DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carrboro, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carrboro as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Dixon Hughes Goodman LLP

January 14, 2014

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

Financial Highlights

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

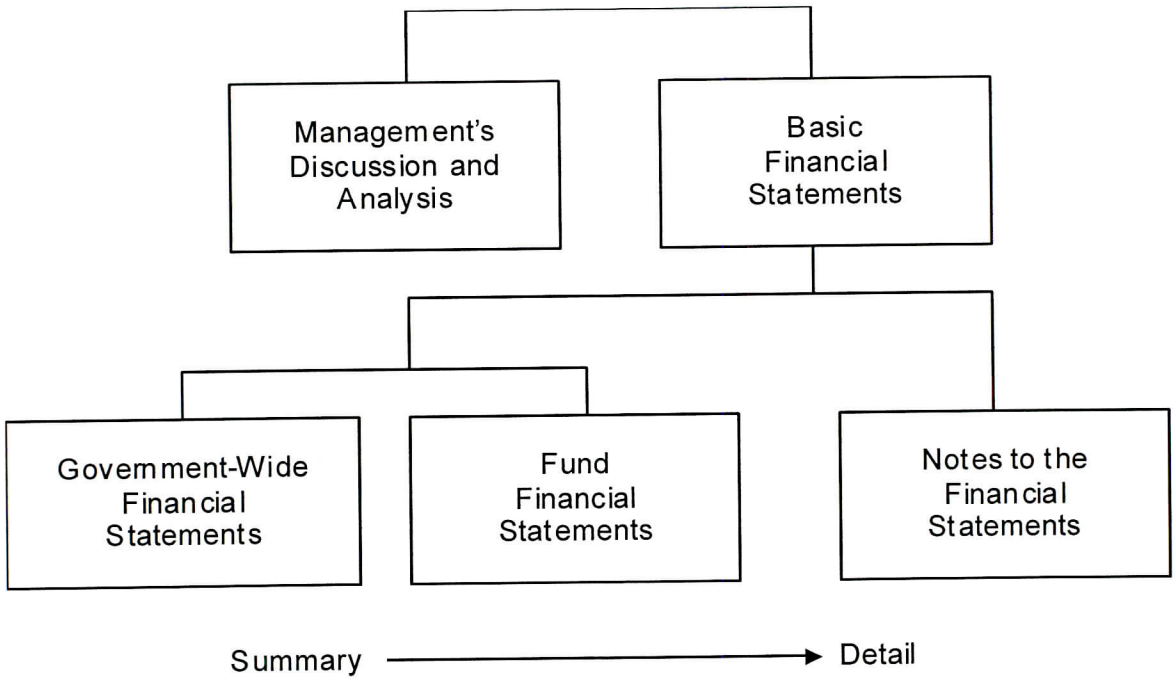
Overview of the Financial Statements

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

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

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 57 of this report.

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

Government-Wide Financial Analysis

The Town of Carrboro's Net Position
Figure 2

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

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

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

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

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

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was $7,296,945, while total fund balance reached $12,810,981. This decrease in fund balance is due to a combination of factors: increase in revenues over the prior year; and reduction in debt service by retirement of older debt with higher interest rates before maturity. Both of these factors are offset by $3.9 million of transfers to the Capital Projects and Capital Reserve funds for future construction. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.1% of total General Fund expenditures.

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

General Fund Budgetary Highlights: During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budget was increased by $742,823 (3.8%) from an original appropriation of $18,990,791 to a final appropriation of $19,733,614.

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

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

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

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

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

Capital Asset and Debt Administration

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

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

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

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

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

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

The Town of Carrboro's Outstanding Debt
Figure 5

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

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

As mentioned in the financial highlights section of this document, the Town currently holds and has maintained its Aa2 bond rating from Moody's Investor Service and AA+ rating from Standard and Poor's Corporation. These bond ratings are a clear indication of the Town's sound financial condition.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is $152,209,360. The Town has no general obligation bonds authorized, but unissued at June 30, 2013.

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

Economic Factors and Next Year's Budget and Rates

The following key economic indicators will impact the Town.

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

Budget Highlights for the Fiscal Year Ending June 30, 2014

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

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

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

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

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

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

Exhibit 1

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

The accompanying notes are an integral part of this statement.

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expenses) and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 3,978,378	$ 546,583	$ 167,866	$ -	$ (3,263,929)
Public safety	6,778,893	572,542	7,115	336,919	(5,862,317)
Planning	1,107,377	120,171	20,915	-	(966,291)
Transportation	1,286,714	-	-	477,977	(808,737)
Public works	4,072,606	82,458	11,213	139,235	(3,839,700)
Parks and recreation	1,453,991	259,168	38,269	-	(1,156,554)
Economic and physical development	170,695	-	74,926	-	(95,769)
Interest on long-term debt	186,898	-	-	-	(186,898)
Total governmental activities	$ 19,035,552	$ 1,580,922	$ 320,304	$ 954,131	(16,180,195)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	11,807,199
Local option sales taxes	3,427,678
Other taxes	461,054
Unrestricted intergovernmental revenues	952,397
Unrestricted investment earnings	25,954
Miscellaneous	20,528
Total general revenues	16,694,810
Change in net position	514,615
Net position - beginning	36,992,150
Net position - ending	$ 37,506,765

The accompanying notes are an integral part of this statement.

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

Exhibit 3

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

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

Total net change in fund balances - governmental funds		$ 2,821,601
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	$ 2,717,113	
Depreciation expense for governmental assets	(1,224,819)	1,492,294
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in accrued interest receivable, property taxes	(2,918)	
Change in deferred revenues, property taxes	55,818	
Change in deferred revenues	23,515	76,415
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New installment purchase obligations issued	(397,320)	
New general obligation bonds issued	(4,600,000)	
Premium on bonds issued	(92,461)	
Principal payments on long-term debt	2,503,013	(2,586,768)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of bond premiums	2,433	
Change in prepaid interest on long-term debt	35,486	
Change in accrued interest payable on long-term debt	7,779	
Change in compensated absences	(36,513)	
Change in net pension obligation	(14,472)	
Change in other postemployment benefits	(1,283,640)	(1,288,927)
Total changes in net position of governmental activities		$ 514,615

The accompanying notes are an integral part of this statement.

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

Exhibit 5

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

The accompanying notes are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following non-major governmental funds:

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue, because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Orange County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Carrboro. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Orange County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset as a deferred inflow of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because they are not measurable until received in cash. Grant revenues which are unearned at year end are recorded as deferred inflows of resources. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Revolving Loan Fund, the Bond Fund, the Capital Projects Fund, the Grant Administration Fund, the Affordable Housing Fund and the Energy Efficiency Revolving Loan Fund. All budgets are prepared using the modified accrual basis of accounting.

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

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

1. Deposits and Investments

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

6. Inventory and Prepaid Items

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

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

7. Capital Assets

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

Minimum capitalization costs are as follows:

	Cost
Land	$ 1
Buildings and improvements	20,000
Vehicles, furniture and equipment	5,000
Infrastructure	100,000

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

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

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

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

Capital projects - portion of fund balance assigned by Town management for future capital projects.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

Note 2. Detail Notes on All Funds

A. Assets

1. Deposits

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

Note 2. Detail Notes on All Funds Continued)

A. Assets (Continued)

1. Deposits (Continued)

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

2. Investments

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

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

3. Receivables

Due from Governmental Agencies

Amounts due from other governments consist of the following:

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

Notes Receivable

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

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Notes Receivable (Continued)

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

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

The Energy Efficiency Revolving Loan Fund was created to advance the Town's goal of increasing energy efficiency in buildings within the Town in cooperation with Southeast Energy Efficiency Alliance. As of June 30, 2013, the Energy Efficiency Revolving Loan Fund notes receivable balance was $97,709.

The Affordable Housing Fund was created to advance the Town's goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. As of June 30, 2013, the Affordable Housing Fund notes receivable balance was $27,981.

4. Receivables - Allowance for Doubtful Accounts

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

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Receivables - Allowance for Doubtful Accounts (Continued)

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

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

5. Capital Assets

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

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

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

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

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

B. Liabilities

1. Accounts Payable and Accrued Liabilities

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance

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

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

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

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Contributions:

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

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

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Three-Year Trend Information:

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

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

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

Supplemental Retirement Income Plan

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has elected to contribute each month an amount equal to 3% of each participating general employee's salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were $422,128, which consisted of $257,115 from the Town and $165,013 from the employees.

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

3. Other Post-Employment Benefits (OPEB)

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

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

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

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

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

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

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

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

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Other Post-Employment Benefits (Continued)

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

4. Other Employment Benefits

The Town has elected to provide death benefits to local law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Deferred Outflows and Inflows of Resources

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

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

6. Risk Management

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

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

The Town does not carry flood insurance.

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Risk Management (Continued)

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is bonded for $50,000. The remaining employees that have access to funds are bonded under a blanket bond for $1,000,000.

7. Short-Term Obligation

Bond Anticipation Notes

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

Changes in Short-Term Obligations

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

8. Long-Term Obligations

a. General Obligation Indebtedness

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

8. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

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

General Obligation Bonds

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

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

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2014	$ 250,000	$ 109,667
2015	250,000	100,000
2016	250,000	95,000
2017	250,000	90,000
2018	250,000	82,500
2019-2023	1,250,000	337,500
2024-2028	1,250,000	206,625
2029-2032	850,000	56,500
	$ 4,600,000	$ 1,077,792

b. Installment Purchase Agreements - Equipment - General Fund

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The financing contract requires an annual level payment of $143,970 due June 16, including interest at 3.19%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 24, 2008, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 24, 2014.	$ 139,519
The financing contract requires an annual level payment of $129,114 due June 23, including interest at 2.235%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 23, 2010, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 23, 2014.	126,291
The financing contract requires an annual level payment of $98,243 due June 24, including interest at 1.555%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 24, 2011, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 24, 2015.	191,995

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

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

The financing contract requires an annual level payment of $61,694 due June 21, including interest at 1.61%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2012, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2016.	$ 179,280
The finance contract requires an annual level payment of $81,636 due June 21, including interest of 1.37%. The financing institution holds a security interest in all or a portion of the property purchased or improved. Payments are due beginning June 21, 2013, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on June 21, 2017.	315,684
Total	$ 952,769

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Installment Purchase Agreement - Improvements - General Fund

The Town has installment purchase agreement for improvements. The installment purchase note payable at June 30, 2013, are as follows:

Installment purchase agreement to finance the construction of the fire substation. The financing contract requires semi-annual payments of $108,333 due July 15 and January 15, plus interest at 4.07%. The financing institution holds a first lien security interest on the property and first priority security interest in any and all fixtures used in connection with the operation of the property.	$ 2,491,667

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

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

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

d. Changes in Long-Term Debt Obligations

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

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

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

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

Note 2. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds:

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

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

Note 2. Detail Notes on All Funds (Continued)

D. Fund Balance

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

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

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

General Fund	$ 571,741

Note 3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Employment Security Benefits

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

Note 3. Summary Disclosure of Significant Contingencies (Continued)

Claims and Contingent Liabilities

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

Note 4. Change in Accounting Principles

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

Note 5. Future Expected Annual Cell Tower Revenue

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

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

The expected annual cell tower revenues are as follows:

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

Note 6. Subsequent Events

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

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

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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

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

Exhibit A-1

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

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

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

Notes to the Required Schedules

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

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

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

Exhibit B-1

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

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

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

Notes to the Required Schedules

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

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule 5

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

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

Schedule 6

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

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

Schedule 7

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

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

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

Schedule 8

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

Schedule 9

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

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

Schedule 10

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

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

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

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

Schedule 11

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

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

Schedule 12

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

** Total adjusted levy includes discoveries and abatements.*

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