

REVIEWED

By SLGFD at 11:48 am, Feb 24, 2022

TOWN OF TARBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR FISCAL YEAR ENDING
JUNE 30, 2021

TOWN OF TARBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2021**

Prepared by:

**Anne Y. Mann
Finance Director**

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

Published February 22, 2022

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INTRODUCTORY SECTION



Town of Tarboro

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

February 22, 2022

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 Annual Comprehensive Financial Report of the Town of Tarboro for the fiscal year ended June 30, 2021.

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

The Town of Tarboro's financial statements have been audited by Flowers & Stanley, LLP, 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, 2021, 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, 2021, 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 more comprehensive audit performed under general accepted government auditing standards (GAGAS) designed to meet the special needs of grantor agencies. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with the requirements of laws, regulations, contracts and grants. These reports are available in the Compliance 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 electric, water and sewer, and storm water utilities, providing service to approximately 6,500 households and businesses within the Town and the surrounding area. We also provide a full range of municipal services, including police and fire protection, sanitation, street construction and maintenance, planning and zoning, building inspection, parks and recreation and recreational activities.

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

Local Economy

The economic outlook for the Town of Tarboro remains optimistic in spite of the recently slow down related to the global pandemic. While the completion of certain projects has been delayed, Tarboro has continued to develop slowly during the national economic downturn, and in the first nine months this year both public and private investments have shown development at a more rapid pace. Announcements made several years ago for large industrial projects have broken ground and begun construction. Corning has begun operations and has made an impact on the local employment. Together the 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 entered 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. As of yet, this property has not been acquired by new industry, but the property has sparked much interest and is expected to be occupied in the next year.

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. Tarboro staff and stakeholder citizen boards have continued implementing policies and strategies in line with Economic Development Strategic Five-Year Plan which was developed in partnership with the North Carolina Department of Commerce in 2019. 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 several 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. One such agreement is in place to develop an additional phase of the Cambridge Commons neighborhood.

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

The Town is committed to budget and to expend available resources in a manner that will continue the improvement of the Town's fiscal condition and protecting and building reserves for future operating and capital needs.

The Town's annual operating budget balances projected revenues from taxes, fees and other sources of expenditures reflecting ongoing operations, strategic initiatives and other important investments. Town Council's established goals and objectives serve as the guide in decision making, along with the Town's shared values of excellent public service, excellent customer service, and innovation. Fiscal year 2022 focuses available resources on balancing the budget for existing services and projects, continued protection of the Town's fiscal condition, to ensure effective delivery of essential services, and continued planning and implementation of strategic initiative and investments designed to improve quality of life and economic development opportunities for all residents. The budget also provides for effectively maintaining and improving public infrastructure, including roadways, utility systems and public facilities and enabling implementation of recent planning activities.

General Fund:

For over ten years, the economy has been a major concern for the Town of Tarboro. For fiscal year 2021, 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 the fiscal year included a Cost of Living Adjustment (COLA).

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 selected Incode Solutions, a product of Tyler Technologies and the implementation was completed in the 2021 fiscal year.

Enterprise Fund:

Rates for the electric, water and sewer, solid waste and storm water utilities all remained unchanged from the prior fiscal year. Town staff is continuing the implementation and installation of an Advanced Metering Infrastructure (AMI) system, 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.

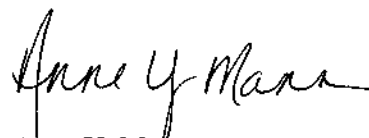
Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting Program - Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tarboro for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the thirty-first 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 annual comprehensive 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 annual comprehensive financial report 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. Mahn
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Tarboro
North Carolina**

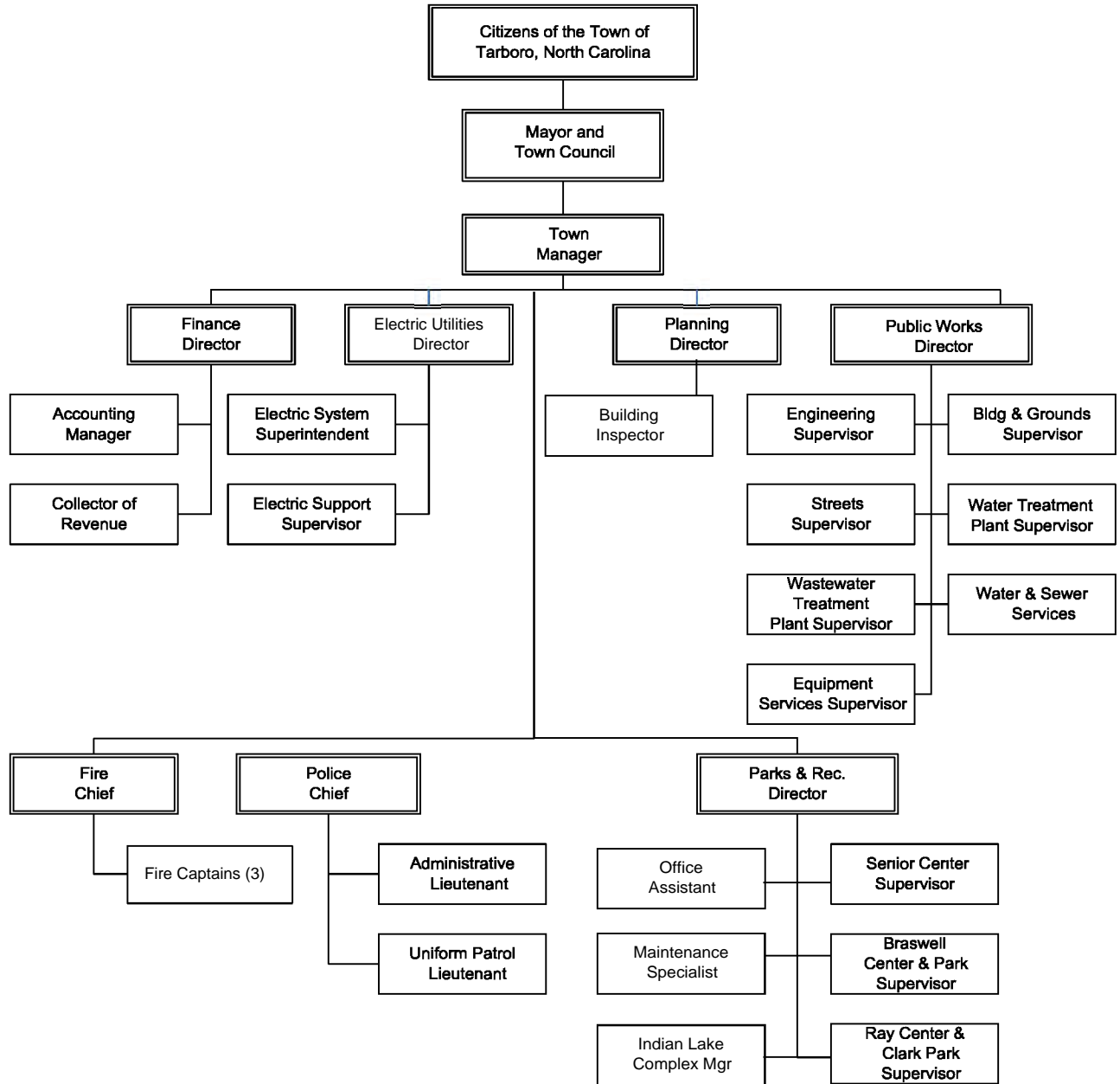
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

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	5 Years	December, 2021
Councilman Ward 1	Othar Woodard	8 Years	December, 2021
Councilman Ward 2	Leo Taylor	6 Years	December, 2023
Councilman Ward 3	Stephen Burnette	8 Years	December, 2021
Councilman Ward 4	C B Brown	6 Years	December, 2023
Councilman Ward 5	John Jenkins	20 Years	December, 2021
Councilman Ward 6	Deborah Jordan	10 Years	December, 2023
Councilman Ward 7	Sabrina Bynum	5 Years	December, 2021
Councilman Ward 8	Bryan T Mayo, Jr	2 Years	December, 2023

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	5 Years	21 Years
Finance Director	Anne Y Mann	7 Years	7 Years
Police Chief	Jesse Webb	5 Years	27 Years
Public Works Director	Michael J Nichols	2 Years	21 Years
Electric Utilities Director	Charles Dickson	0 Years	14 Years
Fire Chief	Lee R Bell	2 Years	19 Years
Recreation Director	Travis Stigge	7 Years	7 Years
Planning Director	Catherine Grimm	6 Years	6 Years

FINANCIAL SECTION

Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – Tarboro, North Carolina 27886

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

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

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Tarboro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tarboro, North Carolina as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 22, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 71, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 69 and 70, 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 67 and 68, respectively, be presented to supplement the basic financial statements. Such information, although not a required 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 and individual fund statements, budgetary schedules, other schedules, and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates 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, based on our audit, the combining and individual fund statements, budgetary schedules, and other schedules 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 the basic financial statements, and accordingly, we do not express an opinion 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 February 22, 2022 on our consideration of the Town of Tarboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

Flowers & Stanley, LLP

Tarboro, North Carolina
February 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF TARBORO

Management's Discussion and Analysis

As management of the Town of Tarboro, we offer readers of the Town of Tarboro's financial statements this narrative overview and analysis of the financial activities of the Town of Tarboro for the fiscal year ended June 30, 2021. 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

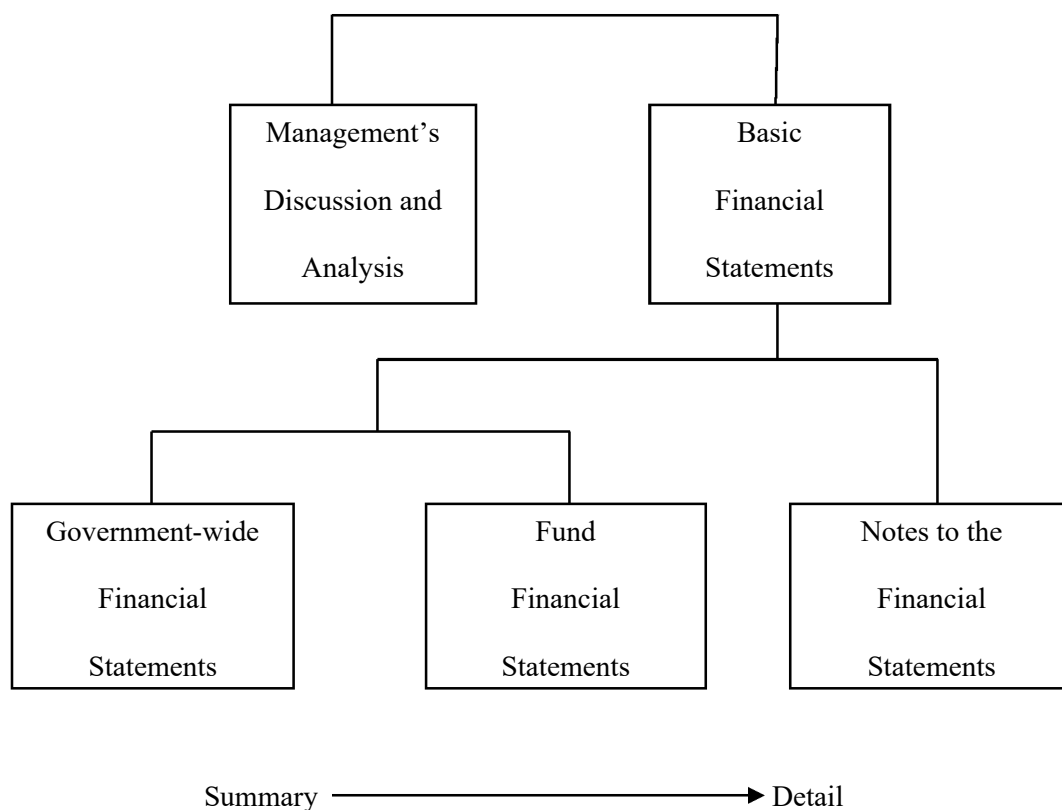
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,665,644 (*net position*). The net position of the governmental activities decreased by \$1,768,279, and the net position of the business-type activities decreased by \$1,786,652.
- The government's total net position decreased by \$3,554,931, 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 \$5,368,886, an increase of \$810,343 in comparison with the prior year. Approximately 80.51 percent of this total amount, or \$4,322,360, is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,922,344 or 18.93 percent of total General Fund expenditures for the fiscal year.
- As of the close of the current fiscal year, the Town's business-type funds reported combined ending net position of \$38,348,742, a decrease of \$1,786,652.

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 can also 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 36 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 67 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 6,207,300	\$ 5,399,712	\$ 20,751,490	\$ 20,644,563	\$ 26,958,790	\$ 26,044,275
Capital assets	9,636,165	10,755,193	29,047,734	30,089,466	38,683,899	40,844,659
Total Assets	15,843,465	16,154,905	49,799,224	50,734,029	65,642,689	66,888,934
Deferred outflows of resources	5,841,543	1,811,178	2,239,736	944,005	8,081,279	2,755,183
Liabilities						
Long-term liabilities						
outstanding	25,327,192	19,063,770	10,571,611	8,386,626	35,898,803	27,450,396
Other liabilities	503,546	521,443	2,427,530	2,280,898	2,931,076	2,802,341
Total Liabilities	25,830,738	19,585,213	12,999,141	10,667,524	38,829,879	30,252,737
Deferred inflows of resources	1,537,368	2,295,689	691,077	875,116	2,228,445	3,170,805
Net Position:						
Net invested in capital assets	9,636,165	10,755,193	28,671,731	29,683,985	38,307,896	40,439,178
Restricted	3,152,996	2,868,922	-	-	3,152,996	2,868,922
Unrestricted	(18,472,259)	(17,538,934)	9,677,011	10,451,409	(8,795,248)	(7,087,525)
Total net position	\$ (5,683,098)	\$ (3,914,819)	\$ 38,348,742	\$ 40,135,394	\$ 32,665,644	\$ 36,220,575

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 \$32,665,644 as of June 30, 2021.

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, \$3,152,996, 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	
	2021	2020	2021	2020	2021	2019
Revenues:						
Program revenues:						
Charges for services	\$ 301,601	\$ 250,311	\$ 26,317,242	\$ 27,712,407	\$ 26,618,843	\$ 27,962,718
Grants & contributions:			-	-		
Operating	896,139	854,161	1,208,131	108,061	2,104,270	962,222
Capital	80,000	-	-	-	80,000	-
General revenues:						
Property taxes	3,894,743	3,877,825	-	-	3,894,743	3,877,825
Other taxes	203,038	205,032	-	-	203,038	205,032
Other	4,541,272	4,282,956	303,643	311,767	4,844,915	4,594,723
Total revenues	<u>9,916,793</u>	<u>9,470,285</u>	<u>27,829,016</u>	<u>28,132,235</u>	<u>37,745,809</u>	<u>37,602,520</u>
Expenses:						
General government	4,458,812	3,331,896	-	-	4,458,812	3,331,896
Public safety	6,007,014	5,620,903	-	-	6,007,014	5,620,903
Transportation	1,226,384	1,695,877	-	-	1,226,384	1,695,877
Culture & recreation	1,707,862	1,654,016	-	-	1,707,862	1,654,016
Electric	-	-	21,035,041	21,434,881	21,035,041	21,434,881
Water & sewer	-	-	5,176,190	4,861,149	5,176,190	4,861,149
Solid waste	-	-	1,207,869	1,246,052	1,207,869	1,246,052
Stormwater	-	-	481,568	439,059	481,568	439,059
Total expenses	<u>13,400,072</u>	<u>12,302,692</u>	<u>27,900,668</u>	<u>27,981,141</u>	<u>41,300,740</u>	<u>40,283,833</u>
Increase (decrease) in net position before transfers	(3,483,279)	(2,832,407)	(71,652)	151,094	(3,554,931)	(2,681,313)
Transfers	1,715,000	1,768,044	(1,715,000)	(1,768,044)	-	-
Increase (decrease) in net position	(1,768,279)	(1,064,363)	(1,786,652)	(1,616,950)	(3,554,931)	(2,681,313)
Net position, July 1	(3,914,819)	(2,850,456)	40,135,394	41,752,344	36,220,575	38,901,888
Net position, June 30	<u>\$ (5,683,098)</u>	<u>\$ (3,914,819)</u>	<u>\$ 38,348,742</u>	<u>\$ 40,135,394</u>	<u>\$ 32,665,644</u>	<u>\$ 36,220,575</u>

Governmental Activities – Governmental activities decreased the Town’s net position by \$1,768,279 from the prior year. Key elements of the current year governmental activities change in net position are as follows:

- Revenues from Charges for Services increased by 20.49%, or \$51,290, as compared to the prior year decrease of 27.68% decrease. This increase is attributable to the Town resuming certain events and programming while modifying others during the ongoing COVID-19 pandemic.
- General revenues, which includes property taxes and related revenue items, and other revenues, which include unrestricted intergovernmental items such as sales taxes, reflected a growth in the Town’s economy showing an increase of \$14,924 and \$258,316 respectively over fiscal year 2020.
- Increases were reflected in expenses for General Government, Public Safety, and Cultural and Recreational in the amounts of \$1,126,916, \$386,111, and \$53,846 respectively. These increases primarily relate to changes in pension expense, depreciation expense, and COVID recovery expenditures.

Business-type activities - Business-type activities decreased the Town’s net position by \$1,786,652 from operations. Key elements of the current year’s activities are as follows:

- Total revenues for business-type activities decreased \$303,219 compared to the prior year, including an investment income decreased \$207,350 due to the current economic conditions.
- The net change in position for all business-type activities for the current fiscal year was a decrease of \$1,786,652. The changes in net position for Electric, Water and Sewer, Solid Waste, and Stormwater were (\$632,474), (\$1,142,686), (\$95,519), and \$85,027, respectively.
- The business-type activities transferred net funds to the governmental funds totaling \$1,715,000. This is a decrease of \$53,044 compared to the prior year.

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.

As of the end of the current fiscal year, the Town’s combined governmental funds reported combined ending fund balances of \$5,368,886, an increase of \$810,343 in comparison with the prior year. The unassigned fund balance is available for spending at the government’s discretion. Due to restrictions related to long-term receivables and those mandated by grantor agencies, the total unassigned fund balance for the governmental funds is \$1,046,526. Fund balance is classified into four other categories: non-spendable, restricted, committed, and assigned. Please refer to note E.11 on pages 42 and 43 for information about fund balance categories. The current year fund balance that is non-spendable is \$77,130. The current year fund balance that has been restricted is \$3,152,996. The current year fund balance that has been assigned is \$1,092,234, and it is designated for subsequent year’s expenditures.

The General Fund is part of the governmental funds and is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,922,344, while total

fund balance reached \$5,714,465. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.93% of total General Fund expenditures, while total fund balance represents 56.27% of that same amount.

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$5,368,886, up \$810,343 in comparison with the prior year. Included in this change in fund balance is an increase in fund balance in the General Fund of \$853,542 and a decrease of \$43,199 in Non-Major Governmental Funds. The General Fund increase can be attributed to the previously mentioned increase in sales tax distributions and management's continued diligence in managing operational costs. Further, operations of the Town continued to be reduced for the entire fiscal year in response to the COVID-19 pandemic. The remaining non-major governmental funds reported a combined decrease. Levels of fund balance in Special Revenue funds and Capital Projects funds will vary as their projects transition through various project completion phases.

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.

The actual revenues for the General Fund were more than the budget amount by \$582,279. Ad valorem tax revenues were slightly higher than budgeted. Intergovernmental revenues saw a notable increase from the prior year and exceeded the budgeted amount by \$448,390, mostly due to a conservative projection based on an uncertain economy. Permits and fees along with sales and service revenues were lower than budgeted mainly due to decreases related to closed programs and other reductions due to COVID-19. Investment earnings were \$53,521 less than budgeted due to decreasing interest rates. Miscellaneous revenues were more than budgeted by \$73,456 due to greater than expected expense recovery reimbursements.

The actual operating expenses for the General Fund were less than the budget amount by \$1,214,453. The most significant savings were realized due to funds appropriated to projects that were unspent at fiscal year-end along with initiatives to reduce spending at the onset of COVID-19. General Government departments have operating expenditures less than the budget of \$394,165. There were budget savings within public safety with expenditures less than the budget by \$146,522. Amounts budgeted but unspent for transportation and cultural and recreational items were \$158,788 and \$211,038, respectively. Other planned capital outlay projects were incomplete at the end of the fiscal year and are reflected in budgetary statements as a positive variance of \$303,940. Of these amounts, \$289,553 was re-appropriated to fiscal year 2022 for project completions.

Proprietary Funds – The Town of Tarboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position at the end of the year amounted to \$27,888,142 for the Electric Fund, \$9,391,385 for the Water and Sewer Fund, \$376,353 for the Solid Waste Fund, and \$692,862 for the Stormwater Fund. The change in net position for all four funds was \$(632,474); (\$1,142,686); (95,519) and \$85,027 respectively for a total net change of (\$1,786,652).

As mentioned numerous times previously, the COVID-19 pandemic had wide effects on all operations of the Town of Tarboro, including the proprietary funds. Electric Fund operating revenues and expenditures remained in line with fiscal year 2020 numbers as a result of continued decreased business operations during

the year due to the pandemic. The Water & Sewer Fund also reflect operating revenues and non-personnel operating expenses in line with the prior year for similar reasons. The remaining proprietary funds, Solid Waste and Stormwater, are not consumption based, and therefore are not impacted by decreased business operations to the extent that the consumption based utilities are.

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, 2021, totals \$38,638,899 (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 were limited and include the following:

Governmental Funds:

Additions

- Public Safety Software Upgrade - \$62,539
- Animal Shelter Upgrades - \$31,500
- Wayfinding Signs – \$19,425
- Braswell Park Shelter and Playground - \$156,048
- Roller Trailer - \$55,800

Disposals

- Decommissioning of Radio Tower - \$139,640

Proprietary Funds:

Additions

- AMI System Implementation Project - \$909,886
- Excavator - \$110,211
- Wastewater Treatment Plant Upgrades - \$104,456
- Sewer Line Replacement - \$93,514

Town of Tarboro, North Carolina
Capital Assets
Figure 8

	Governmental	Business-type	Total	
	Activities	Activities	2021	2020
Land	\$ 1,909,193	\$ 1,285,932	\$ 3,195,125	\$ 3,195,125
Buildings & Other				
Improvements	3,035,479	137,694	3,173,173	3,088,597
Infrastructure	3,318,565		3,318,565	3,989,811
Substations, Lines,				
Equipment		15,655,943	15,655,943	16,016,455
Plant & Distribution				
Systems		9,892,516	9,892,516	10,684,087
Equipment	1,372,928	2,075,649	3,448,577	3,714,536
Construction				
in progress	-	-	-	156,048
Total Capital Assets (net of accumulated depreciation)	<u>\$ 9,636,165</u>	<u>\$ 29,047,734</u>	<u>\$ 38,683,899</u>	<u>\$ 40,844,659</u>

Additional information on the Town's Capital Assets can be found in Note II, Section A, beginning on page 46 of this report.

Long-term Debt. As of June 30, 2021, 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 \$76,101,600.

Additional information regarding the Town's long-term debt can be found in Note II, Section B, beginning on page 49 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, 2022.

- The unemployment rate for Edgecombe County was 8.2% as reported by the NC Department of Commerce at June 30, 2021. This is a 4.6% decrease in the unemployment rate compared to the prior year.
- The Town experienced a year of positive growth in revenues from property tax and intergovernmental sources. Total property tax revenues exceeded projections for the current year, and this growth is expected to continue for the coming year as residential construction numbers continue to improve.
- Our Town continues to experience growth related to commercial and industrial investment in the area. Major industrial projects by CSX and Corning 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, 2022

Governmental Activities: The ongoing COVID-19 pandemic and its economic impacts were at the forefront during the Town's budget process for the 2021-2022 fiscal year. The Town has always strived to budget conservatively, but during this time of crisis, difficult choices had to be made when preparing and adopting this budget. Due to the uncertainty of the impact on the Town's revenues, as well as the impact on the overall state and national economy, capital outlay was limited to essential needs, critical infrastructure, and completion of ongoing projects that could not be delayed.

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, 2021. 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 in FY 2021-2022.

Business-type Activities: Electric rates, Water and Sewer rates, and the Solid Waste fee will remain unchanged for FY 2021-2022 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 2021-2022.

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

Town of Tarboro, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1
Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,462,508	\$ 14,418,757	\$ 17,881,265
Restricted cash	1,360,973	592,491	1,953,464
Taxes receivables (net)	246,892	-	246,892
Accrued interest receivable on taxes	47,846	-	47,846
Accrued interest receivable	1,905	6,566	8,471
Accounts receivable (net)	101,751	4,111,484	4,213,235
Due from other governments	908,295	183,501	1,091,796
Inventories	77,130	1,438,691	1,515,821
Total current assets	6,207,300	20,751,490	26,958,790
Non-current assets:			
Capital assets:			
Land and non-depreciable improvements	1,909,193	1,285,932	3,195,125
Other capital assets, net	7,726,972	27,761,802	35,488,774
Total capital assets	9,636,165	29,047,734	38,683,899
Total non-current assets	9,636,165	29,047,734	38,683,899
Total assets	15,843,465	49,799,224	65,642,689
Deferred Outflows of Resources:			
Pension deferrals	2,062,987	1,041,367	3,104,354
OPEB deferrals	3,778,556	1,198,369	4,976,925
Total deferred outflows of resources	5,841,543	2,239,736	8,081,279
Liabilities:			
Current liabilities:			
Accounts payable	428,540	1,774,909	2,203,449
Payable from restricted assets	1,737	592,491	594,228
Compensated absences - current	73,269	30,652	103,921
Current portions of notes payable	-	29,478	29,478
Total current liabilities	503,546	2,427,530	2,931,076
Long-term liabilities:			
Compensated absences	537,306	224,788	762,094
Net pension liability - LGERS	2,786,300	1,935,268	4,721,568
Total pension liability - LEO	1,940,264	-	1,940,264
Total OPEB liability	20,063,322	8,065,030	28,128,352
Due in more than one year	-	346,525	346,525
Total long-term liabilities	25,327,192	10,571,611	35,898,803
Total liabilities	25,830,738	12,999,141	38,829,879

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

Town of Tarboro, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1
Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources:			
Prepaid taxes	13,281	-	13,281
Deferred revenues	-	135,214	135,214
OPEB deferrals	1,473,664	540,160	2,013,824
Pension deferrals	50,423	15,703	66,126
Total deferred inflows of resources	1,537,368	691,077	2,228,445
Net Position:			
Net investment in capital assets	9,636,165	28,671,731	38,307,896
Restricted for:			
Stabilization by State statute	1,787,651	-	1,787,651
General government	386,175	-	386,175
Public safety	123,502	-	123,502
Streets	855,668	-	855,668
Unrestricted	(18,472,259)	9,677,011	(8,795,248)
Total net position	\$ (5,683,098)	\$ 38,348,742	\$ 32,665,644

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, 2021

Exhibit 2
Page 1 of 2

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 4,458,812	\$ 183,738	\$ 423,478	\$ -
Public safety	6,007,014	41,349	146,870	-
Transportation	1,226,384	-	281,001	-
Cultural and Recreational	1,707,862	76,514	44,790	80,000
Total governmental activities	13,400,072	301,601	896,139	80,000
Business-type activities:				
Electric	21,035,041	20,721,506	1,145,610	-
Water and Sewer	5,176,190	3,931,089	54,703	-
Solid waste	1,207,869	1,098,418	7,818	-
Stormwater	481,568	566,229	-	-
Total business-type activities	27,900,668	26,317,242	1,208,131	-
Total primary government	\$ 41,300,740	\$ 26,618,843	\$ 2,104,270	\$ 80,000

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, 2021

Exhibit 2
Page 2 of 2

	Net (Expense) Revenue and Changes in Net Position Primary Government		
	Governmental Activities	Business-type Activities	Total
Functions/Programs			
Primary government:			
Governmental Activities:			
General government	\$ (3,851,596)	\$ -	\$ (3,851,596)
Public safety	(5,818,795)	-	(5,818,795)
Transportation	(945,383)	-	(945,383)
Cultural and Recreational	(1,506,558)	-	(1,506,558)
Total governmental activities	(12,122,332)	-	(12,122,332)
Business-type activities:			
Electric	-	832,075	832,075
Water and Sewer	-	(1,190,398)	(1,190,398)
Solid waste	-	(101,633)	(101,633)
Stormwater	-	84,661	84,661
Total business-type activities	-	(375,295)	(375,295)
Total primary government	(12,122,332)	(375,295)	(12,497,627)
 General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,894,743	-	3,894,743
Other taxes and licenses	203,038	-	203,038
Grants and contributions not restricted to specific programs	4,415,741	-	4,415,741
Unrestricted investment earnings	2,113	11,729	13,842
Miscellaneous	123,418	291,914	415,332
Total general revenues	8,639,053	303,643	8,942,696
Transfers	1,715,000	(1,715,000)	-
Total general revenues and transfers	10,354,053	(1,411,357)	8,942,696
Change in net position	(1,768,279)	(1,786,652)	(3,554,931)
Net position, beginning	(3,914,819)	40,135,394	36,220,575
Net position, ending	\$ (5,683,098)	\$ 38,348,742	\$ 32,665,644

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

Town of Tarboro, North Carolina
Balance Sheets
Governmental Funds
June 30, 2021

Exhibit 3
Page 1 of 2

	Major Fund	Non-Major	Total
	General Fund	Governmental	Governmental
		Funds	Funds
Assets:			
Cash and cash equivalents	\$ 3,462,508	\$ -	\$ 3,462,508
Restricted cash and cash equivalents	851,296	509,677	1,360,973
Receivables, net:			
Taxes	246,892	-	246,892
Accounts	103,604	52	103,656
Accrued interest receivable on taxes	47,846	-	47,846
Due from other governments	887,785	20,510	908,295
Due from other funds	875,818	-	875,818
Inventories	77,130	-	77,130
Total assets	\$ 6,552,879	\$ 530,239	\$ 7,083,118
Liabilities:			
Accounts payable and accrued liabilities	\$ 428,540	\$ -	\$ 428,540
Payable from restricted assets	1,737	-	1,737
Due to other funds	-	875,818	875,818
Total liabilities	430,277	875,818	1,306,095
Deferred Inflows of Resources:			
Property taxes receivable	246,892	-	246,892
Accrued interest receivable on taxes	47,846	-	47,846
Special assessments, net	100,118	-	100,118
Prepaid taxes	13,281	-	13,281
Total deferred inflows of resources	408,137	-	408,137
Fund Balances:			
Non-spendable:			
Inventories	77,130	-	77,130
Restricted:			
Stabilization by State statute	1,767,089	20,562	1,787,651
General government	-	386,175	386,175
Public safety	-	123,502	123,502
Streets	855,668	-	855,668
Assigned:			
Subsequent year's expenditures	1,092,234	-	1,092,234
Unassigned	1,922,344	(875,818)	1,046,526
Total fund balances	5,714,465	(345,579)	5,368,886
Total liabilities, deferred inflows of resources and fund balances	\$ 6,552,879	\$ 530,239	\$ 7,083,118

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

**Town of Tarboro, North Carolina
Balance Sheets
Governmental Funds
June 30, 2021**

**Exhibit 3
Page 2 of 2**

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

Total Fund Balance, Governmental Funds		\$ 5,368,886
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 74,762,203	
Accumulated depreciation	<u>(65,126,038)</u>	9,636,165
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.		
		47,846
Earned revenues considered deferred inflows of resources in fund statements.		
		347,010
Deferred outflows of resources related to pensions are not reported in the funds.		
		2,062,987
Deferred outflows of resources related to OPEB are not reported in the funds.		
		3,778,556
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Net pension liability - LGERS		(2,786,300)
Total pension liability - LEO		(1,940,264)
OPEB liability		(20,063,322)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
		(610,575)
Deferred inflows of resources related to pensions are not reported in the funds.		
		(50,423)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(1,473,664)
Net position of governmental activities		<u>\$ (5,683,098)</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, 2021

Exhibit 4
Page 1 of 2

	<u>Major Fund</u> <u>General Fund</u>	<u>Non-Major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 3,916,781	\$ -	\$ 3,916,781
Other taxes and licenses	203,038	-	203,038
Unrestricted intergovernmental	3,863,237	2,587	3,865,824
Restricted intergovernmental	364,653	614,714	979,367
Permits and fees	92,033	-	92,033
Sales and services	171,573	-	171,573
Investment earnings	1,979	134	2,113
Miscellaneous	128,968	-	128,968
Charges for services	552,504	-	552,504
Total revenues	<u>9,294,766</u>	<u>617,435</u>	<u>9,912,201</u>
Expenditures:			
Current:			
General government	2,613,242	540,567	3,153,809
Public safety	5,009,062	43,921	5,052,983
Transportation	844,482	-	844,482
Cultural and Recreational	1,361,367	-	1,361,367
Capital outlay	328,071	76,146	404,217
Total expenditures	<u>10,156,224</u>	<u>660,634</u>	<u>10,816,858</u>
Excess (deficiency) of revenues over	<u>(861,458)</u>	<u>(43,199)</u>	<u>(904,657)</u>
Other Financing Sources (Uses):			
Transfers (to) from other funds	1,715,000	-	1,715,000
Total other financing sources (uses)	<u>1,715,000</u>	<u>-</u>	<u>1,715,000</u>
Net change in fund balance	853,542	(43,199)	810,343
Fund balances, beginning	4,860,923	(302,380)	4,558,543
Fund balances, ending	<u>\$ 5,714,465</u>	<u>\$ (345,579)</u>	<u>\$ 5,368,886</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, 2021

Exhibit 4
Page 2 of 2

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

Net changes in fund balances - total governmental funds		\$ 810,343
<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 depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	333,153	
Depreciation expense for governmental assets	<u>(1,452,181)</u>	(1,119,028)
<p>Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.</p>		
		455,295
<p>Benefit payments paid and administrative expense for the LEOWSA are not included on the Statement of Activities.</p>		
		119,077
<p>OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.</p>		
		388,748
<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		(22,038)
Change in unavailable revenue		26,630
<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	42,396	
Pension expense	(1,126,034)	
OPEB expense	<u>(1,343,668)</u>	(2,427,306)
Total changes in net position of governmental activities		<u>\$ (1,768,279)</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 - Budget and Actual
General Fund
For the Year Ended June 30, 2021

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 3,769,050	\$ 3,769,050	\$ 3,916,781	\$ 147,731
Other taxes and licenses	219,000	219,000	203,038	(15,962)
Unrestricted intergovernmental	3,350,000	3,350,000	3,863,237	513,237
Restricted intergovernmental	429,500	429,500	364,653	(64,847)
Permits and fees	82,500	82,500	92,033	9,533
Sales and services	188,300	198,300	171,573	(26,727)
Investment earnings	55,500	55,500	1,979	(53,521)
Miscellaneous	43,600	55,512	128,968	73,456
Charges for services	553,125	553,125	552,504	(621)
Total revenues	<u>8,690,575</u>	<u>8,712,487</u>	<u>9,294,766</u>	<u>582,279</u>
Expenditures:				
Current:				
General government	3,001,350	3,007,407	2,613,242	394,165
Public Safety	5,107,360	5,155,584	5,009,062	146,522
Transportation	977,520	1,003,270	844,482	158,788
Cultural and Recreational	1,543,775	1,572,405	1,361,367	211,038
Capital Outlay	517,250	632,011	328,071	303,940
Total expenditures	<u>11,147,255</u>	<u>11,370,677</u>	<u>10,156,224</u>	<u>1,214,453</u>
Revenues over (under) expenditures	<u>(2,456,680)</u>	<u>(2,658,190)</u>	<u>(861,458)</u>	<u>1,796,732</u>
Other financing sources (uses):				
Capital Outlay Reserve Appropriation	459,250	459,250	-	(459,250)
Appropriated (Unappropriated) fund balance	282,430	483,940	-	(483,940)
Transfers from (to) other funds	1,715,000	1,715,000	1,715,000	-
Total other financing sources (uses)	<u>2,456,680</u>	<u>2,658,190</u>	<u>1,715,000</u>	<u>(943,190)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	853,542	<u>\$ 853,542</u>
Fund balances, beginning			4,860,923	
Fund balances, ending			<u>\$ 5,714,465</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, 2021

Exhibit 6

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Assets:					
Current assets:					
Cash and investments	\$ 11,601,252	\$ 2,003,582	\$ 472,269	\$ 341,654	\$ 14,418,757
Restricted cash	544,786	47,705	-	-	592,491
Accounts receivable (net)	3,281,367	579,417	157,727	92,973	4,111,484
Accrued interest receivable	5,303	904	210	149	6,566
Sales tax receivable	95,817	77,406	4,843	5,435	183,501
Inventories	1,360,108	78,583	-	-	1,438,691
Total current assets	<u>16,888,633</u>	<u>2,787,597</u>	<u>635,049</u>	<u>440,211</u>	<u>20,751,490</u>
Noncurrent assets:					
Capital assets:					
Land, non-depreciable improvements,	858,368	427,564	-	-	1,285,932
Other capital assets, net of	16,598,631	10,700,990	165,308	296,873	27,761,802
Capital assets (net)	<u>17,456,999</u>	<u>11,128,554</u>	<u>165,308</u>	<u>296,873</u>	<u>29,047,734</u>
Total noncurrent assets	<u>17,456,999</u>	<u>11,128,554</u>	<u>165,308</u>	<u>296,873</u>	<u>29,047,734</u>
Total assets	<u>34,345,632</u>	<u>13,916,151</u>	<u>800,357</u>	<u>737,084</u>	<u>49,799,224</u>
Deferred Outflows of Resources:					
Pension deferrals	452,790	440,730	112,838	35,009	1,041,367
OPEB deferrals	547,368	645,954	5,047	-	1,198,369
Total deferred outflows of resources	<u>1,000,158</u>	<u>1,086,684</u>	<u>117,885</u>	<u>35,009</u>	<u>2,239,736</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued	1,588,399	103,064	65,822	17,624	1,774,909
Payable from restricted assets	544,786	47,705	-	-	592,491
Compensated absences - current	15,425	10,852	2,454	1,921	30,652
Current portion of long-term debt	-	29,478	-	-	29,478
Total current liabilities	<u>2,148,610</u>	<u>191,099</u>	<u>68,276</u>	<u>19,545</u>	<u>2,427,530</u>
Non-current liabilities:					
Compensated absences	113,118	79,581	18,000	14,089	224,788
Net pension liability	853,410	831,024	205,237	45,597	1,935,268
Total OPEB liability	3,974,153	3,876,695	214,182	-	8,065,030
Non-current portion of long-term debt	-	346,525	-	-	346,525
Total non-current liabilities	<u>4,940,681</u>	<u>5,133,825</u>	<u>437,419</u>	<u>59,686</u>	<u>10,571,611</u>
Total liabilities	<u>7,089,291</u>	<u>5,324,924</u>	<u>505,695</u>	<u>79,231</u>	<u>12,999,141</u>
Deferred Inflows of Resources:					
OPEB deferrals	225,379	279,670	35,111	-	540,160
Deferred revenues	135,214	-	-	-	135,214
Pension deferrals	7,764	6,856	1,083	-	15,703
Total deferred inflows of resources	<u>368,357</u>	<u>286,526</u>	<u>36,194</u>	<u>-</u>	<u>691,077</u>
Net Position:					
Net investment in capital assets	17,456,999	10,752,551	165,308	296,873	28,671,731
Unrestricted	10,431,143	(1,361,166)	211,045	395,989	9,677,011
Total net position	<u>\$ 27,888,142</u>	<u>\$ 9,391,385</u>	<u>\$ 376,353</u>	<u>\$ 692,862</u>	<u>\$ 38,348,742</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, 2021

Exhibit 7

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 20,721,506	\$ 3,904,991	\$ 1,098,418	\$ 566,229	\$ 26,291,144
Water and sewer taps	-	26,098	-	-	26,098
Other operating revenues	1,145,610	54,703	7,818	-	1,208,131
Total operating revenues	<u>21,867,116</u>	<u>3,985,792</u>	<u>1,106,236</u>	<u>566,229</u>	<u>27,525,373</u>
Operating Expenses:					
Administration	3,472,459	3,044,672	207,011	100,537	6,824,679
Load management	153,378	-	-	-	153,378
Electric operations	1,142,263	-	-	-	1,142,263
Electric power purchases	14,619,766	-	-	-	14,619,766
Water treatment and distribution	-	471,097	-	-	471,097
Waste collection and treatment	-	559,351	976,333	-	1,535,684
Stormwater collection	-	-	-	347,779	347,779
Depreciation	1,647,175	1,101,070	24,525	33,252	2,806,022
Total operating expenses	<u>21,035,041</u>	<u>5,176,190</u>	<u>1,207,869</u>	<u>481,568</u>	<u>27,900,668</u>
Operating income (loss)	<u>832,075</u>	<u>(1,190,398)</u>	<u>(101,633)</u>	<u>84,661</u>	<u>(375,295)</u>
Non-Operating Revenues (Expenses):					
Investment earnings	9,723	1,323	334	349	11,729
Interest and other charges	-	-	-	-	-
Other non-operating revenues	240,728	46,389	4,780	17	291,914
Total non-operating revenues	<u>250,451</u>	<u>47,712</u>	<u>5,114</u>	<u>366</u>	<u>303,643</u>
Income (loss) before contributions	1,082,526	(1,142,686)	(96,519)	85,027	(71,652)
Capital contributions	-	-	-	-	-
Transfers from (to) other funds	(1,715,000)	-	-	-	(1,715,000)
Change in net position	(632,474)	(1,142,686)	(96,519)	85,027	(1,786,652)
Total net position, beginning	<u>28,520,616</u>	<u>10,534,071</u>	<u>472,872</u>	<u>607,835</u>	<u>40,135,394</u>
Total net position, ending	<u>\$ 27,888,142</u>	<u>\$ 9,391,385</u>	<u>\$ 376,353</u>	<u>\$ 692,862</u>	<u>\$ 38,348,742</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 Year Ended June 30, 2021

Exhibit 8

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from customers	\$ 20,060,378	\$ 3,902,495	\$ 1,061,902	\$ 583,351	\$ 25,608,126
Cash paid for goods and services	(16,787,480)	(1,440,747)	(510,961)	(88,789)	(18,827,977)
Cash paid to or on behalf of employees for services	(2,170,093)	(2,312,049)	(608,123)	(322,997)	(5,413,262)
Net customer deposits	(18,927)	(395)	-	-	(19,322)
Other operating revenues	1,145,610	54,703	7,818	-	1,208,131
Net cash provided (used) by operating activities	<u>2,229,488</u>	<u>204,007</u>	<u>(49,364)</u>	<u>171,565</u>	<u>2,555,696</u>
Cash Flows from Noncapital Financing Activities:					
Transfers to other funds	(1,715,000)	-	-	-	(1,715,000)
Other noncapital financing activities	240,728	46,389	4,780	17	291,914
Net cash provided (used) by noncapital financing activities	<u>(1,474,272)</u>	<u>46,389</u>	<u>4,780</u>	<u>17</u>	<u>(1,423,086)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(963,025)	(760,343)	(9,283)	(31,639)	(1,764,290)
Principal paid on bonds and installment purchases	-	(29,478)	-	-	(29,478)
Net cash provided (used) by capital and related financing activities	<u>(963,025)</u>	<u>(789,821)</u>	<u>(9,283)</u>	<u>(31,639)</u>	<u>(1,793,768)</u>
Cash Flows from Investing Activities:					
Interest and dividends	9,723	1,323	334	349	11,729
Net cash provided (used) by investing activities	<u>9,723</u>	<u>1,323</u>	<u>334</u>	<u>349</u>	<u>11,729</u>
Net increase (decrease) in cash and	(198,086)	(538,102)	(53,533)	140,292	(649,429)
Balances, beginning	12,344,124	2,589,389	525,802	201,362	15,660,677
Balances, ending	<u>\$ 12,146,038</u>	<u>\$ 2,051,287</u>	<u>\$ 472,269</u>	<u>\$ 341,654</u>	<u>\$ 15,011,248</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 Year Ended June 30, 2021

Exhibit 8

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ 832,075	\$ (1,190,398)	\$ (101,633)	\$ 84,661	\$ (375,295)
Adjustments to reconcile operating					
Depreciation	1,647,175	1,101,070	24,525	33,252	2,806,022
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(722,897)	(28,594)	(36,516)	17,122	(770,885)
(Increase) decrease in inventory	12,591	1,904	-	-	14,495
Increase (decrease) in accounts payable and accrued liabilities	125,058	7,350	20,076	11,748	164,232
Increase (decrease) in customer deposits	(18,927)	(395)	-	-	(19,322)
Increase (decrease) in compensated absences	9,980	(3,847)	5,175	3,342	14,650
(Increase) decrease in deferred outflows of resources - pensions	(89,246)	(92,697)	(24,160)	(12,820)	(218,923)
(Increase) decrease in deferred outflows of resources - OPEB	(495,248)	(581,562)	-	-	(1,076,810)
Increase (decrease) in net pension liability	240,984	250,303	65,239	34,616	591,142
Increase (decrease) in deferred inflows of resources - pensions	(5,854)	(6,081)	(2,070)	(356)	(14,361)
Increase (decrease) in deferred inflows of resources - OPEB	(106,075)	(125,361)	-	-	(231,436)
Increase (decrease) in deferred inflows of resources - Deferred revenue	61,760	-	-	-	61,760
Increase (decrease) in OPEB liability	738,112	872,315	-	-	1,610,427
Total adjustments	<u>1,397,413</u>	<u>1,394,405</u>	<u>52,269</u>	<u>86,904</u>	<u>2,930,991</u>
Net cash provided by operating activities	<u>\$ 2,229,488</u>	<u>\$ 204,007</u>	<u>\$ (49,364)</u>	<u>\$ 171,565</u>	<u>\$ 2,555,696</u>

Noncash investing, capital, and financing activities:

None.

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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; however, interfund services provided and used are not eliminated in the process of consolidation. 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 specific program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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

Essential Single-Family Rehabilitation Loan Pool Fund. This fund is used to account for Essential Single-Family Rehabilitation Loan Pool Funds.

Parks and Recreation Trust Fund Grant Fund. This fund is used to account for Parks and Recreation Trust Fund Grant Funds.

The Town reports the following major enterprise funds:

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

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

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

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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 beer and wine 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. Most 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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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, 2021.

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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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 and considers all cash and investments to be 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. 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, 2021

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

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 inventories 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 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 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, 2021

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	25-50
Buildings	50
Improvements	30
Machinery and Equipment	5-10
Utility Work Vehicles	10
Passenger Vehicles	5

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals for the 2021 fiscal year and OPEB deferrals for the 2021 fiscal year. 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 several items that meet this criterion for this category – prepaid taxes, accrued interest receivable on taxes, special assessments, property taxes receivable, deferred revenues, OPEB deferrals and pension deferrals.

9. Long-Term Obligations

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

10. Compensated Absences

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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 non-spendable. 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.

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

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

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Restricted for General Government – portion of fund balance that is 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 the Town of Tarboro intends to use for specific purposes. The Town's governing body has the authority to assign fund balance to a specific purpose. The governing body authorizes the assignment of fund balance by the approval of a budget appropriation.

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.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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 when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. Use of Estimates

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

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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 name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's 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 under-collateralization. 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, 2021, the Town's deposits had a carrying amount of \$7,288,101 and a bank balance of \$7,475,308. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021 the Town's petty cash fund totaled \$3,675.

2. Investments

At June 30, 2021, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/21	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$12,542,953	N/A	AAAm
Total:		\$12,542,953		

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 are 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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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). The Town's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

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, 2021 are net of the following allowances for doubtful accounts:

	June 30, 2021
General Fund:	
Taxes receivable	\$ 49,810
Accounts receivable	543,448
Total General Fund	593,258
Enterprise Funds:	
Electric	46,766
Water and Sewer Fund	9,490
Solid Waste Fund	2,676
Storm Water Fund	1,380
Total Enterprise Funds	60,312
Total Allowance Doubtful Accounts	\$ 653,570

Due from other governments consists of the following:

Local option sales taxes	\$ 518,956
Sales taxes	268,389
Motor Vehicle Tax	38,602
Franchise taxes	250,196
UPCOG - grants	6,652
911 charges	9,001
	\$ 1,091,796

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,909,193	\$ -	\$ -	\$ 1,909,193
Construction in Progress	156,048	-	156,048	-
Total capital assets not being depreciated	<u>2,065,241</u>	-	156,048	<u>1,909,193</u>
Capital assets being depreciated				
Buildings & Improvements	10,257,892	244,620	-	10,502,512
Infrastructure - streets	50,718,955	-	-	50,718,955
Infrastructure - sidewalk	661,067	-	-	661,067
Equipment	10,865,535	244,581	139,640	10,970,476
Total capital assets being depreciated	<u>72,503,449</u>	<u>489,201</u>	<u>139,640</u>	<u>72,853,010</u>
Less accumulated depreciation for				
Buildings & Improvements	7,284,318	182,715	-	7,467,033
Infrastructure - streets	46,840,063	666,794	-	47,506,857
Infrastructure - sidewalk	550,148	4,452	-	554,600
Equipment	9,138,968	598,220	139,640	9,597,548
Total accumulated depreciation	<u>63,813,497</u>	<u>1,452,181</u>	<u>139,640</u>	<u>65,126,038</u>
Total capital assets being depreciated, net	<u>8,689,952</u>			<u>7,726,972</u>
Governmental activity capital assets, net	<u>\$ 10,755,193</u>			<u>\$ 9,636,165</u>

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

General government	\$ 860,467
Public safety	250,051
Transportation	199,471
Cultural and recreational	142,192
	<u>\$ 1,452,181</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Business-type Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 858,368	\$ -	\$ -	\$ 858,368
Construction in progress	-	-	-	-
Total	<u>858,368</u>	<u>-</u>	<u>-</u>	<u>858,368</u>
Capital assets being depreciated:				
Substation, lines, & related equipment	52,319,799	963,025	-	53,282,824
Office & maintenance equipment	4,907,640	-	-	4,907,640
Total	<u>57,227,439</u>	<u>963,025</u>	<u>-</u>	<u>58,190,464</u>
Less accumulated depreciation:				
Substation, lines, & related equipment	36,303,344	1,323,537	-	37,626,881
Office & maintenance equipment	3,641,314	323,638	-	3,964,952
Total	<u>39,944,658</u>	<u>\$ 1,647,175</u>	<u>\$ -</u>	<u>41,591,833</u>
Total capital assets being depreciated, net	<u>17,282,781</u>			<u>16,598,631</u>
Electric Fund capital assets, net	<u>\$ 18,141,149</u>			<u>\$ 17,456,999</u>
Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 427,564	\$ -	\$ -	\$ 427,564
Construction in progress	-	-	-	-
Total	<u>427,564</u>	<u>-</u>	<u>-</u>	<u>427,564</u>
Capital assets being depreciated:				
Plant & distribution system	39,125,109	203,830	-	39,328,939
Office & maintenance equipment	2,247,165	556,513	-	2,803,678
Total	<u>41,372,274</u>	<u>760,343</u>	<u>-</u>	<u>42,132,617</u>
Less accumulated depreciation:				
Plant & distribution system	28,441,022	995,401	-	29,436,423
Office & maintenance equipment	1,889,535	105,669	-	1,995,204
Total	<u>30,330,557</u>	<u>\$ 1,101,070</u>	<u>\$ -</u>	<u>31,431,627</u>
Total capital assets being depreciated, net	<u>11,041,717</u>			<u>10,700,990</u>
Water & Sewer Fund capital assets, net	<u>\$ 11,469,281</u>			<u>\$ 11,128,554</u>

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Business-type Activities (continued):	Beginning			Ending
	Balances	Increases	Decreases	Balances
Solid Waste Fund				
Capital assets being depreciated:				
Buildings	\$ 43,324	\$ -	\$ -	\$ 43,324
Maintenance equipment	1,190,175	9,283	-	1,199,458
Total	<u>1,233,499</u>	<u>9,283</u>	<u>-</u>	<u>1,242,782</u>
Less accumulated depreciation:				
Buildings	18,736	2,072	-	20,808
Maintenance equipment	1,034,213	22,453	-	1,056,666
Total	<u>1,052,949</u>	<u>\$ 24,525</u>	<u>\$ -</u>	<u>1,077,474</u>
Total capital assets being depreciated, net	<u>180,550</u>			<u>165,308</u>
Solid Waste Fund capital assets, net	<u>\$ 180,550</u>			<u>\$ 165,308</u>
 Stormwater Fund				
Capital assets not being depreciated:				
Land		\$ -	\$ -	\$ -
Construction in progress		-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings	\$ 99,719	\$ 31,639	\$ -	\$ 131,358
Maintenance equipment	239,039	-	-	239,039
Total	<u>338,758</u>	<u>31,639</u>	<u>-</u>	<u>370,397</u>
Less accumulated depreciation:				
Buildings	9,284	6,896	-	16,180
Maintenance equipment	30,988	26,356	-	57,344
Total	<u>40,272</u>	<u>\$ 33,252</u>	<u>\$ -</u>	<u>73,524</u>
Total capital assets being depreciated, net	<u>298,486</u>			<u>296,873</u>
Stormwater Fund capital assets, net	<u>298,486</u>			<u>296,873</u>
Business-type activities capital assets, net	<u>\$ 30,089,466</u>			<u>\$ 29,047,734</u>

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Other Payables & Accruals	Total
Governmental Activities:			
General Fund	\$ 152,771	\$ 275,769	\$ 428,540
Non-major Funds	-	-	-
Total governmental activities	\$ 152,771	\$ 275,769	\$ 428,540
Business-type Activities:			
Electric Fund	\$ 1,488,790	\$ 99,609	\$ 1,588,399
Water & Sewer Fund	34,375	68,689	103,064
Solid Waste Fund	35,504	30,318	65,822
Stormwater Fund	5,050	12,574	17,624
Total business-type activities	\$ 1,563,719	\$ 211,190	\$ 1,774,909

2. Pension Plan and Postemployment 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 to retire with full retirement benefits at age 65 with 5 years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with 5 years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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 by 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, 2021 was 10.84% of compensation for law enforcement officers and 10.21% 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 \$813,391 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$4,721,568 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, 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, 2020 (measurement date), the Town's proportion was .13213%, which was an increase of .00799% from its proportion measured as of June 30, 2019.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

For the year ended June 30, 2021, the Town recognized pension expense of \$1,619,379. At June 30, 2021, 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	\$ 596,251	\$ -
Changes of assumptions	351,377	-
Net difference between projected and actual earnings on pension plan investments	664,434	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,657	42,915
Employer contributions subsequent to the measurement date	813,391	-
Total	\$ 2,488,110	\$ 42,915

\$813,391 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	463,452
2023	613,459
2024	358,255
2025	196,639
2026	-
Thereafter	-
	\$ 1,631,805

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2021**

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, 2020 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 2019 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, 2021**

Sensitivity of the Town's proportionate share of the net pension liability 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)	\$ 9,579,547	\$ 4,721,568	\$684,246

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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 have 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, 2019, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	8
Active Members	29
Total	37

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 criteria which are outlined in GASB 73.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

2. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, inflation and productivity factor
Discount rate	1.93 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, 2019.

All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

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 amounts necessary to cover the benefits earned 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 \$118,627, 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, 2021, the Town reported a total pension liability of \$1,940,264. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$228,711.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,764	\$ -
Changes of assumptions	364,403	23,211
Town benefit payments and plan administrative expenses made subsequent to the measurement date	119,077	-
Total	\$ 616,244	\$ 23,211

**Town of Tarboro, North Carolina
Notes to the Financial Statements
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\$119,077 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 129,300
2023	117,362
2024	109,303
2025	97,850
2026	20,141
Thereafter	-
	<u>\$ 473,956</u>

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 1.93 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 (0.93 percent) or 1-percentage-point higher (1.93 percent) than the current rate:

	<u>1% Decrease (0.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 2,088,558</u>	<u>\$ 1,940,264</u>	<u>\$ 1,804,883</u>

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

Total Pension Liability as of December 31, 2019	\$ 1,479,477
Changes for the year:	
Service Cost at end of year	53,764
Interest	46,321
Change in benefit terms	-
Difference between expected and actual experience	76,044
Changes of assumptions and other inputs	401,857
Benefit payments	(117,199)
Other	-
Net changes	<u>\$ 460,787</u>
Total Pension Liability as of December 31, 2020	<u>\$ 1,940,264</u>

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

The actuarial assumptions used in the December 31, 2019 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
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Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,619,379	\$ 228,711	\$ 1,848,090
Pension Liability	\$ 4,721,568	\$ 1,940,264	\$ 6,661,832
Proportionate share of the net pension liability	0.13213%	N/A	

Deferred Outflows of Resources

Differences between expected and actual experience	\$ 596,251	\$ 132,764	\$ 729,015
Changes of assumptions	\$ 351,377	\$ 364,403	\$ 715,780
Net difference between projected and actual earning on plan investments	\$ 664,434	\$ -	\$ 664,434
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 62,657	\$ -	\$ 62,657
Benefit payments and administrative costs paid subsequent to the measurement date	\$ 813,391	\$ 119,077	\$ 932,468

Deferred Inflows of Resources

Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	\$ -	\$ 23,211	\$ 23,211
Net difference between projected and actual earning on plan investments	\$ -	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 42,915	\$ -	\$ 42,915

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021 were \$116,724 which consisted of \$94,510 from the Town and \$22,215 from the law enforcement officers.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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 June 30, 2019, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	71	13
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	78	13
Total	149	26

Total OPEB Liability

The Town's total OPEB liability of \$28,128,352 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	3.50 percent
Healthcare cost trend rates	Pre-Medicare and Prescription – 7.00% Medicare and Prescription – 5.00%

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, 2021**

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of June 30, 2020	\$ 21,418,240
Changes for the year:	
Service cost	421,973
Interest	754,071
Changes of benefit terms	498,870
Differences between expected and actual experience	7,966
Changes in assumptions or other inputs	5,622,982
Benefit payments	(595,750)
Other	-
Net Changes	<u>\$ 6,710,112</u>
Total OPEB Liability as of June 30, 2021	<u>\$ 28,128,352</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

The actuarial assumptions used in the June 30, 2020 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease	Current Discount Rate (2.21%)	1% Increase
Total OPEB Liability	\$ 34,010,988	\$ 28,128,352	\$ 23,614,238

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	\$23,074,784	\$ 28,128,352	\$34,849,324

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$1,881,273. At June 30, 2021, 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	\$ 6,310	\$ 640,248
Changes of assumptions	4,453,963	1,373,576
Town benefit payments and plan administrative expenses made subsequent to the measurement date	516,652	-
Total	\$ 4,976,925	\$ 2,013,824

\$516,652 reported as deferred outflows of resources related to OPEB 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 206,359
2023	456,330
2024	835,512
2025	948,248
2026	-
Thereafter	-
	\$ 2,446,449

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 may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

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, 2021 were \$631,736, which consisted of \$462,805 from the Town and \$168,931 from employees.

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.	\$ 813,391
Benefit payments and administrative expenses for LEOSA made subsequent to measurement date.	119,077
Benefit payments and administrative expenses for OPEB made subsequent to measurement date.	516,652
Differences between expected and actual experience.	735,325
Changes of assumptions.	5,169,743
Net difference between projected and actual earnings on pension plan investments.	664,434
Changes in proportion and differences between employer contributions and proportionate share contributions.	62,657
	\$ 8,081,279

**Town of Tarboro, North Carolina
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Deferred inflows of resources at year-end were comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 13,281	\$ 13,281
Accrued interest receivable on taxes (General Fund)	-	47,846
Special assessments receivable (General Fund)	-	100,118
Taxes receivable (General Fund)	-	246,892
Deferred Revenues	135,214	-
Changes in assumptions	1,396,787	-
Differences between expected and actual experience	640,248	-
Changes in porportion and differences between employer contributions and proportionate share contributions	42,915	-
	<u>\$ 2,228,445</u>	<u>\$ 408,137</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

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$50,000.

8. Long-Term Obligations

a. ARRA Revolving 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, 2021 is \$66,044. Annual debt service payments are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 7,338	\$ -
2023	7,338	-
2024	7,338	-
2025	7,338	-
2026	7,338	-
2027-2030	29,354	-
Total	\$ 66,044	\$ -

b. DENR Revolving Loan

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
2022	\$ 22,140	\$ -
2023	22,140	-
2024	22,140	-
2025	22,140	-
2026	22,140	-
2027-2031	110,700	-
2032-2035	88,559	-
Total	\$ 309,959	\$ -

At June 30, 2021, the Town had a legal debt margin of \$76,101,600.

Town of Tarboro, North Carolina
Notes to the Financial Statements
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c. Changes in Long-Term Liabilities

A summary of changes in long-term obligations follows:

	Balance			Balance	
Governmental Activities:	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion
Compensated absences	\$ 652,971	\$ 167,570	\$ 209,966	\$ 610,575	\$ 73,269
Net pension liability (LGERS)	2,046,041	740,259	-	2,786,300	-
Total pension liability (LEO)	1,479,477	460,787	-	1,940,264	-
Total OPEB liability	14,963,637	5,099,685	-	20,063,322	-
Total governmental activities	<u>\$ 19,142,126</u>	<u>\$ 6,468,301</u>	<u>\$ 209,966</u>	<u>\$ 25,400,461</u>	<u>\$ 73,269</u>
Business-type Activities:					
Electric Fund:					
Compensated absences	\$ 118,563	\$ 59,641	\$ 49,661	\$ 128,543	\$ 15,425
Net pension liability (LGERS)	612,426	240,984	-	853,410	-
Total OPEB liability	3,236,041	738,112	-	3,974,153	-
Total Electric Fund	<u>\$ 3,967,030</u>	<u>\$ 1,038,737</u>	<u>\$ 49,661</u>	<u>\$ 4,956,106</u>	<u>\$ 15,425</u>
Water and Sewer Fund:					
Compensated absences	\$ 94,279	\$ 27,966	\$ 31,812	\$ 90,433	\$ 10,852
ARRA Revolving Loan	73,382	-	7,338	66,044	7,338
DENR Revolving Loan	332,099	-	22,140	309,959	22,140
Net pension liability (LGERS)	580,721	250,303	-	831,024	-
Total OPEB liability	3,004,380	872,315	-	3,876,695	-
Total Water and Sewer Fund	<u>\$ 4,084,861</u>	<u>\$ 1,150,584</u>	<u>\$ 61,290</u>	<u>\$ 5,174,155</u>	<u>\$ 40,330</u>
Solid Waste Fund:					
Compensated absences	\$ 15,279	\$ 11,146	\$ 5,971	\$ 20,454	\$ 2,454
Net pension liability (LGERS)	139,999	65,238	-	205,237	-
Total OPEB liability	214,182	-	-	214,182	-
Total Solid Waste Fund	<u>\$ 369,460</u>	<u>\$ 76,384</u>	<u>\$ 5,971</u>	<u>\$ 439,873</u>	<u>\$ 2,454</u>
Stormwater Fund:					
Compensated absences	\$ 12,668	\$ 7,594	\$ 4,252	\$ 16,010	\$ 1,921
Net pension liability (LGERS)	10,980	34,617	-	45,597	-
Total OPEB liability	-	-	-	-	-
Total Solid Waste Fund	<u>\$ 23,648</u>	<u>\$ 42,211</u>	<u>\$ 4,252</u>	<u>\$ 61,607</u>	<u>\$ 1,921</u>
Total Business-type Activities	<u>\$ 8,444,999</u>	<u>\$ 2,307,916</u>	<u>\$ 121,174</u>	<u>\$ 10,631,741</u>	<u>\$ 60,131</u>

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

**Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021**

C. Inter-fund Balances and Activity

Transfers to/from other funds at June 30, 2021, consist of the following:

From the Electric Fund to the General Fund \$ 1,715,000

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, 2021, consists of the following:

The General Fund was due \$41,107 from the NCDOT CMAQ Fund, \$733,919 from the Disaster Recovery Fund, \$24,744 from the ESFRLP19 Fund, and \$76,048 from the PARTF Fund. The General Fund advanced funds to assist with routine start-up costs as directed by the Town Council.

D. Fund Balance

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

Total Fund Balance - General Fund	\$ 5,714,465
Less restricted for:	
Inventories	77,130
Stabilization by State Statute	1,767,089
Streets	855,668
Subsequent year's expenditures	1,092,234
Available Fund Balance	\$ 1,922,344

The Non-Major Governmental funds include four multi-year project funds with deficit fund balances as shown on page 77. The project ordinances for these funds authorize all appropriations necessary for completion of these projects in subsequent years.

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, 2021 totaled \$14,619,766.

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 \$4,991 to the Council during the fiscal year ended June 30, 2021.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021. 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, 2021. 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, 2021. In accordance with the intergovernmental agreement between governments, the Town contributed \$153,878 to the Library to supplement its activities during the year ended June 30, 2021. 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, 2020.

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.

Town of Tarboro, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$26,506 as of June 30, 2021.

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, 2021, the Town appropriated \$49,788 to Superior Essex.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

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

Schedule of Contributions for Local Government Employees' Retirement System

Schedule of Changes in the Total OPEB Liability and Related Ratios

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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,479,477	\$ 1,397,824	\$ 1,371,809	\$ 1,274,475	\$ 1,276,518
Service cost	53,764	49,360	49,045	38,309	41,375
Interest on the total pension liability	46,321	48,992	41,937	47,354	44,462
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the TPL	76,044	49,080	69,602	41,364	-
Changes of assumptions or other inputs	401,857	37,998	(45,212)	65,656	(25,697)
Benefit payments	(117,199)	(103,777)	(89,357)	(95,349)	(62,183)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,940,264</u>	<u>\$ 1,479,477</u>	<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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,940,264	\$ 1,479,477	\$ 1,397,824	\$ 1,371,809	\$ 1,274,475
Covered-employee payroll	\$ 1,707,886	\$ 1,596,855	\$ 1,472,463	\$ 1,348,012	\$ 1,440,836
Total pension liability as a percentage of covered-employee payroll	113.61%	92.65%	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 Eight Fiscal Years*

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tarboro's proportion of the net pension liability (asset) (%)	0.13213%	0.12414%	0.12439%	0.11665%
Tarboro's proportion of the net pension liability (asset) (\$)	\$ 4,721,568	\$ 3,390,167	\$ 2,950,956	\$ 1,782,090
Tarboro's covered payroll	\$ 8,329,532	\$ 7,748,462	\$ 7,714,482	\$ 7,195,482
Tarboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.68%	43.75%	38.25%	24.77%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tarboro's proportion of the net pension liability (asset) (%)	0.11567%	0.12727%	0.12630%	0.12700%
Tarboro's proportion of the net pension liability (asset) (\$)	\$ 2,454,905	\$ 571,181	\$ (744,850)	\$ 1,530,838
Tarboro's covered payroll	\$ 6,733,997	\$ 6,073,633	\$ 5,896,667	\$ 6,110,651
Tarboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.46%	9.40%	(12.63%)	25.05%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

Note:

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

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 813,391	\$ 762,355	\$ 616,588	\$ 573,242
Contributions in relation to the contractually required contribution	813,391	762,355	616,588	573,242
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tarboro's covered payroll	\$ 8,159,008	\$ 8,329,532	\$ 7,748,462	\$ 7,714,482
Contributions as a percentage of covered payroll	9.97%	9.15%	7.96%	7.43%

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

Note:

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

Town of Tarboro, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
Required Supplementary Information
June 30, 2021

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 421,973	\$ 521,000	\$ 557,224	\$ 639,330
Interest	754,071	844,897	791,569	716,306
Changes of benefit terms	498,870	-	-	-
Differences between expected and actual experience	7,966	(1,070,375)	(11,553)	(37,086)
Changes of assumptions	5,622,982	(310,407)	(1,284,623)	(2,344,207)
Benefit payments	(595,750)	(567,759)	(568,683)	(506,103)
Net change in total OPEB liability	6,710,112	(582,644)	(516,066)	(1,531,760)
Total OPEB liability - beginning	21,418,240	22,000,884	22,516,950	24,048,710
Total OPEB liability - ending	<u>\$ 28,128,352</u>	<u>\$ 21,418,240</u>	<u>\$ 22,000,884</u>	<u>\$ 22,516,950</u>
Covered-Employee Payroll	\$ 4,490,217	\$ 4,490,217	\$ 4,897,194	\$ 4,897,194
Total OPEB Liability as a percentage of covered-employee payroll	626.44%	477.00%	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>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

MAJOR GOVERNMENTAL FUND

**Town of Tarboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes			
Taxes		\$ 3,876,913	
Penalties and interest		39,868	
Total	<u>3,769,050</u>	<u>3,916,781</u>	<u>147,731</u>
Other taxes and licenses			
Cable TV franchise		150,292	
Rental vehicle tax		7,356	
Auto sticker fees		44,100	
Dog licenses/beer wine		1,290	
Total	<u>219,000</u>	<u>203,038</u>	<u>(15,962)</u>
Unrestricted intergovernmental			
Local option sales tax		2,831,692	
Payments in lieu of taxes - outside sources		74,492	
Utility sales tax		882,354	
Beer and wine tax		43,628	
ABC profit distribution		31,071	
Total	<u>3,350,000</u>	<u>3,863,237</u>	<u>513,237</u>
Restricted intergovernmental			
Powell Bill allocation		281,001	
Federal nutrition program		8,137	
Federal aging program		31,135	
Other grants		44,380	
Total	<u>429,500</u>	<u>364,653</u>	<u>(64,847)</u>
Permits and fees			
Building permits		58,911	
Fees		33,122	
Total	<u>82,500</u>	<u>92,033</u>	<u>9,533</u>
Sales and Services			
Recreation department fees		76,514	
Sale of cemetery lots		66,000	
Rent revenue		29,059	
Total	<u>198,300</u>	<u>171,573</u>	<u>(26,727)</u>
Investment earnings			
	<u>55,500</u>	<u>1,979</u>	<u>(53,521)</u>

**Town of Tarboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous			
Sale of materials and property		1,000	
Other		127,968	
Total	<u>55,512</u>	<u>128,968</u>	<u>73,456</u>
Charges for Services			
Electric		312,504	
Water and sewer		187,500	
Stormwater		15,000	
Solid waste		37,500	
Total	<u>553,125</u>	<u>552,504</u>	<u>(621)</u>
Total revenues	<u>8,712,487</u>	<u>9,294,766</u>	<u>582,279</u>
Expenditures:			
General Government:			
Governing Body			
Salaries and employee benefits		55,983	
Operating expenditures		23,501	
Total	<u>85,755</u>	<u>79,484</u>	<u>6,271</u>
Administration			
Salaries and employee benefits		110,547	
Operating expenditures		495,302	
Total	<u>690,145</u>	<u>605,849</u>	<u>84,296</u>
Finance - Accounting			
Salaries and employee benefits		53,469	
Operating expenditures		64,499	
Total	<u>152,490</u>	<u>117,968</u>	<u>34,522</u>
Finance - Administration			
Salaries and employee benefits		51,865	
Operating expenditures		45,052	
Total	<u>104,670</u>	<u>96,917</u>	<u>7,753</u>
Finance - Collections			
Salaries and employee benefits		73,559	
Operating expenditures		13,961	
Total	<u>174,484</u>	<u>87,520</u>	<u>86,964</u>

**Town of Tarboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Technology			
Operating expenditures		243,143	
Capital Outlay		44,399	
Total	<u>358,495</u>	<u>287,542</u>	<u>70,953</u>
Planning and Economic Development			
Salaries and employee benefits		205,264	
Operating expenditures		37,852	
Capital outlay		19,425	
Total	<u>318,413</u>	<u>262,541</u>	<u>55,872</u>
Public Works			
Salaries and employee benefits		647,491	
Operating expenditures		268,676	
Capital Outlay		74,800	
Total	<u>1,162,803</u>	<u>990,967</u>	<u>171,836</u>
Payments to Outside Agencies			
Tarboro-Edgecombe Airport		14,209	
Edgecombe County Library		153,878	
Upper Coastal Plain COG		4,991	
Carolinas Gateway Partnership		50,000	
Total	<u>223,270</u>	<u>223,078</u>	<u>192</u>
Total general government	<u>3,270,525</u>	<u>2,751,866</u>	<u>518,659</u>
Public Safety:			
Police			
Salaries and employee benefits		2,917,376	
Operating expenditures		325,938	
Capital outlay		62,049	
Total	<u>3,515,106</u>	<u>3,305,363</u>	<u>209,743</u>
Fire			
Salaries and employee benefits		1,655,588	
Operating expenditures		110,160	
Capital Outlay		49,880	
Total	<u>1,929,421</u>	<u>1,815,628</u>	<u>113,793</u>
Total public safety	<u>5,444,527</u>	<u>5,120,991</u>	<u>323,536</u>

**Town of Tarboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Streets and Highways			
Salaries and employee benefits		308,689	
Operating expenditures		535,793	
Capital outlay		55,800	
Total transportation	1,061,270	900,282	160,988
Cultural and recreational:			
Parks and Recreation			
Salaries and employee benefits		921,497	
Operating expenditures		439,870	
Capital outlay		21,718	
Total cultural and recreational	1,594,355	1,383,085	211,270
Total expenditures	11,370,677	10,156,224	1,214,453
Revenues over (under) expenditures	(2,658,190)	(861,458)	1,796,732
Other financing sources (uses):			
Capital Outlay Reserve Appropriation	459,250	-	(459,250)
Appropriated fund balance	483,940	-	(483,940)
Transfers from other funds	1,715,000	1,715,000	-
Total other financing sources (uses)	2,658,190	1,715,000	(943,190)
Revenues and other financing sources over expenditures and other financing uses	\$ -	853,542	\$ 853,542
Fund balance, beginning		4,860,923	
Fund balance, ending		\$ 5,714,465	

NON-MAJOR GOVERNMENTAL FUNDS

**Town of Tarboro, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2021**

	Emergency Telephone System Fund	Law Enforcement Fund	Employee Relief Fund	Disaster Relief Fund	Disaster Recovery Fund	ESFRLP19 Fund	NCDOT CMAQ Fund	PARTF Fund	Total Non-Major Governmental Funds
Assets:									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	59,646	63,856	400	385,775	-	-	-	-	509,677
Other receivables - net	25	27	-	-	-	-	-	-	52
Due from other governments	14,400	-	-	6,110	-	-	-	-	20,510
Total assets	<u>74,071</u>	<u>63,883</u>	<u>400</u>	<u>391,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530,239</u>
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	733,919	24,744	41,107	76,048	875,818
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,919</u>	<u>24,744</u>	<u>41,107</u>	<u>76,048</u>	<u>875,818</u>
Fund Balances:									
Restricted:									
Stabilization by State Statute	14,425	27	-	6,110	-	-	-	-	20,562
General government	-	-	400	385,775	-	-	-	-	386,175
Public safety	59,646	63,856	-	-	-	-	-	-	123,502
Assigned:									
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(733,919)	(24,744)	(41,107)	(76,048)	(875,818)
Total fund balances	<u>74,071</u>	<u>63,883</u>	<u>400</u>	<u>391,885</u>	<u>(733,919)</u>	<u>(24,744)</u>	<u>(41,107)</u>	<u>(76,048)</u>	<u>(345,579)</u>
Total liabilities and fund balances	<u>\$ 74,071</u>	<u>\$ 63,883</u>	<u>\$ 400</u>	<u>\$ 391,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,239</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, 2021

	Emergency Telephone System Fund	Law Enforcement Fund	Employee Relief Fund	Disaster Relief Fund	Disaster Recovery Fund	ESFRLP19 Fund	NCDOT CMAQ Fund	PARTF Fund	Total Non-Major Governmental Funds
Revenues									
Unrestricted intergovernmental	\$ -	\$ 2,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,587
Restricted intergovernmental	108,008	3,228	-	276,909	-	146,569	-	80,000	614,714
Miscellaneous revenues	-	-	-	-	-	-	-	-	-
Investment earnings	85	49	-	-	-	-	-	-	134
Total revenues	<u>108,093</u>	<u>5,864</u>	<u>-</u>	<u>276,909</u>	<u>-</u>	<u>146,569</u>	<u>-</u>	<u>80,000</u>	<u>617,435</u>
Expenditures									
General government	-	-	-	158,309	228,929	153,329	-	-	540,567
Public safety	42,001	1,920	-	-	-	-	-	-	43,921
Economic and physical development	-	-	-	-	-	-	-	-	-
Capital outlay	74,839	-	-	-	-	-	1,307	-	76,146
Total expenditures	<u>116,840</u>	<u>1,920</u>	<u>-</u>	<u>158,309</u>	<u>228,929</u>	<u>153,329</u>	<u>1,307</u>	<u>-</u>	<u>660,634</u>
Revenues over (under) expenses	(8,747)	3,944	-	118,600	(228,929)	(6,760)	(1,307)	80,000	(43,199)
Fund balance, beginning	<u>82,818</u>	<u>59,939</u>	<u>400</u>	<u>273,285</u>	<u>(504,990)</u>	<u>(17,984)</u>	<u>(39,800)</u>	<u>(156,048)</u>	<u>(302,380)</u>
Fund balance, ending	<u>\$ 74,071</u>	<u>\$ 63,883</u>	<u>\$ 400</u>	<u>\$ 391,885</u>	<u>\$ (733,919)</u>	<u>\$ (24,744)</u>	<u>\$ (41,107)</u>	<u>\$ (76,048)</u>	<u>\$ (345,579)</u>

NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS

Town of Tarboro, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues:			
Restricted intergovernmental	\$ 143,712	\$ 108,008	\$ (35,704)
Investment earnings	500	85	(415)
Total revenues	144,212	108,093	(36,119)
Expenditures			
Public safety	91,960	42,001	49,959
Capital outlay	121,000	74,839	46,161
Total expenditures	212,960	116,840	96,120
Revenues over (under) expenses	(68,748)	(8,747)	60,001
Other financing sources (uses):			
Appropriated fund balance	68,748	-	(68,748)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	(8,747)	\$ (8,747)
Fund balance, beginning		82,818	
Fund balance, ending		\$ 74,071	

Town of Tarboro, North Carolina
Law Enforcement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Restricted intergovernmental	\$ 1,250	\$ 3,228	\$ 1,978
Unrestricted Intergovernmental	-	2,587	2,587
Investment earnings	750	49	(701)
Total revenues	<u>2,000</u>	<u>5,864</u>	<u>3,864</u>
Expenditures			
Public safety	2,000	1,920	80
Capital outlay	-	-	-
Total expenditures	<u>2,000</u>	<u>1,920</u>	<u>80</u>
Revenues over (under) expenses	-	3,944	3,944
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>3,944</u>	<u>\$ 3,944</u>
Fund balance, beginning		<u>59,939</u>	
Fund balance, ending		<u>\$ 63,883</u>	

Town of Tarboro, North Carolina
Employee Relief Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

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

Town of Tarboro, North Carolina
Disaster Relief Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues:			
Restricted intergovernmental	\$ 680,000	\$ 276,909	\$ (403,091)
Miscellaneous revenues	-	-	-
Total revenues	680,000	276,909	(403,091)
Expenditures			
General government	305,000	158,309	146,691
Electric	125,000	-	125,000
Water and Sewer	125,000	-	125,000
Solid Waste	125,000	-	125,000
Total expenditures	680,000	158,309	521,691
Revenues over (under) expenses	-	118,600	118,600
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	118,600	\$ 118,600
Fund balance, beginning		273,285	
Fund balance, ending		\$ 391,885	

Town of Tarboro, North Carolina
Disaster Recovery Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Project To Date</u>	<u>Variance</u>
Revenues:					
Restricted intergovernmental	\$ 2,908,560	\$ 334,354	\$ -	\$ 334,354	\$ (2,574,206)
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>2,908,560</u>	<u>334,354</u>	<u>-</u>	<u>334,354</u>	<u>(2,574,206)</u>
Expenditures					
HMGP - Acquisition	835,194	574,695	525	575,220	259,974
HMGP - Elevation	899,866	157,560	24,549	182,109	717,757
CDBG - NR	750,000	58,796	203,855	262,651	487,349
SARF	423,500	48,293	-	48,293	375,207
Total expenditures	<u>2,908,560</u>	<u>839,344</u>	<u>228,929</u>	<u>1,068,273</u>	<u>1,840,287</u>
Revenues over (under) expenses	-	(504,990)	(228,929)	(733,919)	(733,919)
Other financing sources (uses):					
Appropriated fund balance	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (504,990)</u>	<u>(228,929)</u>	<u>\$ (733,919)</u>	<u>\$ (733,919)</u>
Fund balance, beginning			<u>(504,990)</u>		
Fund balance, ending			<u>\$ (733,919)</u>		

Town of Tarboro, North Carolina
Essential Single-Family Rehabilitation Loan Pool Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Project To Date</u>	<u>Variance</u>
Revenues:					
Restricted intergovernmental	\$ 589,040	\$ -	\$ 146,569	\$ 146,569	\$ (442,471)
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>589,040</u>	<u>-</u>	<u>146,569</u>	<u>146,569</u>	<u>(442,471)</u>
Expenditures					
Contracted Services	<u>589,040</u>	<u>17,984</u>	<u>153,329</u>	<u>171,313</u>	<u>417,727</u>
Total expenditures	<u>589,040</u>	<u>17,984</u>	<u>153,329</u>	<u>171,313</u>	<u>417,727</u>
Revenues over (under) expenses	-	(17,984)	(6,760)	(24,744)	(24,744)
Other financing sources (uses):					
Transfer from (to) General Fund	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (17,984)</u>	(6,760)	<u>\$ (24,744)</u>	<u>\$ (24,744)</u>
Fund balance, beginning			<u>(17,984)</u>		
Fund balance, ending			<u>\$ (24,744)</u>		

Town of Tarboro, North Carolina
NC DOT CMAQ
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Project To Date</u>	<u>Variance</u>
Revenues:					
Restricted intergovernmental	\$ 420,000	\$ -	\$ -	\$ -	\$ (420,000)
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>420,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(420,000)</u>
Expenditures					
Capital Outlay - Construction	<u>525,000</u>	<u>39,800</u>	<u>1,307</u>	<u>41,107</u>	<u>483,893</u>
Total expenditures	<u>525,000</u>	<u>39,800</u>	<u>1,307</u>	<u>41,107</u>	<u>483,893</u>
Revenues over (under) expenses	(105,000)	(39,800)	(1,307)	(41,107)	63,893
Other financing sources (uses):					
Transfer from (to) General Func	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (39,800)</u>	(1,307)	<u>\$ (41,107)</u>	<u>\$ (41,107)</u>
Fund balance, beginning			<u>(39,800)</u>		
Fund balance, ending			<u>\$ (41,107)</u>		

Town of Tarboro, North Carolina
Parks and Recreation Trust Fund Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Project To Date</u>	<u>Variance</u>
Revenues:					
Restricted intergovernmental	\$ 80,000	\$ -	\$ 80,000	\$ 80,000	\$ -
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Expenditures					
Capital Outlay - Construction	160,000	156,048	-	156,048	3,952
Total expenditures	<u>160,000</u>	<u>156,048</u>	<u>-</u>	<u>156,048</u>	<u>3,952</u>
Revenues over (under) expenses	(80,000)	(156,048)	80,000	(76,048)	3,952
Other financing sources (uses):					
Transfer from (to) General Fund	80,000	-	-	-	(80,000)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (156,048)</u>	80,000	<u>\$ (76,048)</u>	<u>\$ (76,048)</u>
Fund balance, beginning			<u>(156,048)</u>		
Fund balance, ending			<u>\$ (76,048)</u>		

ENTERPRISE FUNDS

**Town of Tarboro, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Electricity sales		\$ 20,721,506	
Other operating revenues		1,145,610	
Total operating revenues	<u>24,174,500</u>	<u>21,867,116</u>	<u>(2,307,384)</u>
Non-operating revenues:			
Interest on investments		9,723	
Sale of equipment and materials		60,247	
Miscellaneous		180,481	
Total non-operating revenues	<u>302,500</u>	<u>250,451</u>	<u>(52,049)</u>
Total revenues	<u>24,477,000</u>	<u>22,117,567</u>	<u>(2,359,433)</u>
Expenditures:			
Administration and operations:			
Salaries and employee benefits		2,170,093	
Administration		1,009,713	
Operations		1,142,263	
Total administration and operations	<u>4,871,280</u>	<u>4,322,069</u>	<u>549,211</u>
Other operating expenditures:			
Load management	<u>167,000</u>	<u>153,378</u>	<u>13,622</u>
Electrical power purchases	<u>17,250,000</u>	<u>14,619,766</u>	<u>2,630,234</u>
Capital outlay:			
Distribution system		939,277	
Equipment		23,748	
Total capital outlay	<u>1,076,239</u>	<u>963,025</u>	<u>113,214</u>
Total expenditures	<u>23,364,519</u>	<u>20,058,238</u>	<u>3,306,281</u>
Revenues over (under) expenditures	<u>1,112,481</u>	<u>2,059,329</u>	<u>946,848</u>

**Town of Tarboro, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Capital Outlay Reserve Appropriation	531,500	-	(531,500)
Transfer to the General Fund - PILOT	(215,000)	(215,000)	-
Transfer to the General Fund	(1,500,000)	(1,500,000)	-
Appropriated fund balance	71,019		(71,019)
Total other financing sources (uses)	(1,112,481)	(1,715,000)	(602,519)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	344,329	\$ 344,329

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

Revenues and other sources over expenditures and other uses		344,329
Reconciling items:		
Capital outlay		963,025
Depreciation		(1,647,175)
Increase (Decrease) in deferred outflows of resources - pensions		89,246
(Increase) Decrease in net pension liability		(240,984)
(Increase) Decrease in deferred inflows of resources - pensions		5,854
(Increase) Decrease in compensated absences		(9,980)
Net effect of OPEB liability		(136,789)
Total reconciling items		(976,803)
Net income (loss)		\$ (632,474)

Town of Tarboro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water and sewer sales		\$ 3,904,991	
Water and sewer taps		26,098	
Other operating revenues		54,703	
Total operating revenues	<u>4,526,300</u>	<u>3,985,792</u>	<u>(540,508)</u>
Non-operating revenues:			
Interest earnings		1,323	
Miscellaneous		46,389	
Total non-operating revenues	<u>89,435</u>	<u>47,712</u>	<u>(41,723)</u>
Total revenues	<u>4,615,735</u>	<u>4,033,504</u>	<u>(582,231)</u>
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits		2,312,049	
Professional services		8,421	
Administration		411,132	
Total water and sewer administration	<u>2,825,217</u>	<u>2,731,602</u>	<u>93,615</u>
Water treatment and distribution:			
Utilities		136,169	
Other operating expenditures		334,928	
Total water treatment and distribution	<u>664,183</u>	<u>471,097</u>	<u>193,086</u>
Waste water collection and treatment:			
Utilities		213,231	
Other operating expenditures		346,120	
Total waste water collection and treatment	<u>702,763</u>	<u>559,351</u>	<u>143,412</u>
Debt service:			
Interest and other charges		-	
Principal retirement		29,478	
Total debt service	<u>29,478</u>	<u>29,478</u>	<u>-</u>
Capital outlay:			
Equipment		14,170	
Water treatment		52,497	
Water distribution		386,930	
Sewer treatment		306,746	
Total capital outlay	<u>898,251</u>	<u>760,343</u>	<u>137,908</u>
Total expenditures	<u>5,119,892</u>	<u>4,551,871</u>	<u>568,021</u>
Revenues over (under) expenditures	<u>(504,157)</u>	<u>(518,367)</u>	<u>(14,210)</u>

**Town of Tarboro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Appropriated fund balance	504,157	-	(504,157)
Total other financing sources (uses)	504,157	-	(504,157)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (518,367)	\$ (518,367)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ (518,367)	
Reconciling items:			
Principal repayment on long-term debt		29,478	
Capital outlay		760,343	
Depreciation		(1,101,070)	
Increase (Decrease) in deferred outflows of resources - pensions		92,697	
(Increase) Decrease in net pension liability		(250,303)	
(Increase) Decrease in deferred inflows of resources - pensions		6,081	
(Increase) Decrease in compensated absences		3,847	
Net effect of OPEB liability		(165,392)	
Total reconciling items		(624,319)	
 Net income (loss)		 \$ (1,142,686)	

**Town of Tarboro, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Solid waste collection & disposal charges		\$ 1,098,418	
Other operating revenues		7,818	
Total operating revenues	<u>1,098,000</u>	<u>1,106,236</u>	<u>8,236</u>
Non-operating revenues:			
Interest earnings	-	334	
Sale of equipment and materials	-	4,780	
Total non-operating revenues	<u>13,000</u>	<u>5,114</u>	<u>(7,886)</u>
Total revenues	<u>1,111,000</u>	<u>1,111,350</u>	<u>350</u>
Expenditures:			
Solid waste collection and disposal:			
Salaries and employee benefits		608,123	
Sanitary landfill fees		324,026	
Administration		207,011	
Total solid waste collection and disposal	<u>1,224,455</u>	<u>1,139,160</u>	<u>85,295</u>
Capital outlay	<u>9,283</u>	<u>9,283</u>	<u>-</u>
Total expenditures	<u>1,233,738</u>	<u>1,148,443</u>	<u>85,295</u>
Revenues over (under) expenditures	<u>(122,738)</u>	<u>(37,093)</u>	<u>85,645</u>
Other financing sources (uses):			
Appropriated fund balance	122,738	-	(122,738)
Total other financing sources (uses)	<u>122,738</u>	<u>-</u>	<u>(122,738)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (37,093)</u>	<u>\$ (37,093)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ (37,093)	
Reconciling items:			
Capital outlay		9,283	
Depreciation		(24,525)	
Increase (Decrease) in deferred outflows of resources - pensions		24,160	
(Increase) Decrease in net pension liability		(65,239)	
(Increase) Decrease in deferred inflows of resources - pensions		2,070	
(Increase) Decrease in compensated absences		(5,175)	
Total reconciling items		<u>(59,426)</u>	
Net income (loss)		<u>\$ (96,519)</u>	

Town of Tarboro, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fee		\$ 566,229	
Total operating revenues	567,500	566,229	(1,271)
Non-operating revenues:			
Interest earnings		349	
Other operating revenues		17	
Total non-operating revenues	2,750	366	(2,384)
Total revenues	570,250	566,595	(3,655)
Expenditures:			
Stormwater collection			
Salaries and employee benefits		322,997	
Administration		100,537	
Total solid waste collection and disposal	468,940	423,534	45,406
Capital outlay	166,347	31,639	134,708
Total expenditures	635,287	455,173	180,114
Revenues over (under) expenditures	(65,037)	111,422	176,459
Other financing sources (uses):			
Appropriated fund balance	65,037	-	(65,037)
Total other financing sources (uses)	65,037	-	(65,037)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 111,422	\$ 111,422
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 111,422	
Reconciling items:			
Capital outlay		31,639	
Depreciation		(33,252)	
(Increase) Decrease in compensated absences		(3,342)	
Increase (Decrease) in deferred outflows of resources - pensions		12,820	
(Increase) Decrease in net pension liability		(34,616)	
(Increase) Decrease in deferred inflows of resources - pensions		356	
Total reconciling items		(26,395)	
Net income (loss)		\$ 85,027	

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

Town of Tarboro, North Carolina
Comparative Schedule of Capital Assets, by Source
Governmental Activities
June 30, 2021

	2021	2020
Capital Assets:		
Land	1,909,193	1,909,193
Construction in progress	-	156,048
Buildings and Other Improvements	10,502,512	10,257,892
Infrastructure - Streets	50,718,955	50,718,955
Infrastructure - Sidewalks	661,067	661,067
Equipment	10,970,476	10,865,535
Total capital assets	\$ 74,762,203	\$ 74,568,690
Capital Assets by Source:		
General government	8,025,564	8,300,348
Public safety	8,466,599	9,006,233
Public works	54,660,222	53,266,809
Cultural and recreational	3,609,818	3,995,300
Total capital assets by source	\$ 74,762,203	\$ 74,568,690

Town of Tarboro, North Carolina
Schedule of Capital Assets, by Function and Activity
Governmental Activities
June 30, 2021

	<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	\$ 696,575	\$ -	\$ -	\$ -	\$ -	\$ 32,874	\$ 2,280,142
Finance	-	-	45,525	-	-	-	175,877	221,402
Planning	-	98,702	-	-	-	-	43,311	142,013
Public Works:								
Garage	-	-	-	-	-	-	165,386	165,386
Buildings and grounds	-	3,893,959	139,825	-	-	-	1,008,109	5,041,893
Administration	-	8,700	-	-	-	-	131,028	139,728
Engineering	-	35,000	-	-	-	-	-	35,000
Total general government	<u>\$ 1,550,693</u>	<u>\$ 4,732,936</u>	<u>\$ 185,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,556,585</u>	<u>\$ 8,025,564</u>
Public Safety:								
Police	\$ 8,500	\$ 1,449,954	\$ 288,288	\$ -	\$ -	\$ -	\$ 3,032,527	\$ 4,779,269
Fire	-	746,170	-	-	-	-	2,941,160	3,687,330
Total public safety	<u>\$ 8,500</u>	<u>\$ 2,196,124</u>	<u>\$ 288,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,973,687</u>	<u>\$ 8,466,599</u>
Transportation:								
Streets	\$ -	\$ 347,244	\$ -	\$ 50,718,955	\$ -	\$ -	\$ 1,531,205	\$ 52,597,404
Sidewalks	-	-	-	-	661,067	-	1,401,751	2,062,818
Total transportation	<u>\$ -</u>	<u>\$ 347,244</u>	<u>\$ -</u>	<u>\$ 50,718,955</u>	<u>\$ 661,067</u>	<u>\$ -</u>	<u>\$ 2,932,956</u>	<u>\$ 54,660,222</u>
Cultural and Recreational:								
Parks and recreation	\$ 350,000	\$ 2,596,522	\$ 156,048	\$ -	\$ -	\$ -	\$ 507,248	\$ 3,609,818
Total Capital Assets	<u><u>\$ 1,909,193</u></u>	<u><u>\$ 9,872,826</u></u>	<u><u>\$ 629,686</u></u>	<u><u>\$ 50,718,955</u></u>	<u><u>\$ 661,067</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,970,476</u></u>	<u><u>\$ 74,762,203</u></u>

OTHER SUPPLEMENTAL SCHEDULES

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

Town of Tarboro, North Carolina
Schedule of Cash and Investment Balances
June 30, 2021

Cash and Cash Equivalents:

On hand	\$ 3,675
In demand deposits	3,038,101
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	12,542,953
Total	<u>\$ 19,834,729</u>

Distribution by Funds:

General Fund	\$ 4,313,804
Special Revenue Funds	509,677
Enterprise Funds:	
Electric Fund	12,146,038
Water and Sewer Fund	2,051,287
Solid Waste Fund	472,269
Stormwater Fund	341,654
Total	<u>\$ 19,834,729</u>

**Town of Tarboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021**

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	3,932,866	3,822,970	\$ 109,896
2019-2020	118,001	-	72,879	45,122
2018-2019	47,930	-	21,725	26,205
2017-2018	24,146	-	10,061	14,085
2016-2017	19,450	-	5,842	13,608
2015-2016	15,648	-	3,781	11,867
2014-2015	12,188	-	4,108	8,080
2013-2014	12,269	-	4,207	8,062
2012-2013	22,658	-	3,074	19,584
2011-2012	10,478	-	1,538	8,940
Prior years	31,488	-	235	31,253
	<u>\$ 314,256</u>	<u>\$ 3,932,866</u>	<u>\$ 3,950,420</u>	<u>296,702</u>

Less: allowance for uncollectible accounts
General Fund

(49,810)

Ad valorem taxes receivable, net

\$ 246,892

Reconciliation with Revenues:

Ad valorem taxes:

General Fund

\$ 3,916,781

Reconciling items:

Prior years taxes written off

13,661

Prior year releases

10,426

Interest

(35,343)

Fees

44,895

Total reconciling items

33,639

Total collections and credits

\$ 3,950,420

Town of Tarboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate:					
Real estate	\$ 584,966,036	0.41	\$ 2,398,361	\$ 2,398,361	\$ -
Personal property	224,732,365	0.41	921,402	921,402	-
GAP Tax	4,211,092		7,763	7,763	-
Gross levy	<u>813,909,493</u>		<u>3,327,526</u>	<u>3,327,526</u>	<u>-</u>
Add:					
Motor vehicles taxed at current year's rate	95,521,220	0.41	391,637	-	\$ 391,637
Other afterlists (1)	45,603,079		186,973	186,973	-
Late listing penalties	-		4,620	4,620	-
Sticker fees/dog licences	-		37,540	765	36,775
	<u>955,033,792</u>		<u>3,948,296</u>	<u>3,519,884</u>	<u>428,412</u>
Deduct releases:	(3,763,331)		(15,430)	(15,430)	-
Net levy	<u><u>\$ 951,270,461</u></u>		<u>3,932,866</u>	<u>3,504,454</u>	<u>428,412</u>
Uncollected taxes at June 30, 2021			<u>(109,896)</u>	<u>(109,896)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 3,822,970</u></u>	<u><u>\$ 3,394,558</u></u>	<u><u>\$ 428,412</u></u>
Current levy collection percentage			<u><u>97.21%</u></u>	<u><u>96.86%</u></u>	<u><u>100.00%</u></u>

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

STATISTICAL SCHEDULE

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	97
Revenue Capacity <i>These schedules contain information that helps the reader assess the Town's most significant revenue source, the property tax.</i>	100
Debt Capacity <i>This schedule presents information to help the reader assess the affordability of the Town's ability to issue debt in the future.</i>	108
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	110
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	112

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

Town of Tarboro, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	17,418	16,224	14,942	13,954	10,069	12,574	11,637	11,414	10,755	9,636
Restricted	1,951	1,980	2,098	2,187	1,964	2,274	2,614	2,119	2,869	3,153
Unrestricted	570	1,641	766	275	3,106	(1,968)	(16,460)	(16,383)	(17,539)	(18,472)
Total governmental activities net position	19,939	19,845	17,806	16,416	15,139	12,880	(2,209)	(2,850)	(3,915)	(5,683)
Business Type Activities										
Net investment in capital assets	37,230	36,361	34,535	33,035	31,946	31,552	30,920	29,698	29,684	28,672
Restricted	-	-	-	-	1,028	-	-	-	-	-
Unrestricted	5,669	6,960	6,766	7,552	10,529	12,626	12,518	12,054	10,451	9,677
Total business-type activities net position	42,899	43,321	41,301	40,587	43,503	44,178	43,438	41,752	40,135	38,349
Primary Government										
Net investment in capital assets	54,648	52,585	49,477	46,989	42,015	44,126	42,557	41,112	40,439	38,308
Restricted	1,951	1,980	2,098	2,187	2,992	2,274	2,614	2,119	2,869	3,153
Unrestricted	6,239	8,601	7,532	7,827	13,635	10,658	(3,942)	(4,329)	(7,088)	(8,795)
Total primary government net position	62,838	63,166	59,107	57,003	58,642	57,058	41,229	38,902	36,220	32,666

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government	3,409	2,029	3,561	2,819	2,858	4,443	3,522	3,064	3,332	4,459
Public safety	4,413	3,969	4,503	4,309	4,354	4,458	4,630	4,698	5,620	6,007
Transportation	2,659	1,054	2,397	1,932	1,992	1,945	1,936	1,902	1,696	1,226
Economic and physical development	55	-	-	-	163	-	-	-	-	-
Cultural and recreation	1,139	2,418	1,173	1,115	1,287	1,368	1,365	1,153	1,654	1,708
Total governmental activities expenses	<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>	<u>12,302</u>	<u>13,400</u>
Business Type Activities:										
Water & Sewer	4,723	4,252	28,399	4,844	4,771	4,853	4,778	4,960	4,861	5,176
Electric	27,411	27,743	4,684	27,883	22,397	22,998	19,424	23,400	21,435	21,035
Solid Waste	1,159	975	875	920	976	1,102	1,127	1,366	1,246	1,208
Stormwater	-	-	-	-	-	-	-	100	439	482
Total business-type activities net assets	<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>	<u>27,981</u>	<u>27,901</u>
Total primary government expenses	<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>	<u>40,283</u>	<u>41,301</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	1,420	52	1,466	507	770	712	395	128	122	184
Public Safety	88	214	32	176	133	25	75	62	32	41
Transportation	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	188	169	185	197	154	139	156	135	96	77
Operating Grants and Contributions	753	577	624	645	440	1,765	1,319	447	854	896
Capital Grants and Contributions	69	-	-	-	-	-	-	-	-	80
Total governmental activities program revenues	<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>	<u>1,104</u>	<u>1,278</u>
Business Type Activities:										
Charges for services:										
Water & Sewer	4,012	4,074	3,883	4,088	4,314	4,403	4,321	4,430	4,213	3,931
Electric	27,183	28,197	28,510	28,956	26,117	24,095	23,308	23,040	21,851	20,722
Solid Waste	992	1,005	1,019	1,023	1,036	1,029	1,081	1,093	1,081	1,098
Stormwater	-	-	-	-	-	-	-	574	567	566
Operating Grants and Contributions	422	177	131	67	-	-	-	-	-	1,208
Capital Grants and Contributions	1,080	1,390	-	381	627	1,031	888	277	-	-
Total business-type activities program revenues	<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>	<u>27,712</u>	<u>27,525</u>
Total primary government revenues	<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>	<u>28,816</u>	<u>28,803</u>
Net (expense)/revenue										

Town of Tarboro, North Carolina
Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities	(9,157)	(8,458)	(9,327)	(8,650)	(9,157)	(9,573)	(9,508)	(10,045)	(11,198)	(12,122)
Business-type activities	396	1,873	(415)	868	3,950	1,605	4,269	(412)	(269)	(376)
Total primary government net expense	<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>	<u>(11,467)</u>	<u>(12,498)</u>
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Taxes										
Ad valorem taxes	3,194	3,822	3,373	3,805	3,691	3,581	3,666	3,455	3,878	3,895
Other taxes and licenses	241	271	287	234	206	239	226	394	205	203
Unrestricted intergovernmental	2,507	2,676	2,533	2,767	2,750	2,876	3,112	3,128	4,093	4,416
Unrestricted investment earnings	8	18	24	25	8	14	22	87	57	2
Miscellaneous	60	246	239	31	31	71	203	634	133	123
Transfers	1,657	1,186	1,195	1,222	1,195	1,100	1,074	1,706	1,768	1,715
Total governmental activities	<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>	<u>10,134</u>	<u>10,354</u>
Business Type Activities:										
Unrestricted investment earnings	8	21	18	14	10	25	49	299	219	12
Miscellaneous	-	-	-	-	-	41	95	148	93	292
Transfers	(1,657)	(1,186)	(1,195)	(1,271)	(1,195)	(1,100)	(1,074)	(1,706)	(1,768)	(1,715)
Total business-type activities	<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>(1,259)</u>	<u>(1,456)</u>	<u>(1,411)</u>
Total primary government	<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>8,145</u>	<u>8,678</u>	<u>8,943</u>
Change in Net Assets/Position										
Governmental Activities	(1,810)	(938)	(807)	(1,242)	(768)	(1,276)	(1,270)	(641)	(1,064)	(1,768)
Prior period adjustment - Governmental Activities	-	-	-	(795)	(624)	-	(989)	-	-	-
Business-type activities	(1,429)	(769)	696	(1,971)	(318)	2,915	676	(1,671)	(1,725)	(1,787)
Prior period adjustment - Governmental Activities	-	-	-	-	-	-	-	-	-	-
Total primary government	<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>(2,312)</u>	<u>(2,789)</u>	<u>(3,555)</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
2012	3,559	214	3	2	53	3,831
2013	3,419	206	3	2	76	3,706
2014	3,938	206	2	1	24	4,171
2015	3,778	197	4	1	4	3,984
2016	3,761	180	6	2	-	3,949
2017	3,666	172	7	3	-	3,848
2018	3,699	164	6	1	-	3,870
2019	3,741	160	8	1	-	3,910
2020	3,834	155	7	1	-	3,997
2021	3,917	151	7	1	-	4,076

Town of Tarboro, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Non-Spendable	49	90	84	41	60	49	216	48	66	77
Restricted	1,913	1,898	1,969	2,065	1,793	1,999	2,422	2,014	2,453	2,623
Assigned	897	164	333	229	232	30	133	715	742	1,092
Unassigned	1,456	2,774	3,194	3,601	3,315	3,535	2,875	1,990	1,600	1,922
Total General Fund	<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>	<u>4,861</u>	<u>5,714</u>
All other governmental funds										
Restricted	-	-	-	-	172	276	193	105	416	530
Unassigned	38	82	130	84	(200)	(130)	273	(86)	(719)	(876)
Total all other governmental funds	<u>38</u>	<u>82</u>	<u>130</u>	<u>84</u>	<u>(28)</u>	<u>146</u>	<u>466</u>	<u>19</u>	<u>(303)</u>	<u>(346)</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
(modified accrual Basis of accounting)
(Amounts expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	3,830	3,706	4,172	3,984	4,000	3,893	3,917	4,135	4,039	4,120
Intergovernmental	3,492	3,110	3,392	3,395	3,425	4,877	4,502	3,615	4,506	4,844
Permits and fees	83	133	78	78	57	78	76	79	73	92
Sales and services	232	222	234	228	222	211	156	183	163	172
Investment earnings	17	24	25	8	14	22	65	87	57	2
Miscellaneous	276	239	31	32	139	177	92	247	138	129
Charges for services	1,377	1,325	1,417	476	601	613	395	419	443	553
Total general fund	9,307	8,759	9,349	8,201	8,458	9,871	9,203	8,765	9,419	9,912
Expenditures										
General government	3,374	3,327	3,395	2,686	2,432	3,712	2,935	2,742	3,101	3,154
Public safety	3,932	3,972	4,217	4,439	4,115	4,360	4,648	4,763	5,067	5,053
Transportation	1,448	986	1,163	887	744	802	806	800	684	845
Culture and recreation	972	1,013	1,094	1,074	1,145	1,206	1,274	1,399	1,438	1,361
Economic Development	55	-	-	-	163	-	-	-	1,125	404
Capital Projects	74	-	-	-	1,608	478	856	2,093	-	-
Total all other governmental funds	9,855	9,298	9,869	9,086	10,207	10,558	10,519	11,797	11,415	10,817
Excess of revenues over(under) expenditures	(548)	(539)	(520)	(885)	(1,750)	(687)	(1,316)	(3,032)	(1,996)	(905)
Other financing sources (uses)										
Transfers in	1,250	1,195	1,222	1,195	1,100	1,074	1,670	1,706	1,768	1,715
Transfers out	(64)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,186	1,195	1,222	1,195	1,100	1,074	1,670	1,706	1,768	1,715
Net change in fund balances	638	656	702	310	(650)	387	354	(1,326)	(228)	810

Town of Tarboro, North Carolina
General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Licenses, Permits and Fees</u>	<u>Other Taxes and Licenses</u>	<u>Inter-governmental</u>	<u>Sales and Services</u>	<u>Interest</u>	<u>Charge for Services</u>	<u>Other</u>	<u>Total</u>
2012	3,559	83	271	3,491	232	17	0	276	7,929
2013	3,419	133	287	3,110	222	24	0	239	7,434
2014	3,938	78	234	3,391	235	25	1,417	30	9,348
2015	3,778	78	206	3,396	229	8	476	31	8,202
2016	3,761	57	239	3,425	222	14	601	139	8,458
2017	3,666	78	226	4,877	211	22	613	177	9,870
2018	3,699	76	218	4,502	156	65	395	92	9,203
2019	3,741	79	394	3,615	183	87	419	247	8,765
2020	3,834	73	205	4,067	163	56	443	138	8,979
2021	3,917	92	203	4,845	172	2	552	129	9,912

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

Town of Tarboro, North Carolina
Assessed Value of Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property Value ¹	Public Service Co. Value ²	Total Assessed Value	Total Direct Tax Rate Base	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value	Less Exemptions	Net Value ¹						
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	209,843	32,729	824,658	4.10	845,658	97.4%
2020	591,317	7,441	583,876	208,765	39,077	831,718	4.10	851,298	97.7%
2021	592,367	7,401	584,966	206,686	39,174	830,826	4.10	851,531	97.6%

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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct:										
Town of Tarboro	0.41	0.41	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	0.895	0.955	0.955	0.950	0.950	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, 2021
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2020 - 2021		2010 - 2011	
	Taxable Assessed Value	% of Total Taxable Assessed Value	Taxable Assessed Value	% of Total Taxable Assessed Value
KSLB Holdings, LLC.	72,711	9.0%	-	-
Carolina System Technology, Inc	71,536	8.8%	69,274	9.0%
LS Cable & System USA, Inc.	16,889	2.1%	-	-
Air Systems Components LP	16,253	2.0%	7,789	1.0%
Wal-Mart Real Estate Business	8,861	1.1%	8,848	1.1%
Art Mortgage Borrower	8,663	1.1%	10,226	1.3%
Watermark Albemarle Owner, LLC	8,061	1.0%	-	-
Lowe's Home Centers Inc.	7,229	0.9%	-	-
Kanban	5,287	0.7%	-	-
Madem-Moorecraft	4,267	0.5%	-	-
Kitchens of Sara Lee Corp	-	-	17,274	2.2%
Carolina Tel & Tel Company	-	-	22,048	2.9%
Sara Lee Bakery Co	-	-	40,848	5.3%
Superior Teletec, Inc	-	-	15,588	2.0%
	-	-		

Town of Tarboro, North Carolina
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(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
2012	3,581	3,451	96.4%	122	3,573	99.8%
2013	3,589	3,410	95.0%	156	3,566	99.4%
2014	3,749	3,640	97.1%	97	3,737	99.7%
2015	3,674	3,587	97.6%	75	3,662	99.7%
2016	3,738	3,657	97.8%	65	3,722	99.6%
2017	3,682	3,597	97.7%	66	3,663	99.5%
2018	3,674	3,588	97.7%	62	3,650	99.3%
2019	3,790	3,662	96.6%	102	3,764	99.3%
2020	3,774	3,656	96.9%	73	3,729	98.8%
2021	3,933	3,823	97.2%	-	3,823	97.2%

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

Town of Tarboro, North Carolina
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmtal Activities	Business-type Activities		Total Primary Government	Per Customer	Per Capita
		Installment Purchases	Revolving Loans			
2012	-	-	132,089	132,089	21.80	11.66
2013	-	-	124,751	124,751	20.62	11.03
2014	-	484,536	117,413	601,949	99.50	53.25
2015	-	724,091	578,950	1,303,041	221.04	116.72
2016	-	550,144	523,395	1,073,539	185.12	96.16
2017	-	372,253	493,917	866,170	149.96	78.79
2018	-	190,330	464,439	654,769	111.05	60.31
2019	-	72,021	434,961	506,982	83.69	46.75
2020	-	-	405,481	405,481	64.83	37.21
2021	-	-	376,003	376,003	60.31	35.07

Note: Personal Income information is not available for the Town of Tarboro and is not an appropriate denominator for the business-type activities.

See Operating Indicators by Function for Customer Data
See Demographic Statistics for population Data

**Town of Tarboro, North Carolina
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	868,130	863,956	856,854	886,386	900,878	885,449	885,114	910,844	919,365	951,270
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Net Assessed Value	<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>910,844</u>	<u>919,365</u>	<u>951,270</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 2021

Assessed value	951,270
Debt limit (8% of total assessed value)	76,102
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>76,102</u></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 ²</u>	<u>Median Household Income ²</u>	<u>Median Age ²</u>	<u>School Enrollment ¹</u>	<u>Unemployment Rate ²</u>
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	33,349	43.20	6,451	13.8%
2017	10,994	33,107	43.60	6,100	7.3%
2018	10,856	33,542	43.60	6,047	7.4%
2019	10,844	32,532	44.40	5,836	6.9%
2020	10,896	35,165	43.40	5,998	6.8%
2021	10,721	29,738	42.20	5,625	9.2%

¹ Source: Edgecombe County Public Schools

² U.S. Census Bureau - data.census.gov

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**Town of Tarboro, North Carolina
Principal Employers
Current Year and Ten Years Ago
As of June 30, 2021**

Name of Employer	2020 - 2021		2010 - 2011	
	Number of Employees (1)	Percentage of Total Town Employment (1)	Number of Employees (1)	Percentage of Total Town Employees (1)
Edgecombe County Schools	950	10.41%	820	12.62%
Sara Lee Frozen Bakery	920	10.08%	800	12.31%
Edgecombe County	625	6.85%	650	10.00%
Vidant Hospital	610	6.68%	480	7.38%
Air System Components	430	4.71%	475	7.31%
Keihin CST	425	4.66%	400	6.15%
Edgecombe Community College	355	3.89%	-	-
Food Lion	265	2.90%	-	-
Corning Incorporated			-	-
Wal-mart Associates Inc.	250	2.74%	-	-
Town of Tarboro	245	2.68%	181	2.78%
Superior Telecommunications	-	-	260	4.00%
McLane Mid-Atlantic Inc	-	-		
Barnhill Contracting	-	-	275	4.23%
Nomaco, Inc	-	-	150	2.31%

¹ NC Department of Commerce

Town of Tarboro, North Carolina
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	8	8	8	8	8	9	8	8	8	8
Planning	2	2	2	2	2	3	3	3	4	4
Public Safety										
Police										
Officers	29	29	29	29	29	29	29	30	30	26
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	14	14	14	14	14	14	14	12	12	12
Animal Control	1	1	1	1	1	1	1	1	1	1
Engineering	2	2	2	2	2	2	2	2	0	0
Garage	4	4	4	4	4	4	4	4	4	4
Streets	12	12	12	12	12	12	12	10	10	10
Recreation	13	13	13	13	13	12	14	16	16	17
Water and Sewer	28	28	28	28	28	27	27	28	28	27
Electric	19	19	19	19	19	22	23	22	22	20
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	3	5	5
	<u>174</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>174</u>	<u>177</u>	<u>179</u>	<u>181</u>	<u>182</u>	<u>176</u>

Source: Town of Tarboro payroll records.

**Town of Tarboro, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	1,446	2,125	1,815	1,834	1,681	1,598	1,574	1,507	1,188	654
Parking violations	581	866	429	409	614	1,033	852	617	168	186
Traffic violations	3,494	3,146	3,706	3,430	4,184	3,904	4,661	4,184	1,834	1,453
Fire										
Number of calls answered	286	319	316	316	308	333	374	322	301	313
Inspections	760	424	386	378	335	371	344	439	282*	106*
Streets										
Street resurfacing (miles)	5.19	5.19	-	-	2.95	-	-	2.89	2.89	2.89
Potholes repaired	-	-	8	8	15	13	20	17	25	25
Sanitation										
Refuse collected (tons/day)	12.26	11.44	11.26	11.17	13.38	13.56	15.29	13.03	13.63	14.83
Recyclables collected (tons/day)	0.71	0.58	0.66	0.65	0.55	0.55	0.69	0.55	0.49	0.19
Recreation										
Community Fitness memberships	1,139	1,200	1,043	646	563	393	478	475	140	307
County Gym passes	85	65	38	62	56	48	-	-	-	-
Utility Funds - Combined										
Total Customers	6,060	6,050	6,050	5,895	5,799	5,776	5,896	6,058	6,255	6,235
Water										
New connections	17	9	3	8	16	17	16	33	40	16
Water main breaks	4	6	9	7	6	4	5	4	6	2
Average daily consumptions (thousand of gallons)	2,913	2,920	2,730	2,847	2,880	2,723	2,690	2,407	3,166	2,063
Wastewater										
Average daily sewage treatment (thousand of gallons)	2,030	1,708	2,070	2,113	2,158	2,158	1,669	2,272	2,104	2,674

Sources: Various town departments

* Inspections were stopped in March 2020 due to COVID

* Inspections were limited due to COVID-2021

**Town of Tarboro, North Carolina
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Officers	29	29	29	28	28	29	29	30	30	26
K-9s	3	2	2	2	2	2	4	4	5	5
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	96.5	96.5	96.5	96.8
Street lights	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,481	1,481	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	10	10	10	10	10	10	9	9
Lakes	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	*4
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community Centers	4	4	4	4	4	4	4	4	3	3
Museums/art centers	1	1	1	1	1	1	1	1	1	1
Ball Fields	9	9	8	8	8	8	9	9	9	9
Water										
Water mains (miles)	129.4	129.4	129.4	129.5	129.7	130.0	130.0	130.0	130.0	130.0
Fire Hydrants	587	587	587	609	629	613	619	622	622	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	93.0	93.5	93.0	93.0	93.0	93.0	93.0
Storm sewers (miles)	38.0	38.0	38.0	39.0	40.0	44.0	44.0	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

*As classified by Edge Co Health Dept for inspection purposes (3 pools on 1 site)

COMPLIANCE SECTION

Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – Tarboro, North Carolina 27886

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

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

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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, 2021, 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 February 22, 2022.

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) as a basis for designing 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 of Tarboro'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 the 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.

Flowers & Stanley, LLP

Tarboro, North Carolina
February 22, 2022

**Town of Tarboro, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant Deficiency(s) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs: N/A

Identification of major federal programs: N/A

State Awards

Internal control over major State program: N/A

Identification of major State programs: N/A

**Town of Tarboro, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2021**

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

N/A

Section IV - State Award Findings and Questioned Costs

N/A

**Town of Tarboro, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2021**

Section II - Financial Statement Findings

None Required

Section III - Federal Award Findings and Questioned Costs

N/A

Section IV - State Award Findings and Questioned Costs

N/A

**Town of Tarboro, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021**

None Reported