

TOWN OF TARBORO

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

JUNE 30, 2008

Prepared by:

**JANET H. LEWIS
FINANCE DIRECTOR**

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

Published October 31, 2008

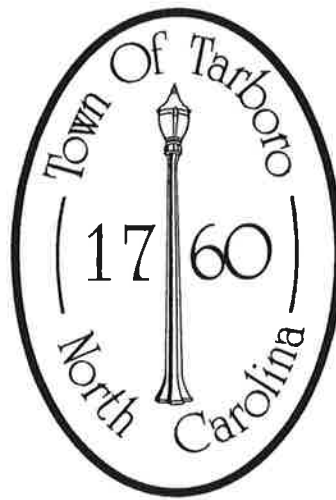
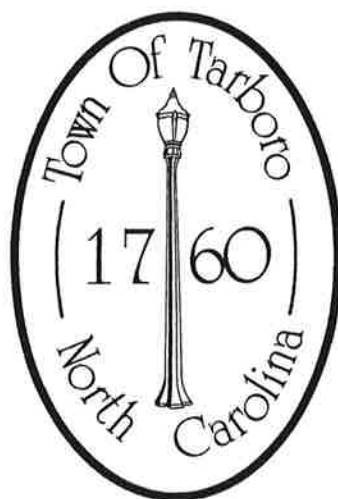


TABLE OF CONTENTS

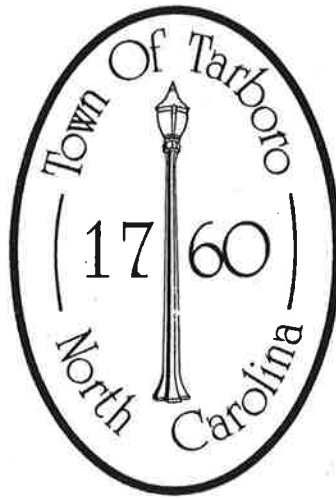
INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal.....	1-6
Certificate of Achievement for Excellence in Financial Reporting.....	7
Organizational chart - All Departments.....	8
List of Principal Officials	9
FINANCIAL SECTION	<u>Page</u>
Independent Auditor's Report.....	10-11
Management's Discussion and Analysis	12-28
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds	31-32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33-35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	36-37
Statement of Net Fund Assets – Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	39
Statement of Cash Flows – Proprietary Funds.....	40-41
Notes to Financial Statements	42-63
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress	64
Schedule of Employer Contributions	65
Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	66-71

	<u>Page</u>
Non-Major Governmental Funds:	
Combining Balance Sheet – Non-major Governmental Funds.....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Governmental Funds	73
Non-Major Special Revenue Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Special Revenue Funds.....	74-75
Combining Balance Sheet – Non-major Special Revenue Funds.....	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Special Revenue Funds	77
Non-Major Capital Projects Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Non-major Capital Projects Funds	78-79
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Capital Projects Funds	80
Enterprise Funds:	
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Electric Fund	80-82
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Water and Sewer Fund	83-84
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Solid Waste Fund	85-86
Enterprise Funds – Capital Projects:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Electric Capital Projects Fund	87-88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Water and Sewer Capital Projects Fund	89
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule of Capital Assets, by Source.....	90
Comparative Schedule of Capital Assets, by Function and Activity	91-92
Other Supplemental Schedules:	
Schedule of Cash and Investment Balances	93
Schedule of Ad Valorem Taxes Receivable	94
Analysis of Current Tax Levy	95
Schedule of Interfund Transfers	96

STATISTICAL SECTION (Unaudited)	<u>Page</u>
Net Assets by Components.....	97
Changes in Net Assets	98-99
Governmental Activities Tax Revenues by Source	100
Fund Balances of Governmental Funds	101
Changes in Fund Balances – Governmental Funds	102
General Governmental Tax Revenues by Source	103
Assessed Value of Property	104
Principal Property Taxpayers	105
Property Tax Levies and Collections	106
Legal Debt Margin Information	107
Ten Largest Utility Customers	108
Electric Utility Rates	109-110
Water & Sewer Rates	111
Solid Waste Rates.....	112
Demographic Statistics.....	113
Principal Employers	114
Full-time Equivalent City Government Employees by Function	115
Operating Indicators by Function.....	116
Capital Asset Statistics by Function	117



INTRODUCTORY SECTION





Town of Tarboro

P.O. Box 220 - 500 Main Street

Tarboro, NC 27886-0220

Telephone (252) 641-4200

Fax (252) 641-4286

www.tarboro-nc.com

October 31, 2008

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year 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 of the Town of Tarboro for the fiscal year ended June 30, 2008.

This report 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 Flowers and Stanley L.L.P., 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, 2008, 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 unqualified opinion that the Town of Tarboro's financial statements for the fiscal year ended June 30, 2008, 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 of Tarboro was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal 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 audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Tarboro's separately issued Single Audit Report.

GAAP require 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 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.

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 11,000. The Town of Tarboro takes pride in the vast amount of recreation facilities, which the Town provides its citizens. These facilities include a 128 acre park and athletic complex on which is constructed 4 softball fields, 1 baseball field, 2 soccer fields, 4 tennis courts, picnic shelters, walking trails and playground facilities. The Town also owns and maintains 4 public swimming pools, 2 recreation centers, a senior center, 4 youth softball/baseball fields and 4 public parks. One of the Town's whiteway lights is featured on the cover of this year's CAFR.

The Town operates under a Council/Manager form of government. The Mayor is elected at-large on a non-partisan basis for a four-year term. Eight Council members are elected from wards on a non-partisan basis to four-year staggered terms. A professional manager is employed to administer the operation of the Town. 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 6,000 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.

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 of each year. The Town Council receives the recommended budget in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the Town's fiscal year. 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.

Local economy

The economic outlook for the Town of Tarboro remains positive, even as the nation's economy has slowed. Residential and commercial construction remains steady. New businesses in Tarboro within the last year include the Murphy Express and Lowe's Home Center which is under construction. Parkhill Mall is undergoing renovation by new owners and will soon be known as Riverside Plaza. Occupancy rates for multifamily developments remain consistently around 100% and the Tarboro resale market for single family homes continues to be strong with an extensive amount of remodel work happening throughout the town.

The Town of Tarboro continues an aggressive marketing program to entice visitors and residents to the area. Marketing initiatives in FY 2007-2008 include the development of a new search-engine optimized website for the Town and participation in the NCLM's Green Challenge and the NC Health and Wellness Trust Fund's Fit Community Initiative. The website is nearing completion, and when finished will have web videos and an increased marketing focus. The Green Challenge recognizes the Town's efforts to reduce energy use and protect the environment. Becoming a Fit Community was a great honor, as only three (3) communities in the state were chosen this year. The designation recognizes Tarboro's commitment to providing recreational opportunities and encouraging healthy living and eating in the community.

Major initiatives

Major initiatives this fiscal year have included economic development activities, which will provide jobs for the community.

The Town of Tarboro has purchased a 2000 kw generator at Spongex to provide emergency standby power for the new business which is a subsidiary of Nomaco, Inc. The project was awarded a \$500,000 Industrial Development Fund Grant from the North Carolina Department of Commerce and will create 100 new jobs for Tarboro.

The Town of Tarboro also received a \$250,000 grant from the North Carolina Rural Center's Building Reuse Program. The grant is being used to assist Eastern Carolina Manufacturing in renovating and occupying the former Long Agribusiness bulk barn production facility. The project will create an additional 25 jobs for the community.

Cash management policies and practices

On March 9, 1987, the Town Council adopted a Cash Management Policy. The plan has been amended to comply with the GASB Statement No. 40. This policy is strictly followed and provides continuity despite employee turnover. It addresses cash deposits, billings, collection procedures, cash mobilization and investments, cash flow forecasting, disbursements, and banking services. The policy requires the Finance Director to maintain a cash management plan under the general guidelines established by the said policy. As of June 30, 2008, the Town's cash resources were invested as follows:

Cash on hand	\$ 2,979	.04%
Cash in bank	467,235	6.06%
Invested in CDs	5,000,000	64.91%
North Carolina Capital Management Trust	<u>2,232,693</u>	28.99%
Total	<u>\$7,702,907</u>	

In accordance with the Cash Management Policy, all idle cash is fully invested at all times and only in investments eligible under state law and said policy. For investment purposes, cash in all funds is pooled. All cash in the central depository checking account earns daily interest at a rate 20 basis points less than the 91-day Treasury bill rate. Funds in excess of that needed in the central depository checking account for daily disbursement requirements are primarily invested in certificates of deposit with local banks. The remaining funds are invested with the North Carolina Capital Management Trust Fund, a mutual fund for local governments, which is certified by and regulated by the Local Government Commission of the State of North Carolina. Said mutual fund may invest only in those instruments in which a local government in North Carolina could invest in directly.

Purchasing Policy

A Purchasing Manual is used to establish administrative policy concerning the purchase of supplies, materials, equipment and services. It includes the requirements for formal and informal bids, the actual bid process, and exceptions to the bidding requirements. The process of purchasing an item is outlined. Also included are fixed asset and travel reimbursement requirements.

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, 2008, the Town's legal debt limit is approximately \$56,773,280.

Risk Management

The Town's property, auto liability and general liability coverage, and workers' compensation coverage is obtained through two insurance pools sponsored by the North Carolina League of Municipalities. The League provides risk management services to the Town which includes a Risk Management/Loss Control Specialist who surveys the Town on a regular basis. The League also conducts risk management and safety workshops which are attended by Town staff. The Town budgets funds to cover claim deductibles for property and liability insurance.

Pension and other postemployment benefits

All full-time employees of the Town are covered under the North Carolina Local Governmental Employees' Retirement System, a cost-sharing multiple-employer, and defined benefit pension plan. Eligible employees are required to contribute 6% of their total compensation to the system. As of June 30, 2008, the Town was required to match this contribution at the rate of 4.91% for non-law enforcement employees and at the rate of 9.86% for law enforcement employees. Included in the 9.86% rate for law enforcement employees, is a mandatory 5% contribution to the Supplemental Retirement Income Plan for Law Enforcement Officers, a 401(k) Plan. In addition to the required contributions, the Town makes a discretionary contribution to a 401(k) Plan or a Deferred Compensation Plan of 7% for regular employees and 4% for law enforcement officers.

In addition, the Town is required to provide qualified law enforcement employees with a special separation allowance upon retirement. The allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

In addition to providing pension benefits, the Town of Tarboro has elected to provide postretirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the System. The Town pays a portion of the premiums for the coverage of these benefits. Death benefits are provided to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System.

Additional information on the Town of Tarboro's pension arrangements and postemployment benefits can be found in Note 2 – B – 1.

Awards and Acknowledgements

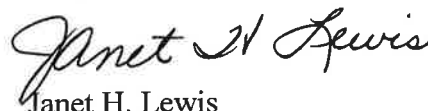
Certificate of Achievement for Excellence in Financial Reporting Program - The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tarboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 18th 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 we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments - A number of individuals are responsible for the preparation of this report. I would like to express my appreciation to the Mayor, Town Council, and Town Manager for their continuing interest and support in conducting the financial operations of the Town in a responsible and progressive manner. Appreciation is also expressed to the staff of Flowers and Stanley, L.L.P., CPAs.

My special thanks go to the Finance Department staff members whose dedication contributes to the efficiency and high standards of the department. Finally, I would like to thank all of the Town Department Heads, and their staff members, for their cooperation throughout the year.

Respectfully submitted,



Janet H. Lewis
Finance Director

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

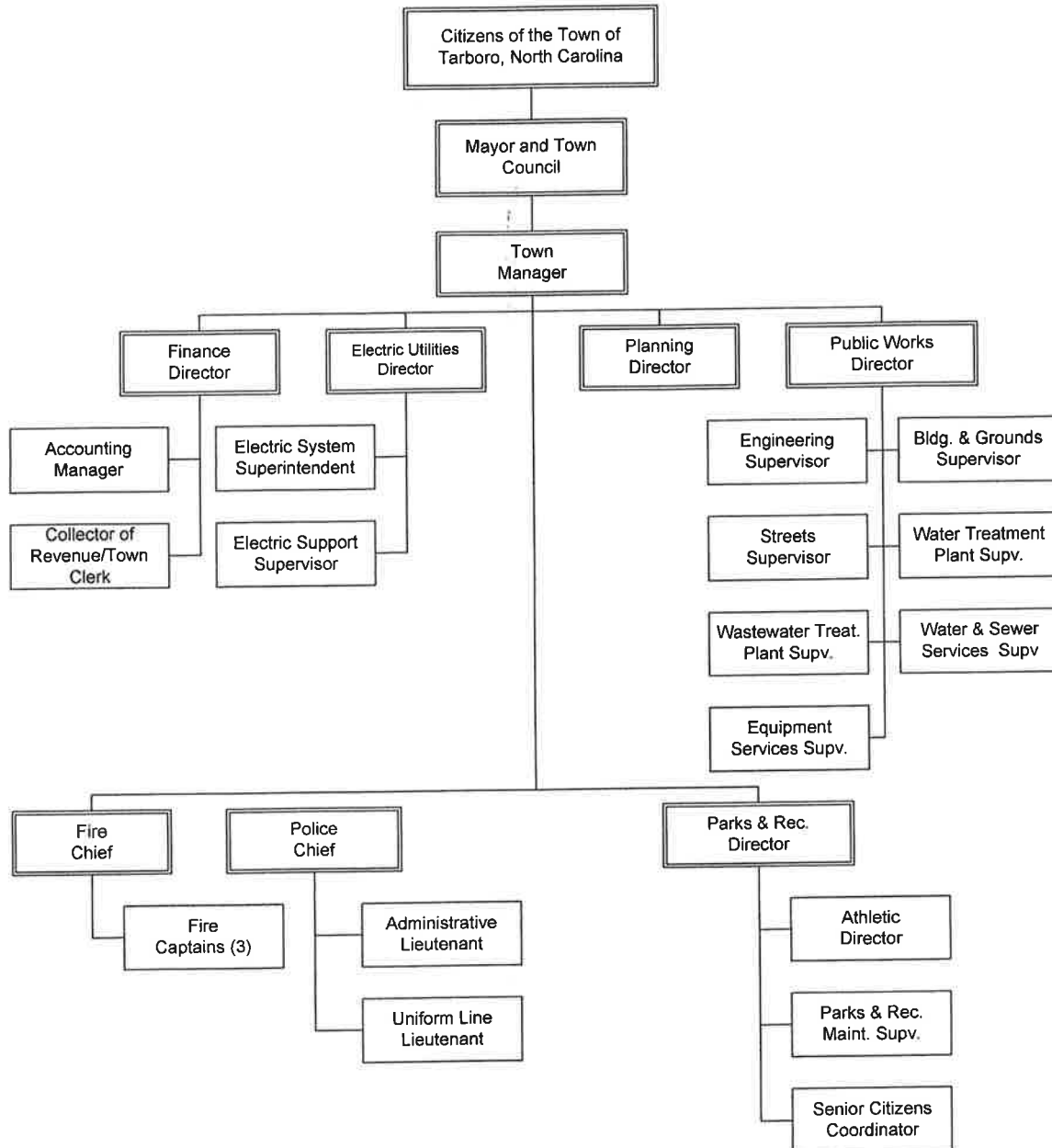
Jeffrey R. Emer

Executive Director

TOWN OF TARBORO, NORTH CAROLINA

ORGANIZATIONAL CHART

MANAGER, DEPARTMENT HEADS & SUPERVISORS



TOWN OF TARBORO, NORTH CAROLINA

PRINCIPAL OFFICIALS

JUNE 30, 2008

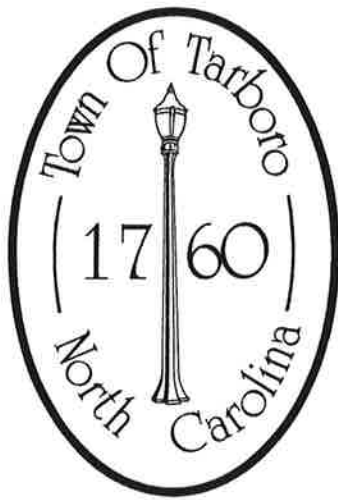
ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Term Expires</u> ¹
Mayor	Donald A. Morris	26 Years	December, 2009
Councilman Ward 1	Buck Price	5 Years	December, 2009
Councilman Ward 2	Alden W. Hull	0 Years	December, 2011
Councilman Ward 3	Danny D. Hayes	13 Years	December, 2009
Councilman Ward 4	James L. Alford	9 Years	December, 2011
Councilman Ward 5	John L. Jenkins, II	11 Years	December, 2009
Councilman Ward 6	Melvin R. Muhammad	0 Years	December, 2011
Councilman Ward 7	Roy A. Gray	13 Years	December, 2009
Councilman Ward 8	Joseph Stephen Hoard III	8 Years	December, 2011

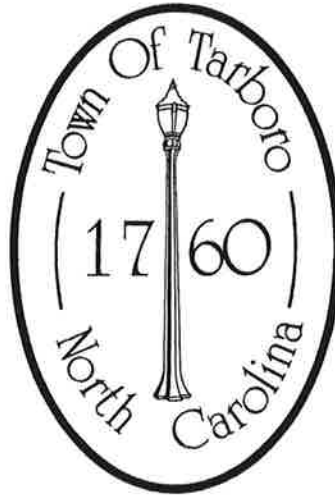
¹ The Mayor serves a four-year term. Councilmen serve four-year staggered terms.

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	Samuel W. Noble, Jr.	21 Years	21 Years
Police Chief	Robert L. Cherry	12 Years	24 Years
Public Works Director	David L. Cashwell	11 Years	23 Years
Fire Chief	William Whitaker	6 Years	23 Years
Finance Director	Janet H. Lewis	7 Years	18 Years
Recreation Director	Jarvis Pettaway	2 Years	32 Years
Electric Utilities Director	Ricky C. Page	23 Years	23 Years
Planning Director	Troy R. Lewis	6 Years	7 Years



FINANCIAL SECTION



Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – Tarboro, North Carolina 27886

Phone: 252-823-3125 Fax: 252-823-3201

Charles R. Flowers Jr., CPA
Michael L. Stanley, CPA

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Independent Auditor's Report

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

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, 2008, which collectively comprise the Town of Tarboro's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town of Tarboro's nonmajor governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town of Tarboro's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the 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, 2008, and the respective changes in the financial position and cash flows, where appropriate, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not required parts of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

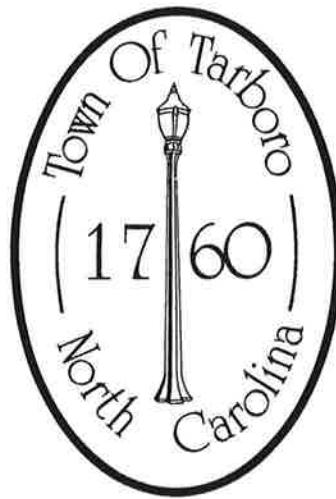
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tarboro's basic financial statements. The combining and individual nonmajor fund financial statements and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Tarboro, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections of the Comprehensive Annual Financial Report (CAFR) have not been audited by us and, accordingly, we express no opinion on their contents.

Flowers & Stanley, LLP

Tarboro, North Carolina
October 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS





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, 2008. 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

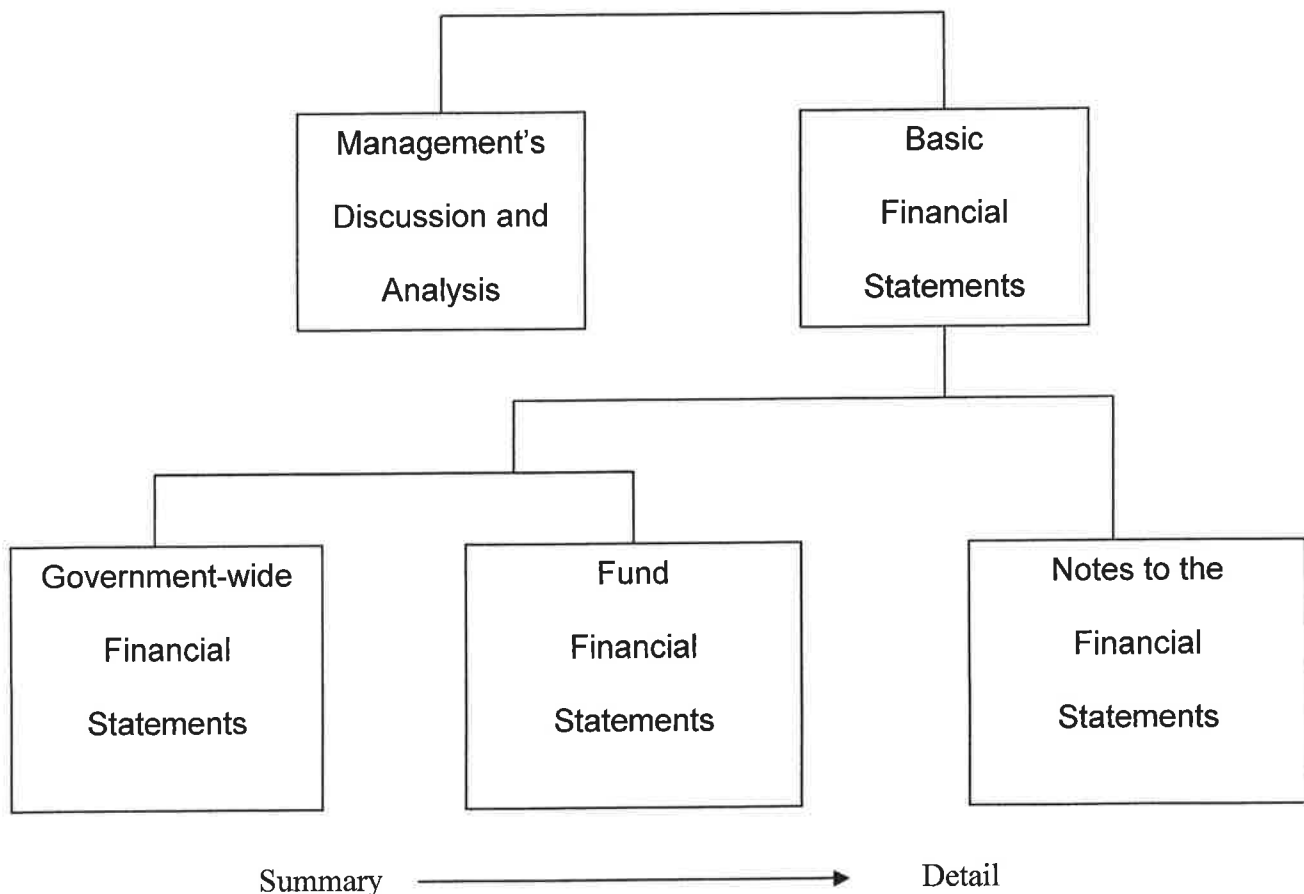
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$76,700,829. The assets of the governmental activities exceeded liabilities by \$27,811,919 and the assets of the business-type activities exceeded liabilities by \$48,888,910.
- The government's total net assets decreased by \$3,949,299. Included in the net decrease is the depreciation expense of \$1,762,302.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,245,634, an increase of \$399 in comparison with the prior year. Approximately 62.0 percent of this total amount, or \$2,632,179, is available for spending at the government's discretion (unreserved fund balance).
- As of the close of the current fiscal year, the Town's business-type funds reported combined ending net assets of \$48,888,910, a decrease of \$2,864,670.

Overview of the Financial Statements

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 8) 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 assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets 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 services and solid waste services offered by the Town of Tarboro. The government-wide financial statements are on Exhibits 3 and 4 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 Assets 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – 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 Assets and the Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and sewer, electric, and solid waste activities, all of which are considered to be major funds of the Town.

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 42 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 64 of this report.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2003 were the beginning of a new era in financial reporting for the Town of Tarboro, and many other units of government across the United States. Prior to FY 2002-2003, the Town of Tarboro maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the Town of Tarboro. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the Town of Tarboro's financial reports as well as those of many other units of government. While the Town of Tarboro was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, and any remaining governments were implemented in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

Net Assets

The following (Figure 2) reflects condensed information on the Town's net assets.

Figure 2

Town of Tarboro, North Carolina Statement of Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
Current and other assets	\$ 5,125,394	\$ 5,122,342	\$ 7,983,800	\$ 8,729,668	\$ 13,109,194	\$ 13,852,010
Capital assets	23,959,183	25,024,471	43,879,092	45,834,818	67,838,275	70,859,289
Total Assets	\$ 29,084,577	\$ 30,146,813	\$ 51,862,892	\$ 54,564,486	\$ 80,947,469	\$ 84,711,299
Long-term liabilities	\$ 642,322	\$ 652,336	\$ 2,783,949	\$ 191,488	\$ 3,426,271	\$ 789,417
Other liabilities	630,336	597,929	190,038	2,619,418	820,369	3,271,754
Total liabilities	\$ 1,272,658	\$ 1,250,265	\$ 2,973,982	\$ 2,810,906	\$ 4,246,640	\$ 4,061,171
Net assets						
Invested in capital assets net of related debt	\$ 23,969,183	\$ 25,024,471	\$ 43,879,092	\$ 45,834,818	\$ 67,848,275	\$ 70,859,289
Restricted	758,998	835,923	-	-	758,998	835,923
Unrestricted	3,083,738	3,036,154	5,009,818	5,918,762	8,093,556	8,954,916
Total net assets	\$ 27,811,919	\$ 28,896,548	\$ 48,888,910	\$ 51,753,580	\$ 76,700,829	\$ 80,650,128

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$76,700,859 as of June 30, 2008. The Town's net assets decreased by \$3,949,299 for the fiscal year ended June 30, 2008. However, the largest portion reflects the depreciation of capital assets.

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

- Due to the budget constraints in prior years, at the State level and subsequent sequestering of funds to local governments, the Town continued to reduce its expenditures to the extent possible to compensate for the significant loss of revenue. The reduction in expenditures helped to control the impact that this situation had on net assets.
- The Town has been debt free since June 30, 2000.

Changes in Net Assets

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

Town of Tarboro, North Carolina Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Business-type Activities 2008	Business-type Activities 2007	Total 2008	Total 2007
Revenues						
Program revenues:						
Charges for services	\$ 1,592,045	\$ 1,882,083	\$ 27,665,847	\$ 27,648,964	\$ 29,257,892	\$ 29,531,047
Operating grants and contributions	377,266	451,334	-	-	377,266	451,334
Capital grants and contributions	103,342	-	5,000	663,574	108,342	663,574
General revenues:						
Property taxes	3,039,294	3,039,621	-	-	3,039,294	3,039,621
Other taxes	178,485	143,780	-	-	178,485	143,780
Other	3,240,324	3,140,051	169,623	245,183	3,409,947	3,385,234
Total Revenues	\$ 8,530,756	\$ 8,656,869	\$ 27,840,470	\$ 28,557,721	\$ 36,371,226	\$ 37,214,590
Expenses:						
General Government	\$ 3,062,557	\$ 2,920,292	\$ -	\$ -	\$ 3,062,557	\$ 2,920,292
Public safety	3,937,922	3,751,082	-	-	3,937,922	3,751,082
Transportation	2,559,857	1,854,516	-	-	2,559,857	1,854,516
Economic & Development	17,646	445,755	-	-	17,646	445,755
Cultural and recreation	1,166,182	1,198,334	-	-	1,166,182	1,198,334
Water & Sewer	-	-	4,036,167	3,932,478	4,036,167	3,932,478
Electric	-	-	24,616,288	24,467,712	24,616,288	24,467,712
Solid Waste	-	-	923,906	688,058	923,906	688,058
Total Expenses	\$ 10,744,164	\$ 10,169,979	\$ 29,576,361	\$ 29,088,248	\$ 40,320,525	\$ 39,258,227
Increase in net assets before transfers	\$ (2,213,408)	\$ (1,513,110)	\$ (1,735,891)	\$ (530,527)	\$ (3,949,299)	\$ (2,043,637)
Loss on disposal of assets	-	(810,628)	-	-	-	(810,628)
Transfers	1,128,779	110,527	(1,128,779)	(110,527)	-	-
Increase in Net Assets	\$ (1,084,629)	\$ (2,213,211)	\$ (2,864,670)	\$ (641,054)	\$ (3,949,299)	\$ (2,854,265)
Net Assets (restated) July 1	\$ 28,896,548	\$ 31,109,759	\$ 51,753,580	\$ 52,394,634	\$ 80,650,128	\$ 83,504,393
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets June 30	\$ 27,811,919	\$ 28,896,548	\$ 48,888,910	\$ 51,753,580	\$ 76,700,829	\$ 80,650,128

Governmental Activities

Governmental activities decreased the Town's net assets by \$1,084,629. Key elements of the current year governmental activities in the net assets are as follows:

- Intergovernmental revenues decreased by \$15,151, due mostly to an decrease in sales tax revenues and increase in franchise taxes.
- Of total expenditures for governmental activities, public safety accounts for the largest portion of total expenditures.

See figures 4 and 5 for governmental revenues by source and governmental expenditures by function for the last ten years.

Figure 4

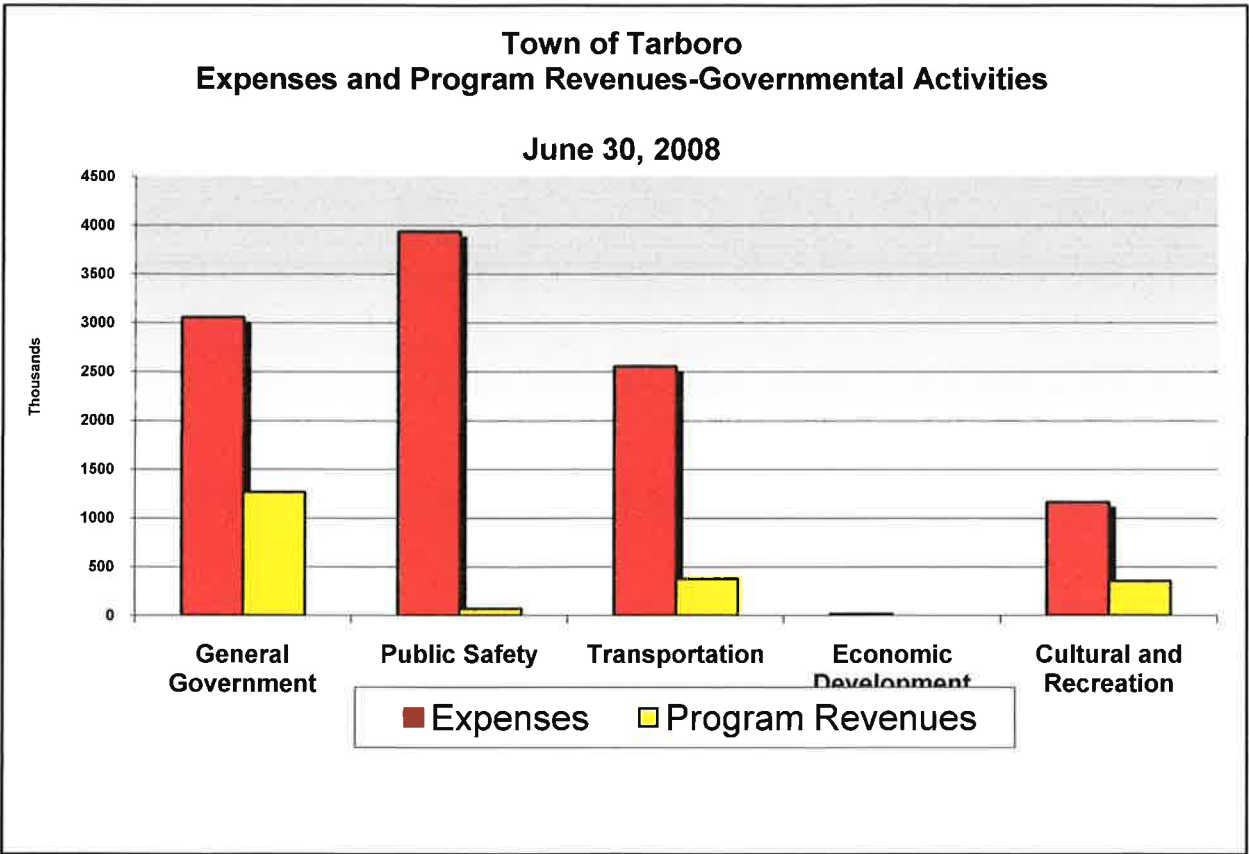
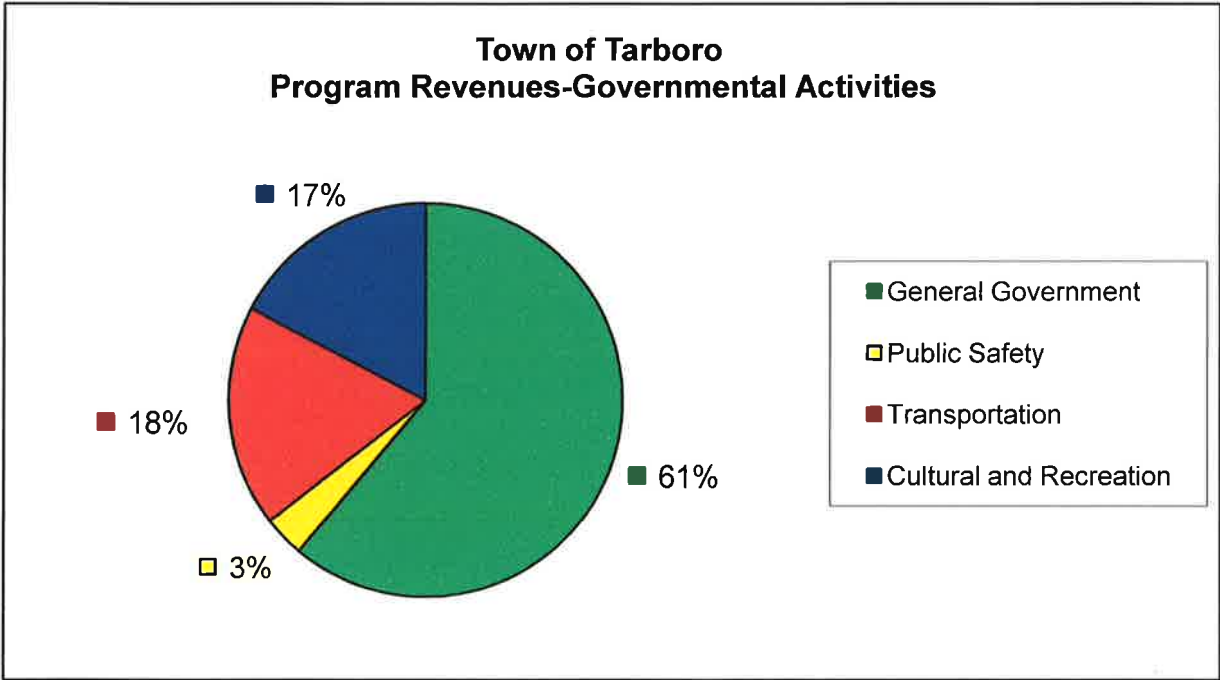


Figure 5



Business-type activities

- Business-type activities decreased the Town's net assets by \$2,864,670. Key elements of the current year's activities are as follows:
- Charges for services for business-type activities increased by a combined amount of \$16,883. Electric decreased by \$136,055. Water and sewer increased by \$23,513. Solid waste increased by \$129,425.
- Operating expenditures were increased by a combined \$488,113. Electric increased by \$148,576, water and sewer increased by \$103,689, and solid waste increased by \$235,848.

See figures 6 and 7 for governmental revenues by source and governmental expenditures by function for the last ten years.

Figure 6

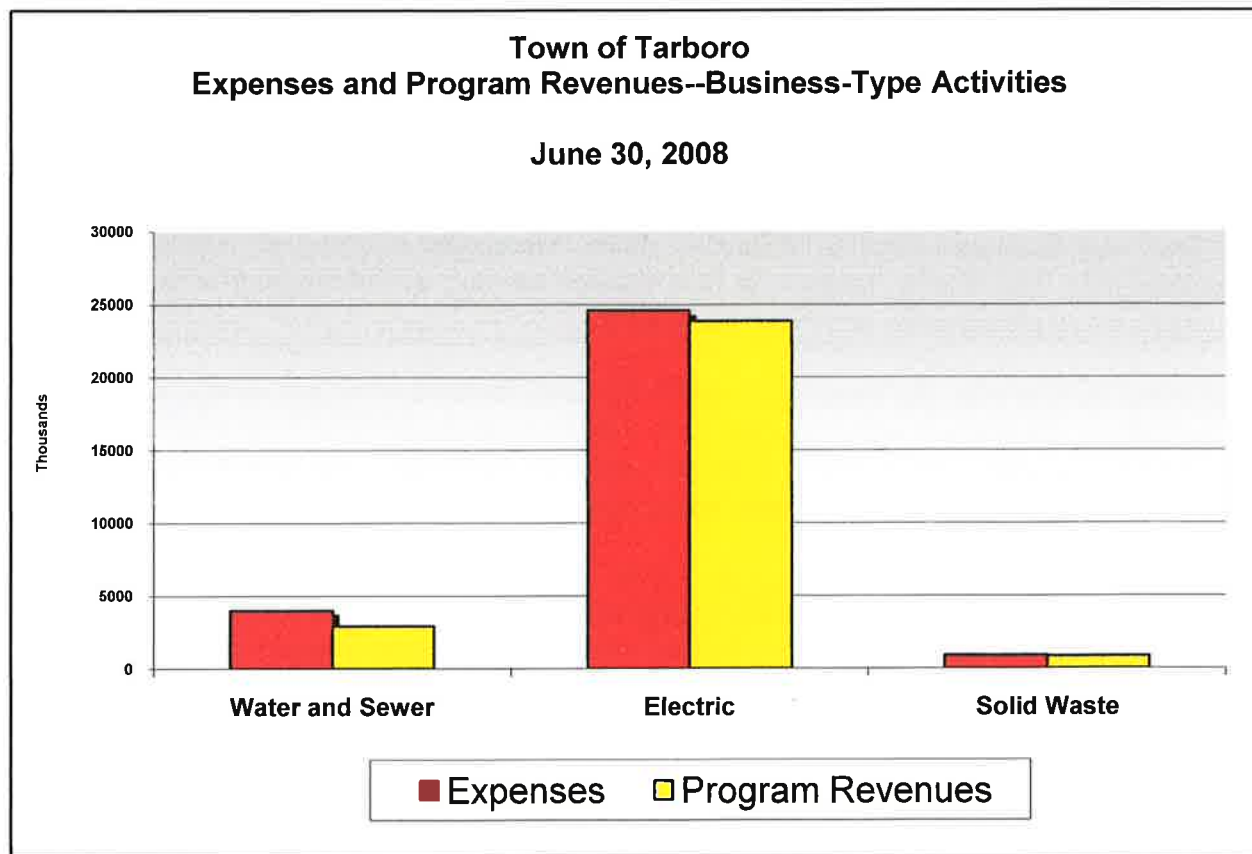
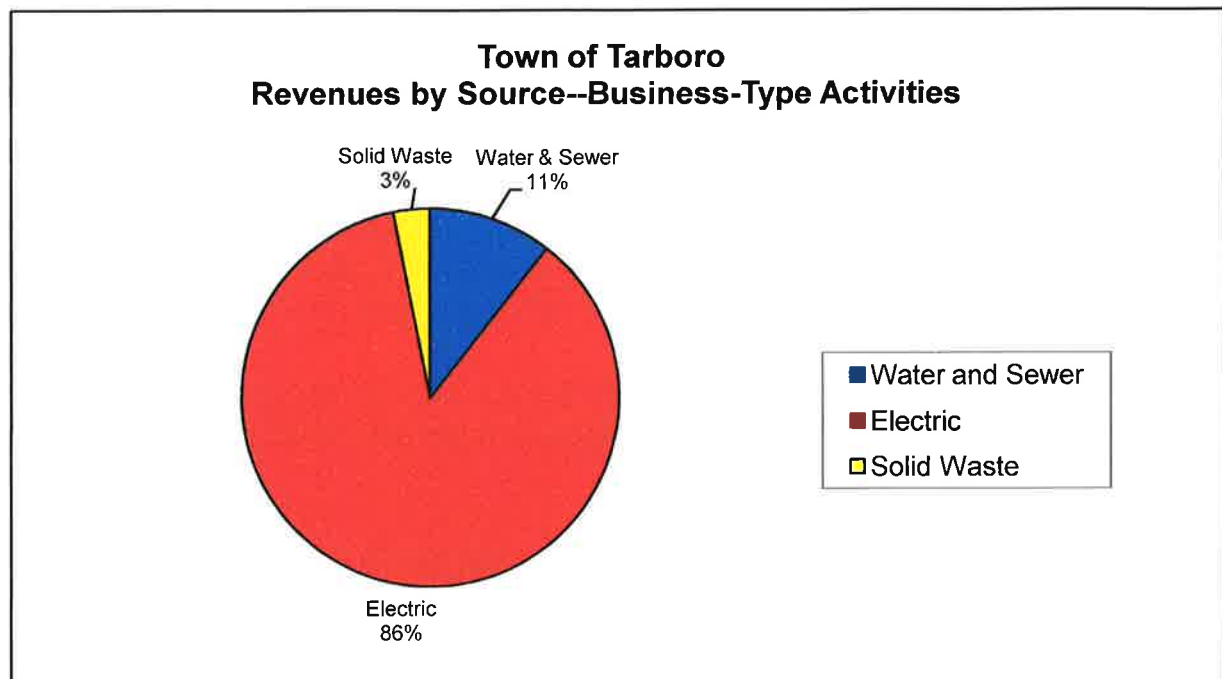


Figure 7



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

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$4,245,634 up \$399 in comparison with the prior year. Of this amount, \$2,632,179 or 62.0% is unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the General was \$2,632,179, while total fund balance reached \$3,898,445. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balances to total fund expenditures. Unreserved fund balance represents 27.6% of total General Fund expenditures, while total fund balance represents 40.9% of that same amount.

At June 30, 2008 the governmental funds of the Town of Tarboro reported a balance of \$4,245,634, an increase of .01% over last year. Included in this fund balance are decreases in the General Fund, and increases in the Special Revenue Fund and General Fund Capital Project Fund. Key factors in these increases/decreases are as follows:

- A decrease in the fund balance of the General Fund in the amount of \$168,491. An increase of \$202,847 in charge for services, an increase in the general government expenditures of \$114,673 and an increase in public safety expenditures of \$485,612.
- An increase in the fund balance of the Special Revenue Fund in the amount of \$127,786. The revenues in the amount of \$174,482, expenditures in the amount of (\$89,785) and a transfer from the General Fund of \$43,089 make the difference in fund balance of \$127,786. The transfers to the General Fund were from the E911 Fund to repay for maintenance on equipment.
- An increase in the General Fund Capital Projects Fund in the amount of \$41,104. The revenues in the amount of \$33,750, expenditures in the amount of (\$17,646) and a transfer from the General Fund of \$25,000.

General Fund Budgetary Highlights – During the fiscal year 2008, 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.

The actual operating revenues for the General Fund were more than the budget amount by \$145,566. The largest portion of this was the sales of materials and interest earnings.

The actual operating expenses for the General Fund were less than the budget amount by \$994,667. The most significant savings was realized with there being no major emergencies therefore the overtime budgeted was not used.

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. Unrestricted net assets at the end of the year amounted to \$2,381,431 for the Electric Fund, \$1,788,799 for the Water and Sewer Fund and \$839,588 for the Solid Waste Fund. The total changes in net assets for all three funds was \$(563,849), \$(304,938) and \$(40,157) respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Tarboro’s business-type activities.

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, 2008, totals \$43,879,092 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, distribution system and vehicles.

Governmental Funds:

Additions

- Infrastructure (street pavement) \$69,888
- Improvements Recreation Buildings \$60,318
- Improvements to Police building \$14,660
- Improvements Fire Dept Buildings \$17,804
- John Deere Front mower \$16,600
- Ford F150 truck \$15,968
- Telephone equipment \$78,629
- Digital in car cameras and installation \$38,168
- Canon copiers \$10,952
- Police cars (12) \$241,512
- Upgrade (40) radios \$48,040
- Backhoe \$58,008
- Precor Elliptical \$8,820

Retirements

- Tractor \$8,333
- Vehicles (12) \$252,769
- Pickup trucks (3) \$33,103

Proprietary Funds:**Additions**

- Electric Distribution System additions \$213,683
- KCST Generator \$5,092
- Spongex Generator \$18,565
- Parkhill Mall Project \$60,597
- Vertical storage tanks (2) \$45,612
- Water Sewer trucks (2) \$31,936
- Nu-Life Loader \$96,456
- Water line additions \$153,531

Retirements

- Land \$62,550
- Meter test table \$38,194
- Flat bed truck \$22,450
- Pickup truck \$11,310
- Garbage truck \$92,953

Town of Tarboro, North Carolina
Capital Assets

	Governmental Activities 2008	Business-type Activities 2008	Total 2008	Total 2007
Land	\$ 1,906,693	\$ 1,360,932	\$ 3,267,625	\$ 3,330,174
Buildings & Other Improvements	3,764,545	13,828	3,778,373	3,949,208
Infrastructure	17,064,047	-	17,064,047	18,236,318
Substations, Lines, Equipment	-	25,362,241	25,362,241	25,903,074
Load Management	-	2,000	2,000	2,000
Plant and Distribution Systems	-	16,405,192	16,405,192	17,178,085
Equipment	760,497	631,237	1,391,734	1,213,307
Construction in Progress	463,401	103,662	567,063	1,047,124
Total Capital Assets (net of accumulated depreciation)	\$ 23,959,183	\$43,879,092	\$ 67,838,275	\$ 70,859,290

Additional information on the Town's capital assets can be found in note I-E-6 and II-A-4.

Long-term Debt. As of June 30, 2008, 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 taxes located within that government's boundaries. The legal debt margin for the Town is \$56,773,280.

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, 2009.

- The unemployment rate for the Tarboro/Edgecombe area was 8.8% this is an increase of .9%. Even with the increase in unemployment many positive things are happening in Tarboro. The Town of Tarboro has purchased a 2000 kw generator at Spongex to provide emergency standby power for the new business which is a subsidiary of Nomaco, Inc. The project was awarded a \$500,000 Industrial Development Fund Grant from the NC Department of Commerce and will create 100 new jobs for Tarboro.
- The Town also received a \$250,000 grant from the NC Rural Center's Building Reuse Program. The grant is being used to assist Eastern Carolina Manufacturing in renovating and occupying the former Long Agribusiness bulk barn production facility. The project will create an additional 25 jobs for the community.

- The Town keeps their capital outlay expenditures to only what is necessary. Capital outlay is budgeted with reserves rather than issuing bonds and paying interest on debt. The Town has been debt free since 2000.

Budget Highlights for the Fiscal Year Ending June 30, 2008

Governmental Activities: The governmental fund's primary revenue sources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2008, the budget increased 1.0% over the prior year. 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 Town has still been able to maintain service levels that our taxpayers are accustomed, without implementing a tax rate increase. The Town has not increased property taxes in eighteen years. The Town of Tarboro has the lowest property tax rate of any comparable or larger sized municipality in the area. Furthermore, the general fund continues to be debt free.

The largest increments of expenditures in the governmental funds are in employee compensation, including funding compensation and benefits adjustments.

Business – type Activities: The business-type funds' budget decreased by .08% for the fiscal year ending June 30, 2008. Water and sewer rates will not increase for FY 07-08. The fact that the Town of Tarboro has no debt on its water and sewer system has allowed the Town to hold the line on water and sewer rates and to have only one increase in rates for residential customers in seventeen (18) years. The Town of Tarboro diligently adds funds to water and sewer reserves in order to pay for capital outlay needs on a pay as you go basis.

There is an anticipated increase in wholesale electric rates for FY 2008-2009 that will be effective 1 September, 2008. The wholesale rate increase is the result of increased coal prices for the coal fired generating plants and increased nuclear fuel prices for the nuclear generating plants. Furthermore, approximately two percent (2%) of the increase will be attributable to the need to refinance variable rate debt for fixed rate debt due to the ongoing problems with the home mortgage industry and the subsequent problem in obtaining bond insurance for variable rate debt. The projected wholesale increase for Tarboro is nine and one-half percent (9.5%) and will result in a similar increase in the Town's retail electric rates.

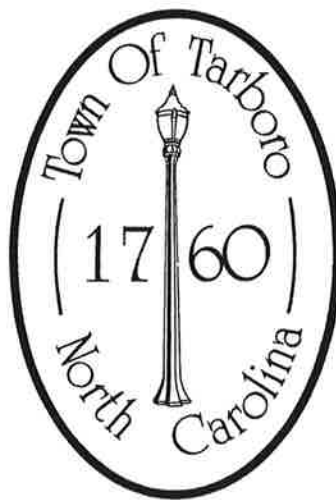
Water and sewer rates will increase for FY 2008-2009. The fact that the Town of Tarboro has no debt on its water and sewer system has allowed the Town to keep rates from increasing in previous years. The drought during FY 2007-2008 resulted in a reduction in water consumption while fuel and chemical costs have dramatically increased. Therefore water and sewer rates will increase fifteen percent (15%) for all classes of customers.

Edgecombe County landfill costs will increase from \$42.00 per ton to \$45.00 per ton effective 1 July 2008. The Town will pass on the additional landfill costs implemented by Edgecombe County. Therefore, the solid waste collection fee will increase from \$16.75 per month to \$19.25 per month.

The largest increments of expenses in the business-type activities are in the cost of purchased power, and employee compensation benefits. The general operating expenses were increased. Capital projects were significantly reduced.

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.



BASIC FINANCIAL STATEMENTS

Town of Tarboro, North Carolina
Statement of Net Assets
June 30, 2008

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,156,975	\$ 3,545,932	\$ 7,702,907
Taxes receivable (net)	258,822	-	258,822
Accrued interest receivable on taxes	60,173	-	60,173
Accounts receivable (net)	579,268	3,076,472	3,655,740
Inventories	70,156	1,361,396	1,431,552
Total Current Assets	<u>\$ 5,125,394</u>	<u>\$ 7,983,800</u>	<u>\$ 13,109,194</u>
Capital Assets (Note 1):			
Land, improvements, and buildings, net of depreciation	\$ 2,370,094	\$ 1,464,594	\$ 3,834,688
Other capital assets, net of depreciation	21,589,089	42,414,498	64,003,587
Total Capital Assets	<u>\$ 23,959,183</u>	<u>\$ 43,879,092</u>	<u>\$ 67,838,275</u>
Total Assets	<u>\$ 29,084,577</u>	<u>\$ 51,862,892</u>	<u>\$ 80,947,469</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 410,428	\$ 2,312,171	\$ 2,722,599
Unearned revenue	159,662	-	159,662
Compensated absences	72,232	60,569	132,801
Customer deposits	-	411,209	411,209
Total Current Liabilities	<u>\$ 642,322</u>	<u>\$ 2,783,949</u>	<u>\$ 3,426,271</u>
Noncurrent Liabilities:			
Compensated absences	\$ 529,705	\$ 190,033	\$ 719,738
Net pension obligation	100,631	-	100,631
Total Noncurrent Liabilities	<u>\$ 630,336</u>	<u>\$ 190,033</u>	<u>\$ 820,369</u>
Total Liabilities	<u>\$ 1,272,658</u>	<u>\$ 2,973,982</u>	<u>\$ 4,246,640</u>
Net Assets			
Invested in capital assets	\$ 23,969,183	\$ 43,879,092	\$ 67,848,275
Restricted - Powell Bill	758,998	-	758,998
Unrestricted	3,083,738	5,009,818	8,093,556
Total Net Assets	<u>\$ 27,811,919</u>	<u>\$ 48,888,910</u>	<u>\$ 76,700,829</u>

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, 2008

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities:						
General Government	\$ 3,062,557	\$ 1,266,021	\$ -	\$ (1,796,536)	\$ -	\$ (1,796,536)
Public Safety	3,937,922	70,631	-	(3,867,291)	-	(3,867,291)
Transportation	2,559,857	-	377,266	(2,182,591)	-	(2,182,591)
Economic and Physical Development	17,646	-	-	(17,646)	-	(17,646)
Cultural and Recreation	1,166,182	255,393	-	(807,447)	-	(807,447)
Total Governmental Activities (See Note 1)	\$ 10,744,164	\$ 1,592,045	\$ 377,266	\$ (8,671,511)	\$ -	\$ (8,671,511)
Business-type Activities:						
Water and Sewer	\$ 4,036,167	\$ 2,918,874	\$ -	\$ -	\$ (1,117,293)	\$ (1,117,293)
Electric	24,616,288	23,878,947	-	-	(732,341)	(732,341)
Solid Waste	923,906	868,026	-	-	(55,880)	(55,880)
Total Business-type Activities	\$ 29,576,361	\$ 27,665,847	\$ -	\$ -	\$ (1,905,514)	\$ (1,905,514)
Total Primary Government	\$ 40,320,525	\$ 29,257,892	\$ 377,266	\$ (8,671,511)	\$ (1,905,514)	\$ (10,577,025)
General Revenues:						
Ad valorem taxes				\$ 3,039,294	\$ -	\$ 3,039,294
Other taxes and licenses				178,485	-	178,485
Unrestricted intergovernmental				2,777,043	-	2,777,043
Unrestricted investment earnings				189,065	169,623	358,688
Miscellaneous				274,216	-	274,216
Transfers				1,128,779	(1,128,779)	-
Total General Revenues, Special Items, and Transfers				\$ 7,586,882	\$ (959,156)	\$ 6,627,726
Change in Net Assets				\$ (1,084,629)	\$ (2,864,670)	\$ (3,949,299)
Net Assets-Beginning				28,896,548	51,753,580	80,650,128
Net Assets-Ending				\$ 27,811,919	\$ 48,888,910	\$ 76,700,829

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

Town of Tarboro, North Carolina
Governmental Funds
Balance Sheet
June 30, 2008

Exhibit 3

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Governmental</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 3,808,778	\$ 348,197	\$ 4,156,975
Receivables, net:			
Taxes	249,499	9,323	258,822
Accounts	579,268	-	579,268
Inventories	70,156	-	70,156
Due from other funds	3,250	(3,250)	-
 Total Assets	 <u>\$ 4,710,951</u>	 <u>\$ 354,270</u>	 <u>\$ 5,065,221</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 403,347	\$ 7,081	\$ 410,428
Deferred revenue	409,159	-	409,159
 Total Liabilities	 <u>\$ 812,506</u>	 <u>\$ 7,081</u>	 <u>\$ 819,587</u>
 Fund Balances:			
Reserved For:			
Inventories	\$ 70,156	\$ -	\$ 70,156
State statute	457,112	26,075	483,187
Streets-Powell bill	738,998	20,000	758,998
Unreserved:			
General Fund	1,146,063	-	1,146,063
Designated for subsequent year's expenditures	1,486,116	-	1,486,116
Unreserved, Reported In:			
Special Revenue funds	-	201,655	201,655
Capital Project funds	-	99,459	99,459
 Total Fund Balances	 <u>\$ 3,898,445</u>	 <u>\$ 347,189</u>	 <u>\$ 4,245,634</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,710,951</u>	 <u>\$ 354,270</u>	 <u>\$ 5,065,221</u>

(continued)

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

Town of Tarboro, North Carolina
Governmental Funds
Balance Sheet
June 30, 2008

Exhibit 3

(continued)

Reconciliation of Fund Balance as Reported in the Balance Sheet - Governmental Funds with Net Assets - Governmental Activities:

Fund balance as reports in the balance sheet governmental funds	\$ 4,245,634
Amounts reported for governmental activities in the Statement of Net Assets (exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,959,183
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred in the funds.	60,173
Liabilities for earned but deferred revenues in fund statements.	249,497
Some liabilities, including compensated absences and net pension obligations, are not due and payable in the current period and therefore are not reported in the funds.	(702,568)
Net Assets of Governmental Activities	<u>\$ 27,811,919</u>

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

Town of Tarboro, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

Exhibit 4

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Governmental</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Ad valorem taxes	\$ 3,021,870	\$ -	\$ 3,021,870
Other taxes and licenses	178,485	-	178,485
Unrestricted intergovernmental	2,576,114	200,929	2,777,043
Restricted intergovernmental	480,608	-	480,608
Permits and fees	64,141	-	64,141
Sales and services	255,393	-	255,393
Investment earnings	181,762	7,303	189,065
Assessments	6,490	-	6,490
Miscellaneous	274,216	-	274,216
Charges for services	1,266,021	-	1,266,021
	<u>\$ 8,305,100</u>	<u>\$ 208,232</u>	<u>\$ 8,513,332</u>
Total Revenues			
Expenditures			
Current:			
General Government	\$ 3,084,018	\$ -	\$ 3,084,018
Public Safety	3,957,040	89,785	4,046,825
Transportation	1,393,818	-	1,393,818
Cultural and Recreation	1,099,405	-	1,099,405
Capital projects	-	17,646	17,646
	<u>\$ 9,534,281</u>	<u>\$ 107,431</u>	<u>\$ 9,641,712</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,229,181)</u>	<u>\$ 100,801</u>	<u>\$ (1,128,380)</u>

(continued)

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

Town of Tarboro, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

Exhibit 4

	<u>Major Fund General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
(continued)			
Other Financing Sources (Uses):			
Transfers from other funds	\$ 1,128,779	\$ -	\$ 1,128,779
Transfers to other funds	(68,089)	68,089	-
Total Other Financing Sources (Uses)	<u>\$ 1,060,690</u>	<u>\$ 68,089</u>	<u>\$ 1,128,779</u>
Net Change in Fund Balance	\$ (168,491)	\$ 168,890	\$ 399
Fund Balances:			
Beginning of Year	4,066,936	178,299	4,245,235
End of Year	<u><u>\$ 3,898,445</u></u>	<u><u>\$ 347,189</u></u>	<u><u>\$ 4,245,634</u></u>

(continued)

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

Town of Tarboro, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

Exhibit 4

(continued)

Reconciliation of Net Change in Fund Balance in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Change in Net Assets - Governmental Activities.

Net changes in fund balances - total governmental funds	\$ 399
Change in fund balance because of change in inventory	(9,321)
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 depreciation exceeded capital outlays in the current period. As a result, the gain/loss on disposal of these assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.	
Depreciation	(1,762,301)
Capital outlay	697,009
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	26,749
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	(39,646)
Net pension obligations	2,482
Total Changes in Net Assets of Governmental Activities	<u>\$ (1,084,629)</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 Balance -
Budget and Actual
For the Year Ended June 30, 2008

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 3,119,500	\$ 3,119,500	\$ 3,021,870	\$ (97,630)
Other taxes and licenses	141,375	141,375	178,485	37,110
Unrestricted intergovernmental	2,594,700	2,594,700	2,576,114	(18,586)
Restricted intergovernmental	409,927	440,069	480,608	40,539
Permits and fees	53,950	53,950	64,141	10,191
Sales and services	285,407	285,407	255,393	(30,014)
Investment earnings	183,872	183,872	181,762	(2,110)
Assessments	5,240	5,240	6,490	1,250
Miscellaneous	47,000	69,400	274,216	204,816
Charges for services	1,266,021	1,266,021	1,266,021	-
Total Revenues	<u>\$ 8,106,992</u>	<u>\$ 8,159,534</u>	<u>\$ 8,305,100</u>	<u>\$ 145,566</u>
Expenditures:				
Current:				
General Government	\$ 3,245,163	\$ 3,406,152	\$ 3,084,018	\$ 322,134
Public Safety	4,121,349	4,278,782	3,957,040	321,742
Transportation	1,467,632	1,527,556	1,393,818	133,738
Cultural and Recreation	1,301,998	1,316,458	1,099,405	217,053
Total Expenditures	<u>\$ 10,136,142</u>	<u>\$ 10,528,948</u>	<u>\$ 9,534,281</u>	<u>\$ 994,667</u>
Revenues Over (Under) Expenditures	<u>\$ (2,029,150)</u>	<u>\$ (2,369,414)</u>	<u>\$ (1,229,181)</u>	<u>\$ 1,140,233</u>

(continued)

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 Balance -
Budget and Actual
For the Year Ended June 30, 2008

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
(continued)				
Other Financing Sources (Uses):				
Transfers from other funds	\$ 1,128,779	\$ 1,128,779	\$ 1,128,779	\$ -
Transfers to other funds	-	(68,089)	(68,089)	-
Fund balance appropriated	<u>900,371</u>	<u>1,308,724</u>	<u>-</u>	<u>(1,308,724)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,029,150</u>	<u>\$ 2,369,414</u>	<u>\$ 1,060,690</u>	<u>\$ (1,308,724)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	\$ (168,491)	<u>\$ (168,491)</u>
Fund Balances:				
Beginning of Year			4,066,936	
End of Year			<u>\$ 3,898,445</u>	

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

Town of Tarboro, North Carolina
Proprietary Funds
Statement of Net Assets
June 30, 2008

Exhibit 6

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,286,667	\$ 1,512,554	\$ 746,711	\$ 3,545,932
Accounts receivable (net)	2,583,107	372,132	121,233	3,076,472
Inventories	1,291,495	69,901	-	1,361,396
Total Current Assets	<u>\$ 5,161,269</u>	<u>\$ 1,954,587</u>	<u>\$ 867,944</u>	<u>\$ 7,983,800</u>
Noncurrent Assets:				
Land and other non-depreciable assets	\$ 1,012,530	\$ 452,064	\$ -	\$ 1,464,594
Other capital assets, net of depreciation	25,591,491	16,529,170	293,837	42,414,498
Total Noncurrent Assets	<u>\$ 26,604,021</u>	<u>\$ 16,981,234</u>	<u>\$ 293,837</u>	<u>\$ 43,879,092</u>
 Total Assets	 <u><u>\$ 31,765,290</u></u>	 <u><u>\$ 18,935,821</u></u>	 <u><u>\$ 1,161,781</u></u>	 <u><u>\$ 51,862,892</u></u>
Liabilities				
Current Liabilities:				
Accounts payable				
and accrued liabilities	\$ 2,241,546	\$ 46,769	\$ 23,856	\$ 2,312,171
Customer deposits	411,209	-	-	411,209
Compensated absences (current)	27,096	28,973	4,500	60,569
Total Current Liabilities	<u>\$ 2,679,851</u>	<u>\$ 75,742</u>	<u>\$ 28,356</u>	<u>\$ 2,783,949</u>
Noncurrent Liabilities:				
Compensated absences	99,987	90,046	-	190,033
 Total Liabilities	 <u><u>\$ 2,779,838</u></u>	 <u><u>\$ 165,788</u></u>	 <u><u>\$ 28,356</u></u>	 <u><u>\$ 2,973,982</u></u>
Net Assets				
Invested in capital assets	\$ 26,604,021	\$ 16,981,234	\$ 293,837	\$ 43,879,092
Unrestricted	2,381,431	1,788,799	839,588	5,009,818
 Total Net Assets	 <u><u>\$ 28,985,452</u></u>	 <u><u>\$ 18,770,033</u></u>	 <u><u>\$ 1,133,425</u></u>	 <u><u>\$ 48,888,910</u></u>

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

Town of Tarboro, North Carolina
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2008

Exhibit 7

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Operating Revenues				
Charges for services	\$ 23,702,811	\$ 2,867,616	\$ 831,626	\$ 27,402,053
Water and sewer taps	-	21,638	-	21,638
Other operating revenues	176,136	29,620	36,400	242,156
Total Operating Revenues	\$ 23,878,947	\$ 2,918,874	\$ 868,026	\$ 27,665,847
Operating Expenses				
Administration	\$ 1,765,380	\$ 1,950,694	\$ 845,901	\$ 4,561,975
Load management	175,660	-	-	175,660
Electric operations	609,566	-	-	609,566
Electric power purchases	20,597,424	-	-	20,597,424
Water treatment and distribution	-	528,561	-	528,561
Waste collection and treatment	-	560,026	-	560,026
Depreciation	1,468,258	996,886	78,005	2,543,149
Total Operating Expenses	\$ 24,616,288	\$ 4,036,167	\$ 923,906	\$ 29,576,361
Operating Income (Loss)	\$ (737,341)	\$ (1,117,293)	\$ (55,880)	\$ (1,910,514)
Nonoperating Revenues (Expenses)				
Investment earnings	64,400	71,048	34,175	169,623
Income (Loss) before Contributions and Transfers	\$ (672,941)	\$ (1,046,245)	\$ (21,705)	\$ (1,740,891)
Capital contributions	5,000	-	-	5,000
Transfers to other funds	(1,128,779)	-	-	(1,128,779)
Change in Net Assets	\$ (1,796,720)	\$ (1,046,245)	\$ (21,705)	\$ (2,864,670)
Total Net Assets:				
Beginning	30,782,172	19,816,278	1,155,130	51,753,580
Ending	\$ 28,985,452	\$ 18,770,033	\$ 1,133,425	\$ 48,888,910

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

Town of Tarboro, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

Exhibit 8

	Business-Type Activities			
	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Totals
Cash Flows from Operating Activities:				
Cash received from customers	\$ 23,839,333	\$ 2,907,485	\$ 818,186	\$ 27,565,004
Cash paid for goods and services	(22,161,799)	(1,826,965)	(589,179)	(24,577,943)
Cash paid to or on behalf of employees for services	(1,037,702)	(1,225,410)	(252,935)	(2,516,047)
Other operating revenues	176,136	29,620	36,400	242,156
Net Cash Provided (Used) by Operating Activities	\$ 815,968	\$ (115,270)	\$ 12,472	\$ 713,170
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	\$ -	\$ -	\$ -	\$ -
Transfers to other funds	(1,128,779)	-	-	(1,128,779)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ (1,128,779)	\$ -	\$ -	\$ (1,128,779)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	\$ (235,387)	\$ (255,579)	\$ (96,457)	\$ (587,423)
Capital contributions	5,000	-	-	5,000
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (230,387)	\$ (255,579)	\$ (96,457)	\$ (582,423)
Cash Flows from Investing Activities:				
Interest and dividends	\$ 64,400	\$ 71,048	\$ 34,175	\$ 169,623

(continued)

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

Town of Tarboro, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

Exhibit 8

Business-Type Activities
Enterprise Funds

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
(continued)				
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (478,798)	\$ (299,801)	\$ (49,810)	\$ (828,409)
Balances - Beginning Of The Year	1,765,465	1,812,355	796,521	4,374,341
Balances - End Of The Year	<u>\$1,286,667</u>	<u>\$1,512,554</u>	<u>\$746,711</u>	<u>\$3,545,932</u>

**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities:**

Operating income (loss)	<u>\$ (737,341)</u>	<u>\$ (1,117,293)</u>	<u>\$ (55,880)</u>	<u>\$ (1,910,514)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	\$ 1,468,258	\$ 996,886	\$ 78,005	\$ 2,543,149
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(76,115)	18,231	(13,440)	(71,324)
(Increase) decrease in inventory	(12,727)	1,510	-	(11,217)
(Increase) decrease in accounts payable & accrued liabilities	174,348	(18,207)	3,750	159,891
Increase in customer deposits	695	-	-	695
Increase in accrued vacation pay	(1,150)	3,603	37	2,490
Total Adjustments	<u>\$ 1,553,309</u>	<u>\$ 1,002,023</u>	<u>\$ 68,352</u>	<u>\$ 2,623,684</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 815,968</u>	<u>\$ (115,270)</u>	<u>\$ 12,472</u>	<u>\$ 713,170</u>

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Tarboro conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Town of Tarboro 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, which should be presented as component units of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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. 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those 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:

Special Revenue Fund. This fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. 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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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 water and sewer 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 nonoperating 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 and acquisitions under capital leases are reported as other financing sources.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Edgecombe County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Tarboro. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Edgecombe County from March 2006 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes, which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as deferred 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 assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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 and Enterprise Funds. These annual budgets lapse at the fiscal year end. Project ordinances are adopted for the Special Revenue Fund and Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting to be compatible with the accounting system used in recording transactions, as required by State statute. 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 of any fund must be approved by the governing board. Budgeted amounts presented in the financial statements represent the amended budget ordinance as of June 30, 2008.

E. Assets, Liabilities, 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 with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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. The Town considers all deposits and investments with an initial maturity of three months or less to be cash equivalents.

3. 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, 2007.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectable 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.

5. Inventories

Inventories are maintained for General Fund and Enterprise Fund materials and supplies. All inventories are valued at cost determined on a moving average method. The costs of General Fund and Enterprise Fund inventories are recorded as expenditures when consumed rather than when purchased.

6. 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. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Asset Class	Estimated Useful Lives
Infrastructure	25
Buildings	50
Improvements	30
Vehicles	5
Furniture and equipment	5
Computer equipment	5

7. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. 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 that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

8. Net Assets/Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State statute restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

The governmental fund types classify fund balances as follows:

Reserved

Reserved for inventories - portion of fund balance not available for appropriation because it is not available to liquidate the liabilities of the fund.

Reserved by State statute - portion of fund balance not available for appropriation after remaining reserves, such as reserved for encumbrances, have been segregated. This amount is usually comprised of accounts receivables and interfund receivables, which have not been offset by deferred revenues.

Reserved for streets, Powell Bill - portion of fund balance available for appropriation but legally segregated for street expenditures. It represents the balance of the total unexpended Powell Bill funds.

Unreserved

Designated for fire equipment replacement - portion of total fund balance available for appropriation, which has been designated for the replacement of fire equipment.

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation, which has been designated for the adopted 2006 - 2008 budget ordinance.

Undesignated - portion of total fund balance available for appropriation, which is uncommitted at year-end.

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 agent in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has 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, 2008 the Town's deposits had a carrying amount of \$5,467,235 and a bank balance of \$5,474,644. Of the bank balance, \$300,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2008 the Town's petty cash fund totaled \$2,979.

2. Investments

At June 30, 2008, the Town of Tarboro had \$2,232,693 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAA by Standard and Poor's.

The Town has adopted a formal policy for custodial credit risk of its investments.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

Fund	June 30, 2008
Enterprise Funds:	
Electric Fund	\$ 29,300
Water and Sewer Fund	7,500
Solid Waste Fund	-
Total	<u>\$ 36,800</u> =====

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

4. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,906,693	\$ -	\$ -	\$ 1,906,693
Construction in Progress	445,755	17,646	-	463,401
Total	<u>\$ 2,352,448</u>	<u>\$ 17,646</u>	<u>\$ -</u>	<u>\$ 2,370,094</u>
 Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 7,794,462	\$ 92,782	\$ -	\$ 7,887,244
Infrastructure				
- Streets	48,823,052	69,888	-	48,892,940
- Sidewalk	549,028	-	-	549,028
Equipment	6,840,281	516,697	332,647	7,024,331
Total	<u>\$ 64,006,823</u>	<u>\$ 679,367</u>	<u>\$ 332,647</u>	<u>\$ 64,353,543</u>
 Less Accumulated Depreciation For:				
Buildings & Improvements	\$ 3,859,791	\$ 262,908	\$ -	\$ 4,122,699
Infrastructure				
- Streets	30,586,734	1,242,159	-	31,828,893
- Sidewalk	549,028	-	-	549,028
Equipment	6,339,246	257,235	332,647	6,263,834
Total	<u>\$ 41,334,799</u>	<u>\$ 1,762,302</u>	<u>\$ 332,647</u>	<u>\$ 42,764,454</u>
 Total Capital Assets Being Depreciated, Net	<u>\$ 22,672,024</u>			<u>\$ 21,589,089</u>
 Governmental Activity Capital Assets, Net	<u>\$ 25,024,472</u>			<u>\$ 23,959,183</u>

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

General Government	\$ 155,765
Public Safety	182,416
Transportation	1,307,671
Cultural and recreational	<u>116,450</u>
 Total Depreciation Expense	<u>\$ 1,762,302</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Electric Fund:				
Capital Assets Not Being Depreciated:				
Land	\$ 995,918	\$ -	\$ 62,550	\$ 933,368
Construction in Progress	601,368	84,254	606,460	79,162
Total	<u>\$ 1,597,286</u>	<u>\$ 84,254</u>	<u>\$ 669,010</u>	<u>\$ 1,012,530</u>
Capital Assets Being Depreciated:				
Substations, Lines, & Related Equipment	\$ 43,457,229	\$ 820,143	\$ -	\$ 44,277,372
Office & Maintenance Equipment	2,880,686	134,919	60,644	2,954,961
Load Management	269,713	-	-	269,713
Total	<u>\$ 46,607,628</u>	<u>\$ 955,062</u>	<u>\$ 60,644</u>	<u>\$ 47,502,046</u>
Less Accumulated Depreciation For:				
Substations, Lines, & Related Equipment	\$ 17,554,155	\$ 1,360,976	\$ -	\$ 18,915,131
Office & Maintenance Equipment	2,546,154	242,201	60,644	2,727,711
Load management	267,713	-	-	267,713
Total	<u>\$ 20,368,022</u>	<u>\$ 1,603,177</u>	<u>\$ 60,644</u>	<u>\$ 21,910,555</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 26,239,606</u>			<u>\$ 25,591,491</u>
Electric Fund Capital Assets, Net	<u>\$ 27,836,892</u>			<u>\$ 26,604,021</u>
Water and Sewer Fund:				
Capital Assets Not Being Depreciated:				
Land	\$ 427,564	\$ -	\$ -	\$ 427,564
Construction In Progress	-	24,500	-	24,500
Total	<u>\$ 427,564</u>	<u>\$ 24,500</u>	<u>\$ -</u>	<u>\$ 452,064</u>
Capital Assets Being Depreciated:				
Plant & Distribution Systems	\$ 32,248,024	\$ 153,531	\$ -	\$ 32,401,555
Office & Maintenance Equipment	1,534,906	77,548	21,458	1,590,996
Total	<u>\$ 33,782,930</u>	<u>\$ 231,079</u>	<u>\$ 21,458</u>	<u>\$ 33,992,551</u>

(continued)

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund: (continued)				
Less Accumulated Depreciation For:				
Plant & Distribution Systems	\$ 15,069,939	\$ 926,425	\$ -	\$ 15,996,364
Office & Maintenance Equipment	1,418,014	70,461	21,458	1,467,017
Total	<u>\$ 16,487,953</u>	<u>\$ 996,886</u>	<u>\$ 21,458</u>	<u>\$ 17,463,381</u>
		=====	=====	
Total Capital Assets Being Depreciated, Net	<u>\$ 17,294,977</u>			<u>\$ 16,529,170</u>
Water and Sewer Fund Capital Assets, Net	<u>\$ 17,722,541</u>			<u>\$ 16,981,234</u>
Solid Waste Fund:				
Capital Assets Being Depreciated:				
Buildings	\$ 21,274	\$ -	\$ -	\$ 21,274
Maintenance Equipment	870,234	96,456	179,282	787,408
Total	<u>\$ 891,508</u>	<u>\$ 96,456</u>	<u>\$ 179,282</u>	<u>\$ 808,682</u>
		=====	=====	
Less Accumulated Depreciation For:				
Buildings	\$ 6,737	\$ 709	\$ -	\$ 7,446
Maintenance Equipment	609,386	77,295	179,282	507,399
Total	<u>\$ 616,123</u>	<u>\$ 78,004</u>	<u>\$ 179,282</u>	<u>\$ 514,845</u>
		=====	=====	
Solid Waste Fund Capital Assets Net	<u>\$ 275,385</u>			<u>\$ 293,837</u>
Business-type Activities Capital Assets, Net	<u>\$ 45,384,818</u>			<u>\$ 43,879,092</u>
	=====			=====

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$316,783, \$300,883, and \$272,076, respectively. The contributions made by the Town equaled the required contributions for each year.

Law Enforcement Officers Special Separation Allowance

Plan Description. The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	29
Total	<u>34</u> ===

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Annual required contribution	\$ 50,842
Interest on net pension obligation	7,476
Adjustment to annual required contribution	(6,336)
Annual pension cost	<u>\$ 51,982</u>
Contributions made	54,465
Increase (decrease) in net pension obligation	<u>\$ (2,483)</u>
Net pension obligation beginning of year	103,114
Net pension obligation end of year	<u>\$ 100,631</u> =====

Fiscal Year ended June 30	<u>3 Year Trend Information</u>		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
2006	\$ 55,098	91.35%	\$ 103,812
2007	53,766	101.30%	103,113
2008	51,982	104.78%	100,631

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.

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, 2008 were \$78,525, which consisted of \$64,632 from the Town and \$13,893 from the law enforcement officers.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Tarboro, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 each month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

Postemployment Benefits

In addition to providing pension benefits, the Town of Tarboro has elected to provide postretirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System (system) and have at least twenty years of creditable service with the System. The Town pays a portion of the premiums for the coverage of these benefits. Also, retirees can purchase coverage for their dependents at the Town's Group rates. Currently, 56 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2008, the Town made total payments for postretirement health benefit premiums of \$184,469, of which \$184,469 was paid by the Town and \$0 was paid by retirees.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one year-term cost basis. Lump sum death benefits are provided to employees 1) who die in active service after one year of contributing membership in the system, or 2) 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. This payment is equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000.

Annually the State sets the Town's monthly contribution rate for death benefits. Separate rates are set for employees not engaged in law enforcement and 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. The Town's required contributions for employees not engaged in law enforcement is .11% and for law enforcement officers .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Providing the health and death benefits was authorized by the Town of Tarboro Town Council and is not required by law.

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 plans to be held in trust for the exclusive benefit of the participants and their beneficiaries.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

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 except for law enforcement officers, who are covered by other supplemental retirement plans. 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. The Town's contributions were calculated using a covered payroll amount of \$6,002,969, the Town's total payroll amount was \$6,317,049. Total contributions for the year ended June 30, 2008 were \$423,148, which consisted of \$329,933 from the Town and \$93,215 from employees. The Town's discretionary contribution and the employees' voluntary contribution represent 5.5% and 1.5% of the covered payroll amount, respectively.

2. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes (General Fund)	\$ 12,707	\$ 12,707
Taxes receivable (General Fund)	249,497	-
Street assessments receivable	-	-
Rehabilitation loan receivable	4,138	4,138
Other	31,419	31,419
Demolition assessments	111,398	111,398
Total	<u>\$ 409,159</u> =====	<u>\$ 159,662</u> =====

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

3. 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 two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million with a \$2,500 deductible, property coverage up to \$48,122,270 (replacement value), auto physical damage coverage of \$4,899,883 with collision coverage of \$4,585,336, workers' compensation coverage up to the statutory limits with employer's liability coverage in the amount of \$2 million. The pools are reinsured through commercial companies for single occurrence claims against general liability and property coverages in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation.

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 each.

4. Commitments

Equipment and Construction Projects

Commitments in the General Fund for general fund capital projects are approximately \$5,500. These projects are being funded mainly through State grants and General fund operations.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

5. Long-Term Obligations

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion of Balance
Governmental Activities:					
Compensated Absences	\$ 562,291	\$ 186,032	\$ 146,386	\$ 601,937	\$ 72,232
Net Pension Obligation	103,113	-	2,482	100,631	-
Total	<u>\$ 665,404</u>	<u>\$ 186,032</u>	<u>\$ 148,868</u>	<u>\$ 702,568</u>	<u>\$ 72,232</u>
Business-type Activities:					
Compensated Absences	\$ 255,318	\$ 56,490	\$ 61,204	\$ 250,602	\$ 60,569

Compensated absences for governmental activities have typically been liquidated in the General Fund.

C. Interfund Transfers

General Fund	
General Fund Capital Project	\$ 5,000
Electric Fund	
General Fund (Services)	1,128,779
Total	<u>\$ 1,133,779</u>

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

III. Jointly Governed Organizations

The Town, in conjunction with other local governments, is a member of the North Carolina Eastern Municipal Power Agency ("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 share of the power generated by the Agency. Except for the power sales 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, 2008 totaled \$20,597,424.

The Town, in conjunction with five 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 \$4,524 to the Council during the fiscal year ended June 30, 2008.

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-five years, but it is not yet self-sustaining. The Town has an ongoing financial responsibility for the Airport because it and the County are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The Town contributed \$13,594 to the Airport during the fiscal year ended June 30, 2008. The governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2008. Complete financial statements for the Airport Authority can be obtained from the Airport's administrative offices at 201 St. Andrew Street, Tarboro, North Carolina 27886.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

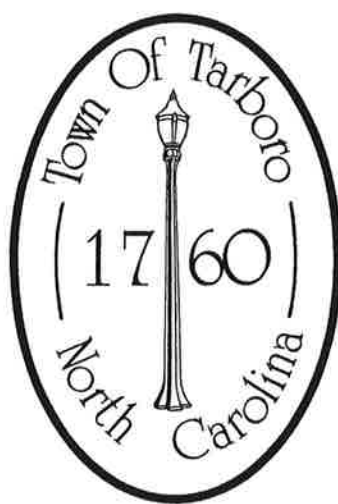
Edgecombe County Memorial Library

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, 2008. In accordance with the intergovernmental agreement between the governments, the Town contributed \$146,538 to the Library to supplement its activities during the year ended June 30, 2008. 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 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, 2008. The Town contributed \$35,241 to the Arts Council during the year ended June 30, 2008. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

REQUIRED SUPPLEMENTAL FINANCIAL DATA



Town of Tarboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/97	\$ -	\$ 244,030	\$ 244,030	\$ -	\$ 849,144	28.74%
12/31/98	-	241,171	241,171	-	854,257	28.23%
12/31/99	-	249,358	249,358	-	887,176	28.11%
12/31/00	-	379,424	379,424	-	968,123	39.19%
12/31/01	-	406,334	406,334	-	1,074,772	37.81%
12/31/02	-	460,527	460,527	-	1,090,623	42.23%
12/31/03	-	541,210	541,210	-	997,135	54.28%
12/31/04	-	550,061	550,061	-	1,021,735	53.84%
12/31/05	-	561,152	561,152	-	1,137,121	49.35%
12/31/06	-	521,523	521,523	-	1,145,907	45.51%
12/31/07	-	564,861	564,861	-	1,256,356	44.96%

Town of Tarboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

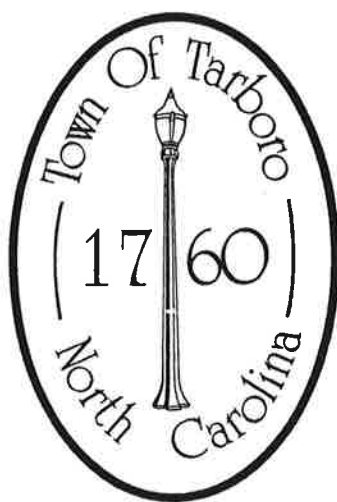
Year Ended June 30	Annual Required Contribution	Percentage Contributed
1996	\$ 17,911	55.47%
1997	24,598	45.22%
1998	25,048	99.52%
1999	29,932	83.28%
2000	30,286	82.31%
2001	32,718	76.19%
2002	39,944	62.40%
2003	44,563	78.53%
2004	49,110	97.74%
2005	51,807	85.98%
2006	52,354	91.35%
2007	50,842	101.30%
2008	57,305	104.78%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part actuarial valuation follows:

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

MAJOR GOVERNMENTAL FUNDS



Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 3,101,500	\$ 2,997,994	\$ (103,506)
Penalties and interest	18,000	23,876	5,876
Total	<u>\$ 3,119,500</u>	<u>\$ 3,021,870</u>	<u>\$ (97,630)</u>
Other Taxes and Licenses:			
Cable TV franchise	\$ 99,000	\$ 135,348	\$ 36,348
Rental vehicle tax	8,400	7,825	(575)
Animal taxes	1,425	1,239	(186)
Privilege licenses	32,550	34,073	1,523
Total	<u>\$ 141,375</u>	<u>\$ 178,485</u>	<u>\$ 37,110</u>
Unrestricted Intergovernmental:			
Local option sales taxes	\$ 1,674,000	\$ 1,617,776	\$ (56,224)
Payments in lieu of taxes-outside sources	11,700	17,431	5,731
Utility franchise tax	745,000	768,531	23,531
Beer and wine tax	49,000	48,759	(241)
ABC profit distribution	10,000	8,747	(1,253)
Hold harmless reimbursements	105,000	114,870	9,870
Total	<u>\$ 2,594,700</u>	<u>\$ 2,576,114</u>	<u>\$ (18,586)</u>
Restricted Intergovernmental:			
Powell Bill allocation	\$ 340,000	\$ 377,266	\$ 37,266
Federal nutrition program	43,000	46,100	3,100
Federal aging program	5,500	4,722	(778)
Other grants	51,569	52,520	951
Total	<u>\$ 440,069</u>	<u>\$ 480,608</u>	<u>\$ 40,539</u>

(continued)

Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Revenues: (continued)			
Permits and Fees:			
Building permits	\$ 30,000	\$ 35,989	\$ 5,989
Fees	23,950	28,152	4,202
Total	<u>\$ 53,950</u>	<u>\$ 64,141</u>	<u>\$ 10,191</u>
Assessments:			
Street assessments	\$ 5,150	\$ 5,150	\$ -
Interest	90	1,340	1,250
Total	<u>\$ 5,240</u>	<u>\$ 6,490</u>	<u>\$ 1,250</u>
Sales and Services:			
Recreation department fees	\$ 203,500	\$ 178,485	\$ (25,015)
Sale of cemetery lots	35,000	28,500	(6,500)
Rent revenue	46,907	48,408	1,501
Total	<u>\$ 285,407</u>	<u>\$ 255,393</u>	<u>\$ (30,014)</u>
Investment Earnings	<u>\$ 183,872</u>	<u>\$ 181,762</u>	<u>\$ (2,110)</u>
Miscellaneous:			
Sale of materials	\$ 15,000	\$ 60,697	\$ 45,697
Other	54,400	213,519	159,119
Total	<u>\$ 69,400</u>	<u>\$ 274,216</u>	<u>\$ 204,816</u>
Charges for Services:			
Electric	\$ 535,238	\$ 535,238	\$ -
Water and Sewer	522,873	522,873	-
Solid Waste	207,910	207,910	-
Total	<u>\$ 1,266,021</u>	<u>\$ 1,266,021</u>	<u>\$ -</u>
Total Revenues	<u>\$ 8,159,534</u>	<u>\$ 8,305,100</u>	<u>\$ 145,566</u>

(continued)

Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	\$ 60,309	\$ 58,498	\$ 1,811
Operating expenditures	20,000	17,243	2,757
Total	<u>\$ 80,309</u>	<u>\$ 75,741</u>	<u>\$ 4,568</u>
Elections:			
Operating expenditures	<u>\$ 9,650</u>	<u>\$ 9,650</u>	<u>\$ -</u>
Administration:			
Salaries and employee benefits	\$ 502,170	\$ 496,233	\$ 5,937
Operating expenditures	413,100	367,550	45,550
Capital outlay	-	-	-
Total	<u>\$ 915,270</u>	<u>\$ 863,783</u>	<u>\$ 51,487</u>
Finance - Accounting:			
Salaries and employee benefits	\$ 192,747	\$ 181,754	\$ 10,993
Operating expenditures	95,220	77,895	17,325
Capital outlay	-	-	-
Total	<u>\$ 287,967</u>	<u>\$ 259,649</u>	<u>\$ 28,318</u>
Finance - Administration:			
Salaries and employee benefits	\$ 103,227	\$ 97,939	\$ 5,288
Operating expenditures	45,300	38,446	6,854
Total	<u>\$ 148,527</u>	<u>\$ 136,385</u>	<u>\$ 12,142</u>
Finance - Collections:			
Salaries and employee benefits	\$ 213,016	\$ 203,241	\$ 9,775
Operating expenditures	122,300	113,474	8,826
Total	<u>\$ 335,316</u>	<u>\$ 316,715</u>	<u>\$ 18,601</u>

(continued)

Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Planning and Economic Development:			
Salaries and employee benefits	\$ 145,237	\$ 133,828	\$ 11,409
Operating expenditures	117,300	30,916	86,384
Capital outlay	-	-	-
Total	<u>\$ 262,537</u>	<u>\$ 164,744</u>	<u>\$ 97,793</u>
Public Works:			
Salaries and employee benefits	\$ 635,433	\$ 581,539	\$ 53,894
Operating expenditures	266,326	241,111	25,215
Capital outlay	230,029	203,978	26,051
Total	<u>\$ 1,131,788</u>	<u>\$ 1,026,628</u>	<u>\$ 105,160</u>
Payment to Outside Agencies			
National Guard	\$ -	\$ -	\$ -
Tarboro Edgecombe Airport	13,594	13,594	-
Edgecombe County Library	149,103	146,538	2,565
Blount-Bridgers House	36,921	35,421	1,500
Carolinas Gateway Partnership	35,170	35,170	-
Total	<u>\$ 234,788</u>	<u>\$ 230,723</u>	<u>\$ 4,065</u>
Total General Government	<u>\$ 3,406,152</u>	<u>\$ 3,084,018</u>	<u>\$ 322,134</u>
Public Safety:			
Police:			
Salaries and employee benefits	\$ 2,185,685	\$ 2,028,877	\$ 156,808
Operating expenditures	290,770	270,187	20,583
Capital outlay	357,292	332,824	24,468
Total	<u>\$ 2,833,747</u>	<u>\$ 2,631,888</u>	<u>\$ 201,859</u>

(continued)

Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

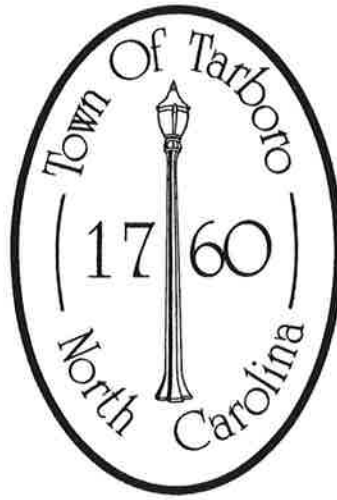
	2008		Variance
	Budget	Actual	Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Fire:			
Salaries and employee benefits	\$ 1,292,496	\$ 1,191,961	\$ 100,535
Operating expenditures	152,539	133,191	19,348
Capital outlay	-	-	-
Total	<u>\$ 1,445,035</u>	<u>\$ 1,325,152</u>	<u>\$ 119,883</u>
Total Public Safety	<u>\$ 4,278,782</u>	<u>\$ 3,957,040</u>	<u>\$ 321,742</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits	\$ 772,820	\$ 719,061	\$ 53,759
Street construction	500,536	432,132	68,404
Operating expenditures	254,200	242,625	11,575
Total Transportation	<u>\$ 1,527,556</u>	<u>\$ 1,393,818</u>	<u>\$ 133,738</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits	\$ 805,051	\$ 701,675	\$ 103,376
Operating expenditures	496,308	383,061	113,247
Capital outlay	15,099	14,669	430
Total Cultural and Recreation	<u>\$ 1,316,458</u>	<u>\$ 1,099,405</u>	<u>\$ 217,053</u>
Total Expenditures	<u>\$ 10,528,948</u>	<u>\$ 9,534,281</u>	<u>\$ 994,667</u>
Revenues Over (Under) Expenditures	<u>\$ (2,369,414)</u>	<u>\$ (1,229,181)</u>	<u>\$ 1,140,233</u>

(continued)

Town of Tarboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	2008		Variance Positive (Negative)
	Budget	Actual	
(continued)			
Other Financing Sources (Uses):			
Transfers from other funds	\$ 1,128,779	\$ 1,128,779	-
Transfers to other funds	(68,089)	(68,089)	-
Fund balance appropriated	1,308,724	-	(1,308,724)
Total Other Financing Sources (Uses)	<u>\$ 2,369,414</u>	<u>\$ 1,060,690</u>	<u>\$ (1,308,724)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (168,491)</u>	<u>\$ (168,491)</u>
Fund Balances:			
Beginning of year, July 1		4,066,936	
End of year, June 30		<u><u>\$ 3,898,445</u></u>	

NON-MAJOR GOVERNMENTAL FUNDS



Town of Tarboro, North Carolina
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2008

	Total Non Major Special Revenue Funds	Total Non Major Capital Project Funds	Total Non Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 203,238	\$ 144,959	\$ 348,197
Receivables - Net:			
Other	573	8,750	9,323
Due to other funds	-	(3,250)	(3,250)
Total Assets	\$ 203,811	\$ 150,459	\$ 354,270
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,581	\$ 5,500	\$ 7,081
Fund Balances:			
Reserved by State statute	\$ 575	\$ 25,500	\$ 26,075
Unreserved:			
Undesignated	201,655	119,459	321,114
Total Fund Balances	\$ 202,230	\$ 144,959	\$ 347,189
Total Liabilities and Fund Balances	\$ 203,811	\$ 150,459	\$ 354,270

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, 2008

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Non-governmental Grants	\$ -	\$ -	\$ -
Intergovernmental	167,179	33,750	200,929
Investment earnings	7,303	-	7,303
	<u>\$ 174,482</u>	<u>\$ 33,750</u>	<u>\$ 208,232</u>
Total Revenues			
Expenditures:			
Capital projects	\$ -	\$ 17,646	\$ 17,646
Public safety	89,785	-	89,785
	<u>\$ 89,785</u>	<u>\$ 17,646</u>	<u>\$ 107,431</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>\$ 84,697</u>	<u>\$ 16,104</u>	<u>\$ 100,801</u>
Other Financing Sources (Uses):			
Transfers from other funds	\$ 43,089	\$ -	\$ 43,089
Transfers to other funds	-	25,000	25,000
	<u>\$ 43,089</u>	<u>\$ 25,000</u>	<u>\$ 68,089</u>
Total Other Financing Sources (Uses)			
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 127,786</u>	<u>\$ 41,104</u>	<u>\$ 168,890</u>
Fund Balances:			
Beginning of Year	74,444	103,855	178,299
	<u>\$ 202,230</u>	<u>\$ 144,959</u>	<u>\$ 347,189</u>
End of Year			

NON-MAJOR SPECIAL REVENUE FUNDS

Town of Tarboro, North Carolina
Special Revenue Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Emergency Telephone System:					
911 subscriber fee	\$ 1,106,003	\$ 866,994	\$ 27,625	\$ 894,619	\$ (211,384)
Wireless 911:					
911 subscriber fee	\$ 737,246	\$ 571,753	\$ 83,122	\$ 654,875	\$ (82,371)
Interest earned	9,397	12,866	2,926	15,792	6,395
Total	\$ 746,643	\$ 584,619	\$ 86,048	\$ 670,667	\$ (75,976)
E 911:					
E911 subscriber fee	\$ 306,000	\$ -	\$ 43,080	\$ 43,080	\$ (262,920)
Interest earned	4,500	-	3,807	3,807	(693)
Total	\$ 310,500	\$ -	\$ 46,887	\$ 46,887	\$ (263,613)
Law Enforcement Fund:					
Program revenue	\$ 68,717	\$ 75,742	\$ 13,352	\$ 89,094	\$ 20,377
Interest earned	3,981	4,730	570	5,300	1,319
Total	\$ 72,698	\$ 80,472	\$ 13,922	\$ 94,394	\$ 21,696
Total Revenues	\$ 2,235,844	\$ 1,532,085	\$ 174,482	\$ 1,706,567	\$ (529,277)
Expenditures:					
Emergency Telephone System:					
911 telephone service	\$ 649,404	\$ 548,844	\$ 13,861	\$ 562,705	\$ 86,699
Capital outlay	12,136	12,136	-	12,136	-
Total	\$ 661,540	\$ 560,980	\$ 13,861	\$ 574,841	\$ 86,699
Wireless 911:					
Operating expenses	\$ 445,262	\$ 222,807	\$ 23,075	\$ 245,882	\$ 199,380
Capital outlay	113,546	110,862	-	110,862	2,684
Total	\$ 558,808	\$ 333,669	\$ 23,075	\$ 356,744	\$ 202,064
E 911:					
Operating expenses	\$ 479,677	\$ -	\$ 46,765	\$ 46,765	\$ 432,912
Law Enforcement Fund:					
Drug seizure expense	\$ 77,811	\$ 74,254	\$ 6,084	\$ 80,338	\$ (2,527)
Capital outlay	2,600	2,600	-	2,600	-
Total	\$ 80,411	\$ 76,854	\$ 6,084	\$ 82,938	\$ (2,527)

(continued)

Town of Tarboro, North Carolina
Special Revenue Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

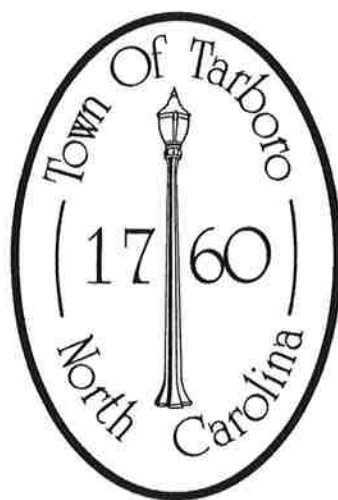
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)					
Total Expenditures	\$ 1,780,436	\$ 971,503	\$ 89,785	\$ 1,061,288	\$ 719,148
Revenues Over (Under) Expenditures	\$ 455,408	\$ 560,582	\$ 84,697	\$ 645,279	\$ 189,871
Other Financing Sources (Uses):					
Emergency Telephone System:					
Transfer to General fund	\$ (444,463)	\$ (306,016)	\$ -	\$ (306,016)	\$ 138,447
Wireless 911:					
Transfer to General fund	\$ (187,835)	\$ (187,835)	\$ 43,089	\$ (144,746)	\$ 43,089
E 911:					
Transfer from Special Revenue fund	\$ 169,177	\$ -	\$ -	\$ -	\$ (169,177)
Law Enforcement Fund:					
Transfer from Special Revenue fund	\$ 15,062	\$ 15,062	\$ -	\$ 15,062	\$ -
Transfer to Special Revenue fund	(7,349)	(7,349)	-	(7,349)	-
Total	\$ 7,713	\$ 7,713	\$ -	\$ 7,713	\$ -
Total Other Financing Sources (Uses)	\$ (455,408)	\$ (486,138)	\$ 43,089	\$ (443,049)	\$ 12,359
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 74,444	\$ 127,786	\$ 202,230	\$ 202,230
Fund Balance:					
Beginning of year, July 1			74,444		
End of year, June 30			<u>\$ 202,230</u>		

Town of Tarboro, North Carolina
Combining Balance Sheet -
Non-Major Special Revenue Funds
June 30, 2008

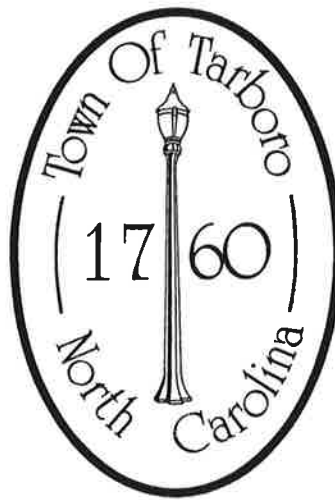
	Emergency Telephone System	E-911 Fund	Wireless 911 Fund	Law Enforcement Fund	Total Non-Major Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 13,764	\$ 170,364	\$ -	\$ 19,110	\$ 203,238
Receivables - Net:					
Other	-	515	-	58	573
Total Assets	\$ 13,764	\$ 170,879	\$ -	\$ 19,168	\$ 203,811
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 1,581	\$ -	\$ -	\$ 1,581
Fund Balances:					
Reserved by state statute	\$ -	\$ 517	\$ -	\$ 58	\$ 575
Unreserved	13,764	168,781	-	19,110	201,655
Total Fund Balances	\$ 13,764	\$ 169,298	\$ -	\$ 19,168	\$ 202,230
Total Liabilities and Fund Balances	\$ 13,764	\$ 170,879	\$ -	\$ 19,168	\$ 203,811

Town of Tarboro, North Carolina
Combining Statement of Revenues, Expenditures, and Changes
In Fund Balance - Non-Major Special Revenue Funds
For the Year Ended June 30, 2008

	Emergency Telephone System	E-911 Fund	Wireless 911 Fund	Law Enforcement Fund	Total Non-Major Special Revenue Funds
Revenues					
Intergovernmental	\$ 27,625	\$ 43,080	\$ 83,122	\$ 13,352	\$ 167,179
Investment earnings	-	3,806	2,927	570	7,303
Total Revenues	\$ 27,625	\$ 46,886	\$ 86,049	\$ 13,922	\$ 174,482
Expenditures					
Public safety	13,861	46,765	23,075	6,084	89,785
Revenues Over (Under) Expenditures	\$ 13,764	\$ 121	\$ 62,974	\$ 7,838	\$ 84,697
Other Financing Sources (Uses):					
Transfers from (to) other funds	-	169,177	(126,088)	-	43,089
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 13,764	\$ 169,298	\$ (63,114)	\$ 7,838	127,786
Fund Balances:					
Beginning	-	-	63,114	11,330	74,444
Ending	\$ 13,764	\$ 169,298	\$ -	\$ 19,168	\$ 202,230



NON-MAJOR CAPITAL PROJECTS FUNDS



Town of Tarboro, North Carolina
Non-Major Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Headway Project:					
DOT Grant	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
NC Rural Center Grant	177,360	177,360	-	177,360	-
Total	<u>\$ 327,360</u>	<u>\$ 327,360</u>	<u>\$ -</u>	<u>\$ 327,360</u>	<u>\$ -</u>
Colony Drive Stormwater Project:					
CWMFT Grant	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 8,750</u>	<u>\$ 8,750</u>	<u>\$ (41,250)</u>
Piedmont Natural Gas					
Carolina Gateway Grant	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Main St. Sidewalk Project:					
NC DOT Grant	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,000)</u>
Total Revenues	<u>\$ 502,360</u>	<u>\$ 327,360</u>	<u>\$ 33,750</u>	<u>\$ 361,110</u>	<u>\$ (141,250)</u>
Expenditures:					
Headway Project:					
Demolition	\$ 145,000	\$ 144,950	\$ -	\$ 144,950	\$ 50
Capital outlay	327,360	300,805	2,163	302,968	24,392
Contingency	7,250	-	-	-	7,250
Total	<u>\$ 479,610</u>	<u>\$ 445,755</u>	<u>\$ 2,163</u>	<u>\$ 447,918</u>	<u>\$ 31,692</u>
Colony Drive Stormwater Project:					
Professional services	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 13,750</u>	<u>\$ 13,750</u>	<u>\$ 41,250</u>
Bicycle Trail Project:					
Capital outlay	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>
Piedmont Natural Gas					
Capital outlay	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 1,733</u>	<u>\$ 1,733</u>	<u>\$ 23,267</u>
Main St. Sidewalk Project					
Capital outlay	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>
Total Expenditures	<u>\$ 749,610</u>	<u>\$ 445,755</u>	<u>\$ 17,646</u>	<u>\$ 463,401</u>	<u>\$ 286,209</u>

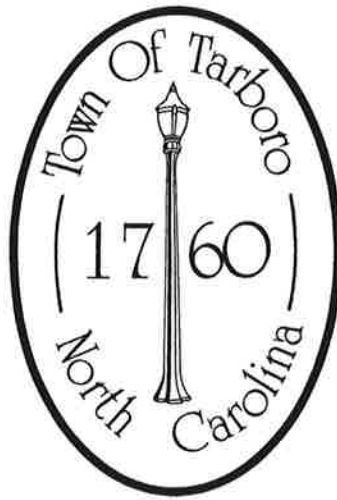
(continued)

Town of Tarboro, North Carolina
Non-Major Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
(continued)					
Excess of Revenues Over (Under) Expenditures	<u>\$ (247,250)</u>	<u>\$ (118,395)</u>	<u>\$ 16,104</u>	<u>\$ (102,291)</u>	<u>\$ 144,959</u>
Other Financing Sources (Uses):					
Headway Project:					
Transfer from General fund	\$ 152,250	\$ 152,250	\$ -	\$ 152,250	\$ -
Colony Drive Stormwater Project:					
Transfer from General fund	5,000	-	5,000	5,000	-
Bicycle Trail Project:					
Transfer from General fund	70,000	70,000	-	70,000	-
Main St. Sidewalk Project:					
Transfer from General fund	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 247,250</u>	<u>\$ 222,250</u>	<u>\$ 25,000</u>	<u>\$ 247,250</u>	<u>\$ -</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 103,855</u>	<u>\$ 41,104</u>	<u>\$ 144,959</u>	<u>\$ 144,959</u>
Fund Balance:					
Beginning of year, July 1			103,855		
End of year, June 30			<u>\$ 144,959</u>		

Town of Tarboro, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Non-Major Capital Project Funds
For the Year Ended June 30, 2008

	Piedmont Natural Gas Project	Main St. Sidewalk Project	Headway Project	Bicycle Trail Project	Colony Drive Project	Total Non-Major Capital Project Funds
Revenues						
Non-governmental Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,000	-	-	-	8,750	33,750
Total Revenues	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,750</u>	<u>\$ 33,750</u>
Expenditures						
Capital outlay	<u>\$ 1,733</u>	<u>\$ -</u>	<u>\$ 2,163</u>	<u>\$ -</u>	<u>\$ 13,750</u>	<u>\$ 17,646</u>
Revenues Over (Under) Expenditures	\$ 23,267	\$ -	\$ (2,163)	\$ -	\$ (5,000)	\$ 16,104
Other Financing Sources (Uses):						
Transfers from (to) other funds	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>25,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 23,267	\$ 20,000	\$ (2,163)	\$ -	\$ -	41,104
Fund Balances:						
Beginning	-	-	33,855	70,000	-	103,855
Ending	<u>\$ 23,267</u>	<u>\$ 20,000</u>	<u>\$ 31,692</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 144,959</u>



ENTERPRISE FUNDS

Town of Tarboro, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Electricity sales	\$ 24,507,023	\$ 21,682,491	\$ (2,824,532)
Other operating revenues	129,500	176,136	46,636
Total Operating Revenues	<u>\$ 24,636,523</u>	<u>\$ 21,858,627</u>	<u>\$ (2,777,896)</u>
Non-operating Revenues:			
Interest on investments	77,843	64,400	(13,443)
Total Revenues	<u>\$ 24,714,366</u>	<u>\$ 21,923,027</u>	<u>\$ (2,791,339)</u>
Expenditures:			
Administration and Operations:			
Salaries and employee benefits	\$ 1,271,144	\$ 1,025,970	\$ 245,174
Administration services general	535,238	535,238	-
Professional services	63,000	38,144	24,856
Other operating expenditures	189,190	154,173	35,017
Electric operations	770,304	609,595	160,709
Total Administration and Operations	<u>\$ 2,828,876</u>	<u>\$ 2,363,120</u>	<u>\$ 465,756</u>
Other Operating Expenses:			
Load management	<u>\$ 190,000</u>	<u>\$ 175,660</u>	<u>\$ 14,340</u>
Electrical Power Purchases	<u>\$ 20,761,552</u>	<u>\$ 20,597,424</u>	<u>\$ 164,128</u>

(continued)

Town of Tarboro, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

	2008		Variance Positive (Negative)
	Budget	Actual	
(continued)			
Budgetary Appropriations:			
Capital Outlay:			
Distribution system	\$ 375,000	\$ 238,977	\$ 136,023
Other Financing Sources (Uses):			
Transfer to General Fund	1,158,779	1,128,779	30,000
Fund balance appropriated	(759,841)	-	(759,841)
Transfer from General Fund	(5,000)	(5,000)	-
Transfer to Electric Capital Projects Fund	165,000	-	165,000
 Total Budgetary Appropriations	<u>\$ 933,938</u>	<u>\$ 1,362,756</u>	<u>\$ (428,818)</u>
 Total Expenditures and Budgetary Appropriations	<u>\$ 24,714,366</u>	<u>\$ 24,498,960</u>	<u>\$ 215,406</u>
 Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (2,575,933)</u>	<u>\$ (2,575,933)</u>

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

Revenues over expenditures and other financing (uses) (above)	\$ (2,575,933)
Accrued income, unbilled receivables	2,020,320
Depreciation	(1,468,258)
Accrued vacation pay	(11,826)
Capital outlay	238,977
Capital contributions	
 Change in Net Assets	<u>\$ (1,796,720)</u>

Town of Tarboro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Charges for services	\$ 2,989,253	\$ 2,629,484	\$ (359,769)
Water and sewer taps	20,000	21,638	1,638
Other operating revenues	83,315	29,620	(53,695)
Total Operating Revenues	\$ 3,092,568	\$ 2,680,742	\$ (411,826)
Nonoperating Revenues:			
Interest earnings	86,000	71,048	(14,952)
Total Revenues	\$ 3,178,568	\$ 2,751,790	\$ (426,778)
Expenditures:			
Water and Sewer Administration:			
Salaries and employee benefits	\$ 1,264,445	\$ 1,215,347	\$ 49,098
Professional services	23,455	17,191	6,264
Operating expenditures	237,824	185,222	52,602
Administrative services, General Fund	522,873	522,873	-
Total	\$ 2,048,597	\$ 1,940,633	\$ 107,964
Water Treatment and Distribution:			
Utilities	\$ 180,000	\$ 171,347	\$ 8,653
Other operating expenditures	375,347	357,214	18,133
Total	\$ 555,347	\$ 528,561	\$ 26,786
Waste Collection and Treatment:			
Utilities	\$ 237,000	\$ 233,608	\$ 3,392
Other operating expenditures	350,000	326,418	23,582
Total	\$ 587,000	\$ 560,026	\$ 26,974
Total Expenditures	\$ 3,190,944	\$ 3,029,220	\$ 161,724

(continued)

Town of Tarboro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
(continued)			
Budgetary Appropriations:			
Capital Outlay:			
Equipment	\$ 81,613	\$ 77,548	\$ 4,065
Water distribution system	301,037	152,285	148,752
Sewer distribution system	122,800	-	122,800
Total Capital Outlay	\$ 505,450	\$ 229,833	\$ 275,617
Other Financing (Sources) Uses:			
Transfer from Water & Sewer Capital Project Fund	24,500	24,500	-
Fund balance appropriated	(542,326)	-	(542,326)
Total Budgetary Appropriations	\$ (12,376)	\$ 254,333	\$ (266,709)
Total Expenditures and Budgetary Appropriations	\$ 3,178,568	\$ 3,283,553	\$ (104,985)
Revenues Over Expenditures and Other Financing Sources (Uses)	\$ -	\$ (531,763)	\$ (531,763)

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

Revenues over expenditures and other financing (uses) (above)	\$ (531,763)
Accrued income, unbilled receivables	238,133
Depreciation	(996,886)
Accrued vacation pay	(10,062)
Transfer from Water & Sewer Capital Project Fund	24,500
Capital outlay	229,833
Change in Net Assets	<u>\$ (1,046,245)</u>

Town of Tarboro, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

	2008		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Charge for Services:			
Solid waste collection & disposal charge	\$ 863,588	\$ 763,860	\$ (99,728)
Non-Operating Revenues:			
Interest on investments	35,000	34,175	(825)
Sale of equipment and materials	-	35,243	35,243
Total Revenues	\$ 898,588	\$ 833,278	\$ (65,310)
Expenditures:			
Solid Waste Collection and Disposal:			
Salaries and employee benefits	\$ 286,050	\$ 255,054	\$ 30,996
Sanitary landfill fees	211,875	191,036	20,839
Other operating expenses	216,253	193,992	22,261
Administrative services, General Fund	207,910	207,910	-
Total Expenditures	\$ 922,088	\$ 847,992	\$ 74,096
Budgetary Appropriations:			
Fund balance appropriated	\$ (128,500)	\$ -	\$ (128,500)
Capital outlay	105,000	96,456	8,544
Total Budgetary Appropriations	\$ (23,500)	\$ 96,456	\$ (119,956)
Total Expenditures and Budgetary Appropriations	\$ 898,588	\$ 944,448	\$ (45,860)
Revenues Over Expenditures and Other Financing Sources (Uses)	\$ -	\$ (111,170)	\$ (111,170)

(continued)

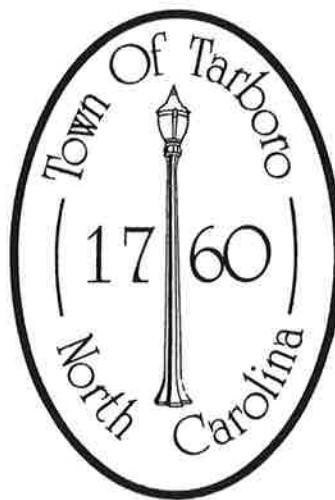
Town of Tarboro, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2008

<u>2008</u>		Variance Positive (Negative)
<u>Budget</u>	<u>Actual</u>	

(continued)

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

Revenues over expenditures and other financing (uses) (above)	\$ (111,170)
Total budgetary appropriations (above)	96,456
Accrued income, unbilled receivables	68,923
Depreciation	(78,005)
Accrued vacation pay	2,091
 Net Income	 <u><u>\$ (21,705)</u></u>



CAPITAL PROJECTS

ENTERPRISE FUND

Town of Tarboro, North Carolina
Electric Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Keihin CST					
Electrical Project:					
CDBG	\$ 525,000	\$ 488,430	\$ 5,000	\$ 493,430	\$ (31,570)
Carolina Gateway Partnership	17,500	25,000	-	25,000	7,500
Total	<u>\$ 542,500</u>	<u>\$ 513,430</u>	<u>\$ 5,000</u>	<u>\$ 518,430</u>	<u>\$ (24,070)</u>
Spongex Generator Project:					
Dept. of Commerce grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Contribution from Spongex	100,000	-	-	-	(100,000)
Total	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (600,000)</u>
Total Revenues	<u>\$ 1,142,500</u>	<u>\$ 513,430</u>	<u>\$ 5,000</u>	<u>\$ 518,430</u>	<u>\$ (624,070)</u>
Expenditures:					
Keihin CST					
Electrical Project:					
Professional services	\$ 45,000	\$ 25,983	\$ -	\$ 25,983	\$ 19,017
Construction	535,000	468,430	5,092	473,522	61,478
Total	<u>\$ 580,000</u>	<u>\$ 494,413</u>	<u>\$ 5,092</u>	<u>\$ 499,505</u>	<u>\$ 80,495</u>
Spongex Generator Project:					
Professional services	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	665,000	-	18,565	18,565	646,435
Total	<u>\$ 665,000</u>	<u>\$ -</u>	<u>\$ 18,565</u>	<u>\$ 18,565</u>	<u>\$ 646,435</u>

(continued)

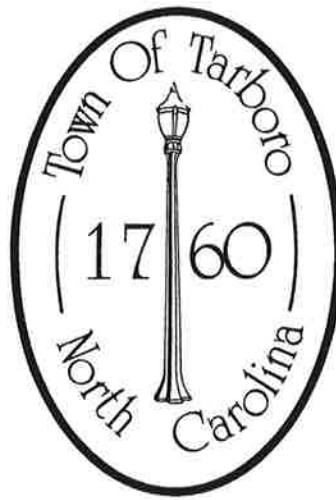
Town of Tarboro, North Carolina
Electric Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)					
Parkhill Mall:					
Professional services	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	100,000	-	60,597	60,597	39,403
Total	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 60,597</u>	<u>\$ 60,597</u>	<u>\$ 39,403</u>
PURPA Qualifications for Sara Lee Generator:					
Professional services	\$ 77,255	\$ 77,255	\$ -	\$ 77,255	\$ -
Construction	29,700	29,700	-	29,700	-
Total	<u>\$ 106,955</u>	<u>\$ 106,955</u>	<u>\$ -</u>	<u>\$ 106,955</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 1,451,955</u>	<u>\$ 601,368</u>	<u>\$ 84,254</u>	<u>\$ 685,622</u>	<u>\$ 766,333</u>
Excess of Revenues Over (Under) Expenditures	\$ (309,455)	\$ (87,938)	\$ (79,254)	\$ (167,192)	\$ 142,263
Other Financing Sources (Uses):					
Transfer from:					
Electric Fund	<u>309,455</u>	<u>144,455</u>	<u>165,000</u>	<u>309,455</u>	<u>-</u>
Unexpended Balances	<u>\$ -</u>	<u>\$ 56,517</u>	<u>\$ 85,746</u>	<u>\$ 142,263</u>	<u>\$ 142,263</u>

Town of Tarboro, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Flood Control Project:					
Federal grant	\$ 24,500	\$ -	\$ -	\$ -	\$ (24,500)
State grant	49,000	-	-	-	(49,000)
Total	<u>\$ 73,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,500)</u>
Expenditures:					
Flood Control Project:					
Professional services	<u>98,000</u>	<u>-</u>	<u>24,500</u>	<u>24,500</u>	<u>73,500</u>
Excess of Revenues Over (Under) Expenditures	\$ (24,500)	\$ -	\$ (24,500)	\$ (24,500)	\$ -
Other Financing Sources (Uses):					
Transfer from:					
Water Fund	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>
Unexpended Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



Town of Tarboro, North Carolina
Comparative Schedule of Capital Assets, by Source
June 30, 2008

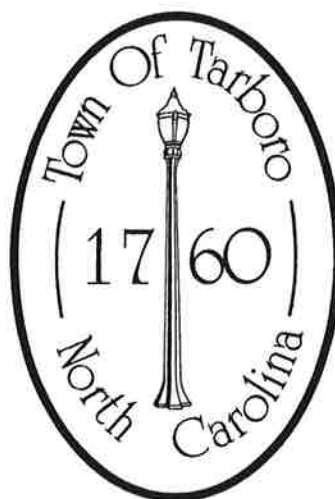
	<u>2008</u>	<u>2007</u>
Capital Assets:		
Land	\$ 1,906,693	\$ 1,906,693
Building	5,592,400	5,592,400
Other improvements	2,294,844	2,213,602
Infrastructure streets	48,892,940	48,823,052
Infrastructure sidewalks	549,028	549,028
Equipment	7,024,331	6,828,740
Construction in progress	463,401	445,755
	<u>\$ 66,723,637</u>	<u>\$ 66,359,270</u>
Capital Assets by Source:		
General Government	\$ 2,125,796	\$ 2,125,796
Public Safety	6,478,112	6,347,983
Public Works	52,538,803	52,325,975
Cultural and Recreational	5,580,926	5,559,516
	<u>\$ 66,723,637</u>	<u>\$ 66,359,270</u>
Total Capital Assets		
	<u>\$ 66,723,637</u>	<u>\$ 66,359,270</u>
Total Capital Assets by Source		
	<u>\$ 66,723,637</u>	<u>\$ 66,359,270</u>

Town of Tarboro, North Carolina
Schedule of Capital Assets, by Function and Activity
June 30, 2008

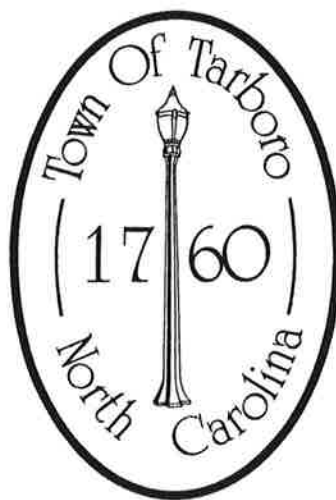
	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>
General Government			
Administration	\$ 1,548,193	\$ 353,057	\$ -
Finance	-	-	-
Planning	-	-	-
Total General Government	<u>\$ 1,548,193</u>	<u>\$ 353,057</u>	<u>\$ -</u>
Public Safety			
Police	\$ 8,500	\$ 1,301,780	\$ 39,338
Fire	-	628,098	165,490
Total Public Safety	<u>\$ 8,500</u>	<u>\$ 1,929,878</u>	<u>\$ 204,828</u>
Public Works			
Garage	\$ -	\$ -	\$ -
Buildings and grounds	-	130,748	429,219
Administration	-	-	-
Engineering	-	-	-
Streets	-	-	153,008
Sidewalks	-	-	-
Total Public Works	<u>\$ -</u>	<u>\$ 130,748</u>	<u>\$ 582,227</u>
Cultural and Recreational			
Cultural and Recreation	<u>\$ 350,000</u>	<u>\$ 3,178,717</u>	<u>\$ 1,507,789</u>
Total Capital Assets	<u><u>\$ 1,906,693</u></u>	<u><u>\$ 5,592,400</u></u>	<u><u>\$ 2,294,844</u></u>

Town of Tarboro, North Carolina
Schedule of Capital Assets, by Function and Activity
June 30, 2008

Infrastructure Streets	Infrastructure Sidewalks	CIP	Equipment	Total
\$ -	\$ -	\$ -	\$ 7,874	\$ 1,909,124
-	-	-	195,063	195,063
-	-	-	21,609	21,609
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,546</u>	<u>\$ 2,125,796</u>
\$ -	\$ -	\$ -	\$ 2,519,629	\$ 3,869,247
-	-	-	1,815,277	2,608,865
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,334,906</u>	<u>\$ 6,478,112</u>
\$ -	\$ -	\$ -	\$ 30,261	\$ 30,261
-	-	463,401	703,373	1,726,741
-	-	-	8,822	8,822
-	-	-	115,803	115,803
48,892,940	-	-	1,062,200	50,108,148
-	549,028	-	-	549,028
<u>\$ 48,892,940</u>	<u>\$ 549,028</u>	<u>\$ 463,401</u>	<u>\$ 1,920,459</u>	<u>\$ 52,538,803</u>
\$ -	\$ -	\$ -	\$ 544,420	\$ 5,580,926
<u>\$ 48,892,940</u>	<u>\$ 549,028</u>	<u>\$ 463,401</u>	<u>\$ 7,024,331</u>	<u>\$ 66,723,637</u>



OTHER SUPPLEMENTAL SCHEDULES



Town of Tarboro, North Carolina
Schedule of Cash and Investment Balances
June 30, 2008

Cash and Cash Equivalents

On hand	\$ 2,979
In demand deposits	467,235
Certificates of deposit with maturities of 90 days or less	5,000,000
Certificates of deposit with maturities of over 90	-
North Carolina Capital Management Trust	2,232,693
Total	<u>\$ 7,702,907</u>

Distribution by Funds

General Fund	\$ 3,967,500
Special Revenue Fund	189,475
Enterprise Funds:	
Electric Fund	1,286,667
Water and Sewer Fund	1,512,554
Solid Waste Fund	746,711
Total	<u>\$ 7,702,907</u>

Town of Tarboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2008

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2007</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2008</u>
2007-2008	\$ -	\$ 3,013,641	\$ 2,889,359	\$ 124,282
2006-2007	110,025	-	87,137	22,888
2005-2006	24,659	-	8,711	15,948
2004-2005	16,174	-	3,416	12,758
2003-2004	11,018	-	1,965	9,053
2002-2003	11,819	-	1,462	10,357
2001-2002	29,786	-	5,559	24,227
2000-2001	8,845	-	314	8,531
1999-2000	11,657	-	218	11,439
1998-1999	7,759	-	247	7,512
1997-98	11,362	-	8,860	2,502
Prior years				
	<u>\$ 243,104</u> 250,060.	<u>\$ 3,013,641</u>	<u>\$ 3,007,248</u> 3,014,204	<u>\$ 249,497</u>

Reconciliation with Revenues:

Ad valorem taxes - General Fund	<u>\$ 3,021,870</u>
Reconciling Items:	
Interest collected 1997-1998	\$ (23,875)
Taxes written off 1996-1997	6,438
Prior year releases	1,575
Dog Licenses	1,240
Total Reconciling Items	<u>\$ (14,622)</u>
Total Collections and Credits	<u>\$ 3,007,248</u>

Town of Tarboro, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2008

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current:					
Real estate	\$ 422,846,239	0.42	\$ 1,775,954	\$ 1,775,954	\$ -
Personal property	179,742,746	0.42	754,920	754,920	-
Gross Levy	<u>\$ 602,588,985</u>		<u>\$ 2,530,874</u>	<u>\$ 2,530,874</u>	<u>\$ -</u>
Add:					
Motor vehicles taxed at current year's rate	72,970,363	0.42	306,476	-	306,476
Other afterlists (1)	31,189,391	0.42	130,995	130,995	-
Late listing penalties			7,697	7,697	-
Auto and Dog licenses			46,351	1,221	45,130
	<u>\$ 706,748,739</u>		<u>\$ 3,022,393</u>	<u>\$ 2,670,787</u>	<u>\$ 351,606</u>
Deduct releases:	(2,083,699)	0.42	(8,752)	(1,685)	(7,067)
Net levy	<u><u>\$ 704,665,040</u></u>		<u>\$ 3,013,641</u>	<u>\$ 2,669,102</u>	<u>\$ 344,539</u>
Uncollected taxes at June 30, 2008			124,282	48,268	76,014
Current year's taxes collected			<u>\$ 2,889,359</u>	<u>\$ 2,620,834</u>	<u>\$ 268,525</u>
Current levy collection percentage			<u>95.88%</u>	<u>98.19%</u>	<u>77.94%</u>
			<i>steering</i>	<i>97.2</i>	<i>83.2</i>

(1) Includes Public Service Companies.

Town of Tarboro, North Carolina
Schedule of Interfund Transfers
June 30, 2008

		Transfers	
		From	To
Fund			
General			
Capital Project		-	5,000
Electric		1,128,779	-
	Total	<u>\$ 1,128,779</u>	<u>\$ 5,000</u>
Capital Project			
General		<u>\$ 5,000</u>	<u>\$ -</u>
Enterprise, Electric			
General		<u>\$ -</u>	<u>\$ 1,128,779</u>
	Total	<u><u>\$ 1,133,779</u></u>	<u><u>\$ 1,133,779</u></u>