u>\$ (10,394,661)</u>	<u>\$ (10,394,661)</u>	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>	<u>\$ (15,023,474)</u>
Total primary government net expenses	<u>\$ (10,394,661)</u>	<u>\$ (10,394,661)</u>	<u>\$ (9,603,448)</u>	<u>\$ (12,097,425)</u>	<u>\$ (12,852,027)</u>	<u>\$ (12,740,754)</u>	<u>\$ (15,023,474)</u>
General Revenues and Other							
Changes in Net Assets							
Governmental activities:							
Taxes	\$ 10,909,066	\$ 10,909,066	\$ 12,185,361	\$ 13,503,535	\$ 13,799,533	\$ 14,432,869	\$ 14,834,736
Unrestricted intergovernmental revenues	531,121	531,121	608,951	691,784	874,786	943,578	870,613
Miscellaneous and unrestricted investment earnings	146,056	146,056	307,424	534,953	712,153	212,091	49,175
Total governmental activities	<u>11,586,243</u>	<u>11,586,243</u>	<u>13,101,736</u>	<u>14,730,272</u>	<u>15,386,472</u>	<u>15,588,538</u>	<u>15,754,524</u>
Total primary government	<u>\$ 11,586,243</u>	<u>\$ 11,586,243</u>	<u>\$ 13,101,736</u>	<u>\$ 14,730,272</u>	<u>\$ 15,386,472</u>	<u>\$ 15,588,538</u>	<u>\$ 15,754,524</u>
Change in Net Assets							
Governmental activities	<u>\$ 1,191,582</u>	<u>\$ 1,191,582</u>	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>	<u>\$ 731,050</u>
Total primary government	<u>\$ 1,191,582</u>	<u>\$ 1,191,582</u>	<u>\$ 3,498,288</u>	<u>\$ 2,632,847</u>	<u>\$ 2,534,445</u>	<u>\$ 2,847,784</u>	<u>\$ 731,050</u>

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

Table 3

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 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	\$ 2,062,813
Unreserved, designated	923,228	538,158	877,347	756,958	894,434	1,182,684	1,120,725	2,544,847	1,081,717	933,608
Unreserved, undesignated	<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>	<u>9,950,620</u>
Total general fund	<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>	<u>12,947,041</u>
All Other Governmental Funds										
Reserved	-	88,423	-	2,463	27,644	560,080	249,183	144,013	94,281	-
Unreserved, reported in:										
Special revenue funds	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	(1,296,967)
Capital projects funds	300,482	301,228	268,001	190,021	162,378	(942,995)	(1,163,714)	(1,334,116)	(1,353,004)	2,464,956
Designated for special purposes	-	-	-	-	-	-	-	-	764,312	683,505
Designated for subsequent years	-	-	-	-	-	-	-	-	-	176,955
Total all other governmental funds	<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>	<u>2,028,449</u>
Total, all governmental funds	<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>	<u>\$ 14,975,490</u>

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

Table 4

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Ad valorem taxes	\$ 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	\$ 11,213,669
Local option sales taxes	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	3,039,931
Other taxes and licenses	316,531	444,264	387,152	428,338	439,840	460,350	420,065	355,295	428,654	508,344
Unrestricted intergovernmental	789,213	369,242	564,687	531,121	549,086	613,183	691,784	874,786	947,801	875,129
Restricted intergovernmental	771,994	809,595	689,984	629,886	552,907	565,374	1,039,979	778,193	903,072	731,165
Permits and fees	833,552	746,206	747,441	995,392	917,919	955,371	1,223,918	1,074,762	1,062,027	1,175,313
Sales and services	115,009	151,403	195,494	179,150	236,134	258,309	276,599	270,543	260,829	256,639
Investment earnings	333,572	131,432	78,616	51,269	130,270	291,873	534,956	525,462	201,829	49,174
Other	162,866	162,568	167,324	129,649	444,023	157,549	209,087	487,963	189,840	148,927
Total revenues	11,305,711	11,755,956	12,433,990	13,441,802	14,372,542	14,969,723	17,422,894	17,791,327	17,956,019	17,998,291
Expenditures										
General government	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	2,980,135
Public Safety	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	5,397,502
Planning	852,909	843,097	922,863	911,521	1,071,142	956,304	1,110,467	1,179,139	1,110,797	1,098,192
Transportation	576,728	702,753	747,737	817,003	917,900	841,313	962,714	970,617	1,033,837	1,032,835
Public Works	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	2,958,684
Parks and recreation	809,179	899,066	994,878	1,130,239	1,035,472	1,171,889	1,211,738	1,208,191	1,207,492	1,243,416
Economic and community development	82,505	45,000	138,041	25,000	140,000	63,000	-	-	413,790	47,825
Capital outlay	-	-	-	-	1,029,693	332,181	739,123	863,924	2,556,751	2,474,729
Debt service										
Interest	299,765	304,789	300,630	224,737	162,707	176,902	206,475	259,935	326,311	263,461
Principal	793,893	730,600	848,478	893,239	1,019,472	939,841	1,046,466	1,100,962	1,101,591	1,214,257
Total expenditures	11,160,634	11,570,655	12,237,379	13,365,297	14,897,489	14,316,249	17,612,763	17,592,195	19,063,451	18,711,036
Excess of revenues over (under) expenditures	145,077	185,301	196,611	76,505	(524,947)	653,474	(189,869)	199,132	(1,107,432)	(712,745)
Other Financing Sources (Uses)										
Proceeds from borrowing	840,434	349,550	1,105,139	543,192	1,100,280	1,092,846	1,134,188	1,668,939	(1,634,299)	3,867,955
Proceeds from refunding	-	-	637,250	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(622,000)	-	-	-	-	-	-	-
Transfers in	320,883	488,504	332,474	604,723	699,528	705,992	310,000	1,321,914	-	975,923
Transfers out	(320,883)	(488,504)	(292,474)	(604,723)	(699,528)	(705,992)	(310,000)	(1,321,914)	1,634,299	(975,923)
Total other financing sources	840,434	349,550	1,160,389	543,192	1,100,280	1,092,846	1,134,188	1,668,939	-	3,867,955
Net change in fund balances	\$ 985,511	\$ 534,851	\$ 1,357,000	\$ 619,697	\$ 575,333	\$ 1,746,320	\$ 944,319	\$ 1,868,071	\$ (1,107,432)	\$ 3,155,210
Capital outlay included in expenditures above	877,125	64,711	938,741	135,046	1,610,364	1,106,998	2,676,218	2,208,378	2,556,751	2,474,729
Debt service as a percentage of noncapital expenditures	10.6%	9.0%	10.2%	8.5%	8.9%	8.5%	8.4%	8.8%	8.7%	9.1%

Revenue Capacity Information:

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

Table 5

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program							
Governmental activities:							
Public Safety	\$ 465,312	\$ 455,520	\$ 433,218	\$ 609,234	\$ 620,852	\$ 800,903	\$ 700,807
Public Works and Transportation	535,810	1,640,413	1,977,871	1,132,819	816,891	1,661,709	828,263
Planning	423,781	343,545	371,758	540,057	325,666	381,452	427,535
Economic and Physical Development	-	113,241	66,066	-	244,243	337,894	42,179
Parks and Recreation	215,048	390,193	335,807	339,541	368,196	294,760	314,311
General Government	<u>164,477</u>	<u>100,447</u>	<u>146,775</u>	<u>124,752</u>	<u>288,116</u>	<u>251,669</u>	<u>148,995</u>
Total primary government	<u>\$ 1,804,428</u>	<u>\$ 3,043,359</u>	<u>\$ 3,331,495</u>	<u>\$ 2,746,403</u>	<u>\$ 2,663,964</u>	<u>\$ 3,728,387</u>	<u>\$ 2,462,090</u>

Town of Carrboro
Tax Revenues by Source, Governmental Funds ^a
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

<u>Fiscal Year</u>	<u>Property Taxes</u>
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
2010	11,213,669
Change 2001-2010	90.9%

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

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

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (\$100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
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%
2010	2009	1,784,120,826	116,231,101	15,520,866	1,915,872,793	0.6863	1,915,872,793	100%

Source: Orange County, North Carolina, Tax Assessor.

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

Town of Carrboro
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Table 8

Fiscal Year	Town of Carrboro	Orange County
	Direct Rate	Overlapping Rate
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
2010	0.6863	0.0000

Source: Orange County, North Carolina, Tax Assessor.

Note: Information for 2010 was not available from Orange County at the time of issuance.

**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
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%	97,043	9,881,130	99.88%
2008	2007	10,303,874	10,177,986	98.78%	102,561	10,280,547	99.77%
2009	2008	11,167,691	11,014,097	98.62%	120,544	11,134,641	99.70%
2010	2009	11,651,172	11,435,458	98.15%	-	11,435,458	98.15%

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

Table 10

<u>Taxpayer</u>	2010			2001		
	2009 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2000 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
VAC Limited Partnership	\$ 23,542,873	1	1.23%	Information		Information
Fairfield Autumn Woods Apartments, Inc.	20,538,496	2	1.07%	Not		Not
Villages of Chapel Hill	19,346,054	3	1.01%	Available		Available
Carr Mill Mall Limited	16,417,310	4	0.86%			
CRIT NC III, LLC	16,048,281	5	0.84%			
Westdale Poplar Place LLC	14,968,400	6	0.78%			
Carrboro Shopping Center, Inc.	13,223,589	7	0.69%			
188 Claremont LLC	10,023,122	8	0.52%			
Zell Samuel Trustee	9,996,256	9	0.52%			
BBR Chapel Hill	9,361,186	10	0.49%			
Sterling Apartments	-		0.00%			
Highland Hills, Ltd.	-		-			
Charter Properties	-		-			
Maq Southeast Properties	-		-			
Carolina Apt Properties	-		-			
Carolina Residential, Inc.	-		-			
Carrboro Belman, SC	-		-			
Total	\$ 153,465,567		8.01%	\$ -		0.00%

Source: Orange County Tax Assessor Office.

Note: Per Orange County, the 2000 Taxable Assessed Value was not available.

Debt Capacity Information:

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

Table 11

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Total Primary Government</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Installment Purchase Agreements</u>	<u>Bond Anticipation Notes Payable</u>		
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
2010	-	7,060,641	2,590,000	9,650,641	485.18

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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>		<u>Actual Taxable Value of Property</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Total</u>			
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
2010	-	-	1,915,872,793	0.00	0.00

Town of Carrboro
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Table 13

<u>Town of Carrboro</u>	<u>Total Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
General Obligation Debt			
Town of Carrboro general debt obligation	\$ -	100.00%	\$ -
Overlapping (bonded) Debt - Orange County			
Overlapping debt - Orange County	112,520,000	12.38%	13,927,068
Subtotal, overlapping debt			<u>13,927,068</u>
Total direct and overlapping debt			<u>\$ 13,927,068</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

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	\$ 1,915,872,793
Debt limit (8% of assessed value)	153,269,823
Debt applicable to limit:	
General obligation bonds	-
Total gross bonded debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 153,269,823

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 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	\$ 153,269,823
Total net debt applicable to limit	991,000	859,000	737,250	575,393	433,536	331,679	229,822	127,964	26,107	-
Legal debt margin	\$ 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	\$ 153,269,823
Total net debt applicable to the limit as a percentage of debt limit	1.49%	1.04%	0.86%	0.64%	0.47%	0.30%	0.18%	0.10%	0.02%	0.00%

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Chapel Hill and Carrboro Schools Public School Enrollment</u>	<u>Carrboro Schools Only Public School Enrollment</u>	<u>Unemployment Rate</u>
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%
2010	19,891	39,380	28.1	11,657	1,611	6.4%

Notes:

Orange County unemployment rate and per capita income used.

Per capital for 2006-2010 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 FY2001 through FY2010.

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.

State of North Carolina State Demographer Office Municipal Populations Estimates were used for Town of Carrboro's population demographic.

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

Table 16

<u>Employer</u>	<u>2010</u>			<u>Employer</u>	<u>2001</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%	Chapel Hill-Carrboro City Schools	Information	1	Information
Town of Carrboro	155	2	1.41%	Residential Services, Inc.	Not	2	Not
Orange Water & Sewer Authority	139	3	1.26%	Orange Water & Sewer Authority	Available	3	Available
Harris Teeter	82	4	0.75%	Town of Carrboro		4	
Food Lion	56	5	0.51%	Weaver Street Market, Inc.		5	
Elmo's Diner	56	6	0.51%	IPAS		6	
Piedmont Health Services	50	7	0.45%	Triem, Inc.		7	
Weaver Street Market	50	8	0.45%	Elmo's Diner		8	
Crescent Green of Carrboro	48	9	0.44%	Willow Springs Long Term Care		9	
Carolina Fitness	45	10	0.41%	Acme Food & Beverage Company		10	
Total	<u>891</u>		<u>8.10%</u>				

Source:
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

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of June 30</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>	<u>2010</u>
General government										
Mayor and Board of										
Aldermen	0	0	0	0	0	0	0	0	0	0
Town Manager	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Town Clerk	1	1	1	1	1	1	1	1	1	1
Management Services	6	7	7	8	8	8	8	8	8	8
Human Resources	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police	38	37	37	40	40	42	41	42	42	44
Fire	24	24	28	28	28	28	33	36	36	36
Planning	14	14	14	14	14	14	14	14	14	14
Public Works	35	35	35	35	35	35	36	36	36	36
Parks and Recreation	9	9	9	10	10	10	10	11	11	11
Total	<u>132</u>	<u>132</u>	<u>136</u>	<u>141</u>	<u>141</u>	<u>143</u>	<u>148</u>	<u>153</u>	<u>153</u>	<u>155</u>

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Revolving loan inquiries	N/A	40	21	26	25	31	39	42	40	50
Small business counseling referrals	31	40	31	33	38	37	32	45	40	29
Privilege licenses issued	602	610	671	788	763	944	925	917	1,115	1,253
Public Safety										
Police (a)										
Major crimes	1,983	1,924	1,964	1,409	1,259	1,174	1,275	972	814	750
Criminal arrests	638	708	615	656	833	762	713	881	881	830
Motor vehicle accidents	553	586	498	541	546	524	540	466	573	494
Narcotics arrests	66	58	42	70	70	55	56	107	132	204
Fire (a)										
Fire and EMS responses	1,037	1,037	836	874	872	920	1,397	1,480	1,576	1530
Inspections	281	365	259	420	363	400	633	486	955	998
Planning										
Annexations	3	3	6	2	2	2	2	1	-	-
Zoning permits	100	105	121	121	246	110	129	119	66	89
Building permits for new residential	129	84	61	72	57	41	71	55	54	77
Building permits for new commercial	9	8	4	38	7	22	1	7	3	78
Value of building permits issued	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	29,410,835
Public Works										
Paved streets maintained (miles)	29	31	32	35	35	37	37	39	39	39
Unpaved streets maintained (miles)	2	2	2	2	2	2	2	2	2	2
Paved bikeways maintained (miles)	3	3	3	3	3	3	3	3	3	3
Litter collection (hours annually)	370	408	370	400	400	400	400	400	400	425
Residential refuse collection (tons annually)	2,280	2,285	2,350	2,480	2,500	2,635	2,611	3,250	3,483	3765
Multi-family & commercial refuse collection	4,480	5,026	5,150	4,470	4,710	4,600	3,521	4,379	4,146	2865
Bus shelters maintained	14	16	16	18	18	18	20	20	20	22
Parks and Recreation										
Athletic activities offered	39	36	44	37	43	46	54	46	61	48
Athletic activity participants	2,368	2,200	2,512	2,507	2,694	2,470	2,442	2,904	3,229	2760
Athletic activity hours	846	776	762	882	868	864	1,000	1,003	1,111	952
Other activities offered	N/A	N/A	N/A	187	198	213	255	276	333	284
Other activity participants	16,467	13,336	14,118	17,708	21,482	20,255	25,015	25,111	27,517	26122
Century Center rentals (a)	39	231	200	1,269	1,052	1,351	1,957	2,211	418	139
Park rentals (b)	2	161	326	284	519	560	856	1,008	234	203

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>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>	<u>2010</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	30	36	42	42	42	41	43	42	42
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	5	5	5	5	5	5	5	5	6	6
Public Works										
Refuse collection trucks	8	8	8	8	8	8	8	7	7	7
Replacement refuse collection trucks	3	3	3	3	3	3	1	1	1	1
Streets (miles)	31.34	33.18	37.57	37	39	38	38.7	38.79	39.35	39.35
Bike paths (miles)	3	3	3	3	3	3	3.32	3.32	3.32	3.32
Streetlights	696	709	721	742	781	803	869	962	968	968
Parks and recreation										
Parkland (acres)	65	86	86	95.7	95.7	95.7	112	112	112	112
Parks (quantity)	7	8	8	8	9	9	11	11	11	11
Hiking trails	2	2	2	2	5	5	5	5	6	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	5	5	5	5	5	5	6	6	6	6
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	6	6	6	6	6	6	6
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Multi-purpose fields	1	3	3	3	3	3	3	3	3	3
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	4	5	5	5	5	5	7	7	8	8
Picnic shelters	3	5	5	5	5	5	5	4	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, and the aggregate remaining fund information of the Town of Carrboro, North Carolina as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 1, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dixon Hughes PLLC

November 1, 2010

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 Town of Carrboro, North Carolina compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on its major State program for the year ended June 30, 2010. 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 its major State program 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 compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2010.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 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

November 1, 2010

TOWN OF CARRBORO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Schedule 13
Page 1 of 2

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 the State Single Audit Implementation Act? _____ Yes X No

Identification of major state program:

_____ Program Name
Powell Bill

TOWN OF CARRBORO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Schedule 13
Page 2 of 2

II. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2010.

III. State Award Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2010.

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2010

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>
FEDERAL AWARDS				
<i>U.S. Department of Justice</i>				
FY2008 Paul Coverdell Forensic Science Improvement Grants Program	16.742	2008-CD-BX-0053	\$ 32,000	\$ -
Byrne JAG for Canine - AARA funding	16.804	2009-FB-V9-1203	32,887	-
Bulletproof Vest Partnership Grant - AARA funding	16.607	2004-BUBX04024021	<u>8,645</u>	<u>-</u>
Total U.S. Department of Justice			<u>73,532</u>	<u>-</u>
<i>U.S. Department of Homeland Security</i>				
FY2007 Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	EMW-2007-FF-00360	<u>87,999</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>87,999</u>	<u>-</u>
<i>U.S. Department of Energy</i>				
Passed through NC Department of Energy and Natural Resources Grant 319 - Watershed Restoration	66.460	2870	<u>32,000</u>	<u>-</u>
Total U.S. Department of Energy			<u>32,000</u>	<u>-</u>
<i>U. S. Department of Transportation</i>				
Highway Planning and Construction				
Bus Shelter Project - AARA funding	20.205	EL-5103	4,800	-
Ashe/Bim Street Sidewalk Construction - AARA funding	20.205	U-4726 DA/DB	112,321	-
Passed through the City of Durham Regional Planning Work Program	20-2058	Sec 104(F) DCHC	22,650	-
Total U.S. Department of Transportation			<u>139,771</u>	<u>-</u>
Total Federal Awards			<u>333,302</u>	<u>-</u>
STATE AWARDS				
<i>N.C. Department of Transportation</i>				
Safe Routes to School Program - Infrastructure		WBS 40924.3.30	-	35
Bicycle Master Plan		WBS 373091.1	-	66,659
Powell Bill	-	WBS 32570	<u>-</u>	<u>441,233</u>
Total N.C. Department of Transportation			<u>-</u>	<u>507,927</u>
Total State Awards			<u>-</u>	<u>507,927</u>
Total Assistance			<u>\$ 333,302</u>	<u>\$ 507,927</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.