



TOWN OF CARRBORO • NC

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDING JUNE 30, 2025
PREPARED BY THE FINANCE DEPARTMENT**

TOWN OF CARRBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16 - 17
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	21
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Notes to Financial Statements.....	26 - 71
Required Supplementary Information:	
Schedule of Changes in Total Pension Liability - LEOSSA	72 and 73
Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA	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, 2025

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 and 89
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Payment in Lieu Reserve Fund.....	91
Combining Balance Sheet - Nonmajor Governmental Funds.....	92 and 93
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	94 and 95
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Affordable Housing Fund	96
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Energy Efficiency Revolving Loan Fund	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Small Business and Non-Profit Loan/Grant COVID-19 Emergency 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 - Facilities Rehabilitation Capital Projects Fund.....	101
Schedule of Revenues, Expenditures and Changes in Fund Balance - Project Authorization and Actual - Bond Fund	102

Enterprise Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Stormwater Enterprise Fund.....	103
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Parking Enterprise Fund	104

TOWN OF CARRBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Other Supplemental Data:

Schedule of Ad Valorem Taxes Receivable	105
Analysis of Current Tax Levy - Town-wide Levy	106

STATISTICAL SECTION

Financial Trends Information

Net Position by Component.....	107 and 108
Changes in Net Position	109 - 112
Fund Balances - Governmental Funds	113 and 114
Changes in Fund Balances - Governmental Funds	115 and 116

Revenue Capacity Information

Program Revenues by Function/Program - Governmental Funds	117 and 118
Tax Revenues by Source - Governmental Funds.....	119
Assessed Value and Actual Value of Taxable Property	120
Direct and Overlapping Property Tax Rates	121
Property Tax Levies and Collections	122
Principal Property Taxpayers	123

Debt Capacity Information

Ratios of Outstanding Debt by Type.....	124
Ratios of General Bonded Debt Outstanding	125
Direct and Overlapping Governmental Activities Debt.....	126
Legal Debt Margin Information – Governmental Funds.....	127 and 128

Demographic and Economic Information

Demographic and Economic Statistics	129
Principal Employers	130 and 131
Full-time Equivalent Town Government Employees by Function/Program	132

Operating Information

Operating Indicators by Function/Program	133 and 134
Capital Asset Statistics by Function/Program.....	135

TOWN OF CARRBORO, NORTH CAROLINA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS (CONTINUED)

Page

COMPLIANCE SECTION

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	136 and 137
Independent Auditor’s Report on Compliance for the Major State Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the Uniform Guidance and the Single Audit Implementation Act.....	138 - 140
Schedule of Expenditures of Federal and State Awards	141
Notes to the Schedule of Expenditures of Federal and State Awards	142
Schedule of Findings and Responses	143 and 144
Schedule of Prior Audit Findings	144

INTRODUCTORY SECTION

TOWN OF CARRBORO, NORTH CAROLINA

PRINCIPAL OFFICIALS FOR THE YEAR ENDED JUNE 30, 2025

MAYOR & TOWN COUNCIL

Barbara M. Foushee, Mayor
Danny Nowell, Mayor Pro-Tempore
Randee Haven-O'Donnell, Council Member
Eliazar Arturo Posada-Orozco, Jr., Council Member
Catherine Fray, Council Member
Jason Merrill, Council Member
Cristóbal Palmer, Council Member

TOWN MANAGER'S OFFICE

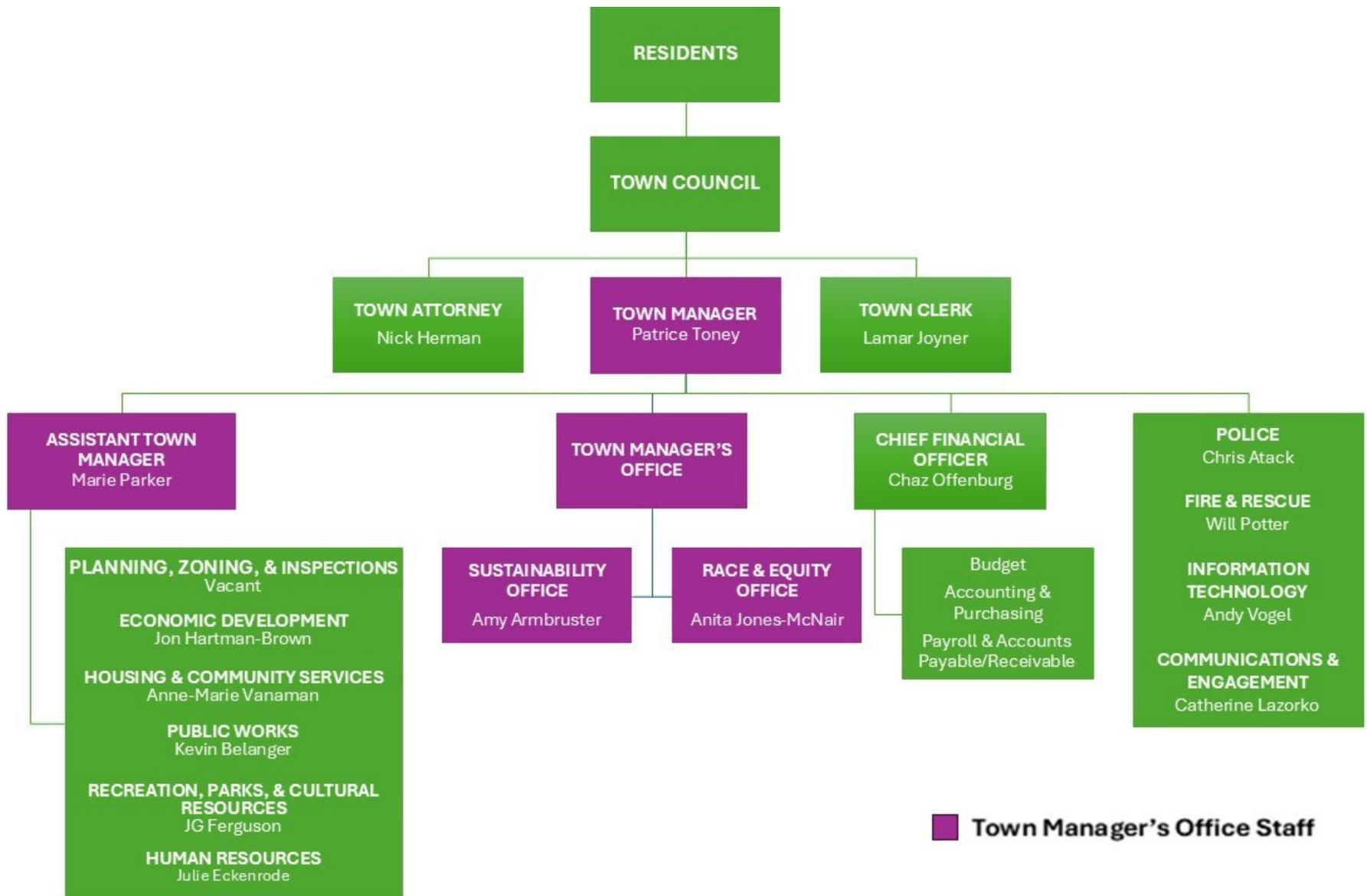
Patrice Toney, Town Manager
Marie Parker, Assistant Town Manager
Anita Jones-McNair, Chief Race & Equity Officer
Amy Armbruster, Chief Sustainability Officer
Kannu Taylor, Race & Equity Manager
Laura Janway, Environmental Sustainability Coordinator
Reilly Stahl, Assistant to the Town Manager
Stephen Wright, Management Analyst

TOWN CLERK'S OFFICE

Lamar Joyner, Town Clerk

FINANCE DEPARTMENT

Chaz Offenburg, Chief Financial Officer
Darrell Keyes, Deputy Finance Director/Budget Manager
Kelly Lee, Accounting Manager
Jordan Kerr, Business Services Manager
Edna Kirkman, Staff Accountant
Chandra Edwards, Accounting Technician/Receptionist
Jane Bowden, Procurement Coordinator
Wendy Welsh, Grants Manager





TOWN OF CARRBORO • NC
FINANCE DEPARTMENT

October 15, 2025

**To the Mayor and Council Members
 and the Citizens of the Town of Carrboro, North Carolina**

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Carrboro for the fiscal year ended June 30, 2025. 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 www.carrboronc.gov/finance.

The Town is a small community located within Orange County in the north central portion of North Carolina. It is adjacent 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 U.S. Census data from 2023. The growth of the Town is partially 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 32,438 in 2024 to an estimated 34,099 in 2025. It is anticipated that expansion will continue to occur in university-related 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. Improve walkability and public transportation;
- B. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes;
- C. Protect historic neighborhoods and maintain Carrboro's unique identity; and
- D. Diversify revenue stream to maintain economic diversity.

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.

Maintaining and increasing the stock of affordable, safe and decent housing within the Town is a major goal of the Council. Over \$2.5 Million 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 was named winner of the 2025 All-America City Award. 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.

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 broad range of essential services that residents rely on, including: 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

Based on the latest U.S. Census data from 2023, the median household income in Carrboro was \$85,927. Carrboro's unemployment rate stood at 3.3%, lower than the statewide rate of 3.7%. The Town benefits from a stable employment base supported by the proximity of the University of North Carolina at Chapel Hill, the UNC Health Care System, and Research Triangle Park.

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 2.3% or \$940,665 from \$42,071,320 on June 30, 2024, to \$41,130,655 on June 30, 2025. This is primarily due to payments made and no new debt.

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

Both ongoing projects from prior years and newly initiated projects will continue to be key priorities in FY 2025–26.

- 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 through the Comprehensive Plan, with the ultimate goal of ensuring Carrboro remains a sustainable and highly desirable community in which to live.

Notable 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. The new library complex, which opened in March 2025, honors Dr. Robert "Bob" Drakeford, Carrboro's first Black mayor (1977–1983).
- In June 2025, Carrboro received the All-America City Award from the National Civic League in recognition of the Town's leadership in inclusive engagement, resilience, and sustainability.
- The Town continues to maintain AAA bond rating from Standard and Poor's and Aa1 bond rating from Moody's.
- Carrboro's long-standing commitment to racial equity is further exemplified through its Racial Equity Action Plan, adopted in 2023. All departments utilize the Racial Equity Assessment Lens (REAL) to evaluate policies and services.
- Carrboro has been recognized as a Silver-level Bicycle Friendly Community by the League of American Bicyclists, joining 460 communities across the U.S. in promoting safer streets and sustainable transportation.

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. As of June 30, 2025, the Town's total fund balance was \$20,039,544, of which \$9,363,417 was unassigned or 26.3% of total General Fund expenditures and transfers out of \$35,580,283.

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, PLLC 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.

DocuSigned by:
Patrice Toney
88F3EAF640BB482...

Patrice Toney
Town Manager

Signed by:
Chaz Offenburg
7F07E62D0463485...

Chaz Offenburg
Chief Financial Officer

FINANCIAL SECTION



Independent Auditor's Report

**To the Mayor and Council Members
Town of Carrboro, North Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Carrboro, North Carolina** (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to the Town's pension and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules, the schedule of ad valorem taxes receivable, the analysis of current tax levy – town-wide levy, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Town'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 15, 2025

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Carrboro, we offer readers of the Town of Carrboro's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in the Management Discussion and Analysis section in conjunction with the additional information that we have furnished in the Town's financial statements which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded the liabilities and deferred inflows of resources at the close of the fiscal year by \$47,462,029 (net position).
- The total net position of the Town decreased by \$443,820 from the amount previously reported at June 30, 2024.
- At June 30, 2025, the Town's governmental funds had combined ending fund balances of \$25,575,211, a decrease of 26% or \$9,189,458 in comparison with the prior year. Approximately 26% or \$9,363,417 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the year unassigned fund balance for the General Fund was \$9,363,417 or 28.2% of total General Fund expenditures and transfers out of \$33,248,177.
- Long-term debt obligations for the Town decreased by 2.2% or \$940,666 from \$42,071,321 at June 30, 2024, to \$41,130,655 at June 30, 2025. This is primarily due to payments on debt and no acquired debt during the fiscal year.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

Overview of the Financial Statements

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

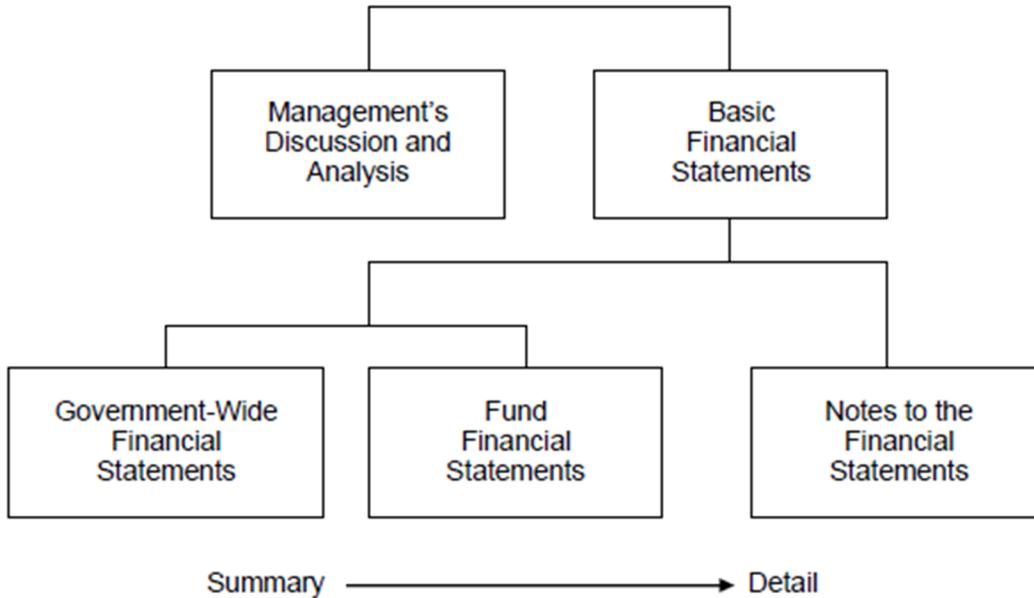
1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

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

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

The government-wide financial statements are on pages 15 through 17 of this report.

Fund Financial Statements

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

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

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26 through 71 of this report.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 72 of this report.

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

Town of Carrboro's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 27,530,147	\$ 37,857,197	\$ 3,335,379	\$ 2,656,080	\$ 30,865,526	\$ 40,513,277
Capital assets, net	58,164,080	67,015,935	574,196	602,083	58,738,276	67,618,018
Total assets	85,694,227	104,873,132	3,909,575	3,258,163	89,603,802	108,131,295
Deferred outflows of resources	6,610,114	7,666,121	123,694	142,723	6,733,808	7,808,844
Total assets and deferred outflows of resources	92,304,341	112,539,253	4,033,269	3,400,886	96,337,610	115,940,139
Long-term liabilities outstanding	40,635,203	41,585,092	495,452	486,228	41,130,655	42,071,320
Other liabilities	1,733,431	18,313,328	38,096	84,708	1,771,527	18,398,036
Total liabilities	42,368,634	59,898,420	533,548	570,936	42,902,182	60,469,356
Deferred inflows of resources	5,862,017	7,424,307	111,382	140,627	5,973,399	7,564,934
Net position:						
Net investment in capital assets	44,542,307	52,051,757	574,196	602,083	45,116,503	52,653,840
Restricted	6,736,494	5,862,594	-	-	6,736,494	5,862,594
Unrestricted	(7,205,111)	(12,697,825)	2,814,143	2,087,240	(4,390,968)	(10,610,585)
Total net position, ending	\$ 44,073,690	\$ 45,216,526	\$ 3,388,339	\$ 2,689,323	\$ 47,462,029	\$ 47,905,849

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and the deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$47,462,029 as of June 30, 2025. The majority of net position 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 (\$6,736,494 or 14%) of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$4,390,968 or 9%) is unrestricted.

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

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Carrboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 1,605,694	\$ 1,513,526	\$ 1,116,902	\$ 1,013,980	\$ 2,722,596	\$ 2,527,506
Operating grants and contributions	994,726	7,500,051	-	-	994,726	7,500,051
Capital grants and contributions	49,202	104,923	-	-	49,202	104,923
General revenues:						
Property taxes	16,332,845	16,207,932	-	-	16,332,845	16,207,932
Local option sales taxes	7,293,462	7,184,467	-	-	7,293,462	7,184,467
Other taxes	2,045,877	1,924,913	-	-	2,045,877	1,924,913
Grants and contributions not restricted	1,790,017	1,695,440	-	-	1,790,017	1,695,440
Other	1,857,980	1,763,393	122,145	86,004	1,980,125	1,849,397
Total revenues	<u>31,969,803</u>	<u>37,894,645</u>	<u>1,239,047</u>	<u>1,099,984</u>	<u>33,208,850</u>	<u>38,994,629</u>
Expenses:						
General government	12,187,555	7,927,182	-	-	12,187,555	7,927,182
Public safety	8,786,403	8,746,519	-	-	8,786,403	8,746,519
Planning	1,855,327	1,878,167	-	-	1,855,327	1,878,167
Transportation	2,435,145	2,248,855	-	-	2,435,145	2,248,855
Public works	4,226,243	5,452,203	-	-	4,226,243	5,452,203
Parks and recreation	2,495,974	2,191,810	-	-	2,495,974	2,191,810
Economic and physical development	533,204	624,128	-	-	533,204	624,128
Interest on long-term debt	376,788	409,250	-	-	376,788	409,250
Parking	-	-	103,587	149,033	103,587	149,033
Stormwater	-	-	652,444	734,396	652,444	734,396
Total expenses	<u>32,896,639</u>	<u>29,478,114</u>	<u>756,031</u>	<u>883,429</u>	<u>33,652,670</u>	<u>30,361,543</u>
Increase (decrease) in net position before transfers	<u>(926,836)</u>	8,416,531	<u>483,016</u>	216,555	<u>(443,820)</u>	8,633,086
Transfers	(216,000)	(159,225)	216,000	159,225	-	-
Change in net position	<u>(1,142,836)</u>	8,257,306	<u>699,016</u>	375,780	<u>(443,820)</u>	8,633,086
Net position, beginning	<u>45,216,526</u>	37,064,597	<u>2,689,323</u>	2,314,944	<u>47,905,849</u>	39,379,541
Error Correction	-	(105,377)	-	(1,401)	-	(106,778)
Net position, beginning, as restated	<u>45,216,526</u>	36,959,220	<u>2,689,323</u>	2,313,543	<u>47,905,849</u>	39,272,763
Net position, ending	<u>\$ 44,073,690</u>	<u>\$ 45,216,526</u>	<u>\$ 3,388,339</u>	<u>\$ 2,689,323</u>	<u>\$ 47,462,029</u>	<u>\$ 47,905,849</u>

Governmental activities. Governmental activities net position for the Town was \$44,073,690, a decrease of \$1,142,836 from the previous year. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by \$124,913 or 0.76% above the prior year. This increase is related to an increase in assessed properties within the Town.
- Local option sales tax revenues increased by \$108,995 or 1.5% above the prior year. This increase is largely related to the continued growth in the local economy.
- Other tax revenues, primarily from motor vehicle license taxes, increased by \$120,964 or 5.9% above the prior year. This increase is related to an increase in assessed motor vehicles within the Town.

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Investment earnings increased by \$209,664 or 22% above the prior year, due to market performance on the Town's investments in the NCCMT government portfolio.
- Expenses for total governmental activities increased by 10% to \$32,896,639 in FY 2025, due to pay increases for permanent employees, higher health and retirement costs, and rising operating expenses.
- Expense for interest on long-term debt decreased from \$409,250 in FY 2024 to \$376,788 in FY 2025. The Town borrowed \$12.5 million in April 2022 to complete the financing for construction of the new facility at 203 S. Greensboro Street.

Business-type activities. Business-type activities added \$699,016 to the Town's net position. These revenues are primarily from the collection of user fees for stormwater.

Financial Analysis of the Town of Carrboro's Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,363,417, a decrease of \$4,742,905 or 42.2% from \$14,106,322 in FY 2024. The total general fund balance for FY 2025 was \$20,039,544, a 22% decrease from the FY 2024 amount of \$24,428,517.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 28% of total General Fund expenditures and transfers out of \$35,580,283. The Town's fund balance policy requires that fund balance be between 22.3% and 35%. Total fund balance represents 76.9% of total General Fund expenditures.

The American Rescue Plan Act (ARPA) special revenue fund was created during fiscal year 2022 and included projects to address the negative impacts of the COVID-19 pandemic. The remaining fund balance of \$365,315 was transferred to the General Fund to close the project.

The Capital Projects Fund, which includes construction or acquisition of capital assets, is primarily funded with operating transfers from the General Fund and notes or debt instruments. The fund balance for this fund decreased by \$5,084,182, or 63.7%. The decrease is largely attributable to capital outlays surrounding the facility on 203 S. Greensboro Street.

At June 30, 2025, the governmental funds of the Town reported a combined fund balance of \$25,575,211. The reported combined fund balance of the governmental funds includes a fund balance within the Capital Projects Fund of \$2,897,478. These fund balances are either restricted or committed for capital project purposes, net of any negative unassigned amounts.

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights. During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budgeted expenditures were increased by \$7,592,801 or 18.9% from an original appropriation of \$32,469,654 to a final appropriation of \$40,062,455.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$30,791,212, compared to budget of \$29,070,468.

Revenues from taxes (i.e., property, local option sales, and other) represent 82.2% of the total revenues. Property, sales and other tax revenues were above budget projections by \$888,627 or 3.5%.

Revenue from permits and fees represent 5% of total revenues but were above budget projections by \$50,263 or 3.2%. Total revenue for permits and fees this year exceeded a \$50 thousand increase.

Revenues from sales and services, and investment earnings were above budget projections by \$263,992 or 25.7%. This was primarily due to revenues exceeding projections of interest earnings due to strong performance of the Town's investment in the NCCMT Government portfolio.

The unrestricted intergovernmental revenue receipts were above budget projections by \$349,017 or 19.5% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,790,017 compared to \$1,695,440 in FY 2024.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$33,248,177, which was \$6,814,278 less than the final budget of \$40,062,455. All functional spending complied with budgetary requirements. Overall, expenditures were under budget at June 30, 2025, but 13.6% higher than the prior year.

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental-type activities as of June 30, 2025, totaled \$58,164,080 (net of accumulated depreciation and amortization) and the Town's investment in capital assets for its business-type activities as of June 30, 2025, totaled \$574,196 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, vehicles and right to use lease assets. Major capital asset transactions during the year include the replacement of vehicles related to Fire, Public Works, Rec & Park as well as the continued investment in the Drakeford Library Complex project and several greenway projects.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	1,305,455	29,936,386	-	-	1,305,455	29,936,386
Total capital assets not being depreciated	16,053,411	44,684,342	-	-	16,053,411	44,684,342
Capital assets being depreciated/amortized:						
Buildings and systems	26,203,599	6,953,842	91,999	95,832	26,295,598	7,049,674
Improvements other than buildings	749,068	566,948	-	-	749,068	566,948
Infrastructure	11,640,402	11,448,603	449,782	462,377	12,090,184	11,910,980
Machinery and equipment	966,457	864,395	25,406	33,883	991,863	898,278
Vehicles	2,530,602	2,433,291	7,009	9,991	2,537,611	2,443,282
Right-to-use lease assets	20,541	64,514	-	-	20,541	64,514
Total capital assets being depreciated/amortized	42,110,669	22,331,593	574,196	602,083	42,684,865	22,933,676
Total capital assets	\$ 58,164,080	\$ 67,015,935	\$ 574,196	\$ 602,083	\$ 58,738,276	\$ 67,618,018

Additional information on the Town's capital assets can be found on pages 45 through 46 of this report.

Long-term debt. As of June 30, 2025 and 2024, the Town of Carrboro had the following long-term liabilities:

Town of Carrboro's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Government obligation bond	\$ 1,600,000	\$ 1,850,000	\$ -	\$ -	\$ 1,600,000	\$ 1,850,000
Premium on bonds	31,630	36,496	-	-	31,630	36,496
Direct borrowing installment purchases	12,072,856	13,110,542	-	-	12,072,856	13,110,542
Lease liabilities	22,847	67,998	-	-	22,847	67,998
Compensated absences	1,086,413	899,262	18,511	11,984	1,104,924	911,246
Total OPEB liability	16,107,013	16,121,510	328,715	329,010	16,435,728	16,450,520
LGERS net pension liability	7,263,078	7,116,450	148,226	145,234	7,411,304	7,261,684
Law enforcement officers' total pension liability	2,451,366	2,382,835	-	-	2,451,366	2,382,835
Total	\$ 40,635,203	\$ 41,585,093	\$ 495,452	\$ 486,228	\$ 41,130,655	\$ 42,071,321

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total long-term liabilities for the Town decreased by \$940,666 or 2.2% during fiscal year 2025 primarily due to decreases in all outstanding debt except the LGERS and LEO pension liability.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$220,203,762. The Town has no general obligation bonds authorized but unissued at June 30, 2025.

Additional information regarding the Town's long-term debt can be found beginning on page 47 of this report.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators will impact the Town:

- The property tax base is stable. The Town expects the property tax collection rate to be over 99%.
- The Town's local sales tax growth is expected to continue in fiscal year 2026.
- Should the North Carolina General Assembly propose additional revenue options for local governments, we will closely monitor any potential impact on the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental activities. The Town has approved a General Fund budget in the amount of \$36,667,133 for fiscal year 2026, which is a 10.9% increase over the original adopted fiscal year 2025 budget. The primary goals in preparing the fiscal year 2026 budget will be:

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

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

The Town continues to scrutinize its operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in fiscal year 2026 are expected to increase, the Town will continue to implement several initiatives that began in previous fiscal years. These include implementation of a parking plan, solid waste study, gold level bicycle designation, and the pillars of climate action and racial equity.

TOWN OF CARRBORO, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Business-type activities. In 2019, the Town established a user fee structure for the stormwater utility enterprise fund operations to address regulatory compliance and increased flooding issues in the Town. This user fee rate has remained the same for fiscal year 2025. Staff plans to complete a comprehensive stormwater infrastructure assessment in the coming fiscal years.

Requests for Information

This report is intended to provide an overview of the Town's finances for interested readers. Questions or requests for additional information should be directed to the Chief Financial Officer at 301 West Main Street, Carrboro, North Carolina 27510. Related financial documents are available on the Town's website at www.carrboronc.gov/finance.

BASIC FINANCIAL STATEMENTS

TOWN OF CARRBORO, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,021,820	\$ 3,249,352	\$ 23,271,172	\$ 312,212
Receivables:				
Taxes receivable, net	89,512	-	89,512	-
Accrued interest receivable	24,176	-	24,176	-
Accounts receivable, net	41,773	86,027	127,800	-
Due from primary government	-	-	-	64,062
Due from other governments	5,853,508	-	5,853,508	-
Lease receivable	112,812	-	112,812	-
Inventories	12,367	-	12,367	-
Prepaid items	104,421	-	104,421	-
Restricted cash	1,080,213	-	1,080,213	-
Total current assets	<u>27,340,602</u>	<u>3,335,379</u>	<u>30,675,981</u>	<u>376,274</u>
Noncurrent assets:				
Notes receivable, net	57,646	-	57,646	-
Lease receivable, noncurrent	131,899	-	131,899	-
Capital assets:				
Right to use lease asset, net of amortization	20,541	-	20,541	-
Land and construction in progress	16,053,411	-	16,053,411	-
Other capital assets, net of accumulated depreciation	42,090,128	574,196	42,664,324	-
Total noncurrent assets	<u>58,353,625</u>	<u>574,196</u>	<u>58,927,821</u>	<u>-</u>
Total assets	<u>85,694,227</u>	<u>3,909,575</u>	<u>89,603,802</u>	<u>376,274</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	4,673,535	84,172	4,757,707	-
OPEB deferrals	1,936,579	39,522	1,976,101	-
Total deferred outflows	<u>6,610,114</u>	<u>123,694</u>	<u>6,733,808</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,385,287	38,096	1,423,383	49,896
Payable from restricted assets, customer deposits and performance bonds	42,002	-	42,002	-
Revenues received in advance	123,720	-	123,720	-
Due to component unit	64,062	-	64,062	-
Accrued interest payable	118,360	-	118,360	-
Current portion of total pension liability - LEO	183,459	-	183,459	-
Current portion of total OPEB liability	373,770	7,628	381,398	-
Current portion of long-term liabilities	1,953,611	18,511	1,972,122	-
Total current liabilities	<u>4,244,271</u>	<u>64,235</u>	<u>4,308,506</u>	<u>49,896</u>
Long-term liabilities:				
Net pension liability - LGERS	7,263,078	148,226	7,411,304	-
Total pension liability - LEO, net of current	2,267,907	-	2,267,907	-
Total OPEB liability, net of current	15,733,243	321,087	16,054,330	-
Due in more than one year	12,860,135	-	12,860,135	-
Total noncurrent liabilities	<u>38,124,363</u>	<u>469,313</u>	<u>38,593,676</u>	<u>-</u>
Total liabilities	<u>42,368,634</u>	<u>533,548</u>	<u>42,902,182</u>	<u>49,896</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	330,674	2,813	333,487	-
OPEB deferrals	5,319,894	108,569	5,428,463	-
Deferred lease revenue	211,449	-	211,449	-
Total deferred inflows	<u>5,862,017</u>	<u>111,382</u>	<u>5,973,399</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	44,542,307	574,196	45,116,503	-
Restricted for:				
Stabilization by State Statute	5,698,283	-	5,698,283	64,062
Streets	932,651	-	932,651	-
Economic development	105,560	-	105,560	-
Unrestricted	(7,205,111)	2,814,143	(4,390,968)	262,316
Total net position	<u>\$ 44,073,690</u>	<u>\$ 3,388,339</u>	<u>\$ 47,462,029</u>	<u>\$ 326,378</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 12,187,555	\$ 592,298	\$ 229,763	\$ 32,790
Public safety	8,786,403	882,752	-	-
Planning	1,855,327	22,363	4,570	-
Transportation	2,435,145	-	756,653	-
Public works	4,226,243	108,281	100,000	16,412
Parks and recreation	2,495,974	-	35,898	-
Economic and physical development	533,204	-	69,208	-
Interest on long-term debt	376,788	-	-	-
Total governmental activities	<u>32,896,639</u>	<u>1,605,694</u>	<u>1,196,092</u>	<u>49,202</u>
Business-type activities:				
Stormwater	652,444	1,116,902	-	-
Parking	103,587	-	-	-
Total business-type activities	<u>756,031</u>	<u>1,116,902</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 33,652,670</u>	<u>\$ 2,722,596</u>	<u>\$ 1,196,092</u>	<u>\$ 49,202</u>
Component unit:				
Tourism Development Authority	263,278	\$ -	\$ -	\$ -
Total component unit	<u>\$ 263,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option sales taxes				
Other taxes				
Unrestricted intergovernmental revenues				
Unrestricted investment earnings				
Gain on disposal				
Miscellaneous				
Total general revenues not including transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

The accompanying notes are an integral part of these financial statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Carrboro Tourism Development Authority
\$ (11,332,704)	\$ -	\$ (11,332,704)	\$ -
(7,903,651)	-	(7,903,651)	-
(1,828,394)	-	(1,828,394)	-
(1,678,492)	-	(1,678,492)	-
(4,001,550)	-	(4,001,550)	-
(2,460,076)	-	(2,460,076)	-
(463,996)	-	(463,996)	-
(376,788)	-	(376,788)	-
<u>(30,045,651)</u>	<u>-</u>	<u>(30,045,651)</u>	<u>-</u>
-	464,458	464,458	-
-	(103,587)	(103,587)	-
-	<u>360,871</u>	<u>360,871</u>	-
<u>(30,045,651)</u>	<u>360,871</u>	<u>(29,684,780)</u>	<u>-</u>
-	-	-	(263,278)
-	-	-	<u>(263,278)</u>
16,332,845	-	16,332,845	-
7,293,462	-	7,293,462	-
2,045,877	-	2,045,877	225,520
1,790,017	-	1,790,017	-
1,121,370	121,665	1,243,035	-
34,783	-	34,783	-
701,827	480	702,307	-
<u>29,320,181</u>	<u>122,145</u>	<u>29,442,326</u>	<u>225,520</u>
<u>(216,000)</u>	<u>216,000</u>	<u>-</u>	<u>-</u>
<u>29,104,181</u>	<u>338,145</u>	<u>29,442,326</u>	<u>225,520</u>
(941,470)	699,016	(242,454)	(37,758)
<u>45,216,526</u>	<u>2,689,323</u>	<u>47,905,849</u>	<u>364,136</u>
<u>\$ 44,275,056</u>	<u>\$ 3,388,339</u>	<u>\$ 47,663,395</u>	<u>\$ 326,378</u>

TOWN OF CARRBORO, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2025

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS				
Cash and cash equivalents	\$ 17,177,102	\$ 211,859	\$ 2,632,859	\$ 20,021,820
Taxes receivable, net	89,512	-	-	89,512
Accounts receivable, net	41,773	-	-	41,773
Due from other governments	2,978,664	2,862,351	12,493	5,853,508
Lease receivable	244,711	-	-	244,711
Notes receivable, net	-	-	57,646	57,646
Inventories	12,367	-	-	12,367
Prepaid items	104,421	-	-	104,421
Restricted cash	974,653	105,560	-	1,080,213
Total assets	\$ 21,623,203	\$ 3,179,770	\$ 2,702,998	\$ 27,505,971
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,095,832	\$ 282,292	\$ 7,163	\$ 1,385,287
Payable from restricted assets, customer deposits and performance bonds	42,002	-	-	42,002
Revenues received in advance	123,720	-	-	123,720
Due to component unit	64,062	-	-	64,062
Total liabilities	1,325,616	282,292	7,163	1,615,071
DEFERRED INFLOWS OF RESOURCES	258,043	-	57,646	315,689
FUND BALANCES				
Nonspendable:				
Inventories	12,367	-	-	12,367
Prepaid items	104,421	-	-	104,421
Leases	33,262	-	-	33,262
Restricted:				
Stabilization by state statute	5,698,283	-	-	5,698,283
Powell Bill (streets)	932,651	-	-	932,651
Capital projects	-	105,560	-	105,560
Committed:				
Economic and physical development	-	-	659,217	659,217
Capital projects	-	2,791,918	653,678	3,445,596
Affordable housing	-	-	1,160,783	1,160,783
Energy efficiency	-	-	164,511	164,511
Assigned:				
Subsequent year's expenditures	3,895,143	-	-	3,895,143
Unassigned	9,363,417	-	-	9,363,417
Total fund balances	20,039,544	2,897,478	2,638,189	25,575,211
Total liabilities, deferred inflows of resources and fund balances	\$ 21,623,203	\$ 3,179,770	\$ 2,702,998	\$ 27,505,971

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Total Governmental Funds</u>
Total fund balances - governmental funds	\$ 25,575,211
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	58,164,080
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	24,176
Deferred outflows of resources related to pensions are not reported in the fund statements.	4,673,535
Deferred outflows of resources related to OPEB are not reported in the fund statements.	1,936,579
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	104,240
Some liabilities, including long-term obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(14,813,746)
Deferred inflows of resources related to pensions are not reported in the fund statements.	(330,674)
Deferred inflows of resources related to OPEB are not reported in the fund statements.	(5,319,894)
Net pension liability - LGERS	(7,263,078)
Total pension liability - LEO	(2,451,366)
Total OPEB liability	(16,107,013)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(118,360)</u>
Net position of governmental activities	<u><u>\$ 44,073,690</u></u>

TOWN OF CARRBORO, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	American Rescue Plan Act Special Revenue Fund	Capital Projects Fund		
Revenues:					
Ad valorem taxes	\$ 15,959,469	\$ -	\$ -	\$ 404,114	\$ 16,363,583
Local option sales taxes	7,293,462	-	-	-	7,293,462
Other taxes and licenses	2,045,877	-	-	-	2,045,877
Unrestricted intergovernmental	1,790,017	-	-	-	1,790,017
Restricted intergovernmental	833,920	-	5,676,850	110,008	6,620,778
Permits and fees	1,546,930	-	-	-	1,546,930
Sales and services	82,388	-	-	-	82,388
Investment earnings	946,802	-	93,597	80,971	1,121,370
Other	292,347	-	-	504,838	797,185
Total revenues	<u>30,791,212</u>	<u>-</u>	<u>5,770,447</u>	<u>1,099,931</u>	<u>37,661,590</u>
Expenditures:					
General government	11,482,129	-	956,022	-	12,438,151
Public safety	9,059,312	-	-	-	9,059,312
Planning	1,810,713	-	-	-	1,810,713
Transportation	2,366,281	-	-	-	2,366,281
Public works	4,743,926	-	-	-	4,743,926
Economic and physical development	-	-	148,048	385,156	533,204
Parks and recreation	2,032,087	-	27,375	-	2,059,462
Capital outlay	25,286	-	11,521,889	383,164	11,930,339
Debt service:					
Principal	1,332,837	-	-	-	1,332,837
Interest and other charges	395,606	-	-	-	395,606
Total expenditures	<u>33,248,177</u>	<u>-</u>	<u>12,653,334</u>	<u>768,320</u>	<u>46,669,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,456,965)</u>	<u>-</u>	<u>(6,882,887)</u>	<u>331,611</u>	<u>(9,008,241)</u>
Other financing sources (uses):					
Transfers to other funds	(2,332,106)	(365,315)	-	(44,827)	(2,742,248)
Transfers from other funds	365,315	-	1,798,705	362,228	2,526,248
Sale of capital assets	34,783	-	-	-	34,783
Total other financing sources (uses)	<u>(1,932,008)</u>	<u>(365,315)</u>	<u>1,798,705</u>	<u>317,401</u>	<u>(181,217)</u>
Net change in fund balances	<u>(4,388,973)</u>	<u>(365,315)</u>	<u>(5,084,182)</u>	<u>649,012</u>	<u>(9,189,458)</u>
Fund balance, beginning of year	<u>24,428,517</u>	<u>365,315</u>	<u>7,981,660</u>	<u>1,989,177</u>	<u>34,764,669</u>
Fund balance, end of year	<u>\$ 20,039,544</u>	<u>\$ -</u>	<u>\$ 2,897,478</u>	<u>\$ 2,638,189</u>	<u>\$ 25,575,211</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total net change in fund balances - governmental funds	\$	(9,189,458)
--------------------------------------------------------	----	-------------

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 these assets is capitalized and allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital outlay	\$ 14,888,493		
Depreciation expense	(2,439,934)		
Amortization expense	<u>(43,973)</u>		12,404,586

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(149,719)
------------------------------------------------------------------------------------------------------------------------------------	--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	\$ 1,332,837		
Change in accrued interest payable	<u>13,951</u>		1,346,788

The governmental funds report current year contributions to the Town's defined benefit pension and OPEB plans whereas the Statement of Activities reports pension and OPEB expense. These amounts represent the differences between current year contributions and expenses for the applicable plan:

Pension expense - LGERS	\$ (462,852)		
Pension expense - LEOSSA	(164,314)		
OPEB expense	<u>831,268</u>		204,102

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

Receipt of joint capital project deposit from Orange County		(5,576,850)
-------------------------------------------------------------	--	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond premiums	\$ 4,866		
Change in compensated absences	<u>(187,151)</u>		<u>(182,285)</u>

Total changes in net position of governmental activities		<u><u>\$ (1,142,836)</u></u>
-----------------------------------------------------------------	--	-------------------------------------

TOWN OF CARRBORO, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 16,745,979	\$ 15,639,433	\$ 15,959,469	\$ 320,036
Local option sales taxes	6,268,900	6,906,598	7,293,462	386,864
Other taxes and licenses	1,864,150	1,864,150	2,045,877	181,727
Unrestricted intergovernmental	1,441,000	1,441,000	1,790,017	349,017
Restricted intergovernmental	179,000	715,686	833,920	118,234
Permits and fees	1,435,536	1,496,667	1,546,930	50,263
Sales and services	162,100	162,100	82,388	(79,712)
Investment earnings	188,880	603,098	946,802	343,704
Other revenues	222,736	241,736	292,347	50,611
Total revenues	<u>28,508,281</u>	<u>29,070,468</u>	<u>30,791,212</u>	<u>1,720,744</u>
Expenditures				
Current:				
General government	8,025,691	9,512,363	8,299,550	1,212,813
Public safety	7,939,021	9,262,234	9,059,312	202,922
Planning	2,240,191	2,315,001	1,810,713	504,288
Transportation	2,366,281	2,496,917	2,366,281	130,636
Public works	4,713,175	5,181,952	4,769,212	412,740
Parks and recreation	2,332,891	2,497,483	2,032,087	465,396
Non-departmental	3,108,382	7,052,483	3,182,579	3,869,904
Debt service	1,744,022	1,744,022	1,728,443	15,579
Total expenditures	<u>32,469,654</u>	<u>40,062,455</u>	<u>33,248,177</u>	<u>6,814,278</u>
Deficiency of revenues under expenditures	<u>(3,961,373)</u>	<u>(10,991,987)</u>	<u>(2,456,965)</u>	<u>8,535,022</u>
Other financing sources (uses)				
Transfers from other funds	-	365,315	365,315	-
Transfers to other funds	(216,000)	(2,332,106)	(2,332,106)	-
Sale of capital assets	60,000	60,000	34,783	(25,217)
Total other financing uses	<u>(156,000)</u>	<u>(1,906,791)</u>	<u>(1,932,008)</u>	<u>(25,217)</u>
Deficiency of revenues and other financing sources under expenditures	<u>(4,117,373)</u>	<u>(12,898,778)</u>	<u>(4,388,973)</u>	<u>8,509,805</u>
Appropriated fund balance	<u>4,117,373</u>	<u>12,898,778</u>	<u>-</u>	<u>(12,898,778)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,388,973)</u>	<u>\$ (4,388,973)</u>
Fund balance, beginning of year			<u>24,428,517</u>	
Fund balance, end of year			<u>\$ 20,039,544</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	<u>Major Enterprise Funds</u>	<u>Nonmajor Fund</u>	<u>Total Enterprise</u>
	<u>Stormwater Utility Enterprise Fund</u>	<u>Parking Enterprise Fund</u>	<u>Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,133,659	\$ 115,693	\$ 3,249,352
Accounts receivable	86,027	-	86,027
Total current assets	<u>3,219,686</u>	<u>115,693</u>	<u>3,335,379</u>
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	574,196	-	574,196
Total noncurrent assets	<u>574,196</u>	<u>-</u>	<u>574,196</u>
Total assets	<u>3,793,882</u>	<u>115,693</u>	<u>3,909,575</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	84,172	-	84,172
OPEB deferrals	39,522	-	39,522
Total deferred outflows of resources	<u>123,694</u>	<u>-</u>	<u>123,694</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	38,096	-	38,096
Current portion of compensated absences	18,511	-	18,511
Current portion of total OPEB liability	7,628	-	7,628
Total current liabilities	<u>64,235</u>	<u>-</u>	<u>64,235</u>
Long-term liabilities:			
Net pension liability - LGERS	148,226	-	148,226
Total OPEB liability	321,087	-	321,087
Total long-term liabilities	<u>469,313</u>	<u>-</u>	<u>469,313</u>
Total liabilities	<u>533,548</u>	<u>-</u>	<u>533,548</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	2,813	-	2,813
OPEB deferrals	108,569	-	108,569
Total deferred inflows of resources	<u>111,382</u>	<u>-</u>	<u>111,382</u>
NET POSITION			
Investment in capital assets	574,196	-	574,196
Unrestricted	2,698,450	115,693	2,814,143
Total net position	<u>\$ 3,272,646</u>	<u>\$ 115,693</u>	<u>\$ 3,388,339</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Major Enterprise Funds</u>	<u>Nonmajor Fund</u>	<u>Total Enterprise Funds</u>
	<u>Stormwater Utility Enterprise Fund</u>	<u>Parking Enterprise Fund</u>	
Operating revenues			
Charges for services	\$ 1,116,902	\$ -	\$ 1,116,902
Total operating revenues	<u>1,116,902</u>	<u>-</u>	<u>1,116,902</u>
Operating expenses			
Personnel services	422,894	-	422,894
Depreciation and amortization	27,887	-	27,887
Other current charges	201,663	103,587	305,250
Total operating expenses	<u>652,444</u>	<u>103,587</u>	<u>756,031</u>
Operating income (loss)	464,458	(103,587)	360,871
Nonoperating revenues			
Investment earnings	121,295	370	121,665
Interest and other charges	480	-	480
Total nonoperating revenues	<u>121,775</u>	<u>370</u>	<u>122,145</u>
Income (loss) before transfers	<u>586,233</u>	<u>(103,217)</u>	<u>483,016</u>
Transfers			
Transfers from general fund	-	216,000	216,000
Total transfers	<u>-</u>	<u>216,000</u>	<u>216,000</u>
Change in net position	586,233	112,783	699,016
Net position, beginning of year	<u>2,686,413</u>	<u>2,910</u>	<u>2,689,323</u>
Net position, end of year	<u>\$ 3,272,646</u>	<u>\$ 115,693</u>	<u>\$ 3,388,339</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Major Enterprise Funds	Nonmajor Fund	Total Enterprise
	Stormwater Utility Enterprise Fund	Parking Enterprise Fund	Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,107,149	\$ -	\$ 1,107,149
Cash paid for goods and services	(248,275)	(103,587)	(351,862)
Cash paid to or on behalf of employees for services	(423,886)	-	(423,886)
Net cash provided by (used in) operating activities	434,988	(103,587)	331,401
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	216,000	216,000
Net cash provided by noncapital financing activities	-	216,000	216,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	121,775	370	122,145
Net cash provided by investing activities	121,775	370	122,145
Net increase in cash and cash equivalents	556,763	112,783	669,546
Cash and cash equivalents:			
Beginning of year	2,576,896	2,910	2,579,806
End of year	\$ 3,133,659	\$ 115,693	\$ 3,249,352
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 464,458	\$ (103,587)	\$ 360,871
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	27,887	-	27,887
Change in assets, deferred outflows and inflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(9,753)	-	(9,753)
Increase (decrease) in accounts payable and accrued liabilities	(46,612)	-	(46,612)
Increase (decrease) in accrued vacation pay	6,527	-	6,527
(Increase) decrease in deferred outflows of resources for pensions	6,784	-	6,784
Increase (decrease) in deferred inflows of resources for pensions	(331)	-	(331)
(Increase) decrease in deferred outflows of resources for OPEB	12,245	-	12,245
Increase (decrease) in deferred inflows of resources for OPEB	(28,914)	-	(28,914)
Increase (decrease) in net pension liability	(4,420)	-	(4,420)
Increase (decrease) in total OPEB liability	7,117	-	7,117
Net cash provided by (used in) operating activities	\$ 434,988	\$ (103,587)	\$ 331,401

The accompanying notes are an integral part of these financial statements.

TOWN OF CARRBORO, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Carrboro Tourism Development Authority

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

Basis of Presentation

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The Town reports the following major governmental funds:

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

American Rescue Plan Act (ARPA) Special Revenue Fund. The ARPA Special Revenue Fund is used to account for amounts received from the Coronavirus State and Local Fiscal Recovery Funds related to the American Rescue Plan Act of 2021. The use of income from the fund is restricted to supporting economic recovery from the COVID-19 pandemic. The Town closed this fund during the fiscal year ended June 30, 2025.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

The Town reports the following non-major governmental funds:

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

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

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

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

Revolving Loan Fund. The Revolving Loan Fund is used to account for loans made to various local businesses. The primary revenue source consists of principal and interest repayments made on these loans.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Town reports the following major enterprise fund:

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

The Town reports the following non-major enterprise fund:

Parking Enterprise Fund. This fund is used to account for all parking related expenses for the growing needs of parking facilities in the Town. The Town Council has requested a parking study to consider the implementation of parking fees for various parking facilities. The Parking Enterprise Fund has been funded with a transfer from the General Fund since the COVID-19 pandemic and the Town paused parking fees. This will resume until such time that the Fund can generate its own revenue source.

Measurement Focus and Basis of Accounting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deposits and Investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Assets

Credit deposits in the amount of \$42,002 are considered a liability and classified as restricted cash. The Town requires builders/contractors to pay a credit deposit when, due to circumstances beyond their control, there is uncompleted work on a construction project and the builder/contractor needs to have the Planning Department issue a Certificate of Occupancy for the property. Once the Town has ensured that the work has been satisfactorily completed, the credit deposit funds are released. Powell Bill funds in the amount of \$932,651 are also classified as restricted cash because they can be expended only for the purposes outlined in G. S. 136-41.1 through 136-41.4. Unexpended debt proceeds in the amount of \$105,560 are classified as restricted cash, as they may only be spent for the purposes of the related debt issuance.

Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventory and Prepaid Items

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory and Prepaid Items (Continued)

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

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.”

Lease Receivable

The Town is a lessor for a non-cancellable lease of two tower leases and a network hut. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Minimum capitalization costs are as follows:

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

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

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

	<u>Years</u>
Land improvements, buildings, and infrastructure	20 - 40
Furniture, fixtures, equipment, heavy equipment and vehicles	5 - 10
Computer equipment and software	3

Right-to-Use Assets

The Town's capital assets also include certain intangible right-to-use assets. These right-to-use assets arise in association with agreements where the Town reports a lease (where the Town serves as lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with GAAP requirements.

The intangible right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-to-Use Assets (Continued)

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term are reported as a prepayment (asset). Such prepayments are reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives are reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount is included in the initial measurement of the subscription asset. The right-to-use subscription assets are amortized on a straight-line basis over the subscription term.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals and OPEB deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable (including an unavailable contribution) which are net of allowance, as well as pension and OPEB-related deferrals, and deferred lease revenue.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

Issuance costs, whether or not held from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Any used sick leave accumulated for employees that leave the Town before retirement is forfeited. The Town determined based on a four-year look-back period that the Town does not have sick leave that is more likely than not to be paid out through a cash settlement at year end or otherwise paid or settled. As such, no compensated absence is recorded related to sick leave.

Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

Flow assumptions. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

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

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

Pension

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

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

At June 30, 2025, the Town's deposits had a carrying amount of \$2,838,249 and a bank balance of \$3,800,014. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. The carrying amount of deposits for the CTDA was \$312,212 and the bank balance of deposits was \$312,212. Of the CTDA's bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. At June 30, 2025, the Town's petty cash fund totaled \$150.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Investments

At June 30, 2025, the Town had \$21,512,986 invested with the North Carolina Capital Management Trust Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk. All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Credit risk – State statutes and the Town's policies authorize the Town to invest in obligations of the state of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S.

Receivables

Due from Other Governments

Amounts due from other governments consist of the following:

	Other	County	State	Total
General fund:				
Local option sales tax	\$ -	\$ -	\$ 1,936,818	\$ 1,936,818
Sales tax refunds	-	157,733	280,106	437,839
Utilities franchise, piped natural gas, telecommunications and video sales programming	-	-	359,535	359,535
Solid waste disposal tax	-	-	3,910	3,910
NCVTS tag and tax proceeds	-	-	164,874	164,874
Other	31,259	41,773	2,656	75,688
	31,259	199,506	2,747,899	2,978,664
Grant administration fund:				
Grant reimbursements	-	-	10,866	10,866
Bond fund:				
Grant reimbursements	-	-	1,627	1,627
Capital projects fund				
Balance due under inter-local agreement	-	2,862,351	-	2,862,351
Total	\$ 31,259	\$ 3,061,857	\$ 2,760,392	\$ 5,853,508

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Notes Receivable

The Revolving Loan Fund was established for the purpose of making loans to numerous local businesses. As of June 30, 2025, two of the four Revolving Loan Fund notes receivable are fully reserved. The following is a summary of notes receivable of the Revolving Loan Fund at June 30, 2025:

	Interest Rate	Balance
Bryan's Guitar	3.00%	\$ 50,613
Carrboro Creative Coworking	2.00%	15,161
The Cheese Shop	9.50%	11,603
Tesoro LLC	3.00%	3,394
		80,771
Less allowance		(65,774)
Total		\$ 14,997

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

The following is a summary of notes receivable of the Small Business and NP Loan/Grant COVID-19 Emergency Fund at June 30, 2025:

Armadillo Grill	\$ 7,768
Be Pure	8,668
Carrboro Coffee Company	6,964
Ceremony Salon	4,997
Creative Electric of NC	4,440
Dispute Settlement Center	7,768
Grow Your World	4,156
Lazarus Repair & Maintenance	4,474
OE Enterprises, Inc.	7,768
Open Eye Café	8,303
Pilot Mission, LLC	3,926
Twin House Music, LLC	5,480
Wax Poetic	7,768
	82,480
Less allowance	(39,831)
Total	\$ 42,649

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. **DETAIL NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

Notes Receivable (Continued)

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, 2025, the Affordable Housing Fund notes receivable balance was \$0, net of allowances of \$442,979, for three notes receivable from separate nonprofit housing entities, which are forgivable in equal amounts over a 30-year period, as long as the entities remain in compliance with the requirements of the loan agreements.

Receivables - Allowance for Doubtful Accounts

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

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

General fund:

Property taxes	\$ 27,800
----------------	-------------

Leases Receivable

Under lease agreements, the Town has allowed two cellular providers to have equipment on the Town-owned cell towers and has allowed service provider equipment on the Town's site. The terms of these lease agreements expire fiscal year 2027 through fiscal year 2028. Payments increase annually at a rate of 3% for two of the leases and remain constant through the lease term for one of the lease agreements. The lessees are responsible for keeping in full force and effect a comprehensive general liability insurance policy of at least \$2,000,000 from any one occurrence in respect to bodily injury (including death) and damage to property. The lessees agree that no part of the equipment, building or improvements constructed, erected or placed by the lessee on the tower or site shall be considered as being affixed or part of the tower or site, and will be removed by the lessees upon termination of the contractual agreements. In addition, the Town leases land to a communications provider for an equipment hut related to their fiber network. The term of the lease expires in fiscal year 2028. Rental payments under the lease remain constant throughout the lease term.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Future minimum lessee payments due to the Town under non-cancelable lease agreements are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 112,812	\$ 1,673	\$ 114,485
2027	123,175	885	124,060
2028	8,724	27	8,751
	<u>\$ 244,711</u>	<u>\$ 2,585</u>	<u>\$ 247,296</u>

The Town reported lease revenue of \$101,519 and interest revenue of \$2,399 during the year ended June 30, 2025. Deferred inflows of resources related to the leases receivable amounted to \$211,449 as of June 30, 2025.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956
Construction in progress	29,936,386	12,697,034	(41,327,965)	1,305,455
Total capital assets, not being depreciated	<u>44,684,342</u>	<u>12,697,034</u>	<u>(41,327,965)</u>	<u>16,053,411</u>
Capital assets, being depreciated				
Buildings and improvements	13,553,126	19,726,452	-	33,279,578
Land improvements	1,127,024	224,693	-	1,351,717
Infrastructure	18,477,794	858,243	-	19,336,037
Equipment and heavy equipment	8,386,788	497,573	(34,182)	8,850,179
Vehicles	9,121,780	956,022	(191,481)	9,886,321
Right-to-use lease assets	146,078	-	-	146,078
Total capital assets, being depreciated	<u>50,812,590</u>	<u>22,262,983</u>	<u>(225,663)</u>	<u>72,849,910</u>
Less accumulated depreciation for:				
Buildings and improvements	6,599,284	476,695	-	7,075,979
Land improvements	560,076	42,573	-	602,649
Infrastructure	7,029,191	666,444	-	7,695,635
Equipment and heavy equipment	7,522,393	395,511	(34,182)	7,883,722
Vehicles	6,688,489	858,711	(191,481)	7,355,719
Right-to-use lease assets	81,564	43,973	-	125,537
Total accumulated depreciation	<u>28,480,997</u>	<u>2,483,907</u>	<u>(225,663)</u>	<u>30,739,241</u>
Total capital assets being depreciated, net	<u>22,331,593</u>	<u>19,779,076</u>	<u>-</u>	<u>42,110,669</u>
Governmental capital assets, net	<u>\$ 67,015,935</u>	<u>\$ 32,476,110</u>	<u>\$ (41,327,965)</u>	<u>\$ 58,164,080</u>

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

General government	\$ 92,549
Public safety	662,368
Planning	44,614
Public works	1,256,952
Parks and recreation	427,424
Total depreciation and amortization expense	<u>\$ 2,483,907</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Capital Assets (Continued)

The Town and Orange County entered an interlocal agreement to share the cost to build a Condominium in the Town. During the year ended June 30, 2025, the project was completed, and the Town capitalized their portion of the project in the amount of \$18,771,101 and remainder was transferred to Orange County in the amount of \$21,256,441 which settled a due to Orange County at the government-wide level.

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater fund:				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated				
Buildings and improvements	114,998	-	-	114,998
Infrastructure	503,779	-	-	503,779
Vehicles	42,385	-	-	42,385
Equipment and heavy equipment	197,906	-	-	197,906
Total capital assets, being depreciated	<u>859,068</u>	<u>-</u>	<u>-</u>	<u>859,068</u>
Less accumulated depreciation for:				
Buildings and improvements	19,166	3,833	-	22,999
Infrastructure	41,402	12,595	-	53,997
Vehicles	32,394	2,982	-	35,376
Equipment and heavy equipment	164,023	8,477	-	172,500
Total accumulated depreciation	<u>256,985</u>	<u>27,887</u>	<u>-</u>	<u>284,872</u>
Total capital assets being depreciated, net	<u>602,083</u>	<u>(27,887)</u>	<u>-</u>	<u>574,196</u>
Business-type capital assets, net	<u>\$ 602,083</u>	<u>\$ (27,887)</u>	<u>\$ -</u>	<u>\$ 574,196</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

Construction Commitments

The Town has active capital projects as of June 30, 2025. At year end, the government's commitments with contractors/vendors are as follows:

Project	Spent to Date	Remaining Commitment
Bond Fund:		
Morgan Creek Greenway	\$ 590,292	\$ 48,951
Homestead Road Chapel Hill High School Multi-Use	178,496	4,591
South Greensboro Street Sidewalk	301,332	113,750
	1,070,120	167,292
Capital Projects Fund:		
Bus shelter replacement	15,300	117,500
	15,300	117,500
Total	\$ 1,085,420	\$ 284,792

B. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	\$ 404,200	\$ 691,632	\$ 1,095,832
Other governmental	289,455	-	289,455
Total governmental activities	\$ 693,655	\$ 691,632	\$ 1,385,287
Business-type activities:			
Stormwater	\$ 23,033	\$ 15,063	\$ 38,096
Total business-type activities	\$ 23,033	\$ 15,063	\$ 38,096

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations

(a) Local Governmental Employees' Retirement System

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(a) Local Governmental Employees' Retirement System (Continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Carrboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2025, was 15.10% of compensation for law enforcement officers and 13.60% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$1,748,865 for the year ended June 30, 2025.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(a) Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reported a liability of \$7,411,304 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town's proportion was 0.1099%, which was an increase of 0.0003% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$2,221,161. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,298,741	\$ 8,732
Net difference between projected and actual earnings on pension plan investments	1,007,562	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	153,389	131,894
Town contributions subsequent to the measurement date	1,748,865	-
Total	\$ 4,208,557	\$ 140,626

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(a) Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,748,865 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	\$ 706,559
2027	1,453,157
2028	273,276
2029	(113,926)
Total	<u>\$ 2,319,066</u>

Actuarial assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study as of December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(a) Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions (Continued). The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024, (measurement date) are summarized in the table in the following table:

Allocation/Exposure	Policy Target	Long-term Expected Portfolio Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2024 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(a) Local Governmental Employees' Retirement System (Continued)

Discount rate. The discount rate used to measure the total pension liability in the December 31, 2023 valuation was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability	\$ 13,133,048	\$ 7,411,304	\$ 2,704,383

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

(b) 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(b) Law Enforcement Officers' Special Separation Allowance

Plan description (Continued). All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2023, the date of the most recent actuarial valuation, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	35
Total	<u>42</u>

Summary of Significant Accounting Policies

Basis of accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 percent

The discount rate is based on the weekly average of the S&P Municipal Bond 20-Year High Grade Rate Index determined as of December 31, 2024, the measurement date.

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

Change in Actuarial Assumptions

On the prior measurement date (December 31, 2023), the Municipal Bond Index Rate, on which the discount rate is based, was 4.00%. Since the prior measurement date, the Municipal Bond Index Rate has increased to 4.28% as of the measurement date (December 31, 2024).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(b) Law Enforcement Officers' Special Separation Allowance

Contributions

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$183,459 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reported a total pension liability of \$2,451,366. The total pension liability was measured as of December 31, 2024, based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$347,773.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 406,005	\$ -
Changes of assumptions	63,170	192,861
Town benefit payments and plan administrative expense made subsequent to the measurement date	79,975	-
Total	\$ 549,150	\$ 192,861

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(b) Law Enforcement Officers' Special Separation Allowance

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$79,975 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2026	\$	100,098
2027		53,756
2028		61,763
2029		56,295
2030		4,402
Total	\$	<u>276,314</u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate

The following presents the Town's total pension liability calculated using the discount rate of 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.28 percent) or 1 percentage point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 2,621,903	\$ 2,451,366	\$ 2,295,275

Changes in the Total Pension Liability

Beginning balance	\$ 2,382,835
Service cost	79,621
Interest on the total pension liability	91,703
Differences between expected and actual experience	
in the measurement of the total pension liability	124,001
Changes of assumptions or other inputs	(46,249)
Benefit payments	(180,545)
Ending balance of the total pension liability	<u>\$ 2,451,366</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(b) Law Enforcement Officers' Special Separation Allowance

Changes in the Total Pension Liability (Continued)

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

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

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

	LGERS	LEOSSA	Total
Pension expense	\$ 2,221,161	\$ 347,773	\$ 2,568,934
Pension liability	7,411,304	2,451,366	9,862,670
Proportionate share of net pension liability	0.1099%	n/a	
Deferred outflows of resources			
Differences between expected and actual experience	1,298,741	406,005	1,704,746
Changes of assumptions	-	63,170	63,170
Net difference between projected and actual earnings on plan investments	1,007,562	-	1,007,562
Changes in proportion and differences between contributions and proportionate share of contributions	153,389	-	153,389
Benefit payments and administrative costs paid subsequent to the measurement date	1,748,865	79,975	1,828,840
	4,208,557	549,150	4,757,707
Deferred inflows of resources			
Differences between expected and actual experience	8,732	-	8,732
Changes of assumptions	-	192,861	192,861
Changes in proportion and differences between contributions and proportionate share of contributions	131,894	-	131,894
	140,626	192,861	333,487

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan Obligations (Continued)

(c) Supplemental Retirement Income Plan

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

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

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each law enforcement officer’s salary, and all amounts contributed are vested immediately. The Town has also elected to contribute each month an amount equal to 3% of each participating general employee’s salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2025, were \$915,242, which consisted of \$431,917 from the Town and \$483,325 from the employees.

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

D. Other Post-employment Benefits (OPEB)

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

D. Other Post-employment Benefits (OPEB) (Continued)

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

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

Membership of the HCB Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	53
Active plan members	154
Total	207

Total OPEB Liability

The Town's total OPEB liability of \$16,435,728 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

D. Other Post-employment Benefits (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent, including real wage growth
Salary increases	3.25 to 8.41 percent, including inflation and productivity factor
Discount rate	3.93 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% decreasing to an ultimate rate of 4.50% by 2033 Medicare - 5.125% decreasing to an ultimate rate of 4.50% by 2026

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

Changes in the Total OPEB Liability

Beginning balance	\$	16,450,520
Service cost		502,183
Interest on the total OPEB liability		610,342
Differences between expected and actual experience in the measurement of the total OPEB liability		20,432
Changes of assumptions or other inputs		(681,569)
Benefit payments and implicit subsidiary credit		(466,180)
Ending balance of the total OPEB liability	\$	<u>16,435,728</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

D. Other Post-employment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 19,087,347	\$ 16,435,728	\$ 14,320,732

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Healthcare Trend Rate	1% Decrease
Total OPEB liability	\$ 14,014,753	\$ 16,435,728	\$ 19,534,998

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Town recognized negative expense related to OPEB of \$371,251. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,396	\$ 2,422,338
Changes of assumptions	1,577,307	3,006,125
Benefit payments and administrative costs made subsequent to the measurement date	381,398	-
Total	\$ 1,976,101	\$ 5,428,463

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. **DETAIL NOTES ON ALL FUNDS (CONTINUED)**

D. Other Post-employment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$381,398 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2026	\$	(1,252,239)
2027		(815,968)
2028		(824,680)
2029		(685,944)
2030		(183,214)
Thereafter		(71,715)
Total	\$	<u><u>(3,833,760)</u></u>

Other Employment Benefits

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

D. Other Post-employment Benefits (OPEB) (Continued)

Other Employment Benefits (Continued)

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

E. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows
Contributions to pension plan in current fiscal year	\$ 1,748,865
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	79,975
Benefit payments made for OPEB subsequent to measurement date	381,398
Differences between actual and expected experience	1,722,142
Net difference between expected and actual earnings on plan investments	1,007,562
Changes of assumptions	1,640,477
Changes in proportion and differences between Town contributions and proportionate share of contributions	153,389
Total	\$ 6,733,808

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

	Statement of Net Position	Governmental Funds Balance Sheet
Taxes receivable, less penalties	\$ -	\$ 46,594
Notes receivable, net	-	57,646
Deferred lease revenue	211,449	211,449
OPEB Deferrals	5,428,463	-
Pension Deferrals	333,487	-
Total	\$ 5,973,399	\$ 315,689

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

F. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities.

Through these pools, the Town obtains general liability of \$5 million per occurrence and auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

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

In accordance with G.S. 159-29, the Town's employees 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 \$1,000,000. The remaining employees who have access to funds are bonded for \$10,000 per occurrence.

G. Long-term Obligations

(a) General obligation indebtedness

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

G. Long-term Obligations (Continued)

(a) General obligation indebtedness (Continued)

Bonds payable at June 30, 2025, are comprised of the following individual issue:

General Obligation Bonds

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

\$ 1,600,000

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 250,000	\$ 41,250
2027	250,000	35,625
2028	250,000	30,375
2029	250,000	24,125
2030	250,000	17,875
2031 - 2032	350,000	14,500
	\$ 1,600,000	\$ 163,750

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

The Town has direct borrowing installment purchase agreements for the purchase and/or improvement of personal property including vehicles and equipment. The installment purchase notes payable at June 30, 2025, are as follows:

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

\$ 818,856

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

G. Long-term Obligations (Continued)

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

Annual debt service payments of the direct borrowing installment purchases for equipment as of June 30, 2025, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 270,133	\$ 8,516
2027	272,943	5,707
2028	275,780	2,868
	\$ 818,856	\$ 17,091

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

The Town has direct borrowing installment purchase agreement for improvements. The installment purchase notes payable at June 30, 2025, are as follows:

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

\$ 11,254,000

Annual debt service payments of the direct borrowing installment purchase for improvements as of June 30, 2025, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 662,000	\$ 317,363
2027	662,000	298,694
2028	662,000	280,026
2029	662,000	261,358
2030	662,000	242,021
2031 - 2035	3,310,000	933,420
2036 - 2040	3,310,000	466,710
2041 - 2042	1,324,000	56,005
	\$ 11,254,000	\$ 2,855,597

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. **DETAIL NOTES ON ALL FUNDS (CONTINUED)**

G. Long-term Obligations (Continued)

(d) Lease Liabilities

The Town has recorded two right-to-use liabilities.

On March 1, 2023, the Town entered into a 34-month lease as lessee for the use of Carr Mill Mall Limited Partnership. An initial lease liability was recorded in the amount of \$95,064. The Town is required to make monthly fixed payments of \$2,875. The lease has an interest rate of 2.038%. The value of the right-to-use asset as of June 30, 2025, was \$95,064 with accumulated amortization of \$79,795.

On July 1, 2021, the Town entered into a 53-month lease as lessee for the use of Milner Copiers. An initial lease liability was recorded in the amount of \$51,014. The Town is required to make monthly fixed payments of \$951. The lease has an interest rate of 0.285%. The value of the right-to-use asset as of June 30, 2025, was \$51,014 with accumulated amortization of \$45,742.

Future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$ 22,847</u>	<u>\$ 107</u>	<u>\$ 22,954</u>

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

G. Long-term Obligations (Continued)

(e) Changes in long-term debt obligations

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Portion of Balance
Governmental activities:					
General obligation - bonds	\$ 1,850,000	\$ -	\$ 250,000	\$ 1,600,000	\$ 250,000
Premium on bond	36,496	-	4,866	31,630	4,866
Direct borrowing installment purchases - improvements	12,024,333	-	770,333	11,254,000	662,000
Direct borrowing installment purchases - equipment	1,086,209	-	267,353	818,856	270,133
Lease liabilities	67,998	-	45,151	22,847	22,847
Compensated absences *	899,262	187,151	-	1,086,413	743,766
Total OPEB liability	16,121,510	-	14,497	16,107,013	373,770
Net pension liability (LGERS)	7,116,450	146,628	-	7,263,078	-
Total pension liability (LEO)	2,382,835	68,531	-	2,451,366	183,459
Total governmental activities	41,585,093	402,310	1,352,200	40,635,203	2,510,841
Business-type activities:					
Compensated absences *	11,984	6,527	-	18,511	18,511
Total OPEB liability	329,010	-	295	328,715	7,628
Net pension liability (LGERS)	145,234	2,992	-	148,226	-
Total business-type activities	486,228	9,519	295	495,452	26,139
Total long-term obligations	\$ 42,071,321	\$ 411,829	\$ 1,352,495	\$ 41,130,655	\$ 2,536,980

* In accordance with GASB 101, *Compensated Absences*, the Town has chosen to present a net change in its liability for compensated absences.

The Town's legal debt margin at June 30, 2025, was \$220,203,762.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

H. Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2025, consist of the following:

From the General Fund to the Parking Operations Enterprise Fund to support operations until such time as the fund begins generating revenues.	\$ 216,000		
From the General Fund to the Capital Projects Fund to unanticipated additional costs on a project in the amount of the transfer.	1,753,878		
From the General Fund to the Nonmajor Governmental Fund to allocate funds to the various project funds.	362,228		
Transfer from the Grant Admin fund to the Capital Projects fund to support the new Wayfinding project.	44,827		
Transfer from the ARPA fund to the General fund to transfer the remaining interest income earned and close out the fund.	365,315		
Total	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 2,742,248</td> </tr> </table>		\$ 2,742,248
	\$ 2,742,248		

I. Net Investment in Capital Assets

Governmental activities:

Capital and leased assets	\$ 58,164,080
Less: related debt:	
General obligation bonds	(1,600,000)
Premium on bond issuance	(31,630)
Direct borrowing installment purchases - improvements	(11,254,000)
Direct borrowing installment purchases - equipment	(818,856)
Lease liabilities	(22,847)
Add: unexpended debt proceeds	105,560
Net investment in capital assets	\$ 44,542,307

Business-type activities:

Capital and leased assets	\$ 574,196
Net investment in capital assets	\$ 574,196

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

J. 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	\$	20,039,544
Less:		
Inventories		(12,367)
Prepays		(104,421)
Leases		(33,262)
Stabilization by state statute		(5,698,283)
Powell Bill (streets)		(932,651)
Appropriated fund balance in subsequent fiscal year's budget		(3,895,143)
Unassigned fund balance	\$	<u><u>9,363,417</u></u>

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

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

General fund	\$	<u><u>2,634,928</u></u>
Stormwater fund	\$	<u><u>94,874</u></u>
Affordable housing fund	\$	<u><u>178,002</u></u>
Bond fund	\$	<u><u>167,292</u></u>
Capital projects fund	\$	<u><u>3,780,351</u></u>
Facilities rehabilitation capital projects fund	\$	<u><u>140,508</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. 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 to not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Litigation

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. RELATED-PARTY TRANSACTIONS

The Town collected occupancy tax proceeds in the amount of \$232,495 for the CTDA. Of this amount, 3%, or \$6,975 was withheld as administration fees in the General Fund for the collection of the tax, with the remaining \$225,520 due to the CTDA. Amounts are remitted from the Town to the CTDA on a quarterly basis during the following month after the quarter end; therefore, there exists a payable from the Town (primary government) to the CTDA (component unit) for the fourth quarter (April through June) collections in the amount of \$64,062.

In addition, the CTDA reimburses a portion of the Town's long-term parking lease at 300 E. Main, which is located in close proximity to downtown businesses. The amount of the reimbursement was \$45,000 during the year ended June 30, 2025. As of June 30, 2025, the CTDA owes the Town \$49,897 for CTDA events paid for by the Town for which the CTDA is to reimburse the Town.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 2,382,835	\$ 2,005,092	\$ 2,136,506	\$ 2,057,740
Service cost	79,621	68,970	90,020	96,699
Interest on the total pension liability	91,703	83,580	46,810	38,434
Differences between expected and actual experience in the measurement of the total pension liability	124,001	309,008	153,996	126,914
Changes of assumptions and other inputs	(46,249)	47,942	(310,098)	(50,567)
Benefit payments	<u>(180,545)</u>	<u>(131,757)</u>	<u>(112,142)</u>	<u>(132,714)</u>
Ending balance of the total pension liability	<u>\$ 2,451,366</u>	<u>\$ 2,382,835</u>	<u>\$ 2,005,092</u>	<u>\$ 2,136,506</u>

Notes to the Schedule:

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

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

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

2021	2020	2019	2018	2017
\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019	\$ 1,548,384
57,596	51,566	54,174	50,529	53,184
46,540	49,150	45,312	54,918	52,965
62,506	86,934	26,014	(15,424)	-
534,823	39,325	(47,288)	77,967	(28,949)
(142,652)	(156,647)	(167,084)	(146,538)	(129,565)
<u>\$ 2,057,740</u>	<u>\$ 1,498,927</u>	<u>\$ 1,428,599</u>	<u>\$ 1,517,471</u>	<u>\$ 1,496,019</u>

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED SUPPLEMENTARY INFORMATION LAST NINE FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 2,451,366	\$ 2,382,835	\$ 2,005,092	\$ 2,136,506
Covered employee payroll	2,555,492	2,358,579	2,123,070	2,239,341
Total pension liability as a percentage of covered payroll	95.93%	101.03%	94.44%	95.41%

Notes to the Schedule:

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

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

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

2021	2020	2019	2018	2017
\$ 2,057,740	\$ 1,498,927	\$ 1,428,599	\$ 1,517,471	\$ 1,496,019
2,106,793	2,033,738	2,017,955	2,143,082	2,134,068
97.67%	73.70%	70.79%	70.81%	70.10%

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 502,183	\$ 510,449	\$ 742,971	\$ 825,261	\$ 548,056
Interest	610,342	596,230	442,265	476,270	579,983
Differences between expected and actual experience	20,432	(777,965)	(11,224)	(2,533,255)	(27,789)
Changes of assumptions or other inputs	(681,569)	(5,472)	(4,180,829)	653,890	4,028,868
Benefit payments	<u>(466,180)</u>	<u>(406,329)</u>	<u>(381,654)</u>	<u>(448,565)</u>	<u>(403,625)</u>
Net change in total OPEB liability	(14,792)	(83,087)	(3,388,471)	(1,026,399)	4,725,493
Total OPEB liability, beginning	<u>16,450,520</u>	<u>16,533,607</u>	<u>19,922,078</u>	<u>20,948,477</u>	<u>16,222,984</u>
Total OPEB liability, ending	<u>\$ 16,435,728</u>	<u>\$ 16,450,520</u>	<u>\$ 16,533,607</u>	<u>\$ 19,922,078</u>	<u>\$ 20,948,477</u>
Covered-employee payroll	\$ 9,702,611	\$ 9,702,611	\$ 8,581,590	\$ 8,581,590	\$ 8,230,323
Total OPEB liability as a percentage of covered-employee payroll	169.39%	169.55%	192.66%	232.15%	254.53%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

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

2020	2019	2018
\$ 627,875	\$ 669,530	\$ 764,631
755,138	697,815	623,406
(4,335,353)	(14,947)	(13,116)
(58,898)	(1,212,461)	(2,188,095)
<u>(352,745)</u>	<u>(306,331)</u>	<u>(287,110)</u>
(3,363,983)	(166,394)	(1,100,284)
<u>19,586,967</u>	<u>19,753,361</u>	<u>20,853,645</u>
<u>\$ 16,222,984</u>	<u>\$ 19,586,967</u>	<u>\$ 19,753,361</u>
\$ 8,230,323	\$ 6,862,156	\$ 6,862,156
197.11%	285.43%	287.86%

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Town's proportion of the net pension liability (asset) (%)	0.1099%	0.1096%	0.1178%	0.1195%
Town's proportion of the net pension liability (asset) (\$)	\$ 7,411,304	\$ 7,261,685	\$ 6,645,038	\$ 1,833,107
Town's covered payroll	11,171,763	10,125,639	9,368,408	9,413,488
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.34%	71.72%	70.93%	19.47%
Plan fiduciary net position as a percentage of the total pension liability	83.30%	82.49%	84.14%	95.51%

Notes to Schedule:

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

2021	2020	2019	2018	2017	2016
0.1226%	0.1251%	0.1153%	0.1325%	0.1363%	0.1481%
\$ 4,380,663	\$ 3,415,291	\$ 2,735,310	\$ 2,023,775	\$ 2,892,957	\$ 664,576
9,182,756	8,591,744	7,936,677	8,167,996	7,721,032	7,711,880
47.71%	39.75%	34.46%	24.78%	37.47%	8.62%
88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 1,748,865	\$ 1,466,584	\$ 1,237,798	\$ 1,073,371
Contributions in relation to the contractually required contribution	<u>1,748,865</u>	<u>1,466,584</u>	<u>1,237,798</u>	<u>1,073,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrboro's covered payroll	\$ 12,573,165	\$ 11,171,763	\$ 10,125,639	\$ 9,368,408
Contributions as a percentage of covered payroll	13.91%	13.13%	12.22%	11.46%

2021	2020	2019	2018	2017	2016
\$ 965,751	\$ 832,586	\$ 682,598	\$ 609,535	\$ 607,662	\$ 526,105
965,751	832,586	682,598	609,535	607,662	526,105
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,413,488	\$ 9,182,756	\$ 8,591,744	\$ 7,936,677	\$ 8,167,996	\$ 7,721,032
10.26%	9.07%	7.94%	7.68%	7.44%	6.81%

SUPPLEMENTARY INFORMATION

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Ad valorem taxes:				
Taxes	\$ 16,710,979	\$ 15,604,433	\$ 15,903,964	\$ 299,531
Penalties and interest	35,000	35,000	55,505	20,505
Total	<u>16,745,979</u>	<u>15,639,433</u>	<u>15,959,469</u>	<u>320,036</u>
Local option sales taxes:				
Article 39, 1%	1,750,000	2,118,849	2,431,980	313,131
Article 40, ½%	1,443,500	1,712,349	1,739,968	27,619
Article 42, ½%	867,000	867,000	1,218,978	351,978
Article 44, ½%	31,900	31,900	44,821	12,921
City hold harmless	2,176,500	2,176,500	1,857,715	(318,785)
Total	<u>6,268,900</u>	<u>6,906,598</u>	<u>7,293,462</u>	<u>386,864</u>
Other taxes and licenses:				
Room occupancy tax	300,000	300,000	232,403	(67,597)
Motor vehicle license fees, net of refunds and collection fees	1,562,047	1,562,047	1,811,924	249,877
Beer and wine licenses	2,103	2,103	1,550	(553)
Total	<u>1,864,150</u>	<u>1,864,150</u>	<u>2,045,877</u>	<u>181,727</u>
Unrestricted intergovernmental:				
Utility franchise tax	1,050,000	1,050,000	1,405,704	355,704
Piped natural gas tax	45,000	45,000	76,658	31,658
Video sales programming tax	62,000	62,000	54,190	(7,810)
Telecommunications sales tax	120,000	120,000	99,229	(20,771)
Direct-to-home satellite sales tax	50,000	50,000	34,959	(15,041)
EMS location	27,000	27,000	34,250	7,250
Beer and wine tax	87,000	87,000	85,027	(1,973)
Total	<u>1,441,000</u>	<u>1,441,000</u>	<u>1,790,017</u>	<u>349,017</u>
Restricted intergovernmental:				
Powell Bill	-	555,686	646,645	90,959
Solid waste disposal tax distribution	15,800	15,800	16,412	612
Planning work grant	20,000	20,000	4,570	(15,430)
NC risk management agency grant	20,000	20,000	-	(20,000)
ABC Board grant	19,000	-	-	-
Supplemental PEG channel support	53,000	53,000	37,579	(15,421)
U.S. Department of Justice block grant	600	600	-	(600)
Orange County reimbursement	-	-	13,237	13,237
Ped signalized crossings	15,000	15,000	71,868	56,868
Recreation municipal supplement	35,600	35,600	35,898	298
NCDOT reimbursement	-	-	7,711	7,711
Total	<u>179,000</u>	<u>715,686</u>	<u>833,920</u>	<u>118,234</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues (Continued)				
Fees and permits:				
Fire district fees	\$ 600,000	\$ 661,131	\$ 661,131	\$ -
Fire permitting fees	2,000	2,000	3,756	1,756
Building permits	60,000	60,000	97,100	37,100
Electrical permits	60,000	60,000	56,202	(3,798)
Mechanical permits	70,000	70,000	73,376	3,376
Plumbing permits	30,000	30,000	20,784	(9,216)
Refuse collection fees	57,500	57,500	53,307	(4,193)
Development review	27,000	27,000	22,363	(4,637)
Engineering fees	-	-	100	100
Technical review	60,000	60,000	60,080	80
Parking and animal violations	11,200	11,200	275	(10,925)
School resource officer contract fees	179,622	179,622	215,795	36,173
Recreation fees	176,263	176,263	187,749	11,486
Town Center fees	94,051	94,051	83,328	(10,723)
Miscellaneous fees	7,900	7,900	11,584	3,684
Total	<u>1,435,536</u>	<u>1,496,667</u>	<u>1,546,930</u>	<u>50,263</u>
Sales and services:				
Miscellaneous	162,100	162,100	82,388	(79,712)
Total	<u>162,100</u>	<u>162,100</u>	<u>82,388</u>	<u>(79,712)</u>
Investment earnings:				
Interest on investments	188,880	603,098	946,802	343,704
Other revenues:				
Rental income	2,370	2,370	3,247	877
Donations	13,650	32,650	8,849	(23,801)
Lease revenue	147,589	147,589	101,519	(46,070)
Miscellaneous	59,127	59,127	178,732	119,605
Total	<u>222,736</u>	<u>241,736</u>	<u>292,347</u>	<u>50,611</u>
Total revenues	<u>28,508,281</u>	<u>29,070,468</u>	<u>30,791,212</u>	<u>1,720,744</u>
Expenditures				
General government:				
Mayor and Town Council:				
Personnel services	132,925	163,119	163,120	(1)
Operations	335,216	351,826	188,749	163,077
Total	<u>468,141</u>	<u>514,945</u>	<u>351,869</u>	<u>163,076</u>
Advisory boards:				
Operations	64,291	68,191	18,218	49,973
Total	<u>64,291</u>	<u>68,191</u>	<u>18,218</u>	<u>49,973</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued)				
General government (Continued):				
Town manager:				
Personnel services	\$ 635,844	\$ 638,767	\$ 638,767	\$ -
Operations	229,875	318,107	108,369	209,738
Total	<u>865,719</u>	<u>956,874</u>	<u>747,136</u>	<u>209,738</u>
Economic and community development:				
Personnel services	122,080	149,859	149,860	(1)
Operations	241,440	241,690	238,011	3,679
Total	<u>363,520</u>	<u>391,549</u>	<u>387,871</u>	<u>3,678</u>
Town clerk:				
Personnel services	148,744	178,829	178,830	(1)
Operations	28,830	30,080	9,010	21,070
Total	<u>177,574</u>	<u>208,909</u>	<u>187,840</u>	<u>21,069</u>
Finance:				
Personnel services	746,061	782,787	782,787	-
Operations	617,719	868,648	842,340	26,308
Total	<u>1,363,780</u>	<u>1,651,435</u>	<u>1,625,127</u>	<u>26,308</u>
Human resources:				
Personnel services	653,097	758,607	758,607	-
Operations	108,710	195,840	135,214	60,626
Total	<u>761,807</u>	<u>954,447</u>	<u>893,821</u>	<u>60,626</u>
Information technology:				
Personnel services	590,737	717,140	592,767	124,373
Operations	1,759,449	2,084,198	2,126,670	(42,472)
Total	<u>2,350,186</u>	<u>2,801,338</u>	<u>2,719,437</u>	<u>81,901</u>
Race and equity:				
Personnel services	279,013	312,227	312,233	(6)
Operations	150,000	148,619	21,861	126,758
Total	<u>429,013</u>	<u>460,846</u>	<u>334,094</u>	<u>126,752</u>
Climate action:				
Personnel services	201,869	244,057	244,057	-
Operations	63,556	89,005	35,230	53,775
Total	<u>265,425</u>	<u>333,062</u>	<u>279,287</u>	<u>53,775</u>
Housing and community services:				
Personnel services	280,661	315,882	315,882	-
Operations	354,820	562,254	161,368	400,886
Total	<u>635,481</u>	<u>878,136</u>	<u>477,250</u>	<u>400,886</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued)				
General government (Continued):				
Communication and engagement:				
Personnel services	\$ 219,754	\$ 229,371	\$ 229,370	\$ 1
Operations	61,000	63,260	48,230	15,030
Total	<u>280,754</u>	<u>292,631</u>	<u>277,600</u>	<u>15,031</u>
Total general government	<u>8,025,691</u>	<u>9,512,363</u>	<u>8,299,550</u>	<u>1,212,813</u>
Public safety:				
Police department				
Personnel services	3,857,648	4,362,342	4,362,338	4
Operations	592,721	642,197	503,146	139,051
Total	<u>4,450,369</u>	<u>5,004,539</u>	<u>4,865,484</u>	<u>139,055</u>
Fire department:				
Personnel services	3,142,008	3,875,686	3,885,763	(10,077)
Operations	346,644	382,009	308,065	73,944
Total	<u>3,488,652</u>	<u>4,257,695</u>	<u>4,193,828</u>	<u>63,867</u>
Total public safety	<u>7,939,021</u>	<u>9,262,234</u>	<u>9,059,312</u>	<u>202,922</u>
Planning:				
Personnel services	1,504,296	1,494,032	1,494,031	1
Operations	735,895	820,969	316,682	504,287
Total planning	<u>2,240,191</u>	<u>2,315,001</u>	<u>1,810,713</u>	<u>504,288</u>
Transportation:				
Operations	2,366,281	2,496,917	2,366,281	130,636
Total transportation	<u>2,366,281</u>	<u>2,496,917</u>	<u>2,366,281</u>	<u>130,636</u>
Public works:				
Public works department:				
Personnel services	2,656,192	3,079,423	3,076,342	3,081
Operations	2,027,983	2,073,529	1,667,584	405,945
Capital outlay	29,000	29,000	25,286	3,714
Total public works	<u>4,713,175</u>	<u>5,181,952</u>	<u>4,769,212</u>	<u>412,740</u>
Parks and recreation:				
Recreation department:				
Personnel services	1,511,081	1,634,216	1,634,213	3
Operations	821,810	863,267	397,874	465,393
Total parks and recreation	<u>2,332,891</u>	<u>2,497,483</u>	<u>2,032,087</u>	<u>465,396</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued)				
Non-departmental:				
Personnel services	\$ 2,108,382	\$ 138,087	\$ 122,842	\$ 15,245
Operations	1,000,000	6,914,396	3,059,737	3,854,659
Total non-departmental	<u>3,108,382</u>	<u>7,052,483</u>	<u>3,182,579</u>	<u>3,869,904</u>
Debt service:				
Principal retirement	1,332,837	1,332,837	1,332,837	-
Interest and fees	411,185	411,185	395,606	15,579
Total debt service	<u>1,744,022</u>	<u>1,744,022</u>	<u>1,728,443</u>	<u>15,579</u>
 Total expenditures	 <u>32,469,654</u>	 <u>40,062,455</u>	 <u>33,248,177</u>	 <u>6,814,278</u>
Deficiency of revenues under expenditures	<u>(3,961,373)</u>	<u>(10,991,987)</u>	<u>(2,456,965)</u>	<u>8,535,022</u>
Other financing sources (uses):				
Transfers from other funds:				
From ARPA Fund	-	365,315	365,315	-
Transfers to other funds:				
To Capital Projects Fund	-	(1,699,356)	(1,699,356)	-
To Capital Reserve Fund	-	(32,000)	(32,000)	-
To Affordable Housing Fund	-	(188,193)	(188,193)	-
To Bond Fund	-	(196,557)	(196,557)	-
To Parking Operations Fund	(216,000)	(216,000)	(216,000)	-
Sale of capital assets	60,000	60,000	34,783	(25,217)
Total other financing uses	<u>(156,000)</u>	<u>(1,906,791)</u>	<u>(1,932,008)</u>	<u>(25,217)</u>
Deficiency of revenues and other financing uses under expenditures	<u>(4,117,373)</u>	<u>(12,898,778)</u>	<u>(4,388,973)</u>	<u>8,509,805</u>
Appropriated fund balance	<u>4,117,373</u>	<u>12,898,778</u>	<u>-</u>	<u>(12,898,778)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,388,973)</u>	<u>\$ (4,388,973)</u>
Fund balance, beginning of year			<u>24,428,517</u>	
Fund balance, end of year			<u>\$ 20,039,544</u>	

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN ACT FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
General revenues:					
ARPA grant	\$ 7,118,514	\$ 6,753,199	\$ -	\$ 6,753,199	\$ (365,315)
Investment earnings:					
Interest on investments	-	385,956	-	385,956	385,956
Total revenues	<u>7,118,514</u>	<u>7,139,155</u>	<u>-</u>	<u>7,139,155</u>	<u>20,641</u>
Expenditures					
General government:					
General administration	47,325	47,325	-	47,325	-
Economic and physical development	-	-	-	-	-
Total expenditures	<u>47,325</u>	<u>47,325</u>	<u>-</u>	<u>47,325</u>	<u>-</u>
Excess of revenues over expenditures	<u>6,694,466</u>	<u>6,735,748</u>	<u>-</u>	<u>6,735,748</u>	<u>41,282</u>
Other financing uses					
Transfer to General Fund	<u>(6,735,748)</u>	<u>(6,370,433)</u>	<u>(365,315)</u>	<u>(6,735,748)</u>	<u>-</u>
Total other financing uses	<u>(6,735,748)</u>	<u>(6,370,433)</u>	<u>(365,315)</u>	<u>(6,735,748)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(41,282)	365,315	(365,315)	-	41,282
Appropriated to fund balance	<u>41,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,282)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 365,315</u>	<u>(365,315)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>365,315</u>		
Fund balance, end of year			<u>\$ -</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
CAPITAL PROJECTS FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
General revenues:					
Federal STP-DA funds	\$ 30,000	\$ 14,820	\$ -	\$ 14,820	\$ (15,180)
Federal BGDA funds	96,000	-	-	-	(96,000)
CTDA Wayfinding	100,000	-	100,000	100,000	-
Interest on investments	69,512	732,116	41,567	773,683	704,171
Orange County contribution	22,218,882	15,679,591	5,576,850	21,256,441	(962,441)
Orange County 203 Grant	81,143	-	-	-	(81,143)
Arts Center settlement agreement	-	84,999	-	84,999	84,999
Total revenues	<u>22,595,537</u>	<u>16,511,526</u>	<u>5,718,417</u>	<u>22,229,943</u>	<u>(365,594)</u>
Expenditures					
Capital outlay:					
General (non-project)	47,279	-	-	-	47,279
Wayfinding	148,048	-	148,048	148,048	-
S. Greensboro Street conduit	95,000	-	-	-	95,000
203 Project on S. Greensboro Street	41,476,983	29,293,900	11,335,034	40,628,934	848,049
Westwood Cemetery	54,522	-	-	-	54,522
Bicycle loop Detectors	157,500	19,353	-	19,353	138,147
MLK park design and construction	2,761,196	2,760,676	-	2,760,676	520
Town comprehensive plan	250,000	227,498	-	227,498	22,502
Bus shelter replacement	288,000	15,300	-	15,300	272,700
Pedestrian safety improvements and bike plan	253,000	-	27,375	27,375	225,625
Jones Ferry Road retaining wall	100,000	11,596	6,989	18,585	81,415
108 Bim Street renovations	50,000	49,232	-	49,232	768
Anderson Park parking lot paving	120,000	14,744	-	14,744	105,256
2022 vehicles	1,245,000	1,019,966	-	1,019,966	225,034
East Main Street signal and pavement	337,481	284,268	-	284,268	53,213
2023 and 2024 vehicles	1,332,000	1,236,610	7,731	1,244,341	87,659
2025 vehicles	1,194,084	-	956,022	956,022	238,062
Aerial Ladder Truck Replacement	2,060,000	-	-	-	2,060,000
Town Hall renovations	922,135	-	172,135	172,135	750,000
Security upgrades Town Hall	145,000	144,705	-	144,705	295
Total capital outlay	<u>53,037,228</u>	<u>35,077,848</u>	<u>12,653,334</u>	<u>47,731,182</u>	<u>5,306,046</u>
Total expenditures	<u>53,037,228</u>	<u>35,077,848</u>	<u>12,653,334</u>	<u>47,731,182</u>	<u>5,306,046</u>
Deficiency of revenues under expenditures	<u>(30,441,691)</u>	<u>(18,566,322)</u>	<u>(6,934,917)</u>	<u>(25,501,239)</u>	<u>4,940,452</u>
Other financing sources					
Transfers from other funds:					
From General Fund	14,618,709	13,096,172	1,753,878	14,850,050	231,341
From Capital Reserve	2,254,555	649,000	-	649,000	(1,605,555)
From Bond Fund	20,000	200,000	-	200,000	180,000
From Stormwater Fund	312,600	41,600	-	41,600	(271,000)
From Grant Fund	44,827	-	44,827	44,827	-
Transfers to other funds:					
To Capital Reserve Fund	(649,000)	(649,000)	-	(649,000)	-
Installment purchase obligations issued	13,840,000	12,577,998	-	12,577,998	(1,262,002)
Total other financing sources	<u>30,441,691</u>	<u>25,915,770</u>	<u>1,798,705</u>	<u>27,714,475</u>	<u>(2,727,216)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,349,448</u>	<u>(5,136,212)</u>	<u>\$ 2,213,236</u>	<u>\$ 2,213,236</u>
Fund balance, beginning of year			7,349,448		
Fund balance, end of year			<u>\$ 2,213,236</u>		

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
CAPITAL PROJECTS FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

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

Interest on investments - Capital Reserve Fund	\$ 44,110
Interest on investments - Payment in Lieu Reserve Fund	7,920
Fund balance, beginning (Capital Reserve Fund)	451,746
Fund balance, beginning (Payment in Lieu Reserve Fund)	<u>180,466</u>
Fund balance, ending (Consolidated Capital Projects Fund)	<u>\$ 2,897,478</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	\$ 7,874	\$ 44,110	\$ 36,236
Total revenues	<u>7,874</u>	<u>44,110</u>	<u>36,236</u>
 Net change in fund balance	 <u>\$ -</u>	 44,110	 <u>\$ 44,110</u>
 Fund balance, beginning of year		 <u>451,746</u>	
 Fund balance, end of year		 <u>\$ 495,856</u>	

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PAYMENT IN LIEU RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest on investments	\$ -	\$ 7,920	\$ 7,920
Total revenues	<u>-</u>	<u>7,920</u>	<u>7,920</u>
 Net change in fund balance	 <u>\$ -</u>	 7,920	 <u>\$ 7,920</u>
 Fund balance, beginning of year		 <u>180,466</u>	
 Fund balance, end of year		 <u>\$ 188,386</u>	

TOWN OF CARRBORO, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds				
	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Small Business and NP Loan/ Grant COVID-19 Emergency Fund	Grants Administration Fund	Revolving Loan Fund
Assets					
Cash and investments	\$ 1,161,770	\$ 164,511	\$ 358,560	\$ 58,479	\$ 300,657
Due from other governments	-	-	-	10,866	-
Notes receivable, net	-	-	42,649	-	14,997
Total assets	<u>\$ 1,161,770</u>	<u>\$ 164,511</u>	<u>\$ 401,209</u>	<u>\$ 69,345</u>	<u>\$ 315,654</u>
Liabilities					
Accounts payable	\$ 987	\$ -	\$ -	\$ 6,176	\$ -
Total liabilities	<u>987</u>	<u>-</u>	<u>-</u>	<u>6,176</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>42,649</u>	<u>-</u>	<u>14,997</u>
Fund balances					
Committed:					
Affordable housing	1,160,783	-	-	-	-
Economic and physical development	-	-	358,560	-	300,657
Capital projects	-	-	-	63,169	-
Energy efficiency	-	164,511	-	-	-
Total fund balances	<u>1,160,783</u>	<u>164,511</u>	<u>358,560</u>	<u>63,169</u>	<u>300,657</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,161,770</u>	<u>\$ 164,511</u>	<u>\$ 401,209</u>	<u>\$ 69,345</u>	<u>\$ 315,654</u>

TOWN OF CARRBORO, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Capital Project Funds		Total Nonmajor Governmental Funds
	Facilities Rehabilitation Fund	Bond Fund	
Assets			
Cash and investments	\$ 201,366	\$ 387,516	\$ 2,632,859
Due from other governments	-	1,627	12,493
Notes receivable, net	-	-	57,646
Total assets	\$ 201,366	\$ 389,143	\$ 2,702,998
Liabilities			
Accounts payable	\$ -	\$ -	\$ 7,163
Total liabilities	-	-	7,163
Deferred inflows of resources	-	-	57,646
Fund balances			
Committed:			
Affordable housing	-	-	1,160,783
Economic and physical development	-	-	659,217
Capital projects	201,366	389,143	653,678
Energy efficiency	-	-	164,511
Total fund balances	201,366	389,143	2,638,189
Total liabilities, deferred inflows of resources and fund balances	\$ 201,366	\$ 389,143	\$ 2,702,998

TOWN OF CARRBORO, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds				
	Affordable Housing Fund	Energy Efficiency Revolving Loan Fund	Small Business and NP Loan/ Grant COVID-19 Emergency Fund	Grants Administration Fund	Revolving Loan Fund
Revenues					
Payment in lieu	\$ 367,359	\$ -	\$ -	\$ -	\$ -
Loan repayments	-	-	29,209	-	-
Ad valorem taxes	404,114	-	-	-	-
Grant revenues	-	-	-	-	-
Other revenues	-	-	-	94,208	14,062
Interest on investments	25,249	6,916	14,439	-	10,835
Total revenues	<u>796,722</u>	<u>6,916</u>	<u>43,648</u>	<u>94,208</u>	<u>24,897</u>
Expenditures					
Economic and physical development	330,591	-	-	42,445	12,120
Capital outlay	-	-	-	-	-
Total expenditures	<u>330,591</u>	<u>-</u>	<u>-</u>	<u>42,445</u>	<u>12,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>466,131</u>	<u>6,916</u>	<u>43,648</u>	<u>51,763</u>	<u>12,777</u>
Other financing sources (uses)					
Transfer from General Fund	188,193	-	-	32,000	-
Transfer to Capital Project Fund	-	-	-	(44,827)	-
Total other financing sources (uses)	<u>188,193</u>	<u>-</u>	<u>-</u>	<u>(12,827)</u>	<u>-</u>
Net change in fund balance	654,324	6,916	43,648	38,936	12,777
Fund balance, beginning of year	<u>506,459</u>	<u>157,595</u>	<u>314,912</u>	<u>24,233</u>	<u>287,880</u>
Fund balance, end of year	<u><u>\$ 1,160,783</u></u>	<u><u>\$ 164,511</u></u>	<u><u>\$ 358,560</u></u>	<u><u>\$ 63,169</u></u>	<u><u>\$ 300,657</u></u>

TOWN OF CARRBORO, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Facilities Rehabilitation Fund</u>	<u>Bond Fund</u>	
Revenues			
Payment in lieu	\$ -	\$ -	\$ 367,359
Loan repayments	-	-	29,209
Ad valorem taxes	-	-	404,114
Grant revenues	-	110,008	110,008
Other revenues	-	-	108,270
Interest on investments	16,969	6,563	80,971
Total revenues	<u>16,969</u>	<u>116,571</u>	<u>1,099,931</u>
Expenditures			
Economic and physical development	-	-	385,156
Capital outlay	<u>322,884</u>	<u>60,280</u>	<u>383,164</u>
Total expenditures	<u>322,884</u>	<u>60,280</u>	<u>768,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(305,915)</u>	<u>56,291</u>	<u>331,611</u>
Other financing sources (uses)			
Transfer from General Fund	-	142,035	362,228
Transfer to Capital Project Fund	-	-	(44,827)
Total other financing sources (uses)	<u>-</u>	<u>142,035</u>	<u>317,401</u>
Net change in fund balance	(305,915)	198,326	649,012
Fund balance, beginning of year	<u>507,281</u>	<u>190,817</u>	<u>1,989,177</u>
Fund balance, end of year	<u>\$ 201,366</u>	<u>\$ 389,143</u>	<u>\$ 2,638,189</u>

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
AFFORDABLE HOUSING FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Payment in lieu	\$ 279,107	\$ 264,632	\$ 367,359	\$ 631,991	\$ 352,884
Property taxes	2,158,387	1,273,398	404,114	1,677,512	(480,875)
Interest on investments	48,309	30,450	25,249	55,699	7,390
Total revenues	<u>2,485,803</u>	<u>1,568,480</u>	<u>796,722</u>	<u>2,365,202</u>	<u>(120,601)</u>
Expenditures					
Critical home repairs	594,261	226,639	36,104	262,743	331,518
Contributions for acquisitions	896,686	258,040	66,638	324,678	572,008
Rental deposits	37,834	987	-	987	36,847
Community home trust	798,221	224,535	101,308	325,843	472,378
Home consortium match	123,295	40,872	14,495	55,367	67,928
Partnership to end homelessness Center for Community Interfaith	559,972	234,759	112,046	346,805	213,167
Council housing	188,689	188,689	-	188,689	-
Miscellaneous	79,944	-	-	-	79,944
Total expenditures	<u>3,278,902</u>	<u>1,174,521</u>	<u>330,591</u>	<u>1,505,112</u>	<u>1,773,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(793,099)</u>	<u>393,959</u>	<u>466,131</u>	<u>860,090</u>	<u>1,653,189</u>
Other financing sources (uses)					
Transfer from General Fund	793,099	112,500	188,193	300,693	(492,406)
Total other financing sources	<u>793,099</u>	<u>112,500</u>	<u>188,193</u>	<u>300,693</u>	<u>(492,406)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 506,459</u>	<u>654,324</u>	<u>\$ 1,160,783</u>	<u>\$ 1,160,783</u>
Fund balance, beginning of year			<u>506,459</u>		
Fund balance, end of year			<u>\$ 1,160,783</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
ENERGY EFFICIENT REVOLVING LOAN FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Interest repayments	\$ 17,613	\$ 17,594	\$ -	\$ 17,594	\$ (19)
Interest on investments	2,696	11,873	6,916	18,789	16,093
Revolving loan payments:					
The Arts Center	28,128	28,128	-	28,128	-
Surplus Sid's	30,000	30,000	-	30,000	-
Total revolving loan payments	58,128	58,128	-	58,128	-
 Total revenues	<u>78,437</u>	<u>87,595</u>	<u>6,916</u>	<u>94,511</u>	<u>16,074</u>
Expenditures					
Economic and physical development:					
The Arts Center	28,128	28,128	-	28,128	-
Surplus Sid's	30,000	30,000	-	30,000	-
Miscellaneous	193,437	-	-	-	193,437
Total expenditures	251,565	58,128	-	58,128	193,437
 Excess (deficiency) of revenues over (under) expenditures	<u>(173,128)</u>	<u>29,467</u>	<u>6,916</u>	<u>36,383</u>	<u>209,511</u>
Other financing sources (uses)					
Transfer from Grant Fund	83,128	83,128	-	83,128	-
Transfer from Revolving Loan Fund	90,000	45,000	-	45,000	(45,000)
Total other financing sources	173,128	128,128	-	128,128	(45,000)
 Net change in fund balance	<u>\$ -</u>	<u>\$ 157,595</u>	<u>6,916</u>	<u>\$ 164,511</u>	<u>\$ 164,511</u>
 Fund balance, beginning of year			<u>157,595</u>		
Fund balance, end of year			<u>\$ 164,511</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
SMALL BUSINESS AND NON-PROFIT LOAN/GRANT COVID-19 EMERGENCY FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Federal grants	\$ 30,334	\$ 30,334	\$ -	\$ 30,334	\$ -
CTDA contributions	109,404	109,404	-	109,404	-
Interest on investments	289	17,199	14,439	31,638	31,349
	<u>140,027</u>	<u>156,937</u>	<u>14,439</u>	<u>171,376</u>	<u>31,349</u>
Revolving loan payments:					
Armadillo Grill	3,864	11,518	3,214	14,732	10,868
Be Pure	1,953	4,290	-	4,290	2,337
Carrboro Coffee Company	4,400	12,053	3,482	15,535	11,135
Ceremony Salon	3,136	8,503	-	8,503	5,367
Creative Electric of NC	4,387	10,750	4,250	15,000	10,613
Dispute Settlement Center	-	11,518	3,214	14,732	14,732
F&F Car Care	8,212	22,500	-	22,500	14,288
Firefly Carrboro	1,056	4,366	1,036	5,402	4,346
Grow Your World	2,699	7,107	1,851	8,958	6,259
Lazarus Repair and Maintenance	2,216	6,633	1,697	8,330	6,114
OE Enterprises	4,400	11,518	3,214	14,732	10,332
Open Eye Café	4,400	11,785	2,411	14,196	9,796
Pilot Mission	1,954	5,823	1,625	7,448	5,494
Twin House Music	2,582	8,469	-	8,469	5,887
Van Hook Enterprises	3,145	12,960	-	12,960	9,815
Wax Poetic	3,847	11,250	3,215	14,465	10,618
Weaver Street Realty and Auction	-	268	-	268	268
Total revolving loan payments	<u>52,251</u>	<u>161,311</u>	<u>29,209</u>	<u>190,520</u>	<u>138,269</u>
Total revenues	<u>192,278</u>	<u>318,248</u>	<u>43,648</u>	<u>361,896</u>	<u>169,618</u>
Expenditures					
Economic and physical development:					
Armadillo Grill	25,000	25,000	-	25,000	-
Be Pure	14,400	14,400	-	14,400	-
Carrboro Coffee Company	25,000	25,000	-	25,000	-
Ceremony Salon	15,000	15,000	-	15,000	-
Creative Electric of NC	21,600	21,600	-	21,600	-
Dispute Settlement Center	25,000	25,000	-	25,000	-
F&F Car Care	25,000	25,000	-	25,000	-
Firefly Carrboro	6,000	6,000	-	6,000	-
Grow Your World	14,400	14,400	-	14,400	-
Lazarus Repair and Maintenance	14,400	14,400	-	14,400	-
OE Enterprises	25,000	25,000	-	25,000	-
Open Eye Café	25,000	25,000	-	25,000	-
Pilot Mission	12,636	12,636	-	12,636	-
Twin House Music	15,500	15,500	-	15,500	-
Van Hook Enterprises	14,400	14,400	-	14,400	-
Wax Poetic	25,000	25,000	-	25,000	-
General	188,942	-	-	-	188,942
Total expenditures	<u>492,278</u>	<u>303,336</u>	<u>-</u>	<u>303,336</u>	<u>188,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,000)</u>	<u>14,912</u>	<u>43,648</u>	<u>58,560</u>	<u>358,560</u>
Other financing sources					
Transfer from Revolving Loan Fund	300,000	300,000	-	300,000	-
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Appropriation to fund balance	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 314,912</u>	<u>43,648</u>	<u>\$ 358,560</u>	<u>\$ 358,560</u>
Fund balance, beginning of year			<u>314,912</u>		
Fund balance, end of year			<u>\$ 358,560</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
GRANTS ADMINISTRATION FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
U.S. Department of Homeland Security:					
FEMA hazard mitigation grant	\$ 637,630	\$ 237,186	\$ -	\$ 237,186	\$ (400,444)
U.S. Department of Housing and Urban Development:					
CDBG grant	900,000	877,416	-	877,416	(22,584)
Transportation Demand MGMT (TDM)	13,750	-	1,539	1,539	(12,211)
N.C. Department of Public Safety:					
Hazard mitigation grant	185,619	79,061	-	79,061	(106,558)
N.C. Department of Transportation:					
NCDOT Reimbursement	217,349	-	842	842	(216,507)
N.C. Department of Environmental Quality:					
Charging Stations	18,000	18,000	-	18,000	-
Bolin Creek	150,000	150,000	-	150,000	-
Orange County:					
Economic development funds	72,402	10,000	44,827	54,827	(17,575)
Police Diversion Grant	28,330	-	-	-	(28,330)
ABC Board Grant	20,000	-	20,000	20,000	-
Language Access	25,000	-	25,000	25,000	-
New Hope Bird Alliance	2,000	-	2,000	2,000	-
Donations - Bolin Creek	18,000	17,000	-	17,000	(1,000)
Investment earnings	20	20	-	20	-
Miscellaneous	10,056	85,042	-	85,042	74,986
Total revenues	<u>2,298,156</u>	<u>1,473,725</u>	<u>94,208</u>	<u>1,567,933</u>	<u>(730,223)</u>
Expenditures					
Flooding mitigation	823,249	308,233	-	308,233	515,016
Housing assistance	930,000	920,285	5,941	926,226	3,774
Transportation Demand MGMT (TDM)	10,000	-	4,025	4,025	5,975
Police Diversion Grant	28,330	-	14,060	14,060	14,270
Fire equipment	15,750	15,750	-	15,750	-
ABC Board Grant	20,000	-	-	-	20,000
Language Access	25,000	-	18,019	18,019	6,981
New Hope Bird Alliance	2,000	-	-	-	2,000
Safe Routes to School	249,349	-	400	400	248,949
MLK parking lot charging station	13,951	13,951	-	13,951	-
Town Municipal parking lot charging station	11,533	11,533	-	11,533	-
Bolin Creek watershed restoration	182,917	182,917	-	182,917	-
Article 46 funds	27,575	10,000	-	10,000	17,575
Miscellaneous	9,251	3,941	-	3,941	5,310
Total expenditures	<u>2,348,905</u>	<u>1,466,610</u>	<u>42,445</u>	<u>1,509,055</u>	<u>839,850</u>
Excess (deficiency) of revenues (over) expenditures	<u>(50,749)</u>	<u>7,115</u>	<u>51,763</u>	<u>58,878</u>	<u>109,627</u>
Other financing sources (uses)					
Transfer from the General Fund	97,202	18,744	32,000	50,744	(46,458)
Transfer to Capital Project Fund	(44,827)	-	(44,827)	(44,827)	-
Transfer to the General Fund	(1,626)	(1,626)	-	(1,626)	-
Total other financing sources (uses)	<u>50,749</u>	<u>17,118</u>	<u>(12,827)</u>	<u>4,291</u>	<u>(46,458)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,233</u>	<u>38,936</u>	<u>\$ 63,169</u>	<u>\$ 63,169</u>
Fund balance, beginning of year			<u>24,233</u>		
Fund balance, end of year			<u>\$ 63,169</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
REVOLVING LOAN FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Investment earnings:					
Interest on					
investments	\$ 242,314	\$ 241,235	\$ 12,612	\$ 253,847	\$ 11,533
Interest repayments	35,691	197,951	1,450	199,401	163,710
Total investment earnings	<u>278,005</u>	<u>439,186</u>	<u>14,062</u>	<u>453,248</u>	<u>175,243</u>
Revolving loan repayments:					
Bryan's Guitar	90,000	39,387	-	39,387	(50,613)
Carrboro Coworking	90,000	74,839	-	74,839	(15,161)
Tesoro LLC	60,000	44,468	-	44,468	(15,532)
The Cheese Shop	12,120	-	10,835	10,835	(1,285)
Total revolving loan payments	<u>252,120</u>	<u>158,694</u>	<u>10,835</u>	<u>169,529</u>	<u>(82,591)</u>
Total revenues	<u>530,125</u>	<u>597,880</u>	<u>24,897</u>	<u>622,777</u>	<u>92,652</u>
Expenditures					
General government:					
Contractual services	11,776	-	-	-	11,776
Miscellaneous	10,000	-	-	-	10,000
Total general government	<u>21,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,776</u>
Economic and physical development:					
Bryan's Guitar	90,000	90,000	-	90,000	-
Carrboro Coworking	90,000	90,000	-	90,000	-
Tesoro LLC	60,000	60,000	-	60,000	-
The Cheese Shop	12,120	-	12,120	12,120	-
Bad debts	70,000	70,000	-	70,000	-
Total economic and physical development	<u>322,120</u>	<u>310,000</u>	<u>12,120</u>	<u>322,120</u>	<u>-</u>
Total expenditures	<u>343,896</u>	<u>310,000</u>	<u>12,120</u>	<u>322,120</u>	<u>21,776</u>
Excess of revenues over expenditures	<u>186,229</u>	<u>287,880</u>	<u>12,777</u>	<u>300,657</u>	<u>114,428</u>
Appropriated to fund balance	<u>(186,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,229</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 287,880</u>	<u>12,777</u>	<u>\$ 300,657</u>	<u>\$ 300,657</u>
Fund balance, beginning of year			<u>287,880</u>		
Fund balance, end of year			<u><u>\$ 300,657</u></u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
FACILITIES REHABILITATION CAPITAL PROJECTS FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Interest on investments	\$ 4,277	\$ 36,220	\$ 16,969	\$ 53,189	\$ 48,912
Expenditures					
Century Center painting	79,550	46,795	-	46,795	32,755
Century Center windows and chiller replacement	502,655	87,515	322,884	410,399	92,256
Public Works renovation	20,900	20,898	-	20,898	2
Town Hall basement flooring	4,667	4,667	-	4,667	-
Town Hall interior improvements	4,857	4,858	-	4,858	(1)
Town Hall interior painting	2,906	2,906	-	2,906	-
Town Hall security measures	4,877	4,877	-	4,877	-
Architectural improvements	80,710	80,710	-	80,710	-
Unexpended reserves	18,197	-	-	-	18,197
Total expenditures	<u>719,319</u>	<u>253,226</u>	<u>322,884</u>	<u>576,110</u>	<u>143,209</u>
Deficiency of revenues under expenditures	<u>(715,042)</u>	<u>(217,006)</u>	<u>(305,915)</u>	<u>(522,921)</u>	<u>192,121</u>
Other financing sources					
Transfer from General Fund	724,287	724,287	-	724,287	-
Total other financing sources	<u>724,287</u>	<u>724,287</u>	<u>-</u>	<u>724,287</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	9,245	507,281	(305,915)	201,366	192,121
Appropriated to fund balance	<u>(9,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,245</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 507,281</u>	<u>(305,915)</u>	<u>\$ 201,366</u>	<u>\$ 201,366</u>
Fund balance, beginning of year			507,281		
Fund balance, end of year			<u>\$ 201,366</u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT AUTHORIZATION AND ACTUAL
BOND FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
General revenues:					
Federal STP-DA funds	\$ 2,791,352	\$ 1,572,486	\$ 82,765	\$ 1,655,251	\$ (1,136,101)
Federal STBGP-DA funds	483,729	-	-	-	(483,729)
Federal TAP-DA funds	730,000	-	-	-	(730,000)
CMAQ funds	440,000	-	-	-	(440,000)
Orange County Transit funds	752,177	236,188	27,243	263,431	(488,746)
Payments in lieu	48,046	48,046	-	48,046	-
Interest on investments	61,116	69,864	6,563	76,427	15,311
Total revenues	<u>5,306,420</u>	<u>1,926,584</u>	<u>116,571</u>	<u>2,043,155</u>	<u>(3,263,265)</u>
Expenditures					
Capital outlay:					
General expenditures (non-project)	1,116	-	-	-	1,116
Morgan Creek Greenway	1,742,500	556,427	24,019	580,446	1,162,054
Bolin Creek Greenway	1,521,770	1,498,976	20,148	1,519,124	2,646
Jones Creek Greenway	850,250	180,357	-	180,357	669,893
S. Greensboro Street Sidewalk	1,781,462	328,370	16,113	344,483	1,436,979
Sidewalk repairs	250,000	249,315	-	249,315	685
Total capital outlay	<u>6,147,098</u>	<u>2,813,445</u>	<u>60,280</u>	<u>2,873,725</u>	<u>3,273,373</u>
Total expenditures	<u>6,147,098</u>	<u>2,813,445</u>	<u>60,280</u>	<u>2,873,725</u>	<u>3,273,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(840,678)</u>	<u>(886,861)</u>	<u>56,291</u>	<u>(830,570)</u>	<u>10,108</u>
Other financing sources (uses)					
Transfer from General fund	-	237,000	142,035	379,035	(379,035)
General obligation bonds issued	840,678	840,678	-	840,678	-
Total other financing sources	<u>840,678</u>	<u>1,077,678</u>	<u>142,035</u>	<u>1,219,713</u>	<u>(379,035)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 190,817</u>	<u>198,326</u>	<u>\$ 389,143</u>	<u>\$ 389,143</u>
Fund balance, beginning of year			<u>190,817</u>		
Fund balance, end of year			<u><u>\$ 389,143</u></u>		

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
STORMWATER ENTERPRISE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 1,200,000	\$ 1,116,902	\$ (83,098)
Investment earnings	-	121,295	121,295
Miscellaneous	-	480	480
Total revenues	<u>1,200,000</u>	<u>1,238,677</u>	<u>38,677</u>
Expenditures			
Personnel services	348,433	408,848	(60,415)
Operations	397,575	201,663	195,912
Total expenditures	<u>746,008</u>	<u>610,511</u>	<u>135,497</u>
Excess of revenues over expenditures	<u>453,992</u>	<u>628,166</u>	<u>174,174</u>
Other financing sources (uses)			
Transfers from:			
Capital projects fund	-	1,000,000	1,000,000
Transfers to:			
Capital projects fund	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Excess of revenues and other financing sources over expenditures	(546,008)	628,166	1,174,174
Appropriated fund balance	<u>546,008</u>	<u>-</u>	<u>(546,008)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 628,166</u>	<u>\$ 628,166</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		\$ (27,887)	
Increase in accrued vacation pay		(6,527)	
Change in deferred inflow, deferred outflow and pension liability		9,445	
Change in deferred inflow, deferred outflow and OPEB liability		(16,964)	
Total reconciling items		<u>(41,933)</u>	
Change in net position		<u>\$ 586,233</u>	

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
PARKING ENTERPRISE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 370	\$ 370
Total revenues	<u>-</u>	<u>370</u>	<u>370</u>
Expenditures			
Personnel services	75,000	-	75,000
Operations	141,000	103,587	37,413
Total expenditures	<u>216,000</u>	<u>103,587</u>	<u>112,413</u>
Deficiency of revenues under expenditures	<u>(216,000)</u>	<u>(103,217)</u>	<u>112,783</u>
Other financing sources			
Transfers from:			
General Fund	216,000	216,000	-
Total other financing sources	<u>216,000</u>	<u>216,000</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures	<u>-</u>	<u>112,783</u>	<u>112,783</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 112,783</u>	<u>\$ 112,783</u>

OTHER SUPPLEMENTAL DATA

This section contains additional information on property taxes.

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

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024 - 2025	\$ -	\$ 18,137,028	\$ 18,076,275	\$ 60,753
2023 - 2024	52,302	-	30,597	21,705
2022 - 2023	29,808	-	21,709	8,099
2021 - 2022	17,237	-	10,655	6,582
2020 - 2021	11,330	-	7,076	4,254
2019 - 2020	13,200	-	7,011	6,189
2018 - 2019	10,709	-	6,612	4,097
2017 - 2018	7,405	-	6,606	799
2016 - 2017	4,305	-	2,850	1,455
2015 - 2016	2,943	-	289	2,654
2014 - 2015	3,395	-	2,670	725
	<u>\$ 152,634</u>	<u>\$ 18,137,028</u>	<u>\$ 18,172,350</u>	117,312
Less: allowance for uncollectible accounts:				
General Fund				<u>(27,800)</u>
Ad valorem taxes receivable - net				<u>\$ 89,512</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund			\$ 15,959,469	
Ad valorem taxes - Affordable Housing Fund			404,114	
Motor vehicle license fees - General Fund			<u>1,811,924</u>	
Total revenues				18,175,507
Reconciling items:				
Releases and adjustments				(36,753)
NCVTS collection fees				<u>33,596</u>
				<u>\$ 18,172,350</u>

TOWN OF CARRBORO, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Town-wide		Total Levy		
	Property Valuation**	Rate	Total Levy*	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,923,743,304	0.6044	\$ 17,671,105	\$ 16,275,015	1,396,090
Penalties and interest	-		16,493	3,547	12,946
Total property valuation	<u>\$ 2,923,743,304</u>		17,687,598	16,278,562	1,409,036
Vehicle tag fees			449,430	-	449,430
Total gross levy			18,137,028	16,278,562	1,858,466
Uncollected taxes at June 30, 2025			60,753	56,342	4,411
Current year's taxes collected			<u>\$ 18,076,275</u>	<u>\$ 16,222,220</u>	<u>\$ 1,854,055</u>
Current levy collection percentage			<u>99.67%</u>	<u>99.65%</u>	<u>99.76%</u>

* Total adjusted levy includes discoveries and abatements.

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

STATISTICAL SECTION

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

Page

Financial Trends Information

These schedules contain trend information intended to help the reader understand how the Town's financial position has changed over time.

107 - 116

Revenue Capacity Information

These schedules contain information to help the reader assess the Town's most significant local revenue sources, primarily property taxes.

117 - 123

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

124 - 128

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

129 - 132

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

133 - 135

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

FINANCIAL TRENDS INFORMATION

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

Table 1

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities:					
Net investment in capital assets	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,602,046	\$ 34,478,765
Restricted	2,015,396	2,097,192	2,719,947	3,869,297	3,349,924
Unrestricted	<u>6,447,035</u>	<u>(5,179,126)</u>	<u>(5,964,874)</u>	<u>(6,314,682)</u>	<u>(8,613,521)</u>
Total governmental activities net position	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,156,694</u>	<u>\$ 30,156,661</u>	<u>\$ 29,215,168</u>
Business-type activities:					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 288,843	\$ 349,932
Unrestricted	<u>-</u>	<u>-</u>	<u>56,475</u>	<u>225,824</u>	<u>536,668</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,475</u>	<u>\$ 514,667</u>	<u>\$ 886,600</u>
Primary Government:					
Net investment in capital assets	\$ 28,529,962	\$ 28,581,194	\$ 30,401,621	\$ 32,890,889	\$ 34,828,697
Restricted	2,015,396	2,097,192	2,719,947	3,869,297	3,349,924
Unrestricted	<u>6,447,035</u>	<u>(5,179,126)</u>	<u>(5,908,399)</u>	<u>(6,088,858)</u>	<u>(8,076,853)</u>
Total primary government net position	<u>\$ 36,992,393</u>	<u>\$ 25,499,260</u>	<u>\$ 27,213,169</u>	<u>\$ 30,671,328</u>	<u>\$ 30,101,768</u>

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

Table 1

	<u>2021</u>	<u>2022</u>	<u>2023*</u>	<u>2024</u>	<u>2025</u>
Governmental activities:					
Net investment in capital assets	\$ 36,062,824	\$ 36,727,545	\$ 44,431,872	\$ 52,051,757	\$ 44,542,307
Restricted	3,312,120	3,647,143	3,914,681	5,862,594	5,855,631
Unrestricted	<u>(9,907,381)</u>	<u>(6,532,066)</u>	<u>(11,387,333)</u>	<u>(12,697,825)</u>	<u>(6,324,248)</u>
Total governmental activities net position	<u>\$ 29,467,563</u>	<u>\$ 33,842,622</u>	<u>\$ 36,959,220</u>	<u>\$ 45,216,526</u>	<u>\$ 44,073,690</u>
Business-type activities:					
Net investment in capital assets	\$ 611,550	\$ 588,038	\$ 657,418	\$ 602,083	\$ 574,196
Unrestricted	<u>960,317</u>	<u>1,255,154</u>	<u>1,656,125</u>	<u>2,087,240</u>	<u>2,814,143</u>
Total business-type activities net position	<u>\$ 1,571,867</u>	<u>\$ 1,843,192</u>	<u>\$ 2,313,543</u>	<u>\$ 2,689,323</u>	<u>\$ 3,388,339</u>
Primary Government:					
Net investment in capital assets	\$ 36,674,374	\$ 37,315,583	\$ 45,089,290	\$ 52,653,840	\$ 45,116,503
Restricted	3,312,120	3,647,143	3,914,681	5,862,594	5,855,631
Unrestricted	<u>(8,947,064)</u>	<u>(5,276,912)</u>	<u>(9,731,208)</u>	<u>(10,610,585)</u>	<u>(3,510,105)</u>
Total primary government net position	<u>\$ 31,039,430</u>	<u>\$ 35,685,814</u>	<u>\$ 39,272,763</u>	<u>\$ 47,905,849</u>	<u>\$ 47,462,029</u>

*Restated balances

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

Table 2

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental activities:					
General government	\$ 4,487,922	\$ 4,695,317	\$ 4,849,740	\$ 5,246,829	\$ 5,288,695
Public safety	7,051,112	7,550,083	7,469,443	7,735,947	8,283,668
Planning	1,374,325	1,356,771	1,206,329	1,422,374	1,520,044
Transportation	1,540,288	1,455,012	1,455,012	1,808,940	1,835,146
Public works	4,205,935	4,295,622	4,142,187	4,839,876	5,298,021
Parks and recreation	1,741,056	1,724,769	1,737,984	1,845,198	1,943,269
Economic and community development	200,798	147,259	220,960	692,328	727,748
Interest on long-term debt	167,984	154,350	127,897	115,564	98,950
Total governmental activities expenses	<u>20,769,420</u>	<u>21,379,183</u>	<u>21,209,552</u>	<u>23,707,056</u>	<u>24,995,541</u>
Business-type activities:					
Stormwater	-	-	251,908	269,163	444,871
Parking	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>251,908</u>	<u>269,163</u>	<u>444,871</u>
Total primary government expenses	<u>\$ 20,769,420</u>	<u>\$ 21,379,183</u>	<u>\$ 21,461,460</u>	<u>\$ 23,976,219</u>	<u>\$ 25,440,412</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 528,403	\$ 416,231	\$ 644,733	\$ 726,021	\$ 629,447
Public safety	117,590	696,492	720,801	739,011	753,901
Planning	665,028	57,005	116,135	39,872	74,241
Public works	74,644	77,454	51,733	56,561	57,154
Parks and recreation	259,974	280,625	242,740	182,644	122,873
Economic and community development	-	-	-	-	-
Operating grants and contributions	700,263	654,075	641,436	832,607	1,159,067
Capital grants and contributions	5,635	90,166	13,080	2,504,061	698,031
Total governmental activities program revenues	<u>2,351,537</u>	<u>2,272,048</u>	<u>2,430,658</u>	<u>5,080,777</u>	<u>3,494,714</u>
Business-type activities:					
Charges for services:					
Stormwater	-	-	-	778,157	812,545
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,157</u>	<u>812,545</u>
Total primary government program revenues	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,858,934</u>	<u>\$ 4,307,259</u>

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

Table 2

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net expenses					
Governmental activities	\$ 18,417,883	\$ 19,107,135	\$ 18,778,894	\$ 18,626,279	\$ 21,500,827
Business-type activities	-	-	251,908	(508,994)	(367,674)
Total primary government net expenses	<u>\$ 18,417,883</u>	<u>\$ 19,107,135</u>	<u>\$ 19,030,802</u>	<u>\$ 18,117,285</u>	<u>\$ 21,133,153</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes	\$ 17,322,279	\$ 17,690,415	\$ 19,094,382	\$ 19,695,520	\$ 19,788,837
Unrestricted intergovernmental revenues	1,452,221	1,418,370	1,406,331	1,492,028	1,408,981
Miscellaneous and unrestricted investment earnings	28,818	58,455	243,998	382,223	279,600
Transfers	-	-	(308,383)	56,475	-
Total governmental activities	<u>18,803,318</u>	<u>19,167,240</u>	<u>20,436,328</u>	<u>21,626,246</u>	<u>21,477,418</u>
Business-type activities:					
Unrestricted intergovernmental	-	-	-	-	-
Miscellaneous and unrestricted investment earnings	-	-	-	5,673	4,259
Transfers	-	-	308,383	(56,475)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>308,383</u>	<u>(50,802)</u>	<u>4,259</u>
Total primary government	<u>\$ 18,803,318</u>	<u>\$ 19,167,240</u>	<u>\$ 20,744,711</u>	<u>\$ 21,575,444</u>	<u>\$ 21,481,677</u>
Change in net position					
Governmental activities	\$ 385,435	\$ 60,105	\$ 1,657,434	\$ 2,999,967	\$ (23,409)
Business-type activities	-	-	56,475	458,192	371,933
Total primary government	<u>\$ 385,435</u>	<u>\$ 60,105</u>	<u>\$ 1,713,909</u>	<u>\$ 3,458,159</u>	<u>\$ 348,524</u>

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

Table 2

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Expenses					
Governmental activities:					
General government	\$ 5,270,260	\$ 5,738,082	\$ 6,405,007	\$ 7,927,182	\$ 12,187,555
Public safety	8,522,469	7,933,411	8,469,830	8,746,519	8,786,403
Planning	1,540,407	1,423,540	1,612,729	1,878,167	1,855,327
Transportation	1,872,343	1,900,088	2,148,148	2,248,855	2,435,145
Public works	5,085,068	4,614,345	5,427,544	5,452,203	4,226,243
Parks and recreation	1,858,667	1,836,333	1,966,773	2,191,810	2,495,974
Economic and community development	1,079,915	1,236,131	618,648	624,128	533,204
Interest on long-term debt	99,469	101,595	468,434	409,250	376,788
Total governmental activities expenses	<u>25,328,598</u>	<u>24,783,525</u>	<u>27,117,113</u>	<u>29,478,114</u>	<u>32,896,639</u>
Business-type activities:					
Stormwater	468,737	627,194	598,232	734,396	652,444
Parking	86,321	146,455	155,610	149,033	103,587
Total business-type activities expenses	<u>555,058</u>	<u>773,649</u>	<u>753,842</u>	<u>883,429</u>	<u>756,031</u>
Total primary government expenses	<u>\$ 25,883,656</u>	<u>\$ 25,557,174</u>	<u>\$ 27,870,955</u>	<u>\$ 30,361,543</u>	<u>\$ 33,652,670</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 533,630	\$ 608,574	\$ 529,682	\$ 365,686	\$ 592,298
Public safety	620,290	735,864	735,020	835,069	882,752
Planning	46,767	18,634	33,002	26,446	22,363
Public works	55,894	53,243	63,446	100,392	108,281
Parks and recreation	67,923	161,763	176,263	185,933	-
Economic and community development	82,026	-	182,606	-	-
Operating grants and contributions	1,273,741	1,489,331	829,670	7,500,051	994,726
Capital grants and contributions	432,923	100,689	128,951	104,923	49,202
Total governmental activities program revenues	<u>3,113,194</u>	<u>3,168,098</u>	<u>2,678,640</u>	<u>9,118,500</u>	<u>2,649,622</u>
Business-type activities:					
Charges for services:					
Stormwater	1,013,598	991,423	1,002,080	1,013,980	1,116,902
Total business-type activities program revenues	<u>1,013,598</u>	<u>991,423</u>	<u>1,002,080</u>	<u>1,013,980</u>	<u>1,116,902</u>
Total primary government program revenues	<u>\$ 4,126,792</u>	<u>\$ 4,159,521</u>	<u>\$ 3,680,720</u>	<u>\$ 10,132,480</u>	<u>\$ 3,766,524</u>

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

Table 2

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net expenses					
Governmental activities	\$ 22,215,404	\$ 21,615,427	\$ 24,438,473	\$ 20,359,614	\$ 30,247,017
Business-type activities	(458,540)	(217,774)	(248,238)	(130,551)	(360,871)
Total primary government net expenses	<u>\$ 21,756,864</u>	<u>\$ 21,397,653</u>	<u>\$ 24,190,235</u>	<u>\$ 20,229,063</u>	<u>\$ 29,886,146</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes	\$ 20,758,600	\$ 24,084,830	\$ 25,044,991	\$ 25,317,312	\$ 25,672,184
Unrestricted intergovernmental revenues	1,381,436	1,697,037	1,534,669	1,695,440	1,790,017
Miscellaneous and unrestricted investment earnings	449,538	214,655	1,213,173	1,763,393	1,857,980
Transfers	(121,775)	(6,036)	(132,385)	(159,225)	(216,000)
Total governmental activities	<u>22,467,799</u>	<u>25,990,486</u>	<u>27,660,448</u>	<u>28,616,920</u>	<u>29,104,181</u>
Business-type activities:					
Unrestricted intergovernmental revenues	104,820	45,000	45,000	-	-
Miscellaneous and unrestricted investment earnings	132	2,515	46,129	86,004	122,145
Transfers	121,775	6,036	132,385	159,225	216,000
Total business-type activities	<u>226,727</u>	<u>53,551</u>	<u>223,514</u>	<u>245,229</u>	<u>338,145</u>
Total primary government	<u>\$ 22,694,526</u>	<u>\$ 26,044,037</u>	<u>\$ 27,883,962</u>	<u>\$ 28,862,149</u>	<u>\$ 29,442,326</u>
Change in net position					
Governmental activities	\$ 252,395	\$ 4,375,059	\$ 3,221,975	\$ 8,257,306	\$ (1,142,836)
Business-type activities	685,267	271,325	471,752	375,780	699,016
Total primary government	<u>\$ 937,662</u>	<u>\$ 4,646,384</u>	<u>\$ 3,693,727</u>	<u>\$ 8,633,086</u>	<u>\$ (443,820)</u>

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

Table 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund:					
Nonspendable	\$ 159,185	\$ 25,775	\$ 280,068	\$ 317,306	\$ 74,353
Restricted	2,642,583	2,466,537	2,532,472	2,652,989	2,566,982
Committed	-	-	-	-	-
Assigned	2,275,559	2,569,579	3,088,391	3,500,753	3,239,574
Unassigned	10,638,014	10,816,213	10,634,162	11,233,203	10,030,700
Total general fund	<u>15,715,341</u>	<u>15,878,104</u>	<u>16,535,093</u>	<u>17,704,251</u>	<u>15,911,609</u>
All other governmental funds:					
Nonspendable	-	-	-	-	-
Restricted	1,590,442	1,348,609	827,636	1,458,567	782,942
Committed	3,715,244	4,454,119	4,119,338	2,947,928	2,851,025
Assigned	-	-	-	-	-
Unassigned	43,892	(680)	-	(496,241)	(416,233)
Total all other governmental funds	<u>5,349,578</u>	<u>5,802,048</u>	<u>4,946,974</u>	<u>3,910,254</u>	<u>3,217,734</u>
Total, all governmental funds	<u>\$ 21,064,919</u>	<u>\$ 21,680,152</u>	<u>\$ 21,482,067</u>	<u>\$ 21,614,505</u>	<u>\$ 19,129,343</u>

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

Table 3

	<u>2021</u>	<u>2022</u>	<u>2023*</u>	<u>2024</u>	<u>2025</u>
General fund:					
Nonspendable	\$ 275,060	\$ 603,981	\$ 818,451	\$ 443,088	\$ 150,050
Restricted	2,757,728	3,647,143	3,914,681	5,761,736	6,630,934
Committed	-	-	-	-	-
Assigned	3,189,720	2,984,722	2,484,459	4,117,371	3,895,143
Unassigned	11,595,919	8,365,416	12,287,557	14,106,322	9,363,417
Total general fund	<u>17,818,427</u>	<u>15,601,262</u>	<u>19,505,148</u>	<u>24,428,517</u>	<u>20,039,544</u>
All other governmental funds:					
Nonspendable	-	-	-	-	-
Restricted	798,863	12,530,590	10,794,211	100,858	105,560
Committed	1,499,461	8,096,268	5,159,331	10,235,294	5,430,107
Assigned	-	-	-	-	-
Unassigned	(414,109)	(230,608)	(144,572)	-	-
Total all other governmental funds	<u>1,884,215</u>	<u>20,396,250</u>	<u>15,808,970</u>	<u>10,336,152</u>	<u>5,535,667</u>
Total, all governmental funds	<u>\$ 19,702,642</u>	<u>\$ 35,997,512</u>	<u>\$ 35,314,118</u>	<u>\$ 34,764,669</u>	<u>\$ 25,575,211</u>

* Restated balances

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

Table 4

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Ad valorem taxes	\$ 11,829,436	\$ 11,769,118	\$ 12,921,946	\$ 13,223,592	\$ 13,499,126
Local option sales taxes	4,105,283	4,345,612	4,557,933	4,880,680	4,772,318
Other taxes and licenses	1,381,093	1,601,126	1,601,362	1,630,840	1,535,867
Unrestricted					
intergovernmental	1,452,221	1,409,630	1,406,331	1,492,028	1,408,981
Restricted intergovernmental	651,211	722,928	636,879	2,867,644	1,091,381
Permits and fees	1,270,187	1,177,350	1,377,586	1,273,962	1,292,786
Sales and services	263,444	282,929	245,059	253,023	171,937
Investment earnings	28,818	58,455	151,707	266,589	182,257
Other	218,561	128,591	210,283	378,474	509,210
Total revenues	<u>21,200,254</u>	<u>21,495,739</u>	<u>23,109,086</u>	<u>26,266,832</u>	<u>24,463,863</u>
Expenditures					
General government	4,353,526	4,503,267	4,729,326	5,369,254	5,474,673
Public Safety	6,216,871	6,506,633	6,555,984	6,649,349	7,093,384
Planning	1,333,903	1,285,705	1,134,657	1,331,441	1,423,554
Transportation	1,540,288	1,455,012	1,455,012	1,808,940	1,835,146
Public Works	3,134,390	3,192,643	3,104,559	3,750,034	3,872,550
Parks and recreation	1,529,332	1,474,274	1,503,476	1,602,097	1,658,168
Economic and community development	145,144	147,259	220,511	692,328	957,638
Capital outlay	1,410,447	1,549,712	3,486,840	4,063,670	3,085,782
Debt service					
Interest	191,229	152,927	138,983	126,621	109,942
Principal	973,069	983,905	1,001,731	824,548	692,206
Total expenditures	<u>20,828,199</u>	<u>21,251,337</u>	<u>23,331,079</u>	<u>26,218,282</u>	<u>26,203,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>372,055</u>	<u>244,402</u>	<u>(221,993)</u>	<u>48,550</u>	<u>(1,739,180)</u>
Other financing sources (uses)					
Proceeds from borrowing	621,180	362,091	240,000	-	-
Premium on borrowing	-	-	-	-	-
Sale of capital assets	491,287	8,740	92,291	27,413	32,418
Transfers in	1,808,060	1,522,129	3,165,098	2,279,109	3,740,494
Transfers out	(1,808,060)	(1,522,129)	(3,473,481)	(2,222,634)	(3,740,494)
Total other financing sources (uses)	<u>1,112,467</u>	<u>370,831</u>	<u>23,908</u>	<u>83,888</u>	<u>32,418</u>
Net change in fund balances	<u>\$ 1,484,522</u>	<u>\$ 615,233</u>	<u>\$ (198,085)</u>	<u>\$ 132,438</u>	<u>\$ (1,706,762)</u>
Capital outlay included in expenditures above	<u>\$ 1,410,447</u>	<u>\$ 1,549,712</u>	<u>\$ 3,486,840</u>	<u>\$ 4,063,670</u>	<u>\$ 3,085,782</u>
Debt service as a percentage of noncapital expenditures	<u>6.0%</u>	<u>5.8%</u>	<u>5.7%</u>	<u>4.3%</u>	<u>3.5%</u>

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

Table 4

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues					
Ad valorem taxes	\$ 13,679,213	\$ 15,919,224	\$ 16,175,142	\$ 16,241,646	\$ 16,363,583
Local option sales taxes	5,467,567	6,416,480	7,076,695	7,184,467	7,293,462
Other taxes and licenses	1,636,916	1,726,261	1,864,150	1,924,913	2,045,877
Unrestricted					
intergovernmental	1,381,436	1,697,037	1,534,669	1,695,440	1,790,017
Restricted intergovernmental	2,210,635	1,973,673	6,013,511	17,194,283	6,620,778
Permits and fees	1,100,596	1,127,067	1,126,296	1,253,946	1,546,930
Sales and services	88,106	227,120	326,441	345,897	82,388
Investment earnings	3,130	58,213	1,029,784	1,347,375	1,121,370
Other	515,004	557,091	513,527	416,018	797,185
Total revenues	<u>26,082,603</u>	<u>29,702,166</u>	<u>35,660,215</u>	<u>47,603,985</u>	<u>37,661,590</u>
Expenditures					
General government	5,389,321	5,700,484	6,494,785	8,278,106	12,438,151
Public Safety	7,216,347	7,143,092	7,531,598	8,052,480	9,059,312
Planning	1,379,968	1,407,752	1,499,093	1,822,343	1,810,713
Transportation	1,872,342	1,900,088	2,148,148	2,148,148	2,366,281
Public Works	3,850,963	3,663,929	4,126,208	4,280,486	4,743,926
Parks and recreation	1,500,042	1,606,020	1,655,914	1,836,170	2,059,462
Economic and community development	1,080,865	1,236,131	618,648	624,128	533,204
Capital outlay	4,368,462	2,433,516	11,149,657	19,086,412	11,930,339
Debt service					
Interest	95,435	101,728	374,137	428,262	395,606
Principal	588,314	786,520	750,929	1,437,674	1,332,837
Total expenditures	<u>27,342,059</u>	<u>25,979,260</u>	<u>36,349,117</u>	<u>47,994,209</u>	<u>46,669,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,259,456)</u>	<u>3,722,906</u>	<u>(688,902)</u>	<u>(390,224)</u>	<u>(9,008,241)</u>
Other financing sources (uses)					
Proceeds from borrowing	1,871,924	12,578,000	95,064	-	-
Premium on borrowing	-	-	-	-	-
Sale of capital assets	82,606	-	41,728	-	34,783
Transfers in	698,043	7,028,209	(90,000)	9,780,591	2,526,248
Transfers out	(819,818)	(7,034,245)	-	(9,939,816)	(2,742,248)
Total other financing sources (uses)	<u>1,832,755</u>	<u>12,571,964</u>	<u>46,792</u>	<u>(159,225)</u>	<u>(181,217)</u>
Net change in fund balances	<u>\$ 573,299</u>	<u>\$ 16,294,870</u>	<u>\$ (642,110)</u>	<u>\$ (549,449)</u>	<u>\$ (9,189,458)</u>
Capital outlay included in expenditures above	<u>\$ 4,368,462</u>	<u>\$ 2,433,516</u>	<u>\$ 11,149,657</u>	<u>\$ 19,086,412</u>	<u>\$ 11,930,339</u>
Debt service as a percentage of noncapital expenditures	<u>3.0%</u>	<u>3.8%</u>	<u>4.5%</u>	<u>6.5%</u>	<u>5.0%</u>

REVENUE CAPACITY INFORMATION

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

Table 5

Function/Program	2016	2017	2018	2019	2020
Governmental activities:					
General Government	\$ 650,899	\$ 502,078	\$ 725,885	\$ 949,456	\$ 873,274
Public Safety	667,572	697,660	721,382	797,011	1,091,147
Planning	148,749	82,718	143,804	39,872	74,241
Public Works and					
Transportation	587,845	668,277	560,949	3,034,038	899,992
Parks and Recreation	296,472	317,927	278,638	218,542	158,771
Economic and community development	-	3,388	-	41,858	397,289
Total primary government	<u>\$ 2,351,537</u>	<u>\$ 2,272,048</u>	<u>\$ 2,430,658</u>	<u>\$ 5,080,777</u>	<u>\$ 3,494,714</u>

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

Table 5

Function/Program	2021	2022	2023	2024	2025
Governmental activities:					
General Government	\$ 696,443	\$ 741,007	\$ 707,761	\$ 511,273	\$ 558,128
Public Safety	958,272	752,821	743,113	7,208,614	882,752
Planning	46,767	18,634	33,002	52,805	26,933
Public Works and					
Transportation	812,692	1,433,415	750,437	933,688	981,346
Parks and Recreation	103,821	197,661	212,166	221,831	35,898
Economic and Physical					
Development	495,199	24,560	232,161	190,289	69,208
Total primary government	<u>\$ 3,113,194</u>	<u>\$ 3,168,098</u>	<u>\$ 2,678,640</u>	<u>\$ 9,118,500</u>	<u>\$ 2,554,265</u>

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

Table 6

Fiscal Year	Property Taxes
2016	\$ 11,829,436
2017	11,769,118
2018	12,921,946
2019	13,223,592
2020	13,499,126
2021	13,679,213
2022	15,919,224
2023	16,175,142
2024	16,241,646
2025	16,363,583
Change	
2016 - 2025	38.3%

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

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

Table 7

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (\$100 of Assessed Value)	Estimated Actual Taxable Value	Taxable Assessed Value as Percentage of Actual Taxable Value
2016	2015	\$ 1,932,854,388	\$ 185,701,586	\$ 17,048,727	\$ 2,135,604,701	0.5894	\$ 2,135,604,701	100%
2017	2016	1,940,618,958	204,073,445	18,567,166	2,163,259,569	0.5894	2,163,259,569	100%
2018	2017	2,137,452,118	204,113,885	19,198,975	2,360,764,978	0.5894	2,360,764,978	100%
2019	2018	2,159,464,518	208,868,826	21,652,524	2,389,985,868	0.5944	2,389,985,868	100%
2020	2019	2,184,315,909	205,137,622	21,630,535	2,411,084,066	0.5994	2,411,084,066	100%
2021	2020	2,225,431,947	226,627,908	22,170,163	2,474,230,018	0.5994	2,474,230,018	100%
2022	2021	2,568,828,847	231,447,426	23,521,159	2,823,797,432	0.6044	2,823,797,432	100%
2023	2022	2,630,764,319	205,401,279	24,556,095	2,860,721,693	0.6044	2,860,721,693	100%
2024	2023	2,599,586,672	267,502,565	26,560,559	2,893,649,796	0.6044	2,893,649,796	100%
2025	2024	2,604,272,785	293,631,323	25,839,196	2,923,743,304	0.6044	2,923,743,304	100%

Source: Orange County, North Carolina, Tax Assessor.

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

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

Table 8

Fiscal Year	Direct Rate Town of Carrboro	Overlapping Rate Orange County
2016	0.5894	0.8780
2017	0.5894	0.8780
2018	0.5894	0.8780
2019	0.5944	0.8504
2020	0.5994	0.8679
2021	0.5994	0.8679
2022	0.6044	0.8190
2023	0.6044	0.8190
2024	0.6044	0.8190
2025	0.6044	0.8190

Source: Orange County, North Carolina, Tax Assessor.

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

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

Table 9

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2016	2015	\$ 13,083,098	\$ 12,989,241	99.28%	\$ 90,564	\$ 13,079,805	99.97%	\$ 3,293
2017	2016	13,219,902	13,143,645	99.42%	71,781	13,215,426	99.97%	4,476
2018	2017	14,377,304	14,276,093	99.30%	93,806	14,369,899	99.95%	7,405
2019	2018	14,670,122	14,587,583	99.44%	71,306	14,658,889	99.92%	11,233
2020	2019	14,908,231	14,831,028	99.48%	61,568	14,892,596	99.90%	15,635
2021	2020	15,313,630	15,247,066	99.57%	50,783	15,297,849	99.90%	15,781
2022	2021	17,517,197	17,429,778	99.50%	57,103	17,486,881	99.83%	30,316
2023	2022	17,753,581	17,684,586	99.61%	-	17,684,586	99.61%	68,995
2024	2023	17,951,193	17,898,891	99.71%	-	17,898,891	99.71%	52,302
2025	2024	18,137,028	18,076,275	99.67%	-	18,076,275	99.67%	60,753

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

Table 10

Taxpayer	2025			2016		
	2024 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2015 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
CP VCH LLC	\$ 35,222,845	1	1.20%	\$ -	-	-
Folsom Gateway Associates LP	33,667,312	2	1.15%	20,543,656	1	0.96%
Laramar Collins Crossings Assoc LLC	31,065,921	3	1.06%	-	-	-
ACV XVII LLC	28,595,600	4	0.98%	-	-	-
Berkshire 54 Owner LP	26,189,621	5	0.90%	-	-	-
*Google Fiber North Carolina LLC	24,017,710	6	0.82%	14,215,453	7	0.67%
RP Barnes LLC	22,348,266	7	0.76%	-	-	-
North Estes LLC	21,448,496	8	0.73%	-	-	-
TGM Rock Creek LLC	20,213,942	9	0.69%	-	-	-
Westdale Poplar Place LP	20,111,172	10	0.69%	14,699,900	6	0.69%
VAC Limited Partnership	-	-	-	16,500,561	2	0.77%
CRIT NC II, LLC	-	-	-	16,417,310	3	0.77%
GS Villages of Chapel Hill, LLC	-	-	-	16,102,293	4	0.75%
Carrboro Shopping Center, Inc.	-	-	-	15,977,359	5	0.75%
Luas Investments LTD	-	-	-	13,223,400	8	0.62%
188 Claremont, LLC	-	-	-	11,798,404	9	0.55%
100 Rock Haven, LLC	-	-	-	10,717,579	10	0.50%
Total	<u>\$ 262,880,885</u>		<u>8.99%</u>	<u>\$ 150,195,915</u>		<u>7.03%</u>

Source: Orange County Tax Assessor Office.
*New to the Top Ten List

DEBT CAPACITY INFORMATION

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

Table 11

Fiscal Year	General Obligation Bonds	Governmental Activities			Lease Liability	Total Primary Government	Per Capita
		Premium on Bonds	Installment Purchase Agreements	Bond Anticipation Notes Payable			
2016	\$ 3,850,000.00	\$ 75,430.00	\$ 3,046,275	\$ -	\$ -	\$ 6,971,705	\$ 332.24
2017	3,600,000	70,563	2,674,461	-	-	6,345,024	302.37
2018	3,350,000	65,698	2,162,730	-	-	5,578,428	265.84
2019	3,100,000	60,831	1,588,182	-	-	4,749,013	226.32
2020	2,850,000	55,963	1,145,976	-	-	4,051,939	193.10
2021	2,600,000	51,097	2,679,585	-	51,014	5,381,696	252.72
2022	2,350,000	46,230	14,732,354	-	39,725	17,168,309	806.21
2023	2,100,000	41,362	14,253,810	-	112,404	16,507,576	775.19
2024	1,850,000	36,496	13,110,542	-	67,998	15,065,036	707.44
2025	1,600,000	31,630	12,072,855	-	22,847	13,727,332	644.63

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

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

Table 12

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total			
2016	\$ 3,850,000	\$ 3,850,000	\$ 2,113,902,961	0.182%	\$ 183.47
2017	3,600,000	3,600,000	2,135,604,701	0.169%	171.56
2018	3,350,000	3,350,000	2,163,259,569	0.155%	159.65
2019	3,100,000	3,100,000	2,360,764,978	0.131%	147.73
2020	2,850,000	2,850,000	2,389,985,868	0.119%	135.82
2021	2,850,000	2,850,000	2,411,084,066	0.118%	133.83
2022	2,600,000	2,600,000	2,474,230,018	0.105%	122.09
2023	2,350,000	2,350,000	2,860,721,693	0.082%	110.35
2024	1,850,000	1,850,000	2,893,648,796	0.064%	86.87
2025	1,600,000	1,600,000	2,923,743,304	0.055%	75.14

Town of Carrboro, North Carolina
 Direct and Overlapping Governmental Activities Debt
 June 30, 2025

Table 13

<u>Town of Carrboro</u>	<u>Total Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
General obligation debt			
Town of Carrboro's direct debt	\$ 13,672,857	100.00%	\$ 13,672,857
Overlapping (bonded) debt - Orange County			
Overlapping debt - Orange County	331,214,294	12.91%	<u>42,759,765</u>
Total direct and overlapping debt			<u><u>\$ 56,432,622</u></u>

Sources:

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

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

Table 14

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 170,848,376	\$ 173,060,766	\$ 188,861,198	\$ 191,198,869	\$ 188,834,785
Total net debt applicable to limit	<u>6,896,275</u>	<u>6,274,461</u>	<u>5,578,428</u>	<u>4,749,013</u>	<u>4,051,939</u>
Legal debt margin	<u>\$ 163,952,101</u>	<u>\$ 166,786,305</u>	<u>\$ 183,282,770</u>	<u>\$ 186,449,856</u>	<u>\$ 184,782,846</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.04%</u>	<u>3.63%</u>	<u>2.95%</u>	<u>2.48%</u>	<u>2.15%</u>

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

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

Table 14

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit	\$ 197,938,401	\$ 225,903,795	\$ 228,857,735	\$ 231,491,984	\$ 233,899,464
Total net debt applicable to limit	<u>5,381,696</u>	<u>17,168,309</u>	<u>16,507,576</u>	<u>15,065,036</u>	<u>13,695,702</u>
Legal debt margin	<u>\$ 192,556,705</u>	<u>\$ 208,735,486</u>	<u>\$ 212,350,159</u>	<u>\$ 216,426,948</u>	<u>\$ 220,203,762</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>2.72%</u>	<u>7.60%</u>	<u>7.21%</u>	<u>6.51%</u>	<u>5.86%</u>

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Table 15

Year	Population	Per Capita Personal Income	Median Age	Chapel Hill and Carrboro Schools Public School Enrollment	Carrboro Schools Only Public School Enrollment	Unemployment Rate
2016	20,984	\$ 32,198	30.1	12,076	1,321	4.7%
2017	20,984	32,198	30.1	12,115	1,318	4.6%
2018	20,984	32,198	30.1	12,115	1,318	3.7%
2019	20,984	32,198	30.1	12,115	1,318	3.3%
2020	20,984	32,198	30.1	12,115	1,318	6.7%
2021	21,295	40,199	32.7	11,732	1,315	3.7%
2022	21,295	43,407	32.5	11,386	1,309	2.6%
2023	21,295	43,407	32.5	11,466	1,309	2.6%
2024	21,295	53,514	34	11,219	2,930	2.8%
2025	21,295	53,514	34	11,266	1,373	3.3%

Notes:

Orange County unemployment rate is used.

Population for 2024-2025 is based on last actual value calculated in 2020 from the U.S. Census Bureau.

Per capita personal income is based on the 2023: ACS 5-Year Estimates Data Profiles

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

Public school enrollment is based on data in 2025 CHCCS approved budget.

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

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

Table 16

2025			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	160	1	3.19%
Chapel Hill-Carrboro City Schools	150	2	2.99%
Fleet Feet Inc (Headquarters)	130	3	2.59%
Piedmont Health Carrboro Community Health Center	125	4	2.49%
Kitware Inc	110	5	2.19%
Orange Water and Sewer Authority	110	6	2.19%
Carolina Institute	90	7	1.79%
Kirby of Carrboro	80	8	1.59%
Weaver Street Market	75	9	1.49%
Crescent Green of Carrboro	70	10	1.39%
Total	<u>1,100</u>		<u>21.90%</u>

Source:
Town Department: Economic Development

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

Table 16

2016			
Employer	Average Number of Employees	Rank	Percentage of Total Town Employment
Town of Carrboro	229	1	1.96%
Chapel Hill-Carrboro City Schools	216	2	1.85%
Kaplan College	160	3	1.37%
Orange Water and Sewer Authority	119	4	1.02%
Food Lion	112	5	0.96%
Harris Teeter	94	6	0.80%
Weaver Street Market	75	7	0.64%
Piedmont Health Services, Inc.	69	8	0.60%
Tyler's Restaurant and Tap Room	50	9	0.43%
Acme Food	46	10	0.39%
	1,170		10.02%

Source:

Orange County Economic Development Commission, average number of employees 3rd quarter 2016 from Employment Security Commission.

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

Table 17

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government:										
Mayor and Town Council	-	-	-	-	-	-	-	-	-	-
Town manager	6.0	3.0	3.0	4.0	4.0	3.0	1.0	5.0	3.0	3.0
Economic development	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Town clerk	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Management services	6.0	6.0	6.0	8.0	8.0	8.0	7.0	7.0	8.0	8.0
Human resources	2.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Information technology	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Climate action	-	-	-	-	-	1.0	2.0	2.0	2.0	2.0
Housing and community services	-	-	-	-	-	2.5	3.0	3.0	3.0	3.0
Communication and engagement	-	-	-	-	-	-	1.5	1.5	4.0	2.0
Public safety:										
Police	41.0	41.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Fire	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Planning	13.5	14.5	13.5	15.5	15.5	14.5	14.5	14.5	15.0	15.0
Public works	36.0	37.0	36.0	39.0	39.0	40.5	35.0	35.0	36.0	40.0
Parks and recreation	12.0	13.0	13.0	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Total	159.5	160.5	159.5	167.0	167.0	169.5	166.0	170.0	173.0	175.0

Source: Annual operating budget

OPERATING INFORMATION

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

Table 18

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government:					
Revolving loan inquiries	5	5	8	5	25
Small business counseling referrals	13	12	15	12	12
Privilege licenses issued	*	*	*	*	*
Public safety:					
Police:					
Major crimes	521	441	473	406	357
Criminal arrests	550	458	488	399	328
Motor vehicle accidents	540	514	465	491	452
Narcotics arrests	93	132	81	45	24
Fire:					
Fire and EMS responses	2,227	2,300	2,308	2,185	1,785
Inspections	1,050	1,020	421	941	355
Planning:					
Annexations	-	-	-	-	-
Zoning permits	73	62	53	70	159
Building permits for new residential	69	28	42	55	124
Building permits for new commercial	9	41	127	8	121
Value of building permits issued	\$ 13,021,295	\$ 11,905,162	\$ 50,502,713	\$ 138,482	\$ 45,965
Public works:					
Paved streets maintained (miles)	46	46	46	46	45
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	1	2	1
Litter collection (hours annually)	385	321	207	29	N/A
Residential refuse collection (tons annually)	2,132	2,497	2,740	2,547	2,736
Multi-family & commercial refuse collection	4,692	3,269	9,502	3,991	3,991
Bus shelters maintained	23	23	23	23	23
Parks and recreation:					
Athletic activities offered	42	51	63	65	50
Athletic activity participants	2,534	2,822	2,751	2,285	1,283
Athletic activity hours	972	942	877	1,068	617
Other activities offered	358	318	343	289	207
Other activity participants	22,793	22,720	28,436	26,031	15,154
Indoor Facility Reservations (a)	112	1,610	674	750	261
Outdoor Facility Reservations (a)	186	410	526	650	234

Sources: Town departments

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

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

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

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

Table 18

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government:					
Revolving loan inquiries	4	1	1	2	2
Small business counseling referrals	6	5	4	4	4
Privilege licenses issued	*	*	*	*	*
Public safety:					
Police:					
Major crimes	423	444	499	502	406
Criminal arrests	318	388	447	501	436
Motor vehicle accidents	329	407	409	407	392
Narcotics arrests	16	22	52	48	36
Fire:					
Fire and EMS responses	1,349	1,761	1,955	1,897	2,166
Inspections	240	591	551	857	957
Planning:					
Annexations	-	-	1	-	-
Zoning permits	139	81	93	121	87
Building permits for new residential	782	551	22	19	7
Building permits for new commercial	115	180	1	-	3
Value of building permits issued	\$ 289,786	\$ 331,145	\$ 290,704	\$ 14,461,291	\$ 19,803,993
Public works:					
Paved streets maintained (miles)	46	47	45	45	46
Unpaved streets maintained (miles)	2	2	2	2	2
Paved bikeways maintained (miles)	1	1	2	2	2
Litter collection (hours annually)	N/A	N/A	N/A	N/A	N/A
Residential refuse collection (tons annually)	2,804	2,864	2,680	2,630	2,735
Multi-family & commercial refuse collection	3,795	3,962	3,883	3,695	3,695
Bus shelters maintained	23	N/A	3	3	3
Parks and recreation:					
Athletic activities offered	47	46	63	65	67
Athletic activity participants	773	1,494	2,008	1,968	2,102
Athletic activity hours	447	574	704	690	721
Other activities offered	110	215	311	338	344
Other activity participants	7,580	12,000	13,950	14,229	14,351
Indoor Facility Reservations (a)	70	44	222	346	527
Outdoor Facility Reservations (a)	115	200	1,345	2,746	1,142

Sources: Town departments

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

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

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

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

Table 19

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	47	47	47	47	47	47	49	46
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	5	6	6	6	6
Public works:										
Refuse collection trucks	7	7	8	8	6	6	6	6	7	7
Replacement refuse collection trucks	1	1	-	-	2	2	2	2	1	2
Streets (miles)	43.27	43.27	46.70	46.70	47.04	47.04	47.04	47.04	47.04	48.40
Bike paths (miles)	3.32	3.32	3.32	3.84	3.84	3.84	3.84	3.84	3.84	3.84
Streetlights	986	986	986	1,014	1,014	1,064	1,064	1,064	1,064	1,064
Parks and recreation:										
Parkland (acres)	112	112	112	112	112	112	112	112	112	112
Parks (quantity)	10	10	10	10	10	10	10	10	10	10
Hiking trails	6	6	6	6	6	6	6	6	6	6
Dog parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	6	6	6	6	6	1	1
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	6	6	6	6	6	6	6
Volleyball courts	2	2	2	3	3	3	3	3	1	1
Multi-purpose fields	3	3	3	3	3	3	3	3	1	1
Fishing ponds	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	8	8	8	8	8	8	8	8	8
Picnic shelters	5	5	5	5	5	5	5	5	5	5

Sources: Town Departments

COMPLIANCE SECTION



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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the **Town of Carrboro, North Carolina** (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, PLLC

Raleigh, North Carolina
October 15, 2025



Independent Auditor's Report on Compliance for the Major State Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the Uniform Guidance and State Single Audit Implementation Act

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

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited the **Town of Carrboro, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town's major state program for the year ended June 30, 2025. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2025.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our ethical and other responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 15, 2025

TOWN OF CARRBORO, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS
YEAR ENDED JUNE 30, 2025**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State Number</u>	<u>Grant Number</u>	<u>Current Year Expenditures</u>	
				<u>Federal Expenditures (Direct and Pass-through)</u>	<u>State Expenditures</u>
Federal Grants					
U.S Department of Transportation:					
Passed through the North Carolina Department of Transportation:					
Highway Planning and Construction					
Highway Planning and Construction (Federal Aid Highway Program):					
Morgan Creek Greenway	20.205		U-4726DE	\$ 43,074	\$ -
Greensboro Street Sidewalk	20.205		C-5650	16,113	-
Jones Creek Greenway	20.205		EB-6033AG	400	-
S. Greensboro Street S/W	20.205		EL-4828A	24,020	-
Total Highway Planning and Construction				<u>83,607</u>	<u>-</u>
Total passed through North Carolina Department of Transportation				<u>83,607</u>	<u>-</u>
Total U.S. Department of Transportation				<u>83,607</u>	<u>-</u>
State Grants					
North Carolina Department of Transportation:					
Powell Bill		DOT-4		-	700,812
Total North Carolina Department of Transportation				<u>-</u>	<u>700,812</u>
Total assistance				<u>\$ 83,607</u>	<u>\$ 700,812</u>

TOWN OF CARRBORO, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal and state grant activity of the Town of Carrboro (the "Town") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town it is not intended to and does not present the financial position, changes in net position, and, where applicable, cash flows thereof of the Town.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town has not elected to use the 10 percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2025

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

There was not an audit of major federal programs as the total expenditures of federal awards did not exceed the \$750,000 threshold established by the OMB Uniform Guidance for the fiscal year ended June 30, 2025.

State Awards

Internal control over major federal programs:
Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major Federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

_____ Yes X No

Auditee qualified as a low-risk auditee?

_____ Yes X No

Identification of major state program:

Program Name

DOT-4 Powell Bill

TOWN OF CARRBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2025

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III

FEDERAL AWARDS FINDINGS AND RESPONSES

None reported.

SECTION IV

STATE AWARDS FINDINGS AND RESPONSES

None reported.

TOWN OF CARRBORO, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2025

2024-001 Restatement of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of the Town in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to timely detect material misstatements in the Town's financial statements for the year ended June 30, 2023.

Current Status: Corrected.