

TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR FISCAL YEAR ENDING
JUNE 30, 2019

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TOWN OF TARBORO, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2019**

Prepared by:

**Anne Y. Mann
Finance Director**

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

Published October 30, 2019

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TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	6
Organizational Chart - All Departments	7
List of Principal Officials	8

FINANCIAL SECTION	<u>Page</u>
Independent Auditor's Report	9 - 11
Management's Discussion and Analysis	12 - 21
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25 - 26
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds	30 - 31
Notes to Financial Statements	32 - 62

	<u>Page</u>
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance:	
Schedule of the Changes in Total Pension Liability	63
Schedule of Total Pension Liability as a Percentage of Covered Payroll	64
Local Government Employees' Retirement System:	
Schedule of the Proportionate Share of Net Pension Liability (Asset)	65
Schedule of Contributions	66
Other Post-Employment Benefits:	
Schedule of Changes in Total OPEB Liability	67
Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	68 - 71
Non-Major Governmental Funds:	
Combining Balance Sheet - Non-major Governmental Funds	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds	73
Non-Major Special Revenue Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Emergency Telephone System Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Law Enforcement Fund	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Employee Relief Fund	76
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Matthew Relief Fund	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NC DOT CMAQ Project	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Disaster Recovery Fund	79

	<u>Page</u>
Enterprise Funds:	
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Electric Fund	80 - 81
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Water and Sewer Fund	82 - 83
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Solid Waste Fund	84 - 85
Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP) - Stormwater Fund	86
Non-Major Capital Projects Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - W&S Capital Projects Fund – Emergency Watershed Protection	88
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule of Capital Assets, by Source	89
Schedule of Capital Assets, by Function and Activity	90
Other Supplemental Schedules:	
Schedule of Cash and Investment Balances	91
Schedule of Ad Valorem Taxes Receivable	92
Analysis of Current Tax Levy	93
<hr/> STATISTICAL SECTION (Unaudited)	
Net Position by Components	94
Changes in Net Position	95 - 96
Governmental Activities Tax Revenues by Source	97
Fund Balances of Governmental Funds	98
Changes in Fund Balances - Governmental Funds	99

	<u>Page</u>
General Governmental Tax Revenues by Source	100
Assessed Value of Property	101
Property Tax Rates - Direct and Overlapping	102
Principal Property Taxpayers	103
Property Tax Levies and Collections	104
Legal Debt Margin Information	105
Principal Employers	107
Full-time Equivalent City Government Employees by Function	108
Operating Indicators by Function	109
Capital Asset Statistics by Function	110

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	111 - 112
Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	113 - 114
Schedule of Findings and Questioned Costs	115 - 116
Corrective Action Plan	117
Summary Schedule of Prior Year Findings	118
Schedule of Expenditures of Federal and State Awards	119 - 120

INTRODUCTORY SECTION

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Town of Tarboro

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

October 30, 2019

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, 2019.

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, 2019, 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, 2019, 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

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 10,844. 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

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

The economic outlook for the Town of Tarboro continues to be optimistic. Tarboro has continued to develop slowly during the national economic downturn, and this year both public and private investments have shown development at a more rapid pace. Within the past year, the value of commercial construction and renovations within the town limits total over ten million dollars. Announcements made several years ago for large industrial projects such as CSX, Triangle Tyre, and Corning have broken ground and begun construction. These projects are anticipated to create several thousand jobs, and while not located within the town limits, Tarboro will continue to see positive impacts from these developments.

As industrial development in the area expands, there is a need for additional space. To this end, Tarboro is entering into a public-private partnership to construct a shell building. This project was aided by the recent Department of Commerce Industrial Development Fund grant for extension of water and sewer lines to the Commerce Center Industrial Park last year and will hopefully spur additional economic growth.

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. Over the past year, Tarboro staff and a stakeholder citizen board worked with the North Carolina Department of Commerce on the development of an Economic Development Strategic Five-Year Plan that outlines our assets and weaknesses, as well as defines goals and priorities. The Town will work with citizen boards to implement policies and strategies to retain specific investments as outlined. 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. Over the last two years, it has been clear that there is a need for additional housing, and interested developers are currently

working with the Town on new housing developments under the newly adopted Residential Incentive Policy.

The Parks and Recreation and Planning Departments continue to implement the recently awarded multi-million dollar grants that will leverage the Town's investment in the health, safety, and welfare of our citizens as well as increased transportation mobility within the Town. Our citizens take pride in maintaining Tarboro, and these continued investments will amplify the quality of life enjoyed here with our expanding economy.

Financial Analysis of the Town

General Fund:

For over ten years, the economy has been a major concern for the Town of Tarboro. For fiscal year 2018 - 2019, General Fund revenues from sales taxes and other intergovernmental sources showed a small increase 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 2018-2019 included both a Cost of Living Adjustment (COLA) and merit increases for the employees.

During fiscal year 2018 – 2019, Town Council approved the implementation of a new Enterprise Resource Planning System (ERP) that will better meet the Town's current and future needs. The Town has selected Incode Solutions, a product of Tyler Technologies and plans to initiate the implementation in the 2019 – 2020 fiscal year.

Enterprise Fund:

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.

Town Council also approved the integration of an Advanced Metering Infrastructure (AMI), a project with completion expected in 2023. This system provides functions that were not previously possible or had to be performed manually and is expected to create financial gain by reducing equipment and maintenance costs and enabling faster water leak detections and restoration of electric service during outages.

Debt Administration

During the fiscal year ended June 30, 2000, the Town retired the last of its remaining bonded debt. The Town has no bond rating due to the fact that it has no bonded debt. Under North Carolina law, the Town's general obligation bonded debt is subject to a legal limitation based on 8% of the total assessed value of real and personal property. As of June 30, 2019, the Town's legal debt limit is approximately \$72,429,414.

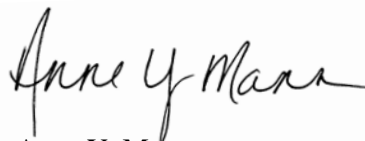
Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting Program - The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tarboro for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 29th 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,



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**

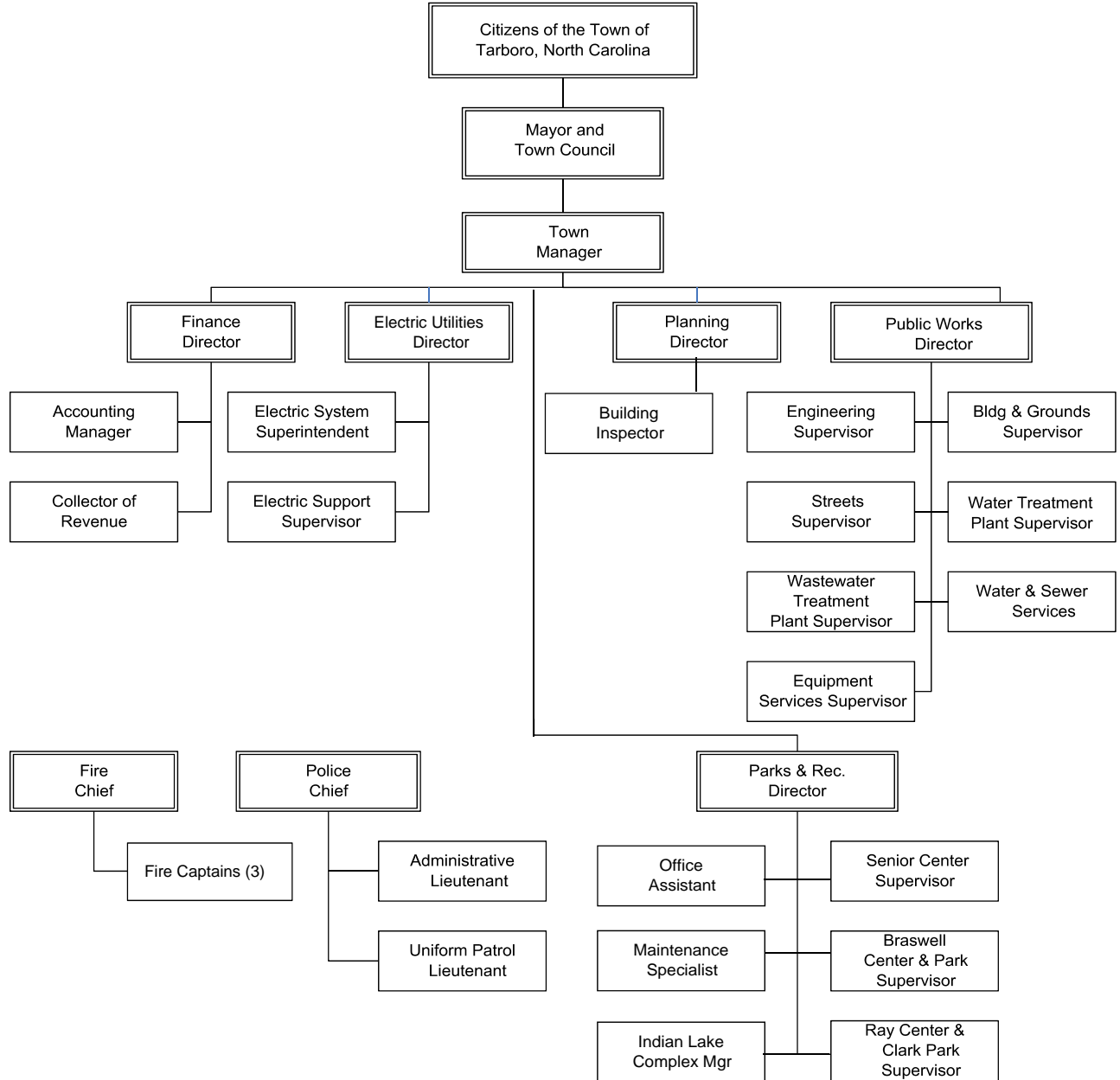
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Organizational Chart



Principal Officials

ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Total Length of Service</u>	<u>Term Expires</u> ¹
Mayor	Joseph W. Pitt	3 Years	December, 2021
Councilman Ward 1	Othar Woodard	6 Years	December, 2021
Councilman Ward 2	Leo Taylor	4 Years	December, 2019
Councilman Ward 3	Stephen Burnette	6 Years	December, 2021
Councilman Ward 4	C B Brown	4 Years	December, 2019
Councilman Ward 5	John Jenkins	18 Years	December, 2021
Councilman Ward 6	Deborah Jordan	8 Years	December, 2019
Councilman Ward 7	Sabrina Bynum	3 Years	December, 2021
Councilman Ward 8	Garland Shepheard	8 Years	December, 2019

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

APPOINTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Length of Time In This Position</u>	<u>Length of Employment With The Town of Tarboro</u>
Town Manager	Troy Lewis	3 Years	19 Years
Finance Director	Anne Y. Mann	5 Years	5 Years
Police Chief	Jesse Webb	3 Years	25 Years
Public Works Director	John K. Moore	3 Years	35 Years
Electric Utilities Director	Brian Mustard	2 Years	27 Years
Fire Chief	Frankie A. Winslow	8 Years	29 Years
Recreation Director	Travis Stigge	5 Years	5 Years
Planning Director	Catherine Grimm	4 Years	4 Years

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FINANCIAL SECTION

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Independent Auditors' Report

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

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

C. Briggs Petway, Jr.
Phyllis M. Pearson

Report on the Financial Statements

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

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, 2019, 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.

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

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.

www.pmpcpa.com

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.

Memberships:

North Carolina
Association of
Certified Public
Accountants

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.

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

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, 2019, 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 October 30, 2019 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

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

October 30, 2019

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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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

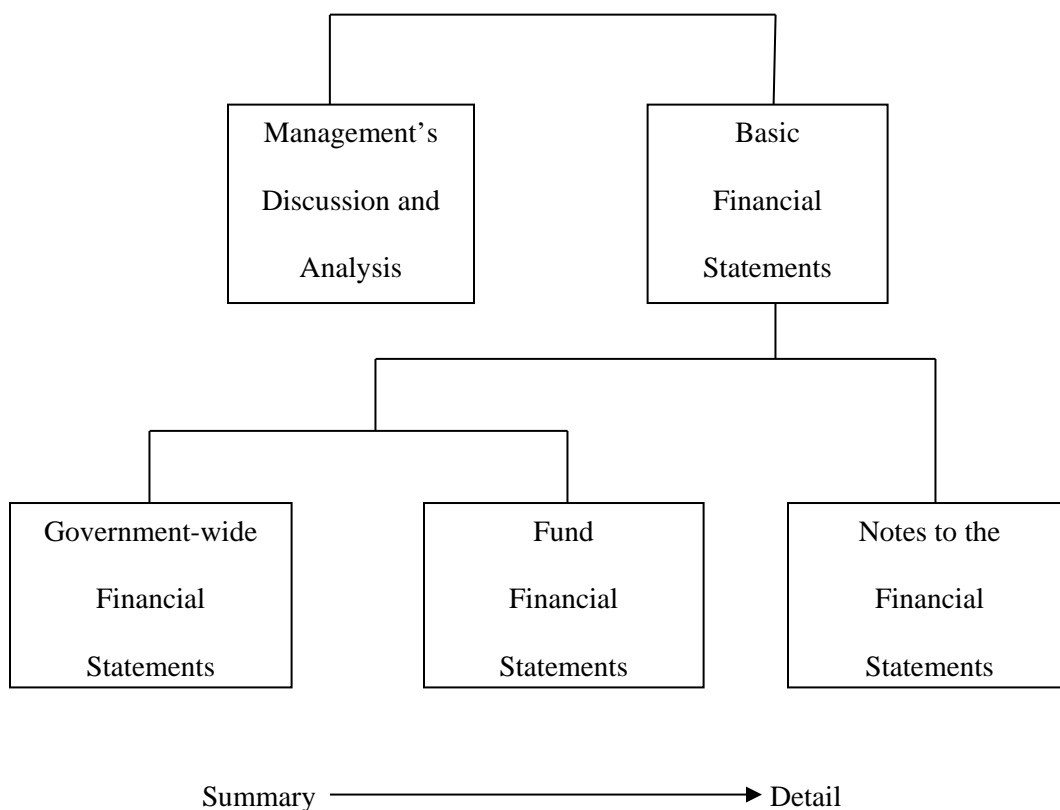
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,901,888 (*net position*). The net position of the governmental activities decreased by \$640,751, and the net position of the business-type activities decreased by \$1,686,477.
- The government's total net position decreased by \$2,327,228, due in large part to Other Post-employment Benefits, Law Enforcement Officers' Special Separation Allowance, Local Government Employees' Retirement expenses and the annual depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,786,523, a decrease of \$1,325,699 in comparison with the prior year. Approximately 60.21 percent of this total amount, or \$2,882,058, is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,990,425, or 17.67 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 \$41,752,344 a decrease of \$1,686,477.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Proprietary Funds – The Town of Tarboro maintains four 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, for solid waste operations, and for stormwater activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements 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 32 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 63 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 Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 5,453,132	\$ 6,725,117	\$ 22,171,124	\$ 21,477,882	\$ 27,624,256	\$ 28,202,999
Capital assets	11,414,172	11,636,573	30,205,007	31,575,205	41,619,179	43,211,778
Total Assets	16,867,304	18,361,690	52,376,131	53,053,087	69,243,435	71,414,777
Deferred outflows of resources	1,893,608	1,240,437	1,024,458	697,721	2,918,066	1,938,158
Liabilities						
Long-term liabilities						
outstanding	19,195,183	19,913,889	8,349,576	7,056,658	27,544,759	26,970,547
Other liabilities	394,410	334,073	2,526,473	2,715,705	2,920,883	3,049,778
Total Liabilities	19,589,593	20,247,962	10,876,049	9,772,363	30,465,642	30,020,325
Deferred inflows of resources	2,021,775	1,563,870	772,196	539,624	2,793,971	2,103,494
Net Position:						
Net invested in capital assets	11,414,172	11,636,573	29,698,027	30,920,436	41,112,199	42,557,009
Restricted	2,118,458	2,614,546	-	-	2,118,458	2,614,546
Unrestricted	(16,383,086)	(16,460,824)	12,054,317	12,518,385	(4,328,769)	(3,942,439)
Total net position	\$ (2,850,456)	\$ (2,209,705)	\$ 41,752,344	\$ 43,438,821	\$ 38,901,888	\$ 41,229,116

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 \$38,901,888 as of June 30, 2019.

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, \$2,118,458, represents resources that are subject to external restrictions on how they may be used.

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:

**Town of Tarboro
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 346,133	\$ 626,500	\$ 29,121,198	\$ 28,710,593	\$ 29,467,331	\$ 29,337,093
Grants & contributions:						
Operating	446,543	1,319,269	-	-	446,543	1,319,269
Capital	-	-	276,912	888,050	276,912	888,050
General revenues:						
Property taxes	3,454,691	3,699,451	-	-	3,454,691	3,699,451
Other taxes	393,665	217,782	-	-	393,665	217,782
Other	3,828,696	3,339,683	447,573	255,605	4,276,269	3,595,288
Total revenues	<u>8,469,728</u>	<u>9,202,685</u>	<u>29,845,683</u>	<u>29,854,248</u>	<u>38,315,411</u>	<u>39,056,933</u>
Expenses:						
General government	3,064,383	3,521,696	-	-	3,064,383	3,521,696
Public safety	4,698,238	4,630,383	-	-	4,698,238	4,630,383
Transportation	1,901,516	1,935,812	-	-	1,901,516	1,935,812
Culture & recreation	1,152,733	1,365,363	-	-	1,152,733	1,365,363
Water & sewer	-	-	4,959,537	4,778,393	4,959,537	4,778,393
Electric	-	-	23,399,789	19,423,913	23,399,789	19,423,913
Solid waste	-	-	1,366,105	1,127,275	1,366,105	1,127,275
Stormwater	-	-	100,338	-	100,338	-
Total expenses	<u>10,816,870</u>	<u>11,453,254</u>	<u>29,825,769</u>	<u>25,329,581</u>	<u>40,642,639</u>	<u>36,782,835</u>
Increase (decrease) in net position before transfers						
	(2,347,142)	(2,250,569)	19,914	4,524,667	(2,327,228)	2,274,098
Transfers						
	<u>1,706,391</u>	<u>1,669,977</u>	<u>(1,706,391)</u>	<u>(1,669,977)</u>	-	-
Increase (decrease) in net position						
	(640,751)	(580,592)	(1,686,477)	2,854,690	(2,327,228)	2,274,098
Net position, July 1						
	(2,209,705)	12,880,697	43,438,821	44,178,318	41,229,116	57,059,015
Prior period adjustment						
	-	(14,509,810)	-	(3,594,187)	-	(18,103,997)
Net position, June 30	<u>\$ (2,850,456)</u>	<u>\$ (2,209,705)</u>	<u>\$ 41,752,344</u>	<u>\$ 43,438,821</u>	<u>\$ 38,901,888</u>	<u>\$ 41,229,116</u>

Governmental Activities – Governmental activities decreased the Town’s net position by \$640,751 from operations. The most notable changes from the prior year for revenues were related to the inclusion of the Hurricanes Matthew recovery efforts in fiscal year 2018 that were not present in 2019. This resulted in a decrease of approximately \$750,000 in revenues. The most notable changes from the prior year for expenses were related to capital outlay. During fiscal year 2018-2019, a major paving project was completed at a cost of approximately \$800,000. Other expenses stayed relatively consistent between 2018 and 2019 which illustrates the due diligence of the Town to maintain minimum costs.

Business-type activities - Business-type activities decrease the Town’s net position by \$1,686,477 from operations. The positive change from operations is mainly due to increase wholesale power costs in the Electric Fund.

Financial Analysis of the Town’s Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,990,425 while total fund balance reached \$4,767,349. 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 unassigned fund balance of 17.67% of general fund expenditures, while total fund balance represents 48.09% of the same amount.

As of the end of the current year, the Town’s governmental funds reported combined ending fund balances of \$4,786,523, down \$1,325,699 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 \$29,559,420 for the Electric Fund, \$11,099,418 for the Water and Sewer Fund, \$617,236 for the Solid Waste Fund, and \$476,270 for the Stormwater Fund. The change in net position for all four funds was \$(1,720,990); (\$183,768); (257,989) and \$476,270 respectively for a total net change of (\$1,686,477).

Capital Asset and Debt Administration

Capital assets – The Town of Tarboro’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$41,619,179 (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

- Indian Lake Bulkhead – Phase I – \$50,000
- Braswell Center Entrance Improvements – \$57,278
- Roof and Upgrades to Public Works Facility – \$188,223
- Street Paving Projects – \$778,516

Disposals

- Four Police Vehicles – \$32,541
- Two Public Works Vehicles – \$140,678

Proprietary Funds:

Additions

- Electric Distribution System Upgrades – \$218,503
- Horizontal Directional Drill for Electric Distribution Lines – \$185,212
- Bucket Truck – \$223,879
- Roof and Upgrades to Public Works Facility – \$196,186
- Stormwater System Upgrades– \$82,134

Disposals

- Boring Machine – \$121,179
- Two Water & Sewer Vehicles – \$48,129

Town of Tarboro, North Carolina
Capital Assets
Figure 8

	Governmental	Business-type	Total	
	Activities	Activities	2019	2018
	2019	2019	2019	2018
Land	\$ 1,909,193	\$ 1,285,932	\$ 3,195,125	\$ 3,195,125
Buildings & Other				
Improvements	3,162,723	104,715	3,267,438	3,129,788
Infrastructure	4,786,538	-	4,786,538	4,915,668
Substations, Lines,				
Equipment	-	16,258,575	16,258,575	16,258,933
Plant & Distribution				
Systems	-	10,905,226	10,905,226	10,007,794
Equipment	1,555,718	1,650,559	3,206,277	3,029,699
Construction				
in progress	-	-	-	2,674,771
Total Capital Assets (net of accumulated depreciation)	<u>\$ 11,414,172</u>	<u>\$ 30,205,007</u>	<u>\$ 41,619,179</u>	<u>\$ 43,211,778</u>

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, 2019, 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 \$72,429,414.

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

The following are key economic indicators of the Town. These factors have been considered when preparing the budget for fiscal year ending June 30, 2020.

- The unemployment rate for the Rocky Mount Metropolitan Statistical Area was 5.5% at June 30, 2019. This is a 0.8% 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, 2020

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, 2020. 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 2019-2020.

Business-type Activities: Electric rates, Water and Sewer rates, and the Solid Waste fee will remain unchanged for FY 2019-2020 after several changes in previous fiscal years.

The Stormwater Utility implemented during FY 2018-2019 has provided a sustainable funding source for the long-term management of stormwater within the Town. There will be no change in user fees for FY 2019-2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Town of Tarboro, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,131,733	\$ 15,838,867	\$ 18,970,600
Restricted cash	1,026,941	978,818	2,005,759
Taxes receivables (net)	268,443	-	268,443
Accrued interest receivable	4,412	20,587	24,999
Accounts receivable (net)	182,633	3,753,820	3,936,453
Due from other governments	790,759	142,870	933,629
Inventories	48,211	1,436,162	1,484,373
Total current assets	<u>5,453,132</u>	<u>22,171,124</u>	<u>27,624,256</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,909,193	1,285,932	3,195,125
Other capital assets, net of depreciation	9,504,979	28,919,075	38,424,054
Total capital assets	<u>11,414,172</u>	<u>30,205,007</u>	<u>41,619,179</u>
Total non-current assets	<u>11,414,172</u>	<u>30,205,007</u>	<u>41,619,179</u>
Total assets	<u>16,867,304</u>	<u>52,376,131</u>	<u>69,243,435</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan - LGERS	1,016,372	460,884	1,477,256
Contributions to pension plan - LEO	65,194	-	65,194
Contributions to OPEB Plan	313,081	134,177	447,258
Pension deferrals - LEO	122,842	-	122,842
Pension deferrals	376,119	429,397	805,516
Total deferred outflows of resources	<u>1,893,608</u>	<u>1,024,458</u>	<u>2,918,066</u>
LIABILITIES			
Current liabilities:			
Accounts payable	314,765	1,786,398	2,101,163
Payable from restricted assets	-	600,274	600,274
Compensated absences - current	79,645	37,008	116,653
Current portions of notes payable	-	102,793	102,793
Total current liabilities	<u>394,410</u>	<u>2,526,473</u>	<u>2,920,883</u>
Long-term liabilities:			
Compensated absences	596,658	194,251	790,909
Net pension liability - LGERS	1,800,083	1,150,873	2,950,956
Total pension obligation - LEO	1,397,824	-	1,397,824
Total OPEB liability	15,400,618	6,600,265	22,000,883
Due in more than one year	-	404,187	404,187
Total long-term liabilities	<u>19,195,183</u>	<u>8,349,576</u>	<u>27,544,759</u>
Total liabilities	<u>19,589,593</u>	<u>10,876,049</u>	<u>30,465,642</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	12,787	-	12,787
Unavailable revenues	-	80,923	80,923
OPEB deferrals	1,922,721	638,973	2,561,694
Pension deferrals	86,267	52,300	138,567
Total deferred inflows of resources	<u>2,021,775</u>	<u>772,196</u>	<u>2,793,971</u>
NET POSITION			
Net investment in capital assets	11,414,172	29,698,027	41,112,199
Restricted for:			
Stabilization by State statute	1,265,706	-	1,265,706
Streets	698,996	-	698,996
General government	15,414	-	15,414
Public safety	138,342	-	138,342
Unrestricted	(16,383,086)	12,054,317	(4,328,769)
Total net position	<u>\$ (2,850,456)</u>	<u>\$ 41,752,344</u>	<u>\$ 38,901,888</u>

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

**Town of Tarboro, North Carolina
Statement of Activities
For the Year Ended June 30, 2019**

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
Primary government:							
Governmental Activities:							
General government	\$ 3,064,383	\$ 148,505	\$ 41,504	\$ -	\$ (2,874,374)	\$ -	\$ (2,874,374)
Public safety	4,698,238	61,979	22,616	-	(4,613,643)	-	(4,613,643)
Transportation	1,901,516	-	305,610	-	(1,595,906)	-	(1,595,906)
Cultural and Recreational	1,152,733	135,649	76,813	-	(940,271)	-	(940,271)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	10,816,870	346,133	446,543	-	(10,024,194)	-	(10,024,194)
Business-type activities:							
Electric	23,399,789	23,040,186	-	-	-	(359,603)	(359,603)
Water and Sewer	4,959,537	4,414,410	-	276,912	-	(268,215)	(268,215)
Solid waste	1,366,105	1,093,235	-	-	-	(272,870)	(272,870)
Stormwater	100,338	573,367	-	-	-	473,029	473,029
Total business-type activities	29,825,769	29,121,198	-	276,912	-	(427,659)	(427,659)
Total primary government	\$ 40,642,639	\$ 29,467,331	\$ 446,543	\$ 276,912	(10,024,194)	(427,659)	(10,451,853)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,454,691	-	3,454,691
Other taxes and licenses					393,665	-	393,665
Grants and contributions not restricted to specific programs					3,128,372	-	3,128,372
Unrestricted investment earnings					86,658	299,774	386,432
Miscellaneous					613,666	147,799	761,465
General revenues not including transfers					7,677,052	447,573	8,124,625
Transfers					1,706,391	(1,706,391)	-
Total general revenues and transfers					9,383,443	(1,258,818)	8,124,625
Change in net position					(640,751)	(1,686,477)	(2,327,228)
Net position, beginning,					(2,209,705)	43,438,821	41,229,116
Net position, ending					\$ (2,850,456)	\$ 41,752,344	\$ 38,901,888

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

Town of Tarboro, North Carolina
Balance Sheets
Governmental Funds
June 30, 2019

	Major Fund General	Governmental Non- major Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,797,678	\$ 334,055	\$ 3,131,733
Restricted cash	953,813	73,128	1,026,941
Receivables, net:			
Taxes	268,443	-	268,443
Accounts	141,520	41,113	182,633
Accrued interest receivable	4,412	-	4,412
Due from other governments	783,107	4,807	787,914
Due from other funds	420,772	-	420,772
Inventories	48,211	-	48,211
Total assets	<u>\$ 5,417,956</u>	<u>\$ 453,103</u>	<u>\$ 5,871,059</u>
LIABILITIES			
Accounts payable - vendors	\$ 213,594	\$ 13,157	\$ 226,751
Due from other funds	-	420,772	420,772
Accounts payable - others	88,014	-	88,014
Total liabilities	<u>301,608</u>	<u>433,929</u>	<u>735,537</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	268,443	-	268,443
Accrued interest receivable	4,412	-	4,412
Special assessments, net	63,357	-	63,357
Prepaid taxes	12,787	-	12,787
Total deferred inflows of resources	<u>348,999</u>	<u>-</u>	<u>348,999</u>
FUND BALANCES			
Non-spendable:			
Inventories	48,211	-	48,211
Restricted:			
Stabilization by State statute	1,265,706	-	1,265,706
Streets	732,604	(33,608)	698,996
General government	15,014	400	15,414
Public safety	-	138,342	138,342
Assigned:			
Subsequent year's expenditures	715,389	-	715,389
Unassigned	1,990,425	(85,960)	1,904,465
Total fund balances	<u>4,767,349</u>	<u>19,174</u>	<u>4,786,523</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,417,956</u>	<u>\$ 453,103</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.	11,414,172
Earned revenues considered deferred inflows of resources in fund statements.	339,057
Deferred outflows of resources related to pensions are not reported in the funds	1,580,527
Deferred outflows of resources related to OPEB are not reported in the funds	313,081
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	(1,800,083)
Pension related deferrals	(86,267)
OPEB deferrals	(1,922,721)
OPEB liability	(15,400,618)
Net pension obligation - LEO	(1,397,824)
Net position of governmental activities	<u>\$ (2,850,456)</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, 2019

	Major Fund	Governmental	Total
	General Fund	Non-major Funds	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 3,740,907	\$ -	\$ 3,740,907
Other taxes and licenses	393,665	-	393,665
Unrestricted intergovernmental	3,124,284	4,088	3,128,372
Restricted intergovernmental	408,280	79,179	487,459
Permits and fees	78,920	-	78,920
Sales and services	182,676	-	182,676
Investment earnings	84,521	2,666	87,187
Miscellaneous	247,465	-	247,465
Charges for services	418,680	-	418,680
Total revenues	<u>8,679,398</u>	<u>85,933</u>	<u>8,765,331</u>
EXPENDITURES			
Current:			
General government	2,741,955	-	2,741,955
Public safety	4,664,111	499,137	5,163,248
Transportation	799,722	-	799,722
Cultural and Recreational	1,399,239	-	1,399,239
Capital outlay	1,659,649	33,608	1,693,257
Total expenditures	<u>11,264,676</u>	<u>532,745</u>	<u>11,797,421</u>
Excess (deficiency) of revenues over expenditures	<u>(2,585,278)</u>	<u>(446,812)</u>	<u>(3,032,090)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	1,706,391	-	1,706,391
Total other financing sources (uses)	<u>1,706,391</u>	<u>-</u>	<u>1,706,391</u>
Net change in fund balance	<u>(878,887)</u>	<u>(446,812)</u>	<u>(1,325,699)</u>
Fund balances, beginning	5,646,236	465,986	6,112,222
Fund balances, ending	<u>\$ 4,767,349</u>	<u>\$ 19,174</u>	<u>\$ 4,786,523</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, 2019**

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

Net changes in fund balances - total governmental funds		\$ (1,325,699)
<p>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.</p>		
Capital outlay expenditures which were capitalized	1,659,648	
Depreciation expense for governmental assets	<u>(1,872,164)</u>	(212,516)
Contributions to the pension plan in the current fiscal year		376,119
Benefit payments paid and administrative expense for the LEOSSA		65,194
OPEB benefit payments and administrative costs made in the current fiscal year		313,081
Pension and OPEB deferrals		(869,774)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(15,963)
Loss on disposal of equipment		(9,888)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		-
<p>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.</p>		
Compensated absences	12,598	
Pension expense	556,017	
OPEB expense	<u>470,080</u>	1,038,695
Total changes in net position of governmental activities		<u><u>\$ (640,751)</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, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,669,600	\$ 3,669,600	\$ 3,740,907	\$ 71,307
Other taxes and licenses	236,250	236,250	393,665	157,415
Unrestricted intergovernmental	3,277,500	3,277,500	3,124,284	(153,216)
Restricted intergovernmental	423,000	423,000	408,280	(14,720)
Permits and fees	87,300	48,093	78,920	30,827
Sales and services	135,500	177,000	182,676	5,676
Investment earnings	43,500	43,500	84,521	41,021
Miscellaneous	83,500	154,822	247,465	92,643
Charges for services	418,491	418,491	418,680	189
Total revenues	<u>8,374,641</u>	<u>8,448,256</u>	<u>8,679,398</u>	<u>231,142</u>
Expenditures:				
Current:				
General government	2,931,068	3,205,945	2,741,955	463,990
Public Safety	4,824,485	4,901,020	4,664,111	236,909
Transportation	1,568,120	923,495	799,722	123,773
Cultural and Recreational	1,456,270	1,483,078	1,399,239	83,839
Capital Outlay	761,700	1,659,649	1,659,649	-
Total expenditures	<u>11,541,643</u>	<u>12,173,187</u>	<u>11,264,676</u>	<u>908,511</u>
Revenues over (under) expenditures	<u>(3,167,002)</u>	<u>(3,724,931)</u>	<u>(2,585,278)</u>	<u>1,139,653</u>
Other financing sources (uses):				
Capital Outlay Reserve Appropriation	737,700	737,700	-	(737,700)
Appropriated (Unappropriated) fund balance	722,909	1,280,838	-	(1,280,838)
Transfers from (to) other funds	1,706,393	1,706,393	1,706,391	(2)
Total other financing sources (uses)	<u>3,167,002</u>	<u>3,724,931</u>	<u>1,706,391</u>	<u>(2,018,540)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(878,887)</u>	<u>\$ (878,887)</u>
Fund balances, beginning			5,646,236	
Fund balances, ending			<u>\$ 4,767,349</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, 2019

	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 12,645,017	\$ 2,278,636	\$ 633,203	\$ 282,011	\$ 15,838,867
Restricted cash	555,064	423,754	-	-	978,818
Accounts receivable (net)	2,733,521	794,626	134,660	91,013	3,753,820
Accrued interest receivable	15,835	3,654	760	338	20,587
Sales tax receivable	58,460	73,192	10,282	936	142,870
Inventories	1,358,385	77,777	-	-	1,436,162
Total current assets	<u>17,366,282</u>	<u>3,651,639</u>	<u>778,905</u>	<u>374,298</u>	<u>22,171,124</u>
Noncurrent assets:					
Capital assets:					
Land, non-depreciable improvements, and construction in progress	858,368	427,564	-	-	1,285,932
Other capital assets, net of depreciation	17,358,229	11,230,078	220,592	110,176	28,919,075
Capital assets (net)	<u>18,216,597</u>	<u>11,657,642</u>	<u>220,592</u>	<u>110,176</u>	<u>30,205,007</u>
Total noncurrent assets	<u>18,216,597</u>	<u>11,657,642</u>	<u>220,592</u>	<u>110,176</u>	<u>30,205,007</u>
Total assets	<u>35,582,879</u>	<u>15,309,281</u>	<u>999,497</u>	<u>484,474</u>	<u>52,376,131</u>
DEFERRED OUTFLOWS OF RESOURCES					
Contributions to pension plan	110,986	283,251	66,647	-	460,884
Pension deferrals	299,913	104,820	24,664	-	429,397
OPEB Contributions	53,671	58,144	22,362	-	134,177
Total deferred outflows of resources	<u>464,570</u>	<u>446,215</u>	<u>113,673</u>	<u>-</u>	<u>1,024,458</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,594,866	147,538	40,301	3,693	1,786,398
Payable from restricted assets	555,064	45,210	-	-	600,274
Compensated absences - current	15,510	10,239	10,718	541	37,008
Current portion of long-term debt	-	30,772	72,021	-	102,793
Total current liabilities	<u>2,165,440</u>	<u>233,759</u>	<u>123,040</u>	<u>4,234</u>	<u>2,526,473</u>
Non-current liabilities:					
Compensated absences	113,738	75,082	1,461	3,970	194,251
Net pension liability	531,172	501,663	118,038	-	1,150,873
Total OPEB liability	3,300,132	3,080,124	220,009	-	6,600,265
Non-current portion of long-term debt	-	404,187	-	-	404,187
Total non-current liabilities	<u>3,945,042</u>	<u>4,061,056</u>	<u>339,508</u>	<u>3,970</u>	<u>8,349,576</u>
Total liabilities	<u>6,110,482</u>	<u>4,294,815</u>	<u>462,548</u>	<u>8,204</u>	<u>10,876,049</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB deferrals	285,642	350,891	2,440	-	638,973
Unavailable revenue	80,923	-	-	-	80,923
Pension deferrals	10,982	10,372	30,946	-	52,300
Total deferred inflows of resources	<u>377,547</u>	<u>361,263</u>	<u>33,386</u>	<u>-</u>	<u>772,196</u>
NET POSITION					
Net investment in capital assets	18,216,597	11,222,683	148,571	110,176	29,698,027
Unrestricted	11,342,823	(123,265)	468,665	366,094	12,054,317
Total net position	<u>\$ 29,559,420</u>	<u>\$ 11,099,418</u>	<u>\$ 617,236</u>	<u>\$ 476,270</u>	<u>\$ 41,752,344</u>

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, 2019

	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
OPERATING REVENUES					
Charges for services	\$ 22,904,353	\$ 4,359,844	\$ 1,083,754	\$ 573,367	\$ 28,921,318
Water and sewer taps	-	20,028	-	-	20,028
Other operating revenues	135,833	34,538	9,481	-	179,852
Total operating revenues	23,040,186	4,414,410	1,093,235	573,367	29,121,198
OPERATING EXPENSES					
Administration	3,552,598	2,519,215	273,509	-	6,345,322
Load management	165,900	-	-	-	165,900
Electric operations	491,616	-	-	-	491,616
Electric power purchases	17,493,355	-	-	-	17,493,355
Water treatment and distribution	-	596,050	-	-	596,050
Waste collection and treatment	-	666,561	997,423	-	1,663,984
Stormwater collection	-	-	-	88,194	88,194
Depreciation	1,696,211	1,177,546	92,052	12,144	2,977,953
Total operating expenses	23,399,680	4,959,372	1,362,984	100,338	29,822,374
Operating income (loss)	(359,494)	(544,962)	(269,749)	473,029	(701,176)
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	235,582	50,151	10,800	3,241	299,774
Interest and other charges	(109)	(165)	(3,121)	-	(3,395)
Other non-operating revenues	109,422	34,296	4,081	-	147,799
Total non-operating revenues (expenses)	344,895	84,282	11,760	3,241	444,178
Income (loss) before contributions and transfers	(14,599)	(460,680)	(257,989)	476,270	(256,998)
Capital contributions	-	276,912	-	-	276,912
Transfers from (to) other funds	(1,706,391)	-	-	-	(1,706,391)
Change in net position	(1,720,990)	(183,768)	(257,989)	476,270	(1,686,477)
Total net position, beginning	31,280,410	11,283,186	875,225	-	43,438,821
Total net position, ending	\$ 29,559,420	\$ 11,099,418	\$ 617,236	\$ 476,270	\$ 41,752,344

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, 2019

	Water and		Stormwater		
	Electric Fund	Sewer Fund	Solid Waste Fund	Fund	
				Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 23,108,188	\$ 4,707,625	\$ 1,094,013	\$ 481,080	\$ 29,390,906
Cash paid for goods and services	(18,571,436)	(1,425,416)	(527,099)	(32,720)	(20,556,671)
Cash paid to or on behalf of employees for services	(2,231,731)	(2,320,114)	(511,980)	(47,270)	(5,111,095)
Net customer deposits	21,052	3,970	-	-	25,022
Other non-operating revenues	109,422	34,296	4,081	-	147,799
Net cash provided (used) by operating activities	2,435,495	1,000,361	59,015	401,090	3,895,961
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(1,706,391)	-	-	-	(1,706,391)
Net cash provided (used) by noncapital financing activities	(1,706,391)	-	-	-	(1,706,391)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(730,355)	(733,030)	(22,050)	(122,320)	(1,607,755)
Capital contributions	-	276,912	-	-	276,912
Principal paid on bonds and installment purchases	(18,993)	(58,318)	(70,478)	-	(147,789)
Interest paid on bonds and installment purchases	(109)	(165)	(3,121)	-	(3,395)
Net cash provided (used) by capital and related financing activities	(749,457)	(514,601)	(95,649)	(122,320)	(1,482,027)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	235,582	50,151	10,800	3,241	299,774
Net cash provided (used) by investing activities	235,582	50,151	10,800	3,241	299,774
Net increase (decrease) in cash and investments	215,229	535,911	(25,834)	282,011	1,007,317
Balances, beginning	12,984,852	2,166,479	659,037	-	15,810,368
Balances, ending	<u>\$ 13,200,081</u>	<u>\$ 2,702,390</u>	<u>\$ 633,203</u>	<u>\$ 282,011</u>	<u>\$ 16,817,685</u>

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, 2019

	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ (359,494)	\$ (544,962)	\$ (269,749)	\$ 473,029	\$ (701,176)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,696,211	1,177,546	92,052	12,144	2,977,953
Non-operating revenues	109,422	34,296	4,081	-	147,799
Changes in assets and liabilities:					-
(Increase) decrease in accounts receivable	68,002	268,948	(1,564)	(92,287)	243,099
(Increase) decrease in inventory	70,739	236	-	-	70,975
Increase (decrease) in accounts payable and accrued liabilities	(201,746)	13,305	5,417	3,693	(179,331)
Increase (decrease) in customer deposits	21,052	3,970	-	-	25,022
Increase (decrease) in compensated absences	7,521	(286)	(4,993)	4,511	6,753
(Increase) decrease in deferred outflows of resources - pensions	(150,748)	(121,685)	(54,304)	-	(326,737)
Increase (decrease) in net pension liability	184,199	158,254	40,517	-	382,970
Increase (decrease) in deferred inflows of resources - pensions	140,049	64,974	27,549	-	232,572
Increase in OPEB liability	850,288	(54,235)	220,009	-	1,016,062
Total adjustments	<u>2,794,989</u>	<u>1,545,323</u>	<u>328,764</u>	<u>(71,939)</u>	<u>4,597,137</u>
Net cash provided by operating activities	<u>\$ 2,435,495</u>	<u>\$ 1,000,361</u>	<u>\$ 59,015</u>	<u>\$ 401,090</u>	<u>\$ 3,895,961</u>

Noncash investing, capital, and financing activities:

None.

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

NOTES TO THE FINANCIAL STATEMENTS

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Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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, 2019**

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.

NC DOT CMAQ Fund. This fund is used to account for Pedestrian Connectivity Funds.

Disaster Recovery Funds. This fund is used to account for disaster recovery funds including Hazard Mitigation and Community Development Block Grants.

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.

Storm Water Fund. This fund is used to account for the Town's storm water 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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 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, 2019**

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, 2019.

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 fair value. The NCCMT-Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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, 2019

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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has four items that meet this criterion, contributions made to the pension plan in the 2019 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

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, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. Use of Estimates

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's 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, 2019, the Town's deposits had a carrying amount of \$7,415,493 and a bank balance of \$7,540,763. 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, 2019 the Town's petty cash fund totaled \$3,675.

2. Investments

At June 30, 2019, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/19	Maturity	Rating
NC Capital Management Trust – Cash Portfolio	Amortized Cost	\$ 295,925	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	\$13,261,264	0.23 years	Unrated
Total:		\$13,557,189		

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

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

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

Credit Risk. The Town limits investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, 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, 2019 are net of the following allowances for doubtful accounts:

	June 30, 2019
General Fund:	
Taxes receivable	\$ 58,786
Accounts receivable	452,589
Total General Fund	511,375
Enterprise Funds:	
Electric	34,522
Water and Sewer Fund	7,163
Solid Waste Fund	1,795
Storm Water Fund	947
Total Enterprise Funds	44,427
Total Allowance Doubtful Accounts	\$ 555,802

Due from other governments consists of the following:

Local option sales taxes	\$436,679
Sales taxes	218,717
Franchise taxes	260,033
UPCOG - grants	15,014
911 charges	3,186
	\$933,629

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,909,193	\$ -	\$ -	\$ 1,909,193
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,909,193</u>	<u>-</u>	<u>-</u>	<u>1,909,193</u>
Capital assets being depreciated				
Buildings & Improvements	9,813,219	414,929	130,747	10,097,401
Infrastructure - streets	49,940,439	778,516	-	50,718,955
Infrastructure - sidewalk	549,028	-	-	549,028
Equipment	9,880,610	466,204	137,796	10,209,018
Total capital assets being depreciated	<u>70,183,296</u>	<u>1,659,649</u>	<u>268,543</u>	<u>71,574,402</u>
Less accumulated depreciation for				
Buildings & Improvements	6,683,431	381,994	130,747	6,934,678
Infrastructure - streets	45,024,771	907,646	-	45,932,417
Infrastructure - sidewalk	549,028	-	-	549,028
Equipment	8,198,686	582,524	127,910	8,653,300
Total accumulated depreciation	<u>60,455,916</u>	<u>1,872,164</u>	<u>258,657</u>	<u>62,069,423</u>
Total capital assets being depreciated, net	<u>9,727,380</u>			<u>9,504,979</u>
Governmental activity capital assets, net	<u>\$ 11,636,573</u>			<u>\$ 11,414,172</u>

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

General government	\$ 234,754
Public safety	346,199
Transportation	1,149,713
Cultural and recreational	141,498
	<u>\$ 1,872,164</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Business-type Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 858,368	\$ -	\$ -	\$ 858,368
Construction in progress	1,226,526	-	1,226,526	-
Total	<u>2,084,894</u>	<u>-</u>	<u>1,226,526</u>	<u>858,368</u>
Capital assets being depreciated:				
Substation, lines, & related equipment	49,428,373	1,445,029	-	50,873,402
Office & maintenance equipment	4,197,586	511,852	142,365	4,567,073
Load management	269,713	-	-	269,713
Total	<u>53,895,672</u>	<u>1,956,881</u>	<u>142,365</u>	<u>55,710,188</u>
Less accumulated depreciation:				
Substation, lines, & related equipment	33,169,440	1,445,388	142,365	34,472,463
Office & maintenance equipment	3,358,960	250,823	-	3,609,783
Load management	269,713	-	-	269,713
Total	<u>36,798,113</u>	<u>\$ 1,696,211</u>	<u>\$ 142,365</u>	<u>38,351,959</u>
Total capital assets being depreciated, net	<u>17,097,559</u>			<u>17,358,229</u>
Electric Fund capital assets, net	<u>\$ 19,182,453</u>			<u>\$ 18,216,597</u>

Business-type Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 427,564	\$ -	\$ -	\$ 427,564
Construction in progress	1,448,245	-	1,448,245	-
Total	<u>1,875,809</u>	<u>-</u>	<u>1,448,245</u>	<u>427,564</u>
Capital assets being depreciated:				
Plant & distribution system	36,222,545	2,018,884	-	38,241,429
Office & maintenance equipment	2,061,308	162,391	48,129	2,175,570
Total	<u>38,283,853</u>	<u>2,181,275</u>	<u>48,129</u>	<u>40,416,999</u>
Less accumulated depreciation:				
Plant & distribution system	26,214,751	1,121,452	-	27,336,203
Office & maintenance equipment	1,842,753	56,094	48,129	1,850,718
Total	<u>28,057,504</u>	<u>\$ 1,177,546</u>	<u>\$ 48,129</u>	<u>29,186,921</u>
Total capital assets being depreciated, net	<u>10,226,349</u>			<u>11,230,078</u>
Water & Sewer Fund capital assets, net	<u>\$ 12,102,158</u>			<u>\$ 11,657,642</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Business-type Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Solid Waste Fund				
Capital assets being depreciated:				
Buildings	\$ 21,274	\$ 22,050	\$ -	\$ 43,324
Maintenance equipment	1,190,175	-	-	1,190,175
Total	<u>1,211,449</u>	<u>22,050</u>	<u>-</u>	<u>1,233,499</u>
Less accumulated depreciation:				
Buildings	14,536	2,100	-	16,636
Maintenance equipment	906,319	89,952	-	996,271
Total	<u>920,855</u>	<u>\$ 92,052</u>	<u>\$ -</u>	<u>1,012,907</u>
Total capital assets being depreciated, net	<u>290,594</u>			<u>220,592</u>
Solid Waste Fund capital assets, net	<u>\$ 290,594</u>			<u>\$ 220,592</u>

Business-type Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Stormwater Fund				
Capital assets being depreciated:				
Buildings	\$ -	\$ 82,134	\$ -	\$ 82,134
Maintenance equipment	-	40,186	-	40,186
Total	<u>-</u>	<u>122,320</u>	<u>-</u>	<u>122,320</u>
Less accumulated depreciation:				
Buildings	-	4,107	-	4,107
Maintenance equipment	-	8,037	-	8,037
Total	<u>-</u>	<u>\$ 12,144</u>	<u>\$ -</u>	<u>12,144</u>
Total capital assets being depreciated, net	<u>-</u>			<u>110,176</u>
Stormwater Fund capital assets, net	<u>-</u>			<u>110,176</u>
 Business-type activities capital assets, net	 <u>\$ 31,575,205</u>			 <u>\$ 30,205,007</u>

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	Vendors	Other	Total
Governmental Activities:			
General Fund	\$ 213,594	\$ 88,014	\$ 301,608
Non-major Funds	13,157	-	13,157
Total governmental activities	<u>\$ 226,751</u>	<u>\$ 88,014</u>	<u>\$ 314,765</u>
Business-type Activities:			
Electric Fund	\$ 1,583,404	\$ 11,462	\$ 1,594,866
Water & Sewer Fund	147,538	-	147,538
Solid Waste Fund	40,301	-	40,301
Stormwater Fund	3,693	-	3,693
Total business-type activities	<u>\$ 1,774,936</u>	<u>\$ 11,462</u>	<u>\$ 1,786,398</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible for retire with full retirement benefits at age 65 with 5 years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with 5 years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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, 2019 was 9.70% of compensation for law enforcement officers and 8.95% 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 \$616,588 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$2,950,956 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was .124%, which was an increase of .0077% from its proportion measured as of June 30, 2017.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

For the year ended June 30, 2019, the Town recognized pension expense of \$794,310. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 455,262	\$ 15,276
Changes of assumptions	783,070	-
Net difference between projected and actual earnings on pension plan investments	405,079	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,773	45,734
Employer contributions subsequent to the measurement date	616,588	-
Total	\$ 2,282,772	\$ 61,010

\$616,588 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	764,568
2021	500,672
2022	99,369
2023	240,564
2024	-
Thereafter	-
	\$ 1,605,173

Actuarial Assumptions. The total pension liability in the December 31, 2017 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	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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, 2018 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 7,088,452	\$ 2,950,956	\$(506,400)

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

b. Law Enforcement Officers Special Separation Allowance

1. **Plan Description.** The Town of Tarboro administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or attained 55 years of age and have completed 5 or more years of creditable service. The Separation Allowance is equal to 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, 2017, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	6
Active Members	29
Total	35

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.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

2. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, inflation and productivity factor
Discount rate	3.64 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.

3. 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 \$89,357 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, 2019, the Town reported a total pension liability of \$1,397,824. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$111,866.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,198	\$ -
Changes of assumptions	40,644	49,051
Town benefit payments and plan administrative expenses made subsequent to the measurement date	65,194	-
Total	\$ 188,036	\$ 49,051

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

\$65,194 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	12,920
2021		12,920
2022		11,803
2023		8,451
2024		2,957
Thereafter		-
	<u>\$</u>	<u>49,051</u>

\$89,357 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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 1,494,181</u>	<u>\$ 1,397,824</u>	<u>\$ 1,309,513</u>

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

Total Pension Liability as of December 31, 2017	\$ 1,371,809
Changes for the year:	
Service Cost at end of year	49,045
Interest	41,937
Change in benefit terms	-
Difference between expected and actual experience	69,602
Changes of assumptions and other inputs	(45,212)
Benefit payments	(89,357)
Other	-
Net changes	<u>\$ 26,015</u>
Total Pension Liability as of December 31, 2018	<u>\$ 1,397,824</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.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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	\$ 794,310	\$ 111,866	\$ 906,176
Pension Liability	2,950,956	1,397,824	4,348,780
Proportionate share of the net pension liability	0.12439%	N/A	
 Deferred Outflows of Resources			
Differences between expected and actual experience	455,262	82,198	537,460
Changes of assumptions	783,070	40,644	823,714
Net difference between projected and actual earning on plan investments	405,079	-	405,079
Changes in proportion and differences between contributions and proportionate share of contributions	22,773	-	22,773
Benefit payments and administrative costs paid subsequent to the measurement date	616,588	89,357	705,945
 Deferred Inflows of Resources			
Differences between expected and actual experience	15,276	-	15,276
Changes of assumptions	-	49,051	49,051
Net difference between projected and actual earning on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	45,734	-	45,734

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, 2019 were \$43,660, which consisted of \$33,334 from the Town and \$9,911 from the law enforcement officers.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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, 2018, the date of the latest actuarial valuation:

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

Total OPEB Liability

The Town's total OPEB liability of \$22,000,883 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 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	3.89 percent
Healthcare cost trend rates	Medical – 5.5%
	Prescription – 7.50%
	Admin Expenses – 3.00%

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.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of July 1, 2017	\$ 22,516,950
Changes for the year:	
Service cost	557,224
Interest	791,569
Changes of benefit terms	-
Differences between expected and actual experience	(11,553)
Changes in assumptions or other inputs	(1,284,623)
Benefit payments	(568,684)
Other	-
Net Changes	<u>\$ (516,067)</u>
Total OPEB Liability as of June 30, 2018	<u><u>\$ 22,000,883</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The actuarial assumptions used in the December 31, 2018 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 26,252,611	\$ 22,000,883	\$ 18,689,903

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:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$18,262,866	\$ 22,000,883	\$26,907,412

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$671,542. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,851
Changes of assumptions	-	2,528,823
Town benefit payments and plan administrative expenses made subsequent to the measurement date	447,259	-
Total	<u>\$ 447,259</u>	<u>\$ 2,561,674</u>

\$447,259 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 677,251
2021	677,251
2022	677,251
2023	427,280
2024	102,641
Thereafter	-
	<u>\$ 2,561,674</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, 2019, the Town made contributions to the State for death benefits of \$4,766. The contributions to the

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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, 2019 were \$591,032, which consisted of \$438,945 from the Town and \$152,084 from employees. The Town's discretionary contribution and the employees' voluntary contribution represent 5.66% of the covered payroll amount.

6. Deferred Outflows and Inflows of Resources

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

	Amount
Contributions to the pension plan in the current fiscal year - LGERS	\$ 616,588
Contributions to the pension plan in the current fiscal year - LEO	65,194
OPEB contributions to the plan in the current year	447,258
Pension deferrals - LGERS	1,605,173
Pension deferrals - LEO	122,842
OPEB deferrals	-
	\$ 2,857,055

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

General Fund:	<u>Amount</u>
Prepaid taxes	\$ 12,787
Accrued interest receivable	4,412
Special assessments receivable	63,357
Taxes receivable	268,443
	<u><u>\$ 348,999</u></u>

Government-wide Activities:	<u>Amount</u>
Prepaid taxes	\$ 12,787
Unavailable Revenues	80,923
Pension deferrals - LEO	138,567
OPEB deferrals	2,561,674
	<u><u>\$ 2,793,951</u></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, 2019

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, 2019 is \$80,721. Annual debt service payments are as follows:

Year Ending		
June 30,	Principal	Interest
2020	7,338	-
2021	7,338	-
2022	7,338	-
2023	7,338	-
2024	7,338	-
2025-2029	36,690	-
2030-2033	7,341	-
Total	<u>\$ 80,721</u>	<u>\$ -</u>

b. Installment Purchases

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:

Year Ending		
June 30,	Principal	Interest
2020	<u>\$ 72,021</u>	<u>\$ 1,577</u>
Total	<u>\$ 72,021</u>	<u>\$ 1,577</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

In March 2015, the Town entered into an agreement with the Department of Environmental Quality – Division of Water Infrastructure under the Water Pollution Control Revolving Fund program. Under the agreement, the original principal amount of \$937,750 is immediately reduced by 50% to \$468,875. The agreement requires annual payments in the amount of \$22,140 through May 2035 at 0.00% interest. Annual debt service payments are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 22,140	\$ -
2021	22,140	-
2022	22,140	-
2023	22,140	-
2024	22,140	-
2025-2029	110,700	-
2030-2034	110,700	-
2035-2039	22,138	-
Total	\$ 354,238	\$ -

At June 30, 2019, the Town had a legal debt margin of \$72,429,414.

c. Changes in Long-Term Liabilities

A summary of changes in long-term obligations follows:

Governmental Activities:	Balance			Balance		Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion	
Compensated absences	\$ 688,901	\$ -	\$ 12,598	\$ 676,303	\$ 79,645	
Net pension liability (LGERS)	1,014,187	785,896	-	1,800,083	-	
Total pension liability (LEO)	1,371,809	26,015	-	1,397,824	-	
Total OPEB liability	16,932,746	-	1,532,128	15,400,618	-	
Total governmental activities	\$ 20,007,643	\$ 811,911	\$ 1,544,726	\$ 19,274,828	\$ 79,645	

Business-type Activities:	Balance			Balance		Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion	
Electric Fund						
Compensated absences	\$ 121,727	\$ 7,521	\$ -	\$ 129,248	\$ 15,510	
BB&T Note payable	18,993	-	18,993	-	-	
Net pension liability (LGERS)	346,973	184,199	-	531,172	-	
Total OPEB liability	2,449,845	850,287	-	3,300,132	-	
Total Electric Fund	\$ 2,937,538	\$ 1,042,007	\$ 18,993	\$ 3,960,552	\$ 15,510	

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Business-type Activities:	Balance			Balance	Current
	July 1, 2018	Increases	Decreases		
Water and Sewer Fund					
Compensated absences	\$ 85,607	\$ -	\$ 286	\$ 85,321	\$ 10,239
ARRA Revolving Loan	88,061	-	7,338	80,723	7,338
DENR Revolving Loan	376,378	-	22,140	354,238	22,140
BB&T Note Payable	28,838	-	28,838	-	-
Net pension liability (LGERS)	343,409	158,254	-	501,663	-
Total OPEB liability	3,134,359	-	54,235	3,080,124	-
Total Water and Sewer Fund	\$ 4,056,652	\$ 158,254	\$ 112,837	\$ 4,102,069	\$ 39,717

Business-type Activities:	Balance			Balance	Current
	July 1, 2018	Increases	Decreases		
Solid Waste Fund					
Compensated absences	\$ 17,172	\$ -	\$ 4,993	\$ 12,179	\$ 1,461
Note payable	142,499	-	70,478	72,021	72,021
Net pension liability (LGERS)	77,521	40,517	-	118,038	-
Total OPEB liability	-	220,009	-	220,009	-
Total Solid Waste Fund	\$ 237,192	\$ 260,526	\$ 75,471	\$ 422,247	\$ 73,482

Business-type Activities:	Balance			Balance	Current
	July 1, 2018	Increases	Decreases		
Stormwater Fund					
Compensated absences	\$ -	\$ 4,511	\$ -	\$ 4,511	\$ 541
Note payable	-	-	-	-	-
Net pension liability (LGERS)	-	-	-	-	-
Total OPEB liability	-	-	-	-	-
Total Solid Waste Fund	\$ -	\$ 4,511	\$ -	\$ 4,511	\$ 541

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

C. Inter-fund Balances and Activity

Transfers to/from other funds at June 30, 2019, consist of the following:

From the Electric Fund to the General Fund \$ 1,706,990

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.

Inter-fund Activity at June 30, 2019, consists of the following:

The General Fund was due \$30,168 from the NCDOT CMAQ Fund and \$390,604 from the Disaster Recovery Fund. The General Fund advanced funds to assist with routine start-up costs as directed by the Town Council.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

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	\$ 4,767,349
Less restricted for:	
Inventories	48,211
Prepays	-
Stabilization by State Statute	1,265,706
Streets	732,604
General government	15,014
Subsequent year's expenditures	715,389
Working Capital / Fund Balance Policy	3,262,165
Available Fund Balance	\$ (1,271,740)

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, 2019 totaled \$17,493,355.

The Town, in conjunction with 5 counties and other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$5,134 to the Council during the fiscal year ended June 30, 2019.

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,

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

2019. 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, 2019. 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, 2019. 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, 2019. Complete financial statements for the Library can be obtained from the Library's offices at 909 Main Street, Tarboro, North Carolina 27886.

Edgecombe County Cultural Arts Council, Inc.

The Town also participates in a joint venture with the County to operate a regional Arts Council. The Town appoints six members of the nineteen Board members to the Board of Arts Council. Neither participating governments has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2019.

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 \$24,116 as of June 30, 2019.

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, 2019, the Town appropriated \$49,536 to Superior Essex.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

Schedule of Funding Progress and Employer Contributions for Other Postemployment Benefits

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

Schedule of Contributions for Local Government Employees' Retirement System

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Town of Tarboro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,371,809	\$ 1,274,475	\$ 1,276,518
Service cost	49,045	38,309	41,375
Interest on the total pension liability	41,937	47,354	44,462
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	69,602	41,364	-
Changes of assumptions or other inputs	(45,212)	65,656	(25,697)
Benefit payments	(89,357)	(95,349)	(62,183)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 1,397,824</u>	<u>\$ 1,371,809</u>	<u>\$ 1,274,475</u>

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

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,397,824	\$ 1,371,809	\$ 1,274,475
Covered payroll	\$ 1,472,463	\$ 1,348,012	\$ 1,440,836
Total pension liability as a percentage of covered payroll	94.93%	101.77%	88.45%

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.

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

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

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tarboro's proportion of the net pension liability (asset) (%)	0.12439%	0.11665%	0.11567%	0.12727%	0.12630%	0.12700%
Tarboro's proportion of the net pension liability (asset) (\$)	\$ 2,950,956	\$ 1,782,090	\$ 2,454,905	\$ 571,181	\$ (744,850)	\$ 1,530,838
Tarboro's covered payroll	\$ 7,748,462	\$ 7,714,482	\$ 6,733,997	\$ 6,073,633	\$ 5,896,667	\$ 5,896,667
Tarboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.08%	23.10%	36.46%	9.40%	(12.63%)	25.05%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Note:

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

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

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 616,588	\$ 573,242	\$ 537,323	\$ 459,711	\$ 437,582	\$ 429,301
Contributions in relation to the contractually required contribution	616,588	573,242	537,323	459,711	437,582	429,301
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tarboro's covered payroll	\$ 7,748,462	\$ 7,714,482	\$ 7,195,482	\$ 6,733,997	\$ 6,073,633	\$ 5,896,667
Contributions as a percentage of covered payroll	7.96%	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 and Related Ratios
Required Supplementary Information
June 30, 2019

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 557,224	\$ 639,330
Interest	791,569	716,306
Changes of benefit terms	-	-
Differences between expected and actual experience	(11,553)	(37,086)
Changes of assumptions	(1,284,623)	(2,344,207)
Benefit payments	<u>(568,683)</u>	<u>(506,103)</u>
Net change in total OPEB liability	(516,066)	-
Total OPEB liability - beginning	22,516,950	24,048,710
Total OPEB liability - ending	<u><u>\$ 22,000,884</u></u>	<u><u>\$ 22,516,950</u></u>
Covered-Employee Payroll	\$ 4,897,194	\$ 4,897,194
Total OPEB Liability as a percentage of covered-employee payroll	449.25%	459.79%

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

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

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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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes			
Taxes		\$ 3,700,671	\$ -
Penalties and interest		40,236	
Total	3,669,600	3,740,907	71,307
Other taxes and licenses			
Cable TV franchise		343,331	
Rental vehicle tax		7,599	
Auto sticker fees		41,406	
Dog licenses/beer wine		1,329	
Total	236,250	393,665	157,415
Unrestricted intergovernmental			
Local option sales tax		2,319,191	
Payments in lieu of taxes - outside sources		-	
Utility sales tax		734,653	
Beer and wine tax		46,384	
ABC profit distribution		24,056	
Total	3,277,500	3,124,284	(153,216)
Restricted intergovernmental			
Powell Bill allocation		305,610	
Federal nutrition program		45,722	
Federal aging program		31,091	
Other grants		25,857	
Total	423,000	408,280	(14,720)
Permits and fees			
Building permits		41,099	
Fees		37,821	
Business registration fee		-	
Total	48,093	78,920	30,827
Sales and Services			
Recreation department fees		100,226	
Sale of cemetery lots		49,000	
Rent revenue		33,450	
Total	177,000	182,676	5,676
Investment earnings			
	43,500	84,521	41,021

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous			
Sale of materials and property		44,790	
Other		202,675	
Total	<u>154,822</u>	<u>247,465</u>	<u>92,643</u>
Charges for Services			
Electric		242,340	
Water and sewer		148,212	
Stormwater		12,300	
Solid waste		15,828	
Total	<u>418,491</u>	<u>418,680</u>	<u>189</u>
Total revenues	<u>8,448,256</u>	<u>8,679,398</u>	<u>231,142</u>
Expenditures:			
General Government:			
Governing Body			
Salaries and employee benefits		44,544	
Operating expenditures		26,806	
Total	<u>76,575</u>	<u>71,350</u>	<u>5,225</u>
Administration			
Salaries and employee benefits		111,908	
Operating expenditures		495,505	
Total	<u>646,459</u>	<u>607,413</u>	<u>39,046</u>
Finance - Accounting			
Salaries and employee benefits		57,213	
Operating expenditures		178,639	
Capital outlay		-	
Total	<u>282,100</u>	<u>235,852</u>	<u>46,248</u>
Finance - Administration			
Salaries and employee benefits		51,171	
Operating expenditures		39,929	
Total	<u>101,395</u>	<u>91,100</u>	<u>10,295</u>
Finance - Collections			
Salaries and employee benefits		84,269	
Operating expenditures		30,431	
Total	<u>137,060</u>	<u>114,700</u>	<u>22,360</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Planning and Economic Development			
Salaries and employee benefits		191,725	
Operating expenditures		79,885	
Capital outlay		6,162	
Total	<u>433,510</u>	<u>277,772</u>	<u>155,738</u>
Public Works			
Salaries and employee benefits		745,686	
Operating expenditures		398,372	
Capital Outlay		286,509	
Total	<u>1,574,393</u>	<u>1,430,567</u>	<u>143,826</u>
Payments to Outside Agencies			
Tarboro-Edgecombe Airport		14,209	
Edgecombe County Library		146,528	
Upper Coastal Plain COG		5,135	
Carolinas Gateway Partnership		40,000	
Total	<u>247,124</u>	<u>205,872</u>	<u>41,252</u>
Total general government	<u>3,498,616</u>	<u>3,034,626</u>	<u>463,990</u>
Public Safety:			
Police			
Salaries and employee benefits		2,644,427	
Operating expenditures		335,638	
Capital outlay		143,652	
Total	<u>3,260,158</u>	<u>3,123,717</u>	<u>136,441</u>
Fire			
Salaries and employee benefits		1,531,482	
Operating expenditures		152,564	
Capital Outlay		48,686	
Total	<u>1,833,200</u>	<u>1,732,732</u>	<u>100,468</u>
Total public safety	<u>5,093,358</u>	<u>4,856,449</u>	<u>236,909</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Streets and Highways			
Salaries and employee benefits		349,348	
Operating expenditures		450,374	
Capital outlay		890,935	
Total transportation	<u>1,814,430</u>	<u>1,690,657</u>	<u>123,773</u>
Cultural and recreational:			
Parks and Recreation			
Salaries and employee benefits		924,089	
Operating expenditures		475,150	
Capital outlay		283,705	
Total cultural and recreational	<u>1,766,783</u>	<u>1,682,944</u>	<u>83,839</u>
Total expenditures	<u>12,173,187</u>	<u>11,264,676</u>	<u>908,511</u>
Revenues over (under) expenditures	<u>(3,724,931)</u>	<u>(2,585,278)</u>	<u>1,139,653</u>
Other financing sources (uses):			
Capital Outlay Reserve Appropriation	737,700	-	(737,700)
Appropriated fund balance	1,280,838	-	(1,280,838)
Transfers from other funds	1,706,393	1,706,391	(2)
Total other financing sources (uses)	<u>3,724,931</u>	<u>1,706,391</u>	<u>(2,018,540)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(878,887)</u>	<u>\$ (878,887)</u>
Fund balance, beginning		5,646,236	
Fund balance, ending		<u>\$ 4,767,349</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, 2019**

	Emergency Telephone System Fund	Law Enforcement Fund	Employee Relief Fund	Hurricane Matthew Relief Fund	NCDOT CMAQ Fund	Disaster Recovery Fund	Total Non-Major Governmental Funds
Assets:							
Cash and cash equivalents	\$ -	\$ 60,247	\$ 400	\$ 273,408	\$ -	\$ -	\$ 334,055
Restricted cash	73,128	-	-	-	-	-	73,128
Other receivables - net	87	73	-	-	-	40,953	41,113
Due from other governments	4,807	-	-	-	-	-	4,807
Total assets	<u>78,022</u>	<u>60,320</u>	<u>400</u>	<u>273,408</u>	<u>-</u>	<u>40,953</u>	<u>453,103</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	-	-	-	-	3,440	9,717	13,157
Due to other funds	-	-	-	-	30,168	390,604	420,772
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,608</u>	<u>400,321</u>	<u>433,929</u>
Fund Balances:							
Restricted:							
General government	-	-	400	-	-	-	400
Streets	-	-	-	-	(33,608)	-	(33,608)
Public safety	78,022	60,320	-	-	-	-	138,342
Assigned:							
Subsequent year's expenditures	-	-	-	-	-	-	-
Unassigned	-	-	-	273,408	-	(359,368)	(85,960)
Total fund balances	<u>78,022</u>	<u>60,320</u>	<u>400</u>	<u>273,408</u>	<u>(33,608)</u>	<u>(359,368)</u>	<u>19,174</u>
Total liabilities and fund balances	<u>\$ 78,022</u>	<u>\$ 60,320</u>	<u>\$ 400</u>	<u>\$ 273,408</u>	<u>\$ -</u>	<u>\$ 40,953</u>	<u>\$ 453,103</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, 2019

	Emergency Telephone System Fund	Law Enforcement Fund	Employee Relief Fund	Hurricane Matthew Relief Fund	NCDOT CMAQ Fund	Disaster Recovery Fund	Total Non-Major Governmental Funds
Revenues							
Unrestricted intergovernmental	\$ -	\$ 4,088	\$ -	\$ -	\$ -	\$ -	\$ 4,088
Restricted intergovernmental	38,226	-	-	-	-	-	79,179
Miscellaneous revenues	-	-	-	-	-	-	-
Investment earnings	1,527	1,139	-	-	-	-	2,666
Total revenues	<u>39,753</u>	<u>5,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,953</u>	<u>85,933</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	90,103	8,713	-	-	-	400,321	499,137
Economic and physical development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	33,608	-	33,608
Total expenditures	<u>90,103</u>	<u>8,713</u>	<u>-</u>	<u>-</u>	<u>33,608</u>	<u>400,321</u>	<u>532,745</u>
Revenues over (under) expenses	(50,350)	(3,486)	-	-	(33,608)	(359,368)	(446,812)
Fund balance, beginning	<u>128,372</u>	<u>63,806</u>	<u>400</u>	<u>273,408</u>	<u>-</u>	<u>-</u>	<u>465,986</u>
Fund balance, ending	<u>\$ 78,022</u>	<u>\$ 60,320</u>	<u>\$ 400</u>	<u>\$ 273,408</u>	<u>\$ (33,608)</u>	<u>\$ (359,368)</u>	<u>\$ 19,174</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Restricted intergovernmental	\$ 38,226	\$ 38,226	\$ -
Investment earnings	2,000	1,527	(473)
Total revenues	<u>40,226</u>	<u>39,753</u>	<u>(473)</u>
Expenditures			
Public safety	110,000	90,103	19,897
Capital outlay	35,000	-	35,000
Total expenditures	<u>145,000</u>	<u>90,103</u>	<u>54,897</u>
Revenues over (under) expenses	(104,774)	(50,350)	54,424
Other financing sources (uses):			
Appropriated fund balance	<u>104,774</u>	<u>-</u>	<u>(104,774)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	(50,350)	<u>\$ (50,350)</u>
Fund balance, beginning		<u>128,372</u>	
Fund balance, ending		<u>\$ 78,022</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Unrestricted Intergovernmental	\$ 24,500	\$ 4,088	\$ (20,412)
Investment earnings	500	1,139	639
Total revenues	<u>25,000</u>	<u>5,227</u>	<u>(19,773)</u>
Expenditures			
Public safety	25,000	8,713	16,287
Capital outlay	-	-	-
Total expenditures	<u>25,000</u>	<u>8,713</u>	<u>16,287</u>
Revenues over (under) expenses	-	(3,486)	(3,486)
Other financing sources (uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>(3,486)</u>	<u>\$ (3,486)</u>
Fund balance, beginning		<u>63,806</u>	
Fund balance, ending		<u>\$ 60,320</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Miscellaneous revenues	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	-	-	-
Other financing sources (uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other 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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Restricted intergovernmental	\$ 500,000	\$ -	\$ (500,000)
Miscellaneous revenues	-	-	-
Total revenues	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Expenditures			
General government	125,000	-	125,000
Electric	125,000	-	125,000
Water and Sewer	125,000	-	125,000
Solid Waste	125,000	-	125,000
Total expenditures	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Revenues over (under) expenses	-	-	-
Other financing sources (uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>273,408</u>	
Fund balance, ending		<u>\$ 273,408</u>	

Town of Tarboro, North Carolina
NC DOT CMAQ
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Restricted intergovernmental	\$ 420,000	\$ -	\$ (420,000)
Miscellaneous revenues	-	-	-
Total revenues	<u>420,000</u>	<u>-</u>	<u>(420,000)</u>
Expenditures			
Capital Outlay - Construction	<u>525,000</u>	<u>33,608</u>	<u>491,392</u>
Total expenditures	<u>525,000</u>	<u>33,608</u>	<u>491,392</u>
Revenues over (under) expenses	(105,000)	(33,608)	71,392
Other financing sources (uses):			
Transfer from (to) General Fund	<u>105,000</u>	<u>-</u>	<u>(105,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	(33,608)	<u>\$ (33,608)</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ (33,608)</u>	

Town of Tarboro, North Carolina
Disaster Recovery Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Restricted intergovernmental	\$ 2,485,060	\$ 40,953	\$ (2,444,107)
Miscellaneous revenues	-	-	-
Total revenues	<u>2,485,060</u>	<u>40,953</u>	<u>(2,444,107)</u>
Expenditures			
HMGP - Acquisition	835,194	334,645	500,549
HMGP - Elevation	899,866	49,766	850,100
CDBG - NR	750,000	15,910	734,090
Solid Waste	-	-	-
Total expenditures	<u>2,485,060</u>	<u>400,321</u>	<u>2,084,739</u>
Revenues over (under) expenses	-	(359,368)	(359,368)
Other financing sources (uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>(359,368)</u>	<u>\$ (359,368)</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ (359,368)</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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Electricity sales		\$ 22,904,353	
Other operating revenues		135,833	
Total operating revenues	<u>23,115,000</u>	<u>23,040,186</u>	<u>(74,814)</u>
Non-operating revenues:			
Interest on investments		235,582	
Sale of equipment and materials		72,796	
Miscellaneous		36,626	
Total non-operating revenues	<u>188,500</u>	<u>345,004</u>	<u>156,504</u>
Total revenues	<u>23,303,500</u>	<u>23,385,190</u>	<u>81,690</u>
Expenditures:			
Administration and operations:			
Salaries and employee benefits		2,058,164	
Administration		551,572	
Operations		491,616	
Total administration and operations	<u>3,282,706</u>	<u>3,101,352</u>	<u>181,354</u>
Other operating expenditures:			
Load management	<u>167,000</u>	<u>165,900</u>	<u>1,100</u>
Electrical power purchases	<u>18,000,000</u>	<u>17,493,355</u>	<u>506,645</u>
Capital outlay:			
Distribution system		218,503	
Equipment		511,852	
Total capital outlay	<u>1,131,984</u>	<u>730,355</u>	<u>401,629</u>
Debt service:			
Interest and other charges		109	
Principal retirement		18,993	
Total debt service	<u>19,200</u>	<u>19,102</u>	<u>98</u>
Total expenditures	<u>22,600,890</u>	<u>21,510,064</u>	<u>1,090,826</u>
Revenues over (under) expenditures	<u>702,610</u>	<u>1,875,126</u>	<u>1,172,516</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Capital Outlay Reserve Appropriation	-	-	-
Transfer to the General Fund - PILOT	(217,095)	(217,095)	-
Transfer to the General Fund	(1,489,298)	(1,489,296)	2
Appropriated fund balance	1,003,783	-	(1,003,783)
Total other financing sources (uses)	<u>(702,610)</u>	<u>(1,706,391)</u>	<u>(1,003,781)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>168,735</u>	<u>\$ 168,735</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		168,735	
Reconciling items:			
Principal repayment on long-term debt		18,993	
Capital outlay		730,355	
Depreciation		(1,696,211)	
Increase (Decrease) in deferred outflows of resources - pensions		188,303	
(Increase) Decrease in net pension liability		(184,199)	
(Increase) Decrease in deferred inflows of resources - pensions		(27,987)	
(Increase) Decrease in compensated absences		(7,521)	
Net effect of OPEB liability		<u>(911,458)</u>	
Total reconciling items		<u>(1,889,725)</u>	
Net income		<u>\$ (1,720,990)</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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water and sewer sales	\$	\$ 4,376,401	\$
Water and sewer taps		20,028	
Other operating revenues		33,424	
Total operating revenues	<u>4,384,000</u>	<u>4,429,853</u>	<u>45,853</u>
Non-operating revenues:			
Interest earnings		50,151	
Sale of equipment and materials		1,458	
Miscellaneous		17,480	
Total non-operating revenues	<u>27,500</u>	<u>69,089</u>	<u>41,589</u>
Total revenues	<u>4,411,500</u>	<u>4,498,942</u>	<u>87,442</u>
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits		2,137,033	
Professional services		8,133	
Administration		330,809	
Total water and sewer administration	<u>2,624,550</u>	<u>2,475,975</u>	<u>148,575</u>
Water treatment and distribution:			
Utilities		149,968	
Other operating expenditures		476,806	
Total water treatment and distribution	<u>698,600</u>	<u>626,774</u>	<u>71,826</u>
Waste water collection and treatment:			
Utilities		222,058	
Other operating expenditures		409,801	
Total waste water collection and treatment	<u>690,500</u>	<u>631,859</u>	<u>58,641</u>
Debt service:			
Interest and other charges		165	
Principal retirement		58,318	
Total debt service	<u>58,580</u>	<u>58,483</u>	<u>97</u>
Capital outlay:			
Equipment		131,150	
Water distribution		215,566	
Sewer treatment		133,313	
Total capital outlay	<u>926,125</u>	<u>480,029</u>	<u>446,096</u>
Total expenditures	<u>4,998,355</u>	<u>4,273,120</u>	<u>725,235</u>
Revenues over (under) expenditures	<u>(586,855)</u>	<u>225,822</u>	<u>812,677</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, 2019

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Appropriated fund balance	586,855	-	(586,855)
Transfer (to) from capital project funds	-	-	-
Total other financing sources (uses)	<u>586,855</u>	<u>-</u>	<u>(586,855)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 225,822</u>	<u>\$ 225,822</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 225,822	
Reconciling items:			
Principal repayment on long-term debt		58,318	
Capital outlay		480,029	
Depreciation		(1,177,546)	
Capital contribution		276,912	
Increase (Decrease) in deferred outflows of resources - pensions		124,792	
(Increase) Decrease in net pension liability		(158,254)	
(Increase) Decrease in deferred inflows of resources - pensions		15,486	
(Increase) Decrease in compensated absences		286	
Net effect of OPEB liability		<u>(29,613)</u>	
Total reconciling items		<u>(409,590)</u>	
Net income (loss)		<u>\$ (183,768)</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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Solid waste collection & disposal charges	\$	\$ 1,083,754	\$
Other operating revenues		9,481	
Total operating revenues	<u>1,080,000</u>	<u>1,093,235</u>	<u>13,235</u>
Non-operating revenues:			
Interest earnings		10,800	
Sale of equipment and materials		4,081	
Total non-operating revenues	<u>10,000</u>	<u>14,881</u>	<u>4,881</u>
Total revenues	<u>1,090,000</u>	<u>1,108,116</u>	<u>18,116</u>
Expenditures:			
Solid waste collection and disposal:			
Salaries and employee benefits		502,682	
Sanitary landfill fees		260,969	
Administration		273,509	
Total solid waste collection and disposal	<u>1,092,684</u>	<u>1,037,160</u>	<u>55,524</u>
Debt service:			
Interest and other charges		3,121	
Principal retirement		70,478	
Total debt service	<u>73,600</u>	<u>73,599</u>	<u>1</u>
Capital outlay	<u>35,000</u>	<u>22,050</u>	<u>12,950</u>
Total expenditures	<u>1,201,284</u>	<u>1,132,809</u>	<u>68,475</u>
Revenues over (under) expenditures	<u>(111,284)</u>	<u>(24,693)</u>	<u>86,591</u>
Other financing sources (uses):			
Appropriated fund balance	111,284	-	(111,284)
Total other financing sources (uses)	<u>111,284</u>	<u>-</u>	<u>(111,284)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (24,693)</u>	<u>\$ (24,693)</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, 2019

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

Revenues and other sources over expenditures and other uses	\$ (24,693)
Reconciling items:	
Principal repayment on long-term debt	70,478
Capital outlay	22,050
Depreciation	(92,052)
Capital contributions	-
Increase (Decrease) in deferred outflows of resources - pensions	31,942
(Increase) Decrease in net pension liability	40,517
(Increase) Decrease in deferred inflows of resources - pensions	8,277
(Increase) Decrease in compensated absences	4,959
Net effect of OPEB liability	<u>(319,467)</u>
Total reconciling items	<u>(233,296)</u>
Net income (loss)	<u><u>\$ (257,989)</u></u>

Town of Tarboro, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fee	\$	\$ 573,367	\$
Total operating revenues	<u>515,388</u>	<u>573,367</u>	<u>57,979</u>
Non-operating revenues:			
Interest earnings		3,241	
Total non-operating revenues	<u>2,000</u>	<u>3,241</u>	<u>1,241</u>
Total revenues	<u>517,388</u>	<u>576,608</u>	<u>59,220</u>
Expenditures:			
Stormwater collection			
Salaries and employee benefits		51,781	
Charges for services		12,300	
Administration		24,113	
Total solid waste collection and disposal		<u>88,194</u>	
	<u>167,388</u>	<u>88,194</u>	<u>79,194</u>
Capital outlay	<u>350,000</u>	<u>122,320</u>	<u>227,680</u>
Total expenditures	<u>517,388</u>	<u>210,514</u>	<u>306,874</u>
Revenues over (under) expenditures	<u>-</u>	<u>366,094</u>	<u>366,094</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 366,094</u>	<u>\$ 366,094</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 366,094	
Reconciling items:			
Capital outlay		122,320	
Depreciation		<u>(12,144)</u>	
Total reconciling items		<u>110,176</u>	
Net income (loss)		<u>\$ 476,270</u>	

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, 2019

	Acutal			Total Project To Date	Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Industrial Development Fund Grant	\$ 949,750	\$ 394,501	\$ 271,881	\$ 666,382	\$ (283,368)
Expenditures:					
Professional services	188,500	130,906	42,000	172,906	15,594
Construction	1,011,250	457,885	211,000	668,885	342,365
Total expenditures	1,199,750	588,791	253,000	841,791	357,959
Revenues over (under) expenditures	(250,000)	(194,290)	18,881	(175,409)	74,591
Other financing sources (uses):					
Transfer from Water and Sewer Fund	250,000	-	175,409	175,409	(74,591)
Total other financing sources (uses)	250,000	-	175,409	175,409	(74,591)
Net change in fund balance	\$ -	\$ (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, 2019

	Acutal			Total Project To Date	Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Contribution from Edgecombe Cotton	\$ 3,241	\$ -	\$ 5,032	\$ 5,032	\$ 1,791
USDA NRCS Funding	608,021	493,549	-	493,549	(114,472)
Total revenues	<u>611,262</u>	<u>493,549</u>	<u>5,032</u>	<u>498,581</u>	<u>(112,681)</u>
Expenditures:					
Professional services	60,802	50,489	-	50,489	10,313
Capital outlay - construction	608,021	493,549	-	493,549	114,472
Total expenditures	<u>668,823</u>	<u>544,038</u>	<u>-</u>	<u>544,038</u>	<u>124,785</u>
Revenues over (under) expenditures	<u>(57,561)</u>	<u>(50,489)</u>	<u>5,032</u>	<u>(45,457)</u>	<u>12,104</u>
Other financing sources (uses):					
Transfer from Water and Sewer Fund	57,561	-	45,457	45,457	(12,104)
Total other financing sources (uses)	<u>57,561</u>	<u>-</u>	<u>45,457</u>	<u>45,457</u>	<u>(12,104)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (50,489)</u>	<u>\$ 50,489</u>	<u>\$ -</u>	<u>\$ -</u>

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

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Town of Tarboro, North Carolina
Comparative Schedule of Capital Assets by Source
June 30, 2019

	2019	2018
Capital Assets:		
Land	\$ 1,909,193	\$ 1,909,193
Buildings and improvements	4,206,300	4,337,047
Other improvements	5,891,102	5,476,173
Infrastructure streets	50,718,954	49,940,439
Infrastructure sidewalks	549,028	549,028
Equipment	10,209,019	9,880,610
Total capital assets	\$ 73,483,596	\$ 72,092,490
 Capital Assets by Source:		
General government	\$ 2,098,894	\$ 2,223,478
Public safety	9,612,792	9,525,708
Public works	56,964,183	55,819,280
Cultural and recreational	4,807,727	4,524,024
Total capital assets by source	\$ 73,483,596	\$ 72,092,490

Town of Tarboro, North Carolina
Schedule of Capital Assets, by Function and Activity
June 30, 2019

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Infrastructure</u>		<u>CIP</u>	<u>Equipment</u>	<u>Total</u>
				<u>Streets</u>	<u>Sidewalks</u>			
General Government:								
Administration	\$ 1,550,693	\$ 31,431	\$ 187,726	\$ -	\$ -	\$ -	\$ 32,874	\$ 1,802,724
Finance	-	-	23,348	-	-	-	149,457	172,805
Planning	-	-	80,054	-	-	-	43,311	123,365
Total general government	<u>1,550,693</u>	<u>31,431</u>	<u>291,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,642</u>	<u>2,098,894</u>
Public Safety:								
Police	8,500	1,301,780	1,383,538	-	-	-	3,593,621	6,287,439
Fire	-	628,098	231,613	-	-	-	2,465,642	3,325,353
Total public safety	<u>8,500</u>	<u>1,929,878</u>	<u>1,615,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,059,263</u>	<u>9,612,792</u>
Public Works:								
Garage	-	-	-	-	-	-	158,214	158,214
Buildings and grounds	-	575,902	1,005,051	-	-	-	1,273,819	2,854,772
Administration	-	-	-	-	-	-	49,402	49,402
Engineering	-	-	822,903	-	-	-	81,626	904,529
Streets	-	-	189,741	50,718,954	-	-	1,539,543	52,448,238
Sidewalks	-	-	-	-	549,028	-	-	549,028
Total Public Works	<u>-</u>	<u>575,902</u>	<u>2,017,695</u>	<u>50,718,954</u>	<u>549,028</u>	<u>-</u>	<u>3,102,604</u>	<u>56,964,183</u>
Cultural and Recreational:								
Cultural and recreation	350,000	1,669,089	1,967,129	-	-	-	821,509	4,807,727
Total Capital Assets	<u>\$ 1,909,193</u>	<u>\$ 4,206,300</u>	<u>\$ 5,891,103</u>	<u>\$ 50,718,954</u>	<u>\$ 549,028</u>	<u>\$ -</u>	<u>\$ 10,209,018</u>	<u>\$ 73,483,596</u>

OTHER SUPPLEMENTAL SCHEDULES

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, 2019

Cash and Cash Equivalents:

On hand	\$ 3,675
In demand deposits	3,165,495
Certificates of deposit with maturities of 91 days or less	750,000
Certificates of deposit with maturities of over 91 days	3,500,000
North Carolina Capital Management Trust	13,557,189
Total	<u>\$ 20,976,359</u>

Distribution by Funds:

General Fund	\$ 3,751,491
Special Revenue Funds	407,183
Enterprise Funds:	
Electric Fund	13,200,081
Water and Sewer Fund	2,702,390
Solid Waste Fund	633,203
Stormwater Fund	282,011
Total	<u>\$ 20,976,359</u>

Town of Tarboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2018-2019	\$ -	3,790,113	3,662,325	\$ 127,788
2017-2018	86,030	8,240	53,439	40,831
2016-2017	40,830	-	13,480	27,350
2015-2016	30,884	-	8,717	22,167
2014-2015	22,044	-	6,407	15,637
2013-2014	18,316	-	3,590	14,726
2012-2013	27,951	-	2,677	25,274
2011-2012	13,840	-	1,577	12,263
2010-2011	18,405	-	839	17,566
2009-2010	9,155	-	1,260	7,895
Prior years	17,670	-	1,938	15,732
	<u>\$ 285,125</u>	<u>\$ 3,798,353</u>	<u>\$ 3,756,249</u>	<u>327,229</u>

Less: allowance for uncollectible accounts
General Fund (58,786)

Ad valorem taxes receivable, net \$ 268,443

Reconciliation with Revenues:

Ad valorem taxes:	
General Fund	\$ 3,740,907
Reconciling items:	
Prior years taxes written off	60,691
Prior year releases	(928)
Interest	(40,236)
Fees	(4,185)
Total reconciling items	<u>15,342</u>
Total collections and credits	<u>\$ 3,756,249</u>

Town of Tarboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2019

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current:					
Real estate	\$ 582,086,207	0.41	\$ 2,386,553	\$ 2,386,553	
Personal property	207,986,868	0.41	852,746	852,746	-
Gross levy	<u>790,073,075</u>		<u>3,239,300</u>	3,239,300	-
Add:					
Motor vehicles taxed at current year's rate	84,720,078	0.41	347,352	-	\$ 347,352
Other afterlists (1)	37,962,279		155,645	155,645	-
Late listing penalties	-		14,494	14,494	-
Sticker fees/dog licences	-		41,562	882	40,680
	<u>912,755,432</u>		<u>3,798,353</u>	3,410,321	388,032
Deduct releases:	(1,911,651)		(8,240)	(8,240)	-
Net levy	<u><u>\$ 910,843,781</u></u>		<u>3,790,113</u>	3,402,081	388,032
Uncollected taxes at June 30, 2018			<u>(127,788)</u>	<u>(127,788)</u>	-
Current year's taxes collected			<u><u>\$ 3,662,325</u></u>	<u><u>\$ 3,274,293</u></u>	<u><u>\$ 388,032</u></u>
Current levy collection percentage			<u><u>96.63%</u></u>	<u><u>96.24%</u></u>	<u><u>100.00%</u></u>

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



STATISTICAL SECTION

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

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

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)

	2010	2011	2012	2013	2014	2015	2016	2018	2019
Governmental Activities									
Net investment in capital assets	20,560	18,800	17,418	16,224	14,942	13,954	10,069	12,574	11,414
Restricted	973	2,292	1,951	1,980	2,098	2,187	1,964	2,274	2,119
Unrestricted	950	(215)	570	1,641	766	275	3,106	(1,968)	(16,383)
Total governmental activities net assets/position	<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>(2,850)</u>
Business Type Activities									
Net investment in capital assets	40,408	38,195	37,230	36,361	34,535	33,035	31,946	31,552	29,698
Restricted	-	-	-	-	-	-	1,028	-	-
Unrestricted	4,650	5,472	5,669	6,960	6,766	7,552	10,529	12,626	12,054
Total business-type activities net assets/position	<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>41,752</u>
Primary Government									
Net investment in capital assets	60,968	56,995	54,648	52,585	49,477	46,989	42,015	44,126	41,112
Restricted	973	2,292	1,951	1,980	2,098	2,187	2,992	2,274	2,119
Unrestricted	5,600	5,257	6,239	8,601	7,532	7,827	13,635	10,658	(4,329)
Total primary government net assets/position	<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>38,902</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General Government	3,630	3,569	3,409	2,029	3,561		2,858	4,443	3,522	3,064
Public safety	4,386	4,518	4,413	3,969	4,503	4,309	4,354	4,458	4,630	4,698
Transportation	2,894	2,549	2,659	1,054	2,397	1,932	1,992	1,945	1,936	1,902
Economic and physical development	-	163	55	-	-	-	163	-	-	-
Cultural and recreation	1,102	1,139	1,139	2,418	1,173	1,115	1,287	1,368	1,365	1,153
Total governmental activities expenses	<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>	<u>10,817</u>
Business Type Activities:										
Water & Sewer	4,385	4,549	4,723	4,252	28,399	4,844	4,771	4,853	4,778	4,960
Electric	28,146	28,410	27,411	27,743	4,684	27,883	22,397	22,998	19,424	23,400
Solid Waste	1,033	1,063	1,159	975	875	920	976	1,102	1,127	1,366
Stormwater	-	-	-	-	-	-	-	-	-	100
Total business-type activities net assets	<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>	<u>29,826</u>
Total primary government expenses	<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>	<u>40,643</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	1,332	1,426	1,420	52	1,466	507	770	712	395	128
Public Safety	103	60	88	214	32	176	133	25	75	62
Transportation	250	164	-	-	-	-	-	-	-	-
Cultural and recreation	303	221	188	169	185	197	154	139	156	135
Operating Grants and Contributions	501	590	753	577	624	645	440	1,765	1,319	447
Capital Grants and Contributions	-	-	69	-	-	-	-	-	-	-
Total governmental activities program revenues	<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>	<u>772</u>
Business Type Activities:										
Charges for services:										
Water & Sewer	3,307	4,040	4,012	4,074	3,883	4,088	4,314	4,403	4,321	4,430
Electric	28,476	29,035	27,183	28,197	28,510	28,956	26,117	24,095	23,308	23,040
Solid Waste	942	958	992	1,005	1,019	1,023	1,036	1,029	1,081	1,093
Stormwater	-	-	-	-	-	-	-	-	-	574
Operating Grants and Contributions	-	-	422	177	131	67	-	-	-	-
Capital Grants and Contributions	129	205	1,080	1,390	-	381	627	1,031	888	277
Total business-type activities program revenues	<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>	<u>29,414</u>
Total primary government revenues	<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>	<u>30,186</u>

(continued)

Net (expense)/revenue										
Governmental activities	(9,523)		(9,157)	(8,458)	(9,327)	(8,650)	(9,157)	(9,573)	(9,508)	(10,045)
Business-type activities	(710)	216	396	1,873	(415)	868	3,950	1,605	4,269	(412)
Total primary government net expense	<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>	<u>(10,457)</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	3,455
Other taxes and licenses	205	230	241	271	287	234	206	239	226	394
Unrestricted intergovernmental	2,728	2,434	2,507	2,676	2,533	2,767	2,750	2,876	3,112	3,128
Unrestricted investment earnings	74	16	8	18	24	25	8	14	22	87
Miscellaneous	217	45	60	246	239	31	31	71	203	634
Transfers	891	1,139	1,657	1,186	1,195	1,222	1,195	1,100	1,074	1,706
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>9,404</u>
Business Type Activities:										
Unrestricted investment earnings	55	17	8	21	18	14	10	25	49	132
Miscellaneous	-	-	-	-	-	-	-	41	95	299
Transfers	(890)	(1,139)	(1,657)	(1,186)	(1,195)	(1,271)	(1,195)	(1,100)	(1,074)	(1,706)
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>(1,275)</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>8,129</u>
Change in Net Assets/Position										
Governmental Activities	(2,909)	(2,420)	(1,810)	(938)	(807)	(1,242)	(768)	(1,276)	(1,270)	(641)
Prior period adjustment - Governmental Activities	-	-	-	-	-	(795)	(624)	-	(989)	-
Business-type activities	(2,000)	(1,831)	(1,429)	(769)	696	(1,971)	(318)	2,915	676	(1,687)
Prior period adjustment - Governmental Activities	-	-	-	-	-	-	-	-	-	-
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>(2,328)</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)

Fiscal Year	Property Tax	Franchise Tax	Rental Vehicle Tax	Animal Tax	Privilege License	Total
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		7	3	-	3,848
2018	3,699	164	6	1	-	3,870
2019	3,741	160	8	1	-	3,910

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

	2010	2011	2012	2013	2014	2015	2016		2018	2019
General Fund										
Reserved	1,543	-	-	-	-	-	-	-	-	-
Unreserved	1,266	-	-	-	-	-	-	-	-	-
Non-Spendable	-	68	49	90	84	41	60	49	216	48
Restricted	-	2,029	1,913	1,898	1,969	2,065	1,793	1,999	2,422	2,014
Assigned	-	792	897	164	333	229	232	30	133	715
Unassigned	-	617	1,456	2,774	3,194	3,601	3,315	3,535	2,875	1,990
Total General Fund	<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>	<u>4,767</u>
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	172	276	193	105
Unreserved	361	(36)	38	82	130	84	(200)	(130)	273	(86)
Total all other governmental funds	<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>	<u>19</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	3,394	3,395	3,830	3,706	4,172	3,984	4,000	3,893	3,917	4,135
Intergovernmental	3,115	3,232	3,492	3,110	3,392	3,395	3,425	4,877	4,502	3,615
Permits and fees	52	55	83	133	78	78	57	78	76	79
Sales and services	408	265	232	222	234	228	222	211	156	183
Investment earnings	16	8	17	24	25	8	14	22	65	87
Miscellaneous	100	94	276	239	31	32	139	177	92	247
Charges for services	1,293	1,382	1,377	1,325	1,417	476	601	613	395	419
Total general fund	8,378	8,431	9,307	8,759	9,349	8,201	8,458	9,871	9,203	8,765
Expenditures										
General government	3,364	3,464	3,374	3,327	3,395	2,686	2,432	3,712	2,935	2,742
Public safety	4,250	4,041	3,932	3,972	4,217	4,439	4,115	4,360	4,648	4,763
Transportation	1,213	858	1,448	986	1,163	887	744	802	806	800
Culture and recreation	942	996	972	1,013	1,094	1,074	1,145	1,206	1,274	1,399
Economic Development		163	55	-	-	-	163	-	-	-
Capital Projects	250	287	74	-	-	-	1,608	478	856	2,093
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	10,019	9,809	9,855	9,298	9,869	9,086	10,207	10,558	10,519	11,797
Excess of revenues over(under) expenditures	(1,641)	(1,378)	(548)	(539)	(520)	(885)	(1,750)	(687)	(1,316)	(3,032)
Other financing sources (uses)										
Transfers in	1,210	1,875	1,250	1,195	1,222	1,195	1,100	1,074	1,670	1,706
Transfers out	(71)	(218)	(64)	-	-	-	-	-	-	-
Total other financing sources (uses)	1,139	1,657	1,186	1,195	1,222	1,195	1,100	1,074	1,670	1,706
Net change in fund balances	(502)	279	638	656	702	310	(650)	387	354	(1,326)

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</u>	<u>Property Tax</u>	<u>Licenses, Permits and Fees</u>	<u>Other Taxes and Licenses</u>	<u>Inter- governmental</u>	<u>Sales and Services</u>	<u>Interest</u>	<u>Special Assessments</u>	<u>Other</u>	<u>Total</u>
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
2019	3,741	79	394	3,615	183	87	0	247	8,346

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

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

Fiscal Year	Real Property			Personal Property	Public Service Co. Value ²	Total Assessed Value	Total Direct Tax Rate Base	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Less Exemptions	Net Value ¹						
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%
2019	589,274	7,188	582,086	20,984	32,729	824,658	4.10	845,658	97.4%

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

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

² 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct:										
Town of Tarboro	0.36	0.36	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
Overlapping:										
Edgecombe County	0.86	0.86	0.86	0.86	0.86	0.895	0.955	0.955	0.950	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, 2019
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2018 - 2019		2007 - 2008	
	Taxable Assessed Value	% of Total Taxable Assessed Value	Taxable Assessed Value	% of Total Taxable Assessed Value
KSLB Holdings, LLC.	79,670	10.1%	51,687	7.40
Carolina System Technology, Inc	68,727	8.7%	66,465	9.4%
LS Cable & System USA, Inc.	24,730	3.1%	-	-
Air Systems Components LP	10,967	1.4%	8,644	1.3%
Wal-Mart Real Estate Business	8,860	1.1%	6,804	1.0%
Art Mortgage Borrower	8,663	1.1%	-	-
Watermark Albemarle Owner, LLC	8,061	1.0%	-	-
Lowe's Home Centers Inc.	7,074	0.9%	-	-
Swimways Corp	5,844	0.7%	-	-
Kanban Industries	5,121	0.6%	-	-
Carolina Tel & Tel Company	-	-	21,845	3.1%
Superior Teletec, Inc	-	-	16,839	2.4%
Spongex, LLC	-	-	8,242	1.0%
URS Real Estate LP	-	-	8,613	1.2%
General Foam Plastics LP	-	-	8,044	1.0%
	227,717	28.80%	197,183	760.4%

Source: Town of Tarboro Tax Records

TOWN OF TARBORO, NORTH CAROLINA
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
June 30, 2019
(amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	3,219	3,054	94.9%	157	3,211	99.8%
2011	3,162	3,048	96.4%	97	3,145	99.5%
2012	3,581	3,451	96.4%	118	3,569	99.7%
2013	3,589	3,410	95.0%	154	3,564	99.3%
2014	3,749	3,640	97.1%	94	3,734	99.6%
2015	3,674	3,587	97.6%	71	3,658	99.6%
2016	3,738	3,657	97.8%	59	3,716	99.4%
2017	3,682	3,597	97.7%	58	3,655	99.3%
2018	3,674	3,588	97.7%	46	3,634	98.9%
2019	3,790	3,662	96.6%	-	3,662	96.6%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	874,645	873,037	868,130	863,956	856,854	886,386	900,878	885,449	885,114	904,512
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Net Assessed Value	<u>874,645</u>	<u>873,037</u>	<u>868,130</u>	<u>863,956</u>	<u>856,854</u>	<u>886,386</u>	<u>900,878</u>	<u>885,449</u>	<u>885,114</u>	<u>904,512</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for FY 2018

Assessed value	904,512
Add back: exempt real property	<u>845</u>
Total assessed value	<u>905,357</u>
Debt limit (8%) of total assessed value)	72,429
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>72,429</u>

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

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

<u>Fiscal Year</u>	<u>Population ³</u>	<u>Median Household Income ³</u>	<u>Median Age ³</u>	<u>School Enrollment ¹</u>	<u>Unemployment Rate ²</u>
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%
2019	10,844	33,542	44.40	5,836	6.9%

¹ Source: Edgecombe County Public Schools

² U.S. Dept. of Labor-Bureau of Labor Statistics

³ 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, 2019

Name of Employer	2018 - 2019		2008 - 2009		
	Number of Employees (1)	Percentage of Total Town Employment (1)	Number of Employees (1)	Percentage of Total Town Employees (1)	
Edgecombe County Schools	1050	11.50%	875	12.67%	
QVC Inc.	1050	11.50%	-	-	*
Sara Lee Frozen Bakery	925	10.13%	875	12.67%	
Vidant Hospital	650	7.12%	425	6.15%	
Edgecombe County	625	6.85%	650	9.41%	
Keihin Carolina System Technology	475	5.20%	500	7.24%	
Air System Components	450	4.93%	550	7.96%	
Edgecombe Community College	350	3.83%	375	5.43%	
Wal-mart Associates Inc.	250	2.74%	230	3.33%	
Food Lion	225	2.46%	200	2.90%	
Town of Tarboro	-	-	200	2.90%	
Barnhill Contracting Company	-	-	250	3.62%	
General Foam Plastics	-	-	160	2.32%	
Superior Telecommunications	-	-	220	3.19%	

¹ NC Department of Commerce

*No information available until 2011

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

Function	<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>	<u>2019</u>
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	8	8	8	8	8	8	8	9	8	8
Planning	2	2	2	2	2	2	2	3	3	3
Public Safety										
Police										
Officers	29	29	29	29	29	29	29	29	29	30
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	14	14	14	14	14	14	14	14	12
Animal Control		1	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	12	12	12	12	12	12	12	12	10
Recreation	13	13	13	13	13	13	13	12	14	16
Water and Sewer	28	28	28	28	28	28	28	27	27	28
Electric	21	19	19	19	19	19	19	22	23	22
Solid Waste	9	9	9	9	9	9	9	9	9	9
Stormwater	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3
	<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>	<u>181</u>

Source: Town of Tarboro payroll records.

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	1,565	1,330	1,446	2,125	1,815	1,834	1,681	1,598	1,574	1,507
Parking violations	505	440	581	866	429	409	614	1,033	852	617
Traffic violations	3,923	3,310	3,494	3,146	3,706	3,430	4,184	3,904	4,661	4,184
Fire										
Number of calls answered	227	285	286	319	316	316	308	333	374	322
Inspections	808	770	760	424	386	378	335	371	344	439
Streets										
Street resurfacing (miles)	5.19	5.19	5.19	5.19	-	-	2.95	-	-	2.89
Potholes repaired	5	-	-	-	8	8	15	13	20	17
Sanitation										
Refuse collected (tons/day)	11.78	12.01	12.26	11.44	11.26	11.17	13.38	13.56	15.29	13.03
Recyclables collected (tons/day)	0.47	0.71	0.71	0.58	0.66	0.65	0.55	0.55	0.69	0.55
Recreation										
Community Fitness memberships	1,410	1,114	1,139	1,200	1,043	646	563	393	478	475
County Gym passes	105	101	85	65	38	62	56	48	-	
Water										
New connections	20	11	17	9	3	8	16	17	16	33
Water main breaks	2	6	4	6	9	7	6	4	5	4
Average daily consumptions (thousand of gallons)	2,239	2,779	2,913	2,920	2,730	2,847	2,880	2,723	2,690	2,407
Wastewater										
Average daily sewage treatment (thousand of gallons)	2,136	1,760	2,030	1,708	2,070	2,113	2,158	2,158	1,669	2,272

Sources: Various town departments

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Officers	29	29	29	29	29	28	28	29	29	30
K-9s	4	4	3	2	2	2	2	2	4	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)	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.5	96.5
Street lights	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,481
Traffic signals	32	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	10	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	8	8	8	8	9	9
Water										
Water mains (miles)	129.4	129.4	129.4	129.4	129.4	129.5	129.7	130.0	130.0	130.0
Fire Hydrants	587	587	587	587	587	609	629	613	619	622
Maximum daily capacity (thousands of gallons)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sewer										
Sanitary sewers (miles)	90.4	90.4	90.4	90.4	90.4	93.0	93.5	93.0	93.0	93.0
Storm sewers (miles)	38.0	38.0	38.0	38.0	38.0	39.0	40.0	44.0	44.0	44.0
Maximum daily treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Electric										
Number of Substations	5	5	5	5	5	5	5	5	5	5
Square miles of service lines	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

Sources: Various town departments

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COMPLIANCE SECTION

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**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, 2019, 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 October 30, 2019

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

October 30, 2019



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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, 2019. 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, 2019.

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

October 30, 2019

**Town of Tarboro, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019**

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

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 Transportation
 Powell Bill

**Town of Tarboro, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

**Town of Tarboro, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

None required

SECTION III - 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, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement audit findings.

SECTION III - 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, 2019

Grantor/Pass-through/ Grantor-Program Title	CFDA Number	Federal Expenditures	State Expenditures
FEDERAL AWARDS			
U.S. Department of Housing and Urban Development			
Passed through the NC Department of Commerce CDBG, State's Program	14.228	15,910	-
U.S. Department of Transportation:			
Passed through the North Carolina Department of Transportation			
Governor's Highway Safety Program	20.600	22,954	-
U.S. Department of Health and Human Services:			
Passed through the N.C. Department of Health and Human Services:			
Passed through Upper Coastal Plain Council of Governments:			
Access:			
90% State Funds	N/A	-	8,808
Title III-B - HCCBG	93.044	10,663	627
Congregate Nutrition:			
Title III-C1	93.045	37,563	2,210
Senior Center Development	N/A	-	3,564
NSIP Supplement (USDA)	93.053	8,075	-
Total U.S. Department of Health and Human Services		56,301	15,209
U.S. Department of Homeland Security:			
Passed through the NC Department of Public Safety Division of Emergency Management			
Hazard Mitigation Grant	97.036	\$ 288,309	\$ 96,103
TOTAL FEDERAL AWARDS		\$ 383,474	\$ 111,312

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, 2019

STATE AWARDS

N.C. Department of Agriculture and Consumer Services:

Veterinary Division, Animal Welfare Section:

NC Spay Neuter Program 1,135

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

Governor's Crime Commission Grant 16,110

N.C. Department of Insurance:

Seniors' Health Insurance Program 3,885

N.C. Department of Transportation:

Non-State System Street - Aid Allocation (Powell Bill) 1,038,462

N.C. Department of Commerce:

Industrial Development Fund 271,881

TOTAL STATE AWARDS

\$ 1,442,785

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, 2019. 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.