

# TOWN OF CARRBORO, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### TABLE OF CONTENTS

Page

#### INTRODUCTORY SECTION

Principal Officials .....	i
Organizational Chart .....	ii
Letter of Transmittal .....	iii - vii

#### FINANCIAL SECTION

Independent Auditor's Report .....	1 - 4
Management's Discussion and Analysis .....	5 - 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities .....	17 - 18
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	22
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	23
Statement of Net Position - Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	25
Statement of Cash Flows - Proprietary Funds .....	26
Notes to Financial Statements .....	27 - 71
Required Supplementary Information:	
Schedule of Changes in Total Pension Liability – LEOSA .....	72 and 73
Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSA .....	74 and 75
Schedule of Changes in Total OPEB Liability and Related Ratios .....	76 and 77
Schedule of the Proportionate Share of the Net Pension Liability (Asset) – LGERS .....	78 and 79
Schedule of Contributions – LGERS .....	80 and 81

# TOWN OF CARRBORO, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

---

### TABLE OF CONTENTS (CONTINUED)

Page

#### FINANCIAL SECTION (CONTINUED)

##### Supplementary Information:

##### Combining and Individual Fund Statements and Schedules:

##### Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	82 - 86
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - ARPA Special Revenue Fund.....	87
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Capital Projects Fund .....	88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund .....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Payment in Lieu Reserve Fund.....	90
Combining Balance Sheet - Nonmajor Governmental Funds.....	91 and 92
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds .....	93 and 94
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Affordable Housing Fund .....	95
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Energy Efficiency Revolving Loan Fund .....	96
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Small Business and Non-Profit Loan/Grant COVID-19 Emergency Fund .....	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Facilities Rehabilitation Capital Projects Fund.....	98
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Grants Administration Fund .....	99
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Revolving Loan Fund.....	100
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Bond Fund .....	101

##### Enterprise Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Stormwater Enterprise Fund.....	102
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Parking Enterprise Fund .....	103

# TOWN OF CARRBORO, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

---

### TABLE OF CONTENTS (CONTINUED)

Page

#### FINANCIAL SECTION (CONTINUED)

##### Other Supplemental Data:

Schedule of Ad Valorem Taxes Receivable .....	104
Analysis of Current Tax Levy - Town-Wide Levy .....	105

#### STATISTICAL SECTION

##### Financial Trends Information

Net Position by Component.....	106 and 107
Changes in Net Position .....	108 - 111
Fund Balances – Governmental Funds .....	112 and 113
Changes in Fund Balances – Governmental Funds.....	114 and 115

##### Revenue Capacity Information

Program Revenues by Function/Program – Governmental Funds .....	116 and 117
Tax Revenues by Source – Governmental Funds .....	118
Assessed Value and Actual Value of Taxable Property .....	119
Direct and Overlapping Property Tax Rates .....	120
Property Tax Levies and Collections .....	121
Principal Property Taxpayers .....	122

##### Debt Capacity Information

Ratios of Outstanding Debt by Type.....	123
Ratios of General Bonded Debt Outstanding .....	124
Direct and Overlapping Governmental Activities Debt.....	125
Legal Debt Margin Information – Governmental Funds.....	126 and 127

##### Demographic and Economic Information

Demographic and Economic Statistics .....	128
Principal Employers .....	129 and 130
Full-time Equivalent Town Government Employees by Function/Program .....	131

##### Operating Information

Operating Indicators by Function/Program .....	132 and 133
Capital Asset Statistics by Function/Program.....	134

**TOWN OF CARRBORO, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2024**

---

**TABLE OF CONTENTS (CONTINUED)**

**Page**

**COMPLIANCE SECTION**

<b>Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....</b>	<b>135 and 136</b>
<b>Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the Uniform Guidance and the Single Audit Implementation Act.....</b>	<b>137 - 139</b>
<b>Schedule of Expenditures of Federal and State Awards .....</b>	<b>140</b>
<b>Notes to the Schedule of Expenditures of Federal and State Awards .....</b>	<b>141</b>
<b>Schedule of Findings and Responses .....</b>	<b>142 and 143</b>
<b>Schedule of Prior Audit Findings .....</b>	<b>144</b>
<b>Corrective Action Plan .....</b>	<b>145</b>

# **INTRODUCTORY SECTION**

# TOWN OF CARRBORO, NORTH CAROLINA

## PRINCIPAL OFFICIALS FOR THE YEAR ENDED JUNE 30, 2024

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### **Town Council**

Barbara Foushee, Mayor  
Danny Nowell, Mayor Pro-Tempore  
Randee Haven-O'Donnell  
Eliazar Posada  
Catherine Fray  
Jason Merrill

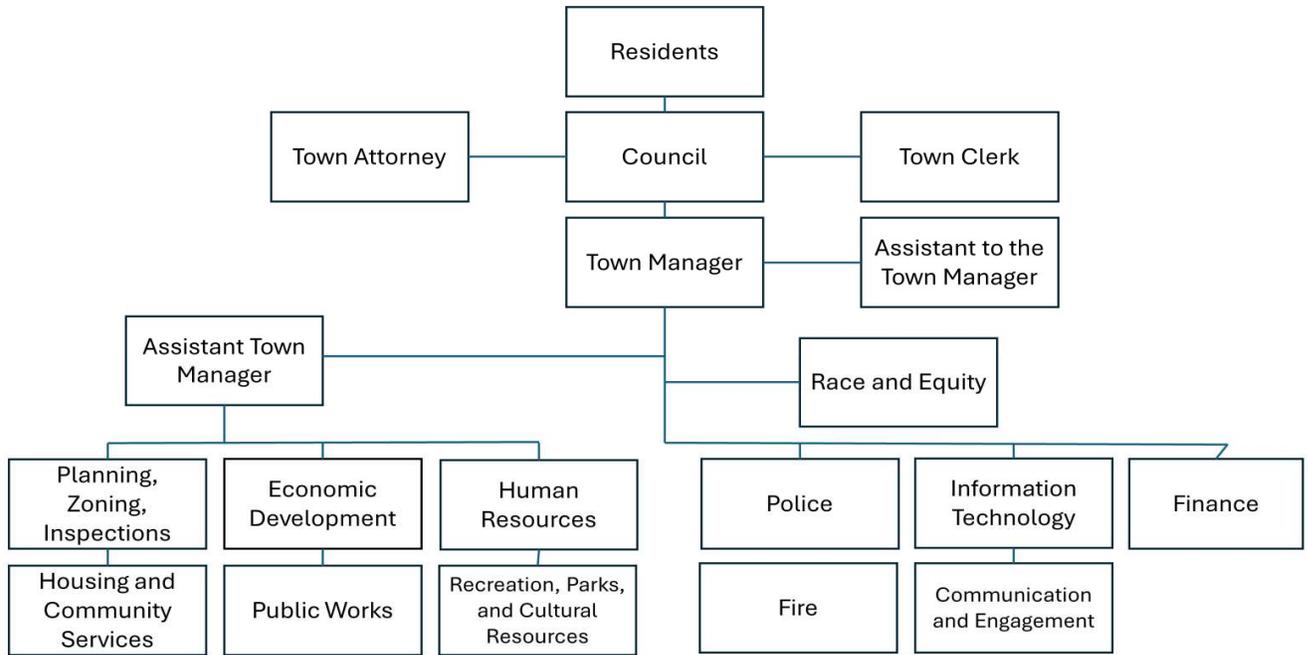
### **Town Manager**

Patrice Toney

### **Finance Department**

Chaz Offenburg, Chief Finance Officer  
Darrell Keyes, Deputy Finance Director  
Jane Bowden, Procurement Coordinator  
Chandra Edwards, Accounting Technician/Receptionist  
Edna Kirkman, Staff Accountant  
Jordan Kerr, Payroll and Benefits Coordinator

# TOWN OF CARRBORO ORGANIZATIONAL CHART





April 28, 2025

**Mayor and Council Members  
Town of Carrboro**

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Carrboro for the fiscal year ended June 30, 2024. As required by North Carolina General Statutes (NCGS), the ACFR includes financial statements that have been audited by an independent certified public accounting firm. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

The Town is a small community located within Orange County in the north central portion of North Carolina. It is situated next to the Town of Chapel Hill and the University of North Carolina and is near the Research Triangle Park. The area's topography is characterized by rolling hills. The Town, incorporated in 1911, covers an area of 6.35 square miles and has a population of 21,170 as reported by the American Community Survey for 2023. The growth of the Town is directly related to the expansion of the University of North Carolina at Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has increased from 31,705 in 2022 to an estimated 32,234 in 2023. It is anticipated that expansion will continue to occur in university-related health facilities, such as the University of North Carolina Hospitals, and proposed future development of the Carolina North Campus.

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

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

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

The Town commits 1.5 cents of the annual property tax rate exclusively for affordable housing. Maintaining and increasing the stock of affordable, safe and decent housing within the Town is a major goal of the Council. Over two million dollars is provided annually for fare-free transit for Town residents to help reduce reliance on automobiles and to promote public transit, walking, and biking. Carrboro is one of 100 communities in the nation that has been awarded the Silver Level Bicycle-Friendly Community designation by the League of American Bicyclists in recognition of its commitment to providing safe accommodations and facilities for bicyclists, as well as efforts to encourage bicycling for fun, fitness, and transportation. Additionally, the Town has amended its street standards to require bike lanes on all collector roads. According to the latest census, 5.2% of residents in Carrboro bike to work. With the approved \$4.6 million bond referendum from November 2003, the Town continues to make improvements to community sidewalks and greenways to increase the safety and convenience of walking and biking throughout the Town's neighborhoods. Funded by the previously issued Limited Obligation Bond, The Drakeford Library Complex held a Grand Opening in March 2025.

**Governance**

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

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

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

**Economic Condition and Outlook**

The 2023 median household income increase \$85,927. Carrboro had a decrease in the unemployment rate from 3.2% in 2022 to 2.8% in 2023, which is below the statewide rate of 3.6%. The local employment base is relatively stable, with the University of North Carolina at Chapel Hill, the University of North Carolina Health Care System, and Research Triangle Park in close proximity to the Town.

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

Long-term debt obligations for the Town decreased by 1.1% or \$476,124 from \$42,547,444 at June 30, 2023 to \$42,071,320 at June 30, 2024. This is primarily due to a decrease in direct borrowing installment purchases.

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

### **Major Town Initiatives**

The following projects initiated in prior years will continue as priorities into FY 2024-25

- Implementation of a comprehensive plan for the Town,
- Continuation of using a Sustainability and Race and Equity lens in programs and operations
- Continuation in Affordable Housing Initiatives.
- Continuation of implementation of Energy and Climate Protection Plan.

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

- The Town celebrated the Grand Opening of the Drakeford Library Complex in March of 2025. This facility houses the Orange County Southern Branch Library and Town of Carrboro's Recreation, Parks and Cultural Resources Department.
- In February 2022, Carrboro was named one of the top five small towns for the arts in the United States by 24/7 Tempo, a member of the Financial News and Opinion Firm 24/7 Wall St.
- The Town receives a national award, "Leading the Way Award", for outstanding resident satisfaction from ETC Institute that recognizes local governments for outstanding achievement in the delivery of services to residents. Recipients of the award rank in the top 10% of all local governments in the United States.
- Carrboro ranked fifth in 24/7 Tempo's 25-city lineup. The listing mentioned the city's Arts Center and its Attic 506 spaces, which are funded in part by the Orange County Arts Commission.
- First Place Award for Citizen Participation from the NC City & County Communicators (NC3C) Excellence in Communications Awards.
- Marvin Collins Award for Comprehensive Plan by the American Planning Association-North Carolina Chapter (APA-NC)
- Town residents approved \$4.6 million of general obligation bonds in a referendum in November 2003 to construct sidewalks and greenways throughout the Town to increase the safety and convenience of walking. To date the Town has constructed 23 sidewalks covering more than 8.0 miles, completed construction of the Wilson Park Multi-Use Path, constructed the Homestead-Chapel Hill High School Multi-Use Path, and Rogers Road Sidewalk. Projects currently underway include Morgan Creek Greenway, Jones Creek Greenway, and South Greensboro Street Sidewalk.
- The Town has been awarded a Silver Award by the League of American Bicyclists as a Bicycle-Friendly Community (BFC). The award is presented to communities that are committed to bicycling, provide safe accommodations and facilities for bicyclists, and encourage bicycling

for fun, fitness, and transportation. This is a four-year award valid through 2022. The Town's goal is to achieve Gold Level status.

- The Town continues to participate in the North Carolina League of Municipalities "Green Challenge," for Greenhouse Gas Emission Inventory and Reduction to reduce the carbon footprint; and to assess the Town's energy efficiency through the U.S. Environmental Protection Agency's "Energy Star Challenge" that involves reviewing and reducing utility consumption in Town facilities, streetlights, and fuel usage.
- The Town's continued commitment to the environment was rewarded with its national designation as a Tree City USA Town for the 35th year.
- The Town has AAA bond rating from Standard and Poor's and Aa1 bond rating from Moody's.

## ***Financial Information***

### General Fund Balance

The Council has adopted a policy of maintaining a General Fund unassigned fund balance within a range of 22.5% to 35% of budgeted appropriations. When the General Fund unassigned fund balance exceeds 35%, the Town Manager may set aside an amount in assigned fund balance for transfer to Capital Projects Fund for specific future capital projects. Should the unassigned fund balance in the General Fund fall below 20%, the policy requires the Town Manager to develop and implement a plan to rebuild the balance to 22.5% within one year. For the year ended June 30, 2024, the Town had a total General Fund balance of \$24,428,517 or 57.74% of total General Fund expenditures. The Town's unassigned fund balance was \$14,106,322. \$6.37 million of this was attributed to revenue replacement for projects authorized through the American Rescue Plan.

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

### Budget Control

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

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

## Internal Controls

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

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

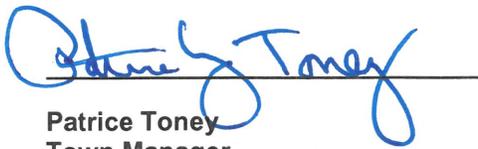
The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's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

## Other Information

### Independent Audit

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local government have an annual audit by independent certified public accountants. The accounting firm of Mauldin & Jenkins, LLC was selected by the Council and performed this audit. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations are included in the compliance section and include an unmodified opinion.

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

  
Patrice Toney  
Town Manager

  
Chaz Offenburg  
Chief Financial Officer