
Town of Carrboro, North Carolina



Annual Comprehensive Financial Report

Year Ended June 30, 2023

Prepared by Finance Department

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Town of Carrboro, North Carolina

Principal Officials

June 30, 2023

Town Council

Damon Seils, Mayor
Susan Romaine, Mayor Pro-Tempore
Barbara Foushee
Danny Nowell
Sammy Slade
Ranee Haven-O'Donnell
Eliazar Posada

Town Manager

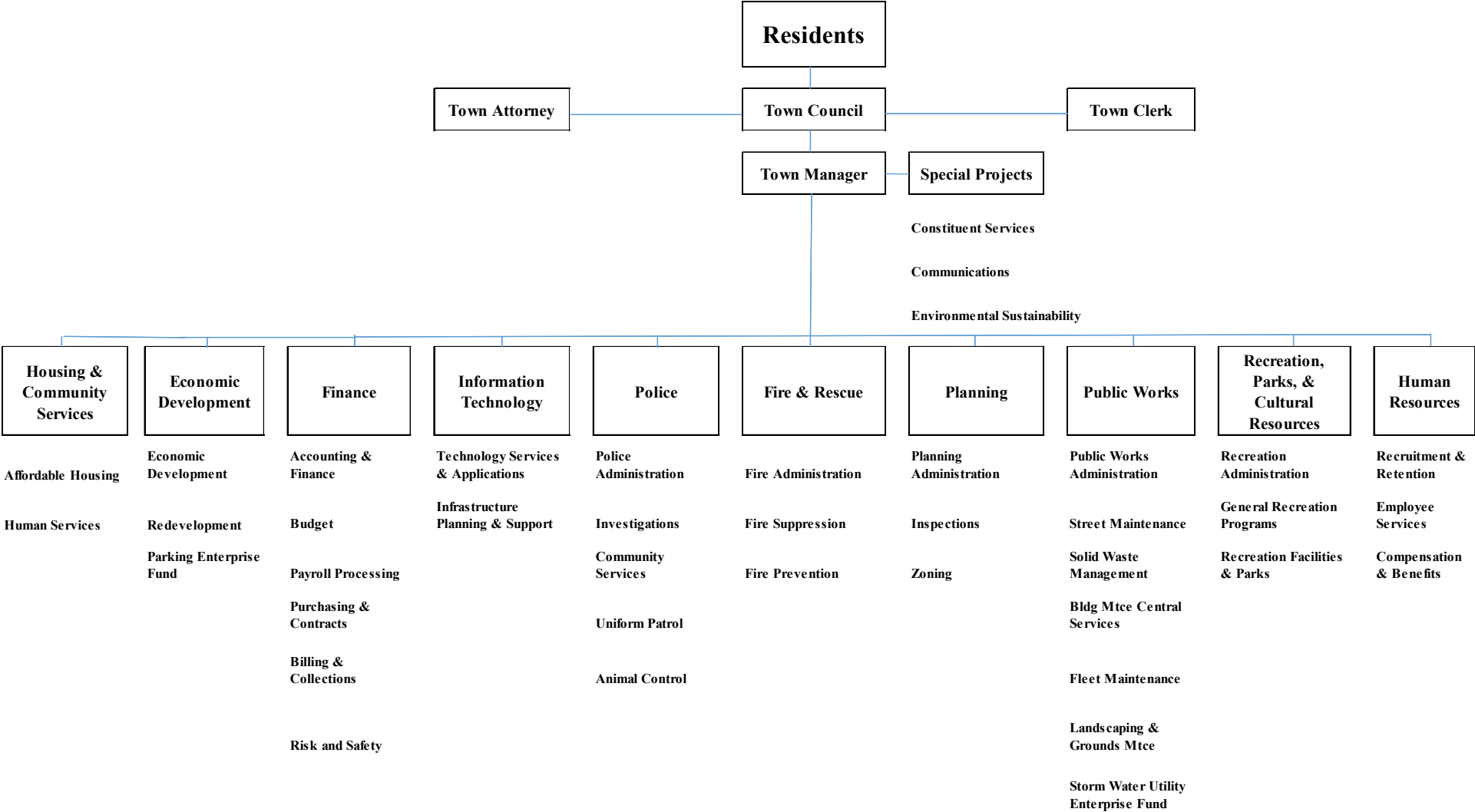
Richard J. White III, ICMA-CM

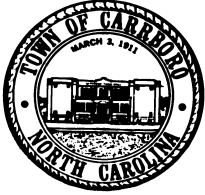
Finance Department

Arche L. McAdoo, Finance Director
Langston W. Ramseur, Deputy Finance Director
Jane Bowden, Procurement Coordinator
Chandra Edwards, Accounting Technician/Receptionist
Edna Kirkman, Staff Accountant
Jordan Kerr, Payroll and Benefits Coordinator

Town of Carrboro, North Carolina

Organizational Chart





TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

December 1, 2023

Mayor and Council Members Town of Carrboro

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Carrboro for the fiscal year ended June 30, 2023 (FY 2022-2023). As required by North Carolina General Statutes (NCGS), the ACFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor's section. Other documents that are helpful in understanding the Town's budget and financial planning include the Town's annual operating budget and capital improvements plan documents. These documents, along with the annual audit report, are posted on the Town's website at <http://www.townofcarrboro.org/250/Financial-Documents>.

The Town is a small community located within Orange County in the north central portion of North Carolina. It is situated next to the Town of Chapel Hill and the University of North Carolina and is near the Research Triangle Park. The area's topography is characterized by rolling hills. The Town, incorporated in 1911, now covers an area of 6.35 square miles and has a population of 21,295 as reported by the American Community Survey for 2021. 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 increased from 31,641 in 2021 to an estimated 31,641 in 2022. It is anticipated that expansion will continue to occur in university-related health facilities, such as the University of North Carolina Hospitals, and proposed future development of the Carolina North Campus.

The character of the Town is driven by strategic priorities and values adopted by the Town Council with the goal of maintaining a sustainable community that is a highly desirable place to live. These strategic priorities are to:

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

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

The Town commits 1.5 cents of the annual property tax rate exclusively for affordable housing. Maintaining and increasing the stock of affordable, safe and decent housing within the Town is a major goal of the Council. Almost two million dollars is provided annually for fare-free transit for Town residents to help reduce reliance on automobiles and to promote public transit, walking, and biking. Carrboro is one of 100 communities in the nation that has been awarded the Silver Level Bicycle-Friendly Community designation by the League of American Bicyclists in recognition of its commitment to providing safe accommodations and facilities for bicyclists, as well as efforts to encourage bicycling for fun, fitness, and transportation. Additionally, the Town has amended its street standards to require bike lanes on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. The community approved a \$4.6 million bond referendum in November 2003 to construct sidewalks and greenways to increase the safety and convenience of walking and biking throughout the Town's neighborhoods.

Governance

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

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

Local governments in North Carolina exist to provide a wide range of basic services on which residents all depend: police and fire protection; public works (garbage collection, street resurfacing, fleet maintenance, landscaping, building and grounds, and stormwater); planning, inspections, and zoning; economic development; housing and community services; 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. Orange Water and Sewer Authority provides water and sewer services for residents; and tax collection services are handled by Orange County Tax Administration. 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 departments (e.g., human resources; information technology; finance, budget, and purchasing; communications and race and equity.) that provide both direct services as well as indirect support services.

Economic Condition and Outlook

The 2020 median household income was \$67,469. Carrboro had a decrease in the unemployment rate from 5.9% in 2020 to 3.7% in 2021, which is well below the statewide rate of 4.9%. The local employment base is relatively stable with the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park in close proximity to the Town.

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

Long-term debt obligations for the Town increased by 1.55% or \$650,217 from \$41,897,227 at June 30, 2022, to \$42,547,444 at June 30, 2023. This is primarily due to costs associated with the continuation of the 203 Project, specifically payments on interest becoming due in FY23.

The Town had debt retirement for this fiscal year with the principal repayment of \$728,544. There were no additional installment financings.

For a more comprehensive analysis of the Town's capital needs and future financing, please consult the Town's Capital Improvements Program available on the Town's website. The potential impact on property tax rates of capital projects will be affected by the timing of the implementation of the proposed projects, availability of other revenue sources, and/or cost savings to fund the projects.

Major Town Initiatives

The following projects initiated in prior years will continue as priorities into FY 2023-24

- Implementation of a comprehensive plan for the Town,
- Continuation of Race and Equity inclusion in programs and operations
- Continue in Affordable Housing Initiatives.
- Continue implementation of Energy and Climate Protection Plan.
- 203 Project

The Town will continue the planning and design of the 203 Project, a new facility to house the Orange County Southern Branch Library and program space for Town's Recreation, Parks, and Cultural Resources Department. This facility is a joint undertaking with Orange County and construction is expected to begin in the Fall of 2022.

As noted above, the Town Council has established strategic priorities within the Comprehensive Plan for the Town with the ultimate goal of creating and maintaining Carrboro as a sustainable community that is a highly desirable place to live. Some of the noteworthy accomplishments include:

- In February 2022, Carrboro was named one of the top five small towns for the arts in the United States by 24/7 Tempo, a member of the Financial News and Opinion Firm 24/7 Wall St.
- The Town receives a national award, "Leading the Way Award", for outstanding resident satisfaction from ETC Institute that recognizes local governments for outstanding achievement in the delivery of services to residents. Recipients of the award rank in the top 10% of all local governments in the United States.
- Carrboro ranked fifth in 24/7 Tempo's 25-city lineup. The listing mentioned the city's Arts Center and its Attic 506 spaces, which are funded in part by the Orange County Arts Commission.
- First Place Award for Citizen Participation from the NC City & County Communicators (NC3C) Excellence in Communications Awards.
- Marvin Collins Award for Comprehensive Plan by the American Planning Association-North Carolina Chapter (APA-NC)

- Town residents approved \$4.6 million of general obligation bonds in a referendum in November 2003 to construct sidewalks and greenways throughout the Town to increase the safety and convenience of walking. To date the Town has constructed 23 sidewalks covering more than 8.0 miles, completed construction of the Wilson Park Multi-Use Path, constructed the Homestead-Chapel Hill High School Multi-Use Path, and Rogers Road Sidewalk. Projects currently underway include Morgan Creek Greenway, Jones Creek Greenway, and South Greensboro Street Sidewalk.
- The Town has been awarded a Silver Award by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). The award is presented to communities that are committed to bicycling, provide safe accommodations and facilities for bicyclists, and encourage bicycling for fun, fitness, and transportation. This is a four-year award valid through 2022. The Town's goal is to achieve Gold Level status.
- The Town continues to participate in the North Carolina League of Municipalities "Green Challenge," for Greenhouse Gas Emission Inventory and Reduction to reduce the carbon footprint; and to assess the Town's energy efficiency through the U.S. Environmental Protection Agency's "Energy Star Challenge" that involves reviewing and reducing utility consumption in Town facilities, streetlights, and fuel usage.
- The Town's continued commitment to the environment was rewarded with its national designation as a Tree City USA Town for the 35th year.
- The Town has AAA bond rating from Standard and Poor's and Aa1 bond rating from Moody's.

Financial Information

General Fund Balance

The Council has adopted a policy of maintaining a General Fund unassigned fund balance within a range of 22.5% to 35% of budgeted appropriations. When the General Fund unassigned fund balance exceeds 35%, the Town Manager may set aside an amount in assigned fund balance for transfer to Capital Projects Fund for specific future capital projects. Should the unassigned fund balance in the General Fund fall below 20%, the policy requires the Town Manager to develop and implement a plan to rebuild the balance to 22.5% within one year. For the year ended June 30, 2023, the Town had a total General Fund balance of \$19.6 million or 77% of total General Fund expenditures.

The Town's management continues to take a conservative approach to revenue projections in relation to the numerous decisions necessary to adapt its operating budget, capital plans and financing to existing and future anticipated and unanticipated financial challenges. The steps taken in this regard include reducing less vital operating expenses, increasing emphasis on economic development activities, and prioritizing capital expenditures. The Town has AAA bond rating by Standard and Poor's and Aa1 by Moody's. These ratings indicate the Town's extremely strong creditworthiness and ability to meet financial obligations.

Budget Control

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

The budget is prepared by the Town Manager for a one-year fiscal cycle beginning July 1 and ending June 30 of the following year. The Town holds a legally mandated public hearing following the presentation of the Town Manager's recommended budget to the Council and prior to the Council's adoption of the budget. The Council may hold budget work sessions during the budget development process. The adopted budget document is available in the Town Clerk's office and on the Town's website for review.

Internal Controls

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

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

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

Other Information

Independent Audit

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of FORVIS, LLP was selected by the Council and performed this audit. The auditor's report on the basic financial statements, combining and individual fund statements and other 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 compliance section, and include an unmodified opinion.

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



Marie Parker
Interim Town Manager

Langston W. Ramseur

Langston W. Ramseur
Interim Finance Director

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Financial Section

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Independent Auditor's Report

Honorable Mayor, Town Council,
and Town Manager
Town of Carrboro
Carrboro, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina ("Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Carrboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required under *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

FORVIS,LLP

**High Point, North Carolina
December 1, 2023**

Management's Discussion and Analysis

As management of the Town of Carrboro, we offer readers of the Town of Carrboro's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in the Management Discussion and Analysis section in conjunction with the additional information that we have furnished in the Town's financial statements which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,379,541 (net position).
- The total net position of the Town increased by \$3,693,727 from the amount previously reported at June 30, 2022.
- At June 30, 2023, the Town's governmental funds had combined ending fund balances of \$35,355,402, an decrease of 0.18% or \$642,110 in comparison with the prior year. Approximately 34.5% or \$12,184,269 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the year unassigned fund balance for the General Fund was \$12,328,841 or 48.8% of total General Fund expenditures and transfers out of \$25,268,668.
- Long-term debt obligations for the Town increased by 1.6% or \$650,217 from \$41,897,227 at June 30, 2022 to \$42,547,444 at June 30, 2023. This is primarily due to an increase in the net pensions liability for the LGERS retirement plan, offset by decreased in the OPEB liability and direct borrowing installment purchases.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

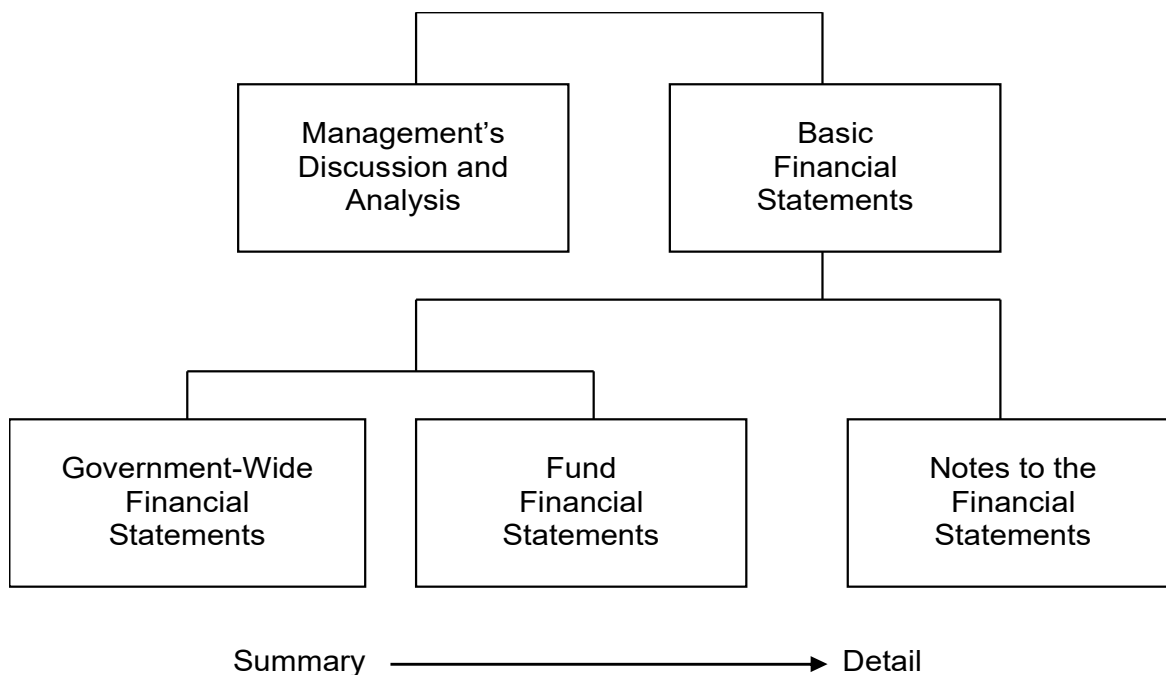
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Carrboro's basic financial statements. The Town's basic financial statements consist of three components (see Figure 1):

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

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

Required Components of Annual Financial Report
Figure 1



Basic financial statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. Exhibit 1 presents the Statement of Net Position and Exhibit 2 presents the Statement of Activities. They provide information about the Town's current financial position.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government at a more detailed level than the government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the proprietary fund statements; and (3) the budgetary comparison statements.

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

Government-wide financial statements

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

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

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

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

The government-wide statements are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include most of the Town's basic services such as public safety, fire, street maintenance, solid waste collection, planning, public spaces, parks, cemetery and general administration. The business-type activities are those that the Town charges customers for certain services such as stormwater services. This includes stormwater services offered by the Town. The final category is the Town's component unit, Carrboro Tourism Development Authority. Although legally separate from the Town, the Town Council exercises control over this entity through appointment of the Chair and members of the Authority.

The government-wide financial statements are on pages 17 through 19 of this report.

Fund financial statements

The fund financial statements (see Figure 1) provide a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements are focused on a detailed, short-term view that helps the reader determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Proprietary funds - As of July 1, 2018, the Town implemented a user fee schedule for stormwater operations and program expenses. Recognizing that the current user fee may not be sufficient to address the numerous stormwater capital improvements and repairs, the Town has developed a ten-year financing plan and model.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31 through 63 of this report.

Required Supplementary information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Government-wide financial analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 46,051,984	\$ 42,017,601	\$ 2,096,021	\$ 1,710,227	\$ 48,148,005	\$ 43,727,828
Capital assets, net	50,145,237	41,329,222	657,418	588,079	50,802,655	41,917,301
Total assets	96,197,221	83,346,823	2,753,439	2,298,306	98,950,660	85,645,129
Deferred outflows of resources	8,002,640	7,139,051	127,817	107,662	8,130,457	7,246,713
Total assets and deferred outflows of resources	104,199,861	90,485,874	2,881,256	2,405,968	107,081,117	92,891,842
Long-term liabilities outstanding	42,153,579	41,490,926	393,865	406,301	42,547,444	41,897,227
Other liabilities	15,796,520	5,627,874	48,663	14,952	15,845,183	5,642,826
Total liabilities	57,950,099	47,118,800	442,528	421,253	58,392,627	47,540,053
Deferred inflows of resources	9,185,165	9,524,452	123,784	141,523	9,308,949	9,665,975
Net position:						
Net investment in capital assets	44,431,872	36,727,545	657,418	588,038	45,089,290	37,315,583
Restricted	3,914,681	3,647,143	-	-	3,914,681	3,647,143
Unrestricted	(11,281,956)	(6,532,066)	1,657,526	1,255,154	(9,624,430)	(5,276,912)
Total net position, ending	\$ 37,064,597	\$ 33,842,622	\$ 2,314,944	\$ 1,843,192	\$ 39,379,541	\$ 35,685,814

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

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and the deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$39,685,814 as of June 30, 2023. The majority of net position (114.5%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, equipment, etc.); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion (9.9% or \$3,914,681) of the Town's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of (\$9,624,430) (-24.4%) is unrestricted.

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,720,019	\$ 1,578,078	\$ 1,002,080	\$ 991,423	\$ 2,722,099	\$ 2,569,501
Operating grants and contributions	829,670	1,489,331	-	-	829,670	1,489,331
Capital grants and contributions	128,951	100,689	-	-	128,951	100,689
General revenues:						
Property taxes	16,104,146	15,942,089	-	-	16,104,146	15,942,089
Local option sales taxes	7,076,695	6,416,480	-	-	7,076,695	6,416,480
Other taxes	1,864,150	1,726,261	-	-	1,864,150	1,726,261
Grants and contributions not restricted	1,534,669	1,697,037	45,000	-	1,579,669	1,697,037
Other	1,213,173	214,655	46,129	47,515	1,259,302	262,170
Total revenues	<u>30,471,473</u>	<u>29,164,620</u>	<u>1,093,209</u>	<u>1,038,938</u>	<u>31,564,682</u>	<u>30,203,558</u>
Expenses:						
General government	6,405,007	5,738,082	-	-	6,405,007	5,738,082
Public safety	8,469,830	7,933,411	-	-	8,469,830	7,933,411
Planning	1,612,729	1,423,540	-	-	1,612,729	1,423,540
Transportation	2,148,148	1,900,088	-	-	2,148,148	1,900,088
Public works	5,427,544	4,614,345	-	-	5,427,544	4,614,345
Parks and recreation	1,966,773	1,836,333	-	-	1,966,773	1,836,333
Economic and physical development	618,648	1,236,131	-	-	618,648	1,236,131
Interest on long-term debt	468,434	101,595	-	-	468,434	101,595
Parking	-	-	155,610	146,455	155,610	146,455
Stormwater	-	-	598,232	627,194	598,232	627,194
Total expenses	<u>27,117,113</u>	<u>24,783,525</u>	<u>753,842</u>	<u>773,649</u>	<u>27,870,955</u>	<u>25,557,174</u>
Increase (decrease) in net position before transfers	<u>3,354,360</u>	<u>4,381,095</u>	<u>339,367</u>	<u>265,289</u>	<u>3,693,727</u>	<u>4,646,384</u>
Transfers	<u>(132,385)</u>	<u>(6,036)</u>	<u>132,385</u>	<u>6,036</u>	<u>-</u>	<u>-</u>
Change in net position	<u>3,221,975</u>	<u>4,375,059</u>	<u>471,752</u>	<u>271,325</u>	<u>3,693,727</u>	<u>4,646,384</u>
Net position, beginning	<u>33,842,622</u>	<u>29,467,563</u>	<u>1,843,192</u>	<u>1,571,867</u>	<u>35,685,814</u>	<u>31,039,430</u>
Net position, ending	<u>\$ 37,064,597</u>	<u>\$ 33,842,622</u>	<u>\$ 2,314,944</u>	<u>\$ 1,843,192</u>	<u>\$ 39,379,541</u>	<u>\$ 35,685,814</u>

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

Governmental activities. Governmental activities increased the Town's net position by \$3,221,975. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by \$162,057 or 1.0% above the prior year. This increase is related to an increase in assessed properties within the Town.
- Local option sales tax revenues increased by \$660,215 or 10.3% above the prior year. This increase is largely related to the continued growth in the local economy.
- Other tax revenues, primarily from motor vehicle license taxes, increased by \$137,889 or 8.3% above the prior year. This increase is related to an increase in assessed motor vehicles within the Town.
- Investment earnings increased by \$971,571, or 1,669% above the prior year, due to market performance on the Town's investments in the NCCMT government portfolio.
- Expenses for total governmental activities increased by 9.4% to \$27,117,113 in FY 2023.
- Expense for interest on long-term debt increased from \$101,595 in FY 2022 to \$468,434 in FY 2023. The Town borrowed \$12.5 million in April 2022 to complete the financing for construction of the new facility at 203 S. Greensboro Street.

Business-type activities. Business-type activities added \$471,752 to the Town's net position. These revenues are primarily from the collection of user fees for stormwater.

Financial Analysis of the Town of Carrboro's Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,328,841, an increase of \$3,963,425 or 47.4% from \$8,365,416 in FY 2022. The total general fund balance for FY 2023 was \$19,546,432, a 25.3% increase from the FY 2022 amount of \$15,601,262.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 48.8% of total General Fund expenditures and transfers out of \$25,268,668. The Town fund balance policy requires that fund balance be between 22.3% and 35%. Total fund balance represents 77.6% of total General Fund expenditures.

The Revolving Loan Fund is used to encourage economic and community development in Carrboro by offering loans to new businesses. The fund balance for this fund increased by \$22,082, or 9.2%, from \$239,651 to \$261,733 due to repayment of previous loans.

The Bond Fund includes sidewalk and greenway construction projects that are funded with 2013 bond proceeds and various state and federal grants. The fund balance for this fund increased by \$86,036, or 37.3%. The negative fund balance for this fund reflects a timing issue with the collection of revenues and expenditures where the Town is reimbursed after expenditure by the Town. Many of the projects are being completed and finalized so the fund is slowly drawing to a close and the remaining bond proceeds are expected to be spent in fiscal year 2024. Additional state and federal grants are pending that will supplement some of the existing projects.

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

The American Rescue Plan Act ("ARPA") special revenue fund was created during fiscal year 2022 and includes projects to address the negative impacts of the COVID-19 pandemic. The fund balance for the fund increased by \$149,428, due to interest earnings.

The Capital Projects Fund, which includes construction or acquisition of capital assets, is primarily funded with operating transfers from the General Fund and notes or debt instruments. The fund balance for this fund decreased by \$4,900,435, or 25.8%. The decrease is largely attributable to capital outlays surrounding the 203 facility on S. Greensboro Street.

The Grants Administration Fund contains various grant awards made to the Town that are legally restricted to expenditures for specific programs and activities. For FY 2023, this fund decreased by \$2,290, primarily due to transportation grant awards.

The Nonmajor Funds, which include the Affordable Housing Fund, the Energy Efficiency Revolving Loan Fund, the Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund, the Facilities Rehabilitation Fund, and the Grants Administration Fund, had an increase in fund balance of \$55,609, or 4.0%. The majority of the revenues and expenditure are related to the Affordable Housing Fund, which includes ad valorem taxes equal to 1.5 cents of the tax rate. Expenses in the Affordable Housing Fund are related to increasing the stock of affordable, safe and decent housing within the Town and providing housing assistance to the eligible citizens of Carrboro. The Energy Efficiency Revolving Loan was initially funded by a federal grant to provide loans to small businesses for energy improvements. This fund was relatively inactive during FY 2023.

At June 30, 2023, the governmental funds of the Town reported a combined fund balance of \$35,355,402. The reported combined fund balance of the governmental funds includes a fund balance within the Revolving Loan Fund of \$261,733, the Bond Fund of (\$144,572), the American Rescue Plan Act Fund of \$154,691, and within the Capital Projects Fund of \$14,076,600. These fund balances are either restricted or committed for capital project purposes, net of any negative unassigned amounts.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budgeted expenditures were increased by \$629,216 (2.3%) from an original appropriation of \$27,336,322 to a final appropriation of \$27,965,538.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$29,077,046, compared to budget of \$26,103,153.

Revenues from taxes (i.e., property, local option sales, and other) represent 85.0% of the total revenues. Property, sales and other tax revenues were above budget projections (\$2,306,227 or 10.3%).

Revenue from permits and fees represent 3.9% of total revenues but were under budget projections by \$41,201 or 3.5%. Total revenue for permits and fees this year remained steady at \$1.1 million.

Revenues from sales and services, and investment earnings were above budget projections by \$512,255 or 206.6%. This was primarily due to revenues exceeding projections of interest earnings due to strong performance of the Town's investment in the NCCMT Government portfolio.

The unrestricted intergovernmental revenue receipts were above budget projections by \$183,669 or 13.4% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,534,669 compared to \$1,390,515 in FY 2022.

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

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$25,178,668, which was \$2,786,870 less than the final budget of \$27,965,538. All spending by function was in compliance with budgetary requirements, with the exception of the transportation function, which had a budgetary violation due to unforeseen increase in contractual related expenses.

With the exception of the Transportation function, all expenditures were less than final budget at June 30, 2023, and were 9.6% more than the prior year. Expenditures for general government were 19.9% higher than the prior year, increasing from \$5,676,473 in FY 2022 to \$6,807,439 in FY 2023. Actual expenditures for public safety increased by 4.5% from \$7,215,569 in FY 2022 to \$7,540,883 in FY 2023. Actual expenditures for planning increased by 6.5% from \$1,407,752 in FY 2022 to \$1,499,093 in FY 2023. Transportation expenditures increased 13.1% from \$1,900,088 in FY 2022 to \$2,148,148 in FY 2023. Public works expenditures increased by 2.9% from \$4,279,230 in FY 2022 to \$4,402,125 in FY 2023. Recreation and parks expenditures increased by 3.4% from \$1,601,060 in FY 2022 to \$1,655,914 in FY 2023. Debt service expenditures increased by 26.7% from \$888,248 in FY 2022 to \$1,125,066 in FY 2023.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2023 totaled \$50,145,237 (net of accumulated depreciation) and the Town's investment in capital assets for its business-type activities as of June 30, 2023 totaled \$657,418 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. Major capital asset transactions during the year include the replacement of vehicles related to Fire, Public Works, Rec & Park. As well as the continued investment in the 203 Project and various greenways.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	<u>12,531,887</u>	<u>3,342,600</u>	<u>-</u>	<u>27,071</u>	<u>12,531,887</u>	<u>3,369,671</u>
Total capital assets not being depreciated	<u>27,279,843</u>	<u>18,090,556</u>	<u>-</u>	<u>27,071</u>	<u>27,279,843</u>	<u>18,117,627</u>
Capital assets being depreciated:						
Buildings and systems	7,164,635	7,527,976	99,665	103,499	7,264,300	7,631,475
Improvements other than buildings	604,936	643,018	-	-	604,936	643,018
Infrastructure	11,514,680	11,758,424	477,953	393,462	11,992,633	12,151,886
Machinery and equipment	1,356,494	1,431,789	42,360	64,047	1,398,854	1,495,836
Vehicles	2,116,095	1,877,459	37,440	-	2,153,535	1,877,459
Right-to-use lease assets	<u>108,554</u>	<u>36,043</u>	<u>-</u>	<u>-</u>	<u>108,554</u>	<u>36,043</u>
Total capital assets being depreciated	<u>22,865,394</u>	<u>23,274,709</u>	<u>657,418</u>	<u>561,008</u>	<u>23,522,812</u>	<u>23,835,717</u>
Total capital assets	<u>\$ 50,145,237</u>	<u>\$ 41,365,265</u>	<u>\$ 657,418</u>	<u>\$ 588,079</u>	<u>\$ 50,802,655</u>	<u>\$ 41,953,344</u>

Additional information on the Town's capital assets can be found on pages 43 through 45 of this report.

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

Long-term debt. As of June 30, 2023 and 2022, the Town of Carrboro had the following long-term liabilities:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Government obligation bond	\$ 2,100,000	\$ 2,350,000	\$ -	\$ -	\$ 2,100,000	\$ 2,350,000
Premium on bonds	41,362	46,230	-	-	41,362	46,230
Direct borrowing						
installment purchases	14,253,810	14,732,354	-	-	14,253,810	14,732,354
Lease liabilities	112,404	39,725	-	59,746	112,404	99,471
Compensated absences	837,813	763,209	18,318	14,272	856,131	777,481
OPEB liability	16,286,837	19,624,734	246,770	297,344	16,533,607	19,922,078
LGERS net pension liability	6,516,261	1,798,168	128,777	34,939	6,645,038	1,833,107
Law enforcement officers' total pension liability	2,005,092	2,136,506	-	-	2,005,092	2,136,506
Total	\$ 42,153,579	\$ 41,490,926	\$ 393,865	\$ 406,301	\$ 42,547,444	\$ 41,897,227

Total long-term liabilities for the Town increased by \$650,217 (1.6%) during fiscal year 2023 primarily due an increase the LGERS net pension liability, offset by a decrease in the OPEB liability. The Town had debt retirement for this fiscal year with the principal repayment of \$478,544.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$212,462,563. The Town has no general obligation bonds authorized but unissued at June 30, 2023.

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

Economic factors and next year's budget and rates

The following key economic indicators will impact the Town.

- The property tax base is stable. The Town expects that the property tax collection rate will return to a 98 to 99% rate.
- The Town's local sales tax growth is expected to continue in the coming fiscal year.
- Should the North Carolina General Assembly propose additional revenue options for local governments, we will closely monitor any potential adverse impact on the Town.

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

Budget highlights for the fiscal year ending June 30, 2024

Governmental activities. The Town has approved a General Fund budget in the amount of \$29,330,449 for fiscal year 2024, which is a 6% increase over the original adopted fiscal year 2023 budget. The primary goals in preparing the fiscal year 2024 budget will be:

- Implement the Town Council's strategic priorities
- Retention of valued Town staff
- Development of a balanced budget
- Manage costs while improving services to the residents
- Conceptualize a long-term financial sustainability plan for the Town

The two largest sources of revenues for the Town are property taxes and sales taxes. Property taxes are projected to increase 3.0%; while sales taxes are projected to increase 12.9% due to continued increase in economic growth within the local economy. The tax rate for real property equals \$60.44 cents per one hundred dollars (with 1.5 cents dedicated for affordable housing).

The Town continues to scrutinize its operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in fiscal year 2024 are expected to increase, the Town will continue to implement several initiatives that began in previous fiscal years.

The Town continues to scrutinize its operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in fiscal year 2024 are expected to increase, the Town will continue to implement several initiatives that began in previous fiscal years. These include implementation of a parking plan, solid waste study, gold level bicycle designation, racial equity, and completion of the 203 Project.

The Town has expressed the desire to create a 5-year financial plan to better understand the fiscal impacts of undertaking Town building improvements. The Town has contracted with a financial advisor to create a tool that will assist in modeling different costs.

Business-type activities. In 2019, the Town established a user fee structure for the storm water utility enterprise fund operations to address regulatory compliance and increased flooding issues in the Town. This user fee rate was remained the same for fiscal year 2024. Staff plans to complete a comprehensive stormwater infrastructure assessment during fiscal year 2024.

Requests for information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Interim Finance Director, 301 West Main Street, Carrboro North Carolina 27510. Other related financial documents may be reviewed online at the Town's website at: <http://www.townofcarrboro.org>.

Basic Financial Statements

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Town of Carrboro, North Carolina
Statement of Net Position
June 30, 2023

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,626,834	\$ 2,030,177	\$ 22,657,011	\$ 325,327
Receivables:				
Taxes receivable, net	141,336	-	141,336	-
Accrued interest receivable	32,456	-	32,456	-
Accounts receivable, net	99,663	65,844	165,507	-
Due from primary government	-	-	-	60,266
Due from other governments	5,512,137	-	5,512,137	-
Lease receivable	246,334	-	246,334	-
Inventories	11,098	-	11,098	-
Prepays	769,803	-	769,803	-
Restricted cash	17,943,687	-	17,943,687	-
Total current assets	<u>45,383,348</u>	<u>2,096,021</u>	<u>47,479,369</u>	<u>385,593</u>
Non-current assets:				
Notes receivable, net	138,784	-	138,784	-
Lease receivable, noncurrent	529,852	-	529,852	-
Capital assets:				
Lease assets, net of amortization	108,554	-	108,554	-
Land, non-depreciable improvements, and construction in progress	27,279,843	-	27,279,843	-
Other capital assets, net of accumulated depreciation	22,756,840	657,418	23,414,258	-
Total noncurrent assets	<u>50,813,873</u>	<u>657,418</u>	<u>51,471,291</u>	<u>-</u>
Total assets	<u>96,197,221</u>	<u>2,753,439</u>	<u>98,950,660</u>	<u>385,593</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	4,883,258	85,158	4,968,416	-
OPEB deferrals	3,119,382	42,659	3,162,041	-
Total deferred outflows	<u>8,002,640</u>	<u>127,817</u>	<u>8,130,457</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,028,675	48,663	3,077,338	95,887
Payable from restricted assets, customer deposits and performance bonds	42,070	-	42,070	-
Revenues received in advance	12,510,771	-	12,510,771	-
Accrued interest payable	154,738	-	154,738	-
Due to component unit	60,266	-	60,266	-
Current portion of total pension liability - LEO	126,608	-	126,608	-
Current portion of total OPEB liability	303,862	-	303,862	-
Current portion of long-term liabilities	2,059,194	10,621	2,069,815	-
Total current liabilities	<u>18,286,184</u>	<u>59,284</u>	<u>18,345,468</u>	<u>95,887</u>
Long-term liabilities:				
Net pension liability - LGERS	6,516,261	128,777	6,645,038	-
Total pension liability - LEO, net of current	1,878,484	-	1,878,484	-
Total OPEB liability, net of current	15,982,975	246,770	16,229,745	-
Due in more than one year	15,286,195	7,697	15,293,892	-
Total noncurrent liabilities	<u>39,663,915</u>	<u>383,244</u>	<u>40,047,159</u>	<u>-</u>
Total liabilities	<u>57,950,099</u>	<u>442,528</u>	<u>58,392,627</u>	<u>95,887</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	315,647	589	316,236	-
OPEB deferrals	8,130,882	123,195	8,254,077	-
Deferred lease revenue	738,636	-	738,636	-
Total deferred inflows	<u>9,185,165</u>	<u>123,784</u>	<u>9,308,949</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	44,431,872	657,418	45,089,290	-
Restricted for:				
Stabilization by State Statute	3,311,758	-	3,311,758	-
Streets	602,923	-	602,923	-
Unrestricted	(11,281,956)	1,657,526	(9,624,430)	289,706
Total net position	<u>\$ 37,064,597</u>	<u>\$ 2,314,944</u>	<u>\$ 39,379,541</u>	<u>\$ 289,706</u>

See accompanying notes.

Town of Carrboro, North Carolina
Statement of Activities
Year Ended June 30, 2023

Exhibit 2
(2 pages)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,405,007	\$ 529,682	\$ 157,454	\$ 20,625
Public safety	8,469,830	735,020	8,093	-
Planning	1,612,729	33,002	-	-
Transportation	2,148,148	-	549,266	100,326
Public works	5,427,544	63,446	29,399	8,000
Parks and recreation	1,966,773	176,263	35,903	-
Economic and physical development	618,648	182,606	49,555	-
Interest on long-term debt	468,434	-	-	-
Total governmental activities	<u>27,117,113</u>	<u>1,720,019</u>	<u>829,670</u>	<u>128,951</u>
Business-type activities:				
Stormwater	598,232	1,002,080	-	-
Parking	155,610	-	-	-
Total business-type activities	<u>753,842</u>	<u>1,002,080</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,870,955</u>	<u>\$ 2,722,099</u>	<u>\$ 829,670</u>	<u>\$ 128,951</u>
Component unit:				
Tourism Development Authority	\$ 143,611	\$ -	\$ -	\$ -
Total component unit	<u>\$ 143,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option sales taxes				
Other taxes				
Unrestricted intergovernmental revenues				
Unrestricted investment earnings				
Gain on disposal				
Lease revenue				
Miscellaneous				
Payments from Town of Carrboro				
Total general revenues not including transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

Net Revenue (Expense) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
\$ (5,697,246)	\$ -	\$ (5,697,246)	\$ -
(7,726,717)	-	(7,726,717)	-
(1,579,727)	-	(1,579,727)	-
(1,498,556)	-	(1,498,556)	-
(5,326,699)	-	(5,326,699)	-
(1,754,607)	-	(1,754,607)	-
(386,487)	-	(386,487)	-
(468,434)	-	(468,434)	-
<u>(24,438,473)</u>	<u>-</u>	<u>(24,438,473)</u>	<u>-</u>
-	403,848	403,848	-
-	(155,610)	(155,610)	-
-	248,238	248,238	-
-	-	(24,190,235)	-
-	-	-	(143,611)
-	-	-	(143,611)
16,104,146	-	16,104,146	-
7,076,695	-	7,076,695	-
1,864,150	-	1,864,150	-
1,534,669	45,000	1,579,669	-
1,029,784	46,009	1,075,793	-
41,728	-	41,728	-
141,661	-	141,661	-
-	120	120	-
-	-	-	205,594
27,792,833	91,129	27,883,962	205,594
<u>(132,385)</u>	<u>132,385</u>	<u>-</u>	<u>-</u>
<u>27,660,448</u>	<u>223,514</u>	<u>27,883,962</u>	<u>205,594</u>
3,221,975	471,752	3,693,727	61,983
<u>33,842,622</u>	<u>1,843,192</u>	<u>35,685,814</u>	<u>227,723</u>
<u>\$ 37,064,597</u>	<u>\$ 2,314,944</u>	<u>\$ 39,379,541</u>	<u>\$ 289,706</u>

Town of Carrboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit 3
(3 pages)

	Major Funds		
	General Fund	Revolving Loan Fund	Bond Fund
ASSETS			
Cash and cash equivalents	\$ 16,702,144	\$ 261,733	\$ -
Taxes receivable, net	141,336	-	-
Accounts receivable, net	99,663	-	-
Due from other governments	2,737,880	-	141,178
Due from other funds	192,373	-	-
Lease receivable	776,186	-	-
Notes receivable, net	-	29,659	-
Inventories	11,098	-	-
Prepays	769,803	-	-
Restricted cash	644,993	-	-
Total assets	<u>\$ 22,075,476</u>	<u>\$ 291,392</u>	<u>\$ 141,178</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,475,546	\$ -	\$ -
Payable from restricted assets, customer deposits and performance bonds	42,070	-	-
Revenues received in advance	70,697	-	-
Due to other funds	-	-	192,373
Due to component unit	60,266	-	-
Total liabilities	<u>1,648,579</u>	<u>-</u>	<u>192,373</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>880,465</u>	<u>29,659</u>	<u>93,377</u>
FUND BALANCES			
Nonspendable:			
Inventories	11,098	-	-
Prepays	769,803	-	-
Leases	37,550	-	-
Restricted:			
Stabilization by state statute	3,311,758	-	-
Powell Bill (streets)	602,923	-	-
Capital projects	-	-	-
Committed:			
Economic development	-	261,733	-
Capital projects	-	-	-
Affordable housing	-	-	-
Energy efficiency	-	-	-
Assigned:			
Subsequent year's expenditures	2,484,459	-	-
Capital projects	-	-	-
Unassigned	12,328,841	-	(144,572)
Total fund balances	<u>19,546,432</u>	<u>261,733</u>	<u>(144,572)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,075,476</u>	<u>\$ 291,392</u>	<u>\$ 141,178</u>

See accompanying notes.

Town of Carrboro, North Carolina
 Balance Sheet
 Governmental Funds
 June 30, 2023

Exhibit 3
 (3 pages)

	Major Funds			Total Governmental Funds
	American Rescue Plan Act Special Revenue Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,007,679	\$ 1,655,278	\$ 20,626,834
Taxes receivable, net	-	-	-	141,336
Accounts receivable, net	-	-	-	99,663
Due from other governments	-	2,631,079	2,000	5,512,137
Due from other funds	-	-	-	192,373
Lease receivable	-	-	-	776,186
Notes receivable, net	-	-	109,125	138,784
Inventories	-	-	-	11,098
Prepays	-	-	-	769,803
Restricted cash	6,504,483	10,794,211	-	17,943,687
Total assets	<u>\$ 6,504,483</u>	<u>\$ 15,432,969</u>	<u>\$ 1,766,403</u>	<u>\$ 46,211,901</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 1,356,369	\$ 196,760	\$ 3,028,675
Payable from restricted assets, customer deposits and performance bonds	-	-	-	42,070
Revenues received in advance	6,349,792	-	-	6,420,489
Due to other funds	-	-	-	192,373
Due to component unit	-	-	-	60,266
Total liabilities	<u>6,349,792</u>	<u>1,356,369</u>	<u>196,760</u>	<u>9,743,873</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>109,125</u>	<u>1,112,626</u>
FUND BALANCES				
Nonspendable:				
Inventories	-	-	-	11,098
Prepays	-	-	-	769,803
Leases	-	-	-	37,550
Restricted:				
Stabilization by state statute	-	-	-	3,311,758
Powell Bill (streets)	-	-	-	602,923
Capital projects	-	10,794,211	-	10,794,211
Committed:				
Economic development	154,691	-	300,296	716,720
Capital projects	-	3,282,389	494,417	3,776,806
Affordable housing	-	-	513,833	513,833
Energy efficiency	-	-	151,972	151,972
Assigned:				
Subsequent year's expenditures	-	-	-	2,484,459
Capital projects	-	-	-	-
Unassigned	-	-	-	12,184,269
Total fund balances	<u>154,691</u>	<u>14,076,600</u>	<u>1,460,518</u>	<u>35,355,402</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,504,483</u>	<u>\$ 15,432,969</u>	<u>\$ 1,766,403</u>	<u>\$ 46,211,901</u>

See accompanying notes.

Town of Carrboro, North Carolina
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2023

Exhibit 3
 (3 pages)

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - governmental funds	\$ 35,355,402
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	50,145,237
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	32,456
Deferred outflows of resources related to pensions are not reported in the fund statements.	4,883,258
Deferred outflows of resources related to OPEB are not reported in the fund statements.	3,119,382
Liabilities for earned revenues are considered deferred inflows of resources in fund statements.	373,990
Some liabilities, including long-term obligations, are not due and payable in the current period, and therefore are not reported in the funds.	(23,435,671)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(315,647)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(8,130,882)
Net pension liability - LGERS	(6,516,261)
Total pension liability - LEO	(2,005,092)
Total OPEB liability	(16,286,837)
Other long-term liabilities (accrued interest) are not due and payable in the current period, and therefore are not reported in the funds.	<u>(154,738)</u>
Net position of governmental activities	<u>\$ 37,064,597</u>

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(4 pages)

	Major Funds		
	General Fund	Revolving Loan Fund	Bond Fund
Revenues:			
Ad valorem taxes	\$ 15,777,404	\$ -	\$ -
Local option sales taxes	7,076,695	-	-
Other taxes and licenses	1,864,150	-	-
Unrestricted intergovernmental	1,534,669	-	-
Restricted intergovernmental	707,699	-	237,236
Permits and fees	1,126,296	-	-
Sales and services	326,441	-	-
Investment earnings	433,714	7,255	3,464
Other	229,978	14,827	-
Total revenues	29,077,046	22,082	240,700
Expenditures:			
General government	6,433,673	-	-
Public safety	7,531,598	-	-
Planning	1,499,093	-	-
Transportation	2,148,148	-	-
Public works	4,126,208	-	-
Economic and physical development	-	-	-
Parks and recreation	1,655,914	-	-
Capital outlay	658,968	-	154,664
Debt service:			
Principal	750,929	-	-
Interest and other charges	374,137	-	-
Total expenditures	25,178,668	-	154,664
Excess of revenues over (under) expenditures	3,898,378	22,082	86,036
Other financing sources (uses):			
Transfers to other funds	(90,000)	-	-
Sale of capital assets	41,728	-	-
Lease liabilities issues	95,064	-	-
Total other financing sources (uses)	46,792	-	-
Net change in fund balances	3,945,170	22,082	86,036
Fund balance (deficit), beginning of year	15,601,262	239,651	(230,608)
Fund balance (deficit), end of year	\$ 19,546,432	\$ 261,733	\$ (144,572)

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(4 pages)

	Major Funds			Total Governmental Funds
	American Rescue Plan Act Special Revenue Fund	Capital Projects Fund	Nonmajor Funds	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 397,738	\$ 16,175,142
Local option sales taxes	-	-	-	7,076,695
Other taxes and licenses	-	-	-	1,864,150
Unrestricted intergovernmental	-	-	-	1,534,669
Restricted intergovernmental	96,885	4,951,066	20,625	6,013,511
Permits and fees	-	-	-	1,126,296
Sales and services	-	-	-	326,441
Investment earnings	149,428	398,932	36,991	1,029,784
Other	-	17,201	251,521	513,527
	<u>246,313</u>	<u>5,367,199</u>	<u>706,875</u>	<u>35,660,215</u>
Total revenues				
Expenditures:				
General government	47,325	13,787	-	6,494,785
Public safety	-	-	-	7,531,598
Planning	-	-	-	1,499,093
Transportation	-	-	-	2,148,148
Public works	-	-	-	4,126,208
Economic and physical development	49,560	-	569,088	618,648
Parks and recreation	-	-	-	1,655,914
Capital outlay	-	10,253,847	82,178	11,149,657
Debt service:	-	-	-	-
Principal	-	-	-	750,929
Interest and other charges	-	-	-	374,137
	<u>96,885</u>	<u>10,267,634</u>	<u>651,266</u>	<u>36,349,117</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>149,428</u>	<u>(4,900,435)</u>	<u>55,609</u>	<u>(688,902)</u>
Other financing sources (uses):				
Transfers to other funds	-	-	-	(90,000)
Sale of capital assets	-	-	-	41,728
Lease liabilities issues	-	-	-	95,064
	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,792</u>
Total other financing sources (uses)				
Net change in fund balances	149,428	(4,900,435)	55,609	(642,110)
Fund balance (deficit), beginning of year	<u>5,263</u>	<u>18,977,035</u>	<u>1,404,909</u>	<u>35,997,512</u>
Fund balance (deficit), end of year	<u>\$ 154,691</u>	<u>\$ 14,076,600</u>	<u>\$ 1,460,518</u>	<u>\$ 35,355,402</u>

See accompanying notes.

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(4 pages)

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

Total net change in fund balances - governmental funds		\$ (642,110)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	\$ 11,135,113	
Depreciation expense for governmental assets	(2,290,203)	
Amortization expense for governmental lease assets	<u>(22,553)</u>	8,822,357
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.		
Proceeds on disposal of fixed assets under modified accrual basis	(41,728)	
Gain on sale of fixed assets recognized under full accrual basis	<u>41,728</u>	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		
		1,214,232
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities.		
		126,608
Benefit payments paid and administrative expense for the OPEB are not included on the Statement of Activities.		
		303,862
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	(16,335)	
Change in deferred revenues, property taxes	(54,661)	
Change in deferred revenues	(208,408)	
Change in total OPEB liability due to implicit rate subsidy	<u>85,200</u>	(194,204)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of lease liabilities	(95,064)	
Principal payments on long-term debt	750,929	
Change in accrued interest payable	<u>(99,165)</u>	556,700

Town of Carrboro, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(4 pages)

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

Receipt of joint capital project deposit from Orange County	\$	(4,951,066)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Amortization of bond premiums	\$	(4,868)	
Pension expense		(2,147,223)	
OPEB benefit		212,291	
Change in compensated absences		<u>(74,604)</u>	<u>(2,014,404)</u>

Total changes in net position of governmental activities			<u>\$</u>	<u>3,221,975</u>
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Town of Carrboro, North Carolina
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2023

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 15,340,000	\$ 15,340,000	\$ 15,777,404	\$ 437,404
Local option sales taxes	5,419,200	5,419,200	7,076,695	1,657,495
Other taxes and licenses	1,652,822	1,652,822	1,864,150	211,328
Unrestricted intergovernmental	1,351,000	1,351,000	1,534,669	183,669
Restricted intergovernmental	164,298	644,298	707,699	63,401
Permits and fees	1,309,813	1,167,497	1,126,296	(41,201)
Sales and services	184,700	232,700	326,441	93,741
Investment earnings	15,000	15,200	433,714	418,514
Other revenues	186,120	280,436	229,978	(50,458)
Total revenues	25,622,953	26,103,153	29,077,046	2,973,893
Expenditures				
Current:				
General government	7,017,775	7,017,775	6,807,439	210,336
Public safety	7,744,873	7,744,873	7,540,883	203,990
Planning	1,646,398	1,646,398	1,499,093	147,305
Transportation	2,108,180	2,108,180	2,148,148	(39,968)
Public works	4,056,942	4,686,158	4,402,125	284,033
Parks and recreation	1,979,183	1,979,183	1,655,914	323,269
Non-Departmental	1,414,754	1,414,754	-	1,414,754
Debt service	1,368,217	1,368,217	1,125,066	243,151
Total expenditures	27,336,322	27,965,538	25,178,668	2,786,870
Revenues over (under) expenditures	(1,713,369)	(1,862,385)	3,898,378	5,760,763
Other financing sources (uses)				
Transfers to other funds	(331,353)	(331,353)	(90,000)	241,353
Sale of capital assets	60,000	60,000	41,728	(18,272)
Lease liabilities issued	-	-	95,064	95,064
Total other financing sources (uses)	(271,353)	(271,353)	46,792	318,145
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,984,722)	(2,133,738)	3,945,170	6,078,908
Fund balance appropriated	1,984,722	2,133,738	-	(2,133,738)
Net change in fund balance	\$ -	\$ -	3,945,170	\$ 3,945,170
Fund balance, beginning of year			15,601,262	
Fund balance, end of year			<u>\$ 19,546,432</u>	

See accompanying notes.

Town of Carrboro, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit 6

	Major Enterprise Funds	Nonmajor Fund	Total Enterprise
	Stormwater Utility Enterprise Fund	Parking Enterprise Fund	Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,030,177	\$ -	\$ 2,030,177
Accounts receivable	65,844	-	65,844
Total current assets	<u>2,096,021</u>	<u>-</u>	<u>2,096,021</u>
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	657,418	-	657,418
Total capital assets	<u>657,418</u>	<u>-</u>	<u>657,418</u>
Total noncurrent assets	<u>657,418</u>	<u>-</u>	<u>657,418</u>
Total assets	<u>2,753,439</u>	<u>-</u>	<u>2,753,439</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	85,158	-	85,158
OPEB deferrals	42,659	-	42,659
Total deferred outflows of resources	<u>127,817</u>	<u>-</u>	<u>127,817</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	41,381	7,282	48,663
Current portion of long-term liabilities	10,621	-	10,621
Total current liabilities	<u>52,002</u>	<u>7,282</u>	<u>59,284</u>
Long-term liabilities:			
Net pension liability - LGERS	128,777	-	128,777
Total OPEB liability	246,770	-	246,770
Due in more than one year	7,697	-	7,697
Total long-term liabilities	<u>383,244</u>	<u>-</u>	<u>383,244</u>
Total liabilities	<u>435,246</u>	<u>7,282</u>	<u>442,528</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	589	-	589
OPEB deferrals	123,195	-	123,195
Total deferred inflows of resources	<u>123,784</u>	<u>-</u>	<u>123,784</u>
NET POSITION			
Net investment in capital assets	657,418	-	657,418
Unrestricted	1,664,808	(7,282)	1,657,526
Total net position	<u>\$ 2,322,226</u>	<u>\$ (7,282)</u>	<u>\$ 2,314,944</u>

See accompanying notes.

Town of Carrboro, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

Exhibit 7

	Major Enterprise Funds	Nonmajor Fund	Total Enterprise
	Stormwater Utility Enterprise Fund	Parking Enterprise Fund	Funds
Operating revenues			
Charges for services	\$ 1,002,080	\$ -	\$ 1,002,080
Total operating revenues	<u>1,002,080</u>	<u>-</u>	<u>1,002,080</u>
Operating expenses			
Personnel services	327,465	-	327,465
Depreciation and amortization	60,250	-	60,250
Other current charges	210,517	155,610	366,127
Total operating expenses	<u>598,232</u>	<u>155,610</u>	<u>753,842</u>
Operating income (loss)	403,848	(155,610)	248,238
Nonoperating revenues (expenses)			
Investment earnings	45,869	140	46,009
Intergovernmental revenue	-	45,000	45,000
Interest and other charges	120	-	120
Total nonoperating revenues	<u>45,989</u>	<u>45,140</u>	<u>91,129</u>
Income (loss) before transfers	449,837	(110,470)	339,367
Transfers			
Transfers from capital projects fund	42,385	-	42,385
Transfers from general fund	-	90,000	90,000
Change in net position	492,222	(20,470)	471,752
Total net position, beginning	<u>1,830,004</u>	<u>13,188</u>	<u>1,843,192</u>
Total net position, ending	<u>\$ 2,322,226</u>	<u>\$ (7,282)</u>	<u>\$ 2,314,944</u>

Town of Carrboro, North Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

Exhibit 8

	Major Enterprise Funds	Nonmajor Fund	
	Stormwater Utility Enterprise Fund	Parking Enterprise Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 995,145	\$ -	\$ 995,145
Cash paid for goods and services	(186,291)	(148,369)	(334,660)
Cash paid to or on behalf of employees for services	(315,846)	-	(315,846)
Net cash provided (used) by operating activities	<u>493,008</u>	<u>(148,369)</u>	<u>344,639</u>
Cash flows from noncapital financing activities:			
Operating subsidies from other funds	-	90,000	90,000
Contributions from discretely presented component unit	-	45,000	45,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>135,000</u>	<u>135,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(87,204)	-	(87,204)
Net cash provided (used) by capital and related financing activities	<u>(87,204)</u>	<u>-</u>	<u>(87,204)</u>
Cash flows from investing activities:			
Investment earnings	45,989	140	46,129
Net cash provided by investing activities	<u>45,989</u>	<u>140</u>	<u>46,129</u>
Net increase (decrease) in cash and cash equivalents	451,793	(13,229)	438,564
Cash and cash equivalents, beginning	1,578,384	13,229	1,591,613
Cash and cash equivalents, ending	<u>\$ 2,030,177</u>	<u>\$ -</u>	<u>\$ 2,030,177</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 403,848	\$ (155,610)	\$ 248,238
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	60,250	-	60,250
Change in assets, deferred outflows of resources, and liabilities:			
Increase in accounts receivable	(6,935)	-	(6,935)
Increase in accounts payable and accrued liabilities	26,429	7,241	33,670
Increase in accrued vacation pay	4,046	-	4,046
Increase in deferred outflows of resources for pensions	(29,714)	-	(29,714)
Decrease in deferred inflows of resources for pensions	(49,755)	-	(49,755)
Increase in deferred outflows of resources for OPEB	9,559	-	9,559
Increase in deferred inflows of resources for OPEB	32,016	-	32,016
Increase in net pension liability	93,838	-	93,838
Decrease in total OPEB liability	(50,574)	-	(50,574)
Net cash provided (used) by operating activities	<u>\$ 493,008</u>	<u>\$ (148,369)</u>	<u>\$ 344,639</u>
Noncash investing, capital and financing activities:			
During the year ended June 30, 2023, the Stormwater Utility Enterprise Fund received a vehicle transferred from the Capital Projects Fund	<u>\$ 42,385</u>	<u>\$ -</u>	<u>\$ 42,385</u>

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

The Town, a political subdivision of Orange County, is governed by an elected mayor and a six-member Town Council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Carrboro Tourism Development Authority

Effective March 1, 2013, a 3% hotel and motel room occupancy tax was established by the Council. As part of establishing this tax, the Town formed the Carrboro Tourism Development Authority ("CTDA") which is a public authority under the Local Government Budget and Fiscal Control Act. The members of the CTDA are appointed by the Town's Town Council. The CTDA receives revenue through the occupancy tax, which is levied and collected by the Town and remitted to the CTDA net of administration fees on a quarterly basis. The CTDA shall use at least two-thirds of the funds remitted to promote travel and tourism in the Town, and shall use the remainder for tourism-related expenditures. The CTDA, which has a June 30 year end, is presented as if it were a proprietary fund (discrete presentation). Requests for complete financial statements for the CTDA may be directed to the Finance Officer, c/o Carrboro Tourism Development Authority, 301 West Main Street, Carrboro, North Carolina 27510.

B. Basis of presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Town of Carrboro, North Carolina
Notes to Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

American Rescue Plan Act (ARPA) Special Revenue Fund. The ARPA Special Revenue Fund is used to account for amounts received from the Coronavirus State and Local Fiscal Recover Funds related to the American Rescue Plan Act of 2021. The use of income from the fund is restricted to supporting economic recovery from the COVID-19 pandemic.

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

The Town reports the following non-major governmental funds:

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

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

Town of Carrboro, North Carolina
Notes to Financial Statements

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

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

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

The Town reports the following major enterprise fund:

Storm Water Utility Enterprise Fund. This fund is used to account for the operations of the Town's stormwater management department.

The Town reports the following non-major enterprise fund:

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

C. Measurement focus and basis of accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's storm water utility enterprise fund are charges to customers for sales and services. The principal operating revenues of the Town's parking enterprise fund will be charges to customers for sales and services, following commencement of such fees in future years. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Town of Carrboro, North Carolina
Notes to Financial Statements

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

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for the billing and collecting of the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements, and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Carrboro because the tax is levied by Orange County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues which are unearned at year end are recorded as deferred inflows of resources. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Storm Water Utility Enterprise Fund, and Parking Utility Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Revolving Loan Fund, the Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund, the Bond Fund, the Capital Projects Fund, the Facilities Rehabilitation Capital Projects Fund, the Grants Administration Fund, the Affordable Housing Fund, the American Rescue Plan Act Special Revenue Fund, and the Energy Efficiency Revolving Loan Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. The Finance Officer is authorized to approve intradepartmental transfer requests between appropriation units and between departmental programs within the limits of the approved departmental budget. In the Capital Projects Fund, the Town Manager is allowed to transfer funds under \$10,000 between line items as long as transfers are within the overall project budget. All amendments must be approved by the Town Council and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, liabilities, deferred outflows/inflows of resources, and fund equity

Deposits and investments

All deposits of the Town and the CTDA are made in Council-designated official depositories and are secured as required by state law [G. S. 159-31]. The Town and the CTDA may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Town and the CTDA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G. S. 159-30(c)] authorizes the Town and the CTDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's and the CTDA's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than six months.

Cash and cash equivalents

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

Restricted assets

Credit deposits in the amount of \$42,070 are considered a liability and classified as restricted cash. The Town requires builders/contractors to pay a credit deposit when, due to circumstances beyond their control, there is uncompleted work on a construction project and the builder/contractor needs to have the Planning Department issue a Certificate of Occupancy for the property. Once the Town has ensured that the work has been satisfactorily completed, the credit deposit funds are released. Powell Bill funds in the amount of \$602,293 are also classified as restricted cash because they can be expended only for the purposes outlined in G. S. 136-41.1 through 136-41.4. Unexpended debt proceeds in the amount of \$10,794,211 are classified as restricted cash, as they may only be spent for the purposes of the related debt issuance. Unexpended ARPA grant proceeds in the amount of \$6,504,483 is classified as restricted cash, as it must be spent for the purposes of the related grant agreement.

Ad valorem taxes receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for doubtful accounts

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

Town of Carrboro, North Carolina
Notes to Financial Statements

Inventory and prepaid items

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

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

Capital assets

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

Minimum capitalization costs are as follows:

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives:

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

Lease assets

The Town has recorded lease assets as a result of implementing GASB 87. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liabilities plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the leases into service. The lease assets are amortized on a straight-line basis over the shorter of the life of the asset or the lease term.

Town of Carrboro, North Carolina
Notes to Financial Statements

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals for the 2023 fiscal year and OPEB deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable which are net of allowance, as well as pension and OPEB-related deferrals, and deferred lease revenue.

Long-term obligations

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

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

Compensated absences

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

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

Net position/fund balances

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

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

Town of Carrboro, North Carolina
Notes to Financial Statements

The governmental fund types classify fund balances as follows:

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

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

Prepays - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid assets, which are not spendable resources.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

Restricted for stabilization by state statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

Restricted for streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents that balance of the total unexpended Powell Bill funds.

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

Committed fund balance - This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body - the Town Council (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

Town of Carrboro, North Carolina
Notes to Financial Statements

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

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

Assigned fund balance - This classification includes the portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

Unassigned fund balance - This classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that may report a positive unassigned fund balance amount.

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

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

Defined benefit cost-sharing plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

2. Stewardship, Compliance and Accountability

A. Deficit in Fund Balance or Net Position of Individual Funds

At June 30, 2023, the Town had a deficit in fund balance in the Bond Fund in the amount of \$144,572, and a deficit in net position in the Parking Enterprise Fund in the amount of \$7,282. The deficit in the Bond Fund is largely due to timing, as grant revenues in the amount of \$93,377 were not considered to be available as of June 30, 2023, and therefore are presented as deferred revenues. The deficit in net position in the Parking Enterprise Fund is due to insufficient funding by the General Fund for parking operations. The FY 2024 budget includes a transfer of \$412,000 to the Parking Enterprise Fund from the General Fund for paid parking and parking enforcement.

B. Excess of Expenditures over Appropriation

For the fiscal year ended June 30, 2023, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for transportation activities by \$39,968. This over-expenditure occurred because of unplanned contractual expenditures for transit services provided by the Town of Chapel Hill. Management and the Town Council will more closely review the budget reports to ensure compliance in future years.

3. Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2023, the Town's deposits had a carrying amount of \$11,897,432 and a bank balance of \$13,226,940. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. The carrying amount of deposits for the CTDA was \$325,327 and the bank balance of deposits was \$370,327. Of the CTDA's bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$150.

Investments

At June 30, 2023, the Town had \$28,703,116 invested with the North Carolina Capital Management Trust Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Town of Carrboro, North Carolina
Notes to Financial Statements

Receivables

(a) Due from other governments

Amounts due from other governments consist of the following:

	<u>Other</u>	<u>County</u>	<u>State</u>	<u>Total</u>
General fund:				
Local option sales tax	\$ -	\$ -	\$ 1,892,954	\$ 1,892,954
Sales tax refunds	-	98,391	175,826	274,217
Utilities franchise, piped natural gas, telecommunications, and video sales programming	-	-	313,779	313,779
Solid waste disposal tax	-	-	4,257	4,257
NCVTS tag and tax proceeds	-	-	157,021	157,021
Other	<u>90,387</u>	<u>3,828</u>	<u>1,437</u>	<u>95,652</u>
	90,387	102,219	2,545,274	2,737,880
Grant Administration fund:				
Grant reimbursements	-	-	2,000	2,000
Bond fund:				
Grant reimbursements	-	-	141,178	141,178
Capital Projects fund				
Balance due under inter-local agreement	<u>-</u>	<u>2,631,079</u>	<u>-</u>	<u>2,631,079</u>
Total	<u>\$ 90,387</u>	<u>\$ 2,733,298</u>	<u>\$ 2,688,452</u>	<u>\$ 5,512,137</u>

(b) Notes receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2023, two of the three Revolving Loan Fund notes receivable are fully reserved.

The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2023:

	<u>Interest Rate</u>	<u>Balance</u>
Bryan's Guitar	3.00%	\$ 50,613
Carrboro Creative Co-working	2.00%	15,161
Tesoro LLC	3.00%	<u>29,659</u>
		95,433
Less allowance		<u>(65,774)</u>
Total		<u>\$ 29,659</u>

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

Town of Carrboro, North Carolina
Notes to Financial Statements

The following is a summary of notes receivable of the Emergency Grant and Loan Fund at June 30, 2023:

	<u>Balance</u>
Armadillo Grill	\$ 14,196
Be Pure	9,116
Carrboro Coffee Company	13,661
Ceremony Salon	4,997
Creative Electric of NC	10,940
Dispute Settlement Center	13,661
F&F Car Care	6,500
Firefly Carrboro	1,943
Grow Your World	7,704
Lazarus Repair & Maintenance	8,177
OE Enterprises, Inc.	13,661
Open Eye Café	13,661
Pilot Mission, LLC	7,175
Twin House Music, LLC	8,636
Wax Poetic	<u>14,196</u>
	148,224
Less allowance	<u>(39,831)</u>
Total	<u>\$ 108,393</u>

The Affordable Housing Fund was created to advance the Town's goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. As of June 30, 2023, the Affordable Housing Fund notes receivable balance was \$732, net of allowances of \$442,247, for three notes receivable from separate nonprofit housing entities, which are forgivable in equal amounts over a 30-year period, as long as the entities remain in compliance with the requirements of the loan agreements.

Receivables - allowance for doubtful accounts

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

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

General fund:	
Property taxes	<u>\$ 32,513</u>

(c) Leases receivable

Under lease agreements, the Town has allowed three cellular providers to have equipment on the Town-owned cell towers and has allowed service provider equipment on the Town's site. The terms of these lease agreements expire fiscal year 2027 through fiscal year 2028. Payments increase annually at a rate of 3% for two of the leases, and remain constant through the lease term for one of the lease agreements. The lessees are 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 lessees agree 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 lessees upon termination of the contractual agreements. In addition, the Town leases land to a communications provider for an equipment hut related to their fiber network. The term of the lease expires in fiscal year 2028. Rental payments under the lease remain constant throughout the lease term.

Town of Carrboro, North Carolina
Notes to Financial Statements

Future minimum lessee payments due to the Town under non-cancelable lease agreements, as of June 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 246,334	\$ 9,014	\$ 255,348
2025	150,930	4,492	155,422
2026	155,491	3,247	158,738
2027	160,191	1,964	162,155
2028	63,240	638	63,878
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 776,186</u>	<u>\$ 19,355</u>	<u>\$ 795,541</u>

The Town reported lease revenue of \$141,661 and interest revenue of \$5,171 during the year ended June 30, 2023. Deferred inflows of resources related to the leases receivable amounted to \$738,636 as of June 30, 2023.

Capital assets and lease assets

(a) Capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956
Construction-in-progress	3,342,600	10,408,509	(1,219,222)	12,531,887
Total capital assets not being depreciated	<u>18,090,556</u>	<u>10,408,509</u>	<u>(1,219,222)</u>	<u>27,279,843</u>
Capital assets being depreciated or amortized:				
Buildings and improvements	13,319,279	39,910	-	13,359,189
Land improvements	1,127,024	-	-	1,127,024
Infrastructure	17,552,480	358,787	-	17,911,267
Equipment and heavy equipment	7,795,853	565,265	-	8,361,118
Vehicles	7,368,074	844,415	(126,852)	8,085,637
Right-to-use lease assets	51,014	95,064	-	146,078
Total capital assets being depreciated or amortized	<u>47,213,724</u>	<u>1,903,441</u>	<u>(126,852)</u>	<u>48,990,313</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	5,791,303	403,251	-	6,194,554
Land improvements	484,006	38,082	-	522,088
Infrastructure	5,794,056	602,531	-	6,396,587
Equipment and heavy equipment	6,364,064	640,560	-	7,004,624
Vehicles	5,490,615	605,779	(126,852)	5,969,542
Right-to-use lease assets	14,971	22,553	-	37,524
Total accumulated depreciation or amortization	<u>23,939,015</u>	<u>\$ 2,312,756</u>	<u>\$ (126,852)</u>	<u>26,124,919</u>
Total capital assets being depreciated or amortized, net	<u>23,274,709</u>			<u>22,865,394</u>
Governmental activity capital assets, net	<u>\$ 41,365,265</u>			<u>\$ 50,145,237</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

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

General government	\$	185,238
Public safety		744,605
Planning		51,541
Public works		1,050,536
Parks and recreation		<u>280,836</u>
Total depreciation and amortization expense	\$	<u>2,312,756</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Storm Water fund:				
Capital assets not being depreciated:				
Construction-in-progress	\$ 27,071	\$ 72,292	\$ (99,363)	\$ -
Total capital assets not being depreciated	<u>27,071</u>	<u>72,292</u>	<u>(99,363)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and improvements	114,998	-	-	114,998
Infrastructure	404,415	99,364	-	503,779
Vehicles	-	42,385	-	42,385
Equipment and heavy equipment	<u>182,995</u>	<u>14,911</u>	<u>-</u>	<u>197,906</u>
Total capital assets being depreciated	<u>702,408</u>	<u>156,660</u>	<u>-</u>	<u>859,068</u>
Less accumulated depreciation for:				
Buildings and improvements	11,499	3,834	-	15,333
Infrastructure	10,953	14,873	-	25,826
Vehicles	-	4,945	-	4,945
Equipment and heavy equipment	<u>118,948</u>	<u>36,598</u>	<u>-</u>	<u>155,546</u>
Total accumulated depreciation	<u>141,400</u>	<u>\$ 60,250</u>	<u>\$ -</u>	<u>201,650</u>
Total capital assets being depreciated, net	<u>561,008</u>			<u>657,418</u>
Business-type capital assets, net	<u>\$ 588,079</u>			<u>\$ 657,418</u>

(b) Lease assets

The Town has recorded two lease assets. The assets are for the right to use copier machines and a commercial unit space. The related leases are discussed in the Lease Liabilities note. The lease assets are amortized on a straight-line basis over the terms of the leases. Lease asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Lease assets:					
Copiers	\$ 51,014	\$ -	\$ -	\$ -	\$ 51,014
Commercial space	<u>-</u>	<u>95,064</u>	<u>-</u>	<u>-</u>	<u>95,064</u>
	<u>51,014</u>	<u>95,064</u>	<u>-</u>	<u>-</u>	<u>146,078</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Less accumulated amortization for:					
Copiers	\$ 14,971	\$ 11,369	\$ -	\$ -	\$ 26,340
Commercial space	-	11,184	-	-	11,184
	<u>14,971</u>	<u>22,553</u>	<u>-</u>	<u>-</u>	<u>37,524</u>
Governmental activity					
Lease assets, net	<u>\$ 36,043</u>				<u>\$ 108,554</u>
Business-type activities:					
Lease assets:					
Parking lots	\$ 73,019	-	(73,019)	-	\$ -
	<u>73,019</u>	<u>-</u>	<u>(73,019)</u>	<u>-</u>	<u>-</u>
Less accumulated amortization for:					
Parking lots	13,314	-	(13,314)	-	-
	<u>13,314</u>	<u>-</u>	<u>(13,314)</u>	<u>-</u>	<u>-</u>
Business-type activity					
Lease assets, net	<u>\$ 59,705</u>				<u>\$ -</u>

(c) Construction commitments

The Town has active capital projects as of June 30, 2023. At year end, the government's commitments with contractors/vendors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bond Fund:		
Morgan Creek Greenway	\$ 126,802	\$ 38,270
Town-wide sidewalk repairs & ADA upgrades	102,601	530
Jones Creek Greenway	178,496	4,591
South Greensboro Street Sidewalk	<u>167,095</u>	<u>247,303</u>
	<u>574,994</u>	<u>290,694</u>
Capital Projects Fund:		
203 S. Greensboro Street	10,601,000	26,000,267
Bus shelter replacement	-	117,500
Town comprehensive plan	213,652	6,549
Jones Ferry Road retaining wall	11,596	3,860
Hank Anderson Park paving project	14,744	4,528
East Main Street signal work	<u>91,239</u>	<u>28,326</u>
	<u>10,932,231</u>	<u>26,161,030</u>
General Fund:		
Speed table updates	148,409	2,610
Street resurfacing 2022	<u>515,341</u>	<u>47,852</u>
	<u>663,750</u>	<u>50,462</u>
Grants Administration Fund:		
Engineering for watershed restoration	<u>20,625</u>	<u>13,250</u>
Stormwater Enterprise Fund:		
Infrastructure improvements	<u>98,396</u>	<u>17,988</u>
Total	<u>\$ 12,289,996</u>	<u>\$ 26,533,424</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

B. Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2023 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 983,701	\$ 491,845	\$ 1,475,546
Other governmental	<u>1,553,129</u>	<u>-</u>	<u>1,553,129</u>
Total governmental activities	<u>\$ 2,536,830</u>	<u>\$ 491,845</u>	<u>\$ 3,028,675</u>
Business-type activities:			
Stormwater	\$ 30,237	\$ 11,144	\$ 41,381
Parking operations	<u>7,282</u>	<u>-</u>	<u>7,282</u>
Total business-type activities	<u>\$ 37,519</u>	<u>\$ 11,144</u>	<u>\$ 48,663</u>

Pension plan obligations

(a) Local Governmental Employees' Retirement System

Plan description. The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) or participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Town of Carrboro, North Carolina
Notes to Financial Statements

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Carrboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.14% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$1,237,798 for the year ended June 30, 2023.

Refunds of contributions. Town employees who have terminated services as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the Town reported a liability of \$6,645,038 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportion was 0.1178%, which was a decrease of 0.0017% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$1,894,522. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 286,329	\$ 28,073
Changes of assumptions	663,026	-
Net difference between projected and actual earnings on pension plan investments	2,196,255	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	32,623	2,325
Town contributions subsequent to the measurement date	<u>1,237,798</u>	<u>-</u>
Total	<u>\$ 4,416,031</u>	<u>\$ 30,398</u>

Town of Carrboro, North Carolina
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\$1,297,798 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ 1,012,858
2025	842,183
2026	246,455
2027	1,046,339
2028	-
Thereafter	<u>-</u>
Total	<u>\$ 3,147,835</u>

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed-income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 (measurement date) are summarized in the following table:

Town of Carrboro, North Carolina
Notes to Financial Statements

	<u>Target Allocation</u>	<u>Long- Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation protection	<u>6.0%</u>	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town’s proportionate share of the net pension liability	<u>\$ 11,993,438</u>	<u>\$ 6,645,038</u>	<u>\$ 2,237,646</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

(b) Law Enforcement Officers’ Special Separation Allowance

(i) Plan description

The Town administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the 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, 2021, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>32</u>
Total	<u><u>37</u></u>

A separate report was not issued for the plan.

(ii) Summary of significant accounting policies:

Basis of accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

(iii) Actuarial assumptions:

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate is based on the weekly average of the S&P Municipal Bond 20-Year High Grade Rate Index determined as of December 31, 2022, the measurement date.

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

Town of Carrboro, North Carolina
Notes to Financial Statements

(iv) *Change in actuarial assumptions:*

On the prior measurement date (December 31, 2021), the Municipal Bond Index Rate, on which the discount rate is based, was 2.25%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 4.31% as of the Measurement Date (December 31, 2022). This resulted in a \$310,098 decrease in the Total Pension Liability.

(v) *Contributions:*

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$126,608 as benefits came due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$2,005,092. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$259,992.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 248,562	\$ -
Changes of assumptions	240,519	285,838
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>63,304</u>	<u>-</u>
Total	<u>\$ 552,385</u>	<u>\$ 285,838</u>

\$63,304 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ 122,117
2025	98,714
2026	22,363
2027	(23,979)
2028	(15,972)
Thereafter	<u>-</u>
Total	<u>\$ 203,243</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

(vii) *Sensitivity of the Town's total pension liability to changes in the discount rate:*

The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31 percent) or 1 percentage point higher (5.31 percent) than the current rate:

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	\$ 2,148,963	\$ 2,005,092	\$ 1,872,996

Changes in the Total Pension Liability

	<u>2023</u>
Beginning balance	\$ 2,136,506
Service cost	90,020
Interest on the total pension liability	46,810
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	153,996
Changes of assumptions or other inputs	(310,098)
Benefit payments	(112,142)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,005,092</u>

The plan currently uses mortality tables that vary by age, and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

(viii) *Total expense, liabilities, and deferred outflows and inflows of resources related to pensions:*

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,894,522	\$ 259,992	\$ 2,154,514
Pension liability	6,645,038	2,005,092	8,650,130
Proportionate share of net pension liability	0.1178%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	286,329	248,562	534,891
Changes of assumptions	663,026	240,519	903,545
Net difference between projected and actual earnings on plan investments	2,196,255	-	2,196,255
Changes in proportion and differences between contributions and proportionate share of contributions	32,623	-	32,623
Benefit payments and administrative costs paid subsequent to the measurement date	1,237,798	63,304	1,301,102

Town of Carrboro, North Carolina
Notes to Financial Statements

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 28,073	\$ -	\$ 28,073
Changes of assumptions	-	285,838	285,838
Changes in proportion and differences between contributions and proportionate share of contributions	2,325	-	2,325

(c) Supplemental Retirement Income Plan

Plan description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Town. For law enforcement officers, the Town contributes 5% of the employee’s salary and for all other employees the contribution is 3%. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer’s salary, and all amounts contributed are vested immediately. The Town has also elected to contribute each month an amount equal to 3% of each participating general employee’s salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2023 were \$774,851, which consisted of \$346,504 from the Town and \$428,347 from the employees.

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

(d) Other post-employment benefits (OPEB)

Plan description. In addition to providing pension benefits, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. For employees hired prior to July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees’ Retirement System and have at least ten years of continuous creditable service with the Town. The Town pays a percentage of the insurance premium paid to private insurers based on the table below. Employees have the option of purchasing dependent coverage at the Town’s group rates. Employees hired on or after July 1, 2007 who retire with a minimum of ten years of creditable service are not allowed to remain on the Town’s group insurance; rather, they receive a stipend. For those employees, the Town pays a percentage of the stipend based on the table below. The stipend is based on the Employee Only insurance premium as of July 1, 2007 (\$417.46) and increases based on changes in the consumer price index. As of July 1, 2021, the stipend was \$558.86 per month. Employees hired on or after July 1, 2007 who retire with less than ten years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Town of Carrboro, North Carolina
Notes to Financial Statements

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

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	47
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>154</u>
Total	<u><u>201</u></u>

Total OPEB liability

The Town's total OPEB liability of \$16,533,607 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.25 percent, including real wage growth
Salary increases	3.25 to 8.41 percent, including inflation and productivity factor
Discount rate	3.54 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% decreasing to an ultimate rate of 4.50% by 2031 Medicare - 5.125% decreasing to an ultimate rate of 4.50% by 2024

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

Changes in the total OPEB liability

	<u>2023</u>
Beginning balance	\$ 19,922,078
Service cost	742,971
Interest on the total pension liability	442,265
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(11,224)
Changes of assumptions or other inputs	(4,180,829)
Benefit payments and implicit subsidy credit	<u>(381,654)</u>
Ending balance of the total OPEB liability	<u>\$ 16,533,607</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Town of Carrboro, North Carolina
Notes to Financial Statements

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability	<u>\$ 19,418,537</u>	<u>\$ 16,533,607</u>	<u>\$ 14,251,523</u>

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 13,931,878</u>	<u>\$ 16,533,607</u>	<u>\$ 19,888,105</u>

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

For the year ended June 30, 2023, the Town recognized OPEB income of \$221,290. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,812,641
Changes of assumptions	2,858,179	4,441,436
Benefit payments and administrative costs made subsequent to the measurement date	<u>303,862</u>	<u>-</u>
Total	<u>\$ 3,162,041</u>	<u>\$ 8,254,077</u>

\$303,862 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Town of Carrboro, North Carolina
Notes to Financial Statements

**Year Ending
June 30,**

2024	\$ (1,406,526)
2025	(1,269,129)
2026	(1,037,592)
2027	(601,321)
2028	(610,033)
Thereafter	<u>(471,297)</u>
Total	\$ <u>(5,395,898)</u>

Other employment benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. If the member is a firefighter, rescue squad worker or local law enforcement officer killed in the line of duty, their beneficiary may also be entitled to a \$100,000 line-of-duty death benefit. This lump sum benefit is administered jointly by the North Carolina Industrial Commission and the Department of the State Treasurer. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

The Town provides additional group term life insurance through The Hartford Financial Services Group, Inc. The death benefit provided by the Town is \$25,000. Employees may purchase additional supplemental insurance. The supplemental amounts are available in increments of \$25,000, up to an additional voluntary coverage of \$100,000. The premiums for the supplemental insurance are deducted from payroll on an after-tax basis.

Town of Carrboro, North Carolina
Notes to Financial Statements

Deferred outflows and inflows of resources

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

	<u>Deferred Outflows</u>
Contributions to pension plan in current fiscal year	\$ 1,237,798
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	63,304
Benefit payments made for OPEB subsequent to measurement date	303,862
Differences between actual and expected experience	534,891
Net difference between expected and actual earnings on plan investments	2,196,255
Changes of assumptions	3,761,724
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>32,623</u>
Total	<u>\$ 8,130,457</u>

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

	<u>Statement of Net Position</u>	<u>Governmental Funds Balance Sheet</u>
Taxes receivable, less penalties	\$ -	\$ 141,336
Notes receivable, net	-	138,784
Unavailable contribution revenues	-	93,870
Deferred lease revenue	738,636	738,636
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	4,727,274	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,325	-
Differences between expected and actual experience	<u>3,840,714</u>	<u>-</u>
Total	<u>\$ 9,308,949</u>	<u>\$ 1,112,626</u>

Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability of \$5 million per occurrence and auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

Town of Carrboro, North Carolina
Notes to Financial Statements

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

In accordance with G.S. 159-29, the Town's employees who have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is bonded for \$50,000. The remaining employees who have access to funds are bonded for \$10,000 per occurrence.

Long-term obligations

(a) General obligation indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued to provide long-term financing for the construction of sidewalks and greenways utilized in the operations of the Bond Fund. These bonds were issued to refinance the previous Bond Anticipation Notes acquired for the same purpose. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town.

Bonds payable at June 30, 2023, is comprised of the following individual issue:

General Obligation Bonds

\$4,600,000 Sidewalk and Greenway Series 2013 Bonds, requiring principal payment on February 1 each year in the amount of \$250,000 with a final principal payment of \$100,000 due upon maturity (February 1, 2032); interest payments are due August 1 and February 1 each year. Interest rates vary between 2.0% and 3.5% over the life of the loan. The bonds contain certain redemption provisions that grant the Town the option to redeem the bonds in whole or in \$5,000 increments prior to the maturity date, but not before February 1, 2024, provided advanced notice is given.

\$ 2,100,000

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

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 250,000	\$ 52,500
2025	250,000	46,875
2026	250,000	41,250
2027	250,000	35,625
2028	250,000	30,375
2029 - 2032	<u>850,000</u>	<u>56,500</u>
	<u>\$ 2,100,000</u>	<u>\$ 263,125</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

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

The Town has direct borrowing installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2023, are as follows:

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

	<u>\$ 1,350,810</u>
Total	<u>\$ 1,350,810</u>

Annual debt service payments of the direct borrowing installment purchases for equipment as of June 30, 2023 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 264,601	\$ 14,048
2025	267,353	11,297
2026	270,133	8,516
2027	272,943	5,707
2028	<u>275,780</u>	<u>2,868</u>
Total	<u>\$ 1,350,810</u>	<u>\$ 42,436</u>

(c) Direct borrowing installment purchase agreement - improvements - General Fund

The Town has direct borrowing installment purchase agreement for improvements. The installment purchase note payable at June 30, 2023, is as follows:

Installment purchase agreement to finance the construction of the fire substation. The financing contract requires semi-annual payments of \$108,333 due July 15 and January 15, plus interest at 4.07%. Payments are due annually beginning July 15, 2009, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on July 15, 2024. The financing institution holds a first lien security interest on the property and first priority security interest in any and all fixtures used in connection with the operation of the property.

	\$ 325,000
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Installment purchase agreement to finance the construction of the 203 S. Greensboro Street project. The financing contract requires annual principal payments of \$662,000 due March 1 each year, interest payments are due September 1 and March 1 each year. Interest rate is 2.83%. All outstanding principal and accrued and unpaid interest due on March 1, 2042.

	<u>12,578,000</u>
Total	<u>\$ 12,903,000</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

Annual debt service payments of the direct borrowing installment purchase for improvements as of June 30, 2023 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 878,667	\$ 365,723
2025	770,333	338,236
2026	662,000	317,363
2027	662,000	298,694
2028	662,000	280,026
Thereafter	<u>9,268,000</u>	<u>1,876,174</u>
Total	<u>\$ 12,903,000</u>	<u>\$ 3,476,216</u>

(d) Lease liabilities

The Town has entered into lease agreements to lease certain property and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, a liability has been recorded at the present value of the future minimum lease payments at the date of inception of each lease, or upon a required remeasurement event.

The Town leases copiers, which are paid through the General Fund. The lease agreement requires monthly payments of \$2,951 and continues through December 2026. There are no variable payments components of the lease. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used its incremental borrowing rate at the date of adoption, 0.185%. As of June 30, 2023, the remaining net book value of the related lease asset was \$24,674, net of accumulated amortization of \$26,340.

The Town lease a commercial unit at the Carr Mill Mall, which is paid through the General Fund. The lease agreement requires monthly payments of \$2,875 and continues through December 2025. There are no variable payments components of the lease. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used its incremental borrowing rate at the date of adoption, 2.04%. As of June 30, 2023, the remaining net book value of the related lease asset was \$83,880, net of accumulated amortization of \$11,184.

Future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2023, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 44,437	\$ 1,501	\$ 45,938
2025	45,150	758	45,908
2026	22,817	107	22,924
2027	-	-	-
2028	-	-	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,404</u>	<u>\$ 2,366</u>	<u>\$ 114,770</u>

Town of Carrboro, North Carolina
Notes to Financial Statements

(e) Changes in long-term debt obligations

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental activities:					
General obligation - bonds	\$ 2,350,000	\$ -	\$ (250,000)	\$ 2,100,000	\$ 250,000
Premium on bond	46,230	-	(4,868)	41,362	4,866
Direct borrowing installment purchases - improvements	13,119,666	-	(216,666)	12,903,000	878,667
Direct borrowing installment purchases - equipment	1,612,688	-	(261,878)	1,350,810	264,601
Lease liabilities	39,725	95,064	(22,385)	112,404	44,437
Compensated absences	763,209	696,093	(621,489)	837,813	621,489
Total OPEB liability	19,624,734	-	(3,337,897)	16,286,837	303,862
Net pension liability (LGERS)	1,798,168	4,718,093	-	6,516,261	-
Total pension liability (LEO)	<u>2,136,506</u>	<u>-</u>	<u>(131,414)</u>	<u>2,005,092</u>	<u>126,608</u>
Total governmental activities	<u>41,490,926</u>	<u>5,509,250</u>	<u>(4,846,597)</u>	<u>42,153,579</u>	<u>2,494,530</u>
Business-type activities:					
Lease liabilities	59,746	-	(59,746)	-	-
Compensated absences	14,272	14,667	(10,621)	18,318	10,621
Total OPEB liability	297,344	-	(50,574)	246,770	-
Net pension liability (LGERS)	<u>34,939</u>	<u>93,838</u>	<u>-</u>	<u>128,777</u>	<u>-</u>
Total business-type activities	<u>406,301</u>	<u>108,505</u>	<u>(120,941)</u>	<u>393,865</u>	<u>10,621</u>
Total long-term obligations	<u>\$ 41,897,227</u>	<u>\$ 5,617,755</u>	<u>\$ (4,967,538)</u>	<u>\$ 42,547,444</u>	<u>\$ 2,505,151</u>

Compensated absences have typically been liquidated in the General Fund.

The Town's legal debt margin at June 30, 2023 was \$212,350,159.

C. Interfund balances and activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2023 consist of the following:

From the General Fund to the Parking Operations Enterprise Fund to support operations until such time as the fund begins generating revenues.	\$ 90,000
Transfer of a vehicle purchased by the Capital Projects Fund to the Stormwater Enterprise Fund	<u>42,385</u>
	<u>\$ 132,385</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

Balances due to/from other funds

Due to the General Fund for cash deficits from the:

Bond Fund	<u>\$ 192,373</u>
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Town of Carrboro, North Carolina
Notes to Financial Statements

D. Net investment in capital assets

Governmental activities:	
Capital and leased assets	\$ 50,145,237
Less: related debt:	
General obligation bonds	(2,100,000)
Premium on bond issuance	(41,362)
Direct borrowing installment purchases - improvements	(12,903,000)
Direct borrowing installment purchases - equipment	(1,350,810)
Lease liabilities	(112,404)
Add: unexpended debt proceeds	<u>10,794,211</u>
 Net investment in capital assets	 <u>\$ 44,431,872</u>
 Business-type activities:	
Capital and leased assets	<u>\$ 657,418</u>
 Net investment in capital assets	 <u>\$ 657,418</u>

E. Fund balance

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

Total fund balance - General Fund	\$ 19,546,432
Less:	
Inventories	(11,098)
Prepays	(769,803)
Leases	(37,550)
Stabilization by state statute	(3,311,758)
Powell Bill (streets)	(602,923)
Appropriated fund balance in subsequent fiscal year's budget	<u>(2,484,459)</u>
 Unassigned fund balance	 <u>\$ 12,328,841</u>

The Town of Carrboro has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the Town in such a manner that available fund balance is between 22.5% and 35.0% of the General Fund budget.

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

General Fund	<u>\$ 282,335</u>
Bond Fund	<u>\$ 1,271</u>
Capital Projects Fund	<u>\$ 224,345</u>
Facilities Rehabilitation Capital Projects Fund	<u>\$ 6,176</u>

4. Summary Disclosure of Significant Contingencies and Uncertainties

A. Federal and state-assisted programs

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

B. Claims and contingent liabilities

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

5. Coronavirus Local Fiscal Recovery Funds

In accordance with funding provided by the American Rescue Plan Act of 2021, effective August 4, 2021, the Town agreed to its terms for receiving an allocation of funds from the U.S. Department of Treasury, through the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund. The Town's total grant award is \$6,753,199, which was provided in two equal disbursements of \$3,376,599.50. The first disbursement was received in July 2021, while the second disbursement was received in August 2022. The Town will have until December 31, 2024 to use or encumber the funds and, if encumbered, has until December 31, 2026 to liquidate those encumbrances. As of June 30, 2023, \$403,407 has been recorded as grant revenue to date, and \$6,349,792 is included as revenues received in advance.

6. Related-Party Transactions

The Town collected occupancy tax proceeds in the amount of \$211,952. Of this amount, 3%, or \$6,358, was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$205,594 due to the CTDA. Amounts are remitted from the Town to the CTDA on a quarterly basis during the following month after the quarter end; therefore, there exists a payable from the Town (primary government) to the CTDA (component unit) for the fourth quarter (April through June) collections in the amount of \$60,266.

In addition, the CTDA reimburses a portion of the Town's long-term parking lease at 300 E. Main, which is located in close proximity to downtown businesses. The amount of the reimbursement was \$45,000 during the year ended June 30, 2023. As of June 30, 2023, the CTDA owes the Town \$90,387 for CTDA events paid for by the Town for which the CTDA is to reimburse the Town.

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Required Supplementary Financial Data

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

- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Schedule of the Proportionate Share of the Net Pension Liability (Asset) for the Local Government Employees' Retirement System
- Schedule of Contributions to the Local Government Employees' Retirement System

Town of Carrboro, North Carolina
 Schedule of Changes in Total Pension Liability
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Last Seven Fiscal Years*

Schedule A-1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,136,506	\$ 2,057,740	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019	\$ 1,548,384
Service cost	90,020	96,699	57,596	51,566	54,174	50,529	53,184
Interest on the total pension liability	46,810	38,434	46,540	49,150	45,312	54,918	52,965
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	153,996	126,914	62,506	86,934	26,014	(15,424)	-
Changes of assumptions and other inputs	(310,098)	(50,567)	534,823	39,325	(47,288)	77,967	(28,949)
Benefit payments	(112,142)	(132,714)	(142,652)	(156,647)	(167,084)	(146,538)	(129,565)
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 2,005,092</u>	<u>\$ 2,136,506</u>	<u>\$ 2,057,740</u>	<u>\$ 1,498,927</u>	<u>\$ 1,428,599</u>	<u>\$ 1,517,471</u>	<u>\$ 1,496,019</u>

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

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

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

Town of Carrboro, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Last Seven Fiscal Years

Schedule A-2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,005,092	\$ 2,136,506	\$ 2,057,740	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019
Covered employee payroll	2,123,070	2,239,341	2,106,793	2,033,738	2,017,955	2,143,082	2,134,068
Total pension liability as a percentage of covered payroll	94.44%	95.41%	97.67%	73.70%	70.79%	70.81%	70.10%

Notes to the Schedules:

* The Town of Carrboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

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

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

Schedule B-1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 742,971	\$ 825,261	\$ 548,056	\$ 627,875	\$ 669,530	\$ 764,631
Interest	442,265	476,270	579,983	755,138	697,815	623,406
Differences between expected and actual experience	(11,224)	(2,533,255)	(27,789)	(4,335,353)	(14,947)	(13,116)
Changes of assumptions or other inputs	(4,180,829)	653,890	4,028,868	(58,898)	(1,212,461)	(2,188,095)
Benefit payments	(381,654)	(448,565)	(403,625)	(352,745)	(306,331)	(287,110)
Net change in total OPEB liability	(3,388,471)	(1,026,399)	4,725,493	(3,363,983)	(166,394)	(1,100,284)
Total OPEB liability, beginning	19,922,078	20,948,477	16,222,984	19,586,967	19,753,361	20,853,645
Total OPEB liability, ending	<u>\$ 16,533,607</u>	<u>\$ 19,922,078</u>	<u>\$ 20,948,477</u>	<u>\$ 16,222,984</u>	<u>\$ 19,586,967</u>	<u>\$ 19,753,361</u>
Covered-employee payroll	\$ 8,581,590	\$ 8,581,590	\$ 8,230,323	\$ 8,230,323	\$ 6,862,156	\$ 6,862,156
Total OPEB liability as a percentage of covered-employee payroll	192.66%	232.15%	254.53%	197.11%	285.43%	287.86%

Notes to Schedule:

*Changes of assumption and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal Year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

This schedule will not present ten years of fiscal information until 2027.

Town of Carrboro, North Carolina
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Financial Data
Last Ten Fiscal Years *

Schedule C-1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Carrboro's proportion of the net pension liability (asset) (%)	0.1178%	0.1195%	0.1226%	0.1251%	0.1153%	0.1325%	0.1363%	0.1481%	-0.1496%	0.1490%
Carrboro's proportion of the net pension liability (asset) (\$)	\$ 6,645,038	\$ 1,833,107	\$ 4,380,663	\$ 3,415,291	\$ 2,735,310	\$ 2,023,775	\$ 2,892,957	\$ 664,576	\$ (882,438)	\$ 1,796,023
Carrboro's covered payroll	9,368,408	9,413,488	9,182,756	8,591,744	7,936,677	8,167,996	7,721,032	7,711,880	7,606,585	7,396,688
Carrboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.93%	19.47%	47.71%	39.75%	34.46%	24.78%	37.47%	8.62%	-11.60%	24.28%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Schedule C-2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,237,798	\$ 1,073,371	\$ 965,751	\$ 832,586	\$ 682,598	\$ 609,535	\$ 607,662	\$ 526,105	\$ 551,682	\$ 538,976
Contributions in relation to the contractually required contribution	<u>1,237,798</u>	<u>1,073,371</u>	<u>965,751</u>	<u>832,586</u>	<u>682,598</u>	<u>609,535</u>	<u>607,662</u>	<u>526,105</u>	<u>551,682</u>	<u>538,976</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrboro's covered payroll	\$ 10,125,639	\$ 9,368,408	\$ 9,413,488	\$ 9,182,756	\$ 8,591,744	\$ 7,936,677	\$ 8,167,996	\$ 7,721,032	\$ 7,711,880	\$ 7,606,585
Contributions as a percentage of covered payroll	12.22%	11.46%	10.26%	9.07%	7.94%	7.68%	7.44%	6.81%	7.15%	7.09%

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

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

Supplementary Information

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Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes	\$ 15,308,000	\$ 15,717,804	\$ 409,804
Penalties and interest	32,000	59,600	27,600
Total	<u>15,340,000</u>	<u>15,777,404</u>	<u>437,404</u>
Local option sales taxes:			
Article 39, 1%	1,701,000	2,354,053	653,053
Article 40, ½%	1,344,600	1,688,510	343,910
Article 42, ½%	867,000	1,180,684	313,684
Article 44, ½%	32,400	40,824	8,424
City hold harmless	1,474,200	1,812,624	338,424
Total	<u>5,419,200</u>	<u>7,076,695</u>	<u>1,657,495</u>
Other taxes and licenses:			
Room occupancy tax	160,000	211,952	51,952
Motor vehicle license fees, net of refunds and collection fees	1,491,547	1,650,848	159,301
Beer and wine licenses	1,275	1,350	75
Total	<u>1,652,822</u>	<u>1,864,150</u>	<u>211,328</u>
Unrestricted intergovernmental:			
Utility franchise tax	960,000	1,125,665	165,665
Piped natural gas tax	45,000	75,269	30,269
Video sales programming tax	62,000	66,595	4,595
Telecommunications sales tax	120,000	109,976	(10,024)
Direct-to-home satellite sales tax	50,000	45,929	(4,071)
EMS location	27,000	15,000	(12,000)
Beer and wine tax	87,000	96,235	9,235
Total	<u>1,351,000</u>	<u>1,534,669</u>	<u>183,669</u>
Restricted intergovernmental:			
Powell Bill	480,000	539,312	59,312
Federal grants	-	8,093	8,093
Solid waste disposal tax distribution	15,800	17,117	1,317
Planning work grant	20,000	12,282	(7,718)
NC risk management agency grant	20,000	23,756	3,756
ABC Board grant	19,000	10,000	(9,000)
Supplemental PEG channel support	53,000	51,282	(1,718)
U.S. Department of Justice block grant	600	-	(600)
Chapel Hill supplement	-	500	500
Recreation municipal supplement	35,898	35,903	5
NCDOT reimbursement	-	9,454	9,454
Total	<u>644,298</u>	<u>707,699</u>	<u>63,401</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fees and permits:			
Fire district fees	\$ 600,000	\$ 615,313	\$ 15,313
Fire permitting fees	1,850	3,988	2,138
Building permits	60,000	61,558	1,558
Electrical permits	58,000	65,709	7,709
Mechanical permits	68,000	75,276	7,276
Plumbing permits	30,000	30,485	485
Refuse collection fees	54,100	51,260	(2,840)
Development review	25,000	32,522	7,522
Engineering fees	-	480	480
Technical review	60,000	56,580	(3,420)
Parking and animal violations	8,200	13,336	5,136
School resource officer contract fees	179,622	100,094	(79,528)
Miscellaneous fees	22,725	19,695	(3,030)
Total	<u>1,167,497</u>	<u>1,126,296</u>	<u>(41,201)</u>
Sales and services:			
Recreation fees	145,000	176,263	31,263
Town Center fees	37,000	96,751	59,751
Miscellaneous	50,700	53,427	2,727
Total	<u>232,700</u>	<u>326,441</u>	<u>93,741</u>
Investment earnings:			
Interest on investments	<u>15,200</u>	<u>433,714</u>	<u>418,514</u>
Other revenues:			
Rental income	2,370	3,555	1,185
Donations	98,450	9,075	(89,375)
Lease revenue	142,316	141,661	(655)
Miscellaneous	37,300	75,687	38,387
Total	<u>280,436</u>	<u>229,978</u>	<u>(50,458)</u>
Total revenues	<u>26,103,153</u>	<u>29,077,046</u>	<u>2,973,893</u>
Expenditures			
General government:			
Mayor and Town Council:			
Personnel services	129,053	213,212	(84,159)
Operations	307,660	237,966	69,694
Total	<u>436,713</u>	<u>451,178</u>	<u>(14,465)</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Advisory boards:			
Operations	\$ 60,600	\$ 17,692	\$ 42,908
Total	<u>60,600</u>	<u>17,692</u>	<u>42,908</u>
Governmental support:			
Operations	-	10,000	(10,000)
Total	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Town Manager:			
Personnel services	653,192	439,379	213,813
Operations	94,575	82,219	12,356
Capital outlay	-	95,064	(95,064)
Total	<u>747,767</u>	<u>616,662</u>	<u>131,105</u>
Economic and community development:			
Personnel services	113,811	122,995	(9,184)
Operations	283,605	217,985	65,620
Total	<u>397,416</u>	<u>340,980</u>	<u>56,436</u>
Town Clerk:			
Personnel services	125,325	150,651	(25,326)
Operations	21,915	5,796	16,119
Total	<u>147,240</u>	<u>156,447</u>	<u>(9,207)</u>
Finance:			
Personnel services	715,831	746,519	(30,688)
Operations	583,249	654,985	(71,736)
Total	<u>1,299,080</u>	<u>1,401,504</u>	<u>(102,424)</u>
Human Resources:			
Personnel services	612,589	627,020	(14,431)
Operations	99,505	201,744	(102,239)
Total	<u>712,094</u>	<u>828,764</u>	<u>(116,670)</u>
Information technology:			
Personnel services	441,901	474,201	(32,300)
Operations	1,537,181	1,233,178	304,003
Capital outlay	174,000	278,702	(104,702)
Total	<u>2,153,082</u>	<u>1,986,081</u>	<u>167,001</u>
Climate action:			
Personnel services	177,785	166,932	10,853
Operations	40,061	87,002	(46,941)
Total	<u>217,846</u>	<u>253,934</u>	<u>(36,088)</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Housing and community services:			
Personnel services	\$ 251,039	\$ 193,250	\$ 57,789
Operations	<u>349,090</u>	<u>319,565</u>	<u>29,525</u>
Total	<u>600,129</u>	<u>512,815</u>	<u>87,314</u>
Communication and engagement:			
Personnel services	209,981	187,181	22,800
Operations	<u>35,827</u>	<u>44,201</u>	<u>(8,374)</u>
	<u>245,808</u>	<u>231,382</u>	<u>14,426</u>
Total general government	<u>7,017,775</u>	<u>6,807,439</u>	<u>210,336</u>
Public safety:			
Police department			
Personnel services	3,919,339	3,666,853	252,486
Operations	552,336	472,688	79,648
Capital outlay	27,000	9,285	17,715
Total	<u>4,498,675</u>	<u>4,148,826</u>	<u>349,849</u>
Fire department:			
Personnel services	2,954,297	3,108,235	(153,938)
Operations	291,901	283,822	8,079
Total	<u>3,246,198</u>	<u>3,392,057</u>	<u>(145,859)</u>
Total public safety	<u>7,744,873</u>	<u>7,540,883</u>	<u>203,990</u>
Planning:			
Personnel services	1,386,339	1,272,347	113,992
Operations	<u>260,059</u>	<u>226,746</u>	<u>33,313</u>
Total planning	<u>1,646,398</u>	<u>1,499,093</u>	<u>147,305</u>
Transportation:			
Operations	2,024,580	2,148,148	(123,568)
Capital outlay	<u>83,600</u>	<u>-</u>	<u>83,600</u>
Total transportation	<u>2,108,180</u>	<u>2,148,148</u>	<u>(39,968)</u>
Public works:			
Public works department:			
Personnel services	2,454,508	2,391,643	62,865
Operations	1,728,034	1,734,565	(6,531)
Capital outlay	<u>503,616</u>	<u>275,917</u>	<u>227,699</u>
Total public works	<u>4,686,158</u>	<u>4,402,125</u>	<u>284,033</u>

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

Schedule 1
(5 pages)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Parks and recreation:			
Recreation department:			
Personnel services	\$ 1,423,910	\$ 1,275,211	\$ 148,699
Operations	<u>555,273</u>	<u>380,703</u>	<u>174,570</u>
Total parks and recreation	<u>1,979,183</u>	<u>1,655,914</u>	<u>323,269</u>
Non-Departmental:			
Personnel services	1,329,754	-	1,329,754
Operations	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Total general services	<u>1,414,754</u>	<u>-</u>	<u>1,414,754</u>
Debt service:			
Principal retirement	966,589	750,929	215,660
Interest and fees	<u>401,628</u>	<u>374,137</u>	<u>27,491</u>
Total debt service	<u>1,368,217</u>	<u>1,125,066</u>	<u>243,151</u>
Total expenditures	<u>27,965,538</u>	<u>25,178,668</u>	<u>2,786,870</u>
Revenues over (under) expenditures	<u>(1,862,385)</u>	<u>3,898,378</u>	<u>5,760,763</u>
Other financing sources (uses):			
Transfers to other funds:			
To Affordable Housing Fund	(188,193)	-	188,193
To Parking Operations Fund	(143,160)	(90,000)	53,160
Sale of capital assets	60,000	41,728	(18,272)
Lease liabilities issued	<u>-</u>	<u>95,064</u>	<u>95,064</u>
Total other financing sources (uses)	<u>(271,353)</u>	<u>46,792</u>	<u>318,145</u>
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	(2,133,738)	3,945,170	6,078,908
Appropriated fund balance	<u>2,133,738</u>	<u>-</u>	<u>(2,133,738)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,945,170</u>	<u>\$ 3,945,170</u>
Fund balance, beginning of year		<u>15,601,262</u>	
Fund balance, end of year		<u>\$ 19,546,432</u>	

See accompanying notes.

Town of Carrboro, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Project Authorization and Actual
 Special Revenue Fund - American Rescue Plan Act Fund
 From Project Inception and for the Year Ended June 30, 2023

Schedule 2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
General revenues:					
ARPA grant	\$ 6,753,199	\$ 306,522	\$ 96,885	\$ 403,407	\$ (6,349,792)
Investment earnings:					
Interest on investments	-	5,263	149,428	154,691	154,691
Total revenues	<u>6,753,199</u>	<u>311,785</u>	<u>246,313</u>	<u>558,098</u>	<u>(6,195,101)</u>
Expenditures					
General government:					
General administration	260,000	-	47,325	47,325	212,675
Information technology	800,000	-	-	-	800,000
Housing and community services	2,554,100	-	-	-	2,554,100
Public safety	362,748	-	-	-	362,748
Planning	778,178	-	-	-	778,178
Public works	525,000	-	-	-	525,000
Economic and physical development	976,523	306,522	49,560	356,082	620,441
Parks and recreation	496,650	-	-	-	496,650
Total expenditures	<u>6,753,199</u>	<u>306,522</u>	<u>96,885</u>	<u>403,407</u>	<u>6,349,792</u>
Revenues over expenditures	<u>-</u>	<u>5,263</u>	<u>149,428</u>	<u>154,691</u>	<u>154,691</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,263</u>	<u>149,428</u>	<u>\$ 154,691</u>	<u>\$ 154,691</u>
Fund balance, beginning of year			<u>5,263</u>		
Fund balance, end of year			<u>\$ 154,691</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, 2023

Schedule 3
(2 pages)

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Loans		
Revenues						
Investment earnings:						
Interest on						
investments	\$ 224,701	\$ 225,096	\$ 6,122	\$ -	\$ 231,218	\$ 6,517
Interest repayments	193,223	194,815	1,133	-	195,948	2,725
Total investment earnings	417,924	419,911	7,255	-	427,166	9,242
Revolving loan repayments:						
Bryan's Guitar	90,000	39,387	-	-	39,387	(50,613)
Carrboro Coworking	90,000	74,839	-	-	74,839	(15,161)
Tesoro LLC	60,000	15,514	14,827	-	30,341	(29,659)
Total revolving loan payments	240,000	129,740	14,827	-	144,567	(95,433)
Total revenues	657,924	549,651	22,082	-	571,733	(86,191)
Expenditures						
General government:						
Contractual services	5,246	-	-	-	-	5,246
Miscellaneous	3,979	-	-	-	-	3,979
Total general government	9,225	-	-	-	-	9,225
Economic and physical development:						
Bryan's Guitar	90,000	90,000	-	-	90,000	-
Carrboro Coworking	90,000	90,000	-	-	90,000	-
Tesorra LLC	60,000	60,000	-	-	60,000	-
Bad debts	70,000	70,000	-	-	70,000	-
Total economic and physical development	310,000	310,000	-	-	310,000	-
Total expenditures	319,225	310,000	-	-	310,000	9,225
Revenues over expenditures	338,699	239,651	22,082	-	261,733	(76,966)

See accompanying notes.

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, 2023

Schedule 3
 (2 pages)

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Loans</u>		
Appropriated to fund balance	\$ (338,699)	\$ -	\$ -	\$ -	\$ -	\$ 338,699
Net change in fund balance	<u>\$ -</u>	<u>\$ 239,651</u>	22,082	<u>\$ -</u>	<u>\$ 261,733</u>	<u>\$ 261,733</u>
Fund balance, beginning of year			<u>239,651</u>			
Fund balance, end of year			<u>\$ 261,733</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, 2023

Schedule 4

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Out Projects</u>		
Revenues						
General revenues:						
Federal STP-DA funds	\$ 2,791,352	\$ 1,315,442	\$ 122,615	\$ -	\$ 1,438,057	\$(1,353,295)
Federal STBGP-DA funds	483,729	-	-	-	-	(483,729)
Federal TAP-DA funds	730,000	-	-	-	-	(730,000)
CMAQ funds	440,000	-	-	-	-	(440,000)
Orange County Transit funds	752,177	33,419	114,621	-	148,040	(604,137)
Payments in lieu	48,046	48,046	-	-	48,046	-
Interest on investments	61,116	61,263	3,464	-	64,727	3,611
Total revenues	5,306,420	1,458,170	240,700	-	1,698,870	(3,607,550)
Expenditures						
Capital outlay:						
General expenditures (non-project)	1,116	-	-	-	-	1,116
Morgan Creek Greenway	1,742,500	448,287	100,325	-	548,612	1,193,888
Bolin Creek Greenway	1,521,770	1,494,906	-	-	1,494,906	26,864
Jones Creek Greenway	850,250	180,357	-	-	180,357	669,893
S. Greensboro Street Sidewalk	1,781,462	210,930	-	-	210,930	1,570,532
Sidewalk repairs	250,000	194,976	54,339	-	249,315	685
Total capital outlay	6,147,098	2,529,456	154,664	-	2,684,120	3,462,978
Total expenditures	6,147,098	2,529,456	154,664	-	2,684,120	3,462,978
Revenues over (under) expenditures	<u>(840,678)</u>	<u>(1,071,286)</u>	<u>86,036</u>	<u>-</u>	<u>(985,250)</u>	<u>(144,572)</u>
Other financing sources						
General obligation bonds issued	840,678	840,678	-	-	840,678	-
Total other financing sources	840,678	840,678	-	-	840,678	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (230,608)</u>	<u>86,036</u>	<u>\$ -</u>	<u>\$ (144,572)</u>	<u>\$ (144,572)</u>
Fund deficit, beginning of year			<u>(230,608)</u>			
Fund deficit, end of year			<u>\$ (144,572)</u>			

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 5
(2 pages)

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Out Projects		
Revenues						
General revenues:						
Federal STP-DA funds	\$ 30,000	\$ 14,820	\$ -	\$ -	\$ 14,820	\$ (15,180)
Interest on investments	47,279	60,444	384,616	-	445,060	397,781
Orange County contribution	22,218,882	1,139,216	4,951,066	-	6,090,282	(16,128,600)
Arts Center settlement agreement	-	84,999	-	-	84,999	84,999
Total revenues	22,296,161	1,299,479	5,335,682	-	6,635,161	(15,661,000)
Expenditures						
Capital outlay:						
General (non-project)	47,279	-	-	-	-	47,279
S. Greensboro Street conduit	95,000	-	-	-	-	95,000
203 Project on S. Greensboro Street	41,174,840	3,009,922	9,067,595	-	12,077,517	29,097,323
MLK park design and construction	2,761,196	2,720,766	39,910	-	2,760,676	520
Town comprehensive plan	250,000	213,711	13,787	-	227,498	22,502
Bus shelter replacement	288,000	15,300	-	-	15,300	272,700
Pedestrian safety improvements and bike plan	257,000	-	-	-	-	257,000
Jones Ferry road retaining wall	100,000	11,596	-	-	11,596	88,404
108 Bim Street renovations	50,000	14,640	19,690	-	34,330	15,670
Anderson Park parking lot paving	120,000	12,027	2,717	-	14,744	105,256
2022 vehicles	1,245,000	275,707	744,259	-	1,019,966	225,034
East Main street signal and pavement	159,565	-	106,352	-	106,352	53,213
2023 vehicles	173,000	-	273,324	-	273,324	(100,324)
Other	57,500	18,525	-	-	18,525	38,975
Total capital outlay	46,778,380	6,292,194	10,267,634	-	16,559,828	30,218,552
Total expenditures	46,778,380	6,292,194	10,267,634	-	16,559,828	30,218,552
Revenues under expenditures	(24,482,219)	(4,992,715)	(4,931,952)	-	(9,924,667)	14,557,552

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 5
(2 pages)

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Out Projects</u>		
Other financing sources						
Transfers from other funds:						
From General Fund	\$ 10,400,619	\$ 10,572,014	\$ -	\$ -	\$ 10,572,014	\$ 171,395
From Bond Fund	200,000	200,000	-	-	200,000	-
From Stormwater Fund	41,600	41,600	-	-	41,600	-
Installation purchase obligations issued	<u>13,840,000</u>	<u>12,577,998</u>	<u>-</u>	<u>-</u>	<u>12,577,998</u>	<u>(1,262,002)</u>
Total other financing sources	<u>24,482,219</u>	<u>23,391,612</u>	<u>-</u>	<u>-</u>	<u>23,391,612</u>	<u>(1,090,607)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 18,398,897</u>	<u>(4,931,952)</u>	<u>\$ -</u>	<u>\$ 13,466,945</u>	<u>\$ 13,466,945</u>
Fund balance, beginning of year			<u>18,398,897</u>			
Fund balance, end of year			13,466,945			
Amounts reported for Revenue, Expenditures and changes in Fund Balance are different for the Budgeted/Actual Statement due to consolidation of the Capital Reserve Fund and the Payment in Lieu Reserve Fund:						
Interest on investments - Capital Reserve Fund			10,453			
Interest on investments - Payment in Lieu Reserve Fund			3,863			
Other revenue - Payment in Lieu Reserve Fund			17,201			
Fund balance, beginning (Capital Reserve Fund)			425,176			
Fund balance, beginning (Payment in Lieu Reserve Fund)			<u>152,962</u>			
Fund balance, ending (Consolidated Capital Projects Fund)			<u>\$ 14,076,600</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, 2023

Schedule 6

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	\$ -	\$ 10,453	\$ 10,453
Revenues and other financing sources over other financing uses	-	10,453	10,453
Net change in fund balance	<u>\$ -</u>	10,453	<u>\$ 10,453</u>
Fund balance, beginning of year		<u>425,176</u>	
Fund balance, end of year		<u>\$ 435,629</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, 2023

Schedule 7

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	\$ -	\$ 3,863	\$ 3,863
Other revenue	-	17,201	17,201
	-	21,064	21,064
Net change in fund balance	<u>\$ -</u>	21,064	<u>\$ 21,064</u>
Fund balance, beginning of year		152,962	
Fund balance, end of year		<u>\$ 174,026</u>	

Town of Carrboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2023

Schedule 8

	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Small Business and NP Loan/ Grant COVID 19 Emergency Fund	Facilities Rehabilitation Fund	Grants Administration Fund	Total Nonmajor Governmental Funds
Assets						
Cash and investments	\$ 708,264	\$ 151,972	\$ 267,731	\$ 494,746	\$ 32,565	\$ 1,655,278
Due from other governments	-	-	-	-	2,000	2,000
Notes receivable	732	-	108,393	-	-	109,125
Total assets	<u>\$ 708,996</u>	<u>\$ 151,972</u>	<u>\$ 376,124</u>	<u>\$ 494,746</u>	<u>\$ 34,565</u>	<u>\$ 1,766,403</u>
Liabilities						
Accounts payable	\$ 194,431	\$ -	\$ -	\$ 329	\$ 2,000	\$ 196,760
Total liabilities	<u>194,431</u>	<u>-</u>	<u>-</u>	<u>329</u>	<u>2,000</u>	<u>196,760</u>
Deferred inflows of resources	<u>732</u>	<u>-</u>	<u>108,393</u>	<u>-</u>	<u>-</u>	<u>109,125</u>
Fund balances						
Committed:						
Affordable housing	513,833	-	-	-	-	513,833
Economic development	-	-	267,731	-	32,565	300,296
Capital projects	-	-	-	494,417	-	494,417
Energy efficiency	-	151,972	-	-	-	151,972
Total fund balances	<u>513,833</u>	<u>151,972</u>	<u>267,731</u>	<u>494,417</u>	<u>32,565</u>	<u>1,460,518</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 708,996</u>	<u>\$ 151,972</u>	<u>\$ 376,124</u>	<u>\$ 494,746</u>	<u>\$ 34,565</u>	<u>\$ 1,766,403</u>

See accompanying notes.

Town of Carrboro, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2023

Schedule 9

	<u>Affordable Housing Fund</u>	<u>Energy Efficiency Revolving Loan Fund</u>	<u>Small Business and NP Loan/ Grant COVID 19 Emergency Fund</u>	<u>Facilities Rehabilitation Fund</u>	<u>Grants Administration Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues						
Payment in lieu	\$ 182,606	\$ -	\$ -	\$ -	\$ -	\$ 182,606
Loan repayments	-	6,233	50,932	-	-	57,165
Interest repayments	-	85	-	-	-	85
Ad valorem taxes	397,738	-	-	-	-	397,738
Grant revenues	-	-	-	-	20,625	20,625
Other revenues	-	-	-	-	11,750	11,750
Interest on investments	14,097	3,595	5,931	13,283	-	36,906
Total revenues	<u>594,441</u>	<u>9,913</u>	<u>56,863</u>	<u>13,283</u>	<u>32,375</u>	<u>706,875</u>
Expenditures						
Economic and physical development	534,423	-	-	-	34,665	569,088
Capital outlay	-	-	-	82,178	-	82,178
Total expenditures	<u>534,423</u>	<u>-</u>	<u>-</u>	<u>82,178</u>	<u>34,665</u>	<u>651,266</u>
Revenues over (under) expenditures	<u>60,018</u>	<u>9,913</u>	<u>56,863</u>	<u>(68,895)</u>	<u>(2,290)</u>	<u>55,609</u>
Net change in fund balance	60,018	9,913	56,863	(68,895)	(2,290)	55,609
Fund balance, beginning of year	<u>453,815</u>	<u>142,059</u>	<u>210,868</u>	<u>563,312</u>	<u>34,855</u>	<u>1,404,909</u>
Fund balance, end of year	<u>\$ 513,833</u>	<u>\$ 151,972</u>	<u>\$ 267,731</u>	<u>\$ 494,417</u>	<u>\$ 32,565</u>	<u>\$ 1,460,518</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, 2023

Schedule 10

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed-Out Projects		
Revenues						
Payment in lieu	\$ 82,026	\$ 82,026	\$ 182,606	\$ -	\$ 264,632	\$ 182,606
Property taxes	466,872	475,651	397,738	-	873,389	406,517
Interest on investments	823	729	14,097	-	14,826	14,003
Total revenues	<u>549,721</u>	<u>558,406</u>	<u>594,441</u>	<u>-</u>	<u>1,152,847</u>	<u>603,126</u>
Expenditures						
Critical home repairs	177,747	67,129	119,001	-	186,130	(8,383)
Contributions for acquisitions	296,901	31,395	104,774	-	136,169	160,732
Rental deposits	70,348	-	-	-	-	70,348
Affordable housing commission	1,534	-	-	-	-	1,534
Community home trust	73,501	70,582	73,452	-	144,034	(70,533)
Home consortium match	18,135	12,783	14,270	-	27,053	(8,918)
Partnership to end homelessness	134,027	35,202	129,976	-	165,178	(31,151)
Center for Community Interfaith council housing	92,950	-	92,950	-	92,950	-
Self-Help	-	-	-	-	-	-
Miscellaneous	143,409	-	-	-	-	143,409
Total expenditures	<u>1,008,552</u>	<u>217,091</u>	<u>534,423</u>	<u>-</u>	<u>751,514</u>	<u>257,038</u>
Revenues over (under) expenditures	(458,831)	341,315	60,018	-	401,333	860,164
Other financing sources						
Transfer from General Fund	458,831	112,500	-	-	112,500	(346,331)
Total other financing sources	<u>458,831</u>	<u>112,500</u>	<u>-</u>	<u>-</u>	<u>112,500</u>	<u>(346,331)</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 453,815</u>	60,018	<u>\$ -</u>	<u>\$ 513,833</u>	<u>\$ 513,833</u>
Fund balance, beginning of year			<u>453,815</u>			
Fund balance, end of year			<u>\$ 513,833</u>			

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Energy Efficiency Revolving Loan Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 11

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed-Out Projects		
Revenues						
Interest repayments	\$ 17,213	\$ 17,509	\$ 85	\$ -	\$ 17,594	\$ 381
Interest on investments	2,546	2,655	3,595	-	6,250	3,704
Revolving loan repayments:						
The Arts Center	24,838	24,687	3,441	-	28,128	3,290
Surplus Sid's	27,920	27,208	2,792	-	30,000	2,080
Total revolving loan payments	52,758	51,895	6,233	-	58,128	5,370
Total revenues	72,517	72,059	9,913	-	81,972	9,455
Expenditures						
Economic and physical development:						
The Arts Center	28,128	28,128	-	-	28,128	-
Surplus Sid's	30,000	30,000	-	-	30,000	-
Miscellaneous	142,517	-	-	-	-	142,517
Total expenditures	200,645	58,128	-	-	58,128	142,517
Revenues over (under) expenditures	(128,128)	13,931	9,913	-	23,844	151,972
Other financing sources						
Transfer from Grant Fund	83,128	83,128	-	-	83,128	-
Transfer from Revolving Loan Fund	45,000	45,000	-	-	45,000	-
Total other financing sources	128,128	128,128	-	-	128,128	-
Net change in fund balance	\$ -	\$ 142,059	\$ 9,913	\$ -	\$ 151,972	\$ 151,972
Fund balance, beginning of year			142,059			
Fund balance, end of year			\$ 151,972			

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 12
(2 pages)

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed-Out Projects		
Revenues						
Federal grants	\$ 30,334	\$ 30,334	\$ -	\$ -	\$ 30,334	\$ -
CTDA contributions	109,404	109,404	-	-	109,404	-
Interest on investments	289	621	5,931	-	6,552	6,263
	<u>140,027</u>	<u>140,359</u>	<u>5,931</u>	<u>-</u>	<u>146,290</u>	<u>6,263</u>
Revolving loan repayments:						
Armadillo Grill	3,864	5,089	3,215	-	8,304	4,440
Be Pure	1,953	2,822	1,021	-	3,843	1,890
Carrboro Coffee Company	4,400	5,625	3,214	-	8,839	4,439
Ceremony Salon	3,136	3,504	4,999	-	8,503	5,367
Creative Electric of NC	4,387	5,500	3,000	-	8,500	4,113
Dispute Settlement Center	-	5,625	3,214	-	8,839	8,839
F&F Car Care	8,212	10,500	5,500	-	16,000	7,788
Firefly Carrboro	1,056	2,686	771	-	3,457	2,401
Grow Your World	2,699	3,404	1,852	-	5,256	2,557
Lazarus Repair and Maintenance	2,216	2,931	1,851	-	4,782	2,566
OE Enterprises	4,400	5,625	3,214	-	8,839	4,439
Open Eye Café	4,400	5,625	3,214	-	8,839	4,439
Pilot Mission	1,954	2,573	1,625	-	4,198	2,244
Twin House Music	2,582	3,321	1,993	-	5,314	2,732
Van Hook Enterprises	3,145	3,926	9,034	-	12,960	9,815
Wax Poetic	3,847	5,089	2,947	-	8,036	4,189
Weaver Street Realty and Auction	-	-	268	-	268	268
Total revolving loan payments	<u>52,251</u>	<u>73,845</u>	<u>50,932</u>	<u>-</u>	<u>124,777</u>	<u>72,526</u>
Total revenues	<u>192,278</u>	<u>214,204</u>	<u>56,863</u>	<u>-</u>	<u>271,067</u>	<u>78,789</u>

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Small Business and Non-Profit Loan/Grant COVID 19 Emergency Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 12
(2 pages)

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed-Out Projects		
Expenditures						
Economic and physical development:						
Armadillo Grill	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -
Be Pure	14,400	14,400	-	-	14,400	-
Carrboro Coffee Company	25,000	25,000	-	-	25,000	-
Ceremony Salon	15,000	15,000	-	-	15,000	-
Creative Electric of NC	21,600	21,600	-	-	21,600	-
Dispute Settlement Center	25,000	25,000	-	-	25,000	-
F&F Car Care	25,000	25,000	-	-	25,000	-
Firefly Carrboro	6,000	6,000	-	-	6,000	-
Grow Your World	14,400	14,400	-	-	14,400	-
Lazarus Repair and Maintenance	14,400	14,400	-	-	14,400	-
OE Enterprises	25,000	25,000	-	-	25,000	-
Open Eye Café	25,000	25,000	-	-	25,000	-
Pilot Mission	12,636	12,636	-	-	12,636	-
Twin House Music	15,500	15,500	-	-	15,500	-
Van Hook Enterprises	14,400	14,400	-	-	14,400	-
Wax Poetic	25,000	25,000	-	-	25,000	-
General	188,942	-	-	-	-	188,942
Total expenditures	492,278	303,336	-	-	303,336	188,942
Revenues over (under) expenditures	(300,000)	(89,132)	56,863	-	(32,269)	267,731
Other financing sources						
Transfer from Revolving Loan Fund	300,000	300,000	-	-	300,000	-
Total other financing sources	300,000	300,000	-	-	300,000	-
Appropriation to fund balance	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ 210,868	56,863	\$ -	\$ 267,731	\$ 267,731
Fund balance, beginning of year			210,868			
Fund balance, end of year			<u>\$ 267,731</u>			

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Project Authorization and Actual
Facilities Rehabilitation Capital Projects Fund
From Project Inception and for the Year Ended June 30, 2023

Schedule 13

	<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 on investments	\$ 3,787	\$ 4,736	\$ 13,283	\$ 18,019	\$ 14,232
Expenditures					
Century Center painting	46,795	46,795	-	46,795	-
Century Center windows and chiller replacement	20,027	-	82,178	82,178	(62,151)
Public Works renovation	20,900	20,898	-	20,898	2
Town Hall basement flooring	4,667	4,667	-	4,667	-
Town Hall interior improvements	4,857	4,858	-	4,858	(1)
Town Hall interior painting	2,906	2,906	-	2,906	-
Town Hall security measures	4,877	4,877	-	4,877	-
Architectural improvements	80,710	80,710	-	80,710	-
Unexpended reserves	542,335	-	-	-	542,335
Total expenditures	<u>728,074</u>	<u>165,711</u>	<u>82,178</u>	<u>247,889</u>	<u>480,185</u>
Revenues under expenditures	<u>(724,287)</u>	<u>(160,975)</u>	<u>(68,895)</u>	<u>(229,870)</u>	<u>494,417</u>
Other financing sources					
Transfer from General Fund	<u>724,287</u>	<u>724,287</u>	<u>-</u>	<u>724,287</u>	<u>-</u>
Total other financing sources	<u>724,287</u>	<u>724,287</u>	<u>-</u>	<u>724,287</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>-</u>	<u>563,312</u>	<u>(68,895)</u>	<u>494,417</u>	<u>494,417</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 563,312</u>	<u>(68,895)</u>	<u>\$ 494,417</u>	<u>\$ 494,417</u>
Fund balance, beginning of year			<u>563,312</u>		
Fund balance, end of year			<u>\$ 494,417</u>		

See accompanying notes.

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, 2023

Schedule 14

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Closed-Out Projects</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues						
U.S. Department of Homeland Security: FEMA hazard mitigation grant	\$ 637,630	\$ 237,186	\$ -	\$ -	\$ 237,186	\$ (400,444)
U.S. Department of Housing & Urban Development: CDBG grant	900,000	877,416	-	-	877,416	(22,584)
N.C. Department of Public Safety: Hazard mitigation grant	185,619	79,061	-	-	79,061	(106,558)
N.C. Department of Environmental Quality: Charging Stations	18,000	18,000	-	-	18,000	-
Bolin Creek	150,000	-	20,625	-	20,625	(129,375)
Orange County: Economic development funds	27,575	-	-	-	-	(27,575)
Donations - Bolin Creek	18,000	6,500	8,000	-	14,500	(3,500)
Investment earnings	20	20	-	-	20	-
Miscellaneous	10,056	30,378	3,750	-	34,128	24,072
Total revenues	1,946,900	1,248,561	32,375	-	1,280,936	(665,964)
Expenditures						
Flooding mitigation	823,249	308,233	-	-	308,233	515,016
Housing assistance	900,000	877,416	13,584	-	891,000	9,000
Fire equipment	15,750	15,750	-	-	15,750	-
MLK parking lot charging station	13,951	13,951	-	-	13,951	-
Town Municipal parking lot charging station	11,533	11,533	-	-	11,533	-
Bolin Creek watershed restoration	168,000	-	21,081	-	21,081	146,919
Article 46 funds	27,575	-	-	-	-	27,575
Miscellaneous	3,960	3,941	-	-	3,941	19
Total expenditures	1,964,018	1,230,824	34,665	-	1,265,489	698,529
Revenue under expenditures	(17,118)	17,737	(2,290)	-	15,447	32,565
Other financing sources (uses)						
Transfer from the General Fund	18,744	18,744	-	-	18,744	-
Transfer to the General Fund	(1,626)	(1,626)	-	-	(1,626)	-
Total other financing sources (uses)	17,118	17,118	-	-	17,118	-
Net change in fund balance	\$ -	\$ 34,855	(2,290)	\$ -	\$ 32,565	\$ 32,565
Fund deficit, beginning of year			34,855			
Fund balance, end of year			\$ 32,565			

See accompanying notes.

Town of Carrboro, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Stormwater Enterprise Fund
Year Ended June 30, 2023

Schedule 15

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 1,025,000	\$ 1,002,080	\$ (22,920)
Investment earnings	500	45,869	45,369
Miscellaneous	300	120	(180)
	<u>1,025,800</u>	<u>1,048,069</u>	<u>22,269</u>
Total revenues			
Expenditures			
Personnel services	361,682	318,049	43,633
Operations	339,450	210,517	128,933
Capital outlay	87,204	87,204	-
	<u>788,336</u>	<u>615,770</u>	<u>172,566</u>
Total expenditures			
Revenues over expenditures	<u>237,464</u>	<u>432,299</u>	<u>194,835</u>
Other financing uses			
Transfers to:			
Capital projects fund	(345,000)	-	345,000
	<u>(345,000)</u>	<u>-</u>	<u>345,000</u>
Total other financing uses			
Revenues over expenditures and other financing uses	(107,536)	432,299	539,835
Appropriated fund balance	<u>107,536</u>	<u>-</u>	<u>(107,536)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 432,299</u>	<u>\$ 432,299</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		\$ 87,204	
Depreciation		(60,250)	
Increase in accrued vacation pay		(4,046)	
Transfer of capital assets from capital project fund		42,385	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		23,566	
Pension expense		(37,935)	
OPEB benefit		8,999	
		<u>59,923</u>	
Total reconciling items			
Change in net position		<u>\$ 492,222</u>	

See accompanying notes.

Town of Carrboro, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Parking Enterprise Fund
 Year Ended June 30, 2023

Schedule 16

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ 30	\$ 140	\$ 110
Miscellaneous	45,000	45,000	-
Total revenues	<u>45,030</u>	<u>45,140</u>	<u>110</u>
Expenditures			
Personnel services	2,000	-	2,000
Operations	194,628	155,610	39,018
Total expenditures	<u>196,628</u>	<u>155,610</u>	<u>41,018</u>
Revenues under expenditures	<u>(151,598)</u>	<u>(110,470)</u>	<u>40,908</u>
Other financing sources			
Transfers from:			
General Fund	143,160	90,000	(53,160)
Total other financing sources	<u>143,160</u>	<u>90,000</u>	<u>(53,160)</u>
Revenues and other financing sources under expenditures	<u>(8,438)</u>	<u>(20,470)</u>	<u>(12,252)</u>
Appropriated fund balance	<u>8,438</u>	<u>-</u>	<u>(8,438)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (20,470)</u>	<u>\$ (20,690)</u>

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Additional Financial Data

This section contains additional information on property taxes.

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

Town of Carrboro, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Schedule 17

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022 - 2023	\$ -	\$ 17,753,581	\$ 17,684,586	\$ 68,995
2021 - 2022	87,419	-	57,103	30,316
2020 - 2021	37,139	-	21,358	15,781
2019 - 2020	28,257	-	12,622	15,635
2018 - 2019	25,634	-	14,401	11,233
2017 - 2018	17,048	-	9,643	7,405
2016 - 2017	13,688	-	9,212	4,476
2015 - 2016	9,659	-	6,366	3,293
2014 - 2015	3,316	-	2,357	959
2013 - 2014	18,570	-	2,814	15,756
2012 - 2013	25,921	-	25,921	-
	<u>\$ 266,651</u>	<u>\$ 17,753,581</u>	<u>\$ 17,846,383</u>	173,849
Less: allowance for uncollectible accounts:				
General Fund				<u>(32,513)</u>
Ad valorem taxes receivable - net				<u>\$ 141,336</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund			\$ 15,777,404	
Ad valorem taxes - Affordable Housing Fund			397,738	
Motor vehicle license fees - General Fund			<u>1,650,848</u>	
Total revenues				17,825,990
Reconciling items:				
Releases and adjustments				(26,691)
NCVTS collection fees				<u>47,084</u>
				<u>\$ 17,846,383</u>

Town of Carrboro, North Carolina
 Analysis of Current Tax Levy - Town-Wide Levy
 Year Ended June 30, 2023

Schedule 18

	Town-Wide		Total Levy		
	Property Valuation**	Rate	Total Levy*	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,860,721,693	0.6044	\$ 17,290,202	\$ 16,041,208	\$ 1,248,994
Penalties and interest	-		4,619	4,619	-
Total property valuation	<u>\$ 2,860,721,693</u>		17,294,821	16,045,827	1,248,994
Vehicle tag fees			458,760	-	458,760
Total gross levy			17,753,581	16,045,827	1,707,754
Uncollected taxes at June 30, 2023			68,995	64,584	4,411
Current year's taxes collected			<u>\$ 17,684,586</u>	<u>\$ 15,981,243</u>	<u>\$ 1,703,343</u>
Current levy collection percentage			<u>99.61%</u>	<u>99.60%</u>	<u>99.74%</u>

* Total adjusted levy includes discoveries and abatements.

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

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Statistical Section

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

	<u>Page</u>
<i>Financial Trends Information</i>	
These schedules contain trend information intended to help the reader understand how the City's financial position has changed over time.	103
<i>Revenue Capacity Information</i>	
These schedules contain information to help the reader assess the Town's most significant local revenue sources, primarily property taxes.	115
<i>Debt Capacity Information</i>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	123
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	129
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	135

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

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Financial Trends Information

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

Table 1
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:					
Net investment in capital assets	\$ 28,835,361	\$ 29,120,308	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621
Restricted	1,918,028	2,187,718	2,015,396	2,097,192	2,719,947
Unrestricted	7,090,901	6,358,440	6,447,035	(5,179,126)	(5,964,874)
Total governmental activities net position	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,156,694</u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	56,475
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,475</u>
Primary Government:					
Net investment in capital assets	\$ 28,835,361	\$ 29,120,308	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621
Restricted	1,918,028	2,187,718	2,015,396	2,097,192	2,719,947
Unrestricted	7,090,901	6,358,440	6,447,035	(5,179,126)	(5,908,399)
Total primary government net position	<u>\$ 37,844,290</u>	<u>\$ 37,666,466</u>	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,213,169</u>

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

Table 1
(2 pages)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:					
Net investment in capital assets	\$ 32,602,046	\$ 34,478,765	\$ 36,062,824	\$ 36,727,545	\$ 44,431,872
Restricted	3,869,297	3,349,924	3,312,120	3,647,143	3,914,681
Unrestricted	(6,314,682)	(8,613,521)	(9,907,381)	(6,532,066)	(11,281,956)
Total governmental activities net position	<u>\$ 30,156,661</u>	<u>\$ 29,215,168</u>	<u>\$ 29,467,563</u>	<u>\$ 33,842,622</u>	<u>\$ 37,064,597</u>
Business-type activities:					
Net investment in capital assets	\$ 288,843	\$ 349,932	\$ 611,550	\$ 588,038	\$ 657,418
Unrestricted	225,824	536,668	960,317	1,255,154	1,657,526
Total business-type activities net position	<u>\$ 514,667</u>	<u>\$ 886,600</u>	<u>\$ 1,571,867</u>	<u>\$ 1,843,192</u>	<u>\$ 2,314,944</u>
Primary Government:					
Net investment in capital assets	\$ 32,890,889	\$ 34,828,697	\$ 36,674,374	\$ 37,315,583	\$ 45,089,290
Restricted	3,869,297	3,349,924	3,312,120	3,647,143	3,914,681
Unrestricted	(6,088,858)	(8,076,853)	(8,947,064)	(5,276,912)	(9,624,430)
Total primary government net position	<u>\$ 30,671,328</u>	<u>\$ 30,101,768</u>	<u>\$ 31,039,430</u>	<u>\$ 35,685,814</u>	<u>\$ 39,379,541</u>

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

Table 2
(4 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Governmental activities:					
General government	\$ 4,571,146	\$ 4,200,241	\$ 4,487,922	\$ 4,695,317	\$ 4,849,740
Public safety	6,925,676	6,951,141	7,051,112	7,550,083	7,469,443
Planning	1,153,138	1,244,849	1,374,325	1,356,771	1,206,329
Transportation	1,396,423	1,472,508	1,540,288	1,455,012	1,455,012
Public works	4,035,886	4,421,682	4,205,935	4,295,622	4,142,187
Parks and recreation	1,553,686	1,642,737	1,741,056	1,724,769	1,737,984
Economic and community development	623,220	90,108	200,798	147,259	220,960
Interest on long-term debt	211,082	191,916	167,984	154,350	127,897
Total governmental activities expenses	<u>20,470,257</u>	<u>20,215,182</u>	<u>20,769,420</u>	<u>21,379,183</u>	<u>21,209,552</u>
Business-type activities:					
Stormwater	-	-	-	-	251,908
Parking	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,908</u>
Total primary government expenses	<u>\$ 20,470,257</u>	<u>\$ 20,215,182</u>	<u>\$ 20,769,420</u>	<u>\$ 21,379,183</u>	<u>\$ 21,461,460</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 531,812	\$ 652,862	\$ 528,403	\$ 416,231	\$ 644,733
Public safety	65,823	73,311	117,590	696,492	720,801
Planning	655,664	675,682	665,028	57,005	116,135
Public works	107,622	70,249	74,644	77,454	51,733
Parks and recreation	279,499	270,028	259,974	280,625	242,740
Economic and community development	-	-	-	-	-
Operating grants and contributions	707,636	723,767	700,263	654,075	641,436
Capital grants and contributions	865,182	283,090	5,635	90,166	13,080
Total governmental activities program revenues	<u>3,213,238</u>	<u>2,748,989</u>	<u>2,351,537</u>	<u>2,272,048</u>	<u>2,430,658</u>
Business-type activities:					
Charges for services:					
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>

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

Table 2
(4 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net expenses					
Governmental activities	\$ 17,257,019	\$ 17,466,193	\$ 18,417,883	\$ 19,107,135	\$ 18,778,894
Business-type activities	-	-	-	-	251,908
Total primary government net expenses	<u>\$ 17,257,019</u>	<u>\$ 17,466,193</u>	<u>\$ 18,417,883</u>	<u>\$ 19,107,135</u>	<u>\$ 19,030,802</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 16,599,061	\$ 17,011,559	\$ 17,322,279	\$ 17,690,415	\$ 19,094,382
Unrestricted intergovernmental revenues	982,040	1,481,631	1,452,221	1,418,370	1,406,331
Miscellaneous and unrestricted investment earnings	13,443	52,226	28,818	58,455	243,998
Transfers	-	-	-	-	(308,383)
Total governmental activities	<u>17,594,544</u>	<u>18,545,416</u>	<u>18,803,318</u>	<u>19,167,240</u>	<u>20,436,328</u>
Business-type activities:					
Unrestricted intergovernmental	-	-	-	-	-
Miscellaneous and unrestricted investment earnings	-	-	-	-	-
Transfers	-	-	-	-	308,383
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,383</u>
Total primary government	<u>\$ 17,594,544</u>	<u>\$ 18,545,416</u>	<u>\$ 18,803,318</u>	<u>\$ 19,167,240</u>	<u>\$ 20,744,711</u>
Change in net position					
Governmental activities	\$ 337,525	\$ 1,079,223	\$ 385,435	\$ 60,105	\$ 1,657,434
Business-type activities	-	-	-	-	56,475
Total primary government	<u>\$ 337,525</u>	<u>\$ 1,079,223</u>	<u>\$ 385,435</u>	<u>\$ 60,105</u>	<u>\$ 1,713,909</u>

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

Table 2
(4 pages)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses					
Governmental activities:					
General government	\$ 5,246,829	\$ 5,288,695	\$ 5,270,260	\$ 5,738,082	\$ 6,405,007
Public safety	7,735,947	8,283,668	8,522,469	7,933,411	8,469,830
Planning	1,422,374	1,520,044	1,540,407	1,423,540	1,612,729
Transportation	1,808,940	1,835,146	1,872,343	1,900,088	2,148,148
Public works	4,839,876	5,298,021	5,085,068	4,614,345	5,427,544
Parks and recreation	1,845,198	1,943,269	1,858,667	1,836,333	1,966,773
Economic and community development	692,328	727,748	1,079,915	1,236,131	618,648
Interest on long-term debt	115,564	98,950	99,469	101,595	468,434
Total governmental activities expenses	<u>23,707,056</u>	<u>24,995,541</u>	<u>25,328,598</u>	<u>24,783,525</u>	<u>27,117,113</u>
Business-type activities:					
Stormwater	269,163	444,871	468,737	627,194	598,232
Parking	-	-	86,321	146,455	155,610
Total business-type activities expenses	<u>269,163</u>	<u>444,871</u>	<u>555,058</u>	<u>773,649</u>	<u>753,842</u>
Total primary government expenses	<u>\$ 23,976,219</u>	<u>\$ 25,440,412</u>	<u>\$ 25,883,656</u>	<u>\$ 25,557,174</u>	<u>\$ 27,870,955</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 726,021	\$ 629,447	\$ 533,630	\$ 608,574	\$ 529,682
Public safety	739,011	753,901	620,290	735,864	735,020
Planning	39,872	74,241	46,767	18,634	33,002
Public works	56,561	57,154	55,894	53,243	63,446
Parks and recreation	182,644	122,873	67,923	161,763	176,263
Economic and community development	-	-	82,026	-	182,606
Operating grants and contributions	832,607	1,159,067	1,273,741	1,489,331	829,670
Capital grants and contributions	2,504,061	698,031	432,923	100,689	128,951
Total governmental activities program revenues	<u>5,080,777</u>	<u>3,494,714</u>	<u>3,113,194</u>	<u>3,168,098</u>	<u>2,678,640</u>
Business-type activities:					
Charges for services:					
Stormwater	<u>778,157</u>	<u>812,545</u>	<u>1,013,598</u>	<u>991,423</u>	<u>1,002,080</u>
Total business-type activities program revenues	<u>778,157</u>	<u>812,545</u>	<u>1,013,598</u>	<u>991,423</u>	<u>1,002,080</u>
Total primary government program revenues	<u>\$ 5,858,934</u>	<u>\$ 4,307,259</u>	<u>\$ 4,126,792</u>	<u>\$ 4,159,521</u>	<u>\$ 3,680,720</u>

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

Table 2
(4 pages)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net expenses					
Governmental activities	\$ 18,626,279	\$ 21,500,827	\$ 22,215,404	\$ 21,615,427	\$ 24,438,473
Business-type activities	(508,994)	(367,674)	(458,540)	(217,774)	(248,238)
Total primary government net expenses	<u>\$ 18,117,285</u>	<u>\$ 21,133,153</u>	<u>\$ 21,756,864</u>	<u>\$ 21,397,653</u>	<u>\$ 24,190,235</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes	\$ 19,695,520	\$ 19,788,837	\$ 20,758,600	\$ 24,084,830	\$ 25,044,991
Unrestricted intergovernmental revenues	1,492,028	1,408,981	1,381,436	1,697,037	1,534,669
Miscellaneous and unrestricted investment earnings	382,223	279,600	449,538	214,655	1,213,173
Transfers	56,475	-	(121,775)	(6,036)	(132,385)
Total governmental activities	<u>21,626,246</u>	<u>21,477,418</u>	<u>22,467,799</u>	<u>25,990,486</u>	<u>27,660,448</u>
Business-type activities:					
Unrestricted intergovernmental revenues	-	-	104,820	45,000	45,000
Miscellaneous and unrestricted investment earnings	5,673	4,259	132	2,515	46,129
Transfers	(56,475)	-	121,775	6,036	132,385
Total business-type activities	<u>(50,802)</u>	<u>4,259</u>	<u>226,727</u>	<u>53,551</u>	<u>223,514</u>
Total primary government	<u>\$ 21,575,444</u>	<u>\$ 21,481,677</u>	<u>\$ 22,694,526</u>	<u>\$ 26,044,037</u>	<u>\$ 27,883,962</u>
Change in net position					
Governmental activities	\$ 2,999,967	\$ (23,409)	\$ 252,395	\$ 4,375,059	\$ 3,221,975
Business-type activities	458,192	371,933	685,267	271,325	471,752
Total primary government	<u>\$ 3,458,159</u>	<u>\$ 348,524</u>	<u>\$ 937,662</u>	<u>\$ 4,646,384</u>	<u>\$ 3,693,727</u>

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

Table 3
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>
General fund:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, designated	N/A	N/A	N/A	N/A	N/A
Unreserved, undesignated	N/A	N/A	N/A	N/A	N/A
Nonspendable	\$ 294,643	\$ 92,212	\$ 159,185	\$ 25,775	\$ 280,068
Restricted	2,397,759	2,788,336	2,642,583	2,466,537	2,532,472
Committed	-	-	-	-	-
Assigned	3,084,075	2,624,916	2,275,559	2,569,579	3,088,391
Unassigned	7,988,424	9,119,966	10,638,014	10,816,213	10,634,162
Total general fund	<u>13,764,901</u>	<u>14,625,430</u>	<u>15,715,341</u>	<u>15,878,104</u>	<u>16,535,093</u>
All other governmental funds:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	N/A	N/A	N/A	N/A	N/A
Capital projects funds	N/A	N/A	N/A	N/A	N/A
Nonspendable	-	-	-	-	-
Restricted	2,453,964	1,890,936	1,590,442	1,348,609	827,636
Committed	2,225,168	3,105,843	3,715,244	4,454,119	4,119,338
Assigned	-	-	-	-	-
Unassigned	(40,731)	(41,811)	43,892	(680)	-
Total all other governmental funds	<u>4,638,401</u>	<u>4,954,968</u>	<u>5,349,578</u>	<u>5,802,048</u>	<u>4,946,974</u>
Total, all governmental funds	<u>\$ 18,403,302</u>	<u>\$ 19,580,398</u>	<u>\$ 21,064,919</u>	<u>\$ 21,680,152</u>	<u>\$ 21,482,067</u>

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

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

Table 3
(2 pages)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, designated	N/A	N/A	N/A	N/A	N/A
Unreserved, undesignated	N/A	N/A	N/A	N/A	N/A
Nonspendable	\$ 317,306	\$ 74,353	\$ 275,060	\$ 603,981	\$ 818,451
Restricted	2,652,989	2,566,982	2,757,728	3,647,143	3,914,681
Committed	-	-	-	-	-
Assigned	3,500,753	3,239,574	3,189,720	2,984,722	2,484,459
Unassigned	11,233,203	10,030,700	11,595,919	8,365,416	12,328,841
Total general fund	<u>17,704,251</u>	<u>15,911,609</u>	<u>17,818,427</u>	<u>15,601,262</u>	<u>19,546,432</u>
All other governmental funds:					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	N/A	N/A	N/A	N/A	N/A
Capital projects funds	N/A	N/A	N/A	N/A	N/A
Nonspendable	-	-	-	-	-
Restricted	1,458,567	782,942	798,863	12,530,590	10,794,211
Committed	2,947,928	2,851,025	1,499,461	8,096,268	5,159,331
Assigned	-	-	-	-	-
Unassigned	(496,241)	(416,233)	(414,109)	(230,608)	(144,572)
Total all other governmental funds	<u>3,910,254</u>	<u>3,217,734</u>	<u>1,884,215</u>	<u>20,396,250</u>	<u>15,808,970</u>
Total, all governmental funds	<u>\$ 21,614,505</u>	<u>\$ 19,129,343</u>	<u>\$ 19,702,642</u>	<u>\$ 35,997,512</u>	<u>\$ 35,355,402</u>

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

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

Table 4
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>
Revenues					
Ad valorem taxes	\$ 11,792,234	\$ 11,771,793	\$ 11,829,436	\$ 11,769,118	\$ 12,921,946
Local option sales taxes	3,567,123	3,897,200	4,105,283	4,345,612	4,557,933
Other taxes and licenses	1,316,876	1,386,254	1,381,093	1,601,126	1,601,362
Unrestricted					
intergovernmental	982,040	1,481,631	1,452,221	1,409,630	1,406,331
Restricted intergovernmental	1,487,840	949,579	651,211	722,928	636,879
Permits and fees	1,249,319	1,260,859	1,270,187	1,177,350	1,377,586
Sales and services	283,611	274,350	263,444	282,929	245,059
Investment earnings	11,757	10,477	28,818	58,455	151,707
Other	207,671	400,617	218,561	128,591	210,283
Total revenues	<u>20,898,471</u>	<u>21,432,760</u>	<u>21,200,254</u>	<u>21,495,739</u>	<u>23,109,086</u>
Expenditures					
General government	3,964,409	4,093,908	4,353,526	4,503,267	4,729,326
Public Safety	6,019,294	6,265,547	6,216,871	6,506,633	6,555,984
Planning	1,150,603	1,203,990	1,333,903	1,285,705	1,134,657
Transportation	1,396,423	1,472,508	1,540,288	1,455,012	1,455,012
Public Works	3,260,291	3,481,463	3,134,390	3,192,643	3,104,559
Parks and recreation	1,378,862	1,444,752	1,529,332	1,474,274	1,503,476
Economic and community development	623,220	20,108	145,144	147,259	220,511
Capital outlay	2,132,488	1,888,948	1,410,447	1,549,712	3,486,840
Debt service					
Interest	226,334	202,907	191,229	152,927	138,983
Principal	1,066,150	946,047	973,069	983,905	1,001,731
Total expenditures	<u>21,218,074</u>	<u>21,020,178</u>	<u>20,828,199</u>	<u>21,251,337</u>	<u>23,331,079</u>
Excess of revenues over (under) expenditures	<u>(319,603)</u>	<u>412,582</u>	<u>372,055</u>	<u>244,402</u>	<u>(221,993)</u>
Other financing sources (uses)					
Proceeds from borrowing	498,822	717,102	621,180	362,091	240,000
Premium on borrowing	-	-	-	-	-
Sale of capital assets	5,923	47,412	491,287	8,740	92,291
Transfers in	1,850,165	881,518	1,808,060	1,522,129	3,165,098
Transfers out	(1,850,165)	(881,518)	(1,808,060)	(1,522,129)	(3,473,481)
Total other financing sources	<u>504,745</u>	<u>764,514</u>	<u>1,112,467</u>	<u>370,831</u>	<u>23,908</u>
Net change in fund balances	<u>\$ 185,142</u>	<u>\$ 1,177,096</u>	<u>\$ 1,484,522</u>	<u>\$ 615,233</u>	<u>\$ (198,085)</u>
Capital outlay included in expenditures above	<u>\$ 2,132,488</u>	<u>\$ 1,888,948</u>	<u>\$ 1,410,447</u>	<u>\$ 1,549,712</u>	<u>\$ 3,486,840</u>
Debt service as a percentage of noncapital expenditures	<u>6.8%</u>	<u>6.0%</u>	<u>6.0%</u>	<u>5.8%</u>	<u>5.7%</u>

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

Table 4
(2 pages)

	2019	2020	2021	2022	2023
Revenues					
Ad valorem taxes	\$ 13,223,592	\$ 13,499,126	\$ 13,679,213	\$ 15,919,224	\$ 16,175,142
Local option sales taxes	4,880,680	4,772,318	5,467,567	6,416,480	7,076,695
Other taxes and licenses	1,630,840	1,535,867	1,636,916	1,726,261	1,864,150
Unrestricted					
intergovernmental	1,492,028	1,408,981	1,381,436	1,697,037	1,534,669
Restricted intergovernmental	2,867,644	1,091,381	2,210,635	1,973,673	6,013,511
Permits and fees	1,273,962	1,292,786	1,100,596	1,127,067	1,126,296
Sales and services	253,023	171,937	88,106	227,120	326,441
Investment earnings	266,589	182,257	3,130	58,213	1,029,784
Other	378,474	509,210	515,004	557,091	513,527
Total revenues	26,266,832	24,463,863	26,082,603	29,702,166	35,660,215
Expenditures					
General government	5,369,254	5,474,673	5,389,321	5,700,484	6,494,785
Public Safety	6,649,349	7,093,384	7,216,347	7,143,092	7,531,598
Planning	1,331,441	1,423,554	1,379,968	1,407,752	1,499,093
Transportation	1,808,940	1,835,146	1,872,342	1,900,088	2,148,148
Public Works	3,750,034	3,872,550	3,850,963	3,663,929	4,126,208
Parks and recreation	1,602,097	1,658,168	1,500,042	1,606,020	1,655,914
Economic and community development	692,328	957,638	1,080,865	1,236,131	618,648
Capital outlay	4,063,670	3,085,782	4,368,462	2,433,516	11,149,657
Debt service					
Interest	126,621	109,942	95,435	786,520	750,929
Principal	824,548	692,206	588,314	101,728	374,137
Total expenditures	26,218,282	26,203,043	27,342,059	25,979,260	36,349,117
Excess of revenues over (under) expenditures	48,550	(1,739,180)	(1,259,456)	3,722,906	(688,902)
Other financing sources (uses)					
Proceeds from borrowing	-	-	1,871,924	12,578,000	95,064
Premium on borrowing	-	-	-	-	-
Sale of capital assets	27,413	32,418	82,606	-	41,728
Transfers in	2,279,109	3,740,494	698,043	7,028,209	(90,000)
Transfers out	(2,222,634)	(3,740,494)	(819,818)	(7,034,245)	-
Total other financing sources	83,888	32,418	1,832,755	12,571,964	46,792
Net change in fund balances	\$ 132,438	\$ (1,706,762)	\$ 573,299	\$ 16,294,870	\$ (642,110)
Capital outlay included in expenditures above	\$ 4,063,670	\$ 3,085,782	\$ 4,368,462	\$ 2,433,516	\$ 11,149,657
Debt service as a percentage of noncapital expenditures	4.3%	3.5%	3.0%	3.8%	4.5%

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Revenue Capacity Information

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

Table 5
(2 pages)

Function/Program	2014	2015	2016	2018	2019
Governmental activities:					
General Government	\$ 958,976	\$ 767,303	\$ 650,899	\$ 502,078	\$ 725,885
Public Safety	813,257	677,124	667,572	697,660	721,382
Planning	83,602	120,607	148,749	82,718	143,804
Public Works and Transportation	984,621	860,795	587,845	668,277	560,949
Parks and Recreation	325,197	305,926	296,472	317,927	278,638
Economic and community development	47,585	17,234	-	3,388	-
Total primary government	<u>\$ 3,213,238</u>	<u>\$ 2,748,989</u>	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>

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

Table 5
(2 pages)

Function/Program	2019	2020	2021	2022	2023
Governmental activities:					
General Government	\$ 949,456	\$ 873,274	\$ 696,443	\$ 741,007	\$ 707,761
Public Safety	797,011	1,091,147	958,272	752,821	743,113
Planning	39,872	74,241	46,767	18,634	33,002
Public Works and Transportation	3,034,038	899,992	812,692	1,433,415	750,437
Parks and Recreation	218,542	158,771	103,821	197,661	212,166
Economic and Physical Development	41,858	397,289	495,199	24,560	232,161
Total primary government	<u>\$ 5,080,777</u>	<u>\$ 3,494,714</u>	<u>\$ 3,113,194</u>	<u>\$ 3,168,098</u>	<u>\$ 2,678,640</u>

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

Table 6

Fiscal Year	Property Taxes	
2014	\$	11,792,234
2015		11,771,793
2016		11,829,436
2017		11,769,118
2018		12,921,946
2019		13,223,592
2020		13,499,126
2021		13,679,213
2022		15,919,224
2023		16,175,142
 Change		
2014 - 2023		37.2%

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

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

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (\$100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
2014	2013	\$ 1,879,514,863	\$ 193,640,289	\$ 15,358,935	\$ 2,088,514,087	0.5894	\$ 2,088,514,087	100%
2015	2014	1,902,400,670	197,002,419	14,499,872	2,113,902,961	0.5894	2,113,902,961	100%
2016	2015	1,932,854,388	185,701,586	17,048,727	2,135,604,701	0.5894	2,135,604,701	100%
2017	2016	1,940,618,958	204,073,445	18,567,166	2,163,259,569	0.5894	2,163,259,569	100%
2018	2017	2,137,452,118	204,113,885	19,198,975	2,360,764,978	0.5894	2,360,764,978	100%
2019	2018	2,159,464,518	208,868,826	21,652,524	2,389,985,868	0.5944	2,389,985,868	100%
2020	2019	2,184,315,909	205,137,622	21,630,535	2,411,084,066	0.5994	2,411,084,066	100%
2021	2020	2,225,431,947	226,627,908	22,170,163	2,474,230,018	0.5994	2,474,230,018	100%
2022	2021	2,568,828,847	231,447,426	23,521,159	2,823,797,432	0.6044	2,823,797,432	100%
2023	2022	2,630,764,319	205,401,279	24,556,095	2,860,721,693	0.6044	2,860,721,693	100%

Source: Orange County, North Carolina, Tax Assessor.

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

Town of Carrboro, North Carolina
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)

Table 8

Fiscal Year	Direct Rate Town of Carrboro	Overlapping Rate Orange County
2014	0.5894	0.8580
2015	0.5894	0.8780
2016	0.5894	0.8780
2017	0.5894	0.8780
2018	0.5894	0.8780
2019	0.5944	0.8504
2020	0.5994	0.8679
2021	0.5994	0.8679
2022	0.6044	0.8190
2023	0.6044	0.8190

Source: Orange County, North Carolina, Tax Assessor.

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

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

Table 9

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2014	2013	\$ 12,868,792	\$ 12,741,993	99.01%	\$ 111,043	\$ 12,853,036	99.88%	\$ 15,756
2015	2014	12,970,309	12,887,757	99.36%	81,593	12,969,350	99.99%	959
2016	2015	13,083,098	12,989,241	99.28%	90,564	13,079,805	99.97%	3,293
2017	2016	13,219,902	13,143,645	99.42%	71,781	13,215,426	99.97%	4,476
2018	2017	14,377,304	14,276,093	99.30%	93,806	14,369,899	99.95%	7,405
2019	2018	14,670,122	14,587,583	99.44%	71,306	14,658,889	99.92%	11,233
2020	2019	14,908,231	14,831,028	99.48%	61,568	14,892,596	99.90%	15,635
2021	2020	15,313,630	15,247,066	99.57%	50,783	15,297,849	99.90%	15,781
2022	2021	17,517,197	17,429,778	99.50%	57,103	17,486,881	99.83%	30,316
2023	2022	17,753,581	17,684,586	99.61%	-	17,684,586	99.61%	68,995

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

Table 10

Taxpayer	2023			2014		
	2022 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2013 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Folsom Gateway Associates LP	\$33,557,700	1	1.17%	\$ -	-	-
Laramar Collins Crossing Assoc LLC	\$30,423,900	2	1.06%	20,073,200	2	0.96%
Villages Property Owner ACV XVII LLC	\$28,595,600	3	1.00%	-	-	-
RP Barnes LLC	\$23,853,500	4	0.83%	-	-	-
North Estes LLC	\$21,337,900	5	0.75%	-	-	-
TGM Rock Creek LLC	\$20,096,600	6	0.70%	-	-	-
Westdale Poplar Place LP	\$20,089,300	7	0.70%	-	-	-
Ashbrook Investors LLC	\$19,224,800	8	0.67%	14,959,843	6	0.72%
Carr Mill Mall Limited, Partnership	\$18,099,300	9	0.63%	16,417,310	3	0.79%
Carrboro Shopping Center	\$13,603,000	10	0.48%	-	-	-
VAC Limited Partnership	-	-	-	23,628,424	1	1.13%
CRIT NC II, LLC	-	-	-	16,048,280	4	0.77%
GS Villages of Chapel Hill, LLC	-	-	-	16,006,656	5	0.77%
Carrboro Shopping Center, Inc.	-	-	-	13,223,400	7	0.63%
Luas Investments LTD	-	-	-	10,690,077	8	0.51%
188 Claremont, LLC	-	-	-	10,688,340	9	0.51%
100 Rock Haven, LLC	-	-	-	9,996,255	10	0.48%
Total	\$ 228,881,600		8.00%	\$ 151,731,785		7.27%

Source: Orange County Tax Assessor Office.

Debt Capacity Information

Town of Carrboro, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities				Total Primary Government	Per Capita
	General Obligation Bonds	Premium On Bonds	Installment Purchase Agreements	Bond Anticipation Notes Payable		
2014	\$ 4,350,000	\$ 85,162	\$ 3,127,109	\$ -	\$ 7,562,271	\$ 383.83
2015	4,100,000	80,296	3,148,164	-	7,328,460	349.24
2016	3,850,000	75,430	3,046,275	-	6,971,705	332.24
2017	3,600,000	70,563	2,674,461	-	6,345,024	302.37
2018	3,350,000	65,698	2,162,730	-	5,578,428	265.84
2019	3,100,000	60,831	1,588,182	-	4,749,013	226.32
2020	2,850,000	55,963	1,145,976	-	4,051,939	193.10
2021	2,600,000	51,097	2,679,585	-	5,330,682	250.33
2022	2,350,000	46,230	14,732,354	-	17,128,584	804.35
2023	2,100,000	41,362	14,253,810	-	16,395,172	769.91

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

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

Table 12

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total			
2014	\$ 4,350,000	\$ 4,350,000	\$ 2,088,514,087	0.208%	\$ 220.79
2015	4,100,000	4,100,000	2,113,902,961	0.194%	195.39
2016	3,850,000	3,850,000	2,135,604,701	0.180%	183.47
2017	3,600,000	3,600,000	2,163,259,569	0.166%	171.56
2018	3,350,000	3,350,000	2,360,764,978	0.142%	159.65
2019	3,100,000	3,100,000	2,389,985,868	0.130%	147.73
2020	2,850,000	2,850,000	2,411,084,066	0.118%	135.82
2021	2,600,000	2,600,000	2,474,230,018	0.105%	122.09
2022	2,350,000	2,350,000	2,823,797,432	0.083%	110.35
2023	2,100,000	2,100,000	2,860,721,693	0.073%	98.61

Town of Carrboro, North Carolina
 Direct and Overlapping Governmental Activities Debt
 June 30, 2023

Table 13

Town of Carrboro	Total Outstanding	Percentage Applicable to Town	Amount Applicable to Town
General obligation debt			
Town of Carrboro's direct debt	\$ 16,395,172	100.00%	\$ 16,395,172
Overlapping (bonded) debt - Orange County			
Overlapping debt - Orange County	131,392,993	13.04%	<u>17,133,646</u>
Total direct and overlapping debt			<u><u>\$ 33,528,818</u></u>

Sources:

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

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

**Table 14
 (2 pages)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 167,081,127	\$ 169,112,237	\$ 170,848,376	\$ 173,060,766	\$ 188,861,198
Total net debt applicable to limit	<u>7,477,109</u>	<u>7,248,164</u>	<u>6,896,275</u>	<u>6,274,461</u>	<u>5,578,428</u>
Legal debt margin	<u>\$ 159,604,018</u>	<u>\$ 161,864,073</u>	<u>\$ 163,952,101</u>	<u>\$ 166,786,305</u>	<u>\$ 183,282,770</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.48%</u>	<u>4.29%</u>	<u>4.04%</u>	<u>3.63%</u>	<u>2.95%</u>

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

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

**Table 14
 (2 pages)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 191,198,869	\$ 188,834,785	\$ 197,938,401	\$ 225,903,795	\$ 228,857,735
Total net debt applicable to limit	-	-	5,330,682	17,128,584	16,395,172
Legal debt margin	<u>\$ 191,198,869</u>	<u>\$ 188,834,785</u>	<u>\$ 192,607,719</u>	<u>\$ 208,775,211</u>	<u>\$ 212,462,563</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>2.69%</u>	<u>7.58%</u>	<u>7.16%</u>

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

Demographic and Economic Information

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

Table 15

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
2014	19,702	\$ 32,198	30.1	12,353	1,490	4.2%
2015	20,984	32,198	30.1	12,353	1,490	3.9%
2016	20,984	32,198	30.1	12,076	1,321	4.7%
2017	20,984	32,198	30.1	12,115	1,318	4.6%
2018	20,984	32,198	30.1	12,115	1,318	3.7%
2019	20,984	32,198	30.1	12,115	1,318	3.3%
2020	20,984	32,198	30.1	12,115	1,318	6.7%
2021	21,295	40,199	32.7	11,732	1,315	3.7%
2022	21,295	43,407	32.5	11,386	1,309	2.6%
2023	21,295	43,407	32.5	11,466	1,309	2.6%

Notes:

Orange County unemployment rate is used.

Population for 2022-2023 is based on last actual value calculated in 2020 from the U.S. Census Bureau.

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

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

Public school enrollment is based on data in 2022 Chapel Hill-Carrboro City Comprehensive Financial Reports Schools.

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

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

Table 16
 (2 pages)

2023			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	150	1	1.20%
Harris Teeter	120	2	0.96%
Carrboro Community Health	112	3	0.90%
McDougle Elementary School	101	4	0.81%
U.S. Post Office	100	5	0.80%
Carrboro Elementary School	100	6	0.80%
OWASA	100	7	0.80%
The Family Life Project	85	8	0.68%
Carolina Institute for Developmental Disabilities	80	9	0.64%
Elmo's Diner	70	10	0.56%
Total	1,018		8.16%

Source:

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

2014			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	229	1	1.96%
Chapel Hill-Carrboro City Schools	216	2	1.85%
Kaplan College	160	3	1.37%
Orange Water and Sewer	119	4	1.02%
Food Lion	112	5	0.96%
Harris Teeter	94	6	0.80%
Weaver Street Market	75	7	0.64%
Piedmont Health Services, Inc.	69	8	0.60%
Tylers Restaurant and Tap Room	50	9	0.43%
Acme Food	46	10	0.39%
	1,170		10.02%

Source:

Orange County Economic Development Commission, average number of employees 3rd quarter 2013 from Employment Security Commission.

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

Table 17

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Mayor and Town Council	-	-	-	-	-	-	-	-	-	-
Town manager	5.0	6.0	6.0	3.0	3.0	4.0	4.0	3.0	1.0	5.0
Economic development	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0
Town clerk	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Management services	6.5	6.5	6.0	6.0	6.0	8.0	8.0	8.0	7.0	7.0
Human resources	2.0	1.5	2.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0
Information technology	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Climate Action	-	-	-	-	-	-	-	1.0	2.0	2.0
Housing and community services	-	-	-	-	-	-	-	2.5	3.0	3.0
Communication and engagement	-	-	-	-	-	-	-	-	1.5	1.5
Public safety:										
Police	41.0	41.0	41.0	41.0	42.0	42.0	42.0	42.0	42.0	42.0
Fire	36.5	36.5	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Planning	14.0	13.5	13.5	14.5	13.5	15.5	15.5	14.5	14.5	14.5
Public works	35.0	35.0	36.0	37.0	36.0	39.0	39.0	40.5	35.0	35.0
Parks and recreation	12.5	12.5	12.0	13.0	13.0	13.5	13.5	13.5	13.5	13.5
Total	157.5	158.5	159.5	160.5	159.5	167.0	167.0	169.5	166.0	170.0

Source: Annual operating budget

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Operating Information

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

Table 18
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>
General government:					
Revolving loan inquiries	6	6	5	5	8
Small business counseling referrals	10	10	13	12	15
Privilege licenses issued	720	301	*	*	*
Public safety:					
Police:					
Major crimes	625	472	521	441	473
Criminal arrests	829	665	550	458	488
Motor vehicle accidents	490	453	540	514	465
Narcotics arrests	243	169	93	132	81
Fire:					
Fire and EMS responses	1,520	2,231	2,227	2,300	2,308
Inspections	1,090	646	1,050	1,020	421
Planning:					
Annexations	-	-	-	-	-
Zoning permits	90	87	73	62	53
Building permits for new residential	60	66	69	28	42
Building permits for new commercial	12	4	9	41	127
Value of building permits issued	\$ 18,000,000	\$ 14,424,416	\$ 13,021,295	\$ 11,905,162	\$ 50,502,713
Public works:					
Paved streets maintained (miles)	44	46	46	46	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	1	1
Litter collection (hours annually)	400	428	385	321	207
Residential refuse collection (tons annually)	3,666	2,754	2,132	2,497	2,740
Multi-family & commercial refuse collection	2,823	3,713	4,692	3,269	9,502
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	44	46	42	51	63
Athletic activity participants	2,533	2,726	2,534	2,822	2,751
Athletic activity hours	885	1,079	972	942	877
Other activities offered	405	392	358	318	343
Other activity participants	32,252	34,988	22,793	22,720	28,436
Century Center rentals (a)	120	109	112	1,610	674
Park rentals (a)	182	135	186	410	526

Sources: Town departments

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

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

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

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

Table 18
(2 pages)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government:					
Revolving loan inquiries	5	25	4	1	1
Small business counseling referrals	12	12	6	5	4
Privilege licenses issued	*	*	*	*	*
Public safety:					
Police:					
Major crimes	406	357	423	444	499
Criminal arrests	399	328	318	388	447
Motor vehicle accidents	491	452	329	407	409
Narcotics arrests	45	24	16	22	52
Fire:					
Fire and EMS responses	2,185	1,785	1,349	1,761	1,955
Inspections	941	355	240	591	551
Planning:					
Annexations	-	-	-	-	1
Zoning permits	70	159	139	81	93
Building permits for new residential	55	124	782	551	22
Building permits for new commercial	8	121	115	180	1
Value of building permits issued	\$ 138,482	\$ 45,965	\$ 289,786	\$ 331,145	\$ 290,704
Public works:					
Paved streets maintained (miles)	46	45	46	47	45
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	2	1	1	1	2
Litter collection (hours annually)	29	N/A	N/A	N/A	N/A
Residential refuse collection (tons annually)	2,547	2,736	2,804	2,864	2,680
Multi-family & commercial refuse collection	3,991	3,991	3,795	3,962	3,883
Bus shelters maintained	23	23	23	N/A	3
Parks and recreation:					
Athletic activities offered	65	50	47	46	63
Athletic activity participants	2,285	1,283	773	1,494	2,008
Athletic activity hours	1,068	617	447	574	704
Other activities offered	289	207	110	215	311
Other activity participants	26,031	15,154	7,580	12,000	13,950
Century Center rentals (a)	750	261	70	44	222
Park rentals (a)	650	234	115	200	1,345

Sources: Town departments

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

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

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

Town of Carrboro, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 19

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	43	43	47	47	47	47	47	47
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	5	6	6
Public works:										
Refuse collection trucks	7	7	7	7	8	8	6	6	6	6
Replacement refuse collection trucks	1	1	1	1	-	-	2	2	2	2
Streets (miles)	43.27	43.27	43.27	43.27	46.70	46.70	47.04	47.04	47.04	47.04
Bike paths (miles)	3.32	3.32	3.32	3.32	3.32	3.84	3.84	3.84	3.84	3.84
Streetlights	986	986	986	986	986	1,014	1,014	1,064	1,064	1,064
Parks and recreation:										
Parkland (acres)	112	112	112	112	112	112	112	112	112	112
Parks (quantity)	10	10	10	10	10	10	10	10	10	10
Hiking trails	6	6	6	6	6	6	6	6	6	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	6	6	6	6	6
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	6	6	6	6	6	6	6
Volleyball courts	2	2	2	2	2	3	3	3	3	3
Multi-purpose fields	3	3	3	3	3	3	3	3	3	3
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	8	8	8	8	8	8	8	8	8
Picnic shelters	5	5	5	5	5	5	5	5	5	5

Sources: *Town Departments*

Compliance Section

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the Town Council
Town of Carrboro, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 1, 2023. The financial statements of the Carrboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Carrboro Tourism Development Authority.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

FORVIS,LLP

**High Point, North Carolina
December 1, 2023**

**Town of Carrboro, North Carolina
Schedule of Findings and Responses
Year Ended June 30, 2023**

Finding 2023-001: Financial Accounting Closing Procedures

Material Weakness

Criteria: The objective of effective internal controls over financial reporting is to prevent or detect and correct material misstatements (caused by error or fraud) in a timely manner and permit the timely preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Condition: During the audit for the year ended June 30, 2023, errors were identified in the balances provided for certain accounts, including accounts receivable, deferred revenue, stormwater revenue, and lease related assets and liabilities.

Effect: Inaccurate reconciliation of certain asset and liability accounts resulted in the identification of material adjusting journal entries during the audit process to correct improperly reported balances.

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

Recommendation: We recommend that management conducts a thorough review of all balance sheet accounts, across funds, to ensure that the trial balances provided for audit do not contain material errors.

Views of Responsible Officials: We agree with the finding, and plan to work with the Town Council to develop an appropriate response to ensure the accuracy of future financial reporting. The Town intends to formalize a plan, to be submitted to the Local Government Commission, by March 1, 2024.