

TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FOR FISCAL YEAR ENDING  
JUNE 30, 2017

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# **TOWN OF TARBORO, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2017**

Prepared by:

**Anne Y. Mann  
Finance Director**

Member of the Government Finance Officers Association of the United States and Canada

Published November 20, 2017

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## **INTRODUCTORY SECTION**

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# Town of Tarboro

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500 N Main Street, PO Box 220, Tarboro, NC 27886 (P) 252.641.4200 (F) 252.641.4286

November 20, 2017

To the Honorable Mayor, Town Council, and Town Manager:

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Tarboro for the fiscal year ended June 30, 2017.

The CAFR consists of management's representations concerning the finances of the Town of Tarboro. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Tarboro has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Tarboro's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Tarboro's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Tarboro's financial statements have been audited by Petway Mills & Pearson, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Tarboro for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Tarboro's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, state mandated “Single Audit” designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Town’s compliance with the requirements of laws, regulations, contracts and grants applicable to its major state programs. These auditor reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Tarboro’s MD&A can be found immediately following the report of the independent auditors.

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## **Profile of the Government**

The Town of Tarboro is located along the Tar River in the northeast part of North Carolina. It is the county seat of Edgecombe County. The Town was incorporated in 1760 and has a population of approximately 10,994. The Town of Tarboro takes pride in its Town Common, expansive Historic District, wide array of recreational activities, the revitalization of Main Street, and its many historic landmarks.

The Town operates under a Council/Manager form of government. The legislative body of the government of the Town is comprised of a Mayor and an eight-member Town Council. The Mayor is elected at-large on a non-partisan basis for a four-year term. The eight Council members are elected from wards on a non-partisan basis to four-year staggered terms. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the day-to-day operations of the Town and for appointing the heads of departments. A team of seven department heads assists the manager in operating the Town.

The Town operates an electric system and a water and sewer system, providing service to approximately 6,500 households and businesses within the Town and the surrounding area. It provides a full range of municipal services, including police and fire protection, sanitation, street construction and maintenance, planning and zoning, building inspection, and recreation and parks.

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## **Budgetary Control**

The annual budget serves as the foundation for the Town of Tarboro’s financial planning and control. The Town has a formal operating budget process which begins in February each year with the Council Retreat and ends in May when the Town Council receives the recommended budget. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. Legal budgetary

control for operating budgets is exercised at the fund and department level. The Town Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the Town Council. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and proprietary funds for which an appropriated annual budget has been adopted.

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## **Local economy**

The economic outlook for the Town of Tarboro continues to be optimistic. Tarboro was not immune to the effects of the downturn in the nation's economy. However, residential, commercial, and industrial construction continued throughout the downturn, simply at a slower pace. Over the last couple of years, new development of both residential and commercial properties is beginning to gain momentum, and the trend will hopefully gain strength in the years to come. Since last year's devastating flooding related to Hurricane Matthew, the Town has not only seen repairs and rebuilding of damaged structures, but there has also been substantial new building activity. Permits issued for residential, commercial, and industrial development have increased substantially over prior years.

Town staff continue to partner with Carolinas Gateway Partnership and the Edgecombe Community College Small Business Center. Small businesses, commercial interests, and industrial prospects have been retained and recruited, expanding the options for citizens and geographically expanding the consumer base choosing Tarboro. Several of the new companies will create employment for locals as well as opportunities for new employees who will relocate and begin to call Tarboro home.

The Town was most recently awarded a Department of Commerce Industrial Development Fund grant for extension of water and sewer lines to the Commerce Center Industrial Park. Through these efforts a 200,000 square foot cold storage facility has committed to build, and we hope this investment will spur additional development.

The Parks and Recreation and Planning Departments received large grants that will leverage town investment in the health of our citizens and increase transportation mobility across town. Our citizens take pride in maintaining Tarboro, and these improvements will amplify the quality of life enjoyed here and continue to entice new development.

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## **Financial Analysis of the Town**

### **General Fund:**

For almost ten years, the economy has been a major concern for the Town of Tarboro. For fiscal year 2016-2017, General Fund revenues from sales taxes and other intergovernmental sources have remained steady when compared to the prior year, which had reflected some strengthening of the local economy. This continued strengthening has helped to maintain personnel and operating costs without requiring property tax increases. Personnel and benefits are one of the largest operational costs to the Town. The budget for fiscal year 2016-2017 included both a Cost of Living Adjustment (COLA) and merit increases for the employees.

### **Enterprise Fund:**

The Water and Sewer Fund saw an increase in rates for the first time in almost ten years. This increase was needed to offset the rising costs related to water and wastewater treatment as well as provide funding for much needed repairs to the system. The Solid Waste fund maintained rates equal to the prior year for the 2016-2017 fiscal year, but this fund will have an increase to rates in FY 2017-2018.

In April of 2017, the Tarboro Town Council voted to reduce retail electric rates by an average of 3.8%, the third time the rates have been reduced in the last two years. These reductions were made possible after the purchase of the assets of NC Eastern Municipal Power Agency by Duke Energy Progress in the fall of 2015. The \$1.2 billion sale of minority interest in several power plants reduced NCEMPA's debt by more than 70 percent. The remaining debt of \$492 million is scheduled to be paid off in 10 years. The debt reduction allowed the Town Council to pass the largest electric rate decrease in Tarboro's history. Electric rates were reduced by an average of ten percent in September 2015. In January 2016, the NCEMPA board voted to keep the current wholesale rates in effect through 2019 allowing the Town to pass along additional savings by further reducing the electric utility rates by an average of nine percent in June 2016.

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## **Debt Administration**

During the fiscal year ended June 30, 2000, the Town retired the last of its remaining bonded debt. The Town has no bond rating due to the fact that it has no bonded debt. Under North Carolina law, the Town's general obligation bonded debt is subject to a legal limitation based on 8% of the total assessed value of real and personal property. As of June 30, 2017, the Town's legal debt limit is approximately \$70,903,511.

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## **Awards and Acknowledgements**

**Certificate of Achievement for Excellence in Financial Reporting Program** - The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting

to the Town of Tarboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the 27th consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report (CAFR) continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments** – The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, Town Council, and Town Manager for their continuing support for maintaining the highest standards of professionalism in the management of the Town of Tarboro.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anne Y. Mann". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Anne Y. Mann  
Finance Director

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

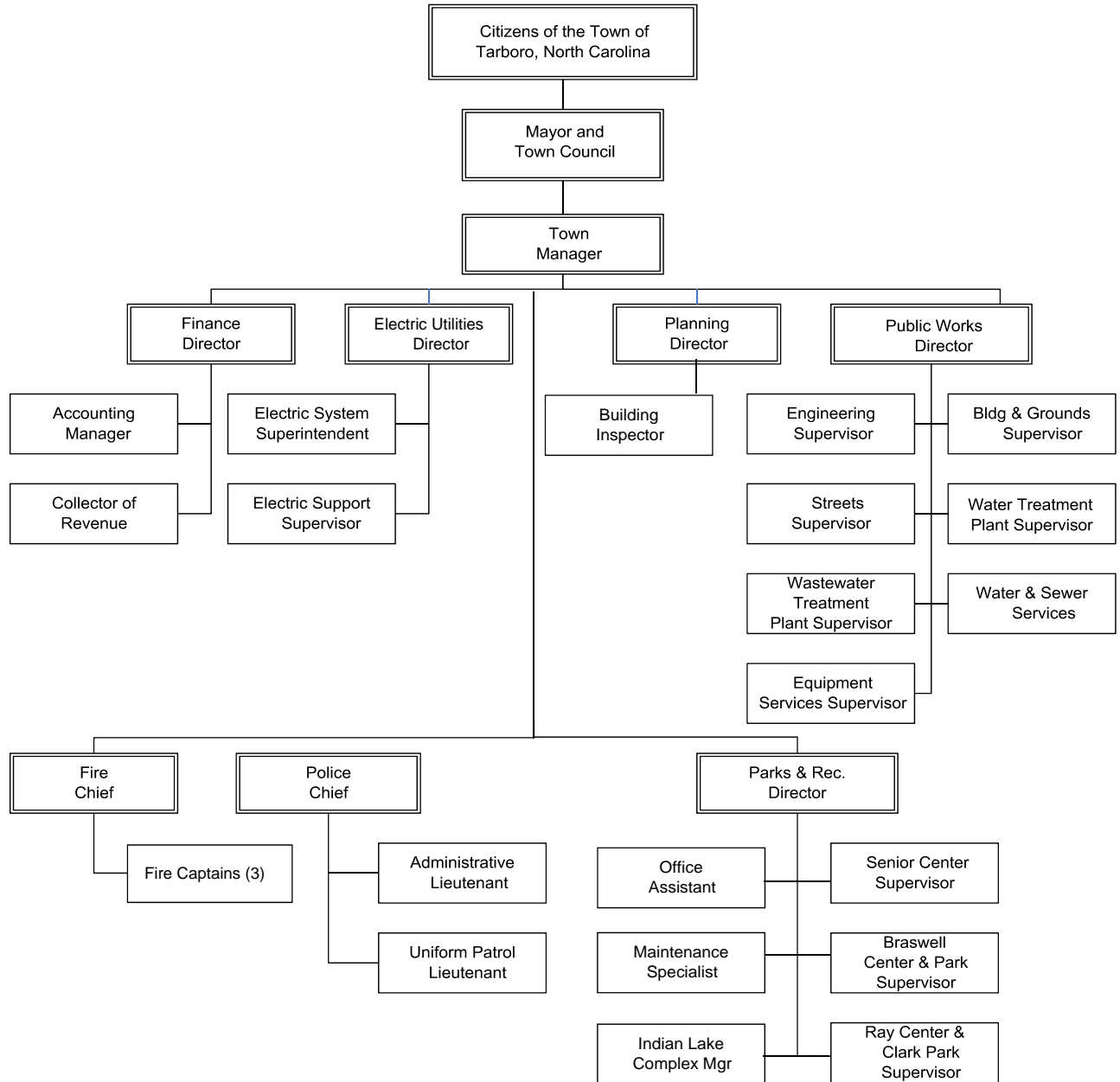
**Town of Tarboro  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Organizational Chart



# Principal Officials

## ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Term Expires</u> <sup>1</sup>
Mayor	Joseph W. Pitt	1 Year	December, 2017
Councilman Ward 1	Othar Woodard	4 Years	December, 2017
Councilman Ward 2	Leo Taylor	2 Years	December, 2019
Councilman Ward 3	Stephen Burnette	4 Years	December, 2017
Councilman Ward 4	C B Brown	2 Years	December, 2019
Councilman Ward 5	John Jenkins	16 Years	December, 2017
Councilman Ward 6	Deborah Jordan	6 Years	December, 2019
Councilman Ward 7	Sabrina Bynum	1 Year	December, 2017
Councilman Ward 8	Garland Shephard	6 Years	December, 2019

<sup>1</sup> The Mayor serves a four-year term. Councilmen serve four-year staggered terms.

## APPOINTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Length of Time In This Position</u>	<u>Length of Employment With The Town of Tarboro</u>
Town Manager	Troy R. Lewis	1 Year	17 Years
Finance Director	Anne Y. Mann	3 Years	3 Years
Police Chief	Jesse Webb	1 Year	23 Years
Public Works Director	John K. Moore	1 Year	33 Years
Electric Utilities Director	Robert Harrison III	9 Years	33 Years
Fire Chief	Frankie A. Winslow	6 Years	27 Years
Recreation Director	Travis Stigge	3 Years	3 Years
Planning Director	Catherine Grimm	2 Years	2 Years

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## **FINANCIAL SECTION**

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**PETWAY**  
**MILLS &**  
**PEARSON, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. Pearson

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**Memberships:**

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

Medical Group  
Management  
Association

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Health Care Plan Schedule of Funding Progress and Schedule of Employer Contributions on pages 21 through 34, and 80 through 82, respectively, the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Asset and Contributions, on pages 83 and 84, respectively, be presented to supplement the basic financial statements. Such information, although not a 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Tarboro, North Carolina. The introductory information, combining individual fund statements, budgetary schedules, other schedules statistical section, and Schedule of Expenditures of Federal and State Awards, as required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the Town of Tarboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tarboro's internal control over financial reporting and compliance.

*Petway Mills & Pearson, PA*

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PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

November 20, 2017

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## TOWN OF TARBORO

### Management's Discussion and Analysis

As management of the Town of Tarboro, we offer readers of the Town of Tarboro's financial statements this narrative overview and analysis of the financial activities of the Town of Tarboro for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### Financial Highlights

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- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$57,059,015 (*net position*). The net position of the governmental activities decreased by \$1,269,444, and the net position of the business-type activities increased by \$675,798.
- The government's total net position decreased by \$593,646, due in large part to Other Post-employment Benefits and Law Enforcement Officers' Special Separation Allowance expenses and the annual depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,758,531, an increase of \$386,986 in comparison with the prior year. Approximately 40.88 percent of this total amount, or \$2,354,011 is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,534,584, or 37.93 percent, of total General Fund expenditures for the fiscal year.
- As of the close of the current fiscal year, the Town's business-type funds reported combined ending net position of \$44,178,318, an increase of \$675,798.

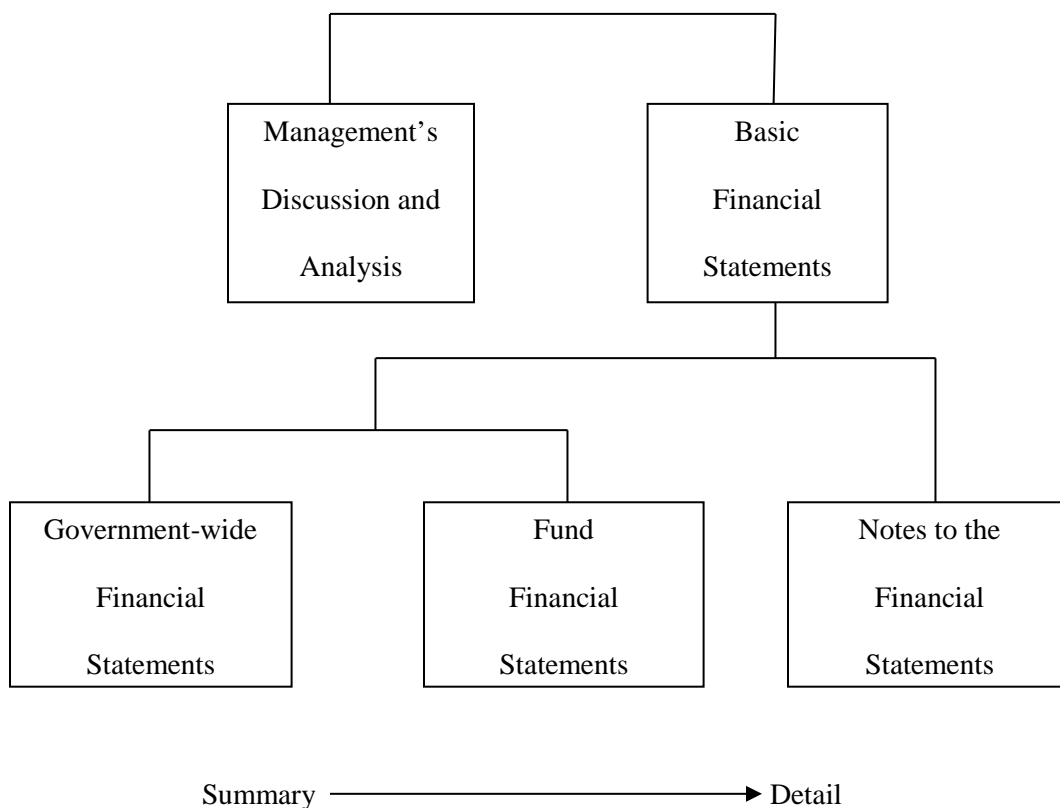
## Overview of the Financial Statements

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This discussion and analysis is intended to serve as an introduction to Town of Tarboro's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Tarboro.

### *Required Components of Annual Financial Report*

**Figure 1**



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund 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 a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer, electric and solid waste services offered by the Town of Tarboro. The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Tarboro, 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 of Tarboro 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. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Tarboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the 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. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The Town of Tarboro maintains three enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Tarboro uses enterprise funds to account for its water and sewer activity, for its electric operations and for solid waste operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 begin on page 34 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Tarboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 65 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.



**Net Position** - The following (Figure 2) reflects condensed information on the Town's net position.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 6,468,497	\$ 5,928,305	\$ 17,405,535	\$ 16,383,967	\$ 23,874,032	\$ 22,312,272
Capital assets	12,573,635	13,832,348	32,418,176	33,019,364	44,991,811	46,851,712
<b>Total Assets</b>	<b>19,042,132</b>	<b>19,760,653</b>	<b>49,823,711</b>	<b>49,403,331</b>	<b>68,865,843</b>	<b>69,163,984</b>
<b>Deferred outflows of resources</b>	<b>1,271,218</b>	<b>266,884</b>	<b>885,225</b>	<b>192,827</b>	<b>2,156,443</b>	<b>459,711</b>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	6,848,525	4,378,816	4,142,262	3,270,796	10,990,787	7,649,612
Other liabilities	432,573	287,115	2,300,174	2,681,383	2,732,747	2,968,498
<b>Total Liabilities</b>	<b>7,281,098</b>	<b>4,665,931</b>	<b>6,442,436</b>	<b>5,952,179</b>	<b>13,723,534</b>	<b>10,618,110</b>
<b>Deferred inflows of resources</b>	<b>151,555</b>	<b>222,234</b>	<b>88,182</b>	<b>141,459</b>	<b>239,737</b>	<b>363,693</b>
<b>Net Position:</b>						
Net invested in capital assets	12,573,635	10,069,050	31,552,006	31,945,930	44,125,641	42,014,980
Restricted	2,275,122	1,964,571	-	1,027,197	2,275,122	2,991,768
Unrestricted	(1,968,060)	2,116,520	12,626,312	10,529,393	10,658,252	12,645,913
<b>Total net position</b>	<b>\$ 12,880,697</b>	<b>\$ 14,150,141</b>	<b>\$ 44,178,318</b>	<b>\$ 43,502,520</b>	<b>\$ 57,059,015</b>	<b>\$ 57,652,661</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$57,059,015 as of June 30, 2017. The Town's net position decreased by \$1,582,877 for the fiscal year ended June 30, 2017, including a restatement of a \$989,231 reduction for the mandated implementation of the Law Enforcement Officers' Special Separation Allowance liability. The largest portion of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). An additional portion of the Town's net position, \$2,275,122, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,658,252 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- The Town continues to diligently collect property taxes. The Town's tax collection percentage is 97.43% for property excluding motor vehicles, which is comparable to the prior year. The statewide average for other municipalities with a population between 10,000 and 49,999 is 98.36%. This average is based on 2016 data, the most recently published percentage and shows an increase of 0.24% from 2015.
- The fiscal year ended June 30, 2017, shows an increase in sales tax revenues of approximately \$270,000, and an increase in development related permits and fees of approximately \$21,000, which is influenced by the economic growth in the area.
- The Town has no bonded indebtedness since June 30, 2000.

## Changes in Net Position

The Town's total revenues and expenditures for governmental and business-type activities are reflected in Figure 3.

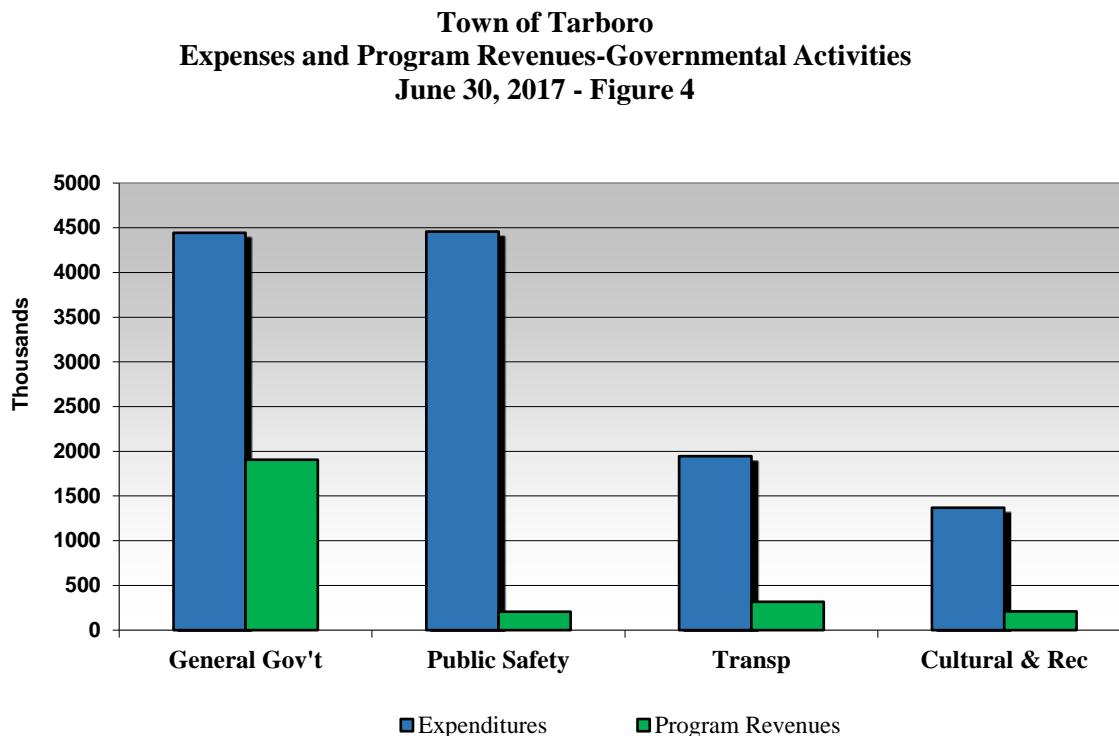
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 876,142	\$ 1,056,628	\$ 29,527,538	\$ 31,467,135	\$ 30,403,680	\$ 32,523,763
Grants & contributions:						
Operating	1,764,935	440,056	-	-	1,764,935	440,056
Capital	-	-	1,030,794	626,541	1,030,794	626,541
General revenues:						
Property taxes	3,665,863	3,580,962	-	-	3,665,863	3,580,962
Other taxes	225,686	239,423	-	-	225,686	239,423
Other	3,337,696	2,960,569	144,804	66,097	3,482,500	3,026,666
Total revenues	<u>9,870,322</u>	<u>8,277,638</u>	<u>30,703,136</u>	<u>32,159,773</u>	<u>40,573,458</u>	<u>40,437,411</u>
<b>Expenses:</b>						
General government	4,442,627	2,857,913	-	-	4,442,627	2,857,913
Public safety	4,457,990	4,353,722	-	-	4,457,990	4,353,722
Transportation	1,944,906	1,992,351	-	-	1,944,906	1,992,351
Economic & Physical						
Development	-	163,120	-	-	-	163,120
Culture & recreation	1,368,280	1,287,016	-	-	1,368,280	1,287,016
Water & sewer	-	-	4,853,078	4,771,575	4,853,078	4,771,575
Electric	-	-	22,997,968	22,397,029	22,997,968	22,397,029
Solid waste	-	-	1,102,255	975,674	1,102,255	975,674
Total expenses	<u>12,213,803</u>	<u>10,654,122</u>	<u>28,953,301</u>	<u>28,144,278</u>	<u>41,167,104</u>	<u>38,798,400</u>
Increase (decrease) in net position before transfers	(2,343,481)	(2,376,484)	1,749,835	4,015,495	(593,646)	1,639,011
Transfers	<u>1,074,037</u>	<u>1,100,000</u>	<u>(1,074,037)</u>	<u>(1,100,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(1,269,444)	(1,276,484)	675,798	2,915,495	(593,646)	1,639,011
Net position, July 1	15,139,372	16,415,856	43,502,520	40,587,025	58,641,892	57,002,881
Prior period adjustment	(989,231)	-	-	-	(989,231)	-
Net position, June 30	<u>\$ 12,880,697</u>	<u>\$ 15,139,372</u>	<u>\$ 44,178,318</u>	<u>\$ 43,502,520</u>	<u>\$ 57,059,015</u>	<u>\$ 58,641,892</u>

## Governmental Activities

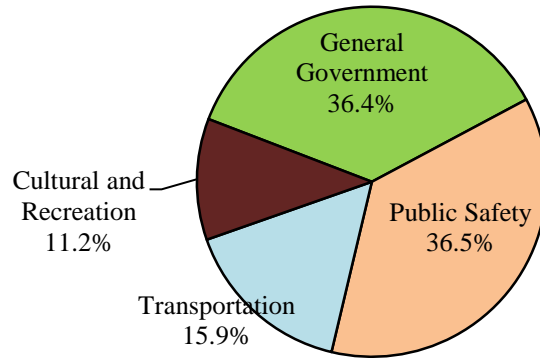
Governmental activities decreased the Town's net position by \$1,269,444. Key elements of the current year governmental activities in the net position are as follows:

- Public Safety accounts for the largest portion of expenses at 36.5%. The second largest is General Government at 36.4%. General Government accounts for a much larger percentage from previous years due to Hurricane Matthew recovery efforts being included in this category.
- The Town again recognized substantial liability increases during the year related to governmental activities for other post-employment benefits (OPEB), pension obligations (LGERS), and the Law Enforcement Officers' Special Separation Allowance.
- Other expenses stayed relatively consistent between 2016 and 2017 which illustrates the due diligence of the Town to maintain minimum costs.

See Figures 4 and 5 for governmental revenues and expenditures summary.



**Town of Tarboro**  
**Expenses-Governmental Activities - Figure 5**

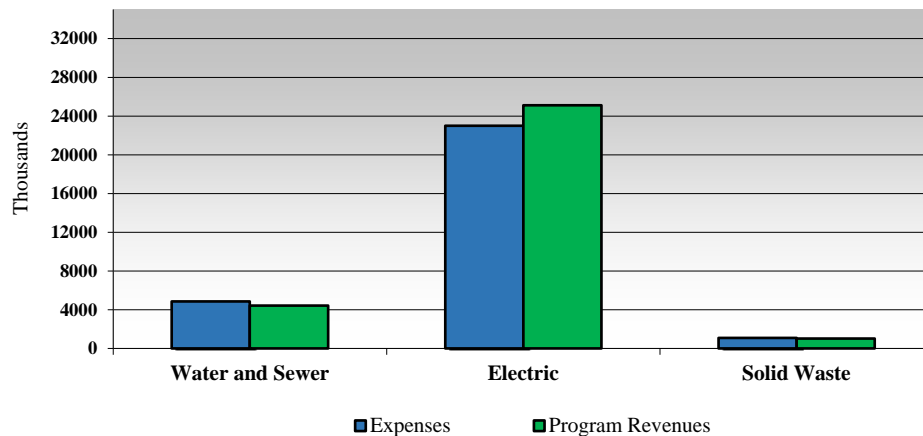


### Business-type activities

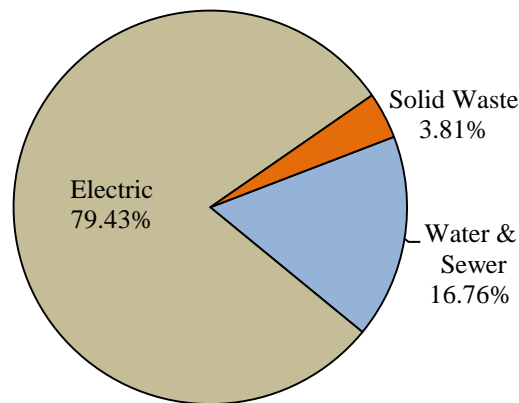
Business-type activities increased the Town's net position by \$675,798. This change is mainly due to capital project activity during the year including both Electric and Water & Sewer Fund projects. The Town's utility departments continue to enhance their infrastructure assets in order to provide the best service possible to their customers.

See Figures 6 and 7 for business-type revenues and expenses summary.

**Town of Tarboro**  
**Expenses and Program Revenues-Business-Type Activities**  
**June 30, 2017 - Figure 6**



**Town of Tarboro**  
**Expenses - Business-type Activities**  
**June 30, 2017 - Figure 7**



### Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. Specifically, unassigned fund balance can be a useful means of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,534,584, while total fund balance reached \$5,612,633. The Governing Body of the Town of Tarboro has determined that the Town should maintain an available fund balance of 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 37.93% of general fund expenditures, while total fund balance represents 60.23% of the same amount.

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$5,758,531, up \$386,986 in comparison with the prior year. Included in this change is fund balance is an increase in fund balance of the Non-Major Governmental Funds.

**General Fund Budgetary Highlights** – During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

There were several reasons that the Town revised its budget throughout the year. The budget revenues increase as the Town received several small grants and an insurance claim for the fire sprinkler system at the Public Works Complex. Although expenditures were kept well below the budgeted amounts during the year, there were amendments made to the budget for unexpected capital outlay expenditures. Other planned capital outlay projects were incomplete at the end of the fiscal year and are reflected in budgetary statements as a positive variance.

**Proprietary Funds** – The Town of Tarboro’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position at the end of the year amounted to \$30,513,581 for the Electric Fund, \$13,081,645 for the Water and Sewer Fund and \$583,092 for the Solid Waste Fund. The total change in net position for all three funds was \$1,129,644, (\$388,242) and (\$65,604) respectively for a total net change of \$675,798.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Tarboro’s investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$44,991,811 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, distribution system and vehicles.

Major capital asset transactions during the year include the following:

#### **Governmental Funds:**

##### **Additions**

- 7 Police Vehicles \$228,928
- Service Vehicles for Public Works - \$73,185
- Service Vehicle for Parks & Rec Maintenance Crew - \$33,000

#### **Proprietary Funds:**

##### **Additions**

- Substation Upgrades - \$180,000
- Bucket Truck for Electric Department - \$211,839
- Radio Upgrades - \$143,797
- Sanitation Truck - \$164,466

**Town of Tarboro, North Carolina**  
**Capital Assets**  
**Figure 8**

	Governmental	Business-type	Total	
	Activities	Activities		
	2017	2017	2017	2016
Land	\$ 1,909,193	\$ 1,285,932	\$ 3,195,125	\$ 3,195,125
Buildings & Other				
Improvements	3,287,765	7,447	3,295,212	3,629,772
Infrastructure	5,879,085	-	5,879,085	6,842,502
Substations, Lines,				
Equipment	-	17,503,051	17,503,051	17,423,341
Plant & Distribution				
Systems	-	10,855,285	10,855,285	10,784,645
Equipment	1,497,592	1,182,077	2,679,669	2,374,089
Construction				
in progress	-	1,584,384	1,584,384	2,602,238
 Total Capital Assets (net of accumulated depreciation)	 \$ 12,573,635	 \$ 32,418,176	 \$ 44,991,811	 \$ 46,851,712

Additional information on the Town's Capital Assets can be found in Note II, Section A, beginning on page 41 of this report.

**Long-term Debt.** As of June 30, 2017, the Town of Tarboro had no bonded debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$70,903,511.

Additional information regarding the Town's long-term debt can be found in Note II, Section B, beginning on page 48 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The following are key economic indicators of the Town. These factors have been considered when preparing the budget for fiscal year ending June 30, 2018.

- The unemployment rate for the Rocky Mount Metropolitan Statistical Area was 6.4% at June 30, 2017. This is a 1.1% reduction in the unemployment rate compared to the prior year.
- Our Town experienced a year of positive growth in several areas. The most notable source of revenue growth originated from local option sales tax. It exceeded our projections for the current year is expected to maintain this year's level, or grow slightly, in fiscal year 2018.

### **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities:** The governmental fund's primary revenue sources are property taxes and intergovernmental revenues. There was no change in the property tax rate of \$0.41 per \$100 valuation for the fiscal year ending June 30, 2017. The Town's budget contains several revenue sources that are dependent on the general economy. Among these are sales taxes, property taxes, interest income, and permit fees. The general fund continues to have no bonded indebtedness, and Town employees will receive a 2% cost of living adjustment and will also have the opportunity to earn a merit increase of up to 2% in FY 2017-2018

**Business-type Activities:** Water and sewer rates will remain unchanged for FY 2017-2018 after being increased in FY 2016-2017. Solid Waste fee will however increase to \$22.00 per month to cover in increased landfill fees expected to be implemented by Edgecombe County. Electric rates were most recently changed effective April 1, 2017, and the budget reflects the lowered costs of purchased power in the coming year.

### ***Requests for Information***

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Tarboro, P. O. Box 220, Tarboro, NC 27886. One can also call (252) 641-4212, visit our website [www.tarboro-nc.com](http://www.tarboro-nc.com) or send an email to [annemann@tarboro-nc.com](mailto:annemann@tarboro-nc.com) for more information.



## **BASIC FINANCIAL STATEMENTS**

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**Town of Tarboro, North Carolina**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,616,119	\$ 11,209,548	\$ 14,825,667
Restricted cash	1,582,821	968,538	2,551,359
Taxes receivables (net)	214,260	-	214,260
Accrued interest receivable	64,725	-	64,725
Accounts receivable (net)	394,397	3,655,035	4,049,432
Due from other governments	547,286	187,840	735,126
Inventories	48,889	1,384,574	1,433,463
Total current assets	6,468,497	17,405,535	23,874,032
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,909,193	2,870,316	4,779,509
Other capital assets, net of depreciation	10,664,442	29,547,860	40,212,302
Total capital assets	12,573,635	32,418,176	44,991,811
Total non-current assets	12,573,635	32,418,176	44,991,811
<b>Total assets</b>	<b>19,042,132</b>	<b>49,823,711</b>	<b>68,865,843</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan	312,135	225,188	537,323
Pension deferrals	959,083	660,037	1,619,120
Total deferred outflows of resources	1,271,218	885,225	2,156,443
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	361,425	1,469,125	1,830,550
Payable from restricted assets	-	589,994	589,994
Compensated absences	71,148	29,654	100,802
Current portions of notes payable	-	211,401	211,401
Total current liabilities	432,573	2,300,174	2,732,747
Long-term liabilities:			
Net pension liability - LGERS	1,429,259	1,025,646	2,454,905
Net pension obligation - LEO	1,274,475	-	1,274,475
Due in more than one year	4,144,791	3,116,616	7,261,407
Total long-term liabilities	6,848,525	4,142,262	10,990,787
<b>Total liabilities</b>	<b>7,281,098</b>	<b>6,442,436</b>	<b>13,723,534</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	10,640	-	10,640
Pension deferrals	140,915	88,182	229,097
<b>Total deferred inflows of resources</b>	<b>151,555</b>	<b>88,182</b>	<b>239,737</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,573,635	31,552,006	44,125,641
Restricted for:			
Stabilization by State statute	850,056	-	850,056
Streets	1,149,104	-	1,149,104
General government	400	-	400
Public safety	275,562	-	275,562
Unrestricted	(1,968,060)	12,626,312	10,658,252
<b>Total net position</b>	<b>\$ 12,880,697</b>	<b>\$ 44,178,318</b>	<b>\$ 57,059,015</b>

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
						Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 4,442,627	\$ 712,181	\$ 990,849	\$ -	\$ (2,739,597)	\$ -	\$ -	\$ (2,739,597)
Public safety	4,457,990	25,233	180,309	-	(4,252,448)	-	-	(4,252,448)
Transportation	1,944,906	-	318,731	-	(1,626,175)	-	-	(1,626,175)
Economic and physical development	-	-	203,929	-	203,929	-	-	-
Cultural and Recreational	1,368,280	138,728	71,117	-	(1,158,435)	-	-	(1,158,435)
Interest on long-term deb	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>12,213,803</b>	<b>876,142</b>	<b>1,764,935</b>	<b>-</b>	<b>(9,572,726)</b>	<b>-</b>	<b>-</b>	<b>(9,572,726)</b>
<b>Business-type activities:</b>								
Electric	22,997,968	24,095,873	-	1,000,000	-	-	2,097,905	2,097,905
Water and Sewer	4,853,078	4,403,001	-	30,794	-	-	(419,283)	(419,283)
Solid waste	1,102,255	1,028,664	-	-	-	-	(73,591)	(73,591)
<b>Total business-type activities</b>	<b>28,953,301</b>	<b>29,527,538</b>	<b>-</b>	<b>1,030,794</b>	<b>-</b>	<b>-</b>	<b>1,605,031</b>	<b>1,605,031</b>
<b>Total primary government</b>	<b>\$ 41,167,104</b>	<b>\$ 30,403,680</b>	<b>\$ 1,764,935</b>	<b>\$ 1,030,794</b>	<b>(9,572,726)</b>	<b>1,605,031</b>	<b>1,605,031</b>	<b>(7,967,695)</b>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					3,665,863	-	-	3,665,863
Other taxes and licenses					225,686	-	-	225,686
Grants and contributions not restricted to specific programs					3,112,486	-	-	3,112,486
Unrestricted investment earnings					21,874	49,907	49,907	71,781
Miscellaneous					203,336	94,897	94,897	298,233
General revenues not including transfers					7,229,245	144,804	144,804	7,374,049
Transfers					1,074,037	(1,074,037)	-	-
Total general revenues and transfers					8,303,282	(929,233)	7,374,049	7,374,049
<b>Change in net position</b>					(1,269,444)	675,798	(593,646)	(593,646)
<b>Net position, beginning, as previously reported</b>					15,139,372	43,502,520	58,641,892	58,641,892
<b>Change in accounting principle</b>					(989,231)	-	(989,231)	(989,231)
<b>Net position, beginning, as restated</b>					14,150,141	43,502,520	57,652,661	57,652,661
<b>Net position, ending</b>					\$ 12,880,697	\$ 44,178,318	\$ 57,059,015	\$ 57,059,015

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Balance Sheets**  
**Governmental Funds**  
**June 30, 2017**

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Governmental Non-major Funds</u>	<u>Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,567,468	\$ 48,651	\$ 3,616,119
Restricted cash	1,372,356	210,465	1,582,821
Receivables, net:			
Taxes	214,260	-	214,260
Accounts	378,243	16,154	394,397
Accrued interest receivable	64,725	-	64,725
Due from other governments	420,666	126,620	547,286
Due from other funds	110,063	-	110,063
Inventories	48,889	-	48,889
Total assets	<u>\$ 6,176,670</u>	<u>\$ 401,890</u>	<u>\$ 6,578,560</u>
<b>LIABILITIES</b>			
Accounts payable - vendors	\$ 200,503	\$ 145,929	\$ 346,432
Accounts payable - others	14,993	-	14,993
Due to other funds	-	110,063	110,063
Total liabilities	<u>215,496</u>	<u>255,992</u>	<u>471,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	214,260	-	214,260
Accrued interest receivable	64,725	-	64,725
Special assessments, net	58,916	-	58,916
Prepaid taxes	10,640	-	10,640
Total deferred inflows of resources	<u>348,541</u>	<u>-</u>	<u>348,541</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Inventories	48,889	-	48,889
Restricted:			
Stabilization by State statute	850,056	-	850,056
Streets	1,149,104	-	1,149,104
General government	-	400	400
Public safety	-	275,562	275,562
Assigned:			
Subsequent year's expenditures	30,000	-	30,000
Unassigned	3,534,584	(130,064)	3,404,520
Total fund balances	<u>5,612,633</u>	<u>145,898</u>	<u>5,758,531</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,176,670</u>	<u>\$ 401,890</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,573,635
Earned revenues considered deferred inflows of resources in fund statements.	337,901
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	312,135
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(4,215,939)
Net pension liability - LGERS	(1,429,259)
Pension related deferrals	818,168
Net pension obligation - LEO	(1,274,475)
Net position of governmental activities	<u>\$ 12,880,697</u>

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>Major Fund</u>	<u>Governmental</u>	<u>Total</u>
	<u>General</u>	<u>Non-major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 3,666,392	\$ -	\$ 3,666,392
Other taxes and licenses	225,686	-	225,686
Unrestricted intergovernmental	3,090,016	18,470	3,108,486
Restricted intergovernmental	413,297	1,355,639	1,768,936
Permits and fees	78,366	-	78,366
Sales and services	211,486	-	211,486
Investment earnings	20,963	911	21,874
Miscellaneous	137,596	38,982	176,578
Charges for services	613,048	-	613,048
Total revenues	<u>8,456,850</u>	<u>1,414,002</u>	<u>9,870,852</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,552,409	1,159,104	3,711,513
Public safety	4,279,341	80,520	4,359,861
Transportation	801,972	-	801,972
Economic and physical development	-	-	-
Cultural and Recreational	1,206,071	-	1,206,071
Capital outlay	478,486	-	478,486
Total expenditures	<u>9,318,279</u>	<u>1,239,624</u>	<u>10,557,903</u>
Excess (deficiency) of revenues over expenditures	<u>(861,429)</u>	<u>174,378</u>	<u>(687,051)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (to) from other funds	1,074,037	-	1,074,037
Total other financing sources (uses)	<u>1,074,037</u>	<u>-</u>	<u>1,074,037</u>
Net change in fund balance	212,608	174,378	386,986
Fund balances, beginning	5,400,025	(28,480)	5,371,545
Fund balances, ending	<u>\$ 5,612,633</u>	<u>\$ 145,898</u>	<u>\$ 5,758,531</u>

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Reconciliation of the**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 386,986
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	
Capital outlay expenditures which were capitalized	478,486
Depreciation expense for governmental assets	<u>(1,737,198)</u>
	(1,258,712)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	312,135
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	47,604
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	(528)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
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.	
Compensated absences	(53,769)
Pension expense	(274,350)
Other postemployment benefits	(428,810)
Total changes in net position of governmental activities	<u><u>\$ (1,269,444)</u></u>

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2017**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,871,100	\$ 3,871,100	\$ 3,666,392	\$ (204,708)
Other taxes and licenses	244,500	244,500	225,686	(18,814)
Unrestricted intergovernmental	2,934,000	2,946,500	3,090,016	143,516
Restricted intergovernmental	430,000	430,000	413,297	(16,703)
Permits and fees	68,950	70,950	78,366	7,416
Sales and services	220,000	215,500	211,486	(4,014)
Investment earnings	12,000	12,000	20,963	8,963
Miscellaneous	39,300	78,930	137,596	58,666
Charges for services	613,048	613,048	613,048	-
Total revenues	8,432,898	8,482,528	8,456,850	(25,678)
Expenditures:				
Current:				
General government	2,839,830	2,825,395	2,552,409	272,986
Public safety	4,866,205	4,540,805	4,279,341	261,464
Transportation	746,070	926,807	801,972	124,835
Cultural and Recreational	1,304,485	1,476,248	1,206,071	270,177
Capital Outlay	1,419,000	1,525,989	478,486	1,047,503
Total expenditures	11,175,590	11,295,244	9,318,279	1,976,965
Revenues over (under) expenditures	(2,742,692)	(2,812,716)	(861,429)	1,951,287
Other financing sources (uses):				
Appropriated (Unappropriated) fund balance	1,668,655	1,738,679	-	(1,738,679)
Transfers from (to) other funds	1,074,037	1,074,037	1,074,037	-
Total other financing sources (uses)	2,742,692	2,812,716	1,074,037	(1,738,679)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	212,608	\$ 212,608
Fund balances, beginning			5,400,025	
Fund balances, ending			<u>\$ 5,612,633</u>	

The notes to the financial statements are an integral part of this statement.



**Town of Tarboro, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 8,596,937	\$ 1,953,807	\$ 658,804	\$ 11,209,548
Restricted cash	553,844	414,694	-	968,538
Accounts receivable (net)	2,865,483	643,836	145,716	3,655,035
Due from other governments	132,932	47,470	7,438	187,840
Inventories	1,309,779	74,795	-	1,384,574
Total current assets	13,458,975	3,134,602	811,958	17,405,535
Noncurrent assets:				
Capital assets:				
Land, non-depreciable improvements, and construction in progress	2,084,894	785,422	-	2,870,316
Other capital assets, net of depreciation	18,113,935	11,054,007	379,918	29,547,860
Capital assets (net)	20,198,829	11,839,429	379,918	32,418,176
Total noncurrent assets	20,198,829	11,839,429	379,918	32,418,176
Total assets	33,657,804	14,974,031	1,191,876	49,823,711
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to pension plan	96,075	105,928	23,185	225,188
Pension deferrals	282,873	314,303	62,861	660,037
Total deferred outflows of resources	378,948	420,231	86,046	885,225
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,345,818	68,108	55,199	1,469,125
Payable from restricted assets	553,844	36,150	-	589,994
Compensated absences - current	17,941	9,636	2,077	29,654
Current portion of long-term debt	44,852	97,581	68,968	211,401
Total current liabilities	1,962,455	211,475	126,244	2,300,174
Non-current liabilities:				
Other postemployment benefits	933,754	1,008,771	301,854	2,244,379
Compensated absences	131,568	70,666	15,234	217,468
Net pension liability	443,835	493,759	88,052	1,025,646
Non-current portion of long-term debt	18,993	493,277	142,499	654,769
Total non-current liabilities	1,528,150	2,066,473	547,639	4,142,262
Total liabilities	3,490,605	2,277,948	673,883	6,442,436
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	32,566	34,669	20,947	88,182
Total deferred inflows of resources	32,566	34,669	20,947	88,182
<b>NET POSITION</b>				
Net investment in capital assets	20,134,984	11,248,571	168,451	31,552,006
Unrestricted	10,378,597	1,833,074	414,641	12,626,312
Total net position	\$ 30,513,581	\$ 13,081,645	\$ 583,092	\$ 44,178,318

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 23,953,275	\$ 4,353,366	\$ 1,010,968	\$ 29,317,609
Water and sewer taps	-	17,390	-	17,390
Other operating revenues	142,598	32,245	17,696	192,539
<b>Total operating revenues</b>	<b>24,095,873</b>	<b>4,403,001</b>	<b>1,028,664</b>	<b>29,527,538</b>
<b>OPERATING EXPENSES</b>				
Administration	2,828,126	2,502,149	1,017,322	6,347,597
Load management	166,135	-	-	166,135
Electric operations	578,079	-	-	578,079
Electric power purchases	17,847,957	-	-	17,847,957
Water treatment and distribution	-	576,409	-	576,409
Waste collection and treatment	-	643,211	-	643,211
Depreciation	1,575,576	1,128,241	78,826	2,782,643
<b>Total operating expenses</b>	<b>22,995,873</b>	<b>4,850,010</b>	<b>1,096,148</b>	<b>28,942,031</b>
<b>Operating income (loss)</b>	<b>1,100,000</b>	<b>(447,009)</b>	<b>(67,484)</b>	<b>585,507</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	36,545	10,076	3,286	49,907
Interest and other charges	(2,095)	(3,068)	(6,107)	(11,270)
Other non-operating revenues	69,231	20,965	4,701	94,897
<b>Total non-operating revenue (expenses)</b>	<b>103,681</b>	<b>27,973</b>	<b>1,880</b>	<b>133,534</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,203,681</b>	<b>(419,036)</b>	<b>(65,604)</b>	<b>719,041</b>
Capital contributions	1,000,000	30,794	-	1,030,794
Transfers from (to) other funds	(1,074,037)	-	-	(1,074,037)
<b>Change in net position</b>	<b>1,129,644</b>	<b>(388,242)</b>	<b>(65,604)</b>	<b>675,798</b>
<b>Total net position, beginning</b>	<b>29,383,937</b>	<b>13,469,887</b>	<b>648,696</b>	<b>43,502,520</b>
<b>Total net position, ending</b>	<b>\$ 30,513,581</b>	<b>\$ 13,081,645</b>	<b>\$ 583,092</b>	<b>\$ 44,178,318</b>

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 23,846,177	\$ 4,688,581	\$ 1,017,807	\$ 29,552,565
Cash paid for goods and services	(19,950,084)	(1,542,254)	(503,538)	(21,995,876)
Cash paid to or on behalf of employees for services	(1,759,072)	(2,048,220)	(449,945)	(4,257,237)
Net customer deposits	15,706	3,640	-	19,346
Other non-operating revenues	69,231	20,965	4,701	94,897
Net cash provided (used) by operating activities	2,221,958	1,122,712	69,025	3,413,695
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(1,074,037)	-	-	(1,074,037)
Net cash provided (used) by noncapital financing activities	(1,074,037)	-	-	(1,074,037)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,615,249)	(348,889)	(217,319)	(2,181,457)
Capital contributions	1,000,000	30,794	-	1,030,794
Principal paid on bonds and installment purchases	(43,750)	(96,022)	(67,492)	(207,264)
Interest paid on bonds and installment purchases	(2,095)	(3,068)	(6,107)	(11,270)
Net cash provided (used) by capital and related financing activities	(661,094)	(417,185)	(290,918)	(1,369,197)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	36,545	10,076	3,286	49,907
Net cash provided (used) by investing activities	36,545	10,076	3,286	49,907
Net increase (decrease) in cash and investments	523,372	715,603	(218,607)	1,020,368
Balances, beginning	8,627,409	1,652,898	877,411	11,157,718
Balances, ending	\$ 9,150,781	\$ 2,368,501	\$ 658,804	\$ 12,178,086

The notes to the financial statements are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 1,100,000	\$ (447,009)	\$ (67,484)	\$ 585,507
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,575,576	1,128,241	78,826	2,782,643
Non-operating revenues	69,231	20,965	4,701	94,897
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(249,696)	284,291	(10,857)	23,738
(Increase) decrease in inventory	(27,162)	936	-	(26,226)
Increase (decrease) in accounts payable and accrued liabilities	(421,263)	(7,148)	24,847	(403,564)
Increase (decrease) in customer deposits	15,706	3,640	-	19,346
Increase (decrease) in compensated absences	14,417	(18,520)	6,333	2,230
Increase in deferred outflows of resources -	(297,471)	(328,001)	(66,926)	(692,398)
Increase in net pension liability	339,070	376,745	66,881	782,696
Increase (decrease) in deferred inflows of resources - pensions	(26,462)	(29,402)	2,587	(53,277)
Increase (decrease) in accrued other postemployment benefits	130,012	137,974	30,117	298,103
Total adjustments	1,121,958	1,569,721	136,509	2,828,188
Net cash provided by operating activities	<u>\$ 2,221,958</u>	<u>\$ 1,122,712</u>	<u>\$ 69,025</u>	<u>\$ 3,413,695</u>

**Noncash investing, capital, and financing activities:**

None.

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

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**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Tarboro (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town is a municipal corporation, which is governed by an elected mayor and an eight-member council. Generally accepted accounting principles require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities in which should be presented as component units of the Town.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and 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. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

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 that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, public works, and cultural and recreational services.

The Town reports the following non-major governmental funds:

**Emergency Telephone System Special Revenue Fund.** This fund is used to account for 911 revenues received by the State 911 Board to enhance the State's 911 emergency telephone system.

**Law Enforcement Special Revenue Fund.** This fund is used to account for drug forfeiture revenues received by the State to enhance law enforcement efforts related to illegal drug operations.

**Main Street Solutions Grant Fund.** This fund is used to account for grant funds that are restricted for use for a particular purpose.

**Employee Relief Fund.** This fund is used to account for donations received after Hurricane Matthew.

**Hurricane Matthew Relief Fund.** This fund is used to account for the grant and insurance revenues received after Hurricane Matthew that are restricted for use for a particular purpose.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric operations.

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer operations.

**Solid Waste Fund.** This fund is used to account for the Town's solid waste operations.

**C. Measurement Focus and Basis of Accounting**

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

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 non-operating 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 enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 non-operating revenues and expenses.

*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 general 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 general long-term debt acquisitions under capital leases 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 billing and collecting 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 the utilities franchise 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 because the tax is levied by Edgecombe County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally 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. 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.

**Town of Tarboro, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special revenue funds, and enterprise funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Special Revenue Fund, Capital Projects Fund, and the Enterprise Capital Projects Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. 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 the multi-year funds. Budgetary control is exercised in all funds. Appropriations are made at the departmental (functional) level and can be amended as necessary by the governing board. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions that alter total expenditures must be approved by the governing board. Budgeted amounts presented in the financial statements represent the amended budget ordinance as of June 30, 2017.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain 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 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) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. The Town also restricts cash in the General Fund and the Water and Sewer Fund for future capital outlay. Powell Bill funds are classified as restricted cash because it can be expended only for the purpose of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

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**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date January 1); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016.

**5. Allowances for Doubtful Accounts**

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

**6. Inventory and Prepaid Items**

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

The inventory of the Town's enterprise funds consists of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Land, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported as estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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Capital assets are depreciated using the straight-line method over the following useful lives to the cost of the assets:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25
Buildings	50
Improvements	30
Machinery and Equipment	5-10
Utility Work Vehicles	10
Passenger Vehicles	5

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan in the 2017 fiscal year and pension 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 four items that meet this criterion for this category – prepaid taxes, special assessments, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**9. Long-Term Obligations**

In the government-wide financial statements, and in the 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. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of earned vacation leave with such leave being fully vested when earned. For employees hired on or after July 1, 2000, the maximum accumulation allowed is 240 hours (340 hours for fire fighters). For employees hired before that date the maximum accumulation is 480 hours (680 hours for fire fighters). For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

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**11. Net Position/Fund Balances**

**Net Position**

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

**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.

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.

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Restricted for Public Safety – portion of fund balance restricted by revenue source for certain emergency telephone system and law enforcement expenditures.

Restricted for General Government – portion of fund balance restricted by donors for a specified use.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Tarboro's governing body (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.

Assigned Fund Balance – 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 (highest level of decision-making authority). Any changes require majority action in the form of a resolution by the governing body.

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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.

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, and 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, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has adopted a fund balance policy which instructs management to conduct the business of the Town in such a manner that undesignated available fund balance will be a minimum of 30% of budgeted expenditures for the General Fund; 25% for the Electric Fund; 50% for the Water and Sewer Fund; and 50% for the Solid Waste Fund. Once the minimum fund balance percentage is realized, all revenue in excess of expenditures realized at the end of any given fiscal year will be credited as capital reserves.

**12. Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, ad 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.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

**II. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's

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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 agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has adopted a formal policy regarding custodial credit risk for deposits and also 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, 2017, the Town's deposits had a carrying amount of \$7,104,862 and a bank balance of \$7,392,639. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2017 the Town's petty cash fund totaled \$3,675.

**2. Investments**

At June 30, 2017, the Town's investment balances were as follows:

<b>Investment by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/17</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust – Cash Portfolio	Amortized Cost	\$955,757	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	\$9,312,732	0.23 years	Unrated
Total:		\$10,268,489		

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 valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal cash management plan limits at least half of the Town's investment portfolio to maturities of less than 121 days.

*Credit Risk.* The Town limits investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017, the Town's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's. The Town's investment in the

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NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**3. Receivables - Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2017 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2017</u>
General Fund	
Taxes receivable	\$ 66,120
Accounts receivable	384,267
Total General Fund	<u>450,387</u>
Enterprise Funds:	
Electric Fund	40,815
Water and Sewer Fund	7,975
Solid Waste Fund	1,892
Total Enterprise Funds	<u>50,682</u>
Total	<u><u>\$ 501,069</u></u>

Due from other governments that is owed to the Town consists of the following:

Local option sales tax	\$ 345,095
Sales tax	271,464
Franchise tax	118,567
Total	<u><u>\$ 735,126</u></u>



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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,909,193	\$ -	\$ -	\$ 1,909,193
Total	1,909,193	-	-	1,909,193
Capital assets being depreciated:				
Buildings and improvements	9,630,175	-	-	9,630,175
Infrastructure - streets	49,940,439	-	-	49,940,439
Infrastructure - sidewalk	549,028	-	-	549,028
Equipment	9,442,588	478,485	240,906	9,680,167
Total	69,562,230	478,485	240,906	69,799,809
Less accumulated depreciation for:				
Buildings and improvements	6,008,558	333,852	-	6,342,410
Infrastructure - streets	43,097,937	963,417	-	44,061,354
Infrastructure - sidewalk	549,028	-	-	549,028
Equipment	7,983,552	439,929	240,906	8,182,575
Total	57,639,075	\$ 1,737,198	\$ 240,906	59,135,367
Total capital assets being depreciated, net	11,923,155			10,664,442
Governmental activity capital assets, net	\$ 13,832,348			\$ 12,573,635

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

General government	\$ 305,742
Public safety	146,508
Transportation	1,145,457
Cultural and recreational	139,491
	<u>\$ 1,737,198</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Electric Fund</b>				
Capital assets not being depreciated:				
Land	\$ 858,368	\$ -	\$ -	\$ 858,368
Construction in progress	1,402,968	1,170,566	1,347,008	1,226,526
Total	<u>2,261,336</u>	<u>1,170,566</u>	<u>1,347,008</u>	<u>2,084,894</u>
Capital assets being depreciated:				
Substations, lines, & related equipment	47,740,381	1,493,041	-	49,233,422
Office & maintenance equipment	3,847,149	298,650	-	4,145,799
Load management	269,713	-	-	269,713
Total	<u>51,857,243</u>	<u>1,791,691</u>	<u>-</u>	<u>53,648,934</u>
Less accumulated depreciation for:				
Substations, lines, & related equipment	30,317,040	1,413,331	-	31,730,371
Office & maintenance equipment	3,372,669	162,245	-	3,534,914
Load management	269,714	-	-	269,714
Total	<u>33,959,423</u>	<u>\$ 1,575,576</u>	<u>\$ -</u>	<u>35,534,999</u>
Total capital assets being depreciated, net	<u>17,897,820</u>			<u>18,113,935</u>
Electric Fund capital assets, net	<u>\$ 20,159,156</u>			<u>\$ 20,198,829</u>

**Town of Tarboro, North Carolina**  
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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Water and Sewer Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 427,564	\$ -	\$ -	\$ 427,564
Construction in progress	1,199,269	73,284	914,695	357,858
Total	<u>1,626,833</u>	<u>73,284</u>	<u>914,695</u>	<u>785,422</u>
 Capital assets being depreciated:				
Plant & distribution system	34,817,548	1,136,232	-	35,953,780
Office & maintenance equipment	2,047,765	54,068	6,500	2,095,333
Total	<u>36,865,313</u>	<u>1,190,300</u>	<u>6,500</u>	<u>38,049,113</u>
 Less accumulated depreciation for:				
Plant & distribution system	24,032,903	1,065,592	-	25,098,495
Office & maintenance equipment	1,840,462	62,649	6,500	1,896,611
Total	<u>25,873,365</u>	<u>\$ 1,128,241</u>	<u>\$ 6,500</u>	<u>26,995,106</u>
 Total capital assets being depreciated, net	<u>10,991,948</u>			<u>11,054,007</u>
 Water and Sewer Fund capital assets, net	<u>\$ 12,618,781</u>			<u>\$ 11,839,429</u>

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Solid Waste Fund:</b>				
Capital assets				
being depreciated:				
Buildings	\$ 21,274	\$ -	\$ -	\$ 21,274
Maintenance equipment	1,070,978	217,319	101,572	1,186,725
Total	1,092,252	217,319	101,572	1,207,999
Less accumulated				
depreciation for:				
Buildings	13,118	709	-	13,827
Maintenance equipment	837,709	78,117	101,572	814,254
Total	850,827	\$ 78,826	\$ 101,572	828,081
Solid Waste Fund capital				
assets, net	241,425			379,918
Business-type activities				
capital assets, net	\$ 34,338,015			\$ 32,418,176

**5. Construction Commitments**

The government has active construction projects as of June 30, 2017. At year-end, the government's commitments with contractors were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Hurricane Recovery - Sunset Avenue	\$ 63,348	\$ 299,499

**Town of Tarboro, North Carolina**  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2017 were as follows:

	<b>Vendors</b>	<b>Other</b>	<b>Total</b>
Governmental Activities:			
General Fund	\$ 200,503	\$ 14,993	\$ 215,496
Non-major funds	145,929	-	145,929
	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 346,432	\$ 14,993	\$ 361,425
	<hr/>	<hr/>	<hr/>
Business-type Activities:			
Electric Fund	\$ 1,261,298	\$ 84,520	\$ 1,345,818
Water and Sewer Fund	67,097	1,011	68,108
Solid Waste Fund	55,199	-	55,199
	<hr/>	<hr/>	<hr/>
Total business-type activities	\$ 1,383,594	\$ 85,531	\$ 1,469,125
	<hr/>	<hr/>	<hr/>

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

**Plan Description.** The Town of Tarboro 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 (LEOSs) of 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://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 for retire with full retirement benefits at age 65 with 5 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 5 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

**Town of Tarboro, North Carolina**  
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creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with 5 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 5 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 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 the North Carolina General Assembly. The Town 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, 2017 was 8.00% of compensation for law enforcement officers and 7.33% 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 \$537,323 for the year ended June 30, 2017.

**Refunds of Contributions** – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to member with at least 5 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 the refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2017, the Town reported a liability of \$2,454,905 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing updated 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, 2016, the Town's proportion was .116%, which was an increase of .012% from its proportion measured as of June 30, 2015.

**Town of Tarboro, North Carolina**  
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For the year ended June 30, 2017, the Town recognized pension expense of \$624,910. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 46,123	\$ 86,023
Changes of assumptions	168,139	-
Net difference between projected and actual earnings on pension plan investments	1,357,254	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	121,846
Employer contributions subsequent to the measurement date	537,323	-
<b>Total</b>	<b>\$ 2,108,839</b>	<b>\$ 207,869</b>

\$537,323 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future amortization:

**June 30:**

2018	\$ 187,415
2019	187,691
2020	616,635
2021	371,906
	<b>\$ 1,363,647</b>

**Actuarial Assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, inflation and productivity factor
Investment rate of return	7.25 percent, net 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.

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The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yield 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 of 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 7.25%. 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 asset to changes in the discount rate.** The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:



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	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 5,826,634	\$ 2,454,905	\$ (361,414)

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

**b. Law Enforcement Officers Special Separation Allowance**

1. ***Plan Description.*** The Town of Tarboro 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 attained 55 years of age and have completed 5 or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	29
Total	<u>32</u>

**2. *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 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 73.

**3. *Actuarial Assumptions***

The entry age actuarial cost method was used in the December 31, 2015 valuation.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.,

**4. 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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$62,183 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, 2017, the Town reported a total pension liability of \$1,274,475. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$81,574.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	21,228
Town benefit payments and plan administrative expense made subsequent to the measurement date	47,604	-
Total	<u>\$ 47,604</u>	<u>\$ 21,228</u>

\$47,604 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 ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Future amortization:

**June 30:**

2018	\$	4,469
2019		4,469
2020		4,469
2021		4,469
2022		3,352
	<u>\$</u>	<u>21,228</u>

\$47,604 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following represents the Town's total pension liability calculated using the discount rate of 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Total pension liability	\$ 1,365,664	\$ 1,274,475	\$ 1,190,395

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	<b>2017</b>
Beginning balance	\$ 1,276,518
Service cost	41,375
Interest on the total pension liability	44,462
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(25,697)
Benefit payments	(62,183)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,274,475</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$92,487, which consisted of \$74,883 from the Town and \$17,604 from the law enforcement officers.

**d. Other Postemployment Benefits**

**Healthcare Benefits**

**Plan Description.** Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postretirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System (LERS), have at least 20 years of creditable service with LERS, and were hired prior to August 2, 2011. The Town pays a portion of the premiums for the coverage of these benefits, up to the current rate for active employees. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplement plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	63	9
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	110	20
Total	<u>173</u>	<u>29</u>

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**Funding Policy.** The Town pays a portion of the cost of coverage, up to the current rate for active employees, for the healthcare benefits paid to qualified retirees under a Town ordinance that can be amended by Town Council. The Town's members pay the full cost for dependent coverage. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current Annual Required Contribution (ARC) rate is 28.10% of annual covered payroll. For the current year, the Town contributed \$349,533 or 6.5% of annual covered payroll. There were no contributions by employees for the fiscal year ended June 30, 2017. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

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

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

Annual required contribution	\$ 1,067,258
Interest on net OPEB obligation	205,620
Adjustment to annual required contribution	(196,431)
Annual OPEB cost (expense)	<u>1,076,447</u>
Contributions made	349,533
Increase (decrease) in net OPEB obligation	<u>726,914</u>
 Net OPEB obligation, beginning of year	 <u>5,140,505</u>
 Net OPEB obligation, end of year	 <u><u>\$ 5,867,419</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 1,043,066	35.62%	\$ 4,527,341
2016	1,075,351	43.00%	5,140,505
2017	1,076,447	32.47%	5,867,419

**Funded Status and Funding Progress.** As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$17,815,739. The covered payroll (annual payroll of active employees covered by the plan) was

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\$5,403,790, and the ratio of the UAAL to the covered payroll was 329.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions.***

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.0 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

**3. Other Employment Benefits**

The Town has also 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 will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2017, the Town made contributions to the State for death benefits of \$6,603. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount

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and the other benefit amount. The Town considers these contributions to be immaterial.

**4. Internal Revenue Code Section 457 Plans**

The Town offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Town employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has complied with changes in the laws, which govern the Town's Deferred Compensation Plan, requiring all assets of the plan to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

**5. Internal Revenue Code Section 401(k) Plan**

The Town also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan is sponsored by the State of North Carolina and is governed by the Department of State Treasurer and the Plan's Board of Trustees. The Department and Board have contracted with Prudential Retirement Services to be the plan administrator.

The plan is available to all Town employees. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or financial hardships. Total contributions for the year ended June 30, 2017 were \$421,773, which consisted of \$324,780 from the Town and \$96,993 from employees. The Town's discretionary contribution and the employees' voluntary contribution represent 6.00% of the covered payroll amount.

**6. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources at year-end were comprised of the following:

	<b>Amount</b>
Contributions to pension plan in current fiscal year	\$ 537,323
Pension deferrals - LGERS	1,571,516
Pension deferrals - LEO	47,604
Total	<u>\$ 2,156,443</u>

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

Prepaid taxes (General Fund)	\$ 10,640
Special assessments receivable (General Fund)	58,916
Taxes receivable (General Fund)	278,985
Pension deferrals - LGERS	207,869
Pension deferrals - LEO	21,228
Total	<u>\$ 577,638</u>

**7. 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

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by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees of the Plan each year. Stop loss insurance is purchased by the Board of Trustees of the Plan to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees of the Plan can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town continues to carry commercial insurance for public officials' liability and law enforcement liability. Settled claims from all risks have not exceeded insurance coverage in any of the last three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town has total flood insurance coverage of \$2,500,000.

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 and Tax Collector are each individually bonded for \$50,000.

**8. Long-Term Obligations**

**a. Revolving ARRA Loan**

A Promissory Note in the amount of \$146,765 was executed on January 6, 2010. The Federal Revolving Loan is due in annual installments of \$7,338 through May 2, 2030 at 0.00% interest. The balance of the revolving loan as of June 30, 2017 is \$95,399. Annual debt service payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 7,338	\$ -
2019	7,338	-
2020	7,338	-
2021	7,338	-
2022	7,338	-
2023-2027	36,690	-
2028-2030	22,019	-
Total	<u>\$ 95,399</u>	<u>\$ -</u>



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**b. Installment Purchases**

In November 2013, the Town entered into an installment purchase agreement with Branch Banking and Trust Co. to purchase specialized equipment for the enterprise funds. The agreement requires monthly principal and interest payments in the amount of \$9,621 through November 2018 at 2.290% interest. Annual debt service payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 112,955	\$ 2,501
2019	47,831	274
Total	<u>\$ 160,786</u>	<u>\$ 2,775</u>

In August 2014, the Town entered into an installment purchase agreement with Branch Banking and Trust Co. to purchase specialized equipment for the Solid Waste Fund. The agreement requires annual principal and interest payments in the amount of \$73,599 through August 2019 at 2.190% interest. Annual debt service payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 68,968	\$ 4,631
2019	70,478	3,121
2020	72,021	1,577
Total	<u>\$ 211,467</u>	<u>\$ 9,329</u>

In March 2015, the Town entered into an agreement with the Department of Environmental Quality – Division of Water Infrastructure under the Water Pollution Control Revolving Fund program. Under the agreement, the original principal amount of \$937,750 is immediately reduced by 50% to \$468,875. The agreement requires annual payments in the amount of \$23,434 through May 2035 at 0.00% interest. Annual debt service payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 22,140	\$ -
2019	22,140	-
2020	22,140	-
2021	22,140	-
2022	22,140	-
2023-2027	110,700	-
2028-2032	110,700	-
2033-2035	66,418	-
Total	<u>\$ 398,518</u>	<u>\$ -</u>

At June 30, 2017, the Town had a legal debt margin of \$70,903,511.

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**c. Changes in Long-Term Liabilities**

A summary of changes in long-term obligations follows:

	Balance			Balance		Current
	July 1, 2016	Increases	Decreases	June 30, 2017		Portion of Balance
<b>Governmental activities:</b>						
Compensated absences	\$ 646,669	\$ -	\$ 53,769	\$ 592,900	\$ 71,148	
Net pension liability (LGERS)	328,231	1,101,028	-	1,429,259	-	
Net pension obligation (LEO)	287,287	987,188	-	1,274,475	-	
Other postemployment benefits	3,194,229	428,810	-	3,623,039	-	
Total governmental activities	<u>\$ 4,456,416</u>	<u>\$ 2,517,026</u>	<u>\$ 53,769</u>	<u>\$ 6,919,673</u>	<u>\$ 71,148</u>	
<b>Business-type activities:</b>						
<u>Electric Fund</u>						
Compensated absences	\$ 135,092	\$ 14,417	\$ -	\$ 149,509	\$ 17,941	
Note payable	107,595	-	43,750	63,845	44,852	
Net pension liability (LGERS)	104,765	339,070	-	443,835	-	
Other postemployment benefits	803,742	130,012	-	933,754	-	
Total Electric Fund	<u>1,151,194</u>	<u>483,499</u>	<u>43,750</u>	<u>1,590,943</u>	<u>62,793</u>	
<u>Water and Sewer Fund</u>						
Compensated absences	98,822	-	18,520	80,302	9,636	
ARRA revolving loan	102,737	-	7,338	95,399	7,338	
DENR revolving loan	420,658	-	22,140	398,518	22,140	
Note payable	163,485	-	66,544	96,941	68,103	
Net pension liability (LGERS)	117,014	376,745	-	493,759	-	
Other postemployment benefits	870,796	137,975	-	1,008,771	-	
Total Water and Sewer Fund	<u>1,773,512</u>	<u>514,720</u>	<u>114,542</u>	<u>2,173,690</u>	<u>107,217</u>	
<u>Solid Waste Fund</u>						
Compensated absences	10,978	6,333	-	17,311	2,077	
Note payable	278,959	-	67,492	211,467	68,968	
Net pension liability (LGERS)	21,171	66,881	-	88,052	-	
Other postemployment benefits	271,737	30,117	-	301,854	-	
Total Solid Waste Fund	<u>582,845</u>	<u>103,331</u>	<u>67,492</u>	<u>618,684</u>	<u>71,045</u>	
Total business-type activities	<u>\$ 3,507,551</u>	<u>\$ 1,101,550</u>	<u>\$ 225,784</u>	<u>\$ 4,383,317</u>	<u>\$ 241,055</u>	

Compensated absences, OPEB obligation, and net pension obligation for governmental activities have typically been liquidated in the General Fund.

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**C. Interfund Balances and Activity**

**Due To/From Other Funds**

Balances due to/from other funds at June 30, 2017, consist of the following:

Due to the General Fund from the:

Hurricane Matthew Relief Fund	<u>\$ 110,063</u>
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The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions that are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2017, consist of the following:

From the Electric Fund to the General Fund	\$ 1,074,037
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**D. Fund Balance**

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

Total fund balance - General Fund	\$ 5,612,633
Less restricted for:	
Inventories	48,889
Stabilization by State Statute	850,056
Streets	1,149,104
Subsequent year's expenditures	30,000
Working Capital / Fund Balance Policy	3,388,573
Available fund balance	<u>\$ 146,011</u>

The Town has adopted a fund valance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund is at least equal to or greater than 30% of budgeted expenditures.

**III. Jointly Governed Organization**

The Town, in conjunction with other local governments, is a member of the North Carolina Eastern Municipal Agency (the Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The 32 members, that receive power from the Agency, have signed power sales agreements to purchase a specified shared of the power generated by the Agency. Except for the power sales

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the year ended June 30, 2017 totaled \$17,847,957.

The Town, in conjunction with 5 counties and other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$5,312 to the Council during the fiscal year ended June 30, 2017.

**IV. Joint Ventures**

The Town participates in three joint ventures with Edgecombe County (County) as follows: Tarboro-Edgecombe Airport Authority, Edgecombe County Memorial Library, and Edgecombe County Cultural Arts Council, Inc.

Tarboro-Edgecombe Airport Authority

The Town, in conjunction with the County, participates in a regional airport. Each government appoints three members to the seven-member board. The seventh member is jointly appointed by both governments. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for twenty-six years, but it is not self-sustaining. The Town has an ongoing financial responsibility for the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The Town contributed \$14,500 to the Airport during the fiscal year ended June 30, 2017. The government do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for the Airport Authority can be obtained from the Airport's administrative offices at 500 Main Street, Tarboro, North Carolina 27886.

Edgecombe County Memorial Library

The Town also participates in a joint venture to operate a regional library with the County. Each government appoints three Board members to the six-member Board of the Library. The Town has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between governments, the Town contributed \$146,528 to the Library to supplement its activities during the year ended June 30, 2017. Complete financial statements for the Library can be obtained from the Library's offices at 909 Main Street, Tarboro, North Carolina 27886.

Edgecombe County Cultural Arts Council, Inc.

The Town also participates in a joint venture with the County to operate a regional Arts Council. The Town appoints six members of the nineteen Board members to the Board of Arts Council. Neither participating governments has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2017. The Town contributed \$35,431 to the Arts Council during the year ended June 30, 2017. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**V. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys 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 moneys.

**VI. Subsequent Events**

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**VII. Related Party Transactions**

In accordance with NCGS 14-234, on December 12, 2016, the Town Council of the Town of Tarboro adopted a resolution authorizing the continuation of purchasing practices with Marrow-Pitt Hardware Co, Inc. by the Town, its manager, and staff. Marrow-Pitt Hardware Co, Inc. is owned by the Mayor of the Town. The Town expended \$32,262 as of June 30, 2017.

**VIII. Economic Development Incentive Agreement**

The Town of Tarboro entered into an Economic Development Incentive Agreement with Superior Essex Communications LP (Superior Essex), under North Carolina General Statutes 158-7.1. Under the Statute, counties and cities may grant appropriations to businesses to increase economic development. In the agreement, the Town of Tarboro is to repay Superior Essex 50% of its ad valorem tax base for the span of 10 years.

For the fiscal year ended June 30, 2017, the Town appropriated \$61,665 to Superior Essex.

**IX. Change in Accounting Principle**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased by \$989,231.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

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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 Funding Progress and Employer Contributions  
for Other Postemployment Benefits

Schedule of Proportionate Share of the Net Pension Asset for  
Local Government Employees' Retirement System

Schedule of Contributions for Local Government Employees'  
Retirement System

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**Town of Tarboro, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

	<b>2017</b>
Beginning balance	\$ 1,276,518
Service cost	41,375
Interest on the total pension liability	44,462
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(25,697)
Benefit payments	(62,183)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,274,475</u>

**Town of Tarboro, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

	<b>2017</b>
Total pension liability	\$ 1,274,475
Covered payroll	1,440,836
Total pension liability as a percentage of covered payroll	88.45%

Notes to the schedules:

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

**Town of Tarboro, North Carolina**  
**Health Care Plan Allowance (Other Postemployment Benefits)**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (VAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 12,029,113	\$ 12,029,113	0%	\$ 5,844,561	205.82%
12/31/2009	-	12,121,144	12,121,144	0%	6,532,708	185.55%
12/31/2011	-	14,080,314	14,080,314	0%	6,024,708	233.71%
12/31/2013	-	14,001,348	14,001,348	0%	5,765,689	242.84%
12/31/2015	-	17,815,739	17,815,739	0%	5,403,790	329.69%

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2011	\$ 986,974	29.60%
2012	977,667	58.50%
2013	965,689	146.50%
2014	1,085,885	49.00%
2015	1,036,173	35.90%
2016	1,067,258	43.31%
2017	1,067,258	32.75%

**Notes to the Required Schedules:**

The information presented above was determined as part of the actuarial valuation at the dates indicated.  
Additional information as of the latest valuation follows:

Valuation date:	12/31/2015
Actuarial cost method:	Projected unit credit
Amortization method:	Level dollar amount, open
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75% - 5.00%
Post-Medicare trend rate	5.75% - 5.00%
Year of ultimate trend rate	2022
*Includes inflation at	3.00%

**Town of Tarboro**  
**Town of Tarboro's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Four Fiscal Years \***

<b>Local Government Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Tarboro's proportion of the net pension liability (asset) (%)	0.11567%	0.12727%	0.12630%	0.12700%
Tarboro's proportion of the net pension liability (asset) (\$)	\$ 2,454,905	\$ 571,181	\$ (744,850)	\$ 1,530,838
Tarboro's covered-employee payroll	\$ 6,733,997	\$ 6,073,633	\$ 5,896,667	\$ 6,110,651
Tarboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.46%	9.40%	(12.63%)	25.05%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

**Town of Tarboro**  
**Town of Tarboro's Contributions**  
**Required Supplementary Information**  
**Last Four Fiscal Years**

	<b>Local Government Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 537,323	\$ 459,711	\$ 437,582	\$ 429,301
Contributions in relation to the contractually required contribution	537,323	459,711	437,582	429,301
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tarboro's covered-employee payroll	\$ 7,195,482	\$ 6,733,997	\$ 6,073,633	\$ 5,896,667
Contributions as a percentage of covered-employee payroll	7.47%	6.83%	7.20%	7.28%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

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## **MAJOR GOVERNMENTAL FUND**

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**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ -	\$ 3,630,273	\$
Penalties and interest		36,119	
Total	<u>3,871,100</u>	<u>3,666,392</u>	<u>(204,708)</u>
<b>Other taxes and licenses</b>			
Cable TV franchise		172,053	
Rental vehicle tax		7,442	
Auto sticker fees		44,591	
Dog licenses/beer wine		1,600	
Total	<u>244,500</u>	<u>225,686</u>	<u>(18,814)</u>
<b>Unrestricted intergovernmental</b>			
Local option sales tax		2,083,265	
Payments in lieu of taxes - outside sources		26,102	
Utility sales tax		912,755	
Beer and wine tax		50,087	
ABC profit distribution		17,807	
Total	<u>2,946,500</u>	<u>3,090,016</u>	<u>143,516</u>
<b>Restricted intergovernmental</b>			
Powell Bill allocation		318,731	
Federal nutrition program		38,297	
Federal aging program		-	
Other grants		56,269	
Total	<u>430,000</u>	<u>413,297</u>	<u>(16,703)</u>
<b>Permits and fees</b>			
Building permits		47,473	
Fees		30,783	
Business registration fee		110	
Total	<u>70,950</u>	<u>78,366</u>	<u>7,416</u>
<b>Sales and Services</b>			
Recreation department fees		138,728	
Sale of cemetery lots		46,000	
Rent revenue		26,758	
Total	<u>215,500</u>	<u>211,486</u>	<u>(4,014)</u>
<b>Investment earnings</b>	<u>12,000</u>	<u>20,963</u>	<u>8,963</u>

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
<b>Miscellaneous</b>			
Sale of materials and property		11,152	
Other		126,444	
Total	78,930	137,596	58,666
<b>Charges for Services</b>			
Electric		457,595	
Water and sewer		135,920	
Solid waste		19,533	
Total	613,048	613,048	-
<b>Total revenues</b>	8,482,528	8,456,850	(25,678)
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body</b>			
Salaries and employee benefits		39,868	
Operating expenditures		27,837	
Total	86,300	67,705	18,595
<b>Administration</b>			
Salaries and employee benefits		145,154	
Operating expenditures		392,057	
Total	583,895	537,211	46,684
<b>Finance - Accounting</b>			
Salaries and employee benefits		52,681	
Operating expenditures		158,558	
Capital outlay		1,118	
Total	273,684	212,357	61,327
<b>Finance - Administration</b>			
Salaries and employee benefits		56,680	
Operating expenditures		36,254	
Total	100,230	92,934	7,296
<b>Finance - Collections</b>			
Salaries and employee benefits		72,204	
Operating expenditures		21,935	
Total	117,050	94,139	22,911

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Planning and Economic Development</b>			
Salaries and employee benefits		188,235	
Operating expenditures		56,421	
Capital outlay		-	
Total	<u>349,789</u>	<u>244,656</u>	<u>105,133</u>
<b>Public Works</b>			
Salaries and employee benefits		737,625	
Operating expenditures		335,054	
Capital Outlay		136,347	
Total	<u>1,296,090</u>	<u>1,209,026</u>	<u>87,064</u>
<b>Payments to Outside Agencies</b>			
Princeville fire tax reimbursement		-	
Tarboro-Edgecombe Airport		14,500	
Edgecombe County Library		146,528	
Blount-Bridgers House		35,431	
Carolinas Gateway Partnership		35,387	
Total	<u>231,846</u>	<u>231,846</u>	<u>-</u>
<b>Total general government</b>	<u>3,038,884</u>	<u>2,689,874</u>	<u>349,010</u>
<b>Public Safety:</b>			
<b>Police</b>			
Salaries and employee benefits		2,405,780	
Operating expenditures		302,812	
Capital outlay		232,581	
Total	<u>4,033,455</u>	<u>2,941,173</u>	<u>1,092,282</u>
<b>Fire</b>			
Salaries and employee benefits		1,450,663	
Operating expenditures		120,086	
Capital Outlay		-	
Total	<u>1,669,350</u>	<u>1,570,749</u>	<u>98,601</u>
<b>Total public safety</b>	<u>5,702,805</u>	<u>4,511,922</u>	<u>1,190,883</u>

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Transportation:</b>			
<b>Streets and Highways</b>			
Salaries and employee benefits		365,137	
Operating expenditures		436,835	
Capital outlay		38,675	
<b>Total transportation</b>	<u>958,807</u>	<u>840,647</u>	<u>118,160</u>
<b>Cultural and recreational:</b>			
<b>Parks and Recreation</b>			
Salaries and employee benefits		822,677	
Operating expenditures		383,394	
Capital outlay		69,765	
<b>Total cultural and recreational</b>	<u>1,594,748</u>	<u>1,275,836</u>	<u>318,912</u>
<b>Total expenditures</b>	<u>11,295,244</u>	<u>9,318,279</u>	<u>3,167,848</u>
<b>Revenues over (under) expenditures</b>	<u>(2,812,716)</u>	<u>(861,429)</u>	<u>3,142,170</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	1,738,679	-	(1,738,679)
Transfers from other funds	<u>1,074,037</u>	<u>1,074,037</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>2,812,716</u>	<u>1,074,037</u>	<u>(1,738,679)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	212,608	<u>\$ 212,608</u>
<b>Fund balance, beginning</b>		5,400,025	
<b>Fund balance, ending</b>		<u>\$ 5,612,633</u>	

## **NON-MAJOR GOVERNMENTAL FUNDS**

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Town of Tarboro, North Carolina  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Year Ended June 30, 2017

	Emergency Telephone System Fund	Law Enforcement Fund	Main Street Solutions Grant Fund	Employee Relief Fund	Hurricane Matthew Relief Fund	Total Non-Major Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ -	\$ 48,251	\$ -	\$ 400	\$ -	\$ 48,651
Restricted cash	210,465	-	-	-	-	210,465
Other receivables - net	13,770	2,384	-	-	-	16,154
Due from other governments	676	16	-	-	125,928	126,620
Total assets	224,911	50,651	-	400	125,928	401,890
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable	-	-	-	-	145,929	145,929
Due to other funds	-	-	-	-	110,063	110,063
Total liabilities	-	-	-	-	255,992	255,992
Fund Balances:						
Restricted:						
General government	-	-	-	400	-	400
Public safety	224,911	50,651	-	-	-	275,562
Unassigned	-	-	-	-	(130,064)	(130,064)
Total fund balances	224,911	50,651	-	400	(130,064)	145,898
Total liabilities and fund balance:	\$ 224,911	\$ 50,651	\$ -	\$ 400	\$ 125,928	\$ 401,890

**Town of Tarboro, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2017**

	Emergency Telephone System Fund	Law Enforcement Fund	Main Street Solutions Grant Fund	Employee Relief Fund	Hurricane Matthew Relief Fund	Total Non-Major Governmental Funds
<b>Revenues</b>						
Unrestricted intergovernmental	\$ -	\$ 18,470	\$ -	\$ -	\$ -	\$ 18,470
Restricted intergovernmental	165,181	-	200,000	-	990,458	1,355,639
Miscellaneous revenues	-	-	-	400	38,582	38,982
Investment earnings	719	192	-	-	-	911
Total revenues	<u>165,900</u>	<u>18,662</u>	<u>200,000</u>	<u>400</u>	<u>1,029,040</u>	<u>1,414,002</u>
<b>Expenditures</b>						
General government	-	-	-	-	1,159,104	1,159,104
Public safety	69,978	10,542	-	-	-	80,520
Economic and physical development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>69,978</u>	<u>10,542</u>	<u>-</u>	<u>-</u>	<u>1,159,104</u>	<u>1,239,624</u>
Revenues over (under) expenses	95,922	8,120	200,000	400	(130,064)	174,378
Fund balance, beginning	<u>128,989</u>	<u>42,531</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(28,480)</u>
Fund balance, ending	<u>\$ 224,911</u>	<u>\$ 50,651</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ (130,064)</u>	<u>\$ 145,898</u>



## **NON-MAJOR SPECIAL REVENUE FUNDS**

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**Town of Tarboro, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 165,637	\$ 165,181	\$ (456)
Investment earnings	100	719	619
Total revenues	<u>165,737</u>	<u>165,900</u>	<u>163</u>
<b>Expenditures</b>			
Public safety	84,500	69,978	14,522
Capital outlay	-	-	-
Total expenditures	<u>84,500</u>	<u>69,978</u>	<u>14,522</u>
Revenues over (under) expenses	81,237	95,922	14,685
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>(81,237)</u>	<u>-</u>	<u>81,237</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	95,922	<u>\$ 95,922</u>
Fund balance, beginning		<u>128,989</u>	
Fund balance, ending		<u>\$ 224,911</u>	

**Town of Tarboro, North Carolina**  
**Law Enforcement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Unrestricted Intergovernmental	\$ 20,000	\$ 18,470	\$ (1,530)
Investment earnings	-	192	192
Total revenues	<u>20,000</u>	<u>18,662</u>	<u>(1,338)</u>
<b>Expenditures</b>			
Public safety	<u>20,000</u>	<u>10,542</u>	<u>9,458</u>
Total expenditures	<u>20,000</u>	<u>10,542</u>	<u>9,458</u>
Revenues over (under) expenses	-	8,120	8,120
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	8,120	<u>\$ 8,120</u>
Fund balance, beginning		<u>42,531</u>	
Fund balance, ending		<u>\$ 50,651</u>	

**Town of Tarboro, North Carolina**  
**Employee Relief Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Miscellaneous revenues	\$ -	\$ 400	\$ 400
Total revenues	<u>-</u>	<u>400</u>	<u>400</u>
<b>Expenditures</b>			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	-	400	400
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	400	<u>\$ 400</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 400</u>	

**Town of Tarboro, North Carolina**  
**Hurricane Matthew Relief Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 1,000,000	\$ 990,458	\$ (9,542)
Miscellaneous revenues	<u>1,000,000</u>	<u>38,582</u>	<u>(961,418)</u>
Total revenues	<u>2,000,000</u>	<u>1,029,040</u>	<u>(970,960)</u>
<b>Expenditures</b>			
General government	<u>2,000,000</u>	<u>1,159,104</u>	<u>840,896</u>
Total expenditures	<u>2,000,000</u>	<u>1,159,104</u>	<u>840,896</u>
Revenues over (under) expenses	-	(130,064)	(130,064)
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	(130,064)	<u>\$ (130,064)</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ (130,064)</u>	

**Town of Tarboro, North Carolina**  
**Main Street Solutions Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

		Actual			
	Project	Prior	Current	Total	Variance
	Authorization	Years	Year	Project	Favorable
				To Date	(Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental					
Main Street Solutions Grant	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -
<b>Expenditures:</b>					
Economic and physical development	200,000	200,000		200,000	-
Revenues over					
(under) expenditures	-	(200,000)	200,000	-	-
Fund balance, beginning			(200,000)		
Fund balance, ending			\$ -		

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## **ENTERPRISE FUNDS**

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**Town of Tarboro, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Electricity sales		\$ 23,953,275	
Other operating revenues		142,598	
Total operating revenues	<u>24,055,900</u>	<u>24,095,873</u>	<u>39,973</u>
Non-operating revenues:			
Interest on investments		36,545	
Sale of equipment and materials		35,576	
Miscellaneous		33,655	
Total non-operating revenues	<u>25,000</u>	<u>105,776</u>	<u>80,776</u>
Total revenues	<u>24,080,900</u>	<u>24,201,649</u>	<u>120,749</u>
<b>Expenditures:</b>			
Administration and operations:			
Salaries and employee benefits		1,834,787	
Administration		833,773	
Operations		578,079	
Total administration and operations	<u>3,487,858</u>	<u>3,246,639</u>	<u>241,219</u>
Other operating expenditures:			
Load management	<u>160,000</u>	<u>166,135</u>	<u>(6,135)</u>
Electrical power purchases	<u>19,500,000</u>	<u>17,847,957</u>	<u>1,652,043</u>
Capital outlay:			
Distribution system		146,033	
Equipment		298,650	
Total capital outlay	<u>678,600</u>	<u>444,683</u>	<u>233,917</u>
Debt service:			
Interest and other charges		2,095	
Principal retirement		43,750	
Total debt service	<u>45,845</u>	<u>45,845</u>	<u>-</u>
Total expenditures	<u>23,872,303</u>	<u>21,751,259</u>	<u>2,121,044</u>
Revenues over (under) expenditures	<u>208,597</u>	<u>2,450,390</u>	<u>(2,241,793)</u>

**Town of Tarboro, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfer from capital project fund	-	152,992	152,992
Transfer to the General Fund	(1,074,037)	(1,074,037)	-
Appropriated fund balance	865,440	-	(865,440)
Total other financing sources (uses)	<u>(208,597)</u>	<u>(921,045)</u>	<u>(712,448)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,529,345</u>	<u>\$ (1,529,345)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		1,529,345	
Reconciling items:			
Principal repayment on long-term debt		43,750	
Capital outlay		444,683	
Increase in deferred outflows of resources - pensions		297,471	
Increase in net pension liability		(339,070)	
Decrease in deferred inflows of resources - pensions		26,462	
Depreciation		(1,575,576)	
(Increase) decrease in compensated absences		(14,417)	
(Increase) decrease in other postemployment benefits		(130,012)	
Capital contributions		1,000,000	
Transfer from capital project fund		(152,992)	
Total reconciling items		<u>(399,701)</u>	
Net income		<u>\$ 1,129,644</u>	

**Town of Tarboro, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$	\$ 4,353,366	\$
Water and sewer taps		17,390	
Other operating revenues		32,245	
Total operating revenues	<u>4,390,000</u>	<u>4,403,001</u>	<u>13,001</u>
Non-operating revenues:			
Interest earnings		10,076	
Sale of equipment and materials		2,973	
Miscellaneous		17,992	
Total non-operating revenues	<u>3,750</u>	<u>31,041</u>	<u>27,291</u>
Total revenues	<u>4,393,750</u>	<u>4,434,042</u>	<u>40,292</u>
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits		2,048,221	
Professional services		5,246	
Administration		309,886	
Total water and sewer administration	<u>2,416,450</u>	<u>2,363,353</u>	<u>53,097</u>
Water treatment and distribution:			
Utilities		161,995	
Other operating expenditures		414,414	
Total water treatment and distribution	<u>675,365</u>	<u>576,409</u>	<u>98,956</u>
Waste water collection and treatment:			
Utilities		208,346	
Other operating expenditures		434,865	
Total waste water collection and treatment	<u>764,105</u>	<u>643,211</u>	<u>120,894</u>
Debt service:			
Interest and other charges		3,068	
Principal retirement		96,022	
Total debt service	<u>99,095</u>	<u>99,090</u>	<u>5</u>
Capital outlay:			
Equipment		54,068	
Water distribution			
Sewer treatment		221,537	
Total capital outlay	<u>487,955</u>	<u>275,605</u>	<u>212,350</u>
Total expenditures	<u>4,442,970</u>	<u>3,957,668</u>	<u>485,302</u>
Revenues over (under) expenditures	<u>(49,220)</u>	<u>476,374</u>	<u>525,594</u>

**Town of Tarboro, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Appropriated fund balance	49,220	-	(49,220)
Transfer from (to) capital project funds	-	19,402	
Total other financing sources (uses)	<u>49,220</u>	<u>19,402</u>	<u>(29,818)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 495,776</u>	<u>\$ 495,776</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		\$ 495,776	
Reconciling items:			
Principal repayment on long-term debt		96,022	
Capital outlay		275,605	
Depreciation		(1,128,241)	
Capital contributions		30,794	
Increase in deferred outflows of resources - pensions		328,001	
Increase in net pension liability		(376,745)	
Decrease in deferred inflows of resources - pensions		29,402	
(Increase) decrease in compensated absences		18,520	
(Increase) decrease in other postemployment benefits		(137,974)	
Transfer from capital project fund		(19,402)	
Total reconciling items		<u>(884,018)</u>	
Net income (loss)		<u>\$ (388,242)</u>	

**Town of Tarboro, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Solid waste collection & disposal charges	\$	\$ 1,010,968	\$
Other operating revenues		17,696	
Total operating revenues	<u>1,014,000</u>	<u>1,028,664</u>	<u>14,664</u>
Non-operating revenues:			
Interest earnings		3,286	
Sale of equipment and materials		4,701	
Total non-operating revenues	<u>1,000</u>	<u>7,987</u>	<u>6,987</u>
Total revenues	<u>1,015,000</u>	<u>1,036,651</u>	<u>21,651</u>
Expenditures:			
Solid waste collection and disposal:			
Salaries and employee benefits		449,944	
Sanitary landfill fees		292,323	
Administration		236,062	
Total solid waste collection and disposal	<u>1,010,408</u>	<u>978,329</u>	<u>32,079</u>
Debt service:			
Interest and other charges		6,107	
Principal retirement		67,492	
Total debt service	<u>73,579</u>	<u>73,599</u>	<u>(20)</u>
Capital outlay	<u>221,700</u>	<u>217,319</u>	<u>4,381</u>
Total expenditures	<u>1,305,687</u>	<u>1,269,247</u>	<u>36,440</u>
Revenues over (under) expenditures	<u>(290,687)</u>	<u>(232,596)</u>	<u>58,091</u>
Other financing sources (uses):			
Appropriated fund balance	<u>290,687</u>	-	<u>(290,687)</u>
Total other financing sources (uses)	<u>290,687</u>	<u>-</u>	<u>(290,687)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (232,596)</u>	<u>\$ (232,596)</u>

**Town of Tarboro, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Ended June 30, 2017**

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Revenues and other sources over expenditures and other uses	\$ (232,596)
Reconciling items:	
Principal repayment on long-term debt	67,492
Capital outlay	217,319
Depreciation	(78,826)
Capital contributions	-
Increase in deferred outflows of resources - pensions	66,926
Increase in net pension liability	(66,881)
Increase in deferred inflows of resources - pensions	(2,587)
(Increase) decrease in compensated absences	(30,118)
(Increase) decrease in other postemployment benefits	(6,333)
Total reconciling items	<u>166,992</u>
Net income (loss)	<u><u>\$ (65,604)</u></u>



**Town of Tarboro, North Carolina**  
**Electric Capital Projects Fund**  
**General Foam Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

		Actual			
	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Contributions in Aid of Construction	\$ 300,000	\$ 300,000		\$ 300,000	\$ -
Golden Leaf	250,000	-	250,000	250,000	-
Industrial Development Fund	750,000	-	750,000	750,000	-
Total revenues	1,300,000	300,000	1,000,000	1,300,000	-
<b>Expenditures:</b>					
Professional services	25,000	5,000	20,000	25,000	-
Construction	1,275,000	50,960	1,150,566	1,201,526	73,474
Total expenditures	1,300,000	55,960	1,170,566	1,226,526	73,474
Revenues over (under) expenditures	-	244,040	(170,566)	73,474	73,474
Net change in fund balance	\$ -	\$ 244,040	\$ (170,566)	\$ 73,474	\$ 73,474

**Town of Tarboro, North Carolina**  
**Electric Capital Projects Fund**  
**Superior Essex Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

		Actual			
	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Carolinas Gateway	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Rural Center Grant	640,000	640,000	-	640,000	-
Golden Leaf	500,000	500,000	-	500,000	-
Industrial Development Fund	250,000	250,000	-	250,000	-
Total revenues	1,400,000	1,400,000	-	1,400,000	-
<b>Expenditures:</b>					
Professional services	35,000	35,000		35,000	-
Construction	1,312,008	1,312,008	-	1,312,008	-
Total expenditures	1,347,008	1,347,008	-	1,347,008	-
Revenues over (under) expenditures	52,992	52,992	-	52,992	-
<b>Other financing sources (uses):</b>					
Transfer to Electric Fund	(52,992)	100,000	(152,992)	(52,992)	-
Net change in fund balance	\$ -	\$ 152,992	\$ (152,992)	\$ -	\$ -

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Sewer System Rehabilitation Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	Actual				
	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
CWSRF principal forgiveness	\$ 442,799	\$ 442,799	\$ -	\$ 442,799	\$ -
<b>Expenditures:</b>					
Professional services	151,203	122,104	-	122,104	29,099
Construction	763,492	792,591	-	792,591	(29,099)
Total expenditures	914,695	914,695	-	914,695	-
Revenues over (under) expenditures	(471,896)	(471,896)	-	(471,896)	-
<b>Other financing sources (uses):</b>					
Clean Water SRF Loan	442,798	442,798	-	442,798	-
Transfer from (to) Water and Sewer Fu	29,098	48,500	(19,402)	29,098	-
Total other financing sources (uses)	471,896	491,298	(19,402)	471,896	-
Net change in fund balance	\$ -	\$ 19,402	\$ (19,402)	\$ -	\$ -

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Sewer Line Extension Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	Acutal			
	Project	Prior	Current	Total
	Authorization	Years	Year	Project
				To Date
				Variance
				Favorable
				(Unfavorable)
<b>Revenues:</b>				
Restricted intergovernmental:				
Contributions in Aid of Construction	\$ 316,144	\$ 264,801	\$ 30,794	\$ 295,595
				\$ (20,549)
<b>Expenditures:</b>				
Professional services	40,500	19,774	48	19,822
Construction	275,644	264,801	30,794	295,595
Total expenditures	316,144	284,575	30,842	315,417
				727
Revenues over				
(under) expenditures	-	(19,774)	(48)	(19,822)
				(19,822)
Net change in fund balance	\$ -	\$ (19,774)	\$ (48)	\$ (19,822)
				\$ (19,822)

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Tarboro Commerce Center Utility Extension**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

		Actual			
	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
Industrial Development Fund Grant	\$ 949,750	\$ -	\$ -	\$ -	\$ (949,750)
<b>Expenditures:</b>					
Professional services	188,500	-	42,442	42,442	146,058
Construction	1,011,250	-	-	-	1,011,250
Total expenditures	1,199,750	-	42,442	42,442	1,157,308
Revenues over (under) expenditures	(250,000)	-	(42,442)	(42,442)	207,558
<b>Other financing sources (uses):</b>					
Transfer from Water and Sewer Fund	250,000	-	-	-	(250,000)
Total other financing sources (uses)	250,000	-	-	-	(250,000)
Net change in fund balance	\$ -	\$ -	\$ (42,442)	\$ (42,442)	\$ (42,442)

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**CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

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**Town of Tarboro, North Carolina**  
**Comparative Schedule of Capital Assets by Source**  
**June 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>Capital Assets:</b>		
Land	\$ 1,909,193	\$ 1,909,193
Buildings and improvements	4,337,047	4,337,047
Other improvements	5,293,128	5,293,128
Infrastructure streets	49,940,439	49,940,439
Infrastructure sidewalks	549,028	549,028
Equipment	9,680,167	9,442,588
Total capital assets	<u>\$ 71,709,002</u>	<u>\$ 71,471,423</u>
 <b>Capital Assets by Source:</b>		
General government	\$ 2,220,280	\$ 2,277,998
Public safety	9,178,603	9,093,727
Public works	55,811,575	55,709,651
Cultural and recreational	4,498,544	4,390,047
Total capital assets by source	<u>\$ 71,709,002</u>	<u>\$ 71,471,423</u>

**Town of Tarboro, North Carolina**  
**Schedule of Capital Assets, by Function and Activity**  
**June 30, 2017**

	Land	Buildings	Other Improvements	Infrastructure		CIP	Equipment	Total
				Streets	Sidewalks			
<b>General Government:</b>								
Administration	\$ 1,550,693	\$ 162,178	\$ 187,726	\$ -	\$ -	\$ -	\$ 32,872	\$ 1,933,469
Finance	-	-	23,347	-	-	-	149,457	172,804
Planning	-	-	39,541	-	-	-	74,466	114,007
Total general government	1,550,693	162,178	250,614	-	-	-	256,795	2,220,280
<b>Public Safety:</b>								
Police	8,500	1,301,780	1,356,391	-	-	-	3,246,865	5,913,536
Fire	-	628,098	231,613	-	-	-	2,405,356	3,265,067
Total public safety	8,500	1,929,878	1,588,004	-	-	-	5,652,221	9,178,603
<b>Public Works:</b>								
Garage	-	-	-	-	-	-	146,286	146,286
Buildings and grounds	-	575,902	738,716	-	-	-	1,143,488	2,458,106
Administration	-	-	-	-	-	-	49,402	49,402
Engineering	-	-	822,903	-	-	-	81,626	904,529
Streets	-	-	189,741	49,940,439	-	-	1,574,044	51,704,224
Sidewalks	-	-	-	-	549,028	-	-	549,028
Total Public Works	-	575,902	1,751,360	49,940,439	549,028	-	2,994,846	55,811,575
<b>Cultural and Recreational:</b>								
Cultural and recreation	350,000	1,669,089	1,703,150	-	-	-	776,305	4,498,544
<b>Total Capital Assets</b>	<b>\$ 1,909,193</b>	<b>\$ 4,337,047</b>	<b>\$ 5,293,128</b>	<b>\$ 49,940,439</b>	<b>\$ 549,028</b>	<b>\$ -</b>	<b>\$ 9,680,167</b>	<b>\$ 71,709,002</b>

## **OTHER SUPPLEMENTAL SCHEDULES**

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This section contains additional information on cash balances and property taxes.

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**Town of Tarboro, North Carolina**  
**Schedule of Cash and Investment Balances**  
**June 30, 2017**

**Cash and Cash Equivalents:**

On hand	\$ 3,675
In demand deposits	2,354,862
Certificates of deposit with maturities of 91 days or less	2,000,000
Certificates of deposit with maturities of over 91 days	2,750,000
North Carolina Capital Management Trust	10,268,489
Total	<u><u>\$ 17,377,026</u></u>

**Distribution by Funds:**

General Fund	\$ 4,939,824
Special Revenue Funds	259,116
Enterprise Funds:	
Electric Fund	9,150,781
Water and Sewer Fund	2,368,501
Solid Waste Fund	658,804
Total	<u><u>\$ 17,377,026</u></u>

**Town of Tarboro, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2017**

Fiscal Year	Uncollected Balance 7/1/2016*	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	\$	\$ 3,681,523	\$ 3,596,985	\$ 84,538
2015-2016	79,006		40,227	38,779
2014-2015	48,491	-	19,725	28,766
2013-2014	38,661	-	15,725	22,936
2012-2013	35,031	-	3,515	31,516
2011-2012	18,674	-	1,486	17,188
2010-2011	21,815	-	852	20,963
2009-2010	11,157	-	853	10,304
2008-2009	11,756	-	456	11,300
2007-2008	9,816	-	391	9,425
Prior years	13,079		8,414	4,665
	<u>\$ 287,486</u>	<u>\$ 3,681,523</u>	<u>\$ 3,688,629</u>	<u>280,380</u>

Less: allowance for uncollectible accounts (66,120)  
General Fund

Ad valorem taxes receivable, net \$ 214,260

Reconciliation with Revenues:

Ad valorem taxes:  
General Fund \$ 3,666,392

Reconciling items:  
Prior years taxes written off 7,887  
Prior year releases 392  
Interest (30,633)  
Fees 44,591  
Total reconciling items 22,237

Total collections and credits \$ 3,688,629

\*prior year included accrued interest receivable; 2017 does not.

**Town of Tarboro, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2017**

	Town - Wide		Total Levy	
	Property Valuation	Rate	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>				
Property taxed at current:				
Real estate	\$ 587,889,728	0.41	\$ 2,410,348	\$ -
Personal property	184,850,962	0.41	757,889	-
Gross levy	<u>772,740,690</u>		<u>3,168,237</u>	<u>-</u>
<b>Add:</b>				
Motor vehicles taxed at current				
year's rate	84,745,285	0.41	-	347,456
Other afterlists (1)	28,708,185		120,885	-
Late listing penalties	-		3,703	-
Sticker fees/dog licences	-		1,240	43,450
	<u>886,194,160</u>		<u>3,294,065</u>	<u>390,906</u>
<b>Deduct releases:</b>	(745,267)		(3,448)	-
<b>Net levy</b>	<u><u>\$ 885,448,893</u></u>		<u>3,290,617</u>	<u>390,906</u>
Uncollected taxes at June 30, 2017			(84,538)	-
<b>Current year's taxes collected</b>		<u><u>\$ 3,596,985</u></u>	<u><u>\$ 3,206,079</u></u>	<u><u>\$ 390,906</u></u>
<b>Current levy collection percentage</b>		<u><u>97.70%</u></u>	<u><u>97.43%</u></u>	<u><u>100.00%</u></u>

(1) Includes public service companies; also includes discoveries at varying tax rates.





# STATISTICAL SECTION

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This part of the Town of Tarboro'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.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	97
Revenue Capacity <i>These schedules contain information that helps the reader assess the Town's most significant revenue source, the property tax.</i>	103
Debt Capacity <i>This schedule presents information to help the reader assess the affordability of the Town's ability to issue debt in the future.</i>	110
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	112
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	115

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

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**TOWN OF TARBORO, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	23,969	22,134	20,560	18,800	17,418	16,224	14,942	13,954	10,069	12,574
Restricted	759	333	973	2,292	1,951	1,980	2,098	2,187	1,964	2,275
Unrestricted	3,084	2,436	950	(215)	570	1,641	766	275	3,106	(1,968)
Total governmental activities net position	27,812	24,903	22,483	20,877	19,939	19,845	17,806	16,416	15,139	12,881
<b>Business Type Activities</b>										
Invested in capital assets, net of related debt	43,879	42,450	40,408	38,195	37,230	36,361	34,535	33,035	31,946	31,552
Restricted	-	-	-	-	-	-	-	-	1,028	-
Unrestricted	5,010	4,439	4,650	5,472	5,669	6,960	6,766	7,552	10,529	12,626
Total business-type activities net position	48,889	46,889	45,058	43,667	42,899	43,321	41,301	40,587	43,503	44,178
<b>Primary Government</b>										
Invested in capital assets, net of related debt	67,848	64,584	60,968	56,995	54,648	52,585	49,477	46,989	42,015	44,126
Restricted	759	333	973	2,292	1,951	1,980	2,098	2,187	2,992	2,275
Unrestricted	8,094	6,875	5,600	5,257	6,239	8,601	7,532	7,827	13,635	10,658
Total primary government net position	76,701	71,792	67,541	64,544	62,838	63,166	59,107	57,003	58,642	57,059

**TOWN OF TARBORO, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General Government	3,062	3,590	3,630	3,569	3,409	2,029	3,561	2,819	2,858	4,443
Public safety	3,938	4,477	4,386	4,518	4,413	3,969	4,503	4,309	4,354	4,458
Transportation	2,560	2,667	2,894	2,549	2,659	1,054	2,397	1,932	1,992	1,945
Economic and physical development	18	102	-	163	55	-	-	-	163	-
Cultural and recreation	1,166	1,247	1,102	1,139	1,139	2,418	1,173	1,115	1,287	1,368
Total governmental activities expenses	10,744	12,083	12,012	11,938	11,675	9,470	11,634	10,175	10,654	12,214
Business Type Activities:										
Water & Sewer	4,036	4,413	4,385	4,549	4,723	4,252	28,399	4,844	4,771	4,853
Electric	24,616	27,301	28,146	28,410	27,411	27,743	4,684	27,883	22,397	22,998
Solid Waste	924	1,024	1,033	1,063	1,159	975	875	920	976	1,102
Total business-type activities expenses	29,576	32,738	33,564	34,022	33,293	32,970	33,958	33,647	28,144	28,953
Total primary government expenses	40,320	44,821	45,576	45,960	44,968	42,440	45,592	43,822	38,798	41,167
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	1,266	1,334	1,332	1,426	1,420	52	1,466	507	770	712
Public Safety	71	57	103	60	88	214	32	176	133	25
Transportation	377	333	250	164	-	-	-	-	-	-
Cultural and recreation	255	194	303	221	188	169	185	197	154	139
Operating Grants and Contributions	-	107	501	590	753	577	624	645	440	1,765
Capital Grants and Contributions	103	-	-	-	69	-	-	-	-	-
Total governmental activities program revenues	2,072	2,025	2,489	2,461	2,518	1,012	2,307	1,525	1,497	2,641
Business Type Activities:										
Charges for services:										
Water & Sewer	2,919	3,172	3,307	4,040	4,012	4,074	3,883	4,088	4,314	4,403
Electric	23,879	26,862	28,476	29,035	27,183	28,197	28,510	28,956	26,117	24,095
Solid Waste	868	945	942	958	992	1,005	1,019	1,023	1,036	1,029
Operating Grants and Contributions	-	-	-	-	422	177	131	67	-	-
Capital Grants and Contributions	5	594	129	205	1,080	1,390	-	381	627	1,031
Total business-type activities program revenues	27,671	31,573	32,854	34,238	33,267	34,666	33,543	34,515	32,094	30,558
Total primary government revenues	29,743	33,598	35,343	36,699	35,785	35,678	35,850	36,040	33,591	33,199

(continued)

(continued)

Net (expense)/revenue	(8,672)	(10,058)	(9,523)	(9,477)	(9,157)	(8,458)	(9,327)	(8,650)	(9,157)	(9,573)
Governmental activities	(1,905)	(1,165)	(710)	216	(26)	1,696	(415)	868	3,950	1,605
Business-type activities	(10,577)	(11,223)	(10,233)	(9,261)	(9,183)	(6,762)	(9,742)	(7,782)	(5,207)	(7,968)
Total primary government net expense										

**General Revenues and Other Changes in Net Position**

Governmental activities:										
Taxes										
Ad valorem taxes	3,039	3,035	3,239	3,194	3,822	3,373	3,805	3,691	3,581	3,666
Other taxes and licenses	179	205	230	241	271	287	234	206	239	226
Unrestricted intergovernmental	2,777	2,728	2,434	2,507	2,676	2,533	2,767	2,750	2,876	3,112
Unrestricted investment earnings	189	74	16	8	18	24	25	8	14	22
Miscellaneous	274	217	45	60	246	239	31	31	71	203
Transfers	1,129	891	1,139	1,657	1,186	1,195	1,222	1,195	1,100	1,074
Total governmental activities	7,587	7,150	7,103	7,667	8,219	7,651	8,084	7,881	7,881	8,303

**Business Type Activities:**

Unrestricted investment earnings	170	55	17	8	21	18	14	10	25	50
Miscellaneous	-	-	-	-	-	-	-	-	41	95
Transfers	(1,129)	(890)	(1,139)	(1,657)	(1,186)	(1,195)	(1,271)	(1,195)	(1,100)	(1,074)
Total business-type activities	(959)	(835)	(1,122)	(1,649)	(1,165)	(1,177)	(1,257)	(1,185)	(1,034)	(929)
Total primary government revenues	6,628	6,315	5,981	6,018	7,054	6,474	6,827	6,696	6,847	7,374

**Change in Net Position**

Governmental Activities	(1,085)	(2,909)	(2,420)	(1,810)	(938)	(807)	(1,242)	(768)	(1,276)	(1,269)
Prior period adjustment - Governmental Activities	-	-	-	-	-	-	(795)	(624)	-	(989)
Business-type activities	(2,864)	(2,000)	(1,831)	(1,429)	(769)	696	(1,971)	(318)	2,915	676
Total primary government	(3,949)	(4,909)	(4,251)	(3,239)	(1,707)	(111)	(4,008)	(1,710)	1,639	(1,582)

**TOWN OF TARBORO, NORTH CAROLINA**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax	Franchise Tax	Rental Vehicle Tax	Animal Tax	Privilege License	Total
2008	3,022	135	8	1	34	3,200
2009	3,069	169	6	1	29	3,274
2010	3,164	172	3	1	54	3,394
2011	3,154	177	3	1	59	3,394
2012	3,559	214	3	2	53	3,831
2013	3,419	206	3	2	76	3,706
2014	3,938	206	2	1	24	4,171
2015	3,778	197	4	1	4	3,984
2016	3,761	180	6	2	-	3,949
2017	3,666	172	7	3	-	3,848

**TOWN OF TARBORO, NORTH CAROLINA**  
**Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	1,329	1,504	1,543	-	-	-	-	-	-	-
Unreserved	2,569	1,840	1,266	-	-	-	-	-	-	-
Non-Spendable	-	-	-	68	49	90	84	41	60	49
Restricted	-	-	-	2,029	1,913	1,898	1,969	2,065	1,793	1,999
Assigned	-	-	-	792	897	164	333	229	232	30
Unassigned	-	-	-	617	1,456	2,774	3,194	3,601	3,315	3,535
Total General Fund	3,898	3,344	2,809	3,506	4,315	4,926	5,580	5,936	5,400	5,613
All other governmental funds										
Reserved	46	1	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	172	276
Unreserved, reported in:										
Special revenue funds	201	260	354	(36)	38	82	130	121	-	-
Capital projects funds	100	67	7	-	-	-	-	(37)	(200)	(130)
Total all other governmental funds	347	328	361	(36)	38	82	130	84	(28)	146

**TOWN OF TARBORO, NORTH CAROLINA**  
**Changes in Fund Balances-Governmental Funds**

Last Ten Fiscal Years

(Accrual Basis of Accounting)  
(Amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	3,200	3,274	3,394	3,395	3,830	3,706	4,172	3,984	4,000	3,893
Intergovernmental	3,258	3,168	3,115	3,232	3,492	3,110	3,392	3,395	3,425	4,877
Permits and fees	64	57	52	55	83	133	78	78	57	78
Sales and services	255	232	408	265	232	222	234	228	222	211
Investment earnings	189	74	16	8	17	24	25	8	14	22
Assessments	7	-	-	-	-	-	-	-	-	-
Miscellaneous	274	220	100	94	276	239	31	32	139	177
Charges for services	1,266	1,293	1,293	1,382	1,377	1,325	1,417	476	601	613
Total general fund	8,513	8,318	8,378	8,431	9,307	8,759	9,349	8,201	8,458	9,871
<b>Expenditures</b>										
General government	3,084	3,403	3,364	3,464	3,374	3,327	3,395	2,686	2,432	3,712
Public safety	4,047	4,304	4,250	4,041	3,932	3,972	4,217	4,439	4,115	4,360
Transportation	1,394	850	1,213	858	1,448	986	1,163	887	744	802
Culture and recreation	1,099	1,123	942	996	972	1,013	1,094	1,074	1,145	1,206
Economic Development	17	102	250	163	55	-	-	-	163	-
Capital Projects	9,641	9,782	10,019	287	74	-	-	-	1,608	478
Total all other governmental funds				9,809	9,855	9,298	9,869	9,086	10,207	10,558
Excess of revenues over/(under) expenditures	(1,128)	(1,464)	(1,641)	(1,378)	(548)	(539)	(520)	(885)	(1,750)	(687)
<b>Other financing sources (uses)</b>										
Transfers in	1,129	957	1,210	1,875	1,250	1,195	1,222	1,195	1,100	1,074
Transfers out	-	(67)	(71)	(218)	(64)	-	-	-	-	-
Total other financing sources (uses)	1,129	890	1,139	1,657	1,186	1,195	1,222	1,195	1,100	1,074
Net change in fund balances	1	(574)	(502)	279	638	656	702	310	(650)	387



**TOWN OF TARBORO, NORTH CAROLINA**  
**General Governmental Tax Revenues by Source (1)**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Fiscal Year	Property Tax	Licenses, Permits and Fees	Other Taxes and Licenses	Inter- governmental	Sales and Services	Interest	Special Assessments	Other	Total
2008	3,022	64	179	3,258	255	189	6	274	7,247
2009	3,068	57	205	3,168	232	74	0	220	7,024
2010	3,164	52	230	3,116	408	16	0	100	7,086
2011	3,154	56	241	3,230	265	8	0	95	7,049
2012	3,559	83	271	3,491	232	17	0	276	7,929
2013	3,419	133	287	3,305	222	24	0	239	7,629
2014	3,938	78	234	3,391	235	25	0	30	7,931
2015	3,778	78	206	3,395	228	8	0	31	7,724
2016	3,761	57	239	3,425	222	14	0	139	7,857
2017	3,666	78	226	4,877	211	22	0	177	9,257

(1) Includes General, Special Revenue, and Capital Projects Funds

**TOWN OF TARBORO, NORTH CAROLINA**  
**Assessed Value of Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property Value <sup>1</sup>	Public Service Co. Value <sup>2</sup>	Total Assessed Value	Total Direct Tax Rate Base	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Less Exemptions						
2008	428,042	5,001	423,041	27,992	704,665	4.20	841,843	83.7%
2009	429,893	4,800	425,093	26,008	705,706	4.20	712,719	99.0%
2010	593,362	7,600	585,762	33,946	867,698	3.60	877,737	98.9%
2011	598,405	7,213	591,192	32,598	865,820	3.60	884,073	97.9%
2012	598,788	8,467	590,321	30,371	861,842	4.10	879,080	98.0%
2013	589,172	8,294	580,878	31,582	863,783	4.10	884,073	97.7%
2014	586,222	4,568	581,654	27,750	900,860	4.10	923,382	97.6%
2015	594,371	8,262	586,109	23,829	886,386	4.10	909,875	97.4%
2016	595,048	8,079	586,969	25,396	899,878	4.10	921,597	97.6%
2017	596,111	8,221	587,890	24,702	797,443	4.10	818,177	97.6%

Note: Real property is revalued once every eight years; the last occurred in 2017.

<sup>1</sup> Edgecombe Co. Tax Assessor for real and personal property value

<sup>2</sup> Public Service Co. NC Dept of Revenue

**TOWN OF TARBORO, NORTH CAROLINA**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Direct:										
Town of Tarboro	0.42	0.42	0.36	0.36	0.41	0.41	0.41	0.41	0.41	0.41
Overlapping:										
Edgecombe County	0.94	0.94	0.86	0.86	0.86	0.90	0.86	0.92	0.95	0.95

Source: Edgecombe County Budget Ordinance. Property was revalued in 2017.

Note: Overlapping rates are those of local and county governments that apply to property owners within the Town.

**TOWN OF TARBORO, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**June 30, 2017**  
(amounts expressed in thousands)

Taxpayer	2016-2017			2015-2016		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Carolina System Technology, Inc	57,497	1	7.2%	56,063	2	6.8%
Hillshire Brands / Sara Lee Bakery Co	52,806	2	6.6%	62,685	1	7.7%
Superior Essex Energy, Inc	21,725	3	2.7%	28,250	3	3.5%
Superior Essex International LP	11,546	4	1.4%	11,546	6	1.4%
Carolina Tel & Tel Company	10,603	5	1.3%	12,268	4	1.5%
Art Mortgage Borrer Prop.	10,226	6	1.3%	10,226	7	1.2%
Air Systems Components LP	9,260	7	1.2%	9,471	8	1.2%
General Foam Plastics Corp	9,168	8	1.1%			
Kitchens of Sara Lee Corp	8,992	9	1.1%	8,992	9	1.1%
Wal-Mart Real Estate Business	8,848	10	1.1%	8,848	10	1.1%
Superior Teletec, Inc				12,005	5	1.5%

Taxpayer	2014-2015			2013-2014		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Hillshire Brands / Sara Lee Bakery Co	61,103	1	7.4%	69,931	1	8.2%
Carolina System Technology, Inc	54,414	2	6.6%	57,606	2	6.8%
Superior Essex Energy Inc	41,014	3	5.0%			
Carolina Tel & Tel Company	14,239	4	1.7%	16,318	4	1.9%
Superior Teletec, Inc	14,118	5	1.7%	20,280	3	2.4%
Art Mortgage Borrer Prop.	10,226	6	1.2%	10,226	5	1.2%
Air Systems Components LP	9,673	7	1.2%	10,001	6	1.2%
Lowe's Home Centers Inc.	9,368	8	1.1%	9,693	7	1.1%
Kitchens of Sara Lee Corp	8,992	9	1.1%	8,992	8	1.1%
Wal-Mart Real Estate Business	8,848	10	1.1%	8,848	9	1.0%
Spongex, LLC				6,411	10	0.8%

(continued)

*Principal Property Taxpayers (continued)*

Taxpayer	2012-2013			2011-2012		
	Taxable Assessed Value	Rank	% of Total	Taxable Assessed Value	Rank	% of Total
			Taxable			Taxable
			Assessed Value			Assessed Value
Carolina System Technology, Inc	66,999	1	7.8%	65,853	1	7.6%
Hillshire Brands / Sara Lee Bakery Co	46,026	2	5.3%	49,166	2	5.7%
Carolina Tel & Tel Company	18,552	3	2.1%	20,116	3	2.3%
Kitchens of Sara Lee Corp	17,279	4	2.0%	17,274	4	2.0%
Superior Teletec, Inc	14,133	5	1.6%	14,584	5	1.7%
Art Mortgage Borrer Prop.	10,226	6	1.2%	10,226	6	1.2%
Lowe's Home Centers Inc.	9,908	7	1.1%	10,112	7	1.2%
Air Systems Components LP	9,446	8	1.1%	8,387	10	1.0%
Wal-Mart Real Estate Business	8,848	9	1.0%	8,848	8	1.0%
Spongex, LLC	8,831	10	1.0%	8,441	9	1.0%

Taxpayer	2010-2011			2009-2010		
	Taxable Assessed Value	Rank	% of Total	Taxable Assessed Value	Rank	% of Total
			Taxable			Taxable
			Assessed Value			Assessed Value
Carolina System Technology, Inc	69,274	1	8.0%	71,614	1	8.3%
Hillshire Brands / Sara Lee Bakery Co	40,848	2	4.7%	31,473	2	3.6%
Carolina Tel & Tel Company	22,048	3	2.5%	23,525	3	2.7%
Kitchens of Sara Lee Corp	17,274	4	2.0%	17,274	4	2.0%
Superior Teletec, Inc	15,588	5	1.8%	13,345	5	1.5%
Spongex, LLC	10,368	6	1.2%	8,325	9	1.0%
Art Mortgage Borrer Prop.	10,226	7	1.2%	10,226	6	1.2%
Wal-Mart Real Estate Business	8,848	8	1.0%	8,848	8	1.0%
Sunrise IV Albemarle SL LLC	8,382	9	1.0%			
Air Systems Components LP	7,789	10	0.9%	7,789	10	0.9%
Lowe's Home Centers Inc.				9,125	7	1.1%

(continued)

*Principal Property Taxpayers (continued)*

Taxpayer	2008-2009			2007-2008		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed Value		Assessed Value	Assessed Value		Assessed Value
Carolina System Technology, Inc	66,930	1	9.5%	66,465	1	9.4%
Hillshire Brands / Sara Lee Bakery Co	37,408	2	5.3%	40,687	2	5.8%
Carolina Tel & Tel Company	20,193	3	2.9%	21,845	3	3.1%
Superior Teletec, Inc	15,533	4	2.2%	16,839	4	2.4%
Kitchens of Sara Lee Corp	11,000	5	1.6%	11,000	5	1.6%
URS Real Estate LP	8,644	6	1.2%	8,613	7	1.2%
Air Systems Components LP	8,613	7	1.2%	8,644	6	1.3%
Spongex, LLC	8,242	8	1.2%	8,242	8	1.0%
General Foam Plastics LP	8,044	9	1.1%	8,044	9	1.0%
Wal-Mart Real Estate Business	7,607	10	1.1%	6,804	10	1.0%

Source: Town of Tarboro Tax Records

**TOWN OF TARBORO, NORTH CAROLINA**  
**Property Tax Levies and Collections (1)**  
**Last Ten Fiscal Years**  
**June 30, 2017**  
**(amounts expressed in thousands)**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	3,014	2,889	95.9%	116	3,005	99.7%
2009	3,027	2,930	96.8%	86	3,016	99.6%
2010	3,219	3,054	94.9%	155	3,209	99.7%
2011	3,162	3,048	96.4%	93	3,141	99.3%
2012	3,581	3,451	96.4%	113	3,564	99.5%
2013	3,589	3,410	95.0%	147	3,557	99.1%
2014	3,749	3,640	97.1%	86	3,726	99.4%
2015	3,674	3,587	97.6%	58	3,645	99.2%
2016	3,738	3,657	97.8%	42	3,699	99.0%
2017	3,682	3,597	97.7%	-	3,597	97.7%

Note: Includes ad valorem taxes, auto taxes and dog taxes, which are combined for billing and collection purposes

**TOWN OF TARBORO, NORTH CAROLINA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value	709,666	710,506	874,645	873,037	868,130	863,956	856,854	886,386	900,878	885,449
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Net Assessed Value	709,666	710,506	874,645	873,037	868,130	863,956	856,854	886,386	900,878	885,449

Total net debt applicable to limit as a % of limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Legal Debt Margin Calculation for FY 2017**

Assessed value	885,449
Add back: exempt real property	845
Total assessed value	<u>886,294</u>
Debt limit (8%) of total assessed value)	70,904
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>70,904</u>

Note: Under state finance law, the Town of Tarboro's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.



**TOWN OF TARBORO, NORTH CAROLINA**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds (in thousands)**  
**June 30, 2017**

<b><u>Jurisdiction</u></b>	<b><u>Net General Obligation Bonded Debt Outstanding</u></b> <sup>1</sup>	<b><u>Estimated Percentage Applicable</u></b> <sup>2</sup>	<b><u>Estimate Share of Overlapping Debt</u></b>
Direct:			
Town of Tarboro	\$ -	0%	\$ -
Overlapping:			
Edgecombe County	\$ 7,466	24.06%	\$ 1,796

<sup>1</sup> Edgecombe County Finance Department

<sup>2</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion the Town of Tarboro's taxable assessed value that is within Edgecombe County's boundaries and dividing it by the Town's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Tarboro. This process recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**TOWN OF TARBORO, NORTH CAROLINA**  
**Top Ten Utility Customers**  
**June 30, 2017**

Customer	Total Sales 2008	% of Total	Total Sales 2009	% of Total	Total Sales 2010	% of Total	Total Sales 2011	% of Total	Total Sales 2012	% of Total
Sara Lee Bakery Company	\$ 3,011,965	12.92%	\$ 3,360,650	14.42%	\$ 3,966,989	17.02%	\$ 3,692,937	15.84%	\$ 4,393,001	18.85%
Air System Components	846,853	3.63%	658,644	2.83%	787,819	3.38%	757,343	3.25%	853,317	3.66%
Nomaco	764,405	3.28%	661,779	2.84%	709,850	3.05%	627,937	2.69%	509,474	2.19%
General Foam Plastics Corp.	752,819	3.23%	870,501	3.73%	829,547	3.56%	825,348	3.54%	763,996	3.28%
CST	733,002	3.14%	910,757	3.91%	777,093	3.33%	765,004	3.28%	737,609	3.16%
Spongex	594,134	2.55%	475,995	2.04%	589,421	2.53%	558,691	2.40%	482,713	2.07%
Vidant Health (Heritage Hospital)	589,647	2.53%	464,596	1.99%	694,596	2.98%	629,705	2.70%	578,809	2.48%
Mayo Knitting Mills	565,417	2.43%	760,718	3.26%	519,364	2.23%	453,308	1.94%	364,310	1.56%
Glenoit Corporation	442,439	1.90%	910,757	3.91%	-	0.00%	-	0.00%	-	0.00%
Fountains/Albemarle	438,995	1.88%	527,026	2.26%	476,140	2.04%	458,602	1.97%	391,106	1.68%
Wal-mart	415,700	1.78%	802,341	3.44%	504,389	2.16%	445,233	1.91%	484,435	2.08%
	<u>\$ 9,155,376</u>	<u>39.28%</u>	<u>\$ 10,403,764</u>	<u>44.63%</u>	<u>\$ 9,855,208</u>	<u>42.28%</u>	<u>\$ 9,214,108</u>	<u>39.53%</u>	<u>\$ 9,558,770</u>	<u>41.01%</u>
Total Revenue (Electric Fund)	23,310,763		24,015,002		23,941,497		26,876,231		28,483,434	

Customer	Total Sales 2013	% of Total	Total Sales 2014	% of Total	Total Sales 2015	% of Total	Total Sales 2016	% of Total	Total Sales 2017	% of Total
Sara Lee Bakery Company	\$ 4,499,710	15.53%	\$ 4,250,209	14.66%	\$ 4,594,257	15.85%	\$ 3,561,407	12.29%	\$ 4,006,331	13.82%
General Foam Plastics Corp.	690,583	2.38%	875,423	3.02%	816,642	2.82%	916,823	3.16%	972,980	3.36%
Superior Essex Energy Inc.	529,299	1.83%	795,830	2.75%	828,448	2.86%	1,012,013	3.49%	815,402	2.81%
CST	740,011	2.55%	578,529	2.00%	742,162	2.56%	587,420	2.03%	727,240	2.51%
Air System Components	693,502	2.39%	668,452	2.31%	666,045	2.30%	555,049	1.92%	531,440	1.83%
Vidant Health (Heritage Hospital)	576,094	1.99%	517,754	1.79%	528,102	1.82%	534,190	1.84%	519,695	1.79%
Midatlantic Warehouse	-	0.00%	397,828	1.37%	380,338	1.31%	475,538	1.64%	385,107	1.33%
Glenco	-	0.00%	-	0.00%	-	0.00%	293,133	1.01%	377,648	1.30%
Princeville, Town of	-	0.00%	-	0.00%	-	0.00%	-	0.00%	332,541	1.15%
Wal-mart	437,197	1.51%	339,942	1.17%	351,019	1.21%	369,459	1.27%	328,003	1.13%
Americold LLC	-	0.00%	382,402	1.32%	348,312	1.20%	307,612	1.06%	276,646	0.95%
Nomaco	442,376	1.53%	507,626	1.75%	523,187	1.81%	-	0.00%	-	0.00%
Spongex	472,878	1.63%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fountains/Albemarle	460,742	1.59%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>\$ 9,542,392</u>	<u>32.92%</u>	<u>\$ 9,313,995</u>	<u>32.14%</u>	<u>\$ 9,778,512</u>	<u>33.74%</u>	<u>\$ 8,612,644</u>	<u>30.32%</u>	<u>\$ 9,273,033</u>	<u>32.00%</u>
Total Revenue (Electric Fund)	28,982,295		27,057,402		27,833,127		28,401,343		23,369,418	

Source: Town of Tarboro Utility Records

**TOWN OF TARBORO, NORTH CAROLINA**  
**Demographics Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population <sup>3</sup></u>	<u>Median Household Income <sup>3</sup></u>	<u>Median Age <sup>3</sup></u>	<u>School Enrollment <sup>1</sup></u>	<u>Unemployment Rate <sup>2</sup></u>
2008	10,585	29,052	38.25	7,800	9.8%
2009	10,585	33,556	35.30	7,579	16.1%
2010	11,425	34,628	38.00	7,290	16.2%
2011	11,335	35,840	41.60	6,939	16.3%
2012	11,324	32,299	40.90	6,645	14.9%
2013	11,315	33,168	42.10	6,748	13.8%
2014	11,305	34,366	43.20	7,401	10.6%
2015	11,164	34,267	42.10	6,332	10.4%
2016	11,164	33,349	43.20	6,451	8.5%
2017	11,415	*	43.60	6,100	7.3%

<sup>1</sup> Source: Edgecombe County Public Schools

<sup>2</sup> U.S. Dept. of Labor-Bureau of Labor Statistics

<sup>3</sup> U.S. Census Bureau - American Fact Finder

Data not available at 6-30-17

<http://factfinder2.census.gov>

**TOWN OF TARBORO, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Ten Years Ago**  
**As of June 30, 2017**

Name of Employer	2016-2017			2006-2007		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Edgecombe County Schools	958	1	4.98%	700	1	11.58
Sara Lee Bakery	730	2	3.48%	792	2	10.24
Vidant Hospital	549	3	3.04%	381	7	5.57
Air System Components	475	4	2.41%	455	6	6.65
Edgecombe County	468	5	2.36%	650	3	9.50
Keihin CST	470	6	2.17%	500	5	7.31
Barnhill Contracting Company	254	7	1.39%	275	9	4.02
General Foam Plastics	253	8	1.38%	200	10	2.92
Superior Telecommunications	250	9	1.24%	300	8	4.39
Carolina Telephone/Sprint/Embarq		10	0.00%	650	4	9.50

**TOWN OF TARBORO, NORTH CAROLINA**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	9	9	8	8	8	8	8	8	8	8
Planning	2	2	2	2	2	2	2	2	2	3
Public Safety										
Police										
Officers	29	29	29	29	29	29	29	29	29	29
Civilians	6	6	6	6	6	6	6	6	6	6
Fire	22	22	22	22	22	22	22	22	22	22
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Buildings and Grounds	12	17	17	14	14	14	14	14	14	14
Animal Control				1	1	1	1	1	1	1
Engineering	2	2	2	2	2	2	2	2	2	2
Garage	4	4	4	4	4	4	4	4	4	4
Streets	14	14	14	12	12	12	12	12	12	12
Recreation	18	13	13	13	13	13	13	13	13	13
Water and Sewer	28	28	28	28	28	28	28	28	28	28
Electric	21	21	21	19	19	19	19	19	19	22
Solid Waste	9	9	9	9	9	9	9	9	9	9
	<u>181</u>	<u>181</u>	<u>180</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>178</u>

Source: Town of Tarboro payroll records.

**TOWN OF TARBORO, NORTH CAROLINA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Physical arrests	2,414	1,855	1,565	1,330	1,446	2,125	1,815	1,834	1,681	1,598
Parking violations	233	335	505	440	581	866	429	409	614	1,033
Traffic violations	5,168	3,903	3,923	3,310	3,494	3,146	3,706	3,430	4,184	3,904
<b>Fire</b>										
Number of calls answered	237	191	227	285	286	319	316	316	308	333
Inspections	777	812	808	770	760	424	386	378	335	371
<b>Streets</b>										
Street resurfacing (miles)	-	2.95	5.19	5.19	5.19	5.19	-	-	2.95	-
Potholes repaired	-	-	5	-	-	-	8	8	15	13
<b>Sanitation</b>										
Refuse collected (tons/day)	11.83	11.33	11.78	12.01	12.26	11.44	11.26	11.17	13.38	13.56
Recyclables collected (tons/day)	0.45	0.43	0.47	0.71	0.71	0.58	0.66	0.65	0.55	0.55
<b>Recreation</b>										
Community Fitness memberships	2,074	2,083	1,410	1,114	1,139	1,200	1,043	646	563	393
County Gym passes	70	252	105	101	85	65	38	62	56	48
<b>Water</b>										
New connections	42	15	20	11	17	9	3	8	16	17
Water main breaks	7	5	2	6	4	6	9	7	6	4
Average daily consumptions (thousand of gallons)	2,755	2,478	2,239	2,779	2,913	2,920	2,730	2,847	2,880	2,723
<b>Wastewater</b>										
Average daily sewage treatment (thousand of gallons)	1,880	1,736	2,136	1,760	2,030	1,708	2,070	2,113	2,158	2,158

Sources: Various town departments

**TOWN OF TARBORO, NORTH CAROLINA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Officers	29	29	29	29	29	29	29	28	28	29
K-9s	4	4	4	4	3	2	2	2	2	2
Fire Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	4	4	4	4	4	4	4	4	4	4
Streets										
Street (miles)	95.2	95.2	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0
Street lights	1,397	1,401	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,438
Traffic signals	30	30	32	32	32	32	32	32	32	32
Recreation										
Park acreage	273	273	273	273	273	273	273	273	273	273
Parks	11	11	11	11	11	11	10	10	10	10
Lakes	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community Centers	4	4	4	4	4	4	4	4	4	4
Museums/art centers	1	1	1	1	1	1	1	1	1	1
Ball Fields	9	9	9	9	9	9	8	8	8	8
Water										
Water mains (miles)	125.4	126.0	129.4	129.4	129.4	129.4	129.4	129.5	129.7	130.0
Fire Hydrants	578	587	587	587	587	587	587	609	629	613
Maximum daily capacity (thousands of gallons)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sewer										
Sanitary sewers (miles)	90.4	92.2	90.4	90.4	90.4	90.4	90.4	93.0	93.5	93.0
Storm sewers (miles)	38.0	38.0	38.0	38.0	38.0	38.0	38.0	39.0	40.0	44.0
Maximum daily treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Electric										
Number of Substations	5	5	5	5	5	5	5	5	5	5
Square miles of service lines	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

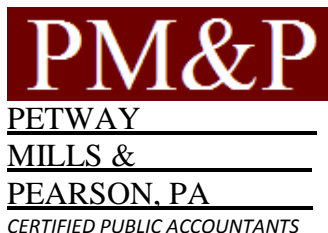
Sources: Various town departments

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## **COMPLIANCE SECTION**

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Association

## **Independent Auditors' 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 the Town Council  
Town of Tarboro  
Tarboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements, and have issued our report thereon dated November 20, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Tarboro's internal control over financial reporting (internal control) to determine the 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 of Tarboro'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Tarboro'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

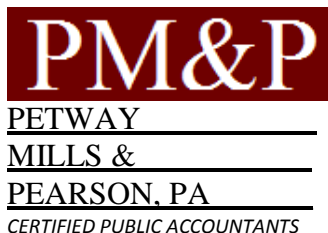
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

*Petway Mills & Pearson, PA*

---

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

November 20, 2017



C. Briggs Petway, Jr.  
Phyllis M. Pearson

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## **Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor and Town Council  
Town of Tarboro  
Tarboro, North Carolina

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Tarboro's compliance with the types of compliance requirements described in the *OMB Uniform Guidance 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 of Tarboro's major federal program for the year ended June 30, 2017. The Town of Tarboro's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Tarboro's major federal program based on our audit of the types of compliance requirements referred to above. 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Tarboro's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of Tarboro's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town of Tarboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Town of Tarboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Tarboro's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control 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 federal 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 federal 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 federal 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

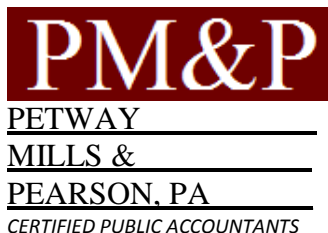
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Petway Mills & Pearson, PA*

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PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

November 20, 2017



C. Briggs Petway, Jr.  
Phyllis M. Pearson

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## **Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor and Town Council  
Town of Tarboro  
Tarboro, North Carolina

### **Report on Compliance for Each Major State Program**

We have audited the Town of Tarboro's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town of Tarboro's major State program for the year ended June 30, 2017. The Town of Tarboro's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Tarboro's major State program based on our audit of the types of compliance requirements referred to above. 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 and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town of Tarboro's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. However, our audit does not provide a legal determination of the Town of Tarboro's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Town of Tarboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Town of Tarboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Tarboro's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Petway Mills & Pearson, PA*

---

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

November 20, 2017



**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	_____ x _____ no
Noncompliance material to financial statements noted	_____ yes	_____ x _____ no

**Federal Awards**

Internal control over major federal program:		
Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	_____ x _____ no
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ yes	_____ x _____ no
Identification of major federal program:		
<u>Program Name</u>		<u>CFDA #</u>
Public Assistance Program		97.036
Dollar threshold used to distinguish between Type A and Type B programs		<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ yes	_____ x _____ no

**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

**State Awards**

Internal control over financial reporting:

Material weakness(es) identified?                      \_\_\_\_\_ yes                        x   no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses?                      \_\_\_\_\_ yes                        x   no

Type of auditors' report issued on  
compliance for major State programs:                      Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act?                      \_\_\_\_\_ yes                        x   no

Identification of major State programs:

Program Name  
NC Department of Commerce  
Industrial Development Fund

**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**Town of Tarboro, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None required

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None required

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

None required

**Town of Tarboro, North Carolina  
Summary Schedule of Prior Year's Findings  
For the Year Ended June 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no prior year financial statement audit findings.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year financial statement audit findings.

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year financial statement audit findings.

**Town of Tarboro, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2017**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS</b>			
<b>U.S. Department of Homeland Security:</b>			
Passed through the NC Department of Public Safety			
Disaster Grants - Public Assistance	97.036	\$ 751,350	\$ 239,108
<b>U.S. Department of Agriculture:</b>			
Passed through the NC Department of Agriculture and Consumer Services			
Passed through NC Forest Service			
Urban and Community Forestry Program	10.675	3,929	-
<b>U.S. Department of Transportation:</b>			
Passed through the NC Department of Transportation			
Governor's Highway Safety Program	20.600	15,128	-
<b>U.S. Department of Health and Human Services:</b>			
Passed through the N.C. Department of Health and Human Services			
Passed through Upper Coastal Plain Council of Governments			
Access:			
90% State Funds	N/A	-	9,599
Title III-B	93.044	10,392	611
Congregate Nutrition:			
Title III-C1	93.045	28,685	1,687
Senior Center Development	N/A	-	3,625
NSIP Supplement (USDA)	93.053	7,925	-
Total U.S. Department of Health and Human Services		<u>47,002</u>	<u>15,522</u>
<b>U.S. Environmental Protection Agency:</b>			
Passed through N.C. Department of Environmental Quality			
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>22,140</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u><u>\$ 839,549</u></u>	<u><u>\$ 254,630</u></u>
<b>STATE AWARDS</b>			
<b>N.C. Department of Agriculture and Consumer Services:</b>			
Veterinary Division, Animal Welfare Section			
NC Spay Neuter Program			391
<b>N.C. Department of Crime Control and Public Safety:</b>			
Governor's Crime Commission Grant			18,470
<b>N.C. Department of Insurance:</b>			
Seniors' Health Insurance Program			8,593
<b>N.C. Department of Transportation:</b>			
Non-State System Street - Aid Allocation (Powell Bill)			56,871
Sewer-line extension			30,794

**Town of Tarboro, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2017**

**N.C. Department of Commerce:**

Industrial Development Fund

750,000

**TOTAL STATE AWARDS**

\$ 1,119,749

**Notes to the Schedule of Expenditures of Federal and State Financial Awards**

**Note 1**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the Town under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and of the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Tarboro, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Tarboro.

**Note 2**

**Summary of Significant Accounting Policies**

Expenditures reported in the Schedule of Expenditures of Federal and State Awards are reported on the modified accrual basis of accounting.

Town of Tarboro has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 3**

**Loans Outstanding**

The Town of Tarboro had the following loan balances outstanding at June 30, 2017. The loan made during the year is included in the Schedule of Federal and State Awards in the federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the Town's basic financial statements.

<u>Program Name</u>	<u>CFDA Number</u>	<u>Outstanding Amount</u>
Capitalization Grants for State Revolving Funds		
Clean Water State Revolving Funds	66.458	<u><u>\$ 398,518</u></u>

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