

TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FOR FISCAL YEAR ENDING  
JUNE 30, 2018

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# **TOWN OF TARBORO, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2018**

Prepared by:

**Anne Y. Mann  
Finance Director**

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

Published November 29, 2018

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## **INTRODUCTORY SECTION**

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# Town of Tarboro

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

November 29, 2018

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

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Tarboro for the fiscal year ended June 30, 2018.

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

The Town of Tarboro's financial statements have been audited by Petway Mills & Pearson, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Tarboro for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Tarboro's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

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The Town of Tarboro is located along the Tar River in the northeast part of North Carolina. It is the county seat of Edgecombe County. The Town was incorporated in 1760 and has a population of approximately 10,856. The Town of Tarboro takes pride in its Town Common, expansive Historic District, wide array of recreational activities, the revitalization of Main Street, and its many historic landmarks.

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

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



## **Budgetary Control**

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The annual budget serves as the foundation for the Town of Tarboro's financial planning and control. The Town has a formal operating budget process which begins in February each year with the Council Retreat and ends in May when the Town Council receives the recommended budget. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. Legal budgetary control for operating budgets is exercised at the fund and department level. The Town Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the Town Council. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and proprietary funds for which an appropriated annual budget has been adopted.

## **Local economy**

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The economic outlook for the Town of Tarboro continues to be optimistic. Tarboro was not immune to the effects of the downturn in the nation's economy. However, residential, commercial, and industrial construction continued throughout the downturn, simply at a slower pace. Over the last couple of years, new development of both residential and commercial properties has continued to gain momentum. Industrial projects by CSX, Corning and Triangle Tyre are underway in Edgecombe County. The area has not seen this amount of economic growth activity in decades. While not within the town limits, the town expects to see positive impacts for years to come.

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

The Town was most recently awarded a Department of Commerce Industrial Development Fund grant for extension of water and sewer lines to the Commerce Center Industrial Park. We hope this investment will spur additional development.

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

## **Financial Analysis of the Town**

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### **General Fund:**

For almost ten years, the economy has been a major concern for the Town of Tarboro. For fiscal year 2017 - 2018, General Fund revenues from sales taxes and other intergovernmental sources have remained steady when compared to the prior year, which had reflected some strengthening of the local economy. This continued strengthening has helped to maintain personnel and operating costs without requiring property tax increases. Personnel and benefits are one of the largest operational costs to the Town. The budget for fiscal year 2017-2018 included both a Cost of Living Adjustment (COLA) and merit increases for the employees.

### **Enterprise Fund:**

While the rates for the Electric and Water and Sewer utilities remained unchanged, the Solid Waste fund saw a fee increase for the 2017-2018 fiscal year. This increase was necessary to offset higher landfill fees imposed by Edgecombe County.

Electric rates, water and sewer rates, and solid waste fees will remain unchanged for fiscal year 2018-2019. However, in addition to these business-type activities, Town Council approved the implementation of a Stormwater Utility during fiscal year 2018-2019. Due to the age of existing infrastructure, growth in impervious surfaces, increase in intensity and frequency of major rain events, and increased cost of regulatory compliance, it had become unsustainable to continue to fund stormwater management through property taxes.

## **Debt Administration**

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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, 2018, the Town's legal debt limit is approximately \$71,429,706.

## **Awards and Acknowledgements**

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**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, 2017. This was the 28th consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "Anne Y. Mann". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Anne Y. Mann  
Finance Director

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Government Finance Officers Association

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

Presented to

**Town of Tarboro  
North Carolina**

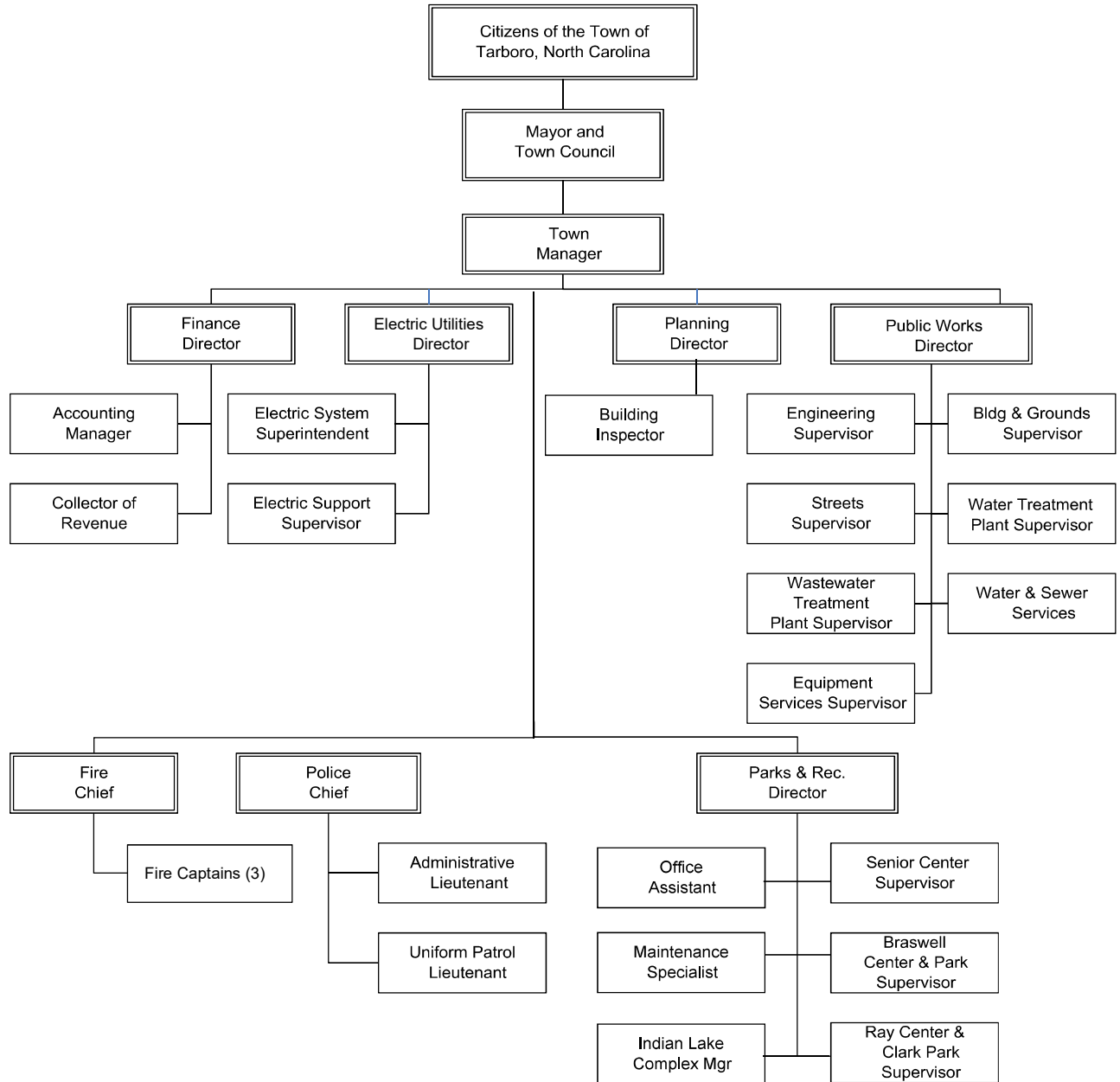
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# Organizational Chart



# Principal Officials

## ELECTED OFFICIALS

| <u>Title</u>      | <u>Name</u>      | <u>Total Length<br/>of Service</u> | <u>Term<br/>Expires</u> <sup>1</sup> |
|-------------------|------------------|------------------------------------|--------------------------------------|
| Mayor             | Joseph W. Pitt   | 2 Years                            | December, 2021                       |
| Councilman Ward 1 | Othar Woodard    | 5 Years                            | December, 2021                       |
| Councilman Ward 2 | Leo Taylor       | 3 Years                            | December, 2019                       |
| Councilman Ward 3 | Stephen Burnette | 5 Years                            | December, 2021                       |
| Councilman Ward 4 | C B Brown        | 3 Years                            | December, 2019                       |
| Councilman Ward 5 | John Jenkins     | 17 Years                           | December, 2021                       |
| Councilman Ward 6 | Deborah Jordan   | 7 Years                            | December, 2019                       |
| Councilman Ward 7 | Sabrina Bynum    | 2 Years                            | December, 2021                       |
| Councilman Ward 8 | Garland Shephard | 7 Years                            | December, 2019                       |

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

## APPOINTED OFFICIALS

| <u>Title</u>                | <u>Name</u>        | <u>Length of<br/>Time In<br/>This Position</u> | <u>Length of<br/>Employment With The<br/>Town of Tarboro</u> |
|-----------------------------|--------------------|--|--|
| Town Manager                | Troy Lewis         | 2 Years  | 18 Years   |
| Finance Director            | Anne Y. Mann       | 4 Years  | 4 Years  |
| Police Chief                | Jesse Webb         | 2 Years  | 24 Years   |
| Public Works Director       | John K. Moore      | 2 Years  | 34 Years   |
| Electric Utilities Director | Brian Mustard      | 1 Year   | 26 Years   |
| Fire Chief                  | Frankie A. Winslow | 7 Years  | 28 Years   |
| Recreation Director         | Travis Stigge      | 4 Years  | 4 Years  |
| Planning Director           | Catherine Grimm    | 3 Years  | 3 Years  |



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

C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

Raleigh Office  
9121 Anson Way  
Raleigh, NC 27615  
919-781-1047

[www.pmpcpa.com](http://www.pmpcpa.com)

**Memberships:**

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in



accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 22, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability on page 68, the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Liability and Contributions on pages 66 and 67, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 64 and 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

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

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018 on our consideration of the Town of Tarboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tarboro's internal control over financial reporting and compliance.

*Petway Mills & Pearson, PA*

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

November 29, 2018

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## **FINANCIAL SECTION**

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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, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### Financial Highlights

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- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$41,229,116 (*net position*). The net position of the governmental activities decreased by \$15,090,402, and the net position of the business-type activities decreased by \$739,497.
- The government's total net position increased by \$2,274,098 before mandated OPEB implementation adjustments. Governmental net position decreased by \$580,592 and business-type activities net position increased by \$2,854,690 due to normal operations. There were additional decreases in governmental and business type activities net position due to restatements of \$14,509,810 and \$3,594,187, respectively, for the mandated implementation of GASB Statement 75 – Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions Liability.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,112,222, an increase of \$353,691 in comparison with the prior year. Approximately 48.49 percent of this total amount, or \$2,963,584 is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,875,230, or 28.98 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 \$43,438,821 a decrease of \$739,497, after the adjustment for the change in accounting principal.

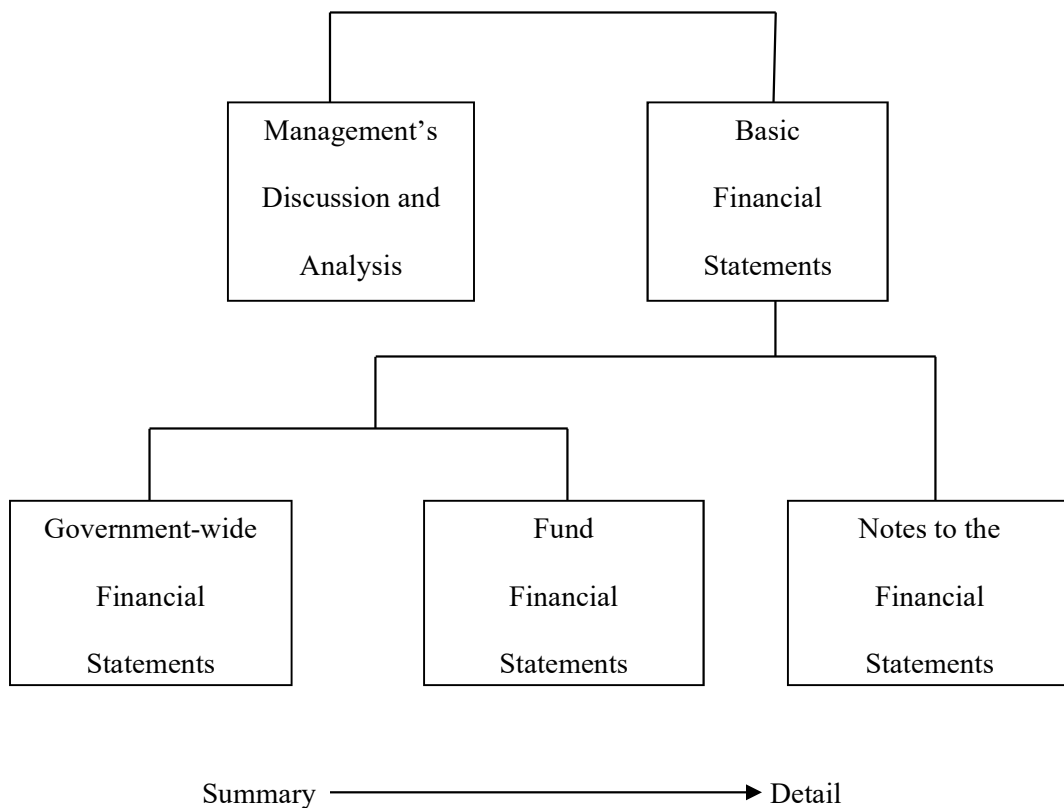
## Overview of the Financial Statements

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

### *Required Components of Annual Financial Report*

**Figure 1**



## Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

## **Government-wide Financial Statements**

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The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

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

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

The Town of Tarboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as

planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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## Notes to the Financial Statements and Other Information

**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 33 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Tarboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 64 of this report.

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

## Government-Wide Financial Analysis

**Net Position** – Government-wide financial statements can provide an excellent overall view of the Town's transactions for the year and its financial condition at year end. In particular, comparing current year amounts with the previous year's figures can highlight areas in which the Town's finances are improving or deteriorating.

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

**Figure 2:**

### Town of Tarboro Statement of Net Position

|                                       | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total Primary<br>Government |                      |
|---------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                                       | 2018                       | 2017                 | 2018                        | 2017                 | 2018                        | 2017                 |
| <b>Assets</b>                         |                            |                      |                             |                      |                             |                      |
| Current and other assets              | \$ 6,725,117               | \$ 6,468,497         | \$ 21,477,882               | \$ 17,405,535        | \$ 28,202,999               | \$ 23,874,032        |
| Capital assets                        | 11,636,573                 | 12,573,635           | 31,575,205                  | 32,418,176           | 43,211,778                  | 44,991,811           |
| <b>Total Assets</b>                   | <b>18,361,690</b>          | <b>19,042,132</b>    | <b>53,053,087</b>           | <b>49,823,711</b>    | <b>71,414,777</b>           | <b>68,865,843</b>    |
| <b>Deferred outflows of resources</b> | <b>1,240,437</b>           | <b>1,271,218</b>     | <b>697,721</b>              | <b>885,225</b>       | <b>1,938,158</b>            | <b>2,156,443</b>     |
| <b>Liabilities</b>                    |                            |                      |                             |                      |                             |                      |
| Long-term liabilities                 |                            |                      |                             |                      |                             |                      |
| outstanding                           | 19,913,889                 | 6,848,525            | 7,056,658                   | 4,142,262            | 26,970,547                  | 10,990,787           |
| Other liabilities                     | 334,073                    | 432,573              | 2,715,705                   | 2,300,174            | 3,049,778                   | 2,732,747            |
| <b>Total Liabilities</b>              | <b>20,247,962</b>          | <b>7,281,098</b>     | <b>9,772,363</b>            | <b>6,442,436</b>     | <b>30,020,325</b>           | <b>13,723,534</b>    |
| <b>Deferred inflows of resources</b>  | <b>1,563,870</b>           | <b>151,555</b>       | <b>539,624</b>              | <b>88,182</b>        | <b>2,103,494</b>            | <b>239,737</b>       |
| <b>Net Position:</b>                  |                            |                      |                             |                      |                             |                      |
| Net invested in capital assets        | 11,636,573                 | 12,573,635           | 30,920,436                  | 31,552,006           | 42,557,009                  | 44,125,641           |
| Restricted                            | 2,456,606                  | 2,275,122            | -                           | -                    | 2,456,606                   | 2,275,122            |
| Unrestricted                          | (16,302,884)               | (1,968,060)          | 12,518,385                  | 12,626,312           | (3,784,499)                 | 10,658,252           |
| <b>Total net position</b>             | <b>\$ (2,209,705)</b>      | <b>\$ 12,880,697</b> | <b>\$ 43,438,821</b>        | <b>\$ 44,178,318</b> | <b>\$ 41,229,116</b>        | <b>\$ 57,059,015</b> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$41,229,116 as of June 30, 2018.

As is the case for many entities, the largest portion of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was issued to acquire those assets). These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the Town's net investment in its capital assets is reduced by the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to pay these related

liabilities. An additional portion of the Town's net position, \$2,456,606, represents resources that are subject to external restrictions on how they may be used.

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$14,509,810 and \$3,594,187 for the business type activities.

**Changes in Net Position** – The Town’s total revenues and expenditures for governmental and business-type activities, and their effect on the Town’s net position as of June 30, are reflected in the following (Figure 3).

**Figure 3:**

| <b>Town of Tarboro<br/>Changes in Net Position</b>         |                            |               |                             |               |                             |               |
|--|----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
|  | Governmental<br>Activities |               | Business-type<br>Activities |               | Total Primary<br>Government |               |
|  | 2018                       | 2017          | 2018                        | 2017          | 2018                        | 2017          |
| <b>Revenues:</b>   |                            |               |                             |               |                             |               |
| Program revenues:  |                            |               |                             |               |                             |               |
| Charges for services                                       | \$ 626,500                 | \$ 876,142    | \$ 28,710,593               | \$ 29,527,538 | \$ 29,337,093               | \$ 30,403,680 |
| Grants & contributions:                                    |                            |               |                             |               |                             |               |
| Operating  | 1,319,269                  | 1,764,935     | -                           | -             | 1,319,269                   | 1,764,935     |
| Capital  | -                          | -             | 888,050                     | 1,030,794     | 888,050                     | 1,030,794     |
| General revenues:  |                            |               |                             |               |                             |               |
| Property taxes   | 3,699,451                  | 3,665,863     | -                           | -             | 3,699,451                   | 3,665,863     |
| Other taxes  | 217,782                    | 225,686       | -                           | -             | 217,782                     | 225,686       |
| Other  | 3,339,683                  | 3,337,696     | 255,605                     | 144,804       | 3,595,288                   | 3,482,500     |
| Total revenues   | 9,202,685                  | 9,870,322     | 29,854,248                  | 30,703,136    | 39,056,933                  | 40,573,458    |
| <b>Expenses:</b>   |                            |               |                             |               |                             |               |
| General government   | 3,521,696                  | 4,442,627     | -                           | -             | 3,521,696                   | 4,442,627     |
| Public safety  | 4,630,383                  | 4,457,990     | -                           | -             | 4,630,383                   | 4,457,990     |
| Transportation   | 1,935,812                  | 1,944,906     | -                           | -             | 1,935,812                   | 1,944,906     |
| Culture & recreation                                       | 1,365,363                  | 1,368,280     | -                           | -             | 1,365,363                   | 1,368,280     |
| Water & sewer  | -                          | -             | 4,778,393                   | 4,853,078     | 4,778,393                   | 4,853,078     |
| Electric   | -                          | -             | 19,423,913                  | 22,997,968    | 19,423,913                  | 22,997,968    |
| Solid waste  | -                          | -             | 1,127,275                   | 1,102,255     | 1,127,275                   | 1,102,255     |
| Total expenses   | 11,453,254                 | 12,213,803    | 25,329,581                  | 28,953,301    | 36,782,835                  | 41,167,104    |
| Increase (decrease)<br>in net position<br>before transfers | (2,250,569)                | (2,343,481)   | 4,524,667                   | 1,749,835     | 2,274,098                   | (593,646)     |
| Transfers  | 1,669,977                  | 1,074,037     | (1,669,977)                 | (1,074,037)   | -                           | -             |
| Increase (decrease)<br>in net position                     | (580,592)                  | (1,269,444)   | 2,854,690                   | 675,798       | 2,274,098                   | (593,646)     |
| Net position, July 1                                       | 12,880,697                 | 15,139,372    | 44,178,318                  | 43,502,520    | 57,059,015                  | 58,641,892    |
| Prior period adjustment                                    | (14,509,810)               | (989,231)     | (3,594,187)                 | -             | (18,103,997)                | (989,231)     |
| Net position, June 30                                      | \$ (2,209,705)             | \$ 12,880,697 | \$ 43,438,821               | \$ 44,178,318 | \$ 41,229,116               | \$ 57,059,015 |

**Governmental Activities** – Governmental activities decreased the Town’s net position by \$580,592 from operations and an additional \$14,509,810 from the mandated OPEB restatement. The most notable changes from the prior year for both revenues and expenses were related to the inclusion of the Hurricane Matthew recovery efforts in fiscal year 2017 that were not present in 2018. This resulted in a decrease of approximately \$450,000 in revenues and \$815,000 in expenses. Other expenses stayed relatively consistent between 2017 and 2018 which illustrates the due diligence of the Town to maintain minimum costs.

**Business-type activities** - Business-type activities increased the Town’s net position by \$2,854,690 from operations and decreased the same by \$3,594,187 from the mandated OPEB restatement for a net decrease of \$739,497. The positive change from operations is mainly due to capital project activity during the year related to the Water & Sewer Fund. The Town’s utility departments continue to enhance their infrastructure assets in order to provide the best service possible to their customers.

## **Financial Analysis of the Town’s Funds**

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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 \$2,875,230, while total fund balance reached \$5,646,236. The Governing Body of the Town of Tarboro has determined that the Town should achieve and 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 28.98% of general fund expenditures, while total fund balance represents 56.90% of the same amount.

As of the end of the current year, the Town’s governmental funds reported combined ending fund balances of \$6,112,222, up \$353,691 in comparison with the prior year. Included in this change in fund balance is an increase in fund balance of the Non-Major Governmental Funds.

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

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

**Proprietary Funds** – The Town of Tarboro’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position at the end of the year amounted to \$31,280,410 for the Electric Fund, \$11,283,186 for the Water and Sewer Fund and \$875,225 for the Solid Waste Fund. The change in net position for all three funds including the mandated OPEB restatement was \$766,829; (\$1,798,459) and \$292,133 respectively for a total net change of (\$739,497).



## **Capital Asset and Debt Administration**

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**Capital assets** – The Town of Tarboro’s investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$43,211,7878 (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**

- Six Police Vehicles – \$204,471
- VIPER Radio System Expansion Project – \$276,344
- M. A. Ray Center Entrance Improvements – \$29,365
- Parks and Recreation Facility Updates – \$60,681

#### **Disposals**

- Eleven Police Vehicles – \$235,516
- Street Sweeper – \$140,678

### **Proprietary Funds:**

#### **Additions**

- Electric Distribution System Upgrades – \$194,951
- Trencher for Electric Distribution Lines – \$68,927
- Radio System Expansion Project – \$155,047
- SCADA System – \$48,541

#### **Disposals**

- Two Bucket Trucks – \$173,876
- Digger Derrick – \$105,766
- Excavator – \$52,500

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

|                      |               |               |               |               |
|----------------------|---------------|---------------|---------------|---------------|
| Land                 | \$ 1,909,193  | \$ 1,285,932  | \$ 3,195,125  | \$ 3,195,125  |
| Buildings & Other    |               |               |               |               |
| Improvements         | 3,129,788     |               | 3,129,788     | 3,295,212     |
| Infrastructure       | 4,915,668     | -             | 4,915,668     | 5,879,085     |
| Substations, Lines,  |               |               |               |               |
| Equipment            | -             | 16,258,933    | 16,258,933    | 17,503,051    |
| Plant & Distribution |               |               |               |               |
| Systems              | -             | 10,007,794    | 10,007,794    | 10,855,285    |
| Equipment            | 1,681,924     | 1,347,775     | 3,029,699     | 2,679,669     |
| Construction         |               |               |               |               |
| in progress          | -             | 2,674,771     | 2,674,771     | 1,584,384     |
|                      |               |               |               |               |
| Total Capital Assets |               |               |               |               |
| (net of accumulated  |               |               |               |               |
| depreciation)        | \$ 11,636,573 | \$ 31,575,205 | \$ 43,211,778 | \$ 44,991,811 |

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

**Long-term Debt.** As of June 30, 2018, the Town of Tarboro had no bonded debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$71,429,706.

Additional information regarding the Town's long-term debt can be found in Note II, Section B, beginning on page 45 of this report.

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

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The following are key economic indicators of the Town. These factors have been considered when preparing the budget for fiscal year ending June 30, 2019.

- The unemployment rate for the Rocky Mount Metropolitan Statistical Area was 6.3% at June 30, 2018. This is a 0.1% reduction in the unemployment rate compared to the prior year.
- Our Town continues to experience growth related to commercial and industrial investment in the area. Major industrial projects by CSX, Corning and Triangle Tyre are underway in Edgecombe County. The area has not seen this amount of economic growth activity in decades. While not within the town limits, the town expects to see many positive impacts for years to come.

## **Budget Highlights for the Fiscal Year Ending June 30, 2019**

**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, 2019. The Town's budget contains several revenue sources that are dependent on the general economy. Among these are sales taxes, property taxes, interest income, and permit fees. The general fund continues to have no bonded indebtedness, and Town employees will receive a 2% cost of living adjustment and will also have the opportunity to earn a merit increase of up to 2% in FY 2018-2019.

**Business-type Activities:** Electric rates, Water and Sewer rates, and the Solid Waste fee will remain unchanged for FY 2018-2019 after several changes in the two previous fiscal years. In addition to these business-type activities, Town Council approved the implementation of a Stormwater Utility during FY 2018-2019. Due to the age of existing infrastructure, growth in impervious surfaces, increase in intensity and frequency of major rain events, and increased cost of regulatory compliance, it had become unsustainable to continue to fund stormwater management through property taxes.

The stormwater utility establishes a dedicated and sustainable funding source that provides for long-term management of stormwater within the Town. Tarboro's stormwater utility will design, construct, maintain, and manage the stormwater structures and water courses in Town to reduce flooding risks and protect surface water quality. User fees based on impact on the system will provide a dedicated funding source that is consistent and equitable.

## **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**Town of Tarboro, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

|  | <b>Primary Government</b>      |                                 |                      |
|--|--------------------------------|---------------------------------|----------------------|
|  | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         |
| <b>ASSETS</b>  |                                |                                 |                      |
| Current assets:  |                                |                                 |                      |
| Cash and cash equivalents  | \$ 3,521,493                   | \$ 14,856,574                   | \$ 18,378,067        |
| Restricted cash  | 1,799,649                      | 953,795                         | 2,753,444            |
| Taxes receivables (net)  | 219,005                        | -                               | 219,005              |
| Accrued interest receivable                                      | 61,260                         | -                               | 61,260               |
| Accounts receivable (net)  | 192,873                        | 4,027,825                       | 4,220,698            |
| Due from other governments                                       | 714,708                        | 132,551                         | 847,259              |
| Prepays  | 157,940                        | -                               | 157,940              |
| Inventories  | 58,189                         | 1,507,137                       | 1,565,326            |
| Total current assets   | 6,725,117                      | 21,477,882                      | 28,202,999           |
| Non-current assets:  |                                |                                 |                      |
| Capital assets:  |                                |                                 |                      |
| Land, non-depreciable improvements, and construction in progress | 1,909,193                      | 3,960,703                       | 5,869,896            |
| Other capital assets, net of depreciation                        | 9,727,380                      | 27,614,502                      | 37,341,882           |
| Total capital assets   | 11,636,573                     | 31,575,205                      | 43,211,778           |
| Total non-current assets   | 11,636,573                     | 31,575,205                      | 43,211,778           |
| <b>Total assets</b>  | <b>18,361,690</b>              | <b>53,053,087</b>               | <b>71,414,777</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                            |                                |                                 |                      |
| Contributions to pension plan - LGERS                            | 326,232                        | 247,010                         | 573,242              |
| Contributions to pension plan - LEO                              | 44,678                         | -                               | 44,678               |
| OPEB contributions   | 332,413                        | 109,626                         | 442,039              |
| Pension deferrals  | 537,114                        | 341,085                         | 878,199              |
| Total deferred outflows of resources                             | 1,240,437                      | 697,721                         | 1,938,158            |
| <b>LIABILITIES</b>   |                                |                                 |                      |
| Current liabilities:   |                                |                                 |                      |
| Accounts payable   | 252,917                        | 1,965,729                       | 2,218,646            |
| Payable from restricted assets                                   | -                              | 575,252                         | 575,252              |
| Compensated absences - current                                   | 81,156                         | 26,937                          | 108,093              |
| Current portions of notes payable                                | -                              | 147,787                         | 147,787              |
| Total current liabilities  | 334,073                        | 2,715,705                       | 3,049,778            |
| Long-term liabilities:   |                                |                                 |                      |
| Compensated absences   | 595,147                        | 197,569                         | 792,716              |
| Net pension liability - LGERS                                    | 1,014,187                      | 767,903                         | 1,782,090            |
| Net pension obligation - LEO                                     | 1,371,809                      | -                               | 1,371,809            |
| Total OPEB liability   | 16,932,746                     | 5,584,204                       | 22,516,950           |
| Due in more than one year  | -                              | 506,982                         | 506,982              |
| Total long-term liabilities                                      | 19,913,889                     | 7,056,658                       | 26,970,547           |
| <b>Total liabilities</b>   | <b>20,247,962</b>              | <b>9,772,363</b>                | <b>30,020,325</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                                |                                 |                      |
| Prepaid taxes  | 9,796                          | -                               | 9,796                |
| OPEB deferrals   | 1,460,947                      | 481,802                         | 1,942,749            |
| Pension deferrals  | 93,127                         | 57,822                          | 150,949              |
| <b>Total deferred inflows of resources</b>                       | <b>1,563,870</b>               | <b>539,624</b>                  | <b>2,103,494</b>     |
| <b>NET POSITION</b>  |                                |                                 |                      |
| Net investment in capital assets                                 | 11,636,573                     | 30,920,436                      | 42,557,009           |
| Restricted for:  |                                |                                 |                      |
| Stabilization by State statute                                   | 825,856                        | -                               | 825,856              |
| Streets  | 1,438,172                      | -                               | 1,438,172            |
| General government   | 400                            | -                               | 400                  |
| Public safety  | 192,178                        | -                               | 192,178              |
| Unrestricted   | (16,302,884)                   | 12,518,385                      | (3,784,499)          |
| <b>Total net position</b>  | <b>\$ (2,209,705)</b>          | <b>\$ 43,438,821</b>            | <b>\$ 41,229,116</b> |

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

**Town of Tarboro, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

| Functions/Programs   | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                    |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
|  | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                    |
|  |                      |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total              |
| <b>Primary government:</b>                                   |                      |                      |                                    |                                  |   |                          |                    |
| Governmental Activities:                                     |                      |                      |                                    |                                  |   |                          |                    |
| General government   | \$ 3,521,696         | \$ 395,125           | \$ 746,689                         | \$ -                             | \$ (2,379,882)                                    | \$ -                     | \$ (2,379,882)     |
| Public safety  | 4,630,383            | 75,593               | 135,286                            | -                                | (4,419,504)                                       | -                        | (4,419,504)        |
| Transportation   | 1,935,812            | -                    | 312,420                            | -                                | (1,623,392)                                       | -                        | (1,623,392)        |
| Economic and physical development                            | -                    | -                    | -                                  | -                                | -   | -                        | -                  |
| Cultural and Recreational                                    | 1,365,363            | 155,782              | 124,874                            | -                                | (1,084,707)                                       | -                        | (1,084,707)        |
| Interest on long-term debt                                   | -                    | -                    | -                                  | -                                | -   | -                        | -                  |
| <b>Total governmental activities</b>                         | <b>11,453,254</b>    | <b>626,500</b>       | <b>1,319,269</b>                   | <b>-</b>                         | <b>(9,507,485)</b>                                | <b>-</b>                 | <b>(9,507,485)</b> |
| <b>Business-type activities:</b>                             |                      |                      |                                    |                                  |   |                          |                    |
| Electric   | 19,423,913           | 23,307,484           | -                                  | -                                | -   | 3,883,571                | 3,883,571          |
| Water and Sewer  | 4,778,393            | 4,321,777            | -                                  | 888,050                          | -   | 431,434                  | 431,434            |
| Solid waste  | 1,127,275            | 1,081,332            | -                                  | -                                | -   | (45,943)                 | (45,943)           |
| <b>Total business-type activities</b>                        | <b>25,329,581</b>    | <b>28,710,593</b>    | <b>-</b>                           | <b>888,050</b>                   | <b>-</b>  | <b>4,269,062</b>         | <b>4,269,062</b>   |
| <b>Total primary government</b>                              | <b>\$ 36,782,835</b> | <b>\$ 29,337,093</b> | <b>\$ 1,319,269</b>                | <b>\$ 888,050</b>                | <b>(9,507,485)</b>                                | <b>4,269,062</b>         | <b>(5,238,423)</b> |
| General revenues:  |                      |                      |                                    |                                  |   |                          |                    |
| Taxes:   |                      |                      |                                    |                                  |   |                          |                    |
| Property taxes, levied for general purposes                  |                      |                      |                                    |                                  | 3,699,451   | -                        | 3,699,451          |
| Other taxes and licenses                                     |                      |                      |                                    |                                  | 217,782   | -                        | 217,782            |
| Grants and contributions not restricted to specific programs |                      |                      |                                    |                                  | 3,182,708   | -                        | 3,182,708          |
| Unrestricted investment earnings                             |                      |                      |                                    |                                  | 65,302  | 148,610                  | 213,912            |
| Miscellaneous  |                      |                      |                                    |                                  | 91,673  | 106,995                  | 198,668            |
| General revenues not including transfers                     |                      |                      |                                    |                                  | 7,256,916   | 255,605                  | 7,512,521          |
| Transfers  |                      |                      |                                    |                                  | 1,669,977   | (1,669,977)              | -                  |
| Total general revenues and transfers                         |                      |                      |                                    |                                  | 8,926,893   | (1,414,372)              | 7,512,521          |
| Change in net position                                       |                      |                      |                                    |                                  | (580,592)   | 2,854,690                | 2,274,098          |
| Net position, beginning, as previously reported              |                      |                      |                                    |                                  | 12,880,697  | 44,178,318               | 57,059,015         |
| Change in accounting principle                               |                      |                      |                                    |                                  | (14,509,810)                                      | (3,594,187)              | (18,103,997)       |
| Net position, beginning, as restated                         |                      |                      |                                    |                                  | (1,629,113)                                       | 40,584,131               | 38,955,018         |
| Net position, ending   |                      |                      |                                    |                                  | \$ (2,209,705)                                    | \$ 43,438,821            | \$ 41,229,116      |

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



**Town of Tarboro, North Carolina**  
**Balance Sheets**  
**Governmental Funds**  
**June 30, 2018**

|  | <b>Major Fund</b>   |    | <b>Governmental Non-</b> |    | <b>Total Governmental</b> |
|--|---------------------|----|--------------------------|----|---------------------------|
|  | <b>General</b>      |    | <b>major Funds</b>       |    | <b>Funds</b>              |
| <b>ASSETS</b>  |                     |    |                          |    |                           |
| Cash and investments   | \$ 3,184,954        | \$ | 336,539                  | \$ | 3,521,493                 |
| Restricted cash  | 1,660,803           |    | 138,846                  |    | 1,799,649                 |
| Receivables, net:  |                     |    |                          |    |                           |
| Taxes  | 219,005             |    | -                        |    | 219,005                   |
| Accounts   | 191,383             |    | 1,490                    |    | 192,873                   |
| Accrued interest receivable  | 61,260              |    | -                        |    | 61,260                    |
| Due from other governments   | 704,390             |    | 10,318                   |    | 714,708                   |
| Prepays  | 157,940             |    | -                        |    | 157,940                   |
| Inventories  | 58,189              |    | -                        |    | 58,189                    |
| Total assets   | <u>\$ 6,237,924</u> | \$ | <u>487,193</u>           | \$ | <u>6,725,117</u>          |
| <b>LIABILITIES</b>   |                     |    |                          |    |                           |
| Accounts payable - vendors   | \$ 214,807          | \$ | 21,207                   | \$ | 236,014                   |
| Accounts payable - others  | 16,903              |    | -                        |    | 16,903                    |
| Total liabilities  | <u>231,710</u>      |    | <u>21,207</u>            |    | <u>252,917</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                     |    |                          |    |                           |
| Property taxes receivable  | 219,005             |    | -                        |    | 219,005                   |
| Accrued interest receivable  | 61,260              |    | -                        |    | 61,260                    |
| Special assessments, net   | 69,917              |    | -                        |    | 69,917                    |
| Prepaid taxes  | 9,796               |    | -                        |    | 9,796                     |
| Total deferred inflows of resources                                | <u>359,978</u>      |    | <u>-</u>                 |    | <u>359,978</u>            |
| <b>FUND BALANCES</b>   |                     |    |                          |    |                           |
| Non-spendable:   |                     |    |                          |    |                           |
| Prepays  | 157,940             |    | -                        |    | 157,940                   |
| Inventories  | 58,189              |    | -                        |    | 58,189                    |
| Restricted:  |                     |    |                          |    |                           |
| Stabilization by State statute                                     | 825,856             |    | -                        |    | 825,856                   |
| Streets  | 1,438,172           |    | -                        |    | 1,438,172                 |
| General government   | -                   |    | 400                      |    | 400                       |
| Public safety  | -                   |    | 192,178                  |    | 192,178                   |
| Assigned:  |                     |    |                          |    |                           |
| Subsequent year's expenditures                                     | 132,909             |    | -                        |    | 132,909                   |
| Unassigned   | 3,033,170           |    | 273,408                  |    | 3,306,578                 |
| Total fund balances  | <u>5,646,236</u>    |    | <u>465,986</u>           |    | <u>6,112,222</u>          |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,237,924</u> | \$ | <u>487,193</u>           |    |                           |

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

|  |                       |
|--|-----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                                    | 11,636,573            |
| Earned revenues considered deferred inflows of resources in fund statements.   | 350,182               |
| Deferred outflows of resources related to pensions are not reported in the funds   | 370,910               |
| Deferred outflows of resources related to OPEB are not reported in the funds   | 332,413               |
| Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds. | (676,303)             |
| Net pension liability - LGERS  | (1,014,187)           |
| Pension related deferrals  | 443,987               |
| OPEB deferrals   | (1,460,947)           |
| OPEB liability   | (16,932,746)          |
| Net pension obligation - LEO   | (1,371,809)           |
| Net position of governmental activities  | <u>\$ (2,209,705)</u> |

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

**Town of Tarboro, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

|   | <b>Major Fund</b>   | <b>Governmental</b>        | <b>Total</b>                  |
|---|---------------------|----------------------------|-------------------------------|
|   | <b>General Fund</b> | <b>Non-major<br/>Funds</b> | <b>Governmental<br/>Funds</b> |
| <b>REVENUES</b>                                   |                     |                            |                               |
| Ad valorem taxes                                  | \$ 3,699,451        | \$ -                       | \$ 3,699,451                  |
| Other taxes and licenses                          | 217,782             | -                          | 217,782                       |
| Unrestricted intergovernmental                    | 3,147,994           | 34,714                     | 3,182,708                     |
| Restricted intergovernmental                      | 452,294             | 866,975                    | 1,319,269                     |
| Permits and fees                                  | 75,593              | -                          | 75,593                        |
| Sales and services                                | 155,782             | -                          | 155,782                       |
| Investment earnings                               | 50,775              | 14,527                     | 65,302                        |
| Miscellaneous                                     | 91,673              | -                          | 91,673                        |
| Charges for services                              | 395,125             | -                          | 395,125                       |
| Total revenues                                    | <u>8,286,469</u>    | <u>916,216</u>             | <u>9,202,685</u>              |
| <b>EXPENDITURES</b>                               |                     |                            |                               |
| Current:  |                     |                            |                               |
| General government                                | 2,592,091           | 343,217                    | 2,935,308                     |
| Public safety                                     | 4,550,308           | 97,133                     | 4,647,441                     |
| Transportation                                    | 805,636             | -                          | 805,636                       |
| Economic and physical development                 | -                   | -                          | -                             |
| Cultural and Recreational                         | 1,274,109           | -                          | 1,274,109                     |
| Capital outlay                                    | 700,699             | 155,778                    | 856,477                       |
| Total expenditures                                | <u>9,922,843</u>    | <u>596,128</u>             | <u>10,518,971</u>             |
| Excess (deficiency) of revenues over expenditures | <u>(1,636,374)</u>  | <u>320,088</u>             | <u>(1,316,286)</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                            |                               |
| Transfers (to) from other funds                   | 1,669,977           | -                          | 1,669,977                     |
| Total other financing sources (uses)              | <u>1,669,977</u>    | <u>-</u>                   | <u>1,669,977</u>              |
| Net change in fund balance                        | 33,603              | 320,088                    | 353,691                       |
| Fund balances, beginning                          | 5,612,633           | 145,898                    | 5,758,531                     |
| Fund balances, ending                             | <u>\$ 5,646,236</u> | <u>\$ 465,986</u>          | <u>\$ 6,112,222</u>           |

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

**Town of Tarboro, North Carolina**  
**Reconciliation of the**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

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

|   |                    |                            |
|---|--------------------|----------------------------|
| Net changes in fund balances - total governmental funds   |                    | \$ 353,691                 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. |                    |                            |
| Capital outlay expenditures which were capitalized  | 856,477            |                            |
| Depreciation expense for governmental assets  | <u>(1,793,539)</u> | (937,062)                  |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities  |                    | 326,232                    |
| Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities   |                    | 44,678                     |
| OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities  |                    | 332,413                    |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                    |                            |
| Change in unavailable revenue for tax revenues  |                    | (844)                      |
| 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  | (83,403)           |                            |
| Pension expense   | (245,466)          |                            |
| OPEB expense  | <u>(370,831)</u>   | (699,700)                  |
| Total changes in net position of governmental activities  |                    | <u><u>\$ (580,592)</u></u> |

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

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**

|  | <b>General Fund</b> |              |                     | variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|--------------|---------------------|---|
|  | Original            | Final        | Actual<br>Amounts   |   |
| Revenues:  |                     |              |                     |   |
| Ad valorem taxes   | \$ 3,678,100        | \$ 3,678,100 | \$ 3,699,451        | \$ 21,351   |
| Other taxes and licenses   | 236,250             | 236,250      | 217,782             | (18,468)  |
| Unrestricted intergovernmental   | 3,109,500           | 3,109,500    | 3,147,994           | 38,494  |
| Restricted intergovernmental   | 466,940             | 466,940      | 452,294             | (14,646)  |
| Permits and fees   | 81,100              | 81,100       | 75,593              | (5,507)   |
| Sales and services   | 182,400             | 182,400      | 155,782             | (26,618)  |
| Investment earnings  | 18,200              | 18,200       | 50,775              | 32,575  |
| Miscellaneous  | 117,300             | 130,300      | 91,673              | (38,627)  |
| Charges for services   | 395,125             | 395,125      | 395,125             | -   |
| Total revenues   | 8,284,915           | 8,297,915    | 8,286,469           | (11,446)  |
| Expenditures:  |                     |              |                     |   |
| Current:   |                     |              |                     |   |
| General government   | 2,753,683           | 2,887,939    | 2,592,091           | 295,848   |
| Public safety  | 4,705,270           | 4,729,211    | 4,550,308           | 178,903   |
| Transportation   | 920,670             | 920,670      | 805,636             | 115,034   |
| Cultural and Recreational  | 1,375,269           | 1,380,154    | 1,274,109           | 106,045   |
| Capital Outlay   | 846,200             | 1,253,671    | 700,699             | 552,972   |
| Total expenditures   | 10,601,092          | 11,171,645   | 9,922,843           | 1,248,802   |
| Revenues over (under) expenditures                                     | (2,316,177)         | (2,873,730)  | (1,636,374)         | 1,237,356   |
| Other financing sources (uses):  |                     |              |                     |   |
| Capital Outlay Reserve Appropriation                                   | 616,200             | 616,200      | -                   | (616,200)   |
| Appropriated (Unappropriated) fund balance                             | 30,000              | 587,553      | -                   | (587,553)   |
| Transfers from (to) other funds  | 1,669,977           | 1,669,977    | 1,669,977           | -   |
| Total other financing sources (uses)                                   | 2,316,177           | 2,873,730    | 1,669,977           | (1,203,753)   |
| Revenues and other sources over (under)<br>expenditures and other uses | \$ -                | \$ -         | 33,603              | \$ 33,603   |
| Fund balances, beginning   |                     |              | 5,612,633           |   |
| Fund balances, ending  |                     |              | <u>\$ 5,646,236</u> |   |

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

**Town of Tarboro, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

|  | <b>Electric Fund</b> | <b>Water and Sewer Fund</b> | <b>Solid Waste Fund</b> | <b>Total</b>  |
|--|----------------------|-----------------------------|-------------------------|---------------|
| <b>ASSETS</b>  |                      |                             |                         |               |
| Current assets:  |                      |                             |                         |               |
| Cash and investments   | \$ 12,450,842        | \$ 1,746,695                | \$ 659,037              | \$ 14,856,574 |
| Restricted cash  | 534,011              | 419,784                     | -                       | 953,795       |
| Accounts receivable (net)  | 2,800,512            | 1,091,495                   | 135,818                 | 4,027,825     |
| Sales tax receivable   | 75,306               | 48,925                      | 8,320                   | 132,551       |
| Inventories  | 1,429,124            | 78,013                      | -                       | 1,507,137     |
| Total current assets   | 17,289,795           | 3,384,912                   | 803,175                 | 21,477,882    |
| Noncurrent assets:   |                      |                             |                         |               |
| Capital assets:  |                      |                             |                         |               |
| Land, non-depreciable improvements, and construction in progress | 2,084,894            | 1,875,809                   | -                       | 3,960,703     |
| Other capital assets, net of depreciation                        | 17,097,559           | 10,226,349                  | 290,594                 | 27,614,502    |
| Capital assets (net)   | 19,182,453           | 12,102,158                  | 290,594                 | 31,575,205    |
| Total noncurrent assets  | 19,182,453           | 12,102,158                  | 290,594                 | 31,575,205    |
| Total assets   | 36,472,248           | 15,487,070                  | 1,093,769               | 53,053,087    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                            |                      |                             |                         |               |
| Contributions to pension plan                                    | 111,610              | 110,464                     | 24,936                  | 247,010       |
| Pension deferrals  | 154,118              | 152,534                     | 34,433                  | 341,085       |
| OPEB Contributions   | 48,094               | 61,532                      | -                       | 109,626       |
| Total deferred outflows of resources                             | 313,822              | 324,530                     | 59,369                  | 697,721       |
| <b>LIABILITIES</b>   |                      |                             |                         |               |
| Current liabilities:   |                      |                             |                         |               |
| Accounts payable and accrued liabilities                         | 1,796,612            | 134,233                     | 34,884                  | 1,965,729     |
| Payable from restricted assets                                   | 534,012              | 41,240                      | -                       | 575,252       |
| Compensated absences - current                                   | 14,607               | 10,273                      | 2,057                   | 26,937        |
| Current portion of long-term debt                                | 18,993               | 58,316                      | 70,478                  | 147,787       |
| Total current liabilities  | 2,364,224            | 244,062                     | 107,419                 | 2,715,705     |
| Non-current liabilities:   |                      |                             |                         |               |
| Compensated absences   | 107,120              | 75,334                      | 15,115                  | 197,569       |
| Net pension liability  | 346,973              | 343,409                     | 77,521                  | 767,903       |
| Total OPEB liability   | 2,449,845            | 3,134,359                   | -                       | 5,584,204     |
| Non-current portion of long-term debt                            | -                    | 434,961                     | 72,021                  | 506,982       |
| Total non-current liabilities                                    | 2,903,938            | 3,988,063                   | 164,657                 | 7,056,658     |
| Total liabilities  | 5,268,162            | 4,232,125                   | 272,076                 | 9,772,363     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                      |                             |                         |               |
| OPEB deferrals   | 211,371              | 270,431                     | -                       | 481,802       |
| Pension deferrals  | 26,127               | 25,858                      | 5,837                   | 57,822        |
| Total deferred inflows of resources                              | 237,498              | 296,289                     | 5,837                   | 539,624       |
| <b>NET POSITION</b>  |                      |                             |                         |               |
| Net investment in capital assets                                 | 19,163,460           | 11,608,881                  | 148,095                 | 30,920,436    |
| Unrestricted   | 12,116,950           | (325,695)                   | 727,130                 | 12,518,385    |
| Total net position   | \$ 31,280,410        | \$ 11,283,186               | \$ 875,225              | \$ 43,438,821 |

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

**Town of Tarboro, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

|  | <b>Electric Fund</b> | <b>Water and<br/>Sewer Fund</b> | <b>Solid Waste<br/>Fund</b> | <b>Total</b>         |
|--|----------------------|---------------------------------|-----------------------------|----------------------|
| <b>OPERATING REVENUES</b>                                      |                      |                                 |                             |                      |
| Charges for services   | \$ 23,169,158        | \$ 4,269,059                    | \$ 1,068,040                | \$ 28,506,257        |
| Water and sewer taps   | -                    | 16,130                          | -                           | 16,130               |
| Other operating revenues                                       | 138,326              | 36,588                          | 13,292                      | 188,206              |
| <b>Total operating revenues</b>                                | <b>23,307,484</b>    | <b>4,321,777</b>                | <b>1,081,332</b>            | <b>28,710,593</b>    |
| <b>OPERATING EXPENSES</b>                                      |                      |                                 |                             |                      |
| Administration   | 2,687,790            | 2,492,344                       | 1,029,870                   | 6,210,004            |
| Load management  | 165,870              | -                               | -                           | 165,870              |
| Electric operations  | 484,820              | -                               | -                           | 484,820              |
| Electric power purchases                                       | 14,455,343           | -                               | -                           | 14,455,343           |
| Water treatment and distribution                               | -                    | 562,687                         | -                           | 562,687              |
| Waste collection and treatment                                 | -                    | 564,866                         | -                           | 564,866              |
| Depreciation   | 1,629,097            | 1,156,987                       | 92,774                      | 2,878,858            |
| <b>Total operating expenses</b>                                | <b>19,422,920</b>    | <b>4,776,884</b>                | <b>1,122,644</b>            | <b>25,322,448</b>    |
| <b>Operating income (loss)</b>                                 | <b>3,884,564</b>     | <b>(455,107)</b>                | <b>(41,312)</b>             | <b>3,388,145</b>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                       |                      |                                 |                             |                      |
| Investment earnings  | 116,625              | 25,850                          | 6,135                       | 148,610              |
| Interest and other charges                                     | (993)                | (1,509)                         | (4,631)                     | (7,133)              |
| Other non-operating revenues                                   | 64,291               | 12,617                          | 30,087                      | 106,995              |
| <b>Total non-operating revenue<br/>(expenses)</b>              | <b>179,923</b>       | <b>36,958</b>                   | <b>31,591</b>               | <b>248,472</b>       |
| <b>Income (loss) before contributions and<br/>transfers</b>    | <b>4,064,487</b>     | <b>(418,149)</b>                | <b>(9,721)</b>              | <b>3,636,617</b>     |
| Capital contributions  | -                    | 888,050                         | -                           | 888,050              |
| Transfers from (to) other funds                                | (1,669,977)          | -                               | -                           | (1,669,977)          |
| <b>Change in net position</b>                                  | <b>2,394,510</b>     | <b>469,901</b>                  | <b>(9,721)</b>              | <b>2,854,690</b>     |
| <b>Total net position, beginning, as<br/>previously stated</b> | <b>30,513,581</b>    | <b>13,081,645</b>               | <b>583,092</b>              | <b>44,178,318</b>    |
| <b>Change in accounting principle</b>                          | <b>(1,627,681)</b>   | <b>(2,268,360)</b>              | <b>301,854</b>              | <b>(3,594,187)</b>   |
| <b>Total net position, beginning, restated</b>                 | <b>28,885,900</b>    | <b>10,813,285</b>               | <b>884,946</b>              | <b>40,584,131</b>    |
| <b>Total net position, ending</b>                              | <b>\$ 31,280,410</b> | <b>\$ 11,283,186</b>            | <b>\$ 875,225</b>           | <b>\$ 43,438,821</b> |

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

**Town of Tarboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

|  | <b>Electric Fund</b> | <b>Water and Sewer Fund</b> | <b>Solid Waste Fund</b> | <b>Total</b>  |
|--|----------------------|-----------------------------|-------------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |                             |                         |               |
| Cash received from customers   | \$ 23,297,149        | \$ 3,825,193                | \$ 1,091,230            | \$ 28,213,572 |
| Cash paid for goods and services                                     | (15,361,818)         | (1,328,580)                 | (564,506)               | (17,254,904)  |
| Cash paid to or on behalf of employees for services                  | (1,933,800)          | (2,111,436)                 | (485,664)               | (4,530,900)   |
| Net customer deposits  | (19,832)             | 5,090                       | -                       | (14,742)      |
| Other non-operating revenues   | 64,291               | 12,617                      | 30,087                  | 106,995       |
| Net cash provided (used) by operating activities                     | 6,045,990            | 402,884                     | 71,147                  | 6,520,021     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                      |                             |                         |               |
| Transfers to other funds   | (1,669,977)          | -                           | -                       | (1,669,977)   |
| Net cash provided (used) by noncapital financing activities          | (1,669,977)          | -                           | -                       | (1,669,977)   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                      |                             |                         |               |
| Acquisition and construction of capital assets                       | (612,721)            | (1,419,716)                 | (3,450)                 | (2,035,887)   |
| Capital contributions  | -                    | 888,050                     | -                       | 888,050       |
| Principal paid on bonds and installment purchases                    | (44,852)             | (97,581)                    | (68,968)                | (211,401)     |
| Interest paid on bonds and installment purchases                     | (993)                | (1,509)                     | (4,631)                 | (7,133)       |
| Net cash provided (used) by capital and related financing activities | (658,566)            | (630,756)                   | (77,049)                | (1,366,371)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                      |                             |                         |               |
| Interest and dividends   | 116,625              | 25,850                      | 6,135                   | 148,610       |
| Net cash provided (used) by investing activities                     | 116,625              | 25,850                      | 6,135                   | 148,610       |
| <br>Net increase (decrease) in cash and investments                  | <br>3,834,072        | <br>(202,022)               | <br>233                 | <br>3,632,283 |
| Balances, beginning  | 9,150,781            | 2,368,501                   | 658,804                 | 12,178,086    |
| Balances, ending   | \$ 12,984,853        | \$ 2,166,479                | \$ 659,037              | \$ 15,810,369 |

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

**Town of Tarboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

|   | <b>Electric Fund</b> | <b>Water and Sewer Fund</b> | <b>Solid Waste Fund</b> | <b>Total</b> |
|---|----------------------|-----------------------------|-------------------------|--------------|
| Reconciliation of operating income to net cash provided by operating activities         |                      |                             |                         |              |
| Operating income  | \$ 3,884,564         | \$ (455,107)                | \$ (41,312)             | \$ 3,388,145 |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                      |                             |                         |              |
| Depreciation  | 1,629,097            | 1,156,987                   | 92,774                  | 2,878,858    |
| Non-operating revenues  | 64,291               | 12,617                      | 30,087                  | 106,995      |
| Changes in assets and liabilities:  |                      |                             |                         |              |
| (Increase) decrease in accounts receivable  | 122,598              | (449,114)                   | 9,016                   | (317,500)    |
| (Increase) decrease in inventory  | (119,345)            | (3,218)                     | -                       | (122,563)    |
| Increase (decrease) in accounts payable and accrued liabilities                         | 450,794              | 66,125                      | (20,315)                | 496,604      |
| Increase (decrease) in customer deposits  | (19,832)             | 5,089                       | -                       | (14,743)     |
| Increase (decrease) in compensated absences   | (27,782)             | 5,305                       | (139)                   | (22,616)     |
| (Increase) decrease in deferred outflows of resources - pensions                        | 113,220              | 157,233                     | 26,677                  | 297,130      |
| Increase (decrease) in net pension liability  | (96,862)             | (150,350)                   | (10,531)                | (257,743)    |
| Increase (decrease) in deferred inflows of resources - pensions                         | (6,439)              | (8,811)                     | (15,110)                | (30,360)     |
| Increase in OPEB liability  | 51,686               | 66,128                      | -                       | 117,814      |
| Total adjustments   | 2,161,426            | 857,991                     | 112,459                 | 3,131,876    |
| Net cash provided by operating activities   | \$ 6,045,990         | \$ 402,884                  | \$ 71,147               | \$ 6,520,021 |

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

None.

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



## **NOTES TO THE FINANCIAL STATEMENTS**

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**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

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

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

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

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

The Town reports the following major enterprise funds:

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

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

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

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

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

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

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special revenue funds, and enterprise funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Special Revenue Fund, Capital Projects Fund, and the Enterprise Capital Projects Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Budgetary control is exercised in all funds. Appropriations are made at the departmental (functional) level and can be amended as necessary by the governing board. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions that alter total expenditures must be approved by the governing board. Budgeted amounts presented in the financial statements represent the amended budget ordinance as of June 30, 2018.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date January 1); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

**5. Allowances for Doubtful Accounts**

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

**6. Inventory and Prepaid Items**

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

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

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

**7. Capital Assets**

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

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has four items that meet this criterion, contributions made to the pension plan in the 2018 fiscal year, OPEB contributions, OPEB deferrals, and pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has six items that meet this criterion for this category – prepaid taxes, accrued interest receivable, special assessments, property taxes receivable, OPEB deferrals and deferrals of pension expense that result from the implementation of GASB Statement 68.

**9. Long-Term Obligations**

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

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

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



**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**11. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

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

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive Unassigned Fund Balance.

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

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

## **12. Pensions**

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

## **F. Use of Estimates**

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**II. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has adopted a formal policy regarding custodial credit risk for deposits and also relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Town's deposits had a carrying amount of \$8,087,455 and a bank balance of \$8,314,907. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2018 the Town's petty cash fund totaled \$3,675.

**2. Investments**

At June 30, 2018, the Town's investment balances were as follows:

| <b>Investment by Type</b>                    | <b>Valuation Measurement Method</b> | <b>Book Value at 6/30/18</b> | <b>Maturity</b> | <b>Rating</b> |
|--|-------------------------------------|------------------------------|-----------------|---------------|
| NC Capital Management Trust – Cash Portfolio | Amortized Cost                      | \$ 1,565,279                 | N/A             | AAAm          |
| NC Capital Management Trust – Term Portfolio | Fair Value Level 1                  | \$11,475,102                 | 0.23 years      | Unrated       |
| Total:                                       |                                     | \$13,040,381                 |                 |               |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

*Credit Risk.* The Town limits investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018, the Town's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

| <b>Fund</b>  | <b>June 30, 2018</b> |
|--|----------------------|
| General Fund:  |                      |
| Taxes receivable   | \$ 66,120            |
| Accounts receivable  | 423,281              |
| Total General Fund   | <u>489,401</u>       |
| Enterprise Fund:   |                      |
| Electric Fund  | 35,654               |
| Water and Sewer Fund   | 7,153                |
| Solid Waste Fund   | 1,811                |
| Total Enterprise Funds   | <u>44,618</u>        |
| Total Allowance for Doubtful Accounts  | <u>\$ 534,019</u>    |
| Due from other governments that is owed to the Town consists of the following: |                      |
| Local option sales tax   | \$ 359,329           |
| Sales tax  | 224,651              |
| Franchise tax  | 263,279              |
| Total  | <u>\$ 847,259</u>    |

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

| <b>Governmental Activities:</b>             | <b>Beginning<br/>Balances</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balances</b> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 1,909,193                  | \$ -             | \$ -             | \$ 1,909,193               |
| Construction in progress                    | -                             | -                | -                | -                          |
| Total capital assets not being depreciated  | 1,909,193                     | -                | -                | 1,909,193                  |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Buildings & improvements                    | 9,630,175                     | 183,044          | -                | 9,813,219                  |
| Infrastructure - streets                    | 49,940,439                    | -                | -                | 49,940,439                 |
| Infrastructure - sidewalks                  | 549,028                       | -                | -                | 549,028                    |
| Equipment                                   | 9,680,167                     | 673,433          | 472,990          | 9,880,610                  |
| Total capital assets being depreciated      | 69,799,809                    | 856,477          | 472,990          | 70,183,296                 |
| Less accumulated depreciation:              |                               |                  |                  |                            |
| Buildings & improvements                    | 6,342,410                     | 341,021          | -                | 6,683,431                  |
| Infrastructure - streets                    | 44,061,354                    | 963,417          | -                | 45,024,771                 |
| Infrastructure - sidewalks                  | 549,028                       | -                | -                | 549,028                    |
| Equipment                                   | 8,182,575                     | 489,101          | 472,990          | 8,198,686                  |
| Total accumulated depreciation              | 59,135,367                    | \$ 1,793,539     | \$ 472,990       | 60,455,916                 |
| Total capital assets being depreciated, net | 10,664,442                    |                  |                  | 9,727,380                  |
| Governmental activity capital assets, net   | <u>\$ 12,573,635</u>          |                  |                  | <u>\$ 11,636,573</u>       |

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

|                           |                     |
|---------------------------|---------------------|
| General government        | \$ 224,896          |
| Public safety             | 331,659             |
| Transportation            | 1,101,428           |
| Cultural and recreational | 135,556             |
|                           | <u>\$ 1,793,539</u> |

**Town of Tarboro, North Carolina**  
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| <b>Business-type Activities:</b>            | <b>Beginning<br/>Balances</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balances</b> |
|---|-------------------------------|------------------|------------------|----------------------------|
| <b>Electric Fund</b>                        |                               |                  |                  |                            |
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 858,368                    | \$ -             | \$ -             | \$ 858,368                 |
| Construction in progress                    | 1,226,526                     | -                | -                | 1,226,526                  |
| Total                                       | 2,084,894                     | -                | -                | 2,084,894                  |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Substation, lines, & related equipment      | 49,233,422                    | 194,951          | -                | 49,428,373                 |
| Office & maintenance equipment              | 4,145,799                     | 417,770          | 365,983          | 4,197,586                  |
| Load management                             | 269,713                       | -                | -                | 269,713                    |
| Total                                       | 53,648,934                    | 612,721          | 365,983          | 53,895,672                 |
| Less accumulated depreciation:              |                               |                  |                  |                            |
| Substation, lines, & related equipment      | 31,730,371                    | 1,439,069        | -                | 33,169,440                 |
| Office & maintenance equipment              | 3,534,915                     | 190,028          | 365,983          | 3,358,960                  |
| Load management                             | 269,713                       | -                | -                | 269,713                    |
| Total                                       | 35,534,999                    | \$ 1,629,097     | \$ 365,983       | 36,798,113                 |
| Total capital assets being depreciated, net | 18,113,935                    |                  |                  | 17,097,559                 |
| Electric Fund capital assets, net           | <u>\$ 20,198,829</u>          |                  |                  | <u>\$ 19,182,453</u>       |

| <b>Business-type Activities:</b>            | <b>Beginning<br/>Balances</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balances</b> |
|---|-------------------------------|------------------|------------------|----------------------------|
| <b>Water &amp; Sewer Fund</b>               |                               |                  |                  |                            |
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 427,564                    | \$ -             | \$ -             | \$ 427,564                 |
| Construction in progress                    | 357,858                       | 1,090,387        | -                | 1,448,245                  |
| Total                                       | 785,422                       | 1,090,387        | -                | 1,875,809                  |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Plant & distribution system                 | 35,953,780                    | 268,765          | -                | 36,222,545                 |
| Office & maintenance equipment              | 2,095,333                     | 60,564           | 94,589           | 2,061,308                  |
| Total                                       | 38,049,113                    | 329,329          | 94,589           | 38,283,853                 |
| Less accumulated depreciation:              |                               |                  |                  |                            |
| Plant & distribution system                 | 25,098,495                    | 1,116,256        | -                | 26,214,751                 |
| Office & maintenance equipment              | 1,896,611                     | 40,731           | 94,589           | 1,842,753                  |
| Total                                       | 26,995,106                    | \$ 1,156,987     | \$ 94,589        | 28,057,504                 |
| Total capital assets being depreciated, net | 11,054,007                    |                  |                  | 10,226,349                 |
| Water & Sewer Fund capital assets, net      | <u>\$ 11,839,429</u>          |                  |                  | <u>\$ 12,102,158</u>       |

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| <b>Business-type Activities:</b>             | <b>Beginning</b> |                  |                  | <b>Ending</b>   |
|--|------------------|------------------|------------------|-----------------|
|  | <b>Balances</b>  | <b>Increases</b> | <b>Decreases</b> | <b>Balances</b> |
| <b>Solid Waste Fund</b>                      |                  |                  |                  |                 |
| Capital assets being depreciated:            |                  |                  |                  |                 |
| Buildings                                    | \$ 21,274        | \$ -             | \$ -             | \$ 21,274       |
| Maintenance equipment                        | 1,186,725        | 3,450            | -                | 1,190,175       |
| Total  | 1,207,999        | 3,450            | -                | 1,211,449       |
| Less accumulated depreciation:               |                  |                  |                  |                 |
| Buildings                                    | 13,827           | 709              | -                | 14,536          |
| Maintenance equipment                        | 814,254          | 92,065           | -                | 906,319         |
| Total  | 828,081          | \$ 92,774        | \$ -             | 920,855         |
| Total capital assets being depreciated, net  | 379,918          |                  |                  | 290,594         |
| Solid Waste Fund capital assets, net         | 379,918          |                  |                  | 290,594         |
| Business-type activities capital assets, net | \$ 32,418,176    |                  |                  | \$ 31,575,205   |

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2018 were as follows:

|                                | <b>Vendors</b> |           | <b>Other</b> |  | <b>Total</b> |
|--------------------------------|----------------|-----------|--------------|--|--------------|
| Governmental Activities:       |                |           |              |  |              |
| General Fund                   | \$ 214,807     | \$ 16,903 | \$ 231,710   |  |              |
| Non-major Funds                | 21,207         | -         | 21,207       |  |              |
| Total governmental activities  | \$ 236,014     | \$ 16,903 | \$ 252,917   |  |              |
| Business-type Activities:      |                |           |              |  |              |
| Electric Fund                  | \$ 1,715,689   | \$ 80,923 | \$ 1,796,612 |  |              |
| Water & Sewer Fund             | 133,783        | 450       | 134,233      |  |              |
| Solid Waste Fund               | 34,884         | -         | 34,884       |  |              |
| Total business-type activities | \$ 1,884,356   | \$ 81,373 | \$ 1,965,729 |  |              |

**2. Pension Plan Obligations**

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

**Plan Description.** The Town of Tarboro is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOSs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included

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

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible for retire with full retirement benefits at age 65 with 5 years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with 5 years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with 5 years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed 5 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2018 was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$573,242 for the year ended June 30, 2018.

**Refunds of Contributions** – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to member with at least 5 years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of the refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.



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

At June 30, 2018, the Town reported a liability of \$1,782,090 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was .116%, which was a decrease of .012% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$570,780. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 102,665                                    | \$ 50,445                                    |
| Changes of assumptions  | 254,507                                       | -  |
| Net difference between projected and actual earnings on pension plan investments                              | 432,693                                       | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,699   | 83,745                                       |
| Employer contributions subsequent to the measurement date   | 573,242                                       | -  |
| Total   | <u>\$ 1,364,806</u>                           | <u>\$ 134,190</u>                            |

\$573,242 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |                   |
|------------|-------------------|
| 2019       | 57,220            |
| 2020       | 489,704           |
| 2021       | 242,830           |
| 2022       | (132,380)         |
| 2023       | -                 |
| Thereafter | -                 |
|            | <u>\$ 657,374</u> |

**Town of Tarboro, North Carolina**  
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**Actuarial Assumptions.** The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 3.0 percent  |
| Salary increases          | 3.50 to 8.10 percent, inflation and productivity factor                |
| Investment rate of return | 7.20 percent, net pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yield across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity of risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

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

**Town of Tarboro, North Carolina**  
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**Discount rate.** The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.** The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

|   | 1%<br>Decrease<br>(6.20%) | Discount<br>Rate (7.20%) | 1%<br>Increase<br>(8.20%) |
|---|---------------------------|--------------------------|---------------------------|
| Town's proportionate share<br>of the net pension liability<br>(asset) | \$ 5,349,871              | \$ 1,782,090             | \$(1,195,883)             |

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

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

- Plan Description.** The Town of Tarboro administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or attained 55 years of age and have completed 5 or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

|   |           |
|---|-----------|
| Inactive Members Currently Receiving Benefits | 5         |
| Active Members                                | 26        |
| Total   | <u>31</u> |

**Town of Tarboro, North Carolina**  
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**2. Summary of Significant Accounting Policies:**

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB 73.

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                  |   |
|------------------|---|
| Inflation        | 3.0 percent   |
| Salary increases | 3.50 to 7.35 percent, inflation and productivity factor |
| Discount rate    | 3.13 percent  |

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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

**4. Contributions**

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$95,349 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$1,371,809. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$101,991.

**Town of Tarboro, North Carolina**  
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|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 33,485                                     | \$ -   |
| Changes of assumptions   | 53,150  | 16,759                                       |
| Town benefit payments and plan administrative expenses made subsequent to the measurement date | 44,678  | -  |
| Total  | <u>\$ 131,313</u>                             | <u>\$ 16,759</u>                             |

\$44,678 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |                  |
|------------|------------------|
| 2019       | \$ 4,469         |
| 2020       | 4,469            |
| 2021       | 4,469            |
| 2022       | 3,352            |
| 2023       | -                |
| Thereafter | -                |
|            | <u>\$ 16,759</u> |

\$44,678 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following represents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

|   | <b>1%<br/>Decrease<br/>(2.16%)</b> | <b>Discount<br/>Rate (3.16%)</b> | <b>1%<br/>Increase<br/>(4.16%)</b> |
|---|------------------------------------|----------------------------------|------------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 1,468,332                       | \$ 1,371,809                     | \$ 1,282,908                       |

**Town of Tarboro, North Carolina  
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**Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance**

|  |                            |
|--|----------------------------|
| <b>Total Pension Liability as of December 31, 2016</b> | <b>\$ 1,274,475</b>        |
| <b>Changes for the year:</b>                           |                            |
| Service Cost at end of year                            | 38,309                     |
| Interest   | 47,354                     |
| Change in benefit terms                                | -                          |
| Difference between expected and actual experience      | 41,364                     |
| Changes of assumptions and other inputs                | 65,656                     |
| Benefit payments                                       | (95,349)                   |
| Other  | -                          |
| <b>Net changes</b>                                     | <u><b>\$ 97,334</b></u>    |
| <b>Total Pension Liability as of December 31, 2017</b> | <u><b>\$ 1,371,809</b></u> |

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

|  | LGERS      | LEOSSA     | Total      |
|--|------------|------------|------------|
| Pension Expense  | \$ 570,780 | \$ 101,991 | \$ 672,771 |
| Pension Liability  | 1,782,090  | 1,371,809  | 3,153,899  |
| Proportionate share of the net pension liability   | 0.11665%   | N/A        |            |
| Deferred Outflows of Resources   |            |            |            |
| Differences between expected and actual experience   | 102,665    | 33,485     | 136,150    |
| Changes of assumptions   | 254,507    | 53,150     | 307,657    |
| Net difference between projected and actual earning on plan investments                              | 432,693    | -          | 432,693    |
| Changes in proportion and differences between contributions and proportionate share of contributions | 1,699      | -          | 1,699      |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 573,242    | 44,678     | 617,920    |
| Deferred Inflows of Resources  |            |            |            |
| Differences between expected and actual experience   | 50,445     | -          | 50,445     |
| Changes of assumptions   | -          | 16,759     | 16,759     |
| Net difference between projected and actual earning on plan investments                              | -          | -          | -          |
| Changes in proportion and differences between contributions and proportionate share of contributions | 83,745     | -          | 83,745     |

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

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$94,216, which consisted of \$77,549 from the Town and \$16,667 from the law enforcement officers.

**Town of Tarboro, North Carolina**  
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**d. Other Postemployment Benefits**

**Healthcare Benefits**

*Plan Description.* Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* Prior to August 1, 2011, retirees qualified for benefits similar to those of employees after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees hired on or after August 1, 2011 who retire with a minimum of 20 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town's group rate. Employees hired on or after August 1, 2011 who retire with less than 20 years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

|  | General<br>Employees | Law<br>Enforcement<br>Officers |
|--|----------------------|--------------------------------|
| Retirees and dependents receiving benefits                         | 80                   | 5                              |
| Terminated plan members entitled to but not yet receiving benefits | -                    | -                              |
| Active plan members  | 83                   | 26                             |
| Total  | <u>163</u>           | <u>31</u>                      |

**Total OPEB Liability**

The Town's total OPEB liability of \$22,516,950 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.5 percent                               |
| Salary increases            | 3.5 percent, average, including inflation |
| Discount rate               | 3.56 percent                              |
| Healthcare cost trend rates | Medical – 5.5%                            |
|                             | Prescription – 7.50%                      |
|                             | Admin Expenses – 3.00%                    |



**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**Changes in the Total OPEB Liability**

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| <b>Total OPEB Liability as of July 1, 2016</b>     | <b>\$ 24,048,710</b>            |
| <b>Changes for the year:</b>                       |                                 |
| Service cost                                       | 639,330                         |
| Interest   | 716,306                         |
| Changes of benefit terms                           | -                               |
| Differences between expected and actual experience | (37,086)                        |
| Changes in assumptions or other inputs             | (2,344,207)                     |
| Benefit payments                                   | (506,103)                       |
| Other  | -                               |
| <b>Net Changes</b>                                 | <b>\$ (1,531,760)</b>           |
| <b>Total OPEB Liability as of June 30, 2017</b>    | <b>\$ 22,516,950</b>            |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

|                      | <b>1%<br/>Decrease</b> | <b>Discount<br/>Rate (3.56%)</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB Liability | \$ 27,048,710          | \$ 22,516,950                    | \$ 19,010,525          |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <b>1%<br/>Decrease</b> | <b>Discount Rate<br/>(Medical – 5.5%,<br/>Prescription –<br/>7.5%, Admin<br/>Expenses – 3.0%)</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|---|------------------------|
| Total OPEB Liability | \$18,730,898           | \$ 22,516,950   | \$27,503,679           |

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$83,840. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$ 30,256                                    |
| Changes of assumptions   | -   | 1,912,493                                    |
| Town benefit payments and plan administrative expenses made subsequent to the measurement date | 442,039                                       | -  |
| Total  | <u>\$ 442,039</u>                             | <u>\$ 1,942,749</u>                          |

\$442,039 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |                     |
|------------|---------------------|
| 2019       | \$ 438,544          |
| 2020       | 438,544             |
| 2021       | 438,544             |
| 2022       | 438,544             |
| 2023       | 188,573             |
| Thereafter | -                   |
|            | <u>\$ 1,942,749</u> |

**3. Other Employment Benefits**

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2018, the Town

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

made contributions to the State for death benefits of \$4,013. 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.

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

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

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

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

The plan is available to all Town employees. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or financial hardships. Total contributions for the year ended June 30, 2018 were \$416,553, which consisted of \$296,722 from the Town and \$119,831 from employees. The Town's discretionary contribution and the employees' voluntary contribution represent 6.00% of the covered payroll amount.

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

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

|  | <u>Amount</u>       |
|--|---------------------|
| Contributions to the pension plan in the current fiscal year - LGERS | \$ 573,242          |
| Contributions to the pension plan in the current fiscal year - LEO   | 44,678              |
| OPEB contributions to the plan in the current year                   | 442,039             |
| Pension deferrals - LGERS  | 791,564             |
| Pension deferrals - LEO  | 86,635              |
| OPEB deferrals   | -                   |
|  | <u>\$ 1,938,158</u> |

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

| <b>General Fund:</b>           | <b>Amount</b>     |
|--------------------------------|-------------------|
| Prepaid taxes                  | \$ 9,796          |
| Special assessments receivable | 69,917            |
| Taxes receivable               | 280,265           |
|                                | <u>\$ 359,978</u> |

| <b>Government-wide Activities:</b> | <b>Amount</b>       |
|------------------------------------|---------------------|
| Prepaid taxes                      | \$ 9,796            |
| Pension deferrals - LGERS          | 134,190             |
| Pension deferrals - LEO            | 16,759              |
| OPEB deferrals                     | 1,942,749           |
|                                    | <u>\$ 2,103,494</u> |

## **7. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees of the Plan each year. Stop loss insurance is purchased by the Board of Trustees of the Plan to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees of the Plan can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$50,000.

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**8. Long-Term Obligations**

**a. Revolving ARRA Loan**

A Promissory Note in the amount of \$146,765 was executed on January 6, 2010. The Federal Revolving Loan is due in annual installments of \$7,338 through May 2, 2030 at 0.00% interest. The balance of the revolving loan as of June 30, 2018 is \$88,061. Annual debt service payments are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b> | <b>Interest</b> |
|---------------------------------|------------------|-----------------|
| 2019                            | \$ 7,338         | \$ -            |
| 2020                            | 7,338            | -               |
| 2021                            | 7,338            | -               |
| 2022                            | 7,338            | -               |
| 2023                            | 7,338            | -               |
| 2024-2028                       | 36,690           | -               |
| 2029-2033                       | 14,681           | -               |
| Total                           | <u>\$ 88,061</u> | <u>\$ -</u>     |

**b. Installment Purchases**

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

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b> | <b>Interest</b> |
|---------------------------------|------------------|-----------------|
| 2019                            | \$ 47,831        | \$ 274          |
| Total                           | <u>\$ 47,831</u> | <u>\$ 274</u>   |

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

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b>  | <b>Interest</b> |
|---------------------------------|-------------------|-----------------|
| 2019                            | \$ 70,478         | \$ 21           |
| 2020                            | 72,021            | 1,577           |
| Total                           | <u>\$ 142,499</u> | <u>\$ 1,598</u> |

In March 2015, the Town entered into an agreement with the Department of Environmental Quality – Division of Water Infrastructure under the Water Pollution Control Revolving Fund program. Under the agreement, the original principal amount

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

of \$937,750 is immediately reduced by 50% to \$468,875. The agreement requires annual payments in the amount of \$23,434 through May 2035 at 0.00% interest. Annual debt service payments are as follows:

| <b>Year Ending</b> |                   |                 |
|--------------------|-------------------|-----------------|
| <b>June 30,</b>    | <b>Principal</b>  | <b>Interest</b> |
| 2019               | \$ 22,140         | \$ -            |
| 2020               | 22,140            | -               |
| 2021               | 22,140            | -               |
| 2022               | 22,140            | -               |
| 2023               | 22,140            | -               |
| 2024-2028          | 110,700           | -               |
| 2029-2033          | 110,700           | -               |
| 2034-2038          | 44,278            | -               |
| <b>Total</b>       | <b>\$ 376,378</b> | <b>\$ -</b>     |

At June 30, 2018, the Town had a legal debt margin of \$71,429,706.

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

A summary of changes in long-term obligations follows:

|                                 | <b>Restated Balance</b> |                  |                  | <b>Balance</b>       | <b>Current</b> |
|---------------------------------|-------------------------|------------------|------------------|----------------------|----------------|
| <b>Governmental Activities:</b> | <b>July 1, 2017</b>     | <b>Increases</b> | <b>Decreases</b> | <b>June 30, 2018</b> | <b>Portion</b> |
| Compensated absences            | \$ 592,900              | \$ 212,075       | \$ 128,672       | \$ 676,303           | \$ 81,156      |
| Net pension liability (LGRS)    | 1,429,259               | -                | 415,072          | 1,014,187            | -              |
| Total pension liability (LEO)   | 1,274,475               | 97,334           | -                | 1,371,809            | -              |
| Total OPEB liability            | 18,132,849              | -                | 1,200,103        | 16,932,746           | -              |
| Total governmental activities   | \$ 21,429,483           | \$ 309,409       | \$ 1,743,847     | \$ 19,995,045        | \$ 81,156      |

|                                  | <b>Restated Balance</b> |                  |                  | <b>Balance</b>       | <b>Current</b> |
|----------------------------------|-------------------------|------------------|------------------|----------------------|----------------|
| <b>Business-type Activities:</b> | <b>July 1, 2017</b>     | <b>Increases</b> | <b>Decreases</b> | <b>June 30, 2018</b> | <b>Portion</b> |
| <b>Electric Fund</b>             |                         |                  |                  |                      |                |
| Compensated absences             | \$ 149,509              | \$ 9,586         | \$ 37,368        | \$ 121,727           | \$ 14,607      |
| BB&T Note payable                | 63,845                  | -                | 44,852           | 18,993               | 18,993         |
| Net pension liability (LGRS)     | 443,835                 | -                | 96,862           | 346,973              | -              |
| Total OPEB liability             | 2,561,436               | -                | 111,591          | 2,449,845            | -              |
| Total Electric Fund              | \$ 3,218,625            | \$ 9,586         | \$ 290,673       | \$ 2,937,538         | \$ 33,600      |

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

| <b>Business-type Activities:</b> | <b>Restated Balance</b> |                  |                   | <b>Balance</b>       | <b>Current</b>   |
|----------------------------------|-------------------------|------------------|-------------------|----------------------|------------------|
|                                  | <b>July 1, 2017</b>     | <b>Increases</b> | <b>Decreases</b>  | <b>June 30, 2018</b> | <b>Portion</b>   |
| <b>Water and Sewer Fund</b>      |                         |                  |                   |                      |                  |
| Compensated absences             | \$ 80,302               | \$ 39,020        | \$ 33,715         | \$ 85,607            | \$ 10,723        |
| ARRA Revolving Loan              | 95,399                  | -                | 7,338             | 88,061               | 7,338            |
| DENR Revolving Loan              | 398,518                 | -                | 22,140            | 376,378              | 22,140           |
| BB&T Note Payable                | 96,941                  | -                | 68,103            | 28,838               | 28,838           |
| Net pension liability (LGERS)    | 493,759                 | -                | 150,350           | 343,409              | -                |
| Total OPEB liability             | 3,277,131               | -                | 142,772           | 3,134,359            | -                |
| Total Water and Sewer Fund       | <u>\$ 4,442,050</u>     | <u>\$ 39,020</u> | <u>\$ 424,418</u> | <u>\$ 4,056,652</u>  | <u>\$ 69,039</u> |

| <b>Business-type Activities:</b> | <b>Restated Balance</b> |                  |                  | <b>Balance</b>       | <b>Current</b>   |
|----------------------------------|-------------------------|------------------|------------------|----------------------|------------------|
|                                  | <b>July 1, 2017</b>     | <b>Increases</b> | <b>Decreases</b> | <b>June 30, 2018</b> | <b>Portion</b>   |
| <b>Solid Waste Fund</b>          |                         |                  |                  |                      |                  |
| Compensated absences             | \$ 17,311               | \$ 2,657         | \$ 2,796         | \$ 17,172            | \$ 2,057         |
| Note payable                     | 211,467                 | -                | 68,968           | 142,499              | 70,478           |
| Net pension liability (LGERS)    | 88,052                  | -                | 10,531           | 77,521               | -                |
| Total OPEB liability             | -                       | -                | -                | -                    | -                |
| Total Solid Waste Fund           | <u>\$ 316,830</u>       | <u>\$ 2,657</u>  | <u>\$ 82,295</u> | <u>\$ 237,192</u>    | <u>\$ 72,535</u> |

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

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2018, consist of the following:

From the Electric Fund to the General Fund                      \$ 1,669,977

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

**D. Fund Balance**

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

|                                       |                     |
|---------------------------------------|---------------------|
| Total Fund Balance - General Fund     | \$ 5,646,236        |
| Less restricted for:                  |                     |
| Inventories                           | 58,189              |
| Prepays                               | 157,940             |
| Stabilization by State Statute        | 825,856             |
| Streets                               | 1,438,172           |
| Subsequent year's expenditures        | 132,909             |
| Working Capital / Fund Balance Policy | 3,351,493           |
| Available Fund Balance                | <u>\$ (318,323)</u> |

**Town of Tarboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

The Town 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% of budgeted expenditures.

**III. Jointly Governed Organization**

The Town, in conjunction with other local governments, is a member of the North Carolina Eastern Municipal Agency (the Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The 32 members, that receive power from the Agency, have signed power sales agreements to purchase a specified shared of the power generated by the Agency. Except for the power sales 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, 2018 totaled \$14,455,343.

The Town, in conjunction with 5 counties and other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$8,459 to the Council during the fiscal year ended June 30, 2018.

**IV. Joint Ventures**

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

Tarboro-Edgecombe Airport Authority

The Town, in conjunction with the County, participates in a regional airport. Each government appoints three members to the seven-member board. The seventh member is jointly appointed by both governments. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for twenty-six years, but it is not self-sustaining. The Town has an ongoing financial responsibility for the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The Town contributed \$14,209 to the Airport during the fiscal year ended June 30, 2018. The government does not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. 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, 2018. In accordance with the intergovernmental agreement between governments, the Town contributed \$146,528 to the Library to supplement its activities during the year ended June 30, 2018. 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, 2018**

Edgecombe County Cultural Arts Council, Inc.

The Town also participates in a joint venture with the County to operate a regional Arts Council. The Town appoints six members of the nineteen Board members to the Board of Arts Council. Neither participating governments has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2018. The Town contributed \$35,431 to the Arts Council during the year ended June 30, 2018. 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. Subsequent Events**

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

**VII. Related Party Transactions**

In accordance with NCGS 14-234, on December 12, 2016, the Town Council of the Town of Tarboro adopted a resolution authorizing the continuation of purchasing practices with Marrow-Pitt Hardware Co, Inc. by the Town, its manager, and staff. Marrow-Pitt Hardware Co, Inc. is owned by the Mayor of the Town. The Town expended \$39,024 as of June 30, 2018.

**VIII. Economic Development Incentive Agreement**

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

For the fiscal year ended June 30, 2018, the Town appropriated \$61,665 to Superior Essex.

**IX. Change in Accounting Principle**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$14,509,810 and \$3,594,187 for the business-type activities.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

Schedule of Total Pension Liability as a Percentage of Covered  
Payroll for the Law Enforcement Officers' Special Separation  
Allowance

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

Schedule of Contributions for Local Government Employees'  
Retirement System

Schedule of Changes in the Total OPEB Liability

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**Town of Tarboro, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2018**

|  | <b>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| Beginning balance  | \$ 1,274,475        | \$ 1,276,518        |
| Service cost   | 38,309              | 41,375              |
| Interest on the total pension liability  | 47,354              | 44,462              |
| Changes of benefit terms   | -                   | -                   |
| Differences between expected and actual experience in the measurement of the total pension liability | 41,364              | -                   |
| Changes of assumptions or other inputs   | 65,656              | (25,697)            |
| Benefit payments   | (95,349)            | (62,183)            |
| Other changes  | -                   | -                   |
| Ending balance of the total pension liability  | <u>\$ 1,371,809</u> | <u>\$ 1,274,475</u> |

Note:

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

**Town of Tarboro, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2018**

|  | <b>2018</b>  | <b>2017</b>  |
|--|--------------|--------------|
| Total pension liability                                    | \$ 1,371,809 | \$ 1,274,475 |
| Covered payroll  | 1,348,012    | 1,440,836    |
| Total pension liability as a percentage of covered payroll | 101.77%      | 88.45%       |

Notes:

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

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

**Town of Tarboro**  
**Town of Tarboro's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Five Fiscal Years \***  
**Local Government Employees' Retirement System**

|   | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
|---|--------------|--------------|--------------|--------------|--------------|
| Tarboro's proportion of the net pension liability (asset) (%)   | 0.11665%     | 0.11567%     | 0.12727%     | 0.12630%     | 0.12700%     |
| Tarboro's proportion of the net pension liability (asset) (\$)  | \$ 1,782,090 | \$ 2,454,905 | \$ 571,181   | \$ (744,850) | \$ 1,530,838 |
| Tarboro's covered-employee payroll  | \$ 7,195,482 | \$ 6,733,997 | \$ 6,073,633 | \$ 5,896,667 | \$ 6,110,651 |
| Tarboro's proportionate share of the net pension liability (asset)<br>as a percentage of its covered-employee payroll | 24.77%       | 36.46%       | 9.40%        | (12.63%)     | 25.05%       |
| Plan fiduciary net position as a percentage of the total pension<br>liability**                                       | 94.18%       | 91.47%       | 98.09%       | 102.64%      | 94.35%       |

Note:

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

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

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

**Town of Tarboro**  
**Town of Tarboro's Contributions**  
**Required Supplementary Information**  
**Last Five Fiscal Years**  
**Local Government Employees' Retirement System**

|  | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 573,242  | \$ 537,323  | \$ 459,711  | \$ 437,582  | \$ 429,301  |
| Contributions in relation to the contractually required contribution | 573,242     | 537,323     | 459,711     | 437,582     | 429,301     |
| Contribution deficiency (excess)                                     | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Tarboro's covered-employee payroll                                   | \$7,714,482 | \$7,195,482 | \$6,733,997 | \$6,073,633 | \$5,896,667 |
| Contributions as a percentage of covered-employee payroll            | 7.43%       | 7.47%       | 6.83%       | 7.20%       | 7.28%       |

**Note:**

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



**Town of Tarboro, North Carolina**  
**Schedule of Changes in Total OPEB Liability**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2018**

| <b>Total OPEB Liability</b>                        | <b><u>2018</u></b>          |
|--|-----------------------------|
| Service cost                                       | \$ 639,330                  |
| Interest   | 716,306                     |
| Changes of benefit terms                           | -                           |
| Differences between expected and actual experience | (37,086)                    |
| Changes of assumptions                             | (2,344,207)                 |
| Benefit payments                                   | <u>(506,103)</u>            |
| Net change in total OPEB liability                 | -                           |
| Total OPEB liability - beginning                   | <u>24,048,710</u>           |
| Total OPEB liability - ending                      | <u><u>\$ 22,516,950</u></u> |

**Note:**

The OPEB schedule in the required supplementary information is intended to show information for ten years. Additional information will be displayed as it becomes available.

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## **MAJOR GOVERNMENTAL FUND**

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**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

|   | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------------------------|
| <b>Revenues:</b>                            |                  |                  |                                    |
| <b>Ad valorem taxes</b>                     |                  |                  |                                    |
| Taxes                                       | \$ -             | \$ 3,667,487     | \$ -                               |
| Penalties and interest                      |                  | 31,964           |                                    |
| Total                                       | <u>3,678,100</u> | <u>3,699,451</u> | <u>21,351</u>                      |
| <b>Other taxes and licenses</b>             |                  |                  |                                    |
| Cable TV franchise                          |                  | 164,455          |                                    |
| Rental vehicle tax                          |                  | 6,296            |                                    |
| Auto sticker fees                           |                  | 45,496           |                                    |
| Dog licenses/beer wine                      |                  | 1,535            |                                    |
| Total                                       | <u>236,250</u>   | <u>217,782</u>   | <u>(18,468)</u>                    |
| <b>Unrestricted intergovernmental</b>       |                  |                  |                                    |
| Local option sales tax                      |                  | 2,140,883        |                                    |
| Payments in lieu of taxes - outside sources |                  | 31,577           |                                    |
| Utility sales tax                           |                  | 916,281          |                                    |
| Beer and wine tax                           |                  | 47,025           |                                    |
| ABC profit distribution                     |                  | 12,228           |                                    |
| Total                                       | <u>3,109,500</u> | <u>3,147,994</u> | <u>38,494</u>                      |
| <b>Restricted intergovernmental</b>         |                  |                  |                                    |
| Powell Bill allocation                      |                  | 312,420          |                                    |
| Federal nutrition program                   |                  | 47,716           |                                    |
| Federal aging program                       |                  | -                |                                    |
| Other grants                                |                  | 92,158           |                                    |
| Total                                       | <u>466,940</u>   | <u>452,294</u>   | <u>(14,646)</u>                    |
| <b>Permits and fees</b>                     |                  |                  |                                    |
| Building permits                            |                  | 38,821           |                                    |
| Fees  |                  | 36,442           |                                    |
| Business registration fee                   |                  | 330              |                                    |
| Total                                       | <u>81,100</u>    | <u>75,593</u>    | <u>(5,507)</u>                     |
| <b>Sales and Services</b>                   |                  |                  |                                    |
| Recreation department fees                  |                  | 108,178          |                                    |
| Sale of cemetery lots                       |                  | 32,000           |                                    |
| Rent revenue                                |                  | 15,604           |                                    |
| Total                                       | <u>182,400</u>   | <u>155,782</u>   | <u>(26,618)</u>                    |
| <b>Investment earnings</b>                  | <u>18,200</u>    | <u>50,775</u>    | <u>32,575</u>                      |

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

|                                 | Budget    | Actual    | Variance<br>Positive<br>(Negative) |
|---------------------------------|-----------|-----------|------------------------------------|
| <b>Miscellaneous</b>            |           |           |                                    |
| Sale of materials and property  |           | 21,422    |                                    |
| Other                           |           | 70,251    |                                    |
| Total                           | 130,300   | 91,673    | (38,627)                           |
| <b>Charges for Services</b>     |           |           |                                    |
| Electric                        |           | 231,638   |                                    |
| Water and sewer                 |           | 135,885   |                                    |
| Solid waste                     |           | 27,602    |                                    |
| Total                           | 395,125   | 395,125   | -                                  |
| <b>Total revenues</b>           | 8,297,915 | 8,286,469 | (11,446)                           |
| <b>Expenditures:</b>            |           |           |                                    |
| <b>General Government:</b>      |           |           |                                    |
| <b>Governing Body</b>           |           |           |                                    |
| Salaries and employee benefits  |           | 43,673    |                                    |
| Operating expenditures          |           | 30,665    |                                    |
| Total                           | 79,680    | 74,338    | 5,342                              |
| <b>Administration</b>           |           |           |                                    |
| Salaries and employee benefits  |           | 122,683   |                                    |
| Operating expenditures          |           | 389,051   |                                    |
| Total                           | 538,875   | 511,734   | 27,141                             |
| <b>Finance - Accounting</b>     |           |           |                                    |
| Salaries and employee benefits  |           | 57,800    |                                    |
| Operating expenditures          |           | 163,919   |                                    |
| Capital outlay                  |           | -         |                                    |
| Total                           | 284,850   | 221,719   | 63,131                             |
| <b>Finance - Administration</b> |           |           |                                    |
| Salaries and employee benefits  |           | 49,653    |                                    |
| Operating expenditures          |           | 32,613    |                                    |
| Total                           | 98,145    | 82,266    | 15,879                             |
| <b>Finance - Collections</b>    |           |           |                                    |
| Salaries and employee benefits  |           | 84,695    |                                    |
| Operating expenditures          |           | 23,794    |                                    |
| Total                           | 116,276   | 108,489   | 7,787                              |

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|---|
| <b>Planning and Economic Development</b> |                  |                  |   |
| Salaries and employee benefits           |                  | 160,517          |   |
| Operating expenditures                   |                  | 70,749           |   |
| Capital outlay                           |                  | 35,768           |   |
| Total                                    | <u>477,541</u>   | <u>267,034</u>   | <u>210,507</u>                              |
| <b>Public Works</b>                      |                  |                  |   |
| Salaries and employee benefits           |                  | 729,423          |   |
| Operating expenditures                   |                  | 392,975          |   |
| Capital Outlay                           |                  | 151,319          |   |
| Total                                    | <u>1,390,312</u> | <u>1,273,717</u> | <u>116,595</u>                              |
| <b>Payments to Outside Agencies</b>      |                  |                  |   |
| Tarboro-Edgecombe Airport                |                  | 14,209           |   |
| Edgecombe County Library                 |                  | 146,528          |   |
| Blount-Bridgers House                    |                  | 35,431           |   |
| Carolinas Gateway Partnership            |                  | 43,713           |   |
| Total                                    | <u>240,172</u>   | <u>239,881</u>   | <u>291</u>                                  |
| <b>Total general government</b>          | <u>3,225,851</u> | <u>2,779,178</u> | <u>446,673</u>                              |
| <b>Public Safety:</b>                    |                  |                  |   |
| <b>Police</b>                            |                  |                  |   |
| Salaries and employee benefits           |                  | 2,531,750        |   |
| Operating expenditures                   |                  | 377,182          |   |
| Capital outlay                           |                  | 345,698          |   |
| Total                                    | <u>3,518,296</u> | <u>3,254,630</u> | <u>263,666</u>                              |
| <b>Fire</b>                              |                  |                  |   |
| Salaries and employee benefits           |                  | 1,477,464        |   |
| Operating expenditures                   |                  | 163,912          |   |
| Capital Outlay                           |                  | 11,600           |   |
| Total                                    | <u>1,733,780</u> | <u>1,652,976</u> | <u>80,804</u>                               |
| <b>Total public safety</b>               | <u>5,252,076</u> | <u>4,907,606</u> | <u>344,470</u>                              |

**Town of Tarboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

|  | <u>Budget</u>      | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|--------------------|---------------------|---|
| <b>Transportation:</b>   |                    |                     |   |
| <b>Streets and Highways</b>  |                    |                     |   |
| Salaries and employee benefits   |                    | 378,087             |   |
| Operating expenditures   |                    | 427,549             |   |
| Capital outlay   |                    | 28,748              |   |
| <b>Total transportation</b>  | <u>1,150,670</u>   | <u>834,384</u>      | <u>316,286</u>                              |
| <b>Cultural and recreational:</b>  |                    |                     |   |
| <b>Parks and Recreation</b>  |                    |                     |   |
| Salaries and employee benefits   |                    | 846,734             |   |
| Operating expenditures   |                    | 427,375             |   |
| Capital outlay   |                    | 127,566             |   |
| <b>Total cultural and recreational</b>   | <u>1,543,048</u>   | <u>1,401,675</u>    | <u>141,373</u>                              |
| <b>Total expenditures</b>  | <u>11,171,645</u>  | <u>9,922,843</u>    | <u>1,248,802</u>                            |
| <b>Revenues over (under) expenditures</b>  | <u>(2,873,730)</u> | <u>(1,636,374)</u>  | <u>1,237,356</u>                            |
| <b>Other financing sources (uses):</b>   |                    |                     |   |
| Capital Outlay Reserve Appropriation   | 616,200            | -                   | (616,200)                                   |
| Appropriated fund balance  | 587,553            | -                   | (587,553)                                   |
| Transfers from other funds   | <u>1,669,977</u>   | <u>1,669,977</u>    | <u>-</u>                                    |
| <b>Total other financing sources (uses)</b>  | <u>2,873,730</u>   | <u>1,669,977</u>    | <u>(1,203,753)</u>                          |
| <b>Revenues and other financing sources<br/>over expenditures and other<br/>financing uses</b> | <u>\$ -</u>        | <u>33,603</u>       | <u>\$ 33,603</u>                            |
| <b>Fund balance, beginning</b>   |                    | 5,612,633           |   |
| <b>Fund balance, ending</b>  |                    | <u>\$ 5,646,236</u> |   |



## **NON-MAJOR GOVERNMENTAL FUNDS**

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**Town of Tarboro, North Carolina  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Year Ended June 30, 2018**

|                                       | <b>Emergency<br/>Telephone<br/>System<br/>Fund</b> | <b>Law<br/>Enforcement<br/>Fund</b> | <b>Employee<br/>Relief<br/>Fund</b> | <b>Hurricane<br/>Matthew<br/>Relief<br/>Fund</b> | <b>Total<br/>Non-Major<br/>Governmental<br/>Funds</b> |
|---------------------------------------|--|-------------------------------------|-------------------------------------|--|---|
| <b>Assets:</b>                        |  |                                     |                                     |  |   |
| Cash and cash equivalents             | \$ -   | \$ 62,824                           | \$ 400                              | \$ 273,315                                       | \$ 336,539  |
| Restricted cash                       | 138,846  | -                                   | -                                   | -  | 138,846   |
| Other receivables - net               | 415  | 982                                 | -                                   | 93   | 1,490   |
| Due from other governments            | 10,318   | -                                   | -                                   | -  | 10,318  |
| Total assets                          | <u>149,579</u>                                     | <u>63,806</u>                       | <u>400</u>                          | <u>273,408</u>                                   | <u>487,193</u>  |
| <b>Liabilities and Fund Balances:</b> |  |                                     |                                     |  |   |
| Liabilities:                          |  |                                     |                                     |  |   |
| Accounts payable                      | 21,207   | -                                   | -                                   | -  | 21,207  |
| Due to other funds                    | -  | -                                   | -                                   | -  | -   |
| Total liabilities                     | <u>21,207</u>                                      | <u>-</u>                            | <u>-</u>                            | <u>-</u>   | <u>21,207</u>   |
| Fund Balances:                        |  |                                     |                                     |  |   |
| Restricted:                           |  |                                     |                                     |  |   |
| General government                    | -  | -                                   | 400                                 | -  | 400   |
| Public safety                         | 128,372  | 63,806                              | -                                   | -  | 192,178   |
| Unassigned                            | -  | -                                   | -                                   | 273,408  | 273,408   |
| Total fund balances                   | <u>128,372</u>                                     | <u>63,806</u>                       | <u>400</u>                          | <u>273,408</u>                                   | <u>465,986</u>  |
| Total liabilities and fund balances   | <u>\$ 149,579</u>                                  | <u>\$ 63,806</u>                    | <u>\$ 400</u>                       | <u>\$ 273,408</u>                                | <u>\$ 487,193</u>                                     |

**Town of Tarboro, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2018**

|                                   | <b>Emergency<br/>Telephone<br/>System<br/>Fund</b> | <b>Law<br/>Enforcement<br/>Fund</b> | <b>Employee<br/>Relief<br/>Fund</b> | <b>Hurricane<br/>Matthew<br/>Relief<br/>Fund</b> | <b>Total<br/>Non-Major<br/>Governmental<br/>Funds</b> |
|-----------------------------------|--|-------------------------------------|-------------------------------------|--|---|
| <b>Revenues</b>                   |  |                                     |                                     |  |   |
| Unrestricted intergovernmental    | \$ -   | \$ 34,714                           | \$ -                                | \$ -   | \$ 34,714   |
| Restricted intergovernmental      | 120,286  | -                                   | -                                   | 746,689  | 866,975   |
| Miscellaneous revenues            | -  | -                                   | -                                   | -  | -   |
| Investment earnings               | 14,079   | 448                                 | -                                   | -  | 14,527  |
| Total revenues                    | <u>134,365</u>                                     | <u>35,162</u>                       | <u>-</u>                            | <u>746,689</u>                                   | <u>916,216</u>  |
| <b>Expenditures</b>               |  |                                     |                                     |  |   |
| General government                | -  | -                                   | -                                   | 343,217  | 343,217   |
| Public safety                     | 75,126   | 22,007                              | -                                   | -  | 97,133  |
| Economic and physical development | -  | -                                   | -                                   | -  | -   |
| Capital outlay                    | 155,778  | -                                   | -                                   | -  | 155,778   |
| Total expenditures                | <u>230,904</u>                                     | <u>22,007</u>                       | <u>-</u>                            | <u>343,217</u>                                   | <u>596,128</u>  |
| Revenues over (under) expenses    | (96,539)   | 13,155                              | -                                   | 403,472  | 320,088   |
| Fund balance, beginning           | <u>224,911</u>                                     | <u>50,651</u>                       | <u>400</u>                          | <u>(130,064)</u>                                 | <u>145,898</u>  |
| Fund balance, ending              | <u><u>\$ 128,372</u></u>                           | <u><u>\$ 63,806</u></u>             | <u><u>\$ 400</u></u>                | <u><u>\$ 273,408</u></u>                         | <u><u>\$ 465,986</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, 2018**

|  | <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>    |
|--|----------------|-------------------|--------------------|
| <b>Revenues:</b>   |                |                   |                    |
| Restricted intergovernmental   | \$ 120,286     | \$ 120,286        | \$ -               |
| Investment earnings  | 500            | 14,079            | 13,579             |
| Total revenues   | <u>120,786</u> | <u>134,365</u>    | <u>13,579</u>      |
| <b>Expenditures</b>  |                |                   |                    |
| Public safety  | 120,786        | 75,126            | 45,660             |
| Capital outlay   | 158,815        | 155,778           | 3,037              |
| Total expenditures   | <u>279,601</u> | <u>230,904</u>    | <u>48,697</u>      |
| Revenues over (under) expenses   | (158,815)      | (96,539)          | 62,276             |
| <b>Other financing sources (uses):</b>   |                |                   |                    |
| Appropriated fund balance  | <u>158,815</u> | <u>-</u>          | <u>(158,815)</u>   |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures | <u>\$ -</u>    | (96,539)          | <u>\$ (96,539)</u> |
| Fund balance, beginning  |                | <u>224,911</u>    |                    |
| Fund balance, ending   |                | <u>\$ 128,372</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, 2018**

|  | <u>Budget</u> | <u>Actual</u>    | <u>Variance</u>  |
|--|---------------|------------------|------------------|
| <b>Revenues:</b>   |               |                  |                  |
| Unrestricted Intergovernmental   | \$ 37,000     | \$ 34,714        | \$ (2,286)       |
| Investment earnings  | 150           | 448              | 298              |
| Total revenues   | <u>37,150</u> | <u>35,162</u>    | <u>(1,988)</u>   |
| <b>Expenditures</b>  |               |                  |                  |
| Public safety  | 27,150        | 22,007           | 5,143            |
| Capital outlay   | 10,000        | -                | 10,000           |
| Total expenditures   | <u>37,150</u> | <u>22,007</u>    | <u>15,143</u>    |
| Revenues over (under) expenses   | -             | 13,155           | 13,155           |
| <b>Other financing sources (uses):</b>   |               |                  |                  |
| Appropriated fund balance  | <u>-</u>      | <u>-</u>         | <u>-</u>         |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures | <u>\$ -</u>   | 13,155           | <u>\$ 13,155</u> |
| Fund balance, beginning  |               | <u>50,651</u>    |                  |
| Fund balance, ending   |               | <u>\$ 63,806</u> |                  |



**Town of Tarboro, North Carolina**  
**Employee Relief Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

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

**Town of Tarboro, North Carolina**  
**Hurricane Matthew Relief Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

|  | <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>   |
|--|----------------|-------------------|-------------------|
| <b>Revenues:</b>   |                |                   |                   |
| Restricted intergovernmental   | \$ 850,000     | \$ 746,689        | \$ (103,311)      |
| Miscellaneous revenues   | -              | -                 | -                 |
| Total revenues   | <u>850,000</u> | <u>746,689</u>    | <u>(103,311)</u>  |
| <b>Expenditures</b>  |                |                   |                   |
| General government   | 850,000        | 343,217           | 506,783           |
| Total expenditures   | <u>850,000</u> | <u>343,217</u>    | <u>506,783</u>    |
| Revenues over (under) expenses   | -              | 403,472           | 403,472           |
| <b>Other financing sources (uses):</b>   |                |                   |                   |
| Appropriated fund balance  | <u>-</u>       | <u>-</u>          | <u>-</u>          |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures | <u>\$ -</u>    | 403,472           | <u>\$ 403,472</u> |
| Fund balance, beginning  |                | <u>(130,064)</u>  |                   |
| Fund balance, ending   |                | <u>\$ 273,408</u> |                   |

## **ENTERPRISE FUNDS**

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**Town of Tarboro, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2018**

|                                     | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-------------------------------------|-------------------|-------------------|---|
| <b>Revenues:</b>                    |                   |                   |   |
| Operating revenues:                 |                   |                   |   |
| Electricity sales                   |                   | \$ 23,169,158     |   |
| Other operating revenues            |                   | 138,326           |   |
| Total operating revenues            | <u>23,120,600</u> | <u>23,307,484</u> | <u>186,884</u>                              |
| Non-operating revenues:             |                   |                   |   |
| Interest on investments             |                   | 116,625           |   |
| Sale of equipment and materials     |                   | 56,646            |   |
| Miscellaneous                       |                   | 7,645             |   |
| Total non-operating revenues        | <u>110,000</u>    | <u>180,916</u>    | <u>70,916</u>                               |
| Total revenues                      | <u>23,230,600</u> | <u>23,488,400</u> | <u>257,800</u>                              |
| <b>Expenditures:</b>                |                   |                   |   |
| Administration and operations:      |                   |                   |   |
| Salaries and employee benefits      |                   | 1,933,800         |   |
| Administration                      |                   | 720,167           |   |
| Operations                          |                   | 484,820           |   |
| Total administration and operations | <u>3,329,495</u>  | <u>3,138,787</u>  | <u>190,708</u>                              |
| Other operating expenditures:       |                   |                   |   |
| Load management                     | <u>167,000</u>    | <u>165,870</u>    | <u>1,130</u>                                |
| Electrical power purchases          | <u>18,000,000</u> | <u>14,455,343</u> | <u>3,544,657</u>                            |
| Capital outlay:                     |                   |                   |   |
| Distribution system                 |                   | 194,951           |   |
| Equipment                           |                   | 417,770           |   |
| Total capital outlay                | <u>1,020,485</u>  | <u>612,721</u>    | <u>407,764</u>                              |
| Debt service:                       |                   |                   |   |
| Interest and other charges          |                   | 993               |   |
| Principal retirement                |                   | 44,852            |   |
| Total debt service                  | <u>45,847</u>     | <u>45,845</u>     | <u>2</u>                                    |
| Total expenditures                  | <u>22,562,827</u> | <u>18,418,566</u> | <u>4,144,261</u>                            |
| Revenues over (under) expenditures  | <u>667,773</u>    | <u>5,069,834</u>  | <u>4,402,061</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, 2018**

|  | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|---------------------|---|
| <b>Other financing sources (uses):</b>   |                  |                     |   |
| Capital Outlay Reserve Appropriation   | 612,000          | -                   | (612,000)                                   |
| Transfer to the General Fund   | (1,669,977)      | (1,669,977)         | -   |
| Appropriated fund balance  | 390,204          | -                   | (390,204)                                   |
| Total other financing sources (uses)   | <u>(667,773)</u> | <u>(1,669,977)</u>  | <u>(1,002,204)</u>                          |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>      | <u>3,399,857</u>    | <u>\$ 3,399,857</u>                         |
| <b>Reconciliation from budgetary basis<br/>(modified accrual) to full accrual:</b>         |                  |                     |   |
| Revenues and other sources over<br>expenditures and other uses                             |                  | 3,399,857           |   |
| Reconciling items:   |                  |                     |   |
| Principal repayment on long-term debt  |                  | 44,852              |   |
| Capital outlay   |                  | 612,721             |   |
| Depreciation   |                  | (1,629,097)         |   |
| Capital contributions  |                  | -                   |   |
| Increase (Decrease) in deferred outflows of resources - pensions                           |                  | (113,220)           |   |
| (Increase) Decrease in net pension liability   |                  | 96,862              |   |
| (Increase) Decrease in deferred inflows of resources - pensions                            |                  | 6,439               |   |
| (Increase) Decrease in compensated absences  |                  | 27,782              |   |
| Net effect of OPEB liability   |                  | (51,686)            |   |
| Transfer from capital project fund   |                  | -                   |   |
| Total reconciling items  |                  | <u>(1,005,347)</u>  |   |
| Net income   |                  | <u>\$ 2,394,510</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, 2018**

|  | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| Revenues:                                  |                  |                  |                                    |
| Operating revenues:                        |                  |                  |                                    |
| Water and sewer sales                      | \$               | \$ 4,269,059     | \$                                 |
| Water and sewer taps                       |                  | 16,130           |                                    |
| Other operating revenues                   |                  | 36,588           |                                    |
| Total operating revenues                   | <u>4,397,700</u> | <u>4,321,777</u> | <u>(75,923)</u>                    |
| Non-operating revenues:                    |                  |                  |                                    |
| Interest earnings                          |                  | 25,850           |                                    |
| Sale of equipment and materials            |                  | 8,891            |                                    |
| Miscellaneous                              |                  | 3,726            |                                    |
| Total non-operating revenues               | <u>11,875</u>    | <u>38,467</u>    | <u>26,592</u>                      |
| Total revenues                             | <u>4,409,575</u> | <u>4,360,244</u> | <u>(49,331)</u>                    |
| Expenditures:                              |                  |                  |                                    |
| Water and sewer administration:            |                  |                  |                                    |
| Salaries and employee benefits             |                  | 2,111,435        |                                    |
| Professional services                      |                  | 8,515            |                                    |
| Administration                             |                  | 302,889          |                                    |
| Total water and sewer administration       | <u>2,509,850</u> | <u>2,422,839</u> | <u>87,011</u>                      |
| Water treatment and distribution:          |                  |                  |                                    |
| Utilities                                  |                  | 153,519          |                                    |
| Other operating expenditures               |                  | 409,168          |                                    |
| Total water treatment and distribution     | <u>692,935</u>   | <u>562,687</u>   | <u>130,248</u>                     |
| Waste water collection and treatment:      |                  |                  |                                    |
| Utilities                                  |                  | 179,284          |                                    |
| Other operating expenditures               |                  | 385,582          |                                    |
| Total waste water collection and treatment | <u>717,500</u>   | <u>564,866</u>   | <u>152,634</u>                     |
| Debt service:                              |                  |                  |                                    |
| Interest and other charges                 |                  | 1,509            |                                    |
| Principal retirement                       |                  | 97,581           |                                    |
| Total debt service                         | <u>99,095</u>    | <u>99,090</u>    | <u>5</u>                           |
| Capital outlay:                            |                  |                  |                                    |
| Equipment                                  |                  | 60,564           |                                    |
| Water distribution                         |                  | 268,765          |                                    |
| Sewer treatment                            |                  | -                |                                    |
| Total capital outlay                       | <u>524,396</u>   | <u>329,329</u>   | <u>195,067</u>                     |
| Total expenditures                         | <u>4,543,776</u> | <u>3,978,811</u> | <u>564,965</u>                     |
| Revenues over (under) expenditures         | <u>(134,201)</u> | <u>381,433</u>   | <u>515,634</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, 2018**

|  | Budget         | Actual            | Variance<br>Positive<br>(Negative) |
|--|----------------|-------------------|------------------------------------|
| Other financing sources (uses):  |                |                   |                                    |
| Appropriated fund balance  | 134,201        | -                 | (134,201)                          |
| Transfer (to) from capital project funds   | -              | -                 | -                                  |
| Total other financing sources (uses)   | <u>134,201</u> | <u>-</u>          | <u>(134,201)</u>                   |
| Revenues and other sources over (under)<br>expenditures and other uses             | <u>\$ -</u>    | <u>\$ 381,433</u> | <u>\$ 381,433</u>                  |
| <b>Reconciliation from budgetary basis<br/>(modified accrual) to full accrual:</b> |                |                   |                                    |
| Revenues and other sources over<br>expenditures and other uses                     |                | \$ 381,433        |                                    |
| Reconciling items:   |                |                   |                                    |
| Principal repayment on long-term debt  |                | 97,581            |                                    |
| Capital outlay   |                | 329,329           |                                    |
| Depreciation   |                | (1,156,987)       |                                    |
| Capital contributions  |                | 888,050           |                                    |
| Increase (Decrease) in deferred outflows of resources - pensions                   |                | (157,233)         |                                    |
| (Increase) Decrease in net pension liability                                       |                | 150,350           |                                    |
| (Increase) Decrease in deferred inflows of resources - pensions                    |                | 8,811             |                                    |
| (Increase) Decrease in compensated absences  |                | (5,305)           |                                    |
| Net effect of OPEB liability   |                | (66,128)          |                                    |
| Transfer from capital project fund   |                | -                 |                                    |
| Total reconciling items  |                | <u>88,468</u>     |                                    |
| Net income (loss)  |                | <u>\$ 469,901</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, 2018**

|  | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| Revenues:  |                  |                  |                                    |
| Operating revenues:  |                  |                  |                                    |
| Solid waste collection & disposal charges                              | \$               | \$ 1,068,040     | \$                                 |
| Other operating revenues   |                  | 13,292           |                                    |
| Total operating revenues   | <u>1,078,500</u> | <u>1,081,332</u> | <u>2,832</u>                       |
| Non-operating revenues:  |                  |                  |                                    |
| Interest earnings  |                  | 6,135            |                                    |
| Sale of equipment and materials  |                  | 30,087           |                                    |
| Total non-operating revenues   | <u>8,000</u>     | <u>36,222</u>    | <u>28,222</u>                      |
| Total revenues   | <u>1,086,500</u> | <u>1,117,554</u> | <u>31,054</u>                      |
| Expenditures:  |                  |                  |                                    |
| Solid waste collection and disposal:                                   |                  |                  |                                    |
| Salaries and employee benefits   |                  | 485,664          |                                    |
| Sanitary landfill fees   |                  | 290,984          |                                    |
| Administration   |                  | 252,325          |                                    |
| Total solid waste collection and disposal                              | <u>1,045,150</u> | <u>1,028,973</u> | <u>16,177</u>                      |
| Debt service:  |                  |                  |                                    |
| Interest and other charges   |                  | 4,631            |                                    |
| Principal retirement   |                  | 68,968           |                                    |
| Total debt service   | <u>73,600</u>    | <u>73,599</u>    | <u>1</u>                           |
| Capital outlay   | <u>15,950</u>    | <u>3,450</u>     | <u>12,500</u>                      |
| Total expenditures   | <u>1,134,700</u> | <u>1,106,022</u> | <u>28,678</u>                      |
| Revenues over (under) expenditures                                     | <u>(48,200)</u>  | <u>11,532</u>    | <u>59,732</u>                      |
| Other financing sources (uses):  |                  |                  |                                    |
| Appropriated fund balance  | <u>48,200</u>    | -                | <u>(48,200)</u>                    |
| Total other financing sources (uses)                                   | <u>48,200</u>    | -                | <u>(48,200)</u>                    |
| Revenues and other sources over (under)<br>expenditures and other uses | <u>\$ -</u>      | <u>\$ 11,532</u> | <u>\$ 11,532</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, 2018**

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

|  |                          |
|--|--------------------------|
| Revenues and other sources over expenditures and other uses      | \$ 11,532                |
| Reconciling items:   |                          |
| Principal repayment on long-term debt                            | 68,968                   |
| Capital outlay   | 3,450                    |
| Depreciation   | (92,774)                 |
| Capital contributions  | -                        |
| Increase (Decrease) in deferred outflows of resources - pensions | (26,677)                 |
| (Increase) Decrease in net pension liability                     | 10,531                   |
| (Increase) Decrease in deferred inflows of resources - pensions  | 15,110                   |
| (Increase) Decrease in compensated absences                      | 139                      |
| Net effect of OPEB liability                                     | -                        |
| Total reconciling items  | <u>(21,253)</u>          |
| Net income (loss)  | <u><u>\$ (9,721)</u></u> |

**Town of Tarboro, North Carolina**  
**Electric Capital Projects Fund**  
**General Foam Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

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

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Sewer Line Extension Project**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

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

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Tarboro Commerce Center Utility Extension**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

|  | Actual        |             |              |               |
|--|---------------|-------------|--------------|---------------|
|  | Project       | Prior       | Current      | Total         |
|  | Authorization | Years       | Year         | Project       |
|  |               |             |              | To Date       |
|  |               |             |              | Variance      |
|  |               |             |              | Favorable     |
|  |               |             |              | (Unfavorable) |
| <b>Revenues:</b>                       |               |             |              |               |
| Restricted intergovernmental:          |               |             |              |               |
| Industrial Development Fund Grant      | \$ 949,750    | \$ -        | \$ 394,501   | \$ 394,501    |
|  |               |             |              | \$ (555,249)  |
| <b>Expenditures:</b>                   |               |             |              |               |
| Professional services                  | 188,500       | 42,442      | 88,464       | 130,906       |
| Construction                           | 1,011,250     | -           | 457,885      | 457,885       |
| Total expenditures                     | 1,199,750     | 42,442      | 546,349      | 588,791       |
|  |               |             |              | 610,959       |
| Revenues over                          |               |             |              |               |
| (under) expenditures                   | (250,000)     | (42,442)    | (151,848)    | (194,290)     |
|  |               |             |              | 55,710        |
| <b>Other financing sources (uses):</b> |               |             |              |               |
| Transfer from Water and Sewer Fund     | 250,000       | -           | -            | -             |
| Total other financing sources (uses)   | 250,000       | -           | -            | -             |
|  |               |             |              | (250,000)     |
| Net change in fund balance             | \$ -          | \$ (42,442) | \$ (151,848) | \$ (194,290)  |
|  |               |             |              | \$ (194,290)  |

**Town of Tarboro, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Emergency Watershed Protection**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

|  | Acutal         |                 |             | Total<br>Project<br>To Date | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------|-----------------|-------------|-----------------------------|--|
| Project<br>Authorization               | Prior<br>Years | Current<br>Year |             |                             |  |
| <b>Revenues:</b>                       |                |                 |             |                             |  |
| Contribution from Edgecombe Cotton     | \$ 3,241       | \$ -            | \$ -        | \$ -                        | \$ (3,241)                             |
| USDA NRCS Funding                      | 608,021        | -               | 493,549     | 493,549                     | (114,472)                              |
| Total revenues                         | 611,262        | -               | 493,549     | 493,549                     | (117,713)                              |
| <b>Expenditures:</b>                   |                |                 |             |                             |  |
| Professional services                  | 60,802         | -               | 50,489      | 50,489                      | 10,313                                 |
| Capital outlay - construction          | 608,021        | -               | 493,549     | 493,549                     | 114,472                                |
| Total expenditures                     | 668,823        | -               | 544,038     | 544,038                     | 124,785                                |
| Revenues over<br>(under) expenditures  | (57,561)       | -               | (50,489)    | (50,489)                    | 7,072                                  |
| <b>Other financing sources (uses):</b> |                |                 |             |                             |  |
| Transfer from Water and Sewer Fund     | 57,561         | -               | -           | -                           | (57,561)                               |
| Total other financing sources (uses)   | 57,561         | -               | -           | -                           | (57,561)                               |
| Net change in fund balance             | \$ -           | \$ -            | \$ (50,489) | \$ (50,489)                 | \$ (50,489)                            |

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

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**Town of Tarboro, North Carolina**  
**Comparative Schedule of Capital Assets by Source**  
**June 30, 2018**

|                                      | <u>2018</u>          | <u>2017</u>          |
|--------------------------------------|----------------------|----------------------|
| <b>Capital Assets:</b>               |                      |                      |
| Land                                 | \$ 1,909,193         | \$ 1,909,193         |
| Buildings and improvements           | 4,337,047            | 4,337,047            |
| Other improvements                   | 5,476,173            | 5,293,128            |
| Infrastructure streets               | 49,940,439           | 49,940,439           |
| Infrastructure sidewalks             | 549,028              | 549,028              |
| Equipment                            | 9,880,610            | 9,680,167            |
| Total capital assets                 | <u>\$ 72,092,490</u> | <u>\$ 71,709,002</u> |
| <br><b>Capital Assets by Source:</b> |                      |                      |
| General government                   | \$ 2,223,478         | \$ 2,220,280         |
| Public safety                        | 9,525,708            | 9,178,603            |
| Public works                         | 55,819,280           | 55,811,575           |
| Cultural and recreational            | 4,524,024            | 4,498,544            |
| Total capital assets by source       | <u>\$ 72,092,490</u> | <u>\$ 71,709,002</u> |

**Town of Tarboro, North Carolina**  
**Schedule of Capital Assets, by Function and Activity**  
**June 30, 2018**

|                                   | <u>Land</u>         | <u>Buildings</u>    | <u>Other<br/>Improvements</u> | <u>Infrastructure</u> |                   | <u>Equipment</u>    | <u>Total</u>         |
|-----------------------------------|---------------------|---------------------|-------------------------------|-----------------------|-------------------|---------------------|----------------------|
|                                   |                     |                     |                               | <u>Streets</u>        | <u>Sidewalks</u>  |                     |                      |
| <b>General Government:</b>        |                     |                     |                               |                       |                   |                     |                      |
| Administration                    | \$ 1,550,693        | \$ 162,178          | \$ 187,726                    | \$ -                  | \$ -              | \$ 32,874           | \$ 1,933,471         |
| Finance                           | -                   | -                   | 23,348                        | -                     | -                 | 149,457             | 172,805              |
| Planning                          | -                   | -                   | 73,891                        | -                     | -                 | 43,311              | 117,202              |
| Total general government          | <u>1,550,693</u>    | <u>162,178</u>      | <u>284,965</u>                | <u>-</u>              | <u>-</u>          | <u>225,642</u>      | <u>2,223,478</u>     |
| <b>Public Safety:</b>             |                     |                     |                               |                       |                   |                     |                      |
| Police                            | 8,500               | 1,301,780           | 1,383,538                     | -                     | -                 | 3,555,223           | 6,249,041            |
| Fire                              | -                   | 628,098             | 231,613                       | -                     | -                 | 2,416,956           | 3,276,667            |
| Total public safety               | <u>8,500</u>        | <u>1,929,878</u>    | <u>1,615,151</u>              | <u>-</u>              | <u>-</u>          | <u>5,972,179</u>    | <u>9,525,708</u>     |
| <b>Public Works:</b>              |                     |                     |                               |                       |                   |                     |                      |
| Garage                            | -                   | -                   | -                             | -                     | -                 | 158,214             | 158,214              |
| Buildings and grounds             | -                   | 575,902             | 784,328                       | -                     | -                 | 1,225,007           | 2,585,237            |
| Administration                    | -                   | -                   | -                             | -                     | -                 | 49,402              | 49,402               |
| Engineering                       | -                   | -                   | 822,903                       | -                     | -                 | 81,626              | 904,529              |
| Streets                           | -                   | -                   | 189,741                       | 49,940,439            | -                 | 1,442,690           | 51,572,870           |
| Sidewalks                         | -                   | -                   | -                             | -                     | 549,028           | -                   | 549,028              |
| Total Public Works                | <u>-</u>            | <u>575,902</u>      | <u>1,796,972</u>              | <u>49,940,439</u>     | <u>549,028</u>    | <u>2,956,939</u>    | <u>55,819,280</u>    |
| <b>Cultural and Recreational:</b> |                     |                     |                               |                       |                   |                     |                      |
| Cultural and recreation           | <u>350,000</u>      | <u>1,669,089</u>    | <u>1,779,085</u>              | <u>-</u>              | <u>-</u>          | <u>725,850</u>      | <u>4,524,024</u>     |
| <b>Total Capital Assets</b>       | <u>\$ 1,909,193</u> | <u>\$ 4,337,047</u> | <u>\$ 5,476,173</u>           | <u>\$ 49,940,439</u>  | <u>\$ 549,028</u> | <u>\$ 9,880,610</u> | <u>\$ 72,092,490</u> |

## **OTHER SUPPLEMENTAL SCHEDULES**

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

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**Town of Tarboro, North Carolina**  
**Schedule of Cash and Investment Balances**  
**June 30, 2018**

**Cash and Cash Equivalents:**

|  |                      |
|--|----------------------|
| On hand  | \$ 3,675             |
| In demand deposits   | 3,337,455            |
| Certificates of deposit with maturities of 91 days or less | 2,000,000            |
| Certificates of deposit with maturities of over 91 days    | 2,750,000            |
| North Carolina Capital Management Trust                    | 13,040,381           |
| Total  | <u>\$ 21,131,511</u> |

**Distribution by Funds:**

|                       |                      |
|-----------------------|----------------------|
| General Fund          | \$ 4,845,757         |
| Special Revenue Funds | 475,385              |
| Enterprise Funds:     |                      |
| Electric Fund         | 12,984,853           |
| Water and Sewer Fund  | 2,166,479            |
| Solid Waste Fund      | 659,037              |
| Total                 | <u>\$ 21,131,511</u> |

**Town of Tarboro, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2018**

| Fiscal Year | Uncollected Balance<br>July 1, 2017 | Additions           | Collections<br>And Credits | Uncollected Balance<br>June 30, 2018 |
|-------------|-------------------------------------|---------------------|----------------------------|--------------------------------------|
| 2017-2018   | \$ -                                | \$ 3,675,464        | \$ 3,589,434               | \$ 86,030                            |
| 2016-2017   | 84,538                              | -                   | 43,708                     | 40,830                               |
| 2015-2016   | 38,779                              | -                   | 7,895                      | 30,884                               |
| 2014-2015   | 28,766                              | -                   | 6,722                      | 22,044                               |
| 2013-2014   | 22,936                              | -                   | 4,620                      | 18,316                               |
| 2012-2013   | 31,516                              | -                   | 3,565                      | 27,951                               |
| 2011-2012   | 17,188                              | -                   | 3,348                      | 13,840                               |
| 2010-2011   | 20,963                              | -                   | 2,558                      | 18,405                               |
| 2009-2010   | 10,304                              | -                   | 1,149                      | 9,155                                |
| 2008-2009   | 11,300                              | -                   | 965                        | 10,335                               |
| Prior years | 14,090                              | -                   | 6,755                      | 7,335                                |
|             | <u>\$ 280,380</u>                   | <u>\$ 3,675,464</u> | <u>\$ 3,670,719</u>        | <u>285,125</u>                       |

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

Ad valorem taxes receivable, net \$ 219,005

Reconciliation with Revenues:

|                               |                     |
|-------------------------------|---------------------|
| Ad valorem taxes:             |                     |
| General Fund                  | \$ 3,699,451        |
| Reconciling items:            |                     |
| Prior years taxes written off | 7,788               |
| Prior year releases           | 52                  |
| Interest                      | (26,478)            |
| Fees                          | (10,094)            |
| Total reconciling items       | <u>(28,732)</u>     |
| Total collections and credits | <u>\$ 3,670,719</u> |

**Town of Tarboro, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2018**

|   | Town - Wide                  |      | Total Levy                                   |                           |
|---|------------------------------|------|--|---------------------------|
|   | Property Valuation           | Rate | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| <b>Original levy:</b>                     |                              |      |  |                           |
| Property taxed at current:                |                              |      |  |                           |
| Real estate                               | \$ 584,986,368               | 0.41 | \$ 2,398,444                                 | \$ -                      |
| Personal property                         | 199,043,822                  | 0.41 | 816,080                                      | -                         |
| Gross levy                                | <u>784,030,190</u>           |      | <u>3,214,524</u>                             | <u>-</u>                  |
| <b>Add:</b>                               |                              |      |  |                           |
| Motor vehicles taxed at current           |                              |      |  |                           |
| year's rate                               | 74,347,056                   | 0.41 | -  | 304,823                   |
| Other afterlists (1)                      | 27,182,647                   |      | 115,553                                      | -                         |
| Late listing penalties                    | -                            |      | 2,020  | -                         |
| Sticker fees/dog licences                 | -                            |      | 1,219  | 37,325                    |
|   | <u>885,559,893</u>           |      | <u>3,333,316</u>                             | <u>342,148</u>            |
| <b>Deduct releases:</b>                   | (445,859)                    |      | (1,916)                                      | -                         |
| <b>Net levy</b>                           | <u><u>\$ 885,114,034</u></u> |      | <u>3,331,400</u>                             | <u>342,148</u>            |
| Uncollected taxes at June 30, 2018        |                              |      | (86,030)                                     | -                         |
| <b>Current year's taxes collected</b>     |                              |      | <u><u>\$ 3,245,370</u></u>                   | <u><u>\$ 342,148</u></u>  |
| <b>Current levy collection percentage</b> |                              |      | <u><u>97.42%</u></u>                         | <u><u>100.00%</u></u>     |

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





## STATISTICAL SECTION

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

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| Contents   | Page |
|--|------|
| Financial Trends<br><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>   | 94   |
| Revenue Capacity<br><i>These schedules contain information that helps the reader assess the Town's most significant revenue source, the property tax.</i>  | 100  |
| Debt Capacity<br><i>This schedule presents information to help the reader assess the affordability of the Town's ability to issue debt in the future.</i>  | 105  |
| Demographic and Economic Information<br><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>                                    | 106  |
| Operating Information<br><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> | 108  |

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 Assets/Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

|  | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018           |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Governmental Activities                            |               |               |               |               |               |               |               |               |               |                |
| Net investment in capital assets                   | 22,134        | 20,560        | 18,800        | 17,418        | 16,224        | 14,942        | 13,954        | 10,069        | 12,574        | 11,637         |
| Restricted   | 333           | 973           | 2,292         | 1,951         | 1,980         | 2,098         | 2,187         | 1,964         | 2,274         | 2,614          |
| Unrestricted                                       | 2,436         | 950           | (215)         | 570           | 1,641         | 766           | 275           | 3,106         | (1,968)       | (16,460)       |
| Total governmental activities net assets/position  | <u>24,903</u> | <u>22,483</u> | <u>20,877</u> | <u>19,939</u> | <u>19,845</u> | <u>17,806</u> | <u>16,416</u> | <u>15,139</u> | <u>12,880</u> | <u>(2,209)</u> |
| Business Type Activities                           |               |               |               |               |               |               |               |               |               |                |
| Net investment in capital assets                   | 42,450        | 40,408        | 38,195        | 37,230        | 36,361        | 34,535        | 33,035        | 31,946        | 31,552        | 30,920         |
| Restricted   | -             | -             | -             | -             | -             | -             | -             | 1,028         | -             | -              |
| Unrestricted                                       | 4,439         | 4,650         | 5,472         | 5,669         | 6,960         | 6,766         | 7,552         | 10,529        | 12,626        | 12,518         |
| Total business-type activities net assets/position | <u>46,889</u> | <u>45,058</u> | <u>43,667</u> | <u>42,899</u> | <u>43,321</u> | <u>41,301</u> | <u>40,587</u> | <u>43,503</u> | <u>44,178</u> | <u>43,438</u>  |
| Primary Government                                 |               |               |               |               |               |               |               |               |               |                |
| Net investment in capital assets                   | 64,584        | 60,968        | 56,995        | 54,648        | 52,585        | 49,477        | 46,989        | 42,015        | 44,126        | 42,557         |
| Restricted   | 333           | 973           | 2,292         | 1,951         | 1,980         | 2,098         | 2,187         | 2,992         | 2,274         | 2,614          |
| Unrestricted                                       | 6,875         | 5,600         | 5,257         | 6,239         | 8,601         | 7,532         | 7,827         | 13,635        | 10,658        | (3,942)        |
| Total primary government net assets/position       | <u>71,792</u> | <u>67,541</u> | <u>64,544</u> | <u>62,838</u> | <u>63,166</u> | <u>59,107</u> | <u>57,003</u> | <u>58,642</u> | <u>57,058</u> | <u>41,229</u>  |

Note:

Beginning in 2013, the town began reporting net position rather than net assets, in conformity with GASB Statement 63. Prior to that time, net investment in capital assets was labeled invested in capital assets, net of related debt.

# TOWN OF TARBORO, NORTH CAROLINA

## Changes in Net Assets/Position

### Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

|   | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| General Government                              | 3,590         | 3,630         | 3,569         | 3,409         | 2,029         | 3,561         | 2,819         | 2,858         | 4,443         | 3,522         |
| Public safety                                   | 4,477         | 4,386         | 4,518         | 4,413         | 3,969         | 4,503         | 4,309         | 4,354         | 4,458         | 4,630         |
| Transportation                                  | 2,667         | 2,894         | 2,549         | 2,659         | 1,054         | 2,397         | 1,932         | 1,992         | 1,945         | 1,936         |
| Economic and physical development               | 102           | -             | 163           | 55            | -             | -             | -             | 163           | -             | -             |
| Cultural and recreation                         | 1,247         | 1,102         | 1,139         | 1,139         | 2,418         | 1,173         | 1,115         | 1,287         | 1,368         | 1,365         |
| Total governmental activities expenses          | <u>12,083</u> | <u>12,012</u> | <u>11,938</u> | <u>11,675</u> | <u>9,470</u>  | <u>11,634</u> | <u>10,175</u> | <u>10,654</u> | <u>12,214</u> | <u>11,453</u> |
| Business Type Activities:                       |               |               |               |               |               |               |               |               |               |               |
| Water & Sewer                                   | 4,413         | 4,385         | 4,549         | 4,723         | 4,252         | 28,399        | 4,844         | 4,771         | 4,853         | 4,778         |
| Electric  | 27,301        | 28,146        | 28,410        | 27,411        | 27,743        | 4,684         | 27,883        | 22,397        | 22,998        | 19,424        |
| Solid Waste                                     | 1,024         | 1,033         | 1,063         | 1,159         | 975           | 875           | 920           | 976           | 1,102         | 1,127         |
| Total business-type activities net assets       | <u>32,738</u> | <u>33,564</u> | <u>34,022</u> | <u>33,293</u> | <u>32,970</u> | <u>33,958</u> | <u>33,647</u> | <u>28,144</u> | <u>28,953</u> | <u>25,329</u> |
| Total primary government expenses               | <u>44,821</u> | <u>45,576</u> | <u>45,960</u> | <u>44,968</u> | <u>42,440</u> | <u>45,592</u> | <u>43,822</u> | <u>38,798</u> | <u>41,167</u> | <u>36,782</u> |
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| General Government                              | 1,334         | 1,332         | 1,426         | 1,420         | 52            | 1,466         | 507           | 770           | 712           | 395           |
| Public Safety                                   | 57            | 103           | 60            | 88            | 214           | 32            | 176           | 133           | 25            | 75            |
| Transportation                                  | 333           | 250           | 164           | -             | -             | -             | -             | -             | -             | -             |
| Cultural and recreation                         | 194           | 303           | 221           | 188           | 169           | 185           | 197           | 154           | 139           | 156           |
| Operating Grants and Contributions              | 107           | 501           | 590           | 753           | 577           | 624           | 645           | 440           | 1,765         | 1,319         |
| Capital Grants and Contributions                | -             | -             | -             | 69            | -             | -             | -             | -             | -             | -             |
| Total governmental activities program revenues  | <u>2,025</u>  | <u>2,489</u>  | <u>2,461</u>  | <u>2,518</u>  | <u>1,012</u>  | <u>2,307</u>  | <u>1,525</u>  | <u>1,497</u>  | <u>2,641</u>  | <u>1,945</u>  |
| Business Type Activities:                       |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| Water & Sewer                                   | 3,172         | 3,307         | 4,040         | 4,012         | 4,074         | 3,883         | 4,088         | 4,314         | 4,403         | 4,321         |
| Electric  | 26,862        | 28,476        | 29,035        | 27,183        | 28,197        | 28,510        | 28,956        | 26,117        | 24,095        | 23,308        |
| Solid Waste                                     | 945           | 942           | 958           | 992           | 1,005         | 1,019         | 1,023         | 1,036         | 1,029         | 1,081         |
| Operating Grants and Contributions              | -             | -             | -             | 422           | 177           | 131           | 67            | -             | -             | -             |
| Capital Grants and Contributions                | 594           | 129           | 205           | 1,080         | 1,390         | -             | 381           | 627           | 1,031         | 888           |
| Total business-type activities program revenues | <u>31,573</u> | <u>32,854</u> | <u>34,238</u> | <u>33,689</u> | <u>34,843</u> | <u>33,543</u> | <u>34,515</u> | <u>32,094</u> | <u>30,558</u> | <u>29,598</u> |
| Total primary government revenues               | <u>33,598</u> | <u>35,343</u> | <u>36,699</u> | <u>36,207</u> | <u>35,855</u> | <u>35,850</u> | <u>36,040</u> | <u>33,591</u> | <u>33,199</u> | <u>31,543</u> |

(continued)

**Net (expense)/revenue**

|                                      |                 |                 |                |                |                |                |                |                |                |                |
|--------------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities              | (10,058)        | (9,523)         | (9,477)        | (9,157)        | (8,458)        | (9,327)        | (8,650)        | (9,157)        | (9,573)        | (9,508)        |
| Business-type activities             | (1,165)         | (710)           | 216            | 396            | 1,873          | (415)          | 868            | 3,950          | 1,605          | 4,269          |
| Total primary government net expense | <u>(11,223)</u> | <u>(10,233)</u> | <u>(9,261)</u> | <u>(8,761)</u> | <u>(6,585)</u> | <u>(9,742)</u> | <u>(7,782)</u> | <u>(5,207)</u> | <u>(7,968)</u> | <u>(5,239)</u> |

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

## Governmental activities:

|                                  |              |              |              |              |              |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Taxes                            |              |              |              |              |              |              |              |              |              |              |
| Ad valorem taxes                 | 3,035        | 3,239        | 3,194        | 3,822        | 3,373        | 3,805        | 3,691        | 3,581        | 3,666        | 3,699        |
| Other taxes and licenses         | 205          | 230          | 241          | 271          | 287          | 234          | 206          | 239          | 226          | 217          |
| Unrestricted intergovernmental   | 2,728        | 2,434        | 2,507        | 2,676        | 2,533        | 2,767        | 2,750        | 2,876        | 3,112        | 3,183        |
| Unrestricted investment earnings | 74           | 16           | 8            | 18           | 24           | 25           | 8            | 14           | 22           | 65           |
| Miscellaneous                    | 217          | 45           | 60           | 246          | 239          | 31           | 31           | 71           | 203          | 92           |
| Transfers                        | 891          | 1,139        | 1,657        | 1,186        | 1,195        | 1,222        | 1,195        | 1,100        | 1,074        | 1,670        |
| Total governmental activities    | <u>7,150</u> | <u>7,103</u> | <u>7,667</u> | <u>8,219</u> | <u>7,651</u> | <u>8,084</u> | <u>7,881</u> | <u>7,881</u> | <u>8,303</u> | <u>8,926</u> |

## Business Type Activities:

|                                  |              |                |                |                |                |                |                |                |              |                |
|----------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|
| Unrestricted investment earnings | 55           | 17             | 8              | 21             | 18             | 14             | 10             | 25             | 49           | 149            |
| Miscellaneous                    | -            | -              | -              | -              | -              | -              | -              | 41             | 95           | 107            |
| Transfers                        | (890)        | (1,139)        | (1,657)        | (1,186)        | (1,195)        | (1,271)        | (1,195)        | (1,100)        | (1,074)      | (1,670)        |
| Total business-type activities   | <u>(835)</u> | <u>(1,122)</u> | <u>(1,649)</u> | <u>(1,165)</u> | <u>(1,177)</u> | <u>(1,257)</u> | <u>(1,185)</u> | <u>(1,034)</u> | <u>(930)</u> | <u>(1,414)</u> |
| Total primary government         | <u>6,315</u> | <u>5,981</u>   | <u>6,018</u>   | <u>7,054</u>   | <u>6,474</u>   | <u>6,827</u>   | <u>6,696</u>   | <u>6,847</u>   | <u>7,373</u> | <u>7,512</u>   |

**Change in Net Assets/Position**

|   |                |                |                |                |              |                |                |              |                |                 |
|---|----------------|----------------|----------------|----------------|--------------|----------------|----------------|--------------|----------------|-----------------|
| Governmental Activities                           | (2,909)        | (2,420)        | (1,810)        | (938)          | (807)        | (1,242)        | (768)          | (1,276)      | (1,270)        | (581)           |
| Prior period adjustment - Governmental Activities | -              | -              | -              | -              | -            | (795)          | (624)          | -            | (989)          | (14,509)        |
| Business-type activities                          | (2,000)        | (1,831)        | (1,429)        | (769)          | 696          | (1,971)        | (318)          | 2,915        | 676            | 2,855           |
| Prior period adjustment - Governmental Activities | -              | -              | -              | -              | -            | -              | -              | -            | -              | (3,594)         |
| Total primary government                          | <u>(4,909)</u> | <u>(4,251)</u> | <u>(3,239)</u> | <u>(1,707)</u> | <u>(111)</u> | <u>(4,008)</u> | <u>(1,710)</u> | <u>1,639</u> | <u>(1,583)</u> | <u>(15,829)</u> |

## Note:

Beginning in 2013, the town began reporting net position rather than net assets, in conformity with GASB Statement 63.

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

| <u>Fiscal<br/>Year</u> | <u>Property<br/>Tax</u> | <u>Franchise<br/>Tax</u> | <u>Rental<br/>Vehicle<br/>Tax</u> | <u>Animal<br/>Tax</u> | <u>Privilege<br/>License</u> | <u>Total</u> |
|------------------------|-------------------------|--------------------------|-----------------------------------|-----------------------|------------------------------|--------------|
| 2009                   | 3,069                   | 169                      | 6                                 | 1                     | 29                           | 3,274        |
| 2010                   | 3,164                   | 172                      | 3                                 | 1                     | 54                           | 3,394        |
| 2011                   | 3,154                   | 177                      | 3                                 | 1                     | 59                           | 3,394        |
| 2012                   | 3,559                   | 214                      | 3                                 | 2                     | 53                           | 3,831        |
| 2013                   | 3,419                   | 206                      | 3                                 | 2                     | 76                           | 3,706        |
| 2014                   | 3,938                   | 206                      | 2                                 | 1                     | 24                           | 4,171        |
| 2015                   | 3,778                   | 197                      | 4                                 | 1                     | 4                            | 3,984        |
| 2016                   | 3,761                   | 180                      | 6                                 | 2                     | -                            | 3,949        |
| 2017                   | 3,666                   | 172                      | 7                                 | 3                     | -                            | 3,848        |
| 2018                   | 3,699                   | 164                      | 6                                 | 1                     | -                            | 3,870        |

**TOWN OF TARBORO, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

**(amounts expressed in thousands)**

|                                    | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund                       |              |              |              |              |              |              |              |              |              |              |
| Reserved                           | 1,504        | 1,543        | -            | -            | -            | -            | -            | -            | -            | -            |
| Unreserved                         | 1,840        | 1,266        | -            | -            | -            | -            | -            | -            | -            | -            |
| Non-Spendable                      | -            | -            | 68           | 49           | 90           | 84           | 41           | 60           | 49           | 216          |
| Restricted                         | -            | -            | 2,029        | 1,913        | 1,898        | 1,969        | 2,065        | 1,793        | 1,999        | 2,422        |
| Assigned                           | -            | -            | 792          | 897          | 164          | 333          | 229          | 232          | 30           | 133          |
| Unassigned                         | -            | -            | 617          | 1,456        | 2,774        | 3,194        | 3,601        | 3,315        | 3,535        | 2,875        |
| Total General Fund                 | <u>3,344</u> | <u>2,809</u> | <u>3,506</u> | <u>4,315</u> | <u>4,926</u> | <u>5,580</u> | <u>5,936</u> | <u>5,400</u> | <u>5,613</u> | <u>5,646</u> |
| All other governmental funds       |              |              |              |              |              |              |              |              |              |              |
| Reserved                           | 1            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Restricted                         | -            | -            | -            | -            | -            | -            | -            | 172          | 276          | 193          |
| Unreserved, reported in:           |              |              |              |              |              |              |              |              |              |              |
| Special revenue funds              | 260          | 354          | (36)         | 38           | 82           | 130          | 121          | -            | -            | -            |
| Capital projects funds             | 67           | 7            | -            | -            | -            | -            | (37)         | (200)        | (130)        | 273          |
| Total all other governmental funds | <u>328</u>   | <u>361</u>   | <u>(36)</u>  | <u>38</u>    | <u>82</u>    | <u>130</u>   | <u>84</u>    | <u>(28)</u>  | <u>146</u>   | <u>466</u>   |

Note:

Beginning in 2011, the town began reporting fund balance in conformity with GASB Statement 54, which changed how fund balance is classified.

**TOWN OF TARBORO, NORTH CAROLINA**  
**Changes in Fund Balances-Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Amounts expressed in thousands)**

|  | 2009    | 2010    | 2011    | 2012  | 2013  | 2014  | 2015  | 2016    | 2017   | 2018    |
|--|---------|---------|---------|-------|-------|-------|-------|---------|--------|---------|
| <b>Revenues</b>                                |         |         |         |       |       |       |       |         |        |         |
| Taxes  | 3,274   | 3,394   | 3,395   | 3,830 | 3,706 | 4,172 | 3,984 | 4,000   | 3,893  | 3,917   |
| Intergovernmental                              | 3,168   | 3,115   | 3,232   | 3,492 | 3,110 | 3,392 | 3,395 | 3,425   | 4,877  | 4,502   |
| Permits and fees                               | 57      | 52      | 55      | 83    | 133   | 78    | 78    | 57      | 78     | 76      |
| Sales and services                             | 232     | 408     | 265     | 232   | 222   | 234   | 228   | 222     | 211    | 156     |
| Investment earnings                            | 74      | 16      | 8       | 17    | 24    | 25    | 8     | 14      | 22     | 65      |
| Miscellaneous                                  | 220     | 100     | 94      | 276   | 239   | 31    | 32    | 139     | 177    | 92      |
| Charges for services                           | 1,293   | 1,293   | 1,382   | 1,377 | 1,325 | 1,417 | 476   | 601     | 613    | 395     |
| Total general fund                             | 8,318   | 8,378   | 8,431   | 9,307 | 8,759 | 9,349 | 8,201 | 8,458   | 9,871  | 9,203   |
| <b>Expenditures</b>                            |         |         |         |       |       |       |       |         |        |         |
| General government                             | 3,403   | 3,364   | 3,464   | 3,374 | 3,327 | 3,395 | 2,686 | 2,432   | 3,712  | 2,935   |
| Public safety                                  | 4,304   | 4,250   | 4,041   | 3,932 | 3,972 | 4,217 | 4,439 | 4,115   | 4,360  | 4,648   |
| Transportation                                 | 850     | 1,213   | 858     | 1,448 | 986   | 1,163 | 887   | 744     | 802    | 806     |
| Culture and recreation                         | 1,123   | 942     | 996     | 972   | 1,013 | 1,094 | 1,074 | 1,145   | 1,206  | 1,274   |
| Economic Development                           |         |         | 163     | 55    | -     | -     | -     | 163     | -      | -       |
| Capital Projects                               | 102     | 250     | 287     | 74    | -     | -     | -     | 1,608   | 478    | 856     |
| Debt Service                                   |         |         |         |       |       |       |       |         |        |         |
| Principal                                      | -       | -       | -       | -     | -     | -     | -     | -       | -      | -       |
| Interest                                       | -       | -       | -       | -     | -     | -     | -     | -       | -      | -       |
| Total all other governmental funds             | 9,782   | 10,019  | 9,809   | 9,855 | 9,298 | 9,869 | 9,086 | 10,207  | 10,558 | 10,519  |
| Excess of revenues<br>over(under) expenditures | (1,464) | (1,641) | (1,378) | (548) | (539) | (520) | (885) | (1,750) | (687)  | (1,316) |
| <b>Other financing sources (uses)</b>          |         |         |         |       |       |       |       |         |        |         |
| Transfers in                                   | 957     | 1,210   | 1,875   | 1,250 | 1,195 | 1,222 | 1,195 | 1,100   | 1,074  | 1,670   |
| Transfers out                                  | (67)    | (71)    | (218)   | (64)  | -     | -     | -     | -       | -      | -       |
| Total other financing sources (uses)           | 890     | 1,139   | 1,657   | 1,186 | 1,195 | 1,222 | 1,195 | 1,100   | 1,074  | 1,670   |
| Net change in fund balances                    | (574)   | (502)   | 279     | 638   | 656   | 702   | 310   | (650)   | 387    | 354     |



**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<br/>Year</u> | <u>Property<br/>Tax</u> | <u>Licenses,<br/>Permits<br/>and Fees</u> | <u>Other Taxes<br/>and Licenses</u> | <u>Inter-<br/>governmental</u> | <u>Sales and<br/>Services</u> | <u>Interest</u> | <u>Special<br/>Assessments</u> | <u>Other</u> | <u>Total</u> |
|------------------------|-------------------------|---|-------------------------------------|--------------------------------|-------------------------------|-----------------|--------------------------------|--------------|--------------|
| 2009                   | 3,068                   | 57  | 205                                 | 3,168                          | 232                           | 74              | 0                              | 220          | 7,024        |
| 2010                   | 3,164                   | 52  | 230                                 | 3,116                          | 408                           | 16              | 0                              | 100          | 7,086        |
| 2011                   | 3,154                   | 56  | 241                                 | 3,230                          | 265                           | 8               | 0                              | 95           | 7,049        |
| 2012                   | 3,559                   | 83  | 271                                 | 3,491                          | 232                           | 17              | 0                              | 276          | 7,929        |
| 2013                   | 3,419                   | 133                                       | 287                                 | 3,305                          | 222                           | 24              | 0                              | 239          | 7,629        |
| 2014                   | 3,938                   | 78  | 234                                 | 3,391                          | 235                           | 25              | 0                              | 30           | 7,931        |
| 2015                   | 3,778                   | 78  | 206                                 | 3,395                          | 228                           | 8               | 0                              | 31           | 7,724        |
| 2016                   | 3,761                   | 57  | 239                                 | 3,425                          | 222                           | 14              | 0                              | 139          | 7,857        |
| 2017                   | 3,666                   | 78  | 226                                 | 4,877                          | 211                           | 22              | 0                              | 177          | 9,257        |
| 2018                   | 3,699                   | 76  | 218                                 | 4,502                          | 156                           | 65              | 0                              | 92           | 8,808        |

(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<br>Year | Real Property     |                    |                           | Personal<br>Property<br>Value <sup>1</sup> | Public<br>Service Co.<br>Value <sup>2</sup> | Total<br>Assessed<br>Value | Total Direct<br>Tax Rate<br>Base | Estimated<br>Actual<br>Value | Assessed<br>Value as a<br>Percentage of<br>Actual Value |
|----------------|-------------------|--------------------|---------------------------|--|---|----------------------------|----------------------------------|------------------------------|---|
|                | Assessed<br>Value | Less<br>Exemptions | Net<br>Value <sup>1</sup> |  |   |                            |                                  |                              |   |
| 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%   |
| 2014           | 586,222           | 4,568              | 581,654                   | 291,456                                    | 27,750                                      | 900,860                    | 4.10                             | 923,382                      | 97.6%   |
| 2015           | 594,371           | 8,262              | 586,109                   | 276,448                                    | 23,829                                      | 886,386                    | 4.10                             | 909,875                      | 97.4%   |
| 2016           | 595,048           | 8,079              | 586,969                   | 287,513                                    | 25,396                                      | 899,878                    | 4.10                             | 921,597                      | 97.6%   |
| 2017           | 596,111           | 8,221              | 587,890                   | 184,851                                    | 24,702                                      | 797,443                    | 4.10                             | 818,177                      | 97.6%   |
| 2018           | 586,119           | 7,757              | 578,362                   | 205,668                                    | 23,735                                      | 807,765                    | 4.10                             | 828,255                      | 97.5%   |

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

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

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

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

|                  | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Direct:          |             |             |             |             |             |             |             |             |             |             |
| Town of Tarboro  | 0.42        | 0.36        | 0.36        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        |
| Overlapping:     |             |             |             |             |             |             |             |             |             |             |
| Edgecombe County | 0.94        | 0.86        | 0.86        | 0.86        | 0.86        | 0.86        | 0.895       | 0.955       | 0.955       | 0.950       |

Source: North Carolina Department of Revenue; Property Tax Rates and Revaluation Schedules.  
Property was revalued in 2017.

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, 2018**  
**Current Year and Nine Years Ago**  
**(amounts expressed in thousands)**

|                                 | 2017-2018                    |  | 2008-2009                    |  |
|---------------------------------|------------------------------|--|------------------------------|--|
|                                 | Taxable<br>Assessed<br>Value | % of Total<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | % of Total<br>Taxable<br>Assessed<br>Value |
| Taxpayer                        |                              |  |                              |  |
| Hillshire Brands                | 82,286                       | 10.4%                                      | 48,408                       | 6.9%                                       |
| Carolina System Technology, Inc | 66,504                       | 8.4%                                       | 66,930                       | 9.5%                                       |
| LS Cable & System USA, Inc.     | 35,576                       | 4.5%                                       | -                            | -  |
| Wal-Mart Real Estate Business   | 10,488                       | 1.3%                                       | 7,607                        | 1.1%                                       |
| Air Systems Components LP       | 9,368                        | 1.2%                                       | 8,613                        | 1.2%                                       |
| Art Mortgage Borrower           | 8,663                        | 1.1%                                       | -                            | -  |
| Watermark Albemarle Owner, LLC  | 8,061                        | 1.0%                                       | -                            | -  |
| Lowe's Home Centers Inc.        | 7,016                        | 0.9%                                       | -                            | -  |
| Swimways Corp                   | 5,403                        | 0.7%                                       | -                            | -  |
| Kanban Industries               | 5,003                        | 0.6%                                       | -                            | -  |
| Carolina Tel & Tel Company      | -                            | -  | 20,193                       | 2.9%                                       |
| Superior Teletec, Inc           | -                            | -  | 15,533                       | 2.2%                                       |
| Spongex, LLC                    | -                            | -  | 8,242                        | 1.2%                                       |
| URS Real Estate LP              | -                            | -  | 8,644                        | 1.2%                                       |
| General Foam Plastics LP        | -                            | -  | 8,044                        | 1.1%                                       |
|                                 | <u>238,368</u>               | <u>30.10%</u>                              | <u>192,214</u>               | <u>27.30%</u>                              |

Source: Town of Tarboro Tax Records

**TOWN OF TARBORO, NORTH CAROLINA**  
**Property Tax Levies and Collections (1)**  
**Last Ten Fiscal Years**  
**June 30, 2018**  
**(amounts expressed in thousands)**

| Fiscal<br>Year<br>Ended<br>June 30 | Total Tax<br>Levy for<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|------------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                    |                                      | Amount  | Percentage of<br>Levy |                                       | Amount                    | Percentage of<br>Levy |
| 2009                               | 3,027                                | 2,930   | 96.8%                 | 87                                    | 3,017                     | 99.7%                 |
| 2010                               | 3,219                                | 3,054   | 94.9%                 | 156                                   | 3,210                     | 99.7%                 |
| 2011                               | 3,162                                | 3,048   | 96.4%                 | 96                                    | 3,144                     | 99.4%                 |
| 2012                               | 3,581                                | 3,451   | 96.4%                 | 116                                   | 3,567                     | 99.6%                 |
| 2013                               | 3,589                                | 3,410   | 95.0%                 | 151                                   | 3,561                     | 99.2%                 |
| 2014                               | 3,749                                | 3,640   | 97.1%                 | 91                                    | 3,731                     | 99.5%                 |
| 2015                               | 3,674                                | 3,587   | 97.6%                 | 65                                    | 3,652                     | 99.4%                 |
| 2016                               | 3,738                                | 3,657   | 97.8%                 | 50                                    | 3,707                     | 99.2%                 |
| 2017                               | 3,682                                | 3,597   | 97.7%                 | 44                                    | 3,641                     | 98.9%                 |
| 2018                               | 3,674                                | 3,588   | 97.7%                 | -                                     | 3,588                     | 97.7%                 |

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

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

|   | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Assessed Value  | 710,506 | 874,645 | 873,037 | 868,130 | 863,956 | 856,854 | 886,386 | 900,878 | 885,449 | 885,114 |
| Total net debt applicable to limit                                      | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Net Assessed Value  | 710,506 | 874,645 | 873,037 | 868,130 | 863,956 | 856,854 | 886,386 | 900,878 | 885,449 | 885,114 |
| Total net debt applicable to the limit<br>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 2018**

|  |                |
|--|----------------|
| Assessed value   | 885,114        |
| Add back: exempt real property                                     | <u>7,757</u>   |
| Total assessed value   | <u>892,871</u> |
| Debt limit (8%) of total assessed value)                           | 71,430         |
| Debt applicable to limit:  |                |
| General obligation bonds   | -              |
| Less: Amount set aside for repayment of<br>general obligation debt | <u>-</u>       |
| Total net debt applicable to limit                                 | <u>-</u>       |
| Legal debt margin  | 71,430         |

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**  
**Demographics Statistics**  
**Last Ten Fiscal Years**

| <u>Fiscal<br/>Year</u> | <u>Population <sup>3</sup></u> | <u>Median<br/>Household<br/>Income <sup>3</sup></u> | <u>Median<br/>Age <sup>3</sup></u> | <u>School<br/>Enrollment <sup>1</sup></u> | <u>Unemployment<br/>Rate <sup>2</sup></u> |
|------------------------|--------------------------------|---|------------------------------------|---|---|
| 2009                   | 10,585                         | 33,556  | 35.30                              | 7,579                                     | 14.2%                                     |
| 2010                   | 11,425                         | 34,628  | 38.00                              | 7,290                                     | 15.6%                                     |
| 2011                   | 11,335                         | 35,840  | 41.60                              | 6,939                                     | 16.3%                                     |
| 2012                   | 11,324                         | 32,299  | 40.90                              | 6,645                                     | 15.2%                                     |
| 2013                   | 11,315                         | 33,168  | 42.10                              | 6,748                                     | 14.5%                                     |
| 2014                   | 11,305                         | 34,366  | 43.20                              | 7,401                                     | 11.5%                                     |
| 2015                   | 11,164                         | 34,267  | 42.10                              | 6,332                                     | 10.5%                                     |
| 2016                   | 11,164                         | *   | 43.20                              | 6,451                                     | 13.8%                                     |
| 2017                   | 10,994                         | 33,349  | 43.60                              | 6,100                                     | 7.3%                                      |
| 2018                   | 10,856                         | 33,107  | 43.60                              | 6,047                                     | 7.4%                                      |

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

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

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

Data not available at 6-30-16

<http://factfinder2.census.gov>

**TOWN OF TARBORO, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Ten Years Ago**  
**As of June 30, 2018**

| Name of Employer                  | 2017 - 2018                |   | 2008-2009                  |   |
|-----------------------------------|----------------------------|---|----------------------------|---|
|                                   | Number of<br>Employees (1) | Percentage of<br>Total Town<br>Employment (2) | Number of<br>Employees (1) | Percentage of<br>Total Town<br>Employment (2) |
| Edgecombe County Schools          | 1100                       | 15.51%  | 800                        | 10.79%  |
| QVC Inc.                          | 1100                       | 15.51%  |                            |   |
| Tyson Foods                       | 950                        | 13.39%  | 800                        | 12.34%  |
| Edgecombe County                  | 650                        | 9.16%   | 650                        | 10.02%  |
| Air System Components             | 500                        | 7.05%   | 550                        | 8.48%   |
| Vidant Hospital                   | 470                        | 6.63%   | 380                        | 5.86%   |
| Keihin Carolina System Technology | 450                        | 6.34%   | 500                        | 7.71%   |
| LS Cable & System                 | 260                        | 3.67%   |                            |   |
| Town of Tarboro                   | 170                        | 2.40%   | 181                        | 2.79%   |
| Greenleaf Nursery                 | 160                        | 2.26%   |                            |   |
| Barnhill Contracting Company      | -                          | -   | 275                        | 4.24%   |
| General Foam Plastics             | -                          | -   | 200                        | 3.08%   |
| Superior Telecommunications       | -                          | -   | 260                        | 4.01%   |
| Carolina Telephone/Sprint/Embarq  | -                          | -   |                            |   |

<sup>1</sup> Carolina Gateways Partnership

<sup>2</sup> US Census Bureau: American Fact Finder



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

|                       | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Function</b>       |             |             |             |             |             |             |             |             |             |             |
| General Government    |             |             |             |             |             |             |             |             |             |             |
| Administration        | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Finance               | 9           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 9           | 8           |
| Planning              | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 3           | 3           |
| Public Safety         |             |             |             |             |             |             |             |             |             |             |
| Police                |             |             |             |             |             |             |             |             |             |             |
| Officers              | 29          | 29          | 29          | 29          | 29          | 29          | 29          | 29          | 29          | 29          |
| Civilians             | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Fire                  | 22          | 22          | 22          | 22          | 22          | 22          | 22          | 22          | 22          | 22          |
| Public Works          |             |             |             |             |             |             |             |             |             |             |
| Administration        | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Buildings and Grounds | 17          | 17          | 14          | 14          | 14          | 14          | 14          | 14          | 14          | 14          |
| Animal Control        |             |             | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Engineering           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Garage                | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Streets               | 14          | 14          | 12          | 12          | 12          | 12          | 12          | 12          | 12          | 12          |
| Recreation            | 13          | 13          | 13          | 13          | 13          | 13          | 13          | 13          | 12          | 14          |
| Water and Sewer       | 28          | 28          | 28          | 28          | 28          | 28          | 28          | 28          | 27          | 27          |
| Electric              | 21          | 21          | 19          | 19          | 19          | 19          | 19          | 19          | 22          | 23          |
| Solid Waste           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           |
|                       | <u>181</u>  | <u>180</u>  | <u>174</u>  | <u>174</u>  | <u>174</u>  | <u>174</u>  | <u>174</u>  | <u>174</u>  | <u>177</u>  | <u>179</u>  |

Source: Town of Tarboro payroll records.

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

| <b>Function</b>   | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Police</b>   |             |             |             |             |             |             |             |             |             |             |
| Physical arrests  | 1,855       | 1,565       | 1,330       | 1,446       | 2,125       | 1,815       | 1,834       | 1,681       | 1,598       | 1,574       |
| Parking violations                                      | 335         | 505         | 440         | 581         | 866         | 429         | 409         | 614         | 1,033       | 852         |
| Traffic violations                                      | 3,903       | 3,923       | 3,310       | 3,494       | 3,146       | 3,706       | 3,430       | 4,184       | 3,904       | 4,661       |
| <b>Fire</b>   |             |             |             |             |             |             |             |             |             |             |
| Number of calls answered                                | 191         | 227         | 285         | 286         | 319         | 316         | 316         | 308         | 333         | 374         |
| Inspections   | 812         | 808         | 770         | 760         | 424         | 386         | 378         | 335         | 371         | 344         |
| <b>Streets</b>  |             |             |             |             |             |             |             |             |             |             |
| Street resurfacing (miles)                              | 2.95        | 5.19        | 5.19        | 5.19        | 5.19        | -           | -           | 2.95        | -           | -           |
| Potholes repaired                                       | -           | 5           | -           | -           | -           | 8           | 8           | 15          | 13          | 20          |
| <b>Sanitation</b>                                       |             |             |             |             |             |             |             |             |             |             |
| Refuse collected (tons/day)                             | 11.33       | 11.78       | 12.01       | 12.26       | 11.44       | 11.26       | 11.17       | 13.38       | 13.56       | 15.29       |
| Recyclables collected (tons/day)                        | 0.43        | 0.47        | 0.71        | 0.71        | 0.58        | 0.66        | 0.65        | 0.55        | 0.55        | 0.69        |
| <b>Recreation</b>                                       |             |             |             |             |             |             |             |             |             |             |
| Community Fitness memberships                           | 2,083       | 1,410       | 1,114       | 1,139       | 1,200       | 1,043       | 646         | 563         | 393         | 478         |
| County Gym passes                                       | 252         | 105         | 101         | 85          | 65          | 38          | 62          | 56          | 48          | -           |
| <b>Water</b>  |             |             |             |             |             |             |             |             |             |             |
| New connections   | 15          | 20          | 11          | 17          | 9           | 3           | 8           | 16          | 17          | 16          |
| Water main breaks                                       | 5           | 2           | 6           | 4           | 6           | 9           | 7           | 6           | 4           | 5           |
| Average daily consumptions<br>(thousand of gallons)     | 2,478       | 2,239       | 2,779       | 2,913       | 2,920       | 2,730       | 2,847       | 2,880       | 2,723       | 2,690       |
| <b>Wastewater</b>                                       |             |             |             |             |             |             |             |             |             |             |
| Average daily sewage treatment<br>(thousand of gallons) | 1,736       | 2,136       | 1,760       | 2,030       | 1,708       | 2,070       | 2,113       | 2,158       | 2,158       | 1,669       |

Sources: Various town departments

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

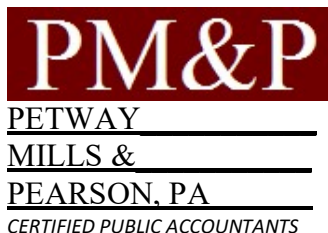
|  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Function</b>  |       |       |       |       |       |       |       |       |       |       |
| Public Safety  |       |       |       |       |       |       |       |       |       |       |
| Police:  |       |       |       |       |       |       |       |       |       |       |
| Stations   | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Officers   | 29    | 29    | 29    | 29    | 29    | 29    | 28    | 28    | 29    | 29    |
| K-9s   | 4     | 4     | 4     | 3     | 2     | 2     | 2     | 2     | 2     | 4     |
| Fire Stations  | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Sanitation   |       |       |       |       |       |       |       |       |       |       |
| Collection trucks  | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Streets  |       |       |       |       |       |       |       |       |       |       |
| Street (miles)   | 95.2  | 96.0  | 96.0  | 96.0  | 96.0  | 96.0  | 96.0  | 96.0  | 96.0  | 96.5  |
| Street lights  | 1,401 | 1,438 | 1,438 | 1,438 | 1,438 | 1,438 | 1,438 | 1,438 | 1,438 | 1,438 |
| Traffic signals  | 30    | 32    | 32    | 32    | 32    | 32    | 32    | 32    | 32    | 32    |
| Recreation   |       |       |       |       |       |       |       |       |       |       |
| Park acreage   | 273   | 273   | 273   | 273   | 273   | 273   | 273   | 273   | 273   | 273   |
| Parks  | 11    | 11    | 11    | 11    | 11    | 10    | 10    | 10    | 10    | 10    |
| Lakes  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Swimming pools   | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Tennis courts  | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     |
| Community Centers  | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Museums/art centers  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Ball Fields  | 9     | 9     | 9     | 9     | 9     | 8     | 8     | 8     | 8     | 9     |
| Water  |       |       |       |       |       |       |       |       |       |       |
| Water mains (miles)  | 126.0 | 129.4 | 129.4 | 129.4 | 129.4 | 129.4 | 129.5 | 129.7 | 130.0 | 130.0 |
| Fire Hydrants  | 587   | 587   | 587   | 587   | 587   | 587   | 609   | 629   | 613   | 619   |
| Maximum daily capacity<br>(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)                                    | 92.2  | 90.4  | 90.4  | 90.4  | 90.4  | 90.4  | 93.0  | 93.5  | 93.0  | 93.0  |
| Storm sewers (miles)                                       | 38.0  | 38.0  | 38.0  | 38.0  | 38.0  | 38.0  | 39.0  | 40.0  | 44.0  | 44.0  |
| Maximum daily treatment capacity<br>(thousands of gallons) | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Electric   |       |       |       |       |       |       |       |       |       |       |
| Number of Substations                                      | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| Square miles of service lines                              | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  | 11.5  |

Sources: Various town departments

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## **COMPLIANCE SECTION**

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C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

Raleigh Office  
9121 Anson Way  
Raleigh, NC 27615  
919-781-1047

[www.pmpcpa.com](http://www.pmpcpa.com)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements, and have issued our report thereon dated November 29, 2018.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tarboro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

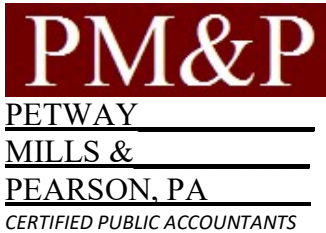
*Petway Mills & Pearson, PA*

---

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

November 29, 2018





C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
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919.269.8728 Fax

Raleigh Office  
9121 Anson Way  
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**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

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

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

We have audited the Town of Tarboro's compliance with the types of compliance requirements described in the *OMB Uniform Guidance Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Tarboro's major federal program for the year ended June 30, 2018. The Town of Tarboro's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Tarboro's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Tarboro's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Town of Tarboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the Town of Tarboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the

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

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

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

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

*Petway Mills & Pearson, PA*

---

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

November 29, 2018



C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
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919.269.7405  
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## **Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

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

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

We have audited the Town of Tarboro's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Tarboro's major State program for the year ended June 30, 2018. The Town of Tarboro's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

In our opinion, the Town of Tarboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Town of Tarboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements

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

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

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

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

*Petway Mills & Pearson, PA*

---

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

November 29, 2018

**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial  
statements noted \_\_\_\_\_ yes       x       no

Federal Awards

Internal control over major federal program:

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

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

Type of auditors' report issued on  
compliance for major federal program: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with  
Uniform Guidance? \_\_\_\_\_ yes       x       no

Identification of major federal program:

| <u>Program Name</u>                    | <u>CFDA #</u> |
|--|---------------|
| Public Assistance Program              | 97.036        |
| Emergency Watershed Protection Program | 10.923        |

Dollar threshold used to distinguish between  
Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee?       x       yes            no

**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

State Awards

Internal control over financial reporting:

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

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

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

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

Identification of major State programs:

Program Name

NC Department of Commerce  
Industrial Development Fund

**Town of Tarboro, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported

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

None reported

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

None reported

**Town of Tarboro, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None required

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

None required

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

None required



**Town of Tarboro, North Carolina  
Summary Schedule of Prior Year's Findings  
For the Year Ended June 30, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no prior year financial statement audit findings.

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

There were no prior year financial statement audit findings.

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

There were no prior year financial statement audit findings.

**Town of Tarboro, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

| <b>Grantor/Pass-through/ Grantor-Program Title</b>                                    | <b>CFDA<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> |
|---|------------------------|---------------------------------|-------------------------------|
| <b>FEDERAL AWARDS</b>   |                        |                                 |                               |
| <b>U.S. Department of Homeland Security:</b>  |                        |                                 |                               |
| Passed through the North Carolina Department of<br>Public Safety:                     |                        |                                 |                               |
| Public Assistance Grant   | 97.036                 | \$ 313,846                      | \$ 104,615                    |
| <b>U.S. Department of Agriculture:</b>  |                        |                                 |                               |
| Passed through the North Carolina Department of<br>Agriculture and Consumer Services: |                        |                                 |                               |
| Passed through North Carolina Natural<br>Resources Conservation Service:              |                        |                                 |                               |
| Emergency Watershed Protection Program  | 10.923                 | 544,038                         | -                             |
| <b>U.S. Department of Transportation:</b>   |                        |                                 |                               |
| Passed through the North Carolina Department of<br>Transportation                     |                        |                                 |                               |
| Governor's Highway Safety Program   | 20.600                 | 55,588                          | -                             |
| <b>U.S. Department of Health and Human Services:</b>                                  |                        |                                 |                               |
| Passed through the N.C. Department of Health<br>and Human Services:                   |                        |                                 |                               |
| Passed through Upper Coastal Plain Council of<br>Governments:                         |                        |                                 |                               |
| Access:   |                        |                                 |                               |
| 90% State Funds   | N/A                    | -                               | 3,920                         |
| Title III-B - HCCBG   | 93.044                 | 13,013                          | 765                           |
| Congregate Nutrition:   |                        |                                 |                               |
| Title III-C1  | 93.045                 | 36,405                          | 2,141                         |
| Senior Center Development   | N/A                    | -                               | 3,647                         |
| NSIP Supplement (USDA)  | 93.053                 | 7,665                           | -                             |
| Total U.S. Department of Health and Human Services                                    |                        | <u>57,083</u>                   | <u>10,473</u>                 |
| <b>TOTAL FEDERAL AWARDS</b>   |                        | <u><u>\$ 970,555</u></u>        | <u><u>\$ 115,088</u></u>      |

The accompanying notes are an integral part of this statement.

**Town of Tarboro, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

**STATE AWARDS**

**N.C. Department of Agriculture and Consumer Services:**

Veterinary Division, Animal Welfare Section:

NC Spay Neuter Program 455

**N.C. Department of Crime Control and Public Safety:**

Governor's Crime Commission Grant 15,000

**N.C. Department of Insurance:**

Seniors' Health Insurance Program 2,693

**N.C. Department of Transportation:**

Non-State System Street - Aid Allocation (Powell Bill) 44,838

Sewer-line extension -

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

Industrial Development Fund 546,349

**Golden Leaf Foundation**

Disaster Recovery Grants Program 328,228

**TOTAL STATE AWARDS**

\$ 1,052,651

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

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the Town under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and of the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Tarboro, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Tarboro.

**Note 2: Summary of Significant Accounting Policies**

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

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