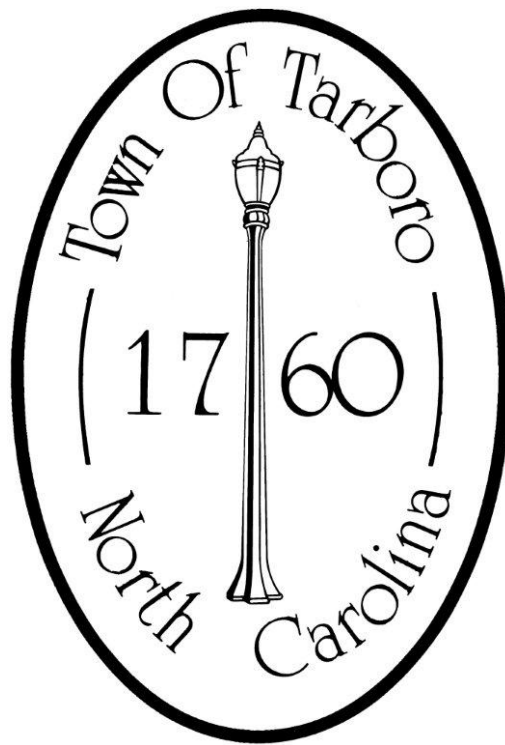


TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR FISCAL YEAR ENDING
JUNE 30, 2013

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TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
JUNE 30, 2013**

Prepared by:

**KARLA G. McCALL
FINANCE DIRECTOR**

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

Published December 9, 2013

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INTRODUCTORY SECTION

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Town of Tarboro

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Tarboro, NC 27886-0220

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Fax (252) 641-4286

www.tarboro-nc.com

December 9, 2013

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, 2013.

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 Martin Starnes & Associates, CPAs, P.A., 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, 2013, 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, 2013, 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. A state mandated "Single Audit" was required and performed for this fiscal year.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement 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 11,415. 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.

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 6,200 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 is cautiously optimistic. Tarboro has not been immune to the effects of the downturn in the nation's economy. However, residential, commercial, and industrial construction, while slowed, has continued throughout the downturn providing optimism that once

corrected the Town will continue to grow. New residential construction has been in the form of infill development of existing subdivisions.

Major initiatives

The Town was awarded a loan from the North Carolina Department of Environment and Natural Resources Division of Water Quality Clean Water State Revolving Fund for a sewer system rehabilitation project. The total loan amount will be \$955,046 with half (\$477,523) of the loan being provided in the form of principal forgiveness and the remaining half at 0% interest. Several sections of the sewer collection lines have known deficiencies and are in need of replacement. These lines range from 40 to 55 years in age and have become severely deteriorated. Construction is scheduled to begin in fiscal year 2014-2015.

The Town is preparing an application to the North Carolina Department of Commerce Division of Tourism, Film and Sports Development to become certified as a North Carolina Retirement Community. We believe Tarboro is an excellent candidate for this designation and have partnered with other community organizations to pursue this certification.

Financial Analysis of the Town

General Fund:

The economy has been a major concern for the Town of Tarboro. For FY 2012-2013 General Fund revenues from sales taxes and investment earnings have shown growth. These increases help to maintain personnel and operating costs without requiring additional property tax increases. Personnel and benefits are one of the largest operational costs to the Town. The budget for FY 12-13 did not include a pay plan adjustment or a merit pay increase for the employees.

Water and Sewer Fund:

There was no rate increase for water and sewer for FY 2012-2013.

Electric Fund:

There was no rate increase in electricity for FY 2012-2013.

Solid Waste Fund:

The Town Council approved an increase of \$0.61 per month per customer to cover an increase in landfill fees for the disposal of solid waste.

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, 2013, the Town's legal debt limit is approximately \$69,116,000.

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, 2012. This was the 23rd 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. I believe that our current comprehensive annual financial report (CAFR) continues to meet the Certificate of Achievement Program's requirements and I will be submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Karla G. McCall
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Tarboro
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

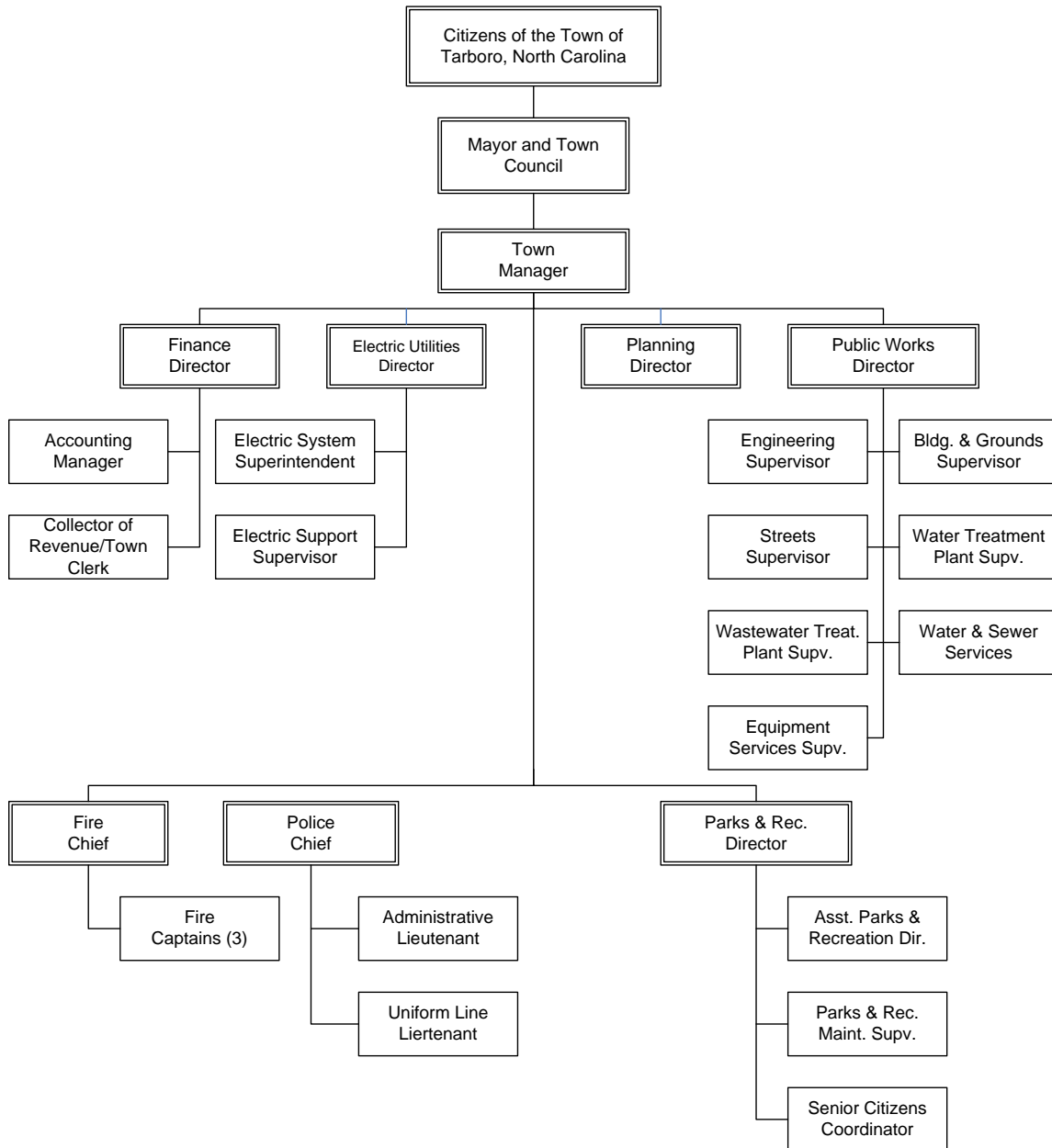
June 30, 2012

Executive Director/CEO

TOWN OF TARBORO, NORTH CAROLINA

ORGANIZATIONAL CHART

MANAGER, DEPARTMENT HEADS & SUPERVISORS



TOWN OF TARBORO, NORTH CAROLINA
Principal Officials
June 30, 2013

ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Term Expires</u> ¹
Mayor	Donald A. Morris	31 Years	December, 2013
Councilman Ward 1	Gerrelene Walker	3 Years	December, 2013
Councilman Ward 2	Alden W. Hull	5 Years	December, 2015
Councilman Ward 3	Ricky C. Page	3 Years	December, 2013
Councilman Ward 4	Carol Ruffin	1 Year	December, 2015
Councilman Ward 5	Candis B. Owens	3 Years	December, 2013
Councilman Ward 6	Deborah Jordan	1 Year	December, 2015
Councilman Ward 7	Taro Knight	3 Years	December, 2013
Councilman Ward 8	Garland Shepherd	1 Year	December, 2015

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	M. Alan Thornton	2 Years	2 Years
Finance Director	Karla G. McCall	2 Years	2 Years
Police Chief	Damon Williams	1 Year	1 Year
Public Works Director	Troy R. Lewis	2 Years	12 Years
Electric Utilities Director	Robert Harrison III	4 Years	29 Years
Fire Chief	Frankie A. Winslow	1 Year	22 Years
Recreation Director	Cheryl Gay	2 Years	2 Years
Planning Director	Joshua Edmondson	1 Year	1 Year

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FINANCIAL SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Other Information

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 introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the statistical tables, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of the Town of Tarboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tarboro's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 9, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF TARBORO

Management's Discussion and Analysis

As management of the Town of Tarboro, we offer readers of the Town of Tarboro's financial statements this narrative overview and analysis of the financial activities of the Town of Tarboro for the fiscal year ended June 30, 2013. 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

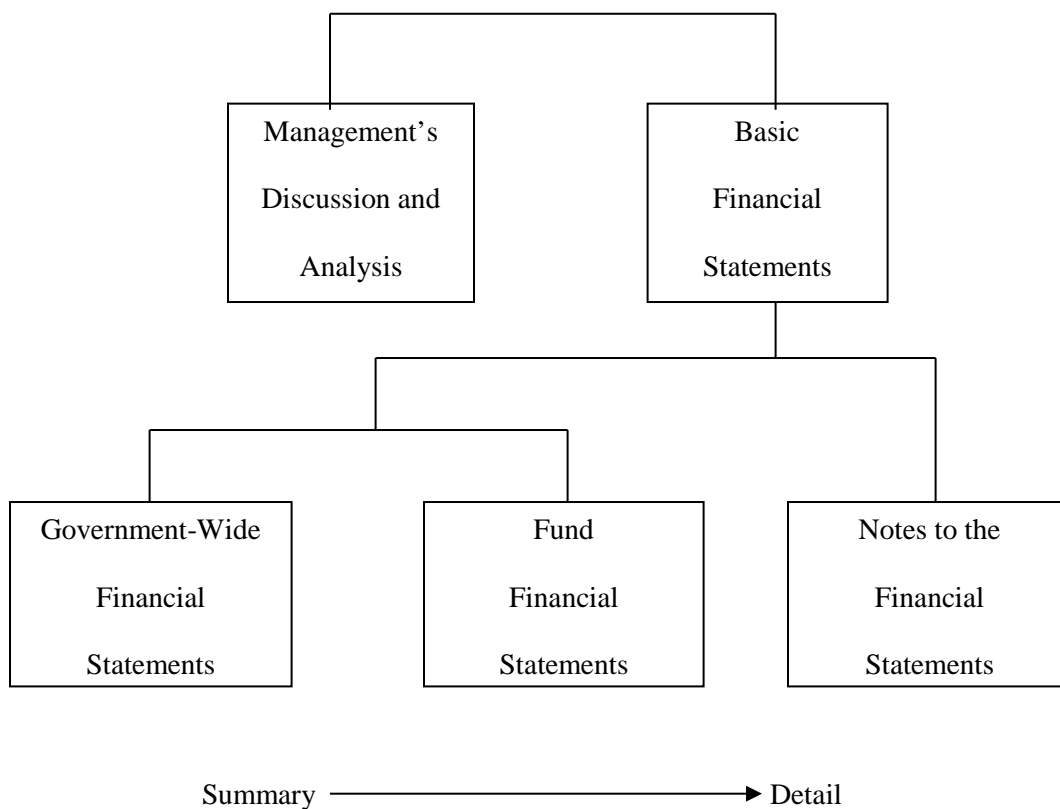
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$63,165,521 (*net position*). The net position of the governmental activities decreased by \$807,431 and the net position of the business-type activities increased by \$696,381.
- The government's total net position decreased by \$111,050, due in part to Other Post-employment Benefits expense and annual depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,008,063, an increase of \$655,594 in comparison with the prior year. Approximately 40.14 percent of this total amount, or \$2,010,050, is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,774,483, or 35.23 percent of total General Fund expenditures for the fiscal year.
- As of the close of the current fiscal year, the Town's business-type funds reported combined ending net position of \$43,320,809, an increase of \$696,381.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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 position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer, electric 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Tarboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. 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 Position 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 35 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 59 of this report.

Net Position – The following (Figure 2) reflects condensed information on the Town’s net position.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 6,021,278	\$ 5,928,661	\$ 11,000,773	\$ 9,717,238	\$ 17,022,051	\$ 15,645,899
Capital assets	16,224,184	17,975,320	36,486,002	37,011,703	52,710,186	54,987,023
Total assets and deferred outflows of resources	22,245,462	23,903,981	47,486,775	46,728,941	69,732,237	70,632,922
Liabilities:						
Long-term liabilities						
outstanding	2,008,413	2,265,796	1,148,051	1,273,092	3,156,464	3,538,888
Other liabilities	381,992	977,133	3,017,915	2,831,421	3,399,907	3,808,554
Deferred inflows						
of resources	10,345	8,909	-	-	10,345	8,909
Total liabilities and deferred inflows of resources	2,400,750	3,242,929	4,165,966	4,104,513	6,566,716	7,356,351
Net Position:						
Net invested in capital assets	16,224,184	17,975,320	36,361,251	36,879,614	52,585,435	54,854,934
Restricted	1,979,680	1,950,877	-	-	1,979,680	1,950,877
Unrestricted	1,640,848	725,946	6,959,558	5,744,814	8,600,406	6,470,760
Total net position	\$ 19,844,712	\$ 20,652,143	\$ 43,320,809	\$ 42,624,428	\$ 63,165,521	\$ 63,276,571

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$63,165,521 as of June 30, 2013. The Town’s net position decreased by \$111,050 for the fiscal year ended June 30, 2013. However, the largest portion reflects the Town’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). An additional portion of the Town’s net position, \$1,979,680, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,600,406 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.55%, which is comparable to the state-wide average of 97.42%.
- Run-out of self-insured insurance claims as of June 30, 2013, and continuation of fully-insured health insurance plan, allowed the previous restrictions of net position for insurance claims to become unrestricted in the governmental funds.
- The Town has no bonded indebtedness since June 30, 2000.

Changes in Net Position

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

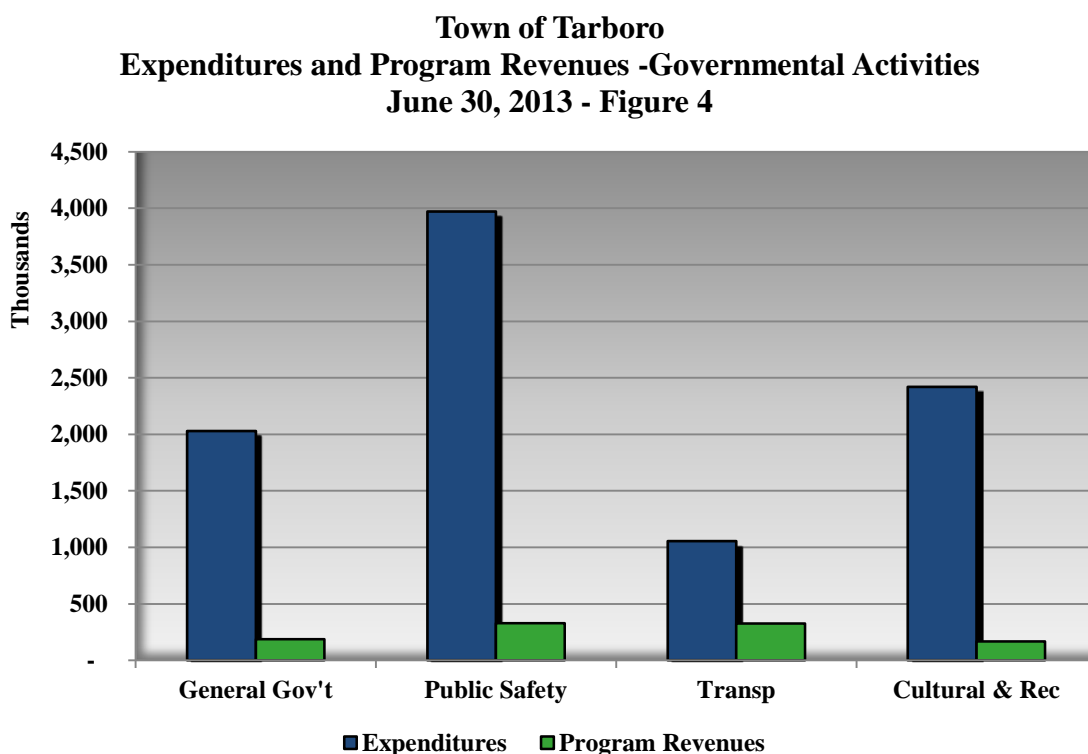
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 435,315	\$ 1,696,191	\$ 33,275,631	\$ 32,187,538	\$ 33,710,946	\$ 33,883,729
Grants & contributions:						
Operating	576,907	752,763	177,152	421,223	754,059	1,173,986
Capital	-	87,454	1,390,000	1,062,118	1,390,000	1,149,572
General revenues:						
Property taxes	3,372,491	3,822,127	-	-	3,372,491	3,822,127
Other taxes	287,290	271,248	-	-	287,290	271,248
Other	2,795,972	2,939,695	18,406	21,145	2,814,378	2,960,840
Total revenues	<u>7,467,975</u>	<u>9,569,478</u>	<u>34,861,189</u>	<u>33,692,024</u>	<u>42,329,164</u>	<u>43,261,502</u>
Expenditures:						
General government	2,029,040	3,408,646	-	-	2,029,040	3,408,646
Public safety	3,968,992	4,413,543	-	-	3,968,992	4,413,543
Transportation	1,054,226	2,658,802	-	-	1,054,226	2,658,802
Economic & physical development	-	54,786	-	-	-	54,786
Culture & recreation	2,417,979	1,139,510	-	-	2,417,979	1,139,510
Water & sewer	-	-	4,252,084	4,723,604	4,252,084	4,723,604
Electric	-	-	27,742,696	27,410,531	27,742,696	27,410,531
Solid waste	-	-	975,197	1,158,842	975,197	1,158,842
Total expenses	<u>9,470,237</u>	<u>11,675,287</u>	<u>32,969,977</u>	<u>33,292,977</u>	<u>42,440,214</u>	<u>44,968,264</u>
Increase (decrease) in net position before transfers	(2,002,262)	(2,105,809)	1,891,212	399,047	(111,050)	(1,706,762)
Transfers	<u>1,194,831</u>	<u>1,168,037</u>	<u>(1,194,831)</u>	<u>(1,168,037)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(807,431)	(937,772)	696,381	(768,990)	(111,050)	(1,706,762)
Net position - beginning	19,939,069	20,876,841	42,898,853	43,667,843	62,837,922	64,544,684
Prior period adjustment	<u>713,074</u>	<u>-</u>	<u>(274,425)</u>	<u>-</u>	<u>438,649</u>	<u>-</u>
Net position - beginning , restated	20,652,143	20,876,841	42,624,428	43,667,843	63,276,571	64,544,684
Net position - June 30	<u>\$ 19,844,712</u>	<u>\$ 19,939,069</u>	<u>\$ 43,320,809</u>	<u>\$ 42,898,853</u>	<u>\$ 63,165,521</u>	<u>\$ 62,837,922</u>

Governmental Activities

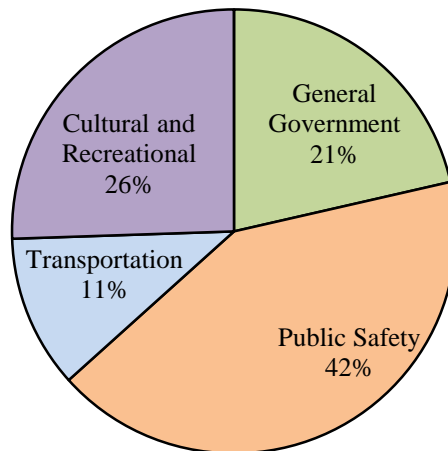
Governmental activities decreased the Town's net position by \$807,431. Key elements of the current year governmental activities in the net position are as follows:

- Revenues decreased by \$2,101,503, mainly due to a change in classification related to the allocation of expense reimbursements.
- Public safety accounts for the largest portion of total expenditures for governmental activities at 41.91%.
- Expenditures decreased by \$2,205,050, mainly due to the change in classification related to the allocation of expense reimbursements.

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



Town of Tarboro
Expenditures-Governmental Activities - Figure 5

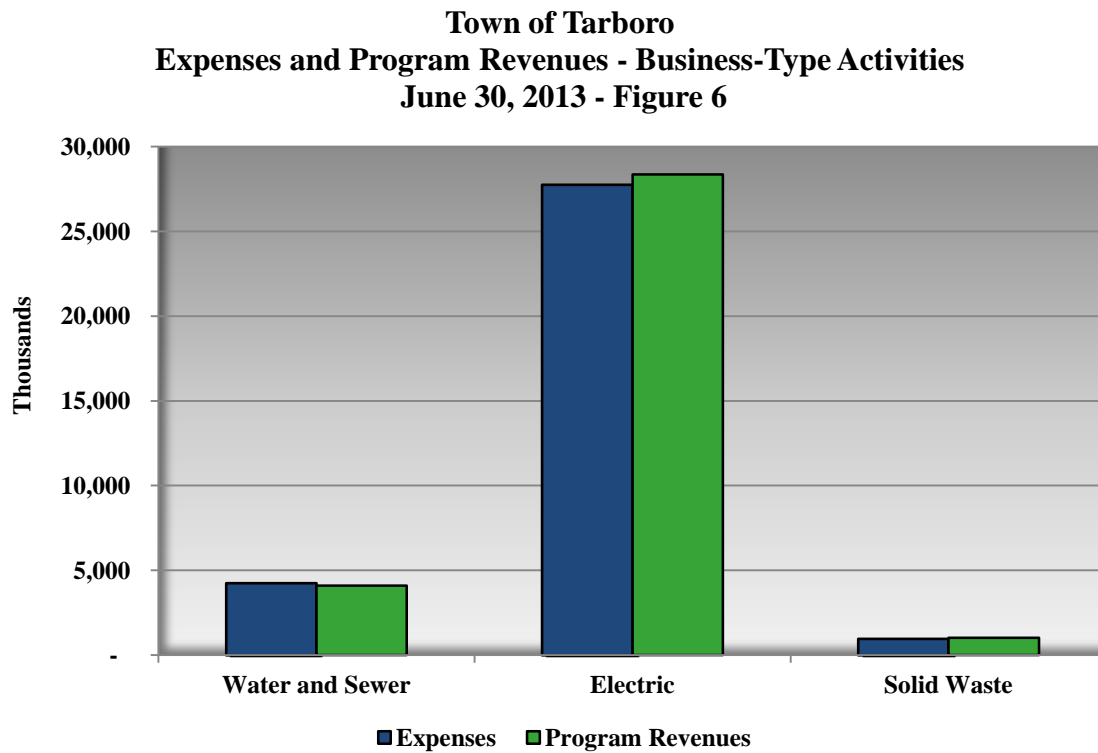


Business-Type Activities

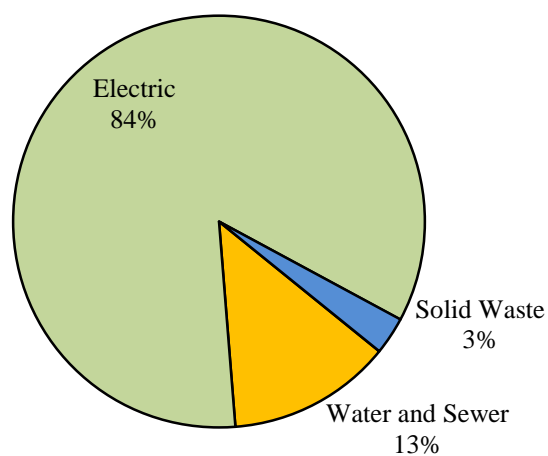
Business-type activities increased the Town's net position by \$696,381. Key elements of the current year's activities are as follows:

- Operating revenues increased by \$1,169,165, mainly due to an increase in utility usage based on weather patterns.
- Operating expenditures decreased by a combined \$323,000, mainly due to the reduction in purchased power based on customer usage.

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



Town of Tarboro
Expenses - Business-Type Activities
June 30, 2013 - Figure 7



Financial Analysis of the Town's Funds

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful means of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,774,483, while total fund balance reached \$4,925,777. The governing body of the Town of Tarboro has determined that the Town should maintain an available fund balance of 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 52% of General Fund expenditures, while total fund balance represents 62.5% of the same amount.

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$5,008,063 up \$655,594 in comparison with the prior year. Key factors in this growth are as follows:

- General fund expenditures were under budget by 9.4%. The largest contributing factor to this reduction is the unspent insurance claim account which was budgeted well above the actual insurance claims paid during the run-out period ending the self-insurance plan. The unknown volume of unpaid insurance claims to close out the self-insurance plan proved to be less than anticipated. This provided a reduction of \$480,731 in general fund expenditures and contributed largely to the increase in fund balance.
- The electric fund transferred \$1,194,831 to the general fund which was not needed in its entirety due to the reduced spending noted above.

Of the fund balance, \$2,774,483, or 55.4%, is unassigned and is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is previously committed and not available for new spending.

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

Revenues fell beneath the budget amount by \$148,367 primarily due to reduced collections of property taxes. Expenditures were held below budget by \$957,407 due, in part, to the decrease in claims paid under the previous self-insured health plan during the run-out period ending June 30, 2013 and overall reduced spending by all departments.

Proprietary Funds – The Town of Tarboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position at the end of the year amounted to \$27,853,391 for the Electric Fund, \$15,085,563 for the Water and Sewer Fund, and \$381,855 for the Solid Waste Fund. The total change in net position for all three funds was \$799,184, (\$156,917), and \$54,114, respectively for a total net change of \$696,381. Capital contribution of \$1,390,000 was the main factor in the net increase.

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, 2013, totals \$52,710,186 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, distribution system, and vehicles.

Major capital asset transactions during the year include the following:

Governmental Funds:

Additions

- JD 524K Loader \$123,050
- Pickup truck for buildings and grounds \$36,709
- HVAC system in Public Works Building \$10,084

Retirements

- No retirements

Proprietary Funds:

Additions

- Two new pickup trucks for Electric Department \$58,528
- Updates to multiple generators \$74,592
- Dosing pump for the Water Treatment Plant \$31,578
- Contribution to new accounting software \$47,500
- Recycling trailer \$13,695

Retirements

- No retirements

Town of Tarboro, North Carolina
Capital Assets
Figure 8

	Governmental	Business-Type	Total	
	Activities	Activities		
	2013	2013	2013	2012
Land	\$ 1,909,193	\$ 1,285,932	\$ 3,195,125	\$ 3,195,125
Buildings & other improvements	3,904,124	10,283	3,914,407	3,935,225
Infrastructure	9,934,832	-	9,934,832	11,025,120
Substations, lines, equipment	-	21,257,195	21,257,195	22,495,070
Plant & distribution systems	-	12,145,009	12,145,009	13,157,754
Equipment	476,035	441,735	917,770	913,725
Construction in progress	-	1,345,848	1,345,848	61,110
 Total capital assets (net of accumulated depreciation)	 <u>\$ 16,224,184</u>	 <u>\$ 36,486,002</u>	 <u>\$ 52,710,186</u>	 <u>\$ 54,783,129</u>

Additional information on the Town's capital assets can be found in Note III-A.

Long-Term Debt. As of June 30, 2013, 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% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$69,116,480.

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, 2014.

- The economic outlook for the Town of Tarboro remains cautiously optimistic. Tarboro has not been immune to the effects of the downturn in the nation's economy. Tarboro has joined the International Council of Shopping Centers, attending conferences and conventions with retailers to proactively recruit new businesses. Occupancy rates for multi-family developments remain stable and the Tarboro resale market for single-family homes continues to be stronger than surrounding communities. The Town has recently attracted new retail and multi-family development construction with Walgreens, Dollar General, and a 56-unit apartment development under construction.
- New initiatives are underway that will create activity, investment and positive economic returns to the Town including pursuit of certification as a State of North Carolina Certified Retirement Community, a Façade Improvement Grant initiative for Main Street businesses, along with the creation and establishment of Tourism Development Authority.

- The Town continues to pursue additional grants and initiate new programs to stimulate economic growth in the commercial, industrial, and residential sectors of Tarboro. The Town recently received grant funding to assist Tarboro Brewing Company with the renovation of a previously vacant building downtown and the establishment of Tarboro's first micro-brewery.
- Our existing industries continue to prosper and expand. Glenoit Fabrics has been sold to a Wisconsin based company, Monterey Mills, who have plans to renovate this facility and add jobs and employees. Kehein, a Honda auto electronics components manufacturer, has plans to expand again and add up to 50 new high paying technical skills jobs.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The governmental fund's primary revenue sources are property taxes and intergovernmental revenues. There was no change in the property tax rate of \$0.41 per \$100 valuation for the fiscal year ending June 30, 2014. 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. With anticipated losses in State-provided revenue and privilege license revenue along with a review of the charges for services provided to the enterprise funds, the overall General Fund revenue showed a slight increase from FY 2012-2013. The Town has experienced reductions in expenditures with the change in management over the past two years. Based on this change and the small increase in revenues, the Town will be providing a cost of living increase of 2.5% for employees. The General Fund continues to have no bonded indebtedness.

Business-Type Activities: Water and sewer rates will not increase for FY 2013-2014. A large capital project for rehabilitation of the wastewater collection system will begin this fiscal year. The Town was awarded a zero percent loan from the Clean Water State Revolving Fund for this purpose. Engineering and bid award are expected to take place in FY 2013-2014 with construction to begin in FY 2014-2015.

There is no anticipated increase in wholesale electric rates for FY 2013-2014. The purchase of a new digger derrick truck is included in the current budget and will be financed with a low-interest loan.

There is no rate increase for solid waste for FY 2013-2014. The purchase of two new waste collection trucks is included in the current budget and will be financed with a low-interest loan.

The largest increments of expenses in the business-type activities are in the cost of purchased power and employee compensation benefits.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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Town of Tarboro, North Carolina
Statement of Net Position
June 30, 2013

Exhibit 1

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,508,766	\$ 4,631,988	\$ 8,140,754
Taxes receivable (net)	502,432	-	502,432
Accounts receivable (net)	207,785	4,548,647	4,756,432
Due from other government	396,726	-	396,726
Inventories	90,262	1,279,689	1,369,951
Restricted cash and cash equivalents	1,155,549	540,449	1,695,998
Restricted receivables	159,758	-	159,758
Total current assets	<u>6,021,278</u>	<u>11,000,773</u>	<u>17,022,051</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,909,193	2,631,780	4,540,973
Other capital assets, net of depreciation	14,314,991	33,854,222	48,169,213
Total capital assets	<u>16,224,184</u>	<u>36,486,002</u>	<u>52,710,186</u>
Total assets	<u>22,245,462</u>	<u>47,486,775</u>	<u>69,732,237</u>
Liabilities:			
Current liabilities:			
Accounts payable	315,472	2,454,283	2,769,755
Compensated absences	66,520	15,845	82,365
Current portion of ARRA revolving loan	-	7,338	7,338
Payable from restricted assets	-	540,449	540,449
Total current liabilities	<u>381,992</u>	<u>3,017,915</u>	<u>3,399,907</u>
Noncurrent Liabilities:			
Compensated absences	487,809	217,048	704,857
Net pension obligation	180,084	-	180,084
Other post employment benefits	1,340,520	813,590	2,154,110
ARRA revolving loan	-	117,413	117,413
Total Noncurrent Liabilities	<u>2,008,413</u>	<u>1,148,051</u>	<u>3,156,464</u>
Total Liabilities	<u>2,390,405</u>	<u>4,165,966</u>	<u>6,556,371</u>
Deferred Inflows of Resources:			
Prepaid Taxes	10,345	-	10,345
Net Position:			
Net investment in capital assets	16,224,184	36,361,251	52,585,435
Restricted for:			
Transportation	1,155,549	-	1,155,549
Public Safety	59,862	-	59,862
Stabilization by State Statute	764,269	-	764,269
Unrestricted	1,640,848	6,959,558	8,600,406
Total Net Position	<u>\$ 19,844,712</u>	<u>\$ 43,320,809</u>	<u>\$ 63,165,521</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, 2013

Exhibit 2

				Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
Functions/Programs:	Program Revenues			Governmental Activities	Business-Type Activities	Total
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental activities:						
General government	\$ 2,029,040	\$ 52,684	\$ 134,504	\$ -	\$ -	\$ (1,841,852)
Public safety	3,968,992	213,637	114,644	-	-	(3,640,711)
Transportation	1,054,226	-	327,759	-	-	(726,467)
Cultural and recreation	2,417,979	168,994	-	-	-	(2,248,985)
Total governmental activities	9,470,237	435,315	576,907	-	-	(8,458,015)
Business-Type Activities:						
Electric	27,742,696	28,196,333	141,212	1,390,000	1,984,849	1,984,849
Water and sewer	4,252,084	4,074,051	13,198	-	(164,835)	(164,835)
Solid waste	975,197	1,005,247	22,742	-	52,792	52,792
Total business-type activities	32,969,977	33,275,631	177,152	1,390,000	1,872,806	1,872,806
Total primary government	\$ 42,440,214	\$ 33,710,946	\$ 754,059	\$ 1,390,000	1,872,806	(6,585,209)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes					-	3,372,491
Franchise taxes					-	206,591
Rental vehicle taxes					-	2,703
Licenses, privilege, dog, beer & wine					-	77,996
Grants and contributions not restricted to specific programs					-	2,533,432
Unrestricted investment earnings					18,406	41,979
Miscellaneous					-	238,967
General revenues not including transfers					18,406	6,474,159
Transfers					(1,194,831)	-
Total general revenues and transfers					(1,176,425)	6,474,159
Change in net position					696,381	(111,050)
Net position - beginning					42,898,853	62,837,922
Prior period adjustment					(274,425)	438,649
Net position - beginning, restated					42,624,428	63,276,571
Net position - ending					\$ 43,320,809	\$ 63,165,521

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

Town of Tarboro, North Carolina
Governmental Funds
Balance Sheet
June 30, 2013

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	\$ 3,447,404	\$ 61,362	\$ 3,508,766
Restricted cash	1,155,549	-	1,155,549
Receivables, net:			
Taxes	502,432	-	502,432
Accounts	185,361	22,424	207,785
Due from other government	396,726	-	396,726
Restricted receivables	159,758	-	159,758
Inventories	90,262	-	90,262
Total assets	<u>\$ 5,937,492</u>	<u>\$ 83,786</u>	<u>\$ 6,021,278</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 313,972	\$ 1,500	\$ 315,472
Total liabilities	<u>313,972</u>	<u>1,500</u>	<u>315,472</u>
Deferred Inflows of Resources:			
Property taxes receivable	502,432	-	502,432
Special assessments receivable, net	184,966	-	184,966
Prepaid taxes	10,345	-	10,345
Total deferred inflows of resources	<u>697,743</u>	<u>-</u>	<u>697,743</u>
Fund Balances:			
Non-spendable:			
Inventories	90,262	-	90,262
Restricted:			
Stabilization by State statute	741,845	22,424	764,269
Transportation	1,155,549	-	1,155,549
Public safety	-	59,862	59,862
Assigned:			
Subsequent year's expenditures	163,638	-	163,638
Unassigned	2,774,483	-	2,774,483
Total fund balances	<u>4,925,777</u>	<u>82,286</u>	<u>5,008,063</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 5,937,492</u>	 <u>\$ 83,786</u>	 <u>\$ 6,021,278</u>

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

Town of Tarboro, North Carolina
Governmental Funds
Balance Sheet
June 30, 2013

Exhibit 3

(continued)

Reconciliation of fund balance as reported in the balance sheet - governmental funds with net position - governmental activities:

Fund balance as reported in the balance sheet governmental funds	\$ 5,008,063
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,224,184
Liabilities for earned, but deferred inflows of resources in fund statements	687,398
Some liabilities, including compensated absences and pension and other post-employment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,074,933)</u>
Net position of governmental activities	<u>\$ 19,844,712</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, 2013

Exhibit 4

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Governmental</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Ad valorem taxes	\$ 3,418,953	\$ -	\$ 3,418,953
Other taxes and licenses	287,290	-	287,290
Unrestricted intergovernmental	2,525,444	7,988	2,533,432
Restricted intergovernmental	442,403	134,504	576,907
Permits and fees	133,299	-	133,299
Sales and services	221,678	-	221,678
Investment earnings	23,400	173	23,573
Miscellaneous	238,967	-	238,967
Total revenues	<u>7,291,434</u>	<u>142,665</u>	<u>7,434,099</u>
Expenditures			
Current:			
General government	2,001,854	-	2,001,854
Public safety	3,873,400	98,237	3,971,637
Transportation	986,646	-	986,646
Cultural and recreation	1,013,199	-	1,013,199
Total expenditures	<u>7,875,099</u>	<u>98,237</u>	<u>7,973,336</u>
Excess (deficiency) of revenues over expenditures	<u>(583,665)</u>	<u>44,428</u>	<u>(539,237)</u>
Other financing sources (uses):			
Transfers from other funds	<u>1,194,831</u>	<u>-</u>	<u>1,194,831</u>
Net change in fund balance	611,166	44,428	655,594
Fund Balances:			
Beginning as previously reported	<u>4,314,611</u>	<u>37,858</u>	<u>4,352,469</u>
Ending	<u>\$ 4,925,777</u>	<u>\$ 82,286</u>	<u>\$ 5,008,063</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, 2013

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 Position - Governmental Activities.

Net changes in fund balances - total governmental funds	\$ 655,594
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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	(1,933,199)
Capital outlay	182,063

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflow of resources	33,876
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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	(26,226)
Net pension obligations	(9,082)
Other post-employment benefits	289,543

Total changes in net position of governmental activities	<u>\$ (807,431)</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, 2013

Exhibit 5

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,695,664	\$ 3,551,150	\$ 3,418,953	\$ (132,197)
Other taxes and licenses	210,610	271,678	287,290	15,612
Unrestricted intergovernmental	2,418,000	2,787,763	2,525,444	(262,319)
Restricted intergovernmental	380,000	436,252	442,403	6,151
Permits and fees	46,350	105,550	133,299	27,749
Sales and services	269,420	238,000	221,678	(16,322)
Investment earnings	1,458	5,000	23,400	18,400
Miscellaneous	30,121	44,387	238,967	194,580
Charges for services	1,376,597	-	-	-
Total revenues	<u>8,428,220</u>	<u>7,439,780</u>	<u>7,291,434</u>	<u>(148,346)</u>
Expenditures:				
Current:				
General government	3,656,877	2,621,238	2,001,854	619,384
Public safety	3,825,817	4,048,542	3,873,400	175,142
Transportation	1,548,120	1,064,680	986,646	78,034
Cultural and recreation	1,017,394	1,098,046	1,013,199	84,847
Total expenditures	<u>10,048,208</u>	<u>8,832,506</u>	<u>7,875,099</u>	<u>957,407</u>
Revenues over (under) expenditures	<u>(1,619,988)</u>	<u>(1,392,726)</u>	<u>(583,665)</u>	<u>809,061</u>
Other financing sources (uses):				
Transfers from other funds	1,186,058	1,000,068	1,194,831	194,763
Transfers to other funds	-	(110,500)	-	110,500
Fund balance appropriated	433,930	503,158	-	(503,158)
Total other financing sources (uses)	<u>1,619,988</u>	<u>1,392,726</u>	<u>1,194,831</u>	<u>(197,895)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	611,166	<u>\$ 611,166</u>
Fund Balances:				
Beginning of year - July 1			<u>4,314,611</u>	
End of year - June 30			<u>\$ 4,925,777</u>	

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

Town of Tarboro, North Carolina
Proprietary Funds
Statement of Net Position
June 30, 2013

Exhibit 6

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,027,888	\$ 2,244,642	\$ 359,458	\$ 4,631,988
Accounts receivable (net)	3,728,582	662,791	157,274	4,548,647
Inventories	1,206,243	73,446	-	1,279,689
Restricted cash and cash equivalents	538,547	1,902	-	540,449
Total current assets	<u>7,501,260</u>	<u>2,982,781</u>	<u>516,732</u>	<u>11,000,773</u>
Non-current assets:				
Land and other non-depreciable assets	2,204,216	427,564	-	2,631,780
Other capital assets, net of depreciation	21,425,424	12,391,238	37,560	33,854,222
Total non-current assets	<u>23,629,640</u>	<u>12,818,802</u>	<u>37,560</u>	<u>36,486,002</u>
Total assets	<u>\$ 31,130,900</u>	<u>\$ 15,801,583</u>	<u>\$ 554,292</u>	<u>\$ 47,486,775</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	2,298,790	115,890	39,603	2,454,283
Payable from restricted assets	538,547	1,902	-	540,449
Current portion of ARRA revolving loan	-	7,338	-	7,338
Compensated absences (current)	12,268	2,906	671	15,845
Total current liabilities	<u>2,849,605</u>	<u>128,036</u>	<u>40,274</u>	<u>3,017,915</u>
Non-current liabilities:				
Other post-employment benefits	312,738	385,472	115,380	813,590
Compensated absences	115,166	85,099	16,783	217,048
ARRA revolving loan	-	117,413	-	117,413
Total non-current liabilities	<u>427,904</u>	<u>587,984</u>	<u>132,163</u>	<u>1,148,051</u>
Total liabilities	<u>3,277,509</u>	<u>716,020</u>	<u>172,437</u>	<u>4,165,966</u>
Net Position:				
Net investment in capital assets	23,629,640	12,694,051	37,560	36,361,251
Unrestricted	<u>4,223,751</u>	<u>2,391,512</u>	<u>344,295</u>	<u>6,959,558</u>
Total net position	<u>\$ 27,853,391</u>	<u>\$ 15,085,563</u>	<u>\$ 381,855</u>	<u>\$ 43,320,809</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 Position
For the Year Ended June 30, 2013

Exhibit 7

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 28,056,732	\$ 4,004,621	\$ 1,005,247	\$ 33,066,600
Water and sewer taps	-	41,614	-	41,614
Other operating revenues	139,601	27,816	-	167,417
Total operating revenues	<u>28,196,333</u>	<u>4,074,051</u>	<u>1,005,247</u>	<u>33,275,631</u>
Operating Expenses:				
Administration	1,831,455	1,893,537	964,602	4,689,594
Load management	195,190	-	-	195,190
Electric operations	517,416	-	-	517,416
Electric power purchases	23,676,043	-	-	23,676,043
Water treatment and distribution	-	717,790	-	717,790
Waste collection and treatment	-	673,221	-	673,221
Depreciation	1,522,592	967,536	10,595	2,500,723
Total operating expenses	<u>27,742,696</u>	<u>4,252,084</u>	<u>975,197</u>	<u>32,969,977</u>
Operating income (loss)	453,637	(178,033)	30,050	305,654
Non-operating Revenues (Expenses):				
Investment earnings	9,166	7,918	1,322	18,406
Other non-operating revenues	141,212	13,198	22,742	177,152
Total non-operating expenses	<u>150,378</u>	<u>21,116</u>	<u>24,064</u>	<u>195,558</u>
Income (loss) before contributions and transfers	604,015	(156,917)	54,114	501,212
Capital contributions	1,390,000	-	-	1,390,000
Transfers (to)/from other funds	(1,194,831)	-	-	(1,194,831)
Change in net position	<u>799,184</u>	<u>(156,917)</u>	<u>54,114</u>	<u>696,381</u>
Total Net Position:				
Beginning	27,025,768	15,556,790	316,295	42,898,853
Prior period adjustment	28,439	(314,310)	11,446	(274,425)
Beginning, restated	27,054,207	15,242,480	327,741	42,624,428
Ending	<u>\$ 27,853,391</u>	<u>\$ 15,085,563</u>	<u>\$ 381,855</u>	<u>\$ 43,320,809</u>

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, 2013

Exhibit 8

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Totals
Cash Flows From Operating Activities:				
Cash received from customers	\$ 27,414,065	\$ 3,994,303	\$ 994,621	\$ 32,402,989
Cash paid for goods and services	(24,897,501)	(2,047,599)	(669,916)	(27,615,016)
Cash paid to or on behalf of employees for services	(1,123,533)	(1,267,788)	(327,539)	(2,718,860)
Net cash provided (used) by operating activities	1,393,031	678,916	(2,834)	2,069,113
Cash Flows From Non-Capital Financing Activities:				
Transfers to other funds	(1,194,831)	-	-	(1,194,831)
Other non-capital financing	141,212	13,198	22,743	177,153
Net cash provided (used) by non-capital financing activities	(1,053,619)	13,198	22,743	(1,017,678)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,602,386)	(347,291)	(25,345)	(1,975,022)
Principal paid on loans	-	(7,338)	-	(7,338)
Capital contributions - federal grants	640,000	-	-	640,000
Capital contributions - State grants	750,000	-	-	750,000
Net cash provided (used) by capital and related financing activities	(212,386)	(354,629)	(25,345)	(592,360)
Cash Flows From Investing Activities:				
Interest and dividends	9,166	7,918	1,322	18,406
Net increase (decrease) in cash and cash equivalents	136,192	345,403	(4,114)	477,481
Balances at beginning of year	2,430,243	1,901,141	363,572	4,694,956
Balances at end of year	<u>\$ 2,566,435</u>	<u>\$ 2,246,544</u>	<u>\$ 359,458</u>	<u>\$ 5,172,437</u>

(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, 2013

Exhibit 8

	Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Totals
(continued)				
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 453,637	\$ (178,033)	\$ 30,050	\$ 305,654
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,522,592	967,536	10,595	2,500,723
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(830,791)	(81,650)	(10,626)	(923,067)
Inventory	112,487	4,526	-	117,013
Increase (decrease) in:				
Accounts payable and accrued liabilities	119,171	32,089	(4,990)	146,270
Customer deposits	48,523	1,902	-	50,425
Accrued vacation pay	12,268	2,906	671	15,845
Other post-employment benefits	(44,856)	(70,360)	(28,534)	(143,750)
Total adjustments	939,394	856,949	(32,884)	1,763,459
Net cash provided by (used in) operating activities	\$ 1,393,031	\$ 678,916	\$ (2,834)	\$ 2,069,113

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

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Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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 nonmajor governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Government-wide 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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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 cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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 unearned 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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special revenue funds, and enterprise funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Enterprise Capital Project Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Budgetary control is exercised in all funds. Appropriations are made at the departmental (functional) level and can be amended as necessary by the governing board. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions that alter total expenditures 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, 2013.

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

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.

Cash and Cash Equivalents

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

Restricted Assets

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2012.

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.

Inventories and Prepaid Items

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

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

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

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.

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category, prepaid taxes and property taxes receivable.

Compensated Absences

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

Use of Estimates

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

The governmental fund types classify fund balance as follows:

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

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

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

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

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

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

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

Assigned Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Tarboro's governing body (highest level of decision-making authority). Any changes require majority action in the form of a resolution by the governing body.

Subsequent Year's Expenditures – portion of fund balance that is appropriated by the Town Council in the next year's budget that is not already classified in restricted or committed.

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

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

The Town of Tarboro has also adopted a fund balance policy, which instructs management to conduct the business of the Town in such a manner that undesignated available fund balance will be a minimum of 30 percent of budgeted expenditures for the general fund; 25 percent for the

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

electric fund; 50 percent for the water & sewer fund; and 50 percent for the solid waste fund. Once the minimum fund balance percentage is realized, all revenue in excess of expenditures realized at the end of any given fiscal year will be credited as capital reserves.

II. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the 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 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, 2013, the Town's deposits had a carrying amount of \$7,869,001 and a bank balance of \$8,648,000. Of the bank balance, \$5,550,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2013 the Town's petty cash fund totaled \$3,411.

Investments

At June 30, 2013, the Town of Tarboro had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	\$ 535	N/A	AAAm
NC Capital Management Trust - Term Portfolio	1,963,805	0.3 years	Unrated

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

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Town's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2013. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2013

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
Interest and penalties fees	\$ 455,086	\$ -	\$ -	\$ 455,086
Property taxes	-	517,831	-	517,831
Local options sales/franchise tax	-	-	396,726	396,726
Sales tax refunds due	-	-	159,758	159,758
Allowance for doubtful accounts	<u>(247,301)</u>	<u>(15,399)</u>	<u>-</u>	<u>(262,700)</u>
Total governmental activities	<u>207,785</u>	<u>502,432</u>	<u>556,484</u>	<u>1,266,701</u>
Business-Type Activities:				
Electric	3,780,790	-	-	3,780,790
Water and sewer	673,565	-	-	673,565
Solid waste	158,076	-	-	158,076
Allowance for doubtful accounts	<u>(63,784)</u>	<u>-</u>	<u>-</u>	<u>(63,784)</u>
Total business-type activities	<u>\$ 4,548,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,548,647</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Capital Assets

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

	July 1, 2012	Restatement	Revised July 1, 2012	Increases	Decreases	June 30, 2013
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 1,909,193	\$ -	\$ 1,909,193	\$ -	\$ -	\$ 1,909,193
Total	<u>1,909,193</u>	<u>-</u>	<u>1,909,193</u>	<u>-</u>	<u>-</u>	<u>1,909,193</u>
Capital assets being depreciated:						
Buildings & improvements	9,106,804	-	9,106,804	-	-	9,106,804
Infrastructure - streets	49,398,399	-	49,398,399	-	-	49,398,399
Infrastructure - sidewalk	549,028	-	549,028	-	-	549,028
Equipment	7,474,718	-	7,474,718	182,063	-	7,656,781
Total	<u>66,528,949</u>	<u>-</u>	<u>66,528,949</u>	<u>182,063</u>	<u>-</u>	<u>66,711,012</u>
Less accumulated depreciation for:						
Buildings & improvements	5,182,571	(209,676)	4,972,895	229,786	-	5,202,681
Infrastructure - streets	38,373,279	(291,591)	38,081,688	1,381,877	-	39,463,565
Infrastructure - sidewalk	549,028	-	549,028	-	-	549,028
Equipment	6,915,399	(56,188)	6,859,211	321,536	-	7,180,747
Total	<u>51,020,277</u>	<u>(557,455)</u>	<u>50,462,822</u>	<u>1,933,199</u>	<u>-</u>	<u>52,396,021</u>
Total capital assets being depreciated, net	<u>15,508,672</u>	<u>557,455</u>	<u>16,066,127</u>			<u>14,314,991</u>
Governmental activities capital assets, net	<u>\$ 17,417,865</u>	<u>\$ 557,455</u>	<u>\$ 17,975,320</u>			<u>\$ 16,224,184</u>

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

General government	\$ 103,548
Public safety	88,333
Transportation	304,564
Cultural and recreational	1,436,754
Total depreciation expense	<u>\$ 1,933,199</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Continued:

	July 1, 2012	Restatement	Revised July 1, 2012	Increases	Decreases	June 30, 2013
Business-Type Activities:						
Electric Fund:						
Capital assets not being depreciated:						
Land	\$ 858,368	\$ -	\$ 858,368	\$ -	\$ -	\$ 858,368
Construction in progress	61,110	-	61,110	1,284,738	-	1,345,848
Total	<u>919,478</u>	<u>-</u>	<u>919,478</u>	<u>1,284,738</u>	<u>-</u>	<u>2,204,216</u>
Capital assets being depreciated:						
Substations, lines, & related equipment	47,042,833	-	47,042,833	234,522	-	47,277,355
Office & maintenance equipment	3,153,175	-	3,153,175	83,126	-	3,236,301
Load management	269,713	-	269,713	-	-	269,713
Total	<u>50,465,721</u>	<u>-</u>	<u>50,465,721</u>	<u>317,648</u>	<u>-</u>	<u>50,783,369</u>
Less Accumulated depreciation for:						
Substations, lines, & related equipment	24,549,763	-	24,549,763	1,470,397	-	26,020,160
Office & maintenance equipment	3,017,877	-	3,017,877	50,195	-	3,068,072
Load management	267,713	-	267,713	2,000	-	269,713
Total	<u>\$27,835,353</u>	<u>\$ -</u>	<u>\$27,835,353</u>	<u>\$ 1,522,592</u>	<u>\$ -</u>	<u>\$29,357,945</u>
Total capital assets being depreciated, net	<u>22,630,368</u>	<u>-</u>	<u>22,630,368</u>			<u>\$21,425,424</u>
Electric Fund capital assets, net	<u>23,549,846</u>	<u>-</u>	<u>23,549,846</u>			<u>\$23,629,640</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Continued:

	July 1, 2012	Restatement	Revised July 1, 2012	Increases	Decreases	June 30, 2013
Business-Type Activities:						
Water & Sewer Fund:						
Capital assets not being depreciated:						
Land	\$ 427,564	\$ -	\$ 427,564	\$ -	\$ -	\$ 427,564
Total	<u>427,564</u>	<u>-</u>	<u>427,564</u>	<u>-</u>	<u>-</u>	<u>427,564</u>
Capital assets being depreciated:						
Plant & distribution system	32,942,772	129,280	32,942,772	131,367	-	33,074,139
Office & maintenance equipment	<u>1,822,831</u>	<u>(129,280)</u>	<u>1,822,831</u>	<u>215,924</u>	<u>-</u>	<u>2,038,755</u>
Total	<u>34,765,603</u>	<u>-</u>	<u>34,765,603</u>	<u>347,291</u>	<u>-</u>	<u>35,112,894</u>
Less accumulated depreciation for:						
Plant & distribution system	19,788,018	359,879	20,147,897	910,513	-	21,058,410
Office & maintenance equipment	<u>1,615,541</u>	<u>(9,318)</u>	<u>1,606,223</u>	<u>57,023</u>	<u>-</u>	<u>1,663,246</u>
Total	<u>\$ 21,403,559</u>	<u>\$ 350,561</u>	<u>\$ 21,754,120</u>	<u>\$ 967,536</u>	<u>\$ -</u>	<u>\$ 22,721,656</u>
Total capital assets being depreciated, net	<u>13,362,044</u>	<u>(350,561)</u>	<u>13,011,483</u>			<u>12,391,238</u>
Water and Sewer Fund capital assets, net	<u>13,789,608</u>	<u>(350,561)</u>	<u>13,439,047</u>			<u>12,818,802</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Continued:

	July 1, 2012	Restatement	Revised July 1, 2012	Increases	Decreases	June 30, 2013
Business-Type Activities:						
Solid Waste Fund:						
Capital assets						
being depreciated:						
Buildings	\$ 21,274	\$ -	\$ 21,274	\$ -	\$ -	\$ 21,274
Maintenance equipment	800,783	-	800,783	25,345	-	826,128
Total	<u>822,057</u>	<u>-</u>	<u>822,057</u>	<u>25,345</u>	<u>-</u>	<u>847,402</u>
Less accumulated						
depreciation for:						
Buildings	10,282	-	10,282	709	-	10,991
Maintenance equipment	788,965	-	788,965	9,886	-	798,851
Total	<u>\$ 799,247</u>	<u>\$ -</u>	<u>\$ 799,247</u>	<u>\$ 10,595</u>	<u>\$ -</u>	<u>\$ 809,842</u>
Solid Waste Fund						
capital assets, net	<u>\$ 22,810</u>	<u>\$ -</u>	<u>\$ 22,810</u>			<u>\$ 37,560</u>
Business-type activities						
capital assets, net	<u>\$37,362,264</u>	<u>\$ (350,561)</u>	<u>\$37,011,703</u>			<u>\$36,486,002</u>

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Tarboro contributes to the state-wide 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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 6.74 percent and 7.22 percent, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$429,251, \$436,219, and \$420,858, 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.

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

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving, benefits	0
Active plan members	<u>30</u>
Total	<u><u>35</u></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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00 percent investment rate of return (net of administrative expense) and (b) projected salary increases ranging from 4.25 percent to 7.85 percent per year. Both (a) and (b) included an inflation component of 3.00 percent. The assumptions did not include post-employment benefit increases.

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	\$ 80,867
Interest on net pension obligation	8,550
Adjustment to annual required contribution	(10,642)
Annual pension cost	<u>78,775</u>
Contributions made	<u>69,693</u>
Increase (decrease) in net pension obligation	9,082
Net pension obligation, beginning of year	<u>171,002</u>
Net pension obligation, end of year	<u><u>\$ 180,084</u></u>

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 74,277	65.71%	\$ 168,904
2012	72,940	97.12%	171,002
2013	78,775	88.47%	180,084

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$853,359. The covered payroll (annual payroll of active employees covered by the plan) was \$1,285,952 and the ratio of the UAAL to the covered payroll was 66.4 percent.

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$84,468, which consisted of \$75,194 from the Town and \$9,274 from the law enforcement officers.

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 non-employer 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Other Post-employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides post-retirement 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, up to the current rate for active employees. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

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

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	67	6
Terminated plan members entitled to, but not yet receiving, benefits	0	0
Active plan members	144	27
Total	<u>211</u>	<u>33</u>

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

The current ARC rate is 17.5 percent of annual covered payroll. For the current year, the Town contributed \$1,414,459.

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Annual required contribution	\$ 965,689
Interest on net OPEB obligation	112,766
Adjustment to annual required contribution	(97,288)
Annual OPEB cost (expense)	<u>981,167</u>
Contributions made	<u>1,414,459</u>
Increase (decrease) in net OPEB obligation	(433,292)
 Net OPEB obligation, beginning of year as stated	 2,819,157
Restatement	(231,755)
Net OPEB obligation, beginning of year as revised	<u>2,587,402</u>
 Net OPEB obligation, end of year	 <u><u>\$ 2,154,110</u></u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 986,974	29.60%	\$ 2,181,590
2012	977,667	58.50%	2,587,402
2013	979,895	144.35%	2,154,110

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$14,080,314. The covered payroll (annual payroll of active employees covered by the plan) was \$6,024,708 and the ratio of the UAAL to the covered payroll was 233.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.0 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

Other Employment Benefits

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

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.

Internal Revenue Code Section 401(k) Plan

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

The plan is available to all Town employees. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or financial hardships. The Town's contributions were calculated using a covered payroll amount of \$6,110,651, the Town's total payroll amount was \$6,134,664. Total contributions for the year ended June 30, 2013 were \$437,794, which consisted of \$366,639 from the Town and \$71,155 from employees. The Town's discretionary contribution and the employees' voluntary contribution represent 6.00 and 1.16 percent of the covered payroll amount, respectively.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Deferred Outflows and Inflows of Resources

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

	Unavailable Revenue	Unearned Revenue
Prepaid taxes (General Fund)	\$ -	\$ 10,345
Special assessments receivable (General Fund)	184,966	
Taxes receivable (General Fund)	502,432	-
Total	\$ 687,398	\$ 10,345

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 per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability and property coverage 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.

The Town operated a limited risk, self-insurance program to provide health benefits to Town employees through June 30, 2012. On July 1, 2012, the Town moved from a self-insured health benefits plan to a fully insured plan with Blue Cross Blue Shield of North Carolina. The claims liability expired on June 30, 2013, which eliminated the limited risk associated with this program. The remaining funds collected under the self-insurance program, which are no longer necessary for payment of claims, is reported in the General Fund as unassigned.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Long-Term Obligations

a. Revolving ARRA Loan

A Promissory Note in the amount of \$146,765 was executed on January 6, 2010. The federal revolving loan is due in annual installments of \$7,338 through May 2, 2030 at 0.00 percent interest. The balance of the revolving loan as of June 30, 2013 is \$124,751. Annual debt service payments are as follows:

Year Ending June 30	Principal	Interest
2014	7,338	\$ -
2015	7,338	-
2016	7,339	-
2017	7,339	-
2018 - 2022	36,691	-
2023 - 2027	36,691	-
2028 - 2030	22,015	-
Total	<u>\$ 124,751</u>	<u>\$ -</u>

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Compensated absences	\$ 528,103	\$ 230,027	\$ 203,801	\$ 554,329	\$ 66,520
Net pension obligation	171,002	9,082	-	180,084	-
Other post-employment benefits	1,630,063	601,566	891,109	1,340,520	-
Total	<u>\$ 2,329,168</u>	<u>\$ 840,675</u>	<u>\$ 1,094,910</u>	<u>\$ 2,074,933</u>	<u>\$ 66,520</u>
Business-Type Activities:					
Compensated absences	\$ 217,048	\$ 90,668	\$ 74,823	\$ 232,893	\$ 15,845
ARRA revolving loan	132,089	-	7,338	124,751	7,338
Other post-employment benefits	957,339	379,601	523,350	813,590	-
Total	<u>\$ 1,306,476</u>	<u>\$ 470,269</u>	<u>\$ 605,511</u>	<u>\$ 1,171,234</u>	<u>\$ 23,183</u>

Compensated absences and other post-employment benefit obligation and net pension obligation for governmental activities have typically been liquidated in the General Fund.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

C. Interfund Transfers and Activity

There are no balances due to/from other funds at June 30, 2013.

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

From the Electric Fund to the General Fund (other)	\$ 1,000,068
From the Electric Fund to the General Fund (payment in lieu of taxes)	<u>194,763</u>
Total	<u><u>\$ 1,194,831</u></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.

D. Fund Balance

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

Total fund balance - General Fund	\$ 4,925,777
Less:	
Inventories	90,262
Stabilization by State statute	741,845
Streets - Powell Bill	1,155,549
Insurance claims	-
Working capital/fund balance policy	<u>163,638</u>
Remaining fund balance	<u><u>\$ 2,774,483</u></u>

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

E. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the Town has recognized on-behalf payments for pension contributions made by the state as a revenue and an expenditure of \$2,820 for the five volunteer firemen and the 20 employed fireman who perform firefighting duties for the town's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by the Town, investment income, and a State appropriation.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013 totaled \$23,143,277.

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 \$4,816 to the Council during the fiscal year ended June 30, 2013.

IV. Joint Ventures

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

Tarboro-Edgecombe Airport Authority

The Town, in conjunction with the County, participates in a regional airport. Each government appoints three members to the seven-member Board. The seventh member is jointly appointed by both governments. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for twenty-six years, but it is not 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 \$14,719 to the Airport during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the Airport Authority can be obtained from the Airport's administrative offices at 500 Main Street, Tarboro, North Carolina 27886.

Edgecombe County Memorial Library

The Town also participates in a joint venture to operate a regional library with the County. Each government appoints three board members to the six-member Board of the Library. The Town has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the governments, the Town contributed \$146,528 to the Library to supplement its activities during the year ended June 30, 2013. Complete financial statements for the Library can be obtained from the Library's offices at 909 Main Street, Tarboro, North Carolina 27886.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013. The Town contributed \$35,431 to the Arts Council during the year ended June 30, 2013. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VI. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

VII. Prior Period Adjustment

Calculations of capital assets and other post-employment benefits were improperly calculated in the prior year. The miscalculation resulted in an understatement of governmental activities net position by \$713,074 and overstatement in business-type activities net position of \$274,425.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

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Town of Tarboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Accrued					UAAL
	Actuarial	Liability (AAL)	Unfunded		Covered	as a %
	Value of Assets (a)	-Projected Unit Credit (b)	AAL (UAAL) (b - a)	Funded Ratio (a/b)	Payroll (c)	of Covered Payroll ((b - a)/c)
12/31/02	\$ -	\$ 460,527	\$ 460,527	0.00%	\$ 1,090,623	42.23%
12/31/03	-	541,210	541,210	0.00%	997,135	54.28%
12/31/04	-	550,061	550,061	0.00%	1,021,735	53.84%
12/31/05	-	561,152	561,152	0.00%	1,137,121	49.35%
12/31/06	-	521,523	521,523	0.00%	1,145,907	45.51%
12/31/07	-	564,861	564,861	0.00%	1,256,356	44.96%
12/31/08	-	612,936	612,936	0.00%	1,412,040	43.41%
12/31/09	-	720,592	720,592	0.00%	1,330,873	54.14%
12/31/10	-	723,975	723,975	0.00%	1,296,123	55.86%
12/31/11	-	857,501	857,501	0.00%	1,166,725	73.50%
12/31/12	-	853,359	853,359	0.00%	1,285,952	66.36%

Town of Tarboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions
For the Fiscal Year Ended June 30, 2013

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2009	65,578	82.08%
2010	74,784	51.47%
2011	74,571	65.71%
2012	72,940	97.12%
2013	80,867	86.18%

Notes to the Required Schedules:

part actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	18 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

Town of Tarboro, North Carolina
Other Post-Employment Benefits
Required Supplementary Information
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
		Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)			
12/31/07	\$ -	\$ 12,029,113	\$ 12,029,113	0.00%	\$5,844,561	205.82%
12/31/09	-	12,121,144	12,121,144	0.00%	6,532,708	185.55%
12/31/11	-	14,080,314	14,080,314	0.00%	6,024,708	233.71%

Town of Tarboro, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions
For the Fiscal Year Ended June 30, 2013

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 986,974	22.7%
2011	986,974	29.6%
2012	977,667	58.5%
2013	965,689	146.5%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	9.50 - 5.00%
Post-Medicare trend rate	7.00 - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

MAJOR GOVERNMENTAL FUNDS

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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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 3,530,000	\$ 3,396,431	\$ (133,569)
Penalties and interest	21,150	22,522	1,372
Total	<u>3,551,150</u>	<u>3,418,953</u>	<u>(132,197)</u>
Other Taxes and Licenses:			
Cable TV franchise	215,000	206,591	(8,409)
Rental vehicle tax	3,000	2,703	(297)
Dog licenses/beer & wine	1,850	1,647	(203)
Privilege licenses	51,828	76,349	24,521
Total	<u>271,678</u>	<u>287,290</u>	<u>15,612</u>
Unrestricted Intergovernmental:			
Local option sales taxes	1,500,000	1,442,704	(57,296)
Payments in lieu of taxes-outside sources	200,263	7,363	(192,900)
Utility franchise tax	850,000	829,256	(20,744)
Beer and wine tax	47,500	45,732	(1,768)
ABC profit distribution	2,500	7,866	5,366
Hold harmless reimbursements	187,500	192,523	5,023
Total	<u>2,787,763</u>	<u>2,525,444</u>	<u>(262,319)</u>
Restricted Intergovernmental:			
Powell Bill allocation	323,000	327,759	4,759
Federal nutrition program	47,500	34,781	(12,719)
Federal aging program	9,000	13,946	4,946
Other grants	56,752	65,917	9,165
Total	<u>436,252</u>	<u>442,403</u>	<u>6,151</u>
Permits and Fees:			
Building permits	35,000	85,005	50,005
Fees	70,550	48,294	(22,256)
Total	<u>105,550</u>	<u>133,299</u>	<u>27,749</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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues: (continued)			
Sales and Services:			
Recreation department fees	178,000	141,468	(36,532)
Sale of cemetery lots	20,000	27,526	7,526
Rent revenue	40,000	52,684	12,684
Total	<u>238,000</u>	<u>221,678</u>	<u>(16,322)</u>
Investment earnings	<u>5,000</u>	<u>23,400</u>	<u>18,400</u>
Miscellaneous:			
Sale of materials and property	5,000	35,133	30,133
Other	39,387	203,834	164,447
Total	<u>44,387</u>	<u>238,967</u>	<u>194,580</u>
Total revenues	<u>7,439,780</u>	<u>7,291,434</u>	<u>(148,346)</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	41,202	39,620	1,582
Operating expenditures	16,250	6,456	9,794
Total	<u>57,452</u>	<u>46,076</u>	<u>11,376</u>
Administration:			
Salaries and employee benefits	162,272	154,161	8,111
Operating expenditures	720,077	239,346	480,731
Total	<u>882,349</u>	<u>393,507</u>	<u>488,842</u>
Finance - Accounting:			
Salaries and employee benefits	83,026	75,057	7,969
Operating expenditures	55,955	54,910	1,045
Capital outlay	30,000	4,473	25,527
Total	<u>168,981</u>	<u>134,440</u>	<u>34,541</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, 2013

	Budget	Actual	Variance Positive (Negative)
Expenditures: (continued)			
General Government (continued):			
Finance - Administration:			
Salaries and employee benefits	75,100	71,542	3,558
Operating expenditures	22,336	20,956	1,380
Total	97,436	92,498	4,938
Finance - Collections:			
Salaries and employee benefits	102,100	93,895	8,205
Operating expenditures	19,550	17,763	1,787
Total	121,650	111,658	9,992
Planning and Economic Development:			
Salaries and employee benefits	114,939	112,614	2,325
Operating expenditures	30,375	22,419	7,956
Total	145,314	135,033	10,281
Public Works:			
Salaries and employee benefits	631,683	571,893	59,790
Operating expenditures	211,698	195,523	16,175
Capital outlay	65,114	82,358	(17,244)
Total	908,495	849,774	58,721
Public Safety:			
Police:			
Salaries and employee benefits	2,236,430	2,183,484	52,946
Operating expenditures	320,502	281,273	39,229
Total	2,556,932	2,464,757	92,175
Fire:			
Salaries and employee benefits	1,352,910	1,270,919	81,991
Operating expenditures	138,700	137,724	976
Total	1,491,610	1,408,643	82,967
Total public safety	4,048,542	3,873,400	175,142

(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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government (continued):			
Transportation:			
Streets and Highways:			
Salaries and employee benefits	490,980	468,580	22,400
Capital outlay	214,000	162,548	51,452
Operating expenditures	359,700	355,518	4,182
Total transportation	<u>1,064,680</u>	<u>986,646</u>	<u>78,034</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits	688,226	641,255	46,971
Operating expenditures	399,820	366,301	33,519
Capital outlay	10,000	5,643	4,357
Total cultural and recreation	<u>1,098,046</u>	<u>1,013,199</u>	<u>84,847</u>
Payment to Outside Agencies:			
Princeville fire tax reimbursement	8,327	8,327	-
Tarboro-Edgecombe Airport	14,720	14,720	-
Edgecombe County Library	146,528	146,528	-
Blount-Bridgers House	35,431	35,431	-
Carolinas Gateway Partnership	34,555	33,862	693
Total	<u>239,561</u>	<u>238,868</u>	<u>693</u>
Total general government	<u>8,832,506</u>	<u>7,875,099</u>	<u>957,407</u>
Revenues over (under) expenditures	<u>(1,392,726)</u>	<u>(583,665)</u>	<u>809,061</u>
Other financing sources (uses):			
Transfers from other funds	1,000,068	1,194,831	194,763
Contribution to capital reserves	(110,500)	-	(110,500)
Fund balance appropriated	503,158	-	503,158
Total other financing sources (uses)	<u>1,392,726</u>	<u>1,194,831</u>	<u>(197,895)</u>
Net change in fund balance	<u>-</u>	611,166	<u>611,166</u>
Fund balances, beginning		4,314,611	
Fund balances, ending		<u>4,925,777</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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Town of Tarboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Emergency Telephone System Fund	Law Enforcement Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 47,002	\$ 14,360	\$ 61,362
Receivables - net:			
Other	22,422	2	22,424
Total assets	<u>\$ 69,424</u>	<u>\$ 14,362</u>	<u>\$ 83,786</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	22,422	2	22,424
Public safety	45,502	14,360	59,862
Unassigned	-	-	-
Total fund balances	<u>67,924</u>	<u>14,362</u>	<u>82,286</u>
Total liabilities and fund balances	<u>\$ 69,424</u>	<u>\$ 14,362</u>	<u>\$ 83,786</u>

Town of Tarboro, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Emergency Telephone System Fund	Law Enforcement Fund	Total Nonmajor Governmental Funds
Revenues:			
Unrestricted intergovernmental	\$ -	\$ 7,988	\$ 7,988
Restricted intergovernmental	134,504	-	134,504
Investment earnings	113	60	173
Total revenues	<u>134,617</u>	<u>8,048</u>	<u>142,665</u>
Expenditures:			
Current:			
Public safety	<u>82,765</u>	<u>15,472</u>	<u>98,237</u>
Net change in fund balance	51,852	(7,424)	44,428
Fund Balances:			
Beginning of year, July 1	16,072	21,786	37,858
End of year, June 30	<u><u>\$ 67,924</u></u>	<u><u>\$ 14,362</u></u>	<u><u>\$ 82,286</u></u>

NON-MAJOR SPECIAL REVENUE FUNDS

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Town of Tarboro, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	2013		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 107,052	\$ 134,504	\$ 27,452
Investment earnings	250	113	(137)
Total revenues	<u>107,302</u>	<u>134,617</u>	<u>27,315</u>
Expenditures:			
Telephone	82,500	66,116	16,384
Software maintenance	20,500	16,644	3,856
Hardware maintenance	4,302	5	4,297
Total expenditures	<u>107,302</u>	<u>82,765</u>	<u>24,537</u>
Net change in fund balance	<u><u>\$ -</u></u>	51,852	<u><u>\$ 51,852</u></u>
Fund Balances:			
Beginning of year, July 1		16,072	
End of year, June 30		<u><u>\$ 67,924</u></u>	

Town of Tarboro, North Carolina
Law Enforcement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	2013		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Unrestricted intergovernmental	\$ 15,000	\$ 7,988	\$ (7,012)
Investment earnings	100	60	(40)
Total Revenues	15,100	8,048	(7,052)
Expenditures:			
Public safety	21,773	15,472	6,301
Revenues over (under) expenditures	(6,673)	(7,424)	(751)
Other financing sources (uses):			
Fund balance appropriated	6,673	-	(6,673)
Net change in fund balance	<u>\$ -</u>	<u>(7,424)</u>	<u>\$ (7,424)</u>
Fund Balances:			
Beginning of year, July 1		21,786	
End of year, June 30		<u>\$ 14,362</u>	

Town of Tarboro, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Electricity sales	\$ 28,734,800	\$ 28,056,732	\$ (678,068)
Other operating revenues	108,500	139,601	31,101
Total operating revenues	28,843,300	28,196,333	(646,967)
Non-operating Revenues:			
Interest on investments	7,500	9,166	1,666
Other non-operating revenue	16,500	141,212	124,712
Total non-operating revenues	24,000	150,378	126,378
Total revenues	28,867,300	28,346,711	(520,589)
Expenses:			
Administration and Operations:			
Salaries and employee benefits	1,215,390	1,090,945	124,445
Administration	771,922	773,098	(1,176)
Operations	602,500	517,416	85,084
Total	2,589,812	2,381,459	208,353
Other Operating Expenses:			
Load management	182,657	195,190	(12,533)
Electrical Power Purchases	24,610,000	23,676,043	933,957
Capital Outlay:			
Distribution system	150,000	234,522	(84,522)
Equipment	157,098	83,126	73,972
Total capital outlay	307,098	317,648	(10,550)
Total expenses	27,689,567	26,570,340	1,119,227
Revenues over (under) expenditures	1,177,733	1,776,371	598,638

(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, 2013

	Budget	Actual	Variance Positive (Negative)
(continued)			
Other financing sources (uses):			
Transfer to General Fund	(1,194,831)	(1,194,831)	-
Fund balance appropriated	17,098	-	(17,098)
Total other financing sources (uses)	<u>(1,177,733)</u>	<u>(1,194,831)</u>	<u>(17,098)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	581,540	<u>\$ 581,540</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Depreciation		(1,522,592)	
Decrease in other post-employment benefits		44,856	
Increase in accrued vacation pay		(12,268)	
Capital project revenues		1,390,000	
Capital project expenditures		(1,284,738)	
Capital assets purchased/capitalized		1,602,386	
Total reconciling items		<u>217,644</u>	
Change in net position		<u>\$ 799,184</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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water and sewer sales	\$ 3,910,200	\$ 4,004,621	\$ 94,421
Water and sewer taps	20,000	41,614	21,614
Other operating revenues	25,500	27,816	2,316
Total operating revenues	<u>3,955,700</u>	<u>4,074,051</u>	<u>118,351</u>
Non-operating Revenues:			
Interest earnings	5,000	7,918	2,918
Other non-operating revenues	-	13,198	13,198
Total non-operating revenues	<u>5,000</u>	<u>21,116</u>	<u>16,116</u>
Total revenues	<u>3,960,700</u>	<u>4,095,167</u>	<u>134,467</u>
Expenses:			
Water and Sewer Administration:			
Salaries and employee benefits	1,322,240	1,200,334	121,906
Professional services	35,000	13,213	21,787
Administration	813,808	747,443	66,365
Total	<u>2,171,048</u>	<u>1,960,990</u>	<u>210,058</u>
Water Treatment and Distribution:			
Utilities	250,000	261,040	(11,040)
Other operating expenses	480,000	456,750	23,250
Total	<u>730,000</u>	<u>717,790</u>	<u>12,210</u>
Waste Water Collection and Treatment:			
Utilities	296,000	316,094	(20,094)
Other operating expenditures	415,425	357,127	58,298
Total	<u>711,425</u>	<u>673,221</u>	<u>38,204</u>
Debt service			
Debt principal	-	7,338	(7,338)
Total	<u>-</u>	<u>7,338</u>	<u>(7,338)</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, 2013

	Budget	Actual	Variance Positive (Negative)
Capital Outlay:			
Equipment	206,569	215,924	(9,355)
Water distribution	200,000	68,476	131,524
Sewer treatment	50,000	62,892	(12,892)
Total	<u>456,569</u>	<u>347,292</u>	<u>109,277</u>
 Total expenses	<u>4,069,042</u>	<u>3,706,631</u>	<u>362,411</u>
 Revenues over (under) expenditures	<u>(108,342)</u>	<u>388,536</u>	<u>496,878</u>
 Other financing sources (uses):			
Fund balance appropriated	<u>108,342</u>	<u>-</u>	<u>(108,342)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>388,536</u>	<u>\$ 388,536</u>
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Debt principal		7,338	
Depreciation		(967,536)	
Decrease in other post-employment benefits		70,359	
Increase in accrued vacation pay		(2,906)	
Capital assets purchased/capitalized		<u>347,292</u>	
Total reconciling items		<u>(545,453)</u>	
 Change in net position		<u>\$ (156,917)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Charge for Services:			
Solid waste collection & disposal charge	\$ 1,013,612	\$ 1,005,247	\$ (8,365)
Non-operating Revenues:			
Interest on investments	1,410	1,322	(88)
Solid waste disposal tax	7,500	8,177	677
Other non-operating revenues	11,834	14,565	2,731
Total revenues	<u>1,034,356</u>	<u>1,029,311</u>	<u>(5,045)</u>
Expenses:			
Solid Waste Collection and Disposal:			
Salaries and employee benefits	320,760	299,676	21,084
Sanitary landfill fees	230,362	209,791	20,571
Administration	497,400	482,998	14,402
Total	<u>1,048,522</u>	<u>992,465</u>	<u>56,057</u>
Capital outlay	<u>23,695</u>	<u>25,345</u>	<u>(1,650)</u>
Total expenses	<u>1,072,217</u>	<u>1,017,810</u>	<u>54,407</u>
Revenues over (under) expenditures	(37,861)	11,501	49,362
Other financing sources (uses):			
Fund balance appropriated	<u>37,861</u>	<u>-</u>	<u>(37,861)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	11,501	<u>\$ 11,501</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Depreciation		(10,595)	
Decrease in other post-employment benefits		28,534	
Increase in accrued vacation pay		(671)	
Capital assets purchased/capitalized		<u>25,345</u>	
Total reconciling items		<u>42,613</u>	
Change in net position		<u>\$ 54,114</u>	

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NON-MAJOR CAPITAL PROJECTS FUNDS

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Town of Tarboro, North Carolina
Electric Capital Projects Fund
Superior Essex Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual - (non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2013

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Positive
		Year	Year	Date	(Negative)
Revenues:					
Superior Essex Project:					
Carolinas Gateway	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Rural Center Grant	640,000	-	640,000	640,000	-
Golden Leaf	500,000	-	500,000	500,000	-
Industrial Development Fund	250,000	-	250,000	250,000	-
Total revenues	<u>1,400,000</u>	<u>10,000</u>	<u>1,390,000</u>	<u>1,400,000</u>	<u>-</u>
Expenditures:					
Superior Essex Project:					
Professional services	35,000	25,000	10,000	35,000	-
Construction	<u>1,465,000</u>	<u>36,110</u>	<u>1,274,738</u>	<u>1,310,848</u>	<u>154,152</u>
Total expenditures	<u>1,500,000</u>	<u>61,110</u>	<u>1,284,738</u>	<u>1,345,848</u>	<u>154,152</u>
Revenues over (under) expenditures	(100,000)	(51,110)	105,262	54,152	154,152
Other Financing Sources (Uses):					
Transfer from Electric Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 48,890</u>	<u>\$ 105,262</u>	<u>\$ 154,152</u>	<u>\$ 154,152</u>

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

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Town of Tarboro, North Carolina
Comparative Schedule of Capital Assets by Source
June 30, 2013

	<u>2013</u>	<u>2012</u>
Capital Assets:		
Land	\$ 1,909,193	\$ 1,909,193
Buildings and improvements	6,242,554	6,242,554
Other improvements	2,864,250	2,864,250
Infrastructure streets	49,398,399	49,398,399
Infrastructure sidewalks	549,028	549,028
Equipment	7,656,781	7,474,718
Total capital assets	<u>\$ 68,620,205</u>	<u>\$ 68,438,142</u>
 Capital Assets by Source:		
General government	\$ 2,284,281	\$ 2,284,281
Public safety	7,093,151	7,093,151
Public works	53,580,140	53,403,719
Cultural and recreational	5,662,633	5,656,991
 Total capital assets by source	<u>\$ 68,620,205</u>	<u>\$ 68,438,142</u>

Town of Tarboro, North Carolina
Schedule of Capital Assets, by Function and Activity
June 30, 2013

	Land	Buildings	Other Improvements	Infrastructure		CIP	Equipment	Total
				Streets	Sidewalks			
General Government:								
Administration	\$ 1,550,693	\$ 353,057	\$ 187,726	\$ -	\$ -	\$ -	\$ 7,874	\$ 2,099,350
Finance	-	-	-	-	-	-	168,382	168,382
Planning	-	-	-	-	-	-	16,549	16,549
Total general government	1,550,693	353,057	187,726	-	-	-	192,805	2,284,281
Public Safety:								
Police	8,500	1,301,780	39,338	-	-	-	2,704,785	4,054,403
Fire	-	628,098	231,613	-	-	-	2,179,037	3,038,748
Total public safety	8,500	1,929,878	270,951	-	-	-	4,883,822	7,093,151
Public Works:								
Garage	-	-	-	-	-	-	30,261	30,261
Buildings and grounds	-	780,902	583,304	-	-	-	762,204	2,126,410
Administration	-	-	-	-	-	-	10,637	10,637
Engineering	-	-	-	-	-	-	90,414	90,414
Streets	-	-	189,741	49,398,399	-	-	1,185,250	50,773,390
Sidewalks	-	-	-	-	549,028	-	-	549,028
Total Public Works	-	780,902	773,045	49,398,399	549,028	-	2,078,766	53,580,140
Cultural and Recreational:								
Cultural and recreation	350,000	3,178,717	1,632,528	-	-	-	501,388	5,662,633
Total Capital Assets	\$ 1,909,193	\$ 6,242,554	\$ 2,864,250	\$ 49,398,399	\$ 549,028	\$ -	\$ 7,656,781	\$ 68,620,205

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on property taxes.

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Town of Tarboro, North Carolina
Schedule of Cash and Investment Balances
June 30, 2013

Cash and Cash Equivalents:

On hand	\$ 3,301
In demand deposits	2,319,111
Certificates of deposit with maturities of 91 days or less	2,250,000
Certificates of deposit with maturities of over 91 days	3,300,000
North Carolina Capital Management Trust	1,964,340
Total	\$ 9,836,752

Distribution by Funds:

General Fund	\$ 4,602,953
Special revenue funds	61,362
Enterprise funds:	
Electric Fund	2,566,435
Water and Sewer Fund	2,246,544
Solid Waste Fund	359,458
Total	\$ 9,836,752

Town of Tarboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 3,589,343	\$ 3,410,152	\$ 179,191
2011-2012	130,119	2,846	76,027	56,938
2010-2011	256,865	-	120,111	136,754
2009-2010	84,283	-	4,070	80,213
2008-2009	16,634	-	1,845	14,789
2007-2008	12,612	-	991	11,621
2006-2007	10,043	-	232	9,811
2005-2006	9,412	-	137	9,275
2004-2005	9,454	-	411	9,043
2003-2004	7,222	-	230	6,992
Prior years	12,250	-	9,046	3,204
	<u>\$ 548,894</u>	<u>\$ 3,592,189</u>	<u>\$ 3,623,252</u>	<u>517,831</u>
Less: Allowance for Uncollectible Accounts:				
General Fund				<u>15,399</u>
Ad valorem taxes receivable - net				<u>502,432</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				3,396,431
Reconciling Items:				
Prior years taxes written off				9,010
Prior year releases				117,416
Refund prior year				58,530
Auto sticker fees				40,665
Dog licenses				1,200
Total reconciling items				<u>226,821</u>
Total collections and credits				<u>\$ 3,623,252</u>

Town of Tarboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2013

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current:					
Real estate	\$ 589,172,336	0.41	\$ 2,415,607	\$ 2,415,607	\$ -
Personal property	173,550,054	0.41	711,555	711,555	-
Gross levy	762,722,390		3,127,162	3,127,162	-
Add:					
Motor vehicles taxed at					
current year's rate	69,346,263	0.41	284,320	-	284,320
Other afterlists (1)	41,245,500		168,908	168,908	-
Late listing penalties	-		5,181	5,181	-
Sticker fees/dog licences	-		42,139	1,569	40,570
	873,314,153		3,627,710	3,302,820	324,890
Deduct releases:	(9,357,955)		(38,367)	(35,761)	(2,606)
Net levy	<u><u>\$ 863,956,198</u></u>		<u>3,589,343</u>	<u>3,267,059</u>	<u>322,284</u>
Uncollected taxes at June 30, 2013			179,191	112,851	66,340
Current year's taxes collected			<u><u>\$ 3,410,152</u></u>	<u><u>\$ 3,154,208</u></u>	<u><u>\$ 255,944</u></u>
Current levy collection percentage			<u><u>95.01%</u></u>	<u><u>96.55%</u></u>	<u><u>79.42%</u></u>

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

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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	82
Revenue Capacity <i>These schedules contain information that helps the reader assess the Town's most significant local revenue source, the property tax.</i>	85
Debt Capacity <i>This schedule presents information to help the reader assess the affordability of the Town's ability to issue debt in the future.</i>	95
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	98
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	101

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

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TOWN OF TARBORO, NORTH CAROLINA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 29,769	\$ 28,490	\$ 27,080	\$ 25,025	\$ 23,969	\$ 22,134	\$ 20,560	\$ 18,800	\$ 17,418	\$ 16,224
Restricted	-	4,040	3,363	836	759	333	973	2,292	1,951	1,980
Unrestricted	5,139	714	667	3,036	3,084	2,436	950	(215)	570	1,641
Total governmental activities net position	\$ 34,908	\$ 33,244	\$ 31,110	\$ 28,897	\$ 27,812	\$ 24,903	\$ 22,483	\$ 20,877	\$ 19,939	\$ 19,845
Business-Type Activities										
Net investment in capital assets	\$ 48,543	\$ 47,940	\$ 46,729	\$ 45,835	\$ 43,879	\$ 42,450	\$ 40,408	\$ 38,195	\$ 37,230	\$ 36,361
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,521	5,899	5,665	5,918	5,010	4,439	4,650	5,472	5,669	6,960
Total business-type activities net position	\$ 55,064	\$ 53,839	\$ 52,394	\$ 51,753	\$ 48,889	\$ 46,889	\$ 45,058	\$ 43,667	\$ 42,899	\$ 43,321
Primary Government										
Net investment in capital position	\$ 78,312	\$ 76,430	\$ 73,809	\$ 70,860	\$ 67,848	\$ 64,584	\$ 60,968	\$ 56,995	\$ 54,648	\$ 52,585
Restricted	-	4,040	3,363	836	759	333	973	2,292	1,951	1,980
Unrestricted	11,660	6,613	6,332	8,954	8,094	6,875	5,600	5,257	6,239	8,601
Total primary government net position	\$ 89,972	\$ 87,083	\$ 83,504	\$ 80,650	\$ 76,701	\$ 71,792	\$ 67,541	\$ 64,544	\$ 62,838	\$ 63,166

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General Government										
Public safety	\$ 3,874	\$ 2,719	\$ 2,737	\$ 2,920	\$ 3,062	\$ 3,590	\$ 3,630	\$ 3,569	\$ 3,409	\$ 2,029
Transportation	3,793	3,832	2,899	3,751	3,938	4,477	4,386	4,518	4,413	3,969
Economic and physical development	2,913	1,790	3,448	1,855	2,560	2,667	2,894	2,549	2,659	1,054
Cultural and recreation	-	426	832	446	18	102	-	163	55	-
Total governmental activities expenses	1,386	1,260	1,267	1,198	1,166	1,247	1,102	1,139	1,139	2,418
	11,966	10,027	11,183	10,170	10,744	12,083	12,012	11,938	11,675	9,470
Business Type Activities:										
Water and Sewer	3,533	3,727	3,663	3,932	4,036	4,413	4,385	4,549	4,723	4,252
Electric	22,178	22,005	23,689	24,468	24,616	27,301	28,146	28,410	27,411	27,743
Solid Waste	782	616	644	688	924	1,024	1,033	1,063	1,159	975
Total business-type activities net assets	26,493	26,348	27,996	29,088	29,576	32,738	33,564	34,022	33,293	32,970
Total primary government expenses	\$ 38,459	\$ 36,375	\$ 39,179	\$ 39,258	\$ 40,320	\$ 44,821	\$ 45,576	\$ 45,960	\$ 44,968	\$ 42,440
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 80	\$ 1,070	\$ 1,026	\$ 1,063	\$ 1,266	\$ 1,334	\$ 1,332	\$ 1,426	\$ 1,420	\$ 52
Public Safety	189	47	218	572	71	57	103	60	88	214
Transportation	-	-	-	350	377	333	250	164	-	-
Cultural and recreation	136	156	-	247	255	194	303	221	188	169
Operating Grants and Contributions	357	369	363	101	-	107	501	590	753	577
Capital Grants and Contributions	94	205	-	-	103	-	-	-	69	-
Total governmental activities program revenues	856	1,847	1,607	2,333	2,072	2,025	2,489	2,461	2,518	1,012
Business Type Activities:										
Charges for services:										
Water and Sewer	2,665	2,865	3,081	2,895	2,919	3,172	3,307	4,040	4,012	4,074
Electric	22,310	22,002	23,311	24,015	23,879	26,862	28,476	29,035	27,183	28,197
Solid Waste	653	685	704	739	868	945	942	958	992	1,005
Operating Grants and Contributions	-	-	-	-	-	-	-	-	422	177
Capital Grants and Contributions	510	493	-	664	5	594	129	205	1,080	1,390
Total business-type activities program revenues	26,138	26,045	27,096	28,313	27,671	31,573	32,854	34,238	33,689	34,843
Total primary government revenues	\$ 26,994	\$ 27,892	\$ 28,703	\$ 30,646	\$ 29,743	\$ 33,598	\$ 35,343	\$ 36,699	\$ 36,207	\$ 35,855

(continued)

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

(continued)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (11,110)	\$ (8,180)	\$ (9,576)	\$ (7,837)	\$ (8,672)	\$ (10,058)	\$ (9,523)	\$ (9,477)	\$ (9,157)	\$ (8,458)
Business-type activities	(355)	(303)	(900)	(775)	(1,905)	(1,165)	(710)	216	396	1,873
Total primary government net expense	<u>\$ (11,465)</u>	<u>\$ (8,483)</u>	<u>\$ (10,476)</u>	<u>\$ (8,612)</u>	<u>\$ (10,577)</u>	<u>\$ (11,223)</u>	<u>\$ (10,233)</u>	<u>\$ (9,261)</u>	<u>\$ (8,761)</u>	<u>\$ (6,585)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 3,101	\$ 3,082	\$ 3,073	\$ 3,039	\$ 3,039	\$ 3,035	\$ 3,239	\$ 3,194	\$ 3,822	\$ 3,373
Other taxes and licenses	132	136	140	144	179	205	230	241	271	287
Unrestricted intergovernmental	2,331	2,592	2,462	2,591	2,777	2,728	2,434	2,507	2,676	2,533
Unrestricted investment earnings	58	110	201	204	189	74	16	8	18	24
Miscellaneous	107	190	195	345	274	217	45	60	246	239
Transfers	1,144	1,023	1,080	111	1,129	891	1,139	1,657	1,186	1,195
Total governmental activities	<u>6,873</u>	<u>7,133</u>	<u>7,151</u>	<u>6,434</u>	<u>7,587</u>	<u>7,150</u>	<u>7,103</u>	<u>7,667</u>	<u>8,219</u>	<u>7,651</u>
Business Type Activities:										
Unrestricted investment earnings	76	101	181	245	170	55	17	8	21	18
Transfers	(1,144)	(1,023)	(1,080)	(111)	(1,129)	(890)	(1,139)	(1,657)	(1,186)	(1,195)
Total business-type activities net assets	<u>(1,068)</u>	<u>(922)</u>	<u>(899)</u>	<u>134</u>	<u>(959)</u>	<u>(835)</u>	<u>(1,122)</u>	<u>(1,649)</u>	<u>(1,165)</u>	<u>(1,177)</u>
Total primary government revenues	<u>\$ 5,805</u>	<u>\$ 6,211</u>	<u>\$ 6,252</u>	<u>\$ 6,568</u>	<u>\$ 6,628</u>	<u>\$ 6,315</u>	<u>\$ 5,981</u>	<u>\$ 6,018</u>	<u>\$ 7,054</u>	<u>\$ 6,474</u>
Change in Net Position										
Governmental Activities	\$ (2,374)	\$ (1,048)	\$ (2,011)	\$ (140)	\$ (1,085)	\$ (2,909)	\$ (2,420)	\$ (1,810)	\$ (938)	\$ (807)
Prior period adjustment	-	(616)	(123)	-	-	-	-	-	-	-
Business-type activities	(1,424)	(1,224)	(1,445)	(698)	(2,864)	(2,000)	(1,831)	(1,429)	(769)	696
Total primary government	<u>\$ (3,798)</u>	<u>\$ (2,888)</u>	<u>\$ (3,579)</u>	<u>\$ (838)</u>	<u>\$ (3,949)</u>	<u>\$ (4,909)</u>	<u>\$ (4,251)</u>	<u>\$ (3,239)</u>	<u>\$ (1,707)</u>	<u>\$ (111)</u>

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

Fiscal Year	Property Tax	Franchise Tax	Rental Vehicle Tax	Animal Tax	Privilege License	Total
2004	\$ 3,099	\$ 90	\$ 7	\$ 2	\$ 33	\$ 3,231
2005	3,104	96	7	2	31	3,240
2006	3,054	99	8	1	32	3,194
2007	3,021	104	9	1	30	3,165
2008	3,022	135	8	1	34	3,200
2009	3,069	169	6	1	29	3,274
2010	3,164	172	3	1	54	3,394
2011	3,154	177	3	1	59	3,394
2012	3,559	214	3	2	53	3,831
2013	3,419	206	3	2	76	3,706

TOWN OF TARBORO, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,146	\$ 1,535	\$ 1,173	\$ 1,584	\$ 1,329	\$ 1,504	\$ 1,543	\$ -	\$ -	\$ -
Unreserved	3,677	2,855	3,142	2,483	2,569	1,840	1,266	-	-	-
Non-Spendable	-	-	-	-	-	-	-	68	49	90
Restricted	-	-	-	-	-	-	-	2,029	1,913	1,898
Assigned	-	-	-	-	-	-	-	792	897	164
Unassigned	-	-	-	-	-	-	-	617	1,456	2,774
Total General Fund	\$ 4,823	\$ 4,390	\$ 4,315	\$ 4,067	\$ 3,898	\$ 3,344	\$ 2,809	\$ 3,506	\$ 4,315	\$ 4,926
All other governmental funds										
Reserved	\$ -	\$ 1	\$ -	\$ 1	\$ 46	\$ 1	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	72	108	7	73	201	260	354	(36)	38	82
Capital projects funds	2	653	80	104	100	67	7	-	-	-
Total all other governmental funds	\$ 74	\$ 762	\$ 87	\$ 178	\$ 347	\$ 328	\$ 361	\$ (36)	\$ 38	\$ 82

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

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 3,231	\$ 3,240	\$ 3,194	\$ 3,166	\$ 3,200	\$ 3,274	\$ 3,394	\$ 3,395	\$ 3,830	\$ 3,706
Intergovernmental	2,898	3,158	3,142	3,542	3,258	3,168	3,115	3,232	3,492	3,110
Permits and fees	47	47	84	64	64	57	52	55	83	133
Sales and services	216	205	221	247	255	232	408	265	232	222
Investment earnings	58	110	201	204	189	74	16	8	17	24
Assessments	27	9	10	8	7	-	-	-	-	-
Miscellaneous	76	189	204	345	274	220	100	94	276	239
Charges for services	902	1,020	1,026	1,063	1,266	1,293	1,293	1,382	1,377	1,325
Total general fund	7,455	7,978	8,082	8,639	8,513	8,318	8,378	8,431	9,307	8,759
Expenditures										
General government	2,880	2,725	2,727	2,842	3,084	3,403	3,364	3,464	3,374	3,327
Public safety	3,268	3,381	3,454	3,582	4,047	4,304	4,250	4,041	3,932	3,972
Transportation	1,463	1,064	1,548	984	1,394	850	1,213	858	1,448	986
Culture and recreation	1,133	1,151	1,225	1,053	1,099	1,123	942	996	972	1,013
Economic Development	-	426	833	446	17	102	250	163	55	-
Capital Projects	-	-	-	-	-	-	-	287	74	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	8,744	8,747	9,787	8,907	9,641	9,782	10,019	9,809	9,855	9,298
Excess of revenues over(under) expenditures	(1,289)	(769)	(1,705)	(268)	(1,128)	(1,464)	(1,641)	(1,378)	(548)	(539)
Other financing sources (uses)										
Transfers in	1,176	2,105	1,426	1,419	1,129	957	1,210	1,875	1,250	1,195
Transfers out	(32)	(1,082)	(346)	(1,308)	-	(67)	(71)	(218)	(64)	-
Total other financing sources (uses)	1,144	1,023	1,080	111	1,129	890	1,139	1,657	1,186	1,195
Net change in fund balances	\$ (145)	\$ 254	\$ (625)	\$ (157)	\$ 1	\$ (574)	\$ (502)	\$ 279	\$ 638	\$ 656

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Licenses, Permits and Fees</u>	<u>Other Taxes and Licenses</u>	<u>Inter- governmental</u>	<u>Sales and Services</u>	<u>Interest</u>	<u>Special Assessments</u>	<u>Other</u>	<u>Total</u>
2004	\$ 3,099	\$ 47	\$ 132	\$ 2,898	\$ 216	\$ 58	\$ 27	\$ 76	\$ 6,553
2005	3,104	47	137	3,158	205	108	9	190	6,958
2006	3,054	84	140	3,142	221	201	10	204	7,056
2007	3,022	64	144	3,215	247	204	8	345	7,249
2008	3,022	64	179	3,258	255	189	6	274	7,247
2009	3,068	57	205	3,168	232	74	0	220	7,024
2010	3,164	52	230	3,116	408	16	0	100	7,086
2011	3,154	56	241	3,230	265	8	0	95	7,049
2012	3,559	83	271	3,491	232	17	0	276	7,929
2013	3,419	133	287	3,305	222	24	0	239	7,629

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

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

Fiscal Year	Real Property			Personal Property Value ¹	Public Service Co. Value ²	Total Assessed Value	Total Direct Tax Rate Base	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Less Exemptions	Net Value ¹						
2004	\$413,005	\$ 4,213	\$408,792	\$276,071	\$ 31,206	\$716,069	\$ 4	\$ 787,970	90.9%
2005	417,943	4,717	413,226	273,912	30,844	717,982	4.20	796,620	90.1%
2006	423,239	4,640	418,599	265,797	31,780	716,176	4.20	789,931	90.7%
2007	424,881	4,498	420,383	260,894	28,232	709,509	4.20	837,194	84.7%
2008	428,042	5,001	423,041	253,632	27,992	704,665	4.20	841,843	83.7%
2009	429,893	4,800	425,093	254,605	26,008	705,706	4.20	712,719	99.0%
2010	593,362	7,600	585,762	247,990	33,946	867,698	3.60	877,737	98.9%
2011	598,405	7,213	591,192	242,030	32,598	865,820	3.60	884,073	97.9%
2012	598,788	8,467	590,321	241,150	30,371	861,842	4.10	879,080	98.0%
2013	589,172	8,294	580,878	251,323	31,582	863,783	4.10	884,073	97.7%

Note: Real property is revalued once every eight years; the last occurred in 2009.

¹ Edgecombe Co. Tax Assessor for real and personal property value

² Public Service Co. NC Department of Revenue

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct:										
Town of Tarboro	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.36	\$ 0.36	\$ 0.41	\$ 0.41
Overlapping:										
Edgecombe County	0.91	0.93	0.93	0.94	0.94	0.94	0.86	0.86	0.86	0.86

Source: Edgecombe County CAFR (6/30/12). Property was revalued in 2009.

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

TOWN OF TARBORO, NORTH CAROLINA
Principal Property Taxpayers
June 30, 2013
(amounts expressed in thousands)

Taxpayer	2012-2013			2011-2012		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Carolina System Technology, Inc.	\$ 66,999	1	8.7%	\$ 65,853	1	8.5%
Sara Lee Bakery Co	46,026	2	6.0%	49,166	2	6.4%
Carolina Tel & Tel Company	18,552	3	2.4%	20,116	3	2.6%
Kitchens of Sara Lee Corp	17,279	4	2.2%	17,274	4	2.2%
Superior Teletec, Inc.	14,133	5	1.8%	14,584	5	1.9%
Art Mortgage Borrer Prop.	10,226	6	1.3%	10,226	6	1.3%
Lowe's Home Centers Inc.	9,908	7	1.3%	10,112	7	1.3%
Air Systems Components LP	9,446	8	1.2%	8,848	8	1.1%
Wal-Mart Real Estate Business	8,848	9	1.1%	8,441	9	1.1%
Spongex, LLC	8,831	10	1.1%	8,387	10	1.1%

Taxpayer	2010-2011			2009-2010		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Carolina System Technology, Inc	\$ 69,274	1	9.0%	\$ 71,614	1	8.3
Sara Lee Bakery Co	40,848	2	5.3%	31,473	2	3.7
Carolina Tel & Tel Company	22,048	3	2.9%	23,525	3	2.7
Kitchens of Sara Lee Corp	17,274	4	2.2%	17,274	4	1.0
Superior Teletec, Inc	15,588	5	2.0%	13,345	5	1.5
Art Mortgage Borrer Prop.	10,226	6	1.3%	10,226	6	1.2
Lowe's Home Centers Inc.				9,125	7	1.1
Wal-Mart Real Estate Business	8,848	8	1.1%	8,848	8	1.1
Spongex, LLC	10,368	9	1.3%	8,325	9	1.0
Air Systems Components LP	7,789	10	1.0%	7,789	10	1.1
Sunrise IV Albemarle SL LLC	8,382	9	1.1%			

(continued)

TOWN OF TARBORO, NORTH CAROLINA
Principal Property Taxpayers
June 30, 2013
(amounts expressed in thousands)

Principal Property Taxpayers (continued)

Taxpayer	2008-2009			2007-2008		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Carolina System Technology, Inc	\$ 66,930	1	9.5%	\$ 66,465	1	9.4
Sara Lee Bakery Co	37,408	2	5.3%	40,687	2	5.8
Carolina Tel & Tel Company	20,193	3	2.9%	21,845	3	3.1
Kitchens of Sara Lee Corp	11,000	5	1.6%	11,000	5	2.4
Superior Teletec, Inc	15,533	4	2.2%	16,839	4	1.6
Art Mortgage Borrer Prop.						
Lowe's Home Centers Inc.						
Wal-Mart Real Estate Business	7,607	10	1.1%	6,804	10	1.0
Spongex, LLC	8,242	8	1.2%			
Air Systems Components LP	8,613	7	1.2%	9,035	6	1.3
Long Agribusiness LLC				6,956	9	1.0
URS Real Estate LP	8,644	6	1.2%	8,644	7	1.2
General Foam Plastics LP	8,044	9	1.1%	7,222	8	1.0

Taxpayer	2006-2007			2005-2006		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Carolina System Technology, Inc	\$ 66,334	1	9.3%	\$ 59,624	1	8.3
Sara Lee Bakery Co	47,558	2	6.7%	50,507	2	7.1
Carolina Tel & Tel Company	22,368	3	3.2%	25,886	3	3.6
Kitchens of Sara Lee Corp	11,000	5	1.6%	11,000	5	1.5
Superior Teletec, Inc	17,333	4	2.4%	14,923	4	2.1
Art Mortgage Borrer Prop.						
Lowe's Home Centers Inc.						
Wal-Mart Real Estate Business	6,913	10	1.0%	7,144	8	1.0
Spongex, LLC						
Air Systems Components LP	9,498	6	1.3%	9,298	6	1.3
Long Agribusiness LLC	7,026	9	1.0%			
URS Real Estate LP	8,644	7	1.2%	8,644	7	1.2
General Foam Plastics LP	7,576	8	1.1%	6,989	9	1.0
Glenoit Fabrics (HG) Corporation				6,919	10	1.0

(continued)

TOWN OF TARBORO, NORTH CAROLINA
Principal Property Taxpayers
June 30, 2013
(amounts expressed in thousands)

Principal Property Taxpayers (continued)

Taxpayer	2004-2005			2003-2004		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed Value		Taxable Assessed Value	Assessed Value		Taxable Assessed Value
Carolina System Technology, Inc	56,191	1	7.8%	58,785	1	8.2
Sara Lee Bakery Co	54,647	2	7.6%	48,367	2	6.8
Carolina Tel & Tel Company	24,258	3	3.4%	25,508	3	3.6
Kitchens of Sara Lee Corp	12,955	5	1.8%	12,941	5	1.8
Superior Teletec, Inc	17,630	4	2.5%	19,846	4	2.8
Art Mortgage Borrer Prop.						
Lowe's Home Centers Inc.						
Wal-Mart Real Estate Business	7,312	9	1.0%	7,795	9	1.1
Spongex, LLC						
Air Systems Components LP	9,946	6	1.4%	10,369	7	1.4
Fieldcrest Cannon, Inc						
URS Real Estate LP	8,644	7	1.2%	8,644	8	1.2
General Foam Plastics LP	7,217	10	1.0%	7,421	10	1.0
Glenoit Fabrics (HG) Corporation	8,368	8	1.2%	107,661	6	1.5

Source: Town of Tarboro Tax Records

TOWN OF TARBORO, NORTH CAROLINA
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
June 30, 2013
(amounts expressed in thousands)

Fiscal year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 3,065	\$ 2,969	96.9%	\$ 89	\$ 3,058	99.8%
2005	3,070	2,988	97.3%	73	3,061	99.7%
2006	3,065	2,974	97.0%	82	3,056	99.7%
2007	3,030	2,920	96.4%	100	3,020	99.7%
2008	3,014	2,889	95.9%	113	3,002	99.6%
2009	3,027	2,930	96.8%	82	3,012	99.5%
2010	3,219	3,054	94.9%	85	3,139	97.5%
2011	3,162	3,048	96.4%	(23)	3,025	95.7%
2012	3,581	3,451	96.4%	73	3,524	98.4%
2013	3,589	3,410	95.0%	-	3,410	95.0%

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value	\$ 720,283	\$ 722,570	\$ 720,816	\$ 714,008	\$ 709,666	\$ 710,506	\$ 874,645	\$ 873,037	\$ 868,130	\$ 863,956
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Net Assessed Value	<u>\$ 720,283</u>	<u>\$ 722,570</u>	<u>\$ 720,816</u>	<u>\$ 714,008</u>	<u>\$ 709,666</u>	<u>\$ 710,506</u>	<u>\$ 874,645</u>	<u>\$ 873,037</u>	<u>\$ 868,130</u>	<u>\$ 863,956</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for FY 2012

Assessed value	\$ 863,783
Add back: exempt real property	173
Total assessed value	<u>\$ 863,956</u>
Debt limit (8% of total assessed value)	\$ 69,116
Debt applicable to limit:	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 69,116</u>

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

TOWN OF TARBORO, NORTH CAROLINA
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds (in thousands)
June 30, 2013

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding¹</u>	<u>Estimated Percentage Applicable²</u>	<u>Estimate Share of Overlapping Debt</u>
Direct:			
Town of Tarboro	\$ -	0.00%	\$ -
Overlapping:			
Edgecombe County	9,930	27.90%	2,770

¹ Edgecombe County CAFR @ 6/30/12

² The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion the Town of Tarboro's taxable assessed value that is within Edgecombe County's boundaries and dividing it by the Town's total taxable assessed value (863,783 divided by 3,094,050 equals 27.9% as of 6/30/12)

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

TOWN OF TARBORO, NORTH CAROLINA
Top Ten Utility Customers
June 30, 2013

Customer	2004		2005		2006		2007		2008	
	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total
Sara Lee Bakery Company	\$ 2,451,578	10.99%	\$ 2,556,886	11.62%	\$ 2,480,962	10.64%	\$ 2,499,965	10.41%	\$ 3,011,965	12.58%
Glenoit Corporation	1,152,740	5.17%	903,670	4.11%	685,828	2.94%	446,714	1.86%	442,439	1.85%
General Foam Plastics Corp.	873,289	3.91%	811,597	3.69%	904,433	3.88%	960,129	4.00%	752,819	3.14%
Nomaco	819,496	3.67%	766,024	3.48%	827,737	3.55%	765,981	3.19%	764,405	3.19%
Air System Components	579,544	2.60%	622,044	2.83%	713,883	3.06%	765,981	3.19%	846,853	3.54%
CST	742,586	3.33%	564,478	2.57%	608,185	2.61%	793,938	3.31%	733,002	3.06%
Mayo Knitting Mills	445,217	2.00%	428,378	1.95%	508,500	2.18%	506,716	2.11%	565,417	2.36%
Heritage Hospital	431,200	1.93%	425,569	1.93%	463,000	1.99%	500,672	2.08%	589,647	2.46%
Wal-mart	390,402	1.75%	392,407	1.78%	428,841	1.84%	427,768	1.78%	415,700	1.74%
Spongex	-	-	-	-	-	-	-	-	594,134	2.48%
Fountains/Albemarle	-	-	-	-	-	-	-	-	438,995	1.83%
United Refrigeration	328,537	1.47%	354,542	1.61%	378,076	1.62%	370,781	1.54%	-	-
	<u>\$ 8,214,589</u>	<u>36.82%</u>	<u>\$ 7,825,595</u>	<u>35.57%</u>	<u>\$ 7,999,445</u>	<u>34.32%</u>	<u>\$ 8,038,645</u>	<u>33.47%</u>	<u>\$ 9,155,376</u>	<u>38.24%</u>
Total Revenue (Electric Fund)	<u>\$ 22,309,811</u>		<u>\$ 22,001,588</u>		<u>\$ 23,310,763</u>		<u>\$ 24,015,002</u>		<u>\$ 23,941,497</u>	

Customer	2009		2010		2011		2012		2013	
	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total	Total Sales	% of Total
Sara Lee Bakery Company	\$ 3,360,650	12.50%	\$ 3,966,989	13.93%	\$ 3,692,937	12.74%	\$ 4,393,001	16.24%	\$ 4,499,710	16.17%
CST	910,757	3.39%	777,093	2.73%	765,004	2.64%	737,609	2.73%	740,011	2.66%
Air System Components	870,501	3.24%	787,819	2.77%	757,343	2.61%	853,317	3.15%	693,502	2.49%
General Foam Plastics Corp.	661,779	2.46%	829,547	2.91%	825,348	2.85%	763,996	2.82%	690,583	2.48%
Vidant Health (Heritage Hospital)	658,644	2.45%	694,596	2.44%	629,705	2.17%	578,809	2.14%	576,094	2.07%
Superior Essex Energy Inc.	-	-	-	-	-	-	-	-	529,299	1.90%
Spongex	760,718	2.83%	589,421	2.07%	558,691	1.93%	484,435	1.79%	472,878	1.70%
Fountains/Albemarle	464,596	1.73%	476,140	1.67%	458,602	1.58%	-	-	460,742	1.66%
Nomaco	802,341	2.99%	709,850	2.49%	627,937	2.17%	509,474	1.88%	442,376	1.59%
Wal-mart	475,995	1.77%	504,389	1.77%	445,233	1.54%	391,106	1.45%	437,197	1.57%
Mayo Knitting Mills	527,026	1.96%	519,364	1.82%	453,308	1.56%	364,310	1.35%	-	-
Americold LLC	-	-	-	-	-	-	482,713	1.78%	-	-
	<u>\$ 9,493,007</u>	<u>35.32%</u>	<u>\$ 9,855,208</u>	<u>34.60%</u>	<u>\$ 9,214,108</u>	<u>31.79%</u>	<u>\$ 9,558,771</u>	<u>35.33%</u>	<u>\$ 9,542,393</u>	<u>34.28%</u>
Total Revenue (Electric Fund)	<u>\$ 26,876,231</u>		<u>\$ 28,483,434</u>		<u>\$ 28,982,295</u>		<u>\$ 27,057,402</u>		<u>\$ 27,833,127</u>	

Source: Town of Tarboro Utility Records

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

Fiscal Year	Population ³	Personal Income (amounts expressed in thousands)	Median(m)/ Per Capita(pc) Income ³	Median Age ³	School Enrollment ¹	Unemployment Rate ²
2003	11,153	\$ 249,024	\$ 22,328 m	38.20	7,643	11.7%
2004	11,153	266,813	23,923 m	38.20	7,621	9.7%
2005	10,985	279,129	25,410 m	37.58	7,832	9.0%
2006	10,841	276,370	25,493 m	37.84	7,645	8.5%
2007	10,686	284,301	26,605 m	38.00	7,499	7.9%
2008	10,585	307,515	29,052 m	38.25	7,800	8.8%
2009	10,585	355,190	33,556 m	35.30	7,579	14.2%
2010	11,415	395,279	34,628 m	38.00	7,290	15.6%
2011	11,415	230,058	20,154 pc	38.00	6,939	16.3%
2012	11,415	230,058	20,154 pc	42.30	6,645	15.2%
2013	11,415	230,058	20,154 pc	42.30	n/a *	14.5%

¹ Source: Edgecombe County Public Schools

² Employment Security Commission of North Carolina

³ U.S. Census Bureau - American Fact Finder (<http://factfinder2.census.gov>)

* Not available at time of report

TOWN OF TARBORO, NORTH CAROLINA
Principal Employers
Current Year and Nine Years Ago
As of June 30, 2013

Name of Employer	2012-2013			2002-2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment¹
Edgecombe County Schools	1100	1	16.92%	1100	1	-
Sara Lee Bakery	800	2	12.31%	935	2	-
Edgecombe County	650	3	10.00%	680	4	-
Air System Components	475	4	7.31%	287	7	-
Heritage Hospital	470	5	7.23%	489	5	-
Keihin CST	400	6	6.15%	430	6	-
Barnhill Contracting	275	7	4.23%	735	3	-
Superior Essex	260	8	4.00%	222	8	-
Town of Tarboro	174	9	2.68%	212	9	-
Nomaco, Inc	150	10	2.31%			
General Foam Plastics				200	10	-

¹ Historical information not available

Source: Carolinas Gateway Partnership, Edgecombe County CAFR

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	9	9	9	9	9	9	8	8	8	8
Planning	3	3	2	2	2	2	2	2	2	2
Public Safety										
Police										
Officers	29	29	29	29	29	29	29	29	29	29
Civilians	6	6	6	6	6	6	6	6	6	6
Fire	22	22	22	22	22	22	22	22	22	22
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Buildings and Grounds	12	12	12	12	12	17	17	14	14	14
Animal Control								1	1	1
Engineering	2	2	2	2	2	2	2	2	2	2
Garage	4	4	4	4	4	4	4	4	4	4
Streets	14	14	14	14	14	14	14	12	12	12
Recreation	18	16	15	16	18	13	13	13	13	13
Water and Sewer	28	28	28	28	28	28	28	28	28	28
Electric	20	20	20	21	21	21	21	19	19	19
Solid Waste	9	9	9	9	9	9	9	9	9	9
Total	<u>181</u>	<u>179</u>	<u>177</u>	<u>179</u>	<u>181</u>	<u>181</u>	<u>180</u>	<u>174</u>	<u>174</u>	<u>174</u>

Source: Town of Tarboro payroll records.

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	3,055	3,193	2,538	2,538	2,414	1,855	1,565	1,330	1,446	2,125
Parking violations	419	408	657	533	233	335	505	440	581	866
Traffic violations	4,123	3,537	3,693	4,634	5,168	3,903	3,923	3,310	3,494	3,146
Fire										
Number of calls answered	271	246	267	307	237	191	227	285	286	319
Inspections	734	737	807	771	777	812	808	770	760	424
Streets										
Street resurfacing (miles)	-	-	6.45	0.05	-	2.95	5.19	5.19	5.19	5.19
Potholes repaired	10	10	10	40	-	-	5	-	-	-
Sanitation										
Refuse collected (tons/day)	12.20	15.41	12.27	12.05	11.83	11.33	11.78	12.01	12.26	11.44
Recyclables collected (tons/day)	0.56	0.54	0.55	0.44	0.45	0.43	0.47	0.71	0.71	0.58
Recreation										
Community center fitness memberships	n/a	1,926	2,153	1,876	2,074	2,083	1,410	1,114	1,139	1,200
County Gym passes	n/a	47	50	65	70	252	105	101	85	65
Water										
New connections	74	80	52	52	42	15	20	11	17	9
Water main breaks	1	1	3	8	7	5	2	6	4	6
Average daily consumptions (thousand of gallons)	2,598	2,413	2,476	2,634	2,755	2,478	2,239	2,779	2,913	2,920
Wastewater										
Average daily sewage treatment (thousand of gallons)	2,300	2,143	2,077	2,364	1,880	1,736	2,136	1,760	2,030	1,708

Sources: Various town departments

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Officers	29	29	29	29	29	29	29	29	29	29
K-9s	4	4	4	4	4	4	4	4	3	2
Fire Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	4	4	4	4	4	4	4	4	4	4
Streets										
Street (miles)	94.0	94.0	94.0	94.1	95.2	95.2	96.0	96.0	96.0	96.0
Street lights	1,312	1,312	1,386	1,396	1,397	1,401	1,438	1,438	1,438	1,438
Traffic signals	32	29	29	29	30	30	32	32	32	32
Recreation										
Park acreage	273	273	273	273	273	273	273	273	273	273
Parks	11	11	11	11	11	11	11	11	11	11
Lakes	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community Centers	4	4	4	4	4	4	4	4	4	4
Museums/art centers	1	1	1	1	1	1	1	1	1	1
Ball Fields	9	9	9	9	9	9	9	9	9	9
Water										
Water mains (miles)	125.3	125.3	125.3	125.4	125.4	126.0	129.4	129.4	129.4	129.4
Fire Hydrants	571	571	572	578	578	587	587	587	587	587
Maximum daily capacity (thousands of gallons)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sewer										
Sanitary sewers (miles)	89.9	89.9	89.9	90.4	90.4	92.2	90.4	90.4	90.4	90.4
Storm sewers (miles)	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
Maximum daily treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Electric										
Number of Substations	4	5	5	5	5	5	5	5	5	5
Square miles of service lines	10.5	10.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

Sources: Various Town departments

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COMPLIANCE SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency 2013-001 described in the accompanying Schedule of Findings, Responses, and Questioned Costs to be material weaknesses.

Compliance and Other Matters

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

Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. We did not audit the Town's responses and accordingly, we express no opinion on them.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 9, 2013

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

Independent Auditor's Report

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

Report On Compliance for Each Major State Program

We have audited the Town of Tarboro, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Tarboro's major State programs for the year ended June 30, 2013. The Town of Tarboro's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Tarboro's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town of Tarboro's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion On Each Major State Program

In our opinion, the Town of Tarboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of the Town of Tarboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Tarboro's internal control over compliance with the requirements that could have a direct and material effect on each major State program to determine the types of auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Tarboro's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 9, 2013

TOWN OF TARBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

State Awards:

Internal control over major State programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major State programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
Identification of major State programs:	

Program Name

Rural Center Grant

TOWN OF TARBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

2. Financial Statements Findings

Finding 2013-001 - Significant Audit Adjustments

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the Town's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the Town's system of controls did not detect and prevent such errors. Management relies on its external auditor to identify and propose entries to convert the modified accrual records to a basis of accounting consistent with generally accepted accounting principles.

Context: Significant audit adjustments were made with regards to accrual adjustments required by GAAP.

Effect: There is a risk that financial statements might be inaccurate, incomplete, or lack proper disclosure.

Cause: Management was unaware that such an adjustment was needed in order to correct the prior year financial information.

Recommendation: Management should examine account balances on at least an annual basis to determine if adjustments should be made to each account.

Contact Person: Karla McCall, Finance Director

Management response and plan of corrective action: Management will review account balances on an annual basis to determine if adjustments should be made to each account.

3. State Award Findings, Responses, and Questioned Costs

None reported

TOWN OF TARBORO, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

No prior year findings.

Town of Tarboro
Tarboro, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
FEDERAL GRANTS:			
U.S. Department of Justice:			
Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	16.607	\$ 594	\$ -
U.S. Department of Public Safety:			
Governor's Crime Commission	16.803	7,500	-
U.S. Department of Health and Human Services:			
Passed-through the N.C. Department of Health and Human Services:			
Passed-through Upper Coastal Plain Council of Government:			
Access:			
90% State Funds	N/A	-	6,174
Title III-B	93.044	7,340	432
In-Home Services:			
90% State Funds	N/A	-	16,698
Title III-B	93.044	9,132	537
90% State Funds/Caregiver Match	N/A		795
SSBG	93.667	2,870	82
Congregate Nutrition:			
Title III-C1	93.045	23,586	1,387
Senior Center Development	N/A	-	12,285
NSIP Supplement (USDA)	10.570	9,808	-
Total U.S. Department of Health and Human Services		<u>52,736</u>	<u>38,390</u>
Total Federal Awards and State Matches		<u>60,830</u>	<u>38,390</u>
STATE GRANTS:			
N.C. Department of Environment and Natural Resources:			
Division of Environmental Health:			
State Aid for Mosquito Control			<u>2,795</u>
N.C. Department of Agriculture & Consumer Services:			
Veterinary Division, Animal Welfare Section:			
NC Spay/Neuter Program			<u>2,916</u>
N.C. Department of Environment and Natural Resources			
Division of Purchase and Services - Recycle Trailer			<u>10,833</u>
N.C. Department of Insurance:			
Seniors' Health Insurance Information Program (SHIIP)			<u>4,423</u>
N.C. Department of Transportation:			
Non-State System Street - Aid Allocation (Powell Bill)			<u>327,759</u>
N.C. Department of Commerce			
Industrial Development Fund			<u>250,000</u>
N.C. Rural Economic Development Center:			
Rural Center Grant			<u>640,000</u>

Town of Tarboro
Tarboro, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
N.C. Department of Crime Control and Public Safety:			
Division of Energy Management:			
Public Assistance Program			47,693
Total State Awards			<u>\$ 1,063,976</u>
Total Federal Awards		<u>\$ 60,830</u>	

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1

Basis of Presentation

The accompanying Schedule of Expenditures of federal and State awards includes the federal and State grant activity of the Town of Tarboro and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB circular A-133, Audits of States, Local Government, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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