

Comprehensive Annual Financial Report



For the Fiscal Year Ending June 30, 2012

A slice of the good life!



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

TOWN OF WINTERVILLE, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

Anthony Bowers
Finance Director



Town of Winterville, North Carolina

TABLE OF CONTENTS

June 30, 2012

<u>Exhibit</u>		<u>Page</u>
	INTRODUCTORY SECTION:	4
	Certificate of Achievement	5
	Town Officials and Staff	6
	Organizational Chart	7
	Letter of Transmittal	8-12
	FINANCIAL SECTION:	13
	Independent Auditors' Report	14-15
	Management's Discussion and Analysis	16-27
	Basic Financial Statements:	28
	Government-wide Financial Statements:	
1	Statement of Net Assets	29
2	Statement of Activities	30-31
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	32
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	33
4	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	34
4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	35
5	Statement of Revenues, Expenditures and Changes in Fund Balances - Annual Budget and Actual - General Fund	36
6	Statement of Net Assets - Proprietary Funds	37
7	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	38
8	Statement of Cash Flows - Proprietary Funds	39-40
	Notes to the Financial Statements	41-64
	Required Supplemental Financial Data:	65
	Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	66
	Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	67
	Other Post-Employment Benefits - Retiree Health Care - Schedule of Funding Progress	68
	Other Post-Employment Benefits - Retiree Health Care - Schedule of Employer Contributions	69

Town of Winterville, North Carolina

TABLE OF CONTENTS

June 30, 2012

<u>Exhibit</u>	<u>Page</u>
Individual Fund Statements and Schedules:	70
General Fund:	71
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	72-75
Enterprise Funds:	76
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP):	
Electric Fund	77-78
Water Fund	79-80
Sewer Fund	81-82
Stormwater Fund	83
Other Financial Information:	84
Governmental Capital Assets:	85
Comparative Schedule of Governmental Capital Assets - By Source	86
Schedule of Changes in Governmental Capital Assets - By Function and Activity	87
Other Schedules:	88
Schedule of Ad Valorem Taxes Receivable	89
Analysis of Current Tax Levy - Town-Wide Levy	90

Town of Winterville, North Carolina

TABLE OF CONTENTS

June 30, 2012

<u>Table</u>		<u>Page</u>
	STATISTICAL SECTION:	91
1	Net Assets By Component	92
2	Change in Net Assets	93-95
3	Fund Balances, Governmental Funds	96 - 97
4	Changes in Fund Balances, Governmental Funds	98 - 99
5	Governmental Activities Tax Revenues By Source	100
6	Assessed Value and Estimated Actual Value of Taxable Property	101
7	Direct and Overlapping Property Tax Rates	102
8	Principal Property Taxpayers	103
9	Property Tax Levies and Collections	104
10	Ratios of Outstanding Debt By Type	105
11	Ratios of General Bonded Debt Outstanding	106
12	Legal Debt Margin Information	107
13	Direct and Overlapping Governmental Activities Debt	108
14	Electric Rates	109
15	Water, Sewer and Stormwater Rates	110
16	Demographic and Economic Statistics	111
17	Principal Employers	112
18	Full-time Equivalent Town Government Employees By Function/Program	113
19	Operating Indicators By Function	114
20	Capital Asset Statistics By Function	115
	COMPLIANCE SECTION:	116
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	117 - 118
	Schedule of Findings and Responses	119
	Summary Schedule of Prior Audit Findings	120



INTRODUCTORY SECTION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Winterville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Mark Smith – Mayor Pro-Tem

Ronald Cooper

Johnny L. Moyer

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Finance Director

Anthony Bowers

Town Clerk

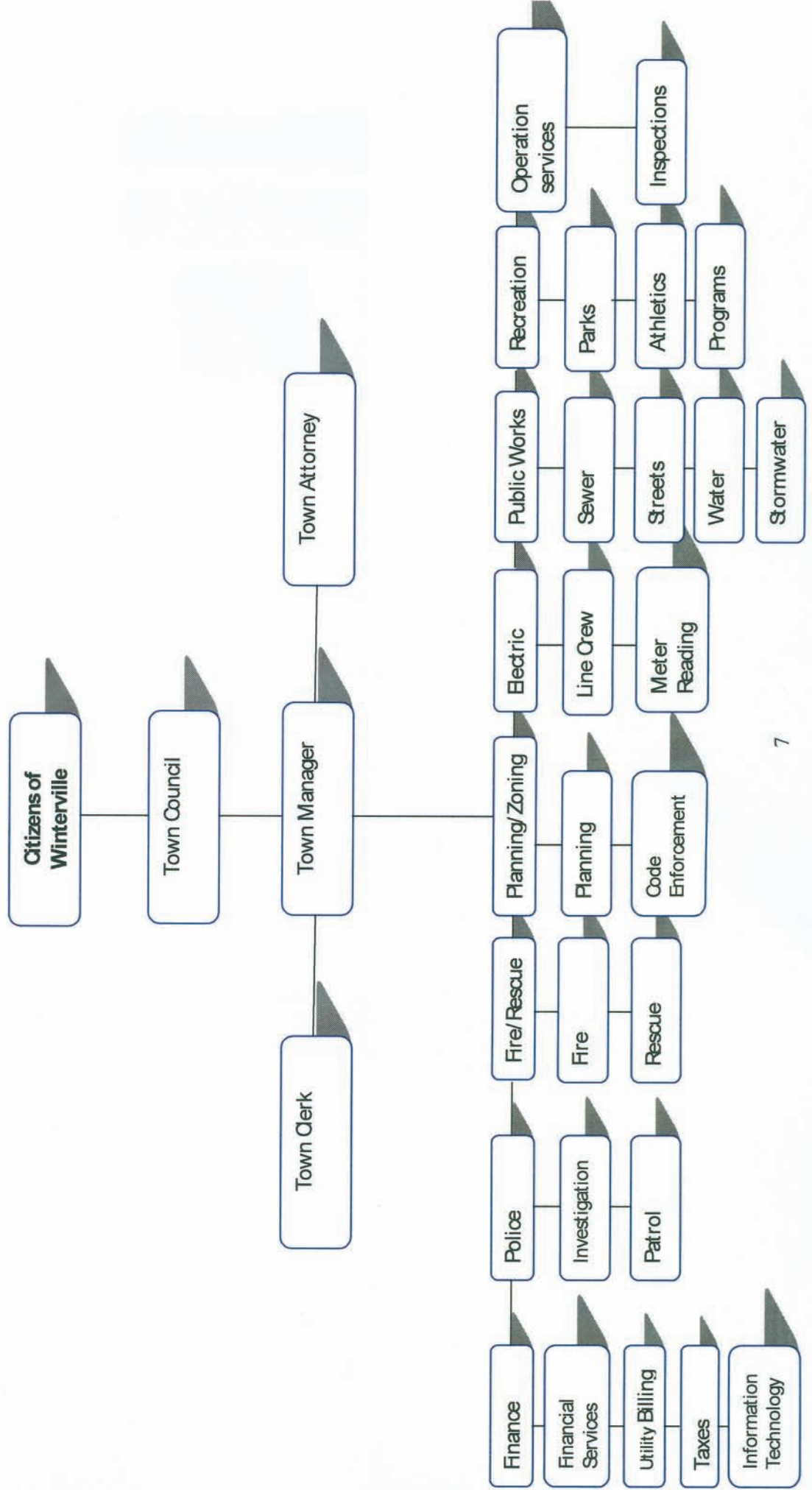
Jasman Smith

Town Attorney

E. Keen Lassiter



Town of Winterville, North Carolina Organizational Chart







2571 Railroad Street
PO Box 1459
Winterville, NC 28590

Phone: (252) 756-2221
Fax: (252) 321-8455
www.wintervillenc.com

October 29, 2012

**To the Honorable Mayor, the Town Council,
and the Citizens of the Town of Winterville:**

It is my pleasure to submit to you the Town of Winterville's third Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30th, 2012. The Comprehensive Annual Financial Report (C.A.F.R.) is a document that includes the annual financial statements; as well as, a considerable amount of additional information. This includes historical data, the Management Discussion and Analysis, and commentary about the Town. Specifically the C.A.F.R. includes an introduction, a financial section, a statistical section and the compliance section.

This C.A.F.R. will benefit the citizens of Winterville by providing information that is easy to read and will provide additional information in comparison to the standard audit report. This C.A.F.R. provides historical trends and presents it in an easier to read format. Finally, the C.A.F.R. will give citizens insight into future goals and objectives, fiscal responsibilities, and capital planning.

The Town of Winterville has engaged the audit firm of Pittard, Perry, & Crone, Inc. to audit the Town's financial statements. Pittard, Perry, & Crone, Inc. has issued an unqualified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2012.

Management of the Town is responsible for establishing and maintaining a system of internal controls. The controls are designed to provide reasonable assurance that: (1) assets are safeguarded against loss, theft or unauthorized use; and, (2) the financial records are reliable, and allow for the preparation of the financial statements in conformity with generally accepted accounting principles, and demonstrate compliance with applicable legal requirements. Reasonable assurance recognizes that the cost of a control should not exceed its benefit and evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Town must ensure that an adequate internal control system is in place to comply with the various laws and regulations of those financial assistance programs. As part of the Town's Government Auditing Standards audit, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements. The Town did not receive enough grant funding to qualify for a single audit this fiscal year.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it. The information contained in this C.A.F.R is the responsibility of the Town's management.

Profile of the Town of Winterville

The Town of Winterville was established in 1897. Located in Pitt County, Winterville is the second largest municipality in the county. The Town is geographically located in the center of the Coastal Plains of Eastern North Carolina. The Town's northern boundary is shared with the southern boundary of the City of Greenville. Winterville is conveniently located one hour east of Raleigh, and one hour west of the coast. The Town consists of 4.5 square miles, and has a population of 9,355 as of June 30th, 2012.

The Town operates in the Council- Manager form of Government. The council consists of six members, all of which are elected at-large. The Town Council holds policy making and legislative authority. They are responsible for passing ordinances, adopting the annual budget, appointing board members and hiring the Town Manager. The Town Manager is appointed by the Council, and serves as the Chief Executive Officer. The Manager is responsible for administering the policies and ordinances of the Council.

The Town is a full service community offering our citizens police and fire protection, sanitation, recreation, planning and zoning, cemetery, public works, electric, water, sewer, and stormwater services. The financial report includes all of these various functions and activities that are related to the operations of the Town.

The Town continues to maintain a system of budgetary controls as required by state statues that promotes sound financial management and fiscal accountability. The Town Manager annually submits to the Town Council a proposed budget for the upcoming fiscal year. The Town's Department Heads submit recommendations to the Town Manager for consideration. The manager then considers the budgetary constraints and develops the budget that is presented to the Town Council. A public hearing is then held in order to give citizens an opportunity to review the document and communicate questions, concerns, or support of the recommendation. The budget is then adopted and takes effect beginning July 1st of each year.

Local Economy

The local economy is based mostly on retail facilities that are located in close proximity to NC Highway 11. According to official NCDOT traffic counts NC 11 carries 40,000 vehicles through our town every day. Major retailers such as Sam's Club, Advance Auto, Walgreens, Chick-Fil-A, and others, have become a part of the community. We have large amounts of available property in the same area, and we are positioned to have continued growth. We currently have 382 acres available adjacent to the Highway 11 corridor that are zoned for commercial development.

The close proximity to the City of Greenville and having Pitt Community College in the Town limits brings thousands of people to Winterville to participate in commerce. Pitt Community College has over 11,000 curriculum students and 13,000 continuing education students, and 445 staff and faculty members. This year the college had a growth rate that is higher than normal. They had a growth rate of 7.3 percent from the prior year.

Industries such as Robert's Welding and Winterville Machine Works have been an asset to the Winterville community for decades. Large service companies such as Online Collections and Regional Finance processing facilities are also located in Winterville and provide many jobs.

One of the many popular events that take place annually is the Winterville Watermelon Festival. This festival brings in over 25,000 people to participate in concerts, parades, and rides. The Watermelon Festival has been an important part of the Town for 25 years and is the largest festival in the region. The Town works in conjunction with the nonprofit Winterville Watermelon Festival Committee to produce a spectacular event.

Pitt County has seen stable growth in the past 5 years due to several economic drivers. Examples include, East Carolina University, University Health Care Systems, DSM Pharmaceuticals, Metrics Pharmaceuticals, Paper Pak Industries, NACCO Material Handling and many others. The unemployment rate for Pitt County is 9.5 percent. The population for Pitt County is 171,134 according to their web site.

Long Term Financial Planning

In April 2008, the Town Council adopted the Town's first Capital Improvements Program. This program identified long term needs for improvements and infrastructure. The total value of these improvements was estimated to be \$81,479,500. Of that, \$65,391,904 is associated with the Town's Electric, Water, Sewer, and Stormwater operations. The General Fund accounted for \$12,404,000 worth of improvements. To date, the Town has completed several of the projects that were on the Capital Improvements Program. Recent projects include \$2,626,200 for the construction of a new operation center, and an addition to the Town Hall, the Winterville Recreation Park in the amount of \$2,215,273, and the addition of a new Heavy Rescue Truck in the amount of \$500,433. All of these items were financed with installment purchase agreements.

With respect to the Enterprise Funds, the Town recently completed projects for the construction of two new substations and the construction of a new 34Kv transmission line. This project has completed a loop that will provide the Town with multiple delivery points for electricity. This addition is constructed in a manner that will give the Town flexibility and room for future growth.

The largest portion of our long-range plan addresses the development of infrastructure for Sewer treatment. The Town currently has a relationship with the Contentnea Metropolitan Sewage District, (CMSD). This district consists of three municipalities, the Town of Winterville, The Town of Ayden, and the Town of Grifton. Plant development and construction for CMSD were estimated at \$16,926,000 according to their 2003 Capital Improvements Program. CMSD has been able to acquire funding from USDA, North Carolina Rural Center, and the North Carolina Clean Water Management Trust Fund.

Major Initiatives

There are three major initiatives that the Town of Winterville will be addressing in the near future. They include Economic Development, CMSD facility improvements, and the Town's "Walkable Winterville" pedestrian program.

The Town has positioned itself to focus on economic development in several different ways, such as working with developers, supporting the local Chamber of Commerce, and developing land use plans

that foster growth, as well as, working with the NC Department of Transportation to ensure proper infrastructure.

Cost associated with the development and improvements at CMSD are partly the responsibility of the Town of Winterville. As the CMSD facilities improve, the Town will be responsible for their portion of the increased debt service. The improvements will allow the Town to continue to grow without limitations that could arise if proper infrastructure is not in place.

“Walkable Winterville” is a pedestrian program that is a joint effort between the Town of Winterville, the North Carolina Department of Transportation, and the Division of Bicycle and Pedestrian Transportation. The program will allow the Town to preserve its small town character while promoting economic development, and providing residents with a better quality of life, as well as a safer community.

Relevant Financial Policies

The Town utilizes the pooled cash and investment concept in investing temporarily idle cash. The criteria for selecting investments are safety, liquidity and yield. The investment guidelines that the Town uses are based on state statute; as a result, investments are in Certificates of Deposits, NOW accounts, and the North Carolina Capital Management Trust, a SEC registered mutual fund. All deposits are either insured by Federal Depository Insurance or collateralized by pledged securities. The Town has adopted Cash Management, Debt Service, and Fund Balance policies.

Risk Management

The Town of Winterville emphasizes risk control and work place safety. The Town is implementing a loss control program that provides staff with training in safety procedures and protocol. Employees are covered by workers compensation as required by state statute.

All full-time employees are provided with health care coverage for hospitalization and major medical expenses with specified limits. The policies are purchased from commercial carriers. The Town is not self insured.

In accordance with G.S. 159-29, the Finance Officer and Tax Collector are bonded.

Pension Plans

The permanent full-time employees of the Town participate in the statewide North Carolina Local Government Employees’ Retirement System (NCLGERS), a cost-sharing multi-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the Town that equal to 6.96% of earnings for employees not engaged in law enforcement and 7.05% for law enforcement officers for the period of July 1, 2011 to June 30th, 2012. All employees contribute 6.0% of their earnings to the state retirement system.

The Town is required by state statute to contribute an amount equal to 5% of participant earnings to a supplemental retirement plan (401k) for law enforcement officers. No contribution is required of the participants in this plan, but voluntary contributions are permitted up to the legally allowed maximum


under tax deferral law. The Town has no fiduciary responsibility for this plan. The Town provides this pension plan to all full-time employees.

The State of North Carolina contributes on behalf of the Town an amount to the Fireman's and Rescue Squad Workers Pension Fund. The Town has no liability for the funding of this pension fund.

Acknowledgement

Preparation of this report could not have been accomplished without the efficient and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent Certified Public Accountants Pittard, Perry & Crone, Inc. We would also like to thank the Mayor and Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Anthony Bowers". The signature is written in a cursive, flowing style.

Anthony Bowers
Finance Director



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Winterville's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012 on our consideration of Town of Winterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance's Schedule of Funding Progress and Schedule of Employer Contributions, and Other Post-employment Benefits – Retiree Health Care Schedule of Funding Progress and Schedule of Employer Contributions on pages 16 through 27 and 65 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Member: North Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants

To the Honorable Mayor and Members
of the Town Council
Town of Winterville, North Carolina
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winterville's basic financial statements. The introductory section, individual fund statements, budgetary schedules, and other schedules and statistical tables, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The individual fund statements, budgetary schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and 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 any assurance on them.

Pittard Perry & Crone, Inc.

Williamston, North Carolina
October 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

As management of the Town of Winterville, we offer readers of the Town of Winterville's financial statements this narrative overview and analysis of the financial activities of the Town of Winterville for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

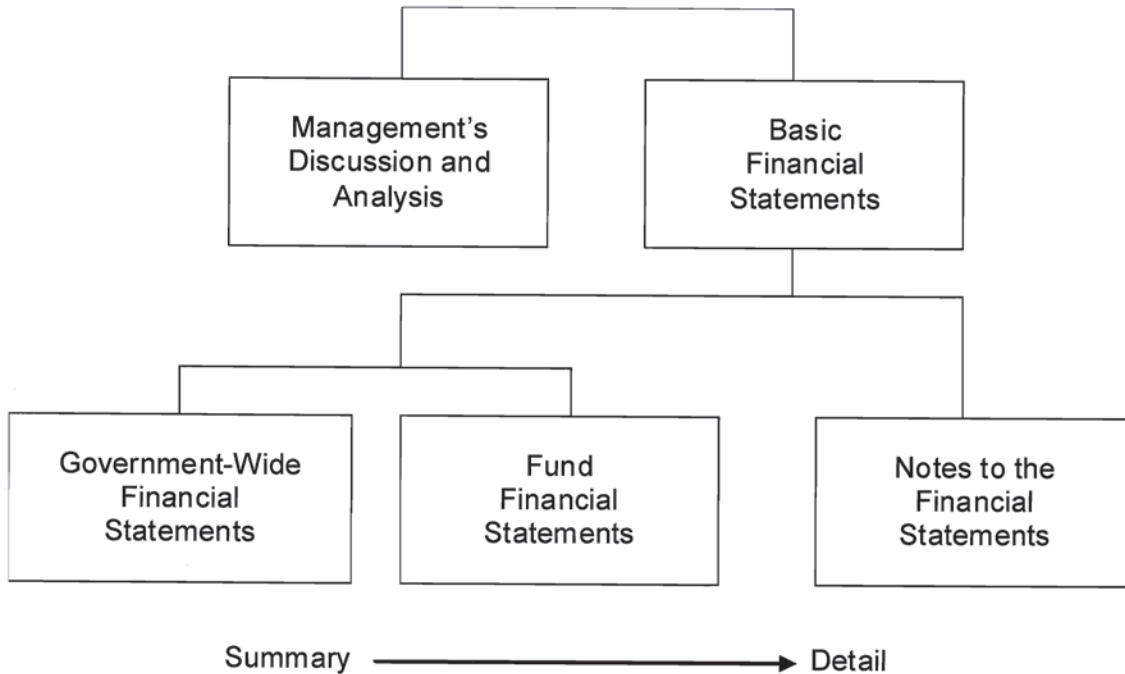
- The assets of the Town of Winterville exceeded its liabilities at the close of the fiscal year by \$35,185,660.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,623,012 an increase of \$922,817 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,978,107, or 44.86% percent of total General Fund expenditures for the fiscal year.
- The Town added an additional \$189,000 in long-term debt for the Water Fund during the fiscal year.
- The reduction of spending reduced the need for additional external capital.
- Long-term Debt was reduced in the net amount of \$675,881 in the Governmental Activities.
- Business-type activities saw a net debt reduction in the amount of \$107,403.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Winterville'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 of Winterville 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 Winterville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: (1) the governmental funds statements; (2) the budgetary comparison statements; and (3) the proprietary fund statements.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to the financial statements 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 net assets and how they have changed. Net assets are the difference between the total assets and total liabilities. Measuring net assets is one way to gage 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, sewer, electric and stormwater services offered by the Town of Winterville.

The government-wide financial statements are presented in 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 Winterville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds 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 them determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Winterville 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 Council; (2) the final budget as amended by the Council; (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 Winterville only has one kind of proprietary fund – 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 Winterville uses enterprise funds to account for its water, sewer, electric, and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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 41 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 Winterville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 65 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 City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

The Town of Winterville's Net Assets

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 5,230,652	\$ 4,279,517	\$ 6,110,678	\$ 5,265,233	\$ 11,341,330	\$ 9,544,750
Capital assets	25,235,551	26,223,520	10,039,351	10,393,214	35,274,902	36,616,734
Total assets	<u>30,466,203</u>	<u>30,503,037</u>	<u>16,150,029</u>	<u>15,658,447</u>	<u>46,616,232</u>	<u>46,161,484</u>
Long-term liabilities outstanding	5,332,455	5,747,571	4,288,967	4,363,362	9,621,422	10,110,933
Other liabilities	1,206,085	1,162,174	603,065	524,598	1,809,150	1,686,772
Total liabilities	<u>6,538,540</u>	<u>6,909,745</u>	<u>4,892,032</u>	<u>4,887,960</u>	<u>11,430,572</u>	<u>11,797,705</u>
Net Assets:						
Invested in capital assets, net of related debt	19,819,840	20,131,928	5,548,709	5,795,169	25,368,549	25,927,097
Restricted	1,590,502	1,344,122	-	-	1,590,502	1,344,122
Unrestricted	<u>2,517,321</u>	<u>2,019,550</u>	<u>5,709,288</u>	<u>4,975,318</u>	<u>8,226,609</u>	<u>6,994,868</u>
Total net assets	<u>\$ 23,927,663</u>	<u>\$ 23,495,600</u>	<u>\$ 11,257,997</u>	<u>\$ 10,770,487</u>	<u>\$ 35,185,660</u>	<u>\$ 34,266,087</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Winterville exceeded liabilities by \$35,185,660 as of June 30, 2012. The Town's net assets increased by \$821,881 for the fiscal year ended June 30, 2012. However, the largest portion of net assets (72.1%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets are reported net of the outstanding related debt, the resources needed to

Management's Discussion and Analysis
Town of Winterville

repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Winterville's net assets, which totals \$1,589,502, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,226,609 is unrestricted.

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.16% on real property and 86.65% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 96.94%, which is a slight increase from the previous year's collection percentage of 96.51%.
- Current year property tax collections and credits increased to \$3,140,640, which is up from \$3,039,049 in 2011.
- The Town of Winterville had a tax base of \$719,980,222 as of June 30, 2012.

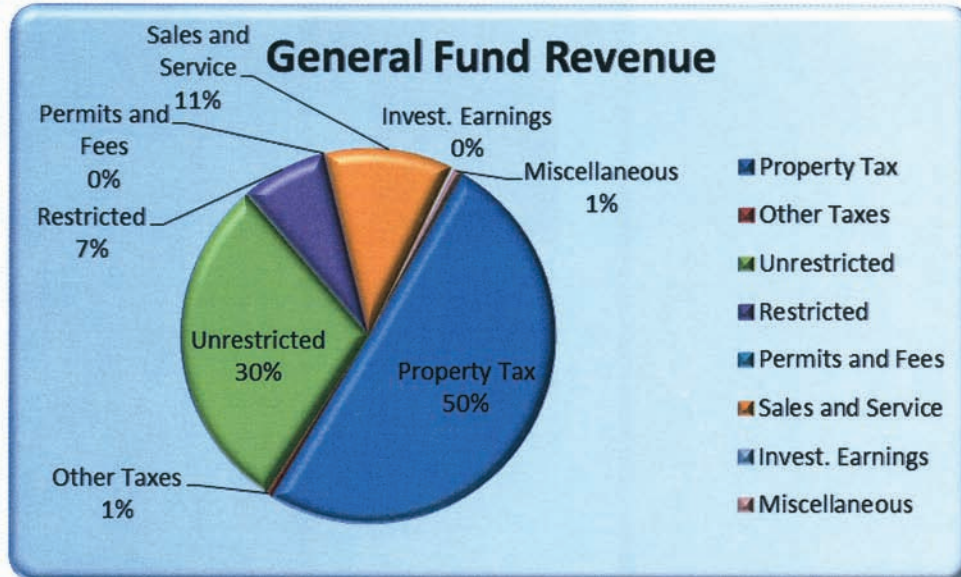
The Town of Winterville's Changes in Net Assets

Figure 3

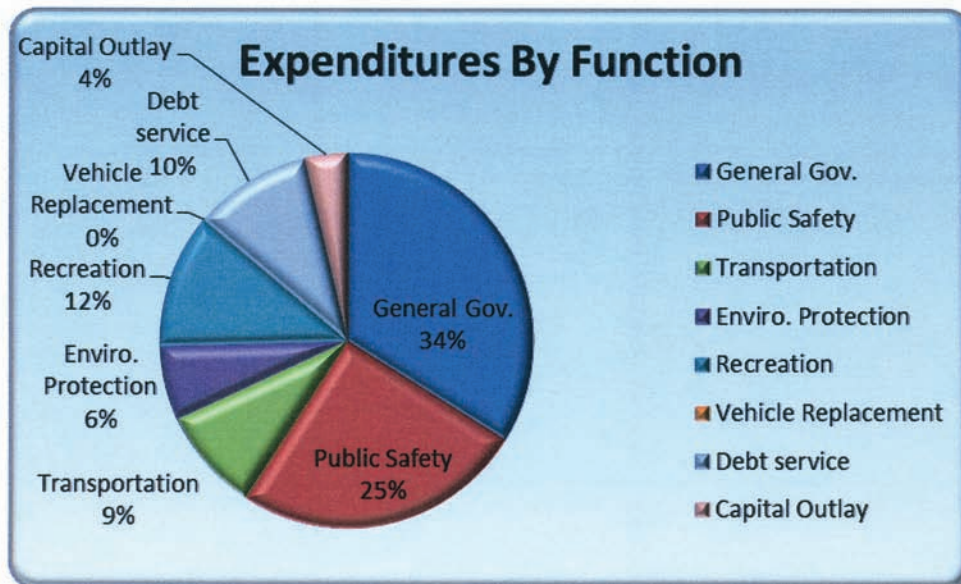
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 730,782	\$ 809,044	\$ 8,781,921	\$ 9,015,800	\$ 9,512,703	\$ 9,824,844
Operating grants and contributions	511,768	373,444	15,533	33,099	527,301	406,543
Capital grants and contribution	-	-	-	-	-	-
General Revenues:						
Property taxes	3,233,735	3,157,673	-	-	3,233,735	3,157,673
Other taxes and licenses	34,332	31,045	-	-	34,332	31,045
Unrestricted intergovernmental	1,920,008	1,802,602	-	-	1,920,008	1,802,602
Investment earnings	12,146	17,851	16,593	23,589	28,739	41,440
Other	276,508	758,425	-	-	1,034,933	758,425
Total revenues	<u>6,719,279</u>	<u>6,950,084</u>	<u>8,814,047</u>	<u>9,072,488</u>	<u>16,291,751</u>	<u>16,022,572</u>
Expenses:						
General government	2,605,647	2,552,572	-	-	2,605,647	2,552,572
Public safety	1,822,713	1,794,701	-	-	1,822,713	1,794,701
Transportation	1,404,474	1,299,618	-	-	1,404,474	1,299,618
Environmental protection	425,607	444,724	-	-	425,607	444,724
Cultural and recreation	831,698	961,253	-	-	831,698	961,253
Interest expense	245,853	304,775	-	-	245,853	304,775
Electric	-	-	5,240,409	5,366,691	5,240,409	5,366,691
Water	-	-	532,540	556,616	532,540	556,616
Sewer	-	-	1,391,511	1,439,662	1,391,511	1,439,662
Stormwater	-	-	113,301	116,318	113,301	116,318
Total expenses	<u>7,335,992</u>	<u>7,357,643</u>	<u>7,277,761</u>	<u>7,479,287</u>	<u>14,613,753</u>	<u>14,836,930</u>
Increase (decrease) in net assets before transfers	(616,713)	(407,559)	1,536,286	1,593,201	919,573	1,185,642
Transfers	<u>1,048,776</u>	<u>1,130,094</u>	<u>(1,048,776)</u>	<u>(1,130,094)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	432,063	722,535	487,510	463,107	919,573	1,185,642
Net assets, July 1 as previously reported	23,495,600	22,870,757	10,770,487	10,307,380	34,266,087	33,178,137
Prior period adjustment	<u>-</u>	<u>(97,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,692)</u>
Net assets, July 1 as restated	23,495,600	22,773,065	10,770,487	10,307,380	34,266,087	33,080,445
Net assets, June 30	<u>\$ 23,927,663</u>	<u>\$ 23,495,600</u>	<u>\$ 11,257,997</u>	<u>\$ 10,770,487</u>	<u>\$ 35,185,660</u>	<u>\$ 34,266,087</u>

Governmental Activities: Governmental activities increased the Town's net assets by \$432,063 thereby accounting for 46.99% of the total growth in the net assets of the Town of Winterville. The key elements of this increase are contributed to contributions from the enterprise funds and a reduction in spending.

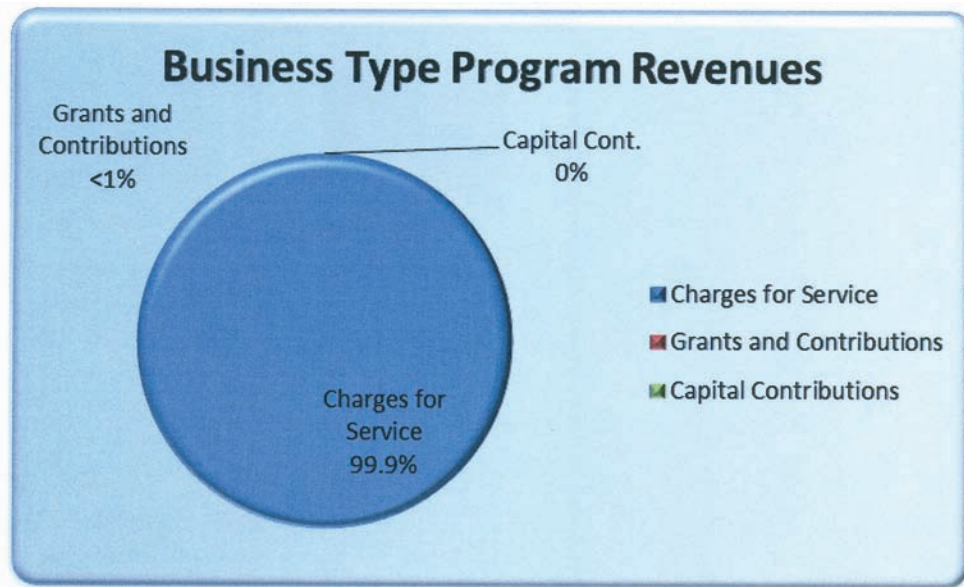
General Fund Revenue By Source:



General Fund Expenditures By Function:



Business-Type Activities: Business-type activities increased the Town's net assets by \$487,510 accounting for 53.01% of the total growth in the government's net assets. Key elements of this increase are due to sales for service and a reduction in spending.



Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the governmental funds is on providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Winterville's financing requirements.

The General Fund is the chief operating fund of the Town of Winterville. At the end of the current fiscal year, Town of Winterville's unassigned fund balance available in the General Fund was \$2,978,710, while total fund balance reached \$4,623,012. The Governing Body of the Town of Winterville has determined that the Town should maintain a minimum available fund balance of 25% of general fund expenditures. This policy will allow for the Town to position itself for unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 44.86% of general fund expenditures, while total fund balance represents 69.64% of the same amount. This change in Fund Balance is due to the fact that revenues were higher than anticipated, and spending was reduced and limited to cover operational needs. Throughout the organization capital purchases were limited.

General Fund Budgetary Highlights: During the fiscal year, the Town of Winterville revised the budget. 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.

Budgeted expenditure appropriations rose during the year by \$326,978 to \$7,432,006 which is still a decrease of \$215,138 from the 2011 fiscal year. The largest budget amendment was for \$240,096. This amendment was a product of FEMA reimbursements that were provided to the Town as a result of Hurricane Irene. The budgeted revenues in the General Fund increased by \$139,516 during the fiscal year. Aside from the FEMA reimbursements the other changes to the budget were limited to using Fund Balance to cover prior year commitments. The Town of Winterville had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$1,237,738), a decrease of \$252,662 from the 2011 fiscal year. Total operating transfers in from the proprietary funds totaled \$1,048,776.

Proprietary Funds Budgetary Highlights: The Town of Winterville's proprietary funds also had revisions to the original budget during the fiscal year.

The Electric Fund exceeded estimates in sales in the amount of \$199,275. This was the result of conservative budgeting following an excessively high usage 2011 fiscal year. Budgeted appropriations, in the Electric Fund decreased by \$334,912 in 2012. Revenues exceeded expenditures by \$1,321,376. Net income of the Electric Fund for 2012 was \$639,108 up from \$617,952 in 2011. This is a net increase of \$21,156.

Revenues in the Water Fund exceeded expenditures by \$188,033. The Town's changes in net assets increased from \$19,875 in 2011 to \$87,335 in 2012.

Sewer Fund sales decreased \$81,313 from last year to generate sales totaling \$1,628,236. Revenues in the Sewer Fund exceeded expenditures by \$301,534. The change in net assets for the Sewer Fund decreased from \$133,600 in 2010 to (\$9,719) in 2011. The Fund had a negative change in net assets for the second straight year in the amount of (\$75,701) in 2012.

Stormwater Fund did not recognize any revenues from sales this year due to the fact that the fee has been suspended. This fee is scheduled to start back for the 2012-2013 fiscal year. Operations were funded with retained earnings.

Capital Asset and Debt Administration

Capital Assets. The Town of Winterville's investment in capital assets for its governmental and business-type activities as of June 30, 2012 totaled \$35,274,902 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The Town did not engage in any major capital asset acquisitions in the 2012 fiscal year.

The Town of Winterville's Capital Assets (net of accumulated depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and construction in progress	\$ 3,540,103	\$ 3,508,294	\$ 386,411	\$ 193,598	\$ 3,926,514	\$ 3,701,892
Distribution and treatment systems	-	-	9,451,497	9,929,748	9,451,497	9,929,748
Buildings	4,761,677	4,984,525	164,352	188,002	4,926,029	5,172,527
Infrastructure	15,357,968	15,949,599	11,650	-	15,369,618	15,949,599
Software	271,513	249,328	-	-	271,513	249,328
Equipment and vehicles	1,304,290	1,531,774	25,441	81,866	1,329,731	1,613,640
Total	\$ 25,235,551	\$ 26,223,520	\$ 10,039,351	\$ 10,393,214	\$ 35,274,902	\$ 36,616,734

Additional information on the capital assets can be found in Note 3 D of the basic financial statements.

Long-Term Debt. As of June 30, 2012, the Town of Winterville had bonded or secured debt outstanding of \$9,906,353. Of this, \$955,500 is debt backed by the full faith, credit and taxing power of the Town of Winterville. The remainder of the debt represents installment purchase agreements secured by the equipment and vehicles purchased.

**The Town of Winterville's Outstanding Debt
General Obligation Bonds and Installment Purchases**

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ -	\$ -	\$ 955,500	\$ 975,500	\$ 955,500	\$ 975,500
Installment purchases	5,415,711	6,091,592	3,535,142	3,622,545	8,950,853	9,714,137
Total	\$ 5,415,711	\$ 6,091,592	\$ 4,490,642	\$ 4,598,045	\$ 9,906,353	\$ 10,689,637

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Winterville is \$47,692,065.

Additional information regarding the Town of Winterville's long-term debt can be found in Note 3 E.6 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect a continued reduction in the rate of growth and prosperity for the Town of Winterville:

- The tax levy for the Town of Winterville decreased 11% from 2011 to 2012 which is a result of the decrease in property values.
- The population growth has decreased from an average annual growth rate of 10% per year to a growth rate of 0% in 2012.
- The total number of utility customers has remained constant reflecting the lack of current growth. The utilities are anticipating a combined decrease in revenues from current revenues in the amount of \$113,798 as a result of decreases in usage due to milder weather.
- Next year's budget will have to address the following issues:
 - The Town will have to address the effects of the property tax revaluation and the need for a revenue neutral tax rate of 47.5 cent per \$100 of valuation.
 - The General Fund will be subsidized by continuing the \$135,000 increase in direct transfers from the enterprise funds.
 - The Stormwater fund will reinstate the fee to customers beginning January 1st.
 - The Town will not take on any new debt during the fiscal year 2012-2013.
 - The Town will continue to restructure the organization to address the reductions in the work force.
 - Town staff will not see salary increases or cost of living raises.
 - There is no significant funding for Capital Purchases.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities – The annual budget for the General Fund is \$6,912,319 for the 2012-2013 fiscal year. The taxable property value of \$646,276,776 decreased from \$719,980,222. The tax rate will increase to 47.5 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$438,067.

Business-Type Activities - The total Electric Fund budget for the 2012-2013 fiscal year is \$6,188,313. The purchase of power from Progress Energy is budgeted in the amount of \$3,694,021. Also, the Electric Department will include an appropriation of \$188,290 for services provided by the General Fund and \$135,000 as a straight contribution to the General Fund.

Management's Discussion and Analysis
Town of Winterville

The Water Fund has a budget of \$798,716 that is down from the 2011-2012 budget, which was \$929,976 a difference of \$131,260. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$125,000 of water for resale to residential customers.

The Sewer Fund budget of \$1,726,631 represents a decrease in the amount \$16,575 less than the 2011-2012 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$938,984 for CMSD operating and debt service expenses, and \$25,000 for capital improvements.

The 2012-2013 Storm water budget will have a decrease in the amount of \$99,339. The total budget for the 2012-2013 fiscal year is \$71,094. Appropriations address two expenses; which are contributions to the General Fund for services provided by General Fund operations and contracted services for ditch maintenance.

Requests for Information

This report is designed to provide an overview of the Town of Winterville'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, Anthony Bowers, P. O. Box 1459, Winterville, NC 28590. You can also call (252) 215-2348, visit our website www.wintervillenc.com or by email at anthony.bowers@wintervillenc.com for more information.



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
STATEMENT OF NET ASSETS
June 30, 2012

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,074,168	\$ 2,393,599	\$ 4,467,767
Short-term cash investments	1,435,000	2,275,000	3,710,000
Restricted cash and cash equivalents	933,132	141,784	1,074,916
Taxes receivables (net)	138,735	-	138,735
Accounts receivable (net)	81,135	1,289,556	1,370,691
Street assessments receivable, net	250	-	250
Other receivables	36,231	-	36,231
Due from other governments	495,598	-	495,598
Prepaid items	36,403	10,739	47,142
Total current assets	5,230,652	6,110,678	11,341,330
Non-current assets:			
Capital assets (Note III):			
Land, non-depreciable improvements, and construction in progress	3,540,103	386,411	3,926,514
Other capital assets, net of depreciation	21,695,448	9,652,940	31,348,388
Total capital assets	25,235,551	10,039,351	35,274,902
TOTAL ASSETS	30,466,203	16,150,029	46,616,232
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	444,617	131,161	575,778
Unearned revenue	18,744	-	18,744
Accrued interest payable	31,528	-	31,528
Current portion of long-term liabilities	711,196	380,741	1,091,937
Liabilities payable from restricted assets:			
Customer deposits	-	91,163	91,163
Total current liabilities	1,206,085	603,065	1,809,150
Long-term liabilities:			
Due in more than one year	5,332,455	4,288,967	9,621,422
TOTAL LIABILITIES	6,538,540	4,892,032	11,430,572
NET ASSETS			
Invested in capital assets, net of related debt	19,819,840	5,548,709	25,368,549
Restricted for:			
Stabilization by State Statute	657,370	-	657,370
Streets	783,696	-	783,696
Public safety	30,219	-	30,219
Debt covenants	111,817	-	111,817
Recreation	7,400	-	7,400
Unrestricted	2,517,321	5,709,288	8,226,609
TOTAL NET ASSETS	\$ 23,927,663	\$ 11,257,997	\$ 35,185,660

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

Town of Winterville, North Carolina
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 2,605,647	\$ 31,174	\$ 202,617	\$ -
Public safety	1,822,713	9,475	17,961	-
Transportation	1,404,474	-	284,827	-
Environmental protection	425,607	484,983	6,363	-
Cultural and recreation	831,698	205,150	-	-
Interest on long-term debt	245,853	-	-	-
Total governmental activities (See Note 1)	<u>7,335,992</u>	<u>730,782</u>	<u>511,768</u>	<u>-</u>
Business-type activities:				
Electric	5,240,409	6,433,135	-	-
Water	532,540	720,550	-	-
Sewer	1,391,511	1,628,236	15,533	-
Stormwater	113,301	-	-	-
Total business-type activities	<u>7,277,761</u>	<u>8,781,921</u>	<u>15,533</u>	<u>-</u>
Total primary government	<u><u>\$ 14,613,753</u></u>	<u><u>\$ 9,512,703</u></u>	<u><u>\$ 527,301</u></u>	<u><u>\$ -</u></u>

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues not including transfers

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning as previously reported

Prior period adjustment

Net assets, beginning as restated

Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,371,856)	\$ -	\$ (2,371,856)
(1,795,277)	-	(1,795,277)
(1,119,647)	-	(1,119,647)
65,739	-	65,739
(626,548)	-	(626,548)
(245,853)	-	(245,853)
(6,093,442)	-	(6,093,442)
-	1,192,726	1,192,726
-	188,010	188,010
-	252,258	252,258
-	(113,301)	(113,301)
-	<u>1,519,693</u>	<u>1,519,693</u>
(6,093,442)	1,519,693	(4,573,749)
3,233,735	-	3,233,735
34,332	-	34,332
1,920,008	-	1,920,008
12,146	16,593	28,739
276,508	-	276,508
5,476,729	16,593	5,493,322
1,048,776	(1,048,776)	-
<u>6,525,505</u>	<u>(1,032,183)</u>	<u>5,493,322</u>
432,063	487,510	919,573
23,593,292	10,770,487	34,363,779
(97,692)	-	(97,692)
23,495,600	10,770,487	34,266,087
<u>\$ 23,927,663</u>	<u>\$ 11,257,997</u>	<u>\$ 35,185,660</u>

Town of Winterville, North Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

Exhibit 3

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 2,074,168	\$ 2,074,168
Short term cash investments	1,435,000	1,435,000
Restricted cash and cash equivalents	933,132	933,132
Receivables, net:		
Taxes	138,735	138,735
Accounts	81,135	81,135
Street assessments receivable, net	250	250
Other receivables	36,231	36,231
Due from other governments	495,598	495,598
Prepaid items	36,403	36,403
Total assets	\$ 5,230,652	\$ 5,230,652
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 379,489	\$ 379,489
Unearned revenue	18,744	18,744
Deferred revenue	209,407	209,407
Total liabilities	607,640	607,640
Fund Balances:		
Nonspendable		
Prepaid items	36,403	36,403
Restricted		
Stabilization by State Statute	657,370	657,370
Streets	783,696	783,696
Public Safety	30,219	30,219
Debt Covenants	111,817	111,817
Committed		
Recreation	7,400	7,400
Assigned		
Subsequent year's expenditures	18,000	18,000
Unassigned, General Fund	2,978,107	2,978,107
Total fund balances	4,623,012	4,623,012
Total liabilities and fund balances	\$ 5,230,652	\$ 5,230,652

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

Town of Winterville, North Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

Exhibit 3

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

Total Fund Balance, Governmental Funds	4,623,012
--	-----------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 38,354,840	
Accumulated depreciation	<u>(13,119,289)</u>	25,235,551

Liabilities for earned but deferred revenues in fund statements.	209,407
--	---------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	(5,415,711)	
Compensated absences	(193,321)	
Net pension obligation	(158,563)	
Other postemployment benefits	<u>(276,056)</u>	(6,043,651)

Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	(31,528)
---	----------

Prior period adjustment	<u>(65,128)</u>
-------------------------	-----------------

Net assets of governmental activities	<u><u>\$ 23,927,663</u></u>
---------------------------------------	-----------------------------

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

Town of Winterville, North Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

Exhibit 4

	General Fund	Total Governmental Funds
Revenues:		
Ad valorem taxes	\$ 3,275,421	\$ 3,275,421
Other taxes and licenses	34,332	34,332
Unrestricted intergovernmental	1,920,008	1,920,008
Restricted intergovernmental	484,987	484,987
Permits and fees	2,899	2,899
Sales and services	724,513	724,513
Investment earnings	14,927	14,927
Miscellaneous	55,872	55,872
Total revenues	6,512,959	6,512,959
Expenditures:		
Current:		
General government	2,246,240	2,246,240
Public safety	1,678,150	1,678,150
Transportation	600,556	600,556
Environmental protection	425,607	425,607
Cultural and recreation	766,076	766,076
Debt service:		
Principal retirement	675,881	675,881
Interest	246,408	246,408
Total expenditures	6,638,918	6,638,918
Excess (deficiency) of revenues over expenditures	(125,959)	(125,959)
Other financing sources (uses):		
Transfers from other funds	1,048,776	1,048,776
Total other financing sources (uses)	1,048,776	1,048,776
Net change in fund balance	922,817	922,817
Fund balances, beginning as previously reported	3,732,759	3,732,759
Prior period adjustment	(32,564)	(32,564)
Fund balances, beginning as restated	3,700,195	3,700,195
Fund balances, ending	\$ 4,623,012	\$ 4,623,012

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

Town of Winterville, North Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	922,817
---	----	---------

Change in fund balance due to change in reserve for inventory

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.

Capital outlay expenditures which were capitalized	286,026	
Depreciation expense for governmental assets	<u>(1,518,631)</u>	(1,232,605)
Loss on disposal of fixed assets		(11,891)
Street assets recorded from developers		256,527

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

Change in deferred revenue for tax revenues	(41,686)	
Change in deferred revenues for street assessment revenues	(21,641)	
Change in deferred revenues for garbage revenues	<u>4,519</u>	(58,808)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net as

Principal payments on long-term debt	675,881	
Change in accrued interest payable	<u>555</u>	676,436

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(17,128)	
Net pension obligation	(31,015)	
Other postemployment benefits	<u>(72,270)</u>	<u>(120,413)</u>

Total changes in net assets of governmental activities	\$	<u><u>432,063</u></u>
--	----	-----------------------

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

Town of Winterville, North Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ANNUAL BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2012

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,095,633	\$ 3,095,633	\$ 3,275,421	\$ 179,788
Other taxes and licenses	13,500	15,500	34,332	18,832
Unrestricted intergovernmental	1,677,321	1,677,321	1,920,008	242,687
Restricted intergovernmental	433,816	530,189	484,987	(45,202)
Permits and fees	4,550	4,550	2,899	(1,651)
Sales and services	803,675	712,495	724,513	12,018
Investment earnings	6,657	6,657	14,927	8,270
Miscellaneous	19,600	151,923	55,872	(96,051)
Total revenues	<u>6,054,752</u>	<u>6,194,268</u>	<u>6,512,959</u>	<u>318,691</u>
Expenditures:				
Current:				
General government	2,387,566	2,610,191	2,246,240	363,951
Public safety	1,864,497	1,865,497	1,678,150	187,347
Transportation	699,735	751,085	600,556	150,529
Environment protection	411,554	411,554	425,607	(14,053)
Cultural and recreation	818,890	870,893	766,076	104,817
Debt service:				
Principal retirement	675,357	675,881	675,881	-
Interest	247,429	246,905	246,408	497
Total expenditures	<u>7,105,028</u>	<u>7,432,006</u>	<u>6,638,918</u>	<u>793,088</u>
Revenues over (under) expenditures	(1,050,276)	(1,237,738)	(125,959)	1,111,779
Other financing sources (uses):				
Transfer from other funds	1,048,776	1,048,776	1,048,776	-
Total other financing sources (uses)	<u>1,048,776</u>	<u>1,048,776</u>	<u>1,048,776</u>	<u>-</u>
Fund balance appropriated	<u>1,500</u>	<u>188,962</u>	<u>-</u>	<u>(188,962)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	922,817	<u>\$ 922,817</u>
Fund balances, beginning as previously reported			3,732,759	
Prior period adjustment			(32,564)	
Fund balances, beginning as restated			<u>3,700,195</u>	
Fund balances, ending			<u>\$ 4,623,012</u>	

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

Town of Winterville, North Carolina
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

Exhibit 6

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,467,265	\$ 494,136	\$ 370,124	\$ 62,074	\$ 2,393,599
Short-term cash investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	681,158	63,868	143,383	1,650	890,059
Accounts receivable (net) - unbilled	297,739	31,763	69,995	-	399,497
Prepaid items	6,231	1,920	2,044	544	10,739
Restricted cash and cash equivalents	93,993	6,360	41,431	-	141,784
Total current assets	3,946,386	1,058,047	981,977	124,268	6,110,678
Noncurrent assets:					
Capital assets:					
Land and construction in progress	146,013	240,398	-	-	386,411
Other capital assets, net of depreciation	6,313,354	844,075	2,167,182	328,329	9,652,940
Capital assets	6,459,367	1,084,473	2,167,182	328,329	10,039,351
Total noncurrent assets	6,459,367	1,084,473	2,167,182	328,329	10,039,351
Total assets	10,405,753	2,142,520	3,149,159	452,597	16,150,029
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	65,895	19,882	38,081	7,303	131,161
Compensated absences	67,427	6,026	15,023	8,211	96,687
Installment purchase payable - current	210,662	36,332	18,060	-	265,054
General obligation bonds payable - current	-	-	19,000	-	19,000
Liabilities payable from restricted assets:					
Customer deposits	75,743	6,360	9,060	-	91,163
Total current liabilities	419,727	68,600	99,224	15,514	603,065
Noncurrent liabilities:					
Other postemployment benefits	48,800	16,281	13,987	3,311	82,379
Installment purchase payable - noncurrent	2,822,211	152,668	295,209	-	3,270,088
General obligation bonds payable - noncurrent	-	-	936,500	-	936,500
Total noncurrent liabilities	2,871,011	168,949	1,245,696	3,311	4,288,967
Total liabilities	3,290,738	237,549	1,344,920	18,825	4,892,032
Net Assets					
Invested in capital assets, net of related debt	3,426,494	895,473	898,413	328,329	5,548,709
Unrestricted	3,688,521	1,009,498	905,826	105,443	5,709,288
Total net assets	\$ 7,115,015	\$ 1,904,971	\$ 1,804,239	\$ 433,772	\$ 11,257,997

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

Town of Winterville, North Carolina
**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2012

Exhibit 7

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Operating revenues:					
Charges for services	\$ 6,151,724	\$ 717,410	\$ 1,628,236	\$ -	\$ 8,497,370
Other operating revenues	281,411	3,140	-	-	284,551
Total operating revenues	<u>6,433,135</u>	<u>720,550</u>	<u>1,628,236</u>	<u>-</u>	<u>8,781,921</u>
Operating expenses:					
Operations	1,037,872	446,138	-	88,883	1,572,893
Electrical power purchases	3,742,106	-	-	-	3,742,106
Waste collection and treatment	-	-	1,147,910	-	1,147,910
Depreciation	331,781	86,379	178,792	24,418	621,370
Total operating expenses	<u>5,111,759</u>	<u>532,517</u>	<u>1,326,702</u>	<u>113,301</u>	<u>7,084,279</u>
Operating income (loss)	1,321,376	188,033	301,534	(113,301)	1,697,642
Non-operating revenues (expenses):					
Development fees	-	-	15,533	-	15,533
Investment earnings	9,942	3,226	2,576	849	16,593
Interest expense	(128,650)	(23)	(64,809)	-	(193,482)
Total non-operating revenues (expenses)	<u>(118,708)</u>	<u>3,203</u>	<u>(46,700)</u>	<u>849</u>	<u>(161,356)</u>
Income (loss) before transfers	1,202,668	191,236	254,834	(112,452)	1,536,286
Transfers from other funds	42,200	92,932	-	-	135,132
Transfers to other funds	(605,760)	(196,833)	(330,535)	(50,780)	(1,183,908)
	<u>(563,560)</u>	<u>(103,901)</u>	<u>(330,535)</u>	<u>(50,780)</u>	<u>(1,048,776)</u>
Change in net assets	639,108	87,335	(75,701)	(163,232)	487,510
Total net assets, beginning	<u>6,475,907</u>	<u>1,817,636</u>	<u>1,879,940</u>	<u>597,004</u>	<u>10,770,487</u>
Total net assets, ending	<u>\$ 7,115,015</u>	<u>\$ 1,904,971</u>	<u>\$ 1,804,239</u>	<u>\$ 433,772</u>	<u>\$ 11,257,997</u>

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



Town of Winterville, North Carolina
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 6,288,764	\$ 736,061	\$ 1,709,710	\$ 92	\$ 8,734,627
Cash paid for goods and services	(4,182,641)	(312,809)	(952,254)	(15,517)	(5,463,221)
Cash paid to or on behalf of employees for services	(534,128)	(123,483)	(166,805)	(49,095)	(873,511)
Cash received (paid) for customer deposits - net	750	(10)	75	-	815
Net cash provided (used) by operating activities	1,572,745	299,759	590,726	(64,520)	2,398,710
Cash flows from non-capital financing activities:					
Restricted intergovernmental	-	-	15,533	-	15,533
Transfers from other funds	42,200	92,932	-	-	135,132
Transfers to other funds	(605,760)	(196,833)	(330,535)	(50,780)	(1,183,908)
Net cash provided (used) by non-capital financing activities	(563,560)	(103,901)	(315,002)	(50,780)	(1,033,243)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(59,771)	(200,998)	(6,738)	-	(267,507)
Loan proceeds - installment purchase	-	189,000	-	-	189,000
Principal payments on long term debt	(202,722)	(2,000)	(91,681)	-	(296,403)
Interest paid on debt	(128,650)	(23)	(64,809)	-	(193,482)
Net cash provided (used) by capital and related financing activities	(391,143)	(14,021)	(163,228)	-	(568,392)
Cash flows from investing activities:					
Interest income	9,942	3,226	2,576	849	16,593
Purchase of short-term cash investments	(1,400,000)	(460,000)	(355,000)	(60,000)	(2,275,000)
Net cash provided (used) by investing activities	(1,390,058)	(456,774)	(352,424)	(59,151)	(2,258,407)
Net increase (decrease) in cash and cash equivalents	(772,016)	(274,937)	(239,928)	(174,451)	(1,461,332)
Balances, beginning	2,333,274	775,433	651,483	236,525	3,996,715
Balances, ending	<u>\$ 1,561,258</u>	<u>\$ 500,496</u>	<u>\$ 411,555</u>	<u>\$ 62,074</u>	<u>\$ 2,535,383</u>

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

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ 1,321,376	\$ 188,033	\$ 301,534	\$ (113,301)	\$ 1,697,642
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	331,781	86,379	178,792	24,418	621,370
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(144,371)	15,511	81,474	15,842	(31,544)
(Increase) decrease in prepaid items	822	-	(1,022)	(33)	(233)
Increase (decrease) in accounts payable and accrued liabilities	41,661	4,783	28,112	5,820	80,376
Increase (decrease) in customer deposits	750	(10)	75	-	815
Increase (decrease) in accrued vacation pay	8,927	638	(1,189)	1,259	9,635
Increase (decrease) in accrued OPEB liability	11,799	4,425	2,950	1,475	20,649
Total adjustments	<u>251,369</u>	<u>111,726</u>	<u>289,192</u>	<u>48,781</u>	<u>701,068</u>
Net cash provided (used) by operating activities	<u>\$ 1,572,745</u>	<u>\$ 299,759</u>	<u>\$ 590,726</u>	<u>\$ (64,520)</u>	<u>\$ 2,398,710</u>

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



Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Winterville is a municipal corporation which is governed by an elected mayor and a five-member Council.

B. Basis of Presentation

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

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

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

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

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 required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants and various other taxes and licenses. The primary expenditures are for general government administration, public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise funds:

Electric Fund - The Electric Fund accounts for the Town's electric operations.

Water Fund - The Water Fund accounts for the Town's water operations.

Sewer Fund - The Sewer Fund accounts for the Town's sewer operations.

Stormwater Fund - The Stormwater Fund accounts for the Town's stormwater operations.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Winterville. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Pitt County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants,

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the special revenue funds and the capital projects funds. All budgets are prepared using the modified accrual basis of accounting. N.C. General Statutes requires governmental entities to budget appropriations by department, function or project. The Town's budget ordinance is approved at the departmental level for all annually budgeted funds. The original budget ordinance gives the Town Manager (Budget Officer) authority to amend line item appropriations within any fund as long as the total appropriation of that fund is not changed. Any amounts that alter total expenditures between the funds must be approved by the governing board through an amendment to the budget ordinance. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

Cash and Cash Equivalents

The Town pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments with an original maturity date of three months or less are considered cash and cash equivalents.

Short-Term Cash Investments

Short-term cash investments include certificates of deposit purchased with an original maturity of more than three months.

Restricted Assets

Restricted assets include the portion of cash and cash equivalents required to be held in reserve due to loan covenants on USDA debt and the portion of cash and cash equivalents related to funds received through the North Carolina Department of Justice required to be spent for local law enforcement purposes. 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 also classified as restricted cash because it can be expended only for the purposes

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Also included in restricted cash are rental payments from the Winterville Rescue & EMS, Inc. which is reserved for the support of future Rescue & EMS operations. Other amounts in restricted cash are development fees collected for future expenditures on parks and recreation, electric and sewer projects.

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, 2011.

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 written off in prior years.

Prepaid Items

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	25-30
Buildings	25-30
Vehicles	5-7
Equipment	5-10
Software	5

Long-Term Obligations

In the government-wide financial statements and 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 assets.

Compensated Absences

The vacation policy of the Town provides for the accumulation of earned vacation leave up to one hundred twenty hours (120) for general employees and one hundred twenty-seven hours (127) for law enforcement employees, with such leave being fully vested when earned. For the Town's government-wide and proprietary

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable 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.

Prepays – The portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending prepaids, which are not expendable, available resources.

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G. S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. 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”. Therefore, from guidance established by the North Carolina Department of the State Treasurer, the Town has classified a portion of their fund balance within this category.

Restricted for Streets - Powell Bill – The 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 – The portion of fund balance that is restricted by revenue source for certain police, EMS and rescue service expenditures.

Restricted for Debt Covenants – The portion of fund balance that is restricted for USDA loan covenants.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Winterville's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Recreation – portion of fund balance assigned by the Board for Recreation expenditures.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Assigned Fund Balance – portion of fund balance that Town of Winterville intends to use for specific purposes. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify line item appropriations as long as the total for the fund does not change.

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

The Town board adopted a fund balance reserve policy in order to maintain general fund unrestricted fund balance at a level sufficient to provide the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature and to permit orderly adjustments as a result of unanticipated revenue shortfalls. The Town will define these amounts as "available fund balance". The Town will strive to maintain a minimum unrestricted fund balance of 25% of the current year's expenditures. The Town Board may appropriate fund balance that will reduce the unrestricted fund balance below 25% on a limited basis which should occur for the purpose of a declared fiscal emergency. If this occurs, the Town Board will develop a plan to restore the unrestricted fund balance within three years from the date of the appropriation.

Subsequent Events – Date of Management's Evaluation

Management has evaluated subsequent events through October 29, 2012, the date which the financial statements were available to be issued.

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, the expenditures made by the Town's General Fund exceeded the authorized appropriations made by the governing board for sanitation by \$14,053. This over-expenditure occurred because the Town incurred more expenditures than budgeted or authorized. Management and the Board will more closely review the budget reports to ensure compliance in future years.

3. Detail Notes on all Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the 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 agent in the Town's 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

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town does not have a formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for non-interest bearing transactions accounts through December 31, 2012. At June 30, 2012, the Town's deposits had a carrying amount of \$8,530,532 and a bank balance of \$8,755,542. Of the bank balance, \$720,972 was covered by federal depository insurance and \$8,034,570 was covered by collateral held under the Pooling Method.

B. Investments

At June 30, 2012, the Town had \$722,151 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk of its investments.

C. Receivables - Allowance for Doubtful Accounts

The receivables shown in the balance sheet are presented net of the following allowance for doubtful accounts:

	Accounts	Taxes	Due from other Governments	Street Assessments	Other	Total
Governmental Activities:						
General	\$ 81,135	\$ 180,371	\$ 495,598	\$ 250	\$ 36,231	\$ 793,585
Allowance for doubtful accounts	-	(41,636)	-	-	-	(41,636)
Total governmental activities	<u>\$ 81,135</u>	<u>\$ 138,735</u>	<u>\$ 495,598</u>	<u>\$ 250</u>	<u>\$ 36,231</u>	<u>\$ 751,949</u>
Business-Type Activities:						
Electric	\$ 1,175,498	\$ -	\$ -	\$ -	\$ -	\$ 1,175,498
Water	114,214	-	-	-	-	114,214
Sewer	255,123	-	-	-	-	255,123
Stormwater	2,189	-	-	-	-	2,189
Allowance for doubtful accounts	(257,468)	-	-	-	-	(257,468)
Total business-type activities	<u>\$ 1,289,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,289,556</u>

Due from other governments consists of the following:

Local option sales tax	\$ 419,064
Sales tax refund receivable	52,321
Other	24,213
	<u>\$ 495,598</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,508,294	\$ 31,809	\$ -	\$ 3,540,103
Total capital assets not being depreciated	3,508,294	31,809	-	3,540,103
Capital assets being depreciated:				
Buildings	6,676,944	-	-	6,676,944
Infrastructure	23,851,283	344,722	-	24,196,005
Equipment	1,651,508	58,698	-	1,710,206
Software	422,061	107,324	-	529,385
Vehicles	1,726,157	-	(23,960)	1,702,197
Total capital assets being depreciated	34,327,953	510,744	(23,960)	34,814,737
Less accumulated depreciation for:				
Buildings	1,692,419	222,848	-	1,915,267
Infrastructure	7,901,684	936,353	-	8,838,037
Equipment	892,418	169,287	-	1,061,705
Software	172,733	85,139	-	257,872
Vehicles	953,473	105,004	(12,069)	1,046,408
Total accumulated depreciation	11,612,727	\$ 1,518,631	\$ (12,069)	13,119,289
Total capital assets being depreciated, net	22,715,226			21,695,448
Governmental activity capital assets, net	<u>\$ 26,223,520</u>			<u>\$ 25,235,551</u>

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

General government	\$ 432,311
Public safety	135,498
Transportation	866,272
Cultural and recreation	84,550
Total	<u>\$ 1,518,631</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
Capital assets being depreciated:				
Distribution system	8,015,637	20,885	-	8,036,522
Buildings	315,415	-	-	315,415
Equipment	586,987	14,023	-	601,010
Vehicles	313,416	24,863	-	338,279
Total capital assets being depreciated	9,231,455	59,771	-	9,291,226
Less accumulated depreciation for:				
Distribution system	1,638,160	298,232	-	1,936,392
Buildings	127,413	23,650	-	151,063
Equipment	569,047	7,808	-	576,855
Vehicles	311,471	2,091	-	313,562
Total accumulated depreciation	2,646,091	331,781	-	2,977,872
Total capital assets being depreciated, net	6,585,364			6,313,354
Electric Fund capital assets, net	6,731,377			6,459,367

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Water Fund</i>				
Capital assets not being depreciated:				
Land	8,000	-	-	8,000
Construction in progress	39,585	192,813	-	232,398
Total capital assets not being depreciated	47,585	192,813	-	240,398
Capital assets being depreciated:				
Water system, well, tank and distribution system	2,275,983	8,185	-	2,284,168
Equipment and vehicles	228,213	-	-	228,213
Total capital assets being depreciated	2,504,196	8,185	-	2,512,381
Less accumulated depreciation for:				
Water system, well, tank and distribution system	1,382,084	79,729	-	1,461,813
Equipment and vehicles	199,843	6,650	-	206,493
Total accumulated depreciation	1,581,927	86,379	-	1,668,306
Total capital assets being depreciated, net	922,269			844,075
Water Fund capital assets, net	969,854			1,084,473

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Sewer Fund</i>				
Capital assets being depreciated:				
Equipment and vehicles	159,390	-	-	159,390
Sewer system	3,600,855	6,738	-	3,607,593
Sewer treatment facility	233,000	-	-	233,000
Total capital assets being depreciated	3,993,245	6,738	-	3,999,983
Less accumulated depreciation for:				
Equipment and vehicles	141,671	4,191	-	145,862
Sewer system	1,295,648	169,941	-	1,465,589
Sewer treatment facility	216,690	4,660	-	221,350
Total accumulated depreciation	1,654,009	178,792	-	1,832,801
Total capital assets being depreciated, net	2,339,236			2,167,182
Sewer Fund capital assets, net	2,339,236			2,167,182
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Stormwater Fund</i>				
Capital assets being depreciated:				
Distribution	393,439	-	-	393,439
Equipment	17,388	-	-	17,388
Total capital assets being depreciated	410,827	-	-	410,827
Less accumulated depreciation for:				
Distribution	56,584	22,926	-	79,510
Equipment	1,496	1,492	-	2,988
Total accumulated depreciation	58,080	24,418	-	82,498
Total capital assets being depreciated, net	352,747			328,329
Stormwater Fund capital assets, net	352,747			328,329
Business-type activities capital assets, net	\$ 10,393,214			\$ 10,039,351

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

E. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88% and 7.35%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Winterville are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$188,940, \$181,981, and \$148,014, respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description

The Town of Winterville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	21
Total	21

A separate report was not issued for the plan.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Summary of Significant Accounting Policies:

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

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 32,247
Interest on net pension obligation	6,377
Adjustment to annual required contribution	<u>(7,609)</u>
Annual pension cost	31,015
Contributions made	<u>-</u>
Increase in net pension obligation	31,015
Net pension obligation, beginning of year	<u>127,548</u>
Net pension obligation, end of year	<u><u>\$ 158,563</u></u>

Three Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 21,950	0.00%	\$ 96,498
2011	31,050	0.00%	127,548
2012	31,015	0.00%	158,563

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$265,193. The covered payroll (annual payroll of active employees covered by the plan) was \$818,302, and the ratio of the UAAL to the covered payroll was 32.41 percent.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

c. Supplemental Retirement Income Plan

Plan Description

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

Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement 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, 2012 were \$50,867, which consisted of \$41,185 from the Town and \$9,682 from the law enforcement officers.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2012 were \$118,940, which consisted of \$94,073 from the Town and \$24,867 from the general employees.

d. Firemen's and Rescue Squad Workers' Pension Fund

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

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The Town is not required to make contributions to the Fund; however, the Town is paying the required contributions for its plan members. The State, a non-employer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

As disclosed in Note G below, the Town has recognized on-behalf payments for pension contributions made by the State of North Carolina for its plan members.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

e. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town administers a single-employer defined benefit healthcare benefits plan for retirees of the Town who have at least thirty years service with the North Carolina Local Governmental Employees' Retirement System (System) or the North Carolina Law Enforcement Officers' Local Governmental Employees' Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town's group rates until the retiree reaches age sixty-five. Currently, four retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2012, the Town paid healthcare premiums for retirees of \$35,151. The Town purchases healthcare coverage through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

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

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	4	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	44	21
Total	48	21

Funding Policy

The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by the Town Council. The Town's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 4.59% of annual covered payroll. For the current year, the Town contributed \$35,151 or 1.27% of annual covered payroll. The Town purchases healthcare coverage through private insurers.

There were no contributions made by employees, except for dependent coverage in the amount of \$500. The Town's obligation to contribute to the Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

Annual required contribution	\$ 126,612
Interest on net OPEB obligation	10,621
Adjustment to annual required contribution	<u>(9,163)</u>
Annual OPEB cost	128,070
Contributions made	<u>(35,151)</u>
Increase (decrease) in net OPEB obligation	92,919
Net OPEB obligation, beginning of year	<u>265,516</u>
Net OPEB obligation, end of year	<u><u>\$ 358,435</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 117,625	15.8%	\$ 173,735
2011	117,935	22.2%	265,516
2012	128,070	27.5%	358,435

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,535,586. The covered payroll (annual payroll of active employees covered by the plan) was \$2,756,955, and the ratio of the UAAL to the covered payroll was 55.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

f. Other Employee 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. Payments to beneficiaries must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment amount and the other benefit amount. The Town considers these contributions to be immaterial.

2. Payables

Payables at the government-wide level at June 30, 2012 were as follows:

Governmental Activities:	Total
Vendors	\$ 335,094
Accrued salaries and related items	109,523
Total governmental activities	<u>\$ 444,617</u>

Business-Type Activities:	Electric	Water	Sewer	Stormwater	Total
Vendors	\$ 51,486	\$ 16,628	\$ 34,311	\$ 6,005	\$ 108,430
Accrued salaries and related items	14,409	3,254	3,770	1,298	22,731
Total business-type activities	<u>\$ 65,895</u>	<u>\$ 19,882</u>	<u>\$ 38,081</u>	<u>\$ 7,303</u>	<u>\$ 131,161</u>

3. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes receivable, net	\$ 138,735	\$ -
Accounts receivable, net	70,422	-
Street and special assessments, net	250	-
Prepaid taxes	-	18,744
Total	<u>\$ 209,407</u>	<u>\$ 18,744</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

4. 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 \$3 million per occurrence and property coverage up to the total insurance value of the property policy and workers' compensation coverage up to statutory limits.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance through the NFIP.

In accordance with G.S 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$225,000 and the tax collector is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Commitments

The Town has entered into agreements with other governmental entities and commercial companies to purchase electricity, water, sewer and garbage services.

6. Long-Term Obligations

a. Governmental Activities

Installment Purchases

4.375% note, payable in annual installments of \$139,634, including interest; final payment due June 2034; secured by real estate	\$ 1,946,619
2.90% note, payable in annual installments of \$38,974, including interest; final payment due June 2013; secured by vehicles and equipment	37,876
3.62% note, payable in annual installments of \$136,645 plus interest; final payment due June 2023; secured by real estate	1,503,099
3.05% note, payable in annual installments of \$50,731, including interest; final payment due June, 2014; secured by vehicles and equipment	97,001
2.80% note, payable in annual installments of \$99,826, plus interest; final payment due December 2014; secured by vehicles and equipment	299,480
4.77% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025; secured by real estate	1,288,716
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025; secured by real estate	148,200
2.64% note, payable in annual installments of \$33,255, including interest; final payment due June 2015; secured by vehicles and equipment	94,720
Total installment purchases	<u>\$ 5,415,711</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Annual debt service payments of the installment purchases as of June 30, 2012, including interest of \$1,956,714, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 517,875	\$ 222,959	\$ 740,834
2014	484,652	204,184	688,836
2015	438,743	186,361	625,104
2016	309,113	169,908	479,021
2017	311,823	156,992	468,815
2018-2022	1,604,095	586,884	2,190,979
2023-2027	924,359	278,765	1,203,124
2028-2032	565,014	133,405	698,419
2033-2034	260,037	17,256	277,293
Total	<u>\$ 5,415,711</u>	<u>\$ 1,956,714</u>	<u>\$ 7,372,425</u>

b. Business-Type Activities

General Obligation Bonds - Enterprise Funds

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the electric, water, and sewer system and which are being retired by its resources, are reported as long-term debt in the Enterprise Funds. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2012 are comprised of the following individual issues:

Serviced by the Sewer Fund:

\$1,113,000 June 2000 Sanitary Sewer bonds due in annual installments of \$11,500 to \$46,000 plus interest at 4.75% to 5.00%, final installment due June 2040	<u>\$ 955,500</u>
Total general obligation bonds	<u>\$ 955,500</u>

Annual debt service requirements to maturity on general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 19,000	\$ 46,581	\$ 65,581
2014	20,000	45,654	65,654
2015	21,000	44,679	65,679
2016	22,000	43,656	65,656
2017	22,000	42,583	64,583
2018-2022	126,500	195,829	322,329
2023-2027	161,000	161,753	322,753
2028-2032	198,000	118,755	316,755
2033-2037	228,000	67,177	295,177
2038-2040	138,000	13,455	151,455
Total	<u>\$ 955,500</u>	<u>\$ 780,122</u>	<u>\$ 1,735,622</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Installment Purchases - Enterprise Funds

Electric

3.62% note, payable in annual installments of \$222,847 including interest;
final payment due June 2023; secured by equipment \$ 1,992,880

4.67% note, payable in annual installments of \$108,524, including interest;
final payment due June 2025; secured by real estate 1,039,993

Water

1.98% note, payable in annual installments of \$40,075, including interest;
final payment due September 2016; secured by equipment 189,000

Sewer

4.67% note, payable in annual installments of \$32,689, including interest;
final payment due June 2025; secured by real estate 313,269

Total installment purchases \$ 3,535,142

Annual debt service requirements to maturity on installment purchases are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2013	\$ 265,054	\$ 139,081	\$ 404,135
2014	274,873	129,262	404,135
2015	285,073	119,062	404,135
2016	295,670	108,465	404,135
2017	306,681	97,454	404,135
2018-2022	1,505,769	314,536	1,820,305
2023-2025	602,022	44,476	646,498
Total	<u>\$ 3,535,142</u>	<u>\$ 952,336</u>	<u>\$ 4,487,478</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

c. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 6,091,592	\$ -	\$ (675,881)	\$ 5,415,711	\$ 517,875
Compensated absences	176,193	193,321	(176,193)	193,321	193,321
Unfunded OPEB obligation	203,786	72,270	-	276,056	-
Net pension obligation	127,548	31,015	-	158,563	-
Total Governmental Activities	\$ 6,599,119	\$ 296,606	\$ (852,074)	\$ 6,043,651	\$ 711,196
Business-type Activities:					
<u>Electric Fund</u>					
Installment purchases	\$ 3,235,595	\$ -	\$ (202,722)	\$ 3,032,873	\$ 210,662
Unfunded OPEB obligation	37,001	11,799	-	48,800	-
Compensated absences	58,500	67,427	(58,500)	67,427	67,427
Electric Fund long-term liabilities	<u>\$ 3,331,096</u>	<u>\$ 79,226</u>	<u>\$ (261,222)</u>	<u>\$ 3,149,100</u>	<u>\$ 278,089</u>
<u>Water Fund</u>					
Installment purchases	\$ -	\$ 189,000	\$ -	\$ 189,000	\$ 36,332
Bonds payable	2,000	-	(2,000)	-	-
Unfunded OPEB obligation	11,856	4,425	-	16,281	-
Compensated absences	5,388	6,026	(5,388)	6,026	6,026
Water Fund long-term liabilities	<u>\$ 19,244</u>	<u>\$ 199,451</u>	<u>\$ (7,388)</u>	<u>\$ 211,307</u>	<u>\$ 42,358</u>
<u>Sewer Fund</u>					
Installment purchases	\$ 386,950	\$ -	\$ (73,681)	\$ 313,269	\$ 18,060
Bonds payable	973,500	-	(18,000)	955,500	19,000
Unfunded OPEB obligation	11,037	2,950	-	13,987	-
Compensated absences	16,212	15,023	(16,212)	15,023	15,023
Sewer Fund long-term liabilities	<u>\$ 1,387,699</u>	<u>\$ 17,973</u>	<u>\$ (107,893)</u>	<u>\$ 1,297,779</u>	<u>\$ 52,083</u>
<u>Stormwater Fund</u>					
Unfunded OPEB obligation	\$ 1,836	\$ 1,475	\$ -	\$ 3,311	\$ -
Compensated absences	6,952	8,211	(6,952)	8,211	8,211
Stormwater Fund long-term liabilities	<u>\$ 8,788</u>	<u>\$ 9,686</u>	<u>\$ (6,952)</u>	<u>\$ 11,522</u>	<u>\$ 8,211</u>
Total Business-type Activities	\$ 4,746,827	\$ 306,336	\$ (383,455)	\$ 4,669,708	\$ 380,741

Compensated absences, unfunded OPEB obligation and net pension obligation liabilities have typically been liquidated in the General Fund.

The Town's legal debt margin at June 30, 2012 was \$47,692,065.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

d. Operating Leases

The Town leases copiers under a noncancellable operating lease expiring in the June 30, 2014 fiscal year. The minimum rental commitments with initial or remaining terms in excess of one year under operating leases are as follows.

2013	\$ 27,000
2014	<u>22,500</u>
Total minimum payments:	<u><u>\$ 49,500</u></u>

Total rent expense for the June 30, 2012 fiscal year on the copier lease was \$36,172.

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2012, consist of the following:

Fund	From	To	Purpose
Sewer Fund	\$ 35,000		
Water Fund	7,200		
Electric Fund		\$ 42,200	Reimbursements among enterprise funds for operations.
Electric Fund	135,329		
General Fund		135,329	Reimbursements among funds for operations.
Sewer Fund	92,932		
Water Fund		92,932	Reimbursements among enterprise funds for operations.
Electric Fund	246,964		
Water Fund	189,633		
Sewer Fund	202,603		
Stormwater Fund	50,780		
General Fund		689,980	Reimbursements among funds for operations.
Electric Fund	223,467		
Vehicle Replacement Fund		<u>223,467</u>	To make debt payment.
	<u>\$ 1,183,908</u>	<u>\$ 1,183,908</u>	

G. On-Behalf Payments for Fringe Benefits

For the fiscal year ended June 30, 2012, the Town of Winterville has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$17,961 for the forty-six volunteer fireman and one employed fireman who perform firefighting duties for the Town's fire department. The volunteers and the employee elected to be members of the Firemen and Rescue Workers' Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by the Town, investment income, and a State appropriation.

H. Fund Balance

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

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Total fund balance - General Fund:	\$ 4,623,012
Less:	
Prepaid items	36,403
Stabilization by State Statute	657,370
Streets - Powell Bill	783,696
Appropriated Fund Balance in 2013 budget	18,000
Public Safety	30,219
Debt covenants	111,817
Recreation	7,400
Working Capital/Fund Balance Policy	1,659,729
Remaining Fund Balance:	\$ 1,318,378

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	\$ 114,763	\$ -

I. Prior Period Adjustment

Based on errors made by a non-profit entity in Pitt County in filing its refund claims for the periods of January 2007 to June 2009, Pitt County and its various municipalities were overpaid sales tax amounts during this period and are required to payback these sales tax amounts. The North Carolina Department of Revenue has decided upon a 30 month repayment period, beginning with July 2012 collections, which were distributed in September 2012. All sales tax distribution amounts during this 30 month period will be reduced by the amount of the repayment. The Town's total repayment is \$97,692, or \$3,256, monthly.

On Exhibit 2 of the accompanying financial statements which is on the accrual basis of accounting, the entire \$97,692 is shown as a deduction from net assets and an increase in accounts payable. On Exhibit 4 of the accompanying financial statements which is prepared on the modified accrual basis of accounting, \$32,564 (10 months – September 2012 through June 2013) is shown as a deduction from fund balance and an increase in accounts payable.

4. Jointly Governed Organizations

The Town is a member of the Contentnea Metropolitan Sewerage District (District). The participating governments established the District to provide sewer service to each member's citizens. Each participating government appoints one member to the District's governing board.

The Town's purchases of sewer services for the fiscal year ended June 30, 2012 amounted to \$828,659.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,130 to the Commission during the fiscal year ended June 30, 2012.

5. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these funds to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town's volunteers receive funds based on the authority provided in NCGS § 58-84-35. During the fiscal year ended June 30, 2012, the Town reported no payments made

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2012. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. That report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

6. Summary Disclosures 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.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.



Town of Winterville, North Carolina
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)
12/31/2004	\$ -	\$ 38,688	\$ 38,688	0.00%	\$ 431,302	8.97%
12/31/2005	-	52,623	52,623	0.00%	548,109	9.60%
12/31/2006	-	65,425	65,425	0.00%	639,784	10.23%
12/31/2007	-	102,020	102,020	0.00%	796,882	12.80%
12/31/2008	-	143,903	143,903	0.00%	804,614	17.88%
12/31/2009	-	230,568	230,568	0.00%	770,457	29.93%
12/31/2010	-	249,110	249,110	0.00%	778,252	32.01%
12/31/2011	-	265,193	265,193	0.00%	818,302	32.41%

Town of Winterville, North Carolina
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2012

Schedule of Employer Contributions		
Year Ended June 30,	Annual Required Contribution	Annual Percentage Contributed
2005	\$ 5,875	0.0%
2006	8,217	0.0%
2007	9,777	0.0%
2008	10,243	0.0%
2009	12,411	0.0%
2010	21,241	0.0%
2011	31,391	0.0%
2012	32,247	0.0%

Notes to the Required Schedules

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest valuation follows:

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.0%
Cost of living adjustments	N/A

Town of Winterville, North Carolina
OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH CARE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)
12/31/07	\$ -	\$ 889,417	\$ 889,417	0.00%	\$ 2,287,567	38.9%
12/31/08	-	1,145,215	1,145,215	0.00%	2,756,229	41.6%
12/31/11	-	1,535,586	1,535,586	0.00%	2,756,955	55.7%

Town of Winterville, North Carolina
OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH CARE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2012

<u>Schedule of Employer Contributions</u>		
<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Annual</u> <u>Percentage</u> <u>Contributed</u>
2009	\$ 82,339	9.35%
2010	117,625	15.75%
2011	117,625	22.24%
2012	126,612	27.76%

Notes to the Required Schedules

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest valuation follows:

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES



MAJOR GOVERNMENTAL FUND

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.



Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

Page 1 of 4

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,255,662	
Interest		19,759	
Total	\$ 3,095,633	3,275,421	\$ 179,788
Other taxes and licenses:			
Privilege licenses		17,165	
Heavy equipment tax		17,167	
Total	15,500	34,332	18,832
Unrestricted Intergovernmental:			
Local option sales tax		1,619,870	
Payment in lieu of taxes - outside sources		1,498	
Utility franchise tax/Telecommunications sales tax		258,177	
Beer and wine tax		40,463	
Total	1,677,321	1,920,008	242,687
Restricted Intergovernmental:			
Powell Bill allocation		254,386	
DOT reimbursement		3,660	
FEMA grant revenue		202,617	
On-behalf of payments - Fire		17,961	
Solid waste disposal tax		6,363	
Total	530,189	484,987	(45,202)
Permits and fees:			
Subdivision recreation fees		1,414	
Planning and zoning		1,485	
Total	4,550	2,899	(1,651)
Sales and services:			
Special assessments		1,149	
Solid waste fees		480,464	
Community building/Rescue rent		27,805	
Fire inspections		9,475	
Utility service charges		1,375	
Recreation		177,345	
Cemetery		26,900	
Total	712,495	724,513	12,018
Investment earnings	6,657	14,927	8,270
Miscellaneous:			
Other		55,872	
Total	151,923	55,872	(96,051)
Total revenues	6,194,268	6,512,959	318,691

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		42,952	
Other operating expenditures		17,560	
Total	<u>61,154</u>	<u>60,512</u>	<u>642</u>
Administration:			
Salaries and employee benefits		749,804	
Maintenance and repairs		154	
Other operating expenditures		682,320	
FEMA grant expenditures		117,954	
Capital outlay		5,110	
Total	<u>1,840,443</u>	<u>1,555,342</u>	<u>285,101</u>
Information Technology:			
Salaries and employee benefits		144,327	
Maintenance and repairs		6,628	
Other operating expenditures		139,668	
Noncapitalized equipment < \$5,000 (computer)		39,349	
Departmental improvements		11,691	
Capital outlay		102,215	
Total	<u>449,860</u>	<u>443,878</u>	<u>5,982</u>
Planning:			
Salaries and employee benefits		172,477	
Maintenance and repairs		277	
Other operating expenditures		13,754	
Total	<u>258,734</u>	<u>186,508</u>	<u>72,226</u>
Total general government	2,610,191	2,246,240	363,951
Public Safety:			
Police:			
Salaries and employee benefits		1,133,333	
Maintenance and repairs		51,437	
Other operating expenditures		100,659	
Noncapitalized equipment < \$5,000		4,411	
Total	<u>1,350,896</u>	<u>1,289,840</u>	<u>61,056</u>

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

Page 3 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Salaries and employee benefits		8,612	
Other operating expenditures		1,199	
Noncapitalized equipment < \$5,000		820	
Total	<u>31,180</u>	<u>10,631</u>	<u>20,549</u>
Fire:			
Salaries and employee benefits		191,236	
Maintenance and repairs		11,930	
Other operating expenditures		82,141	
Noncapitalized equipment < \$5,000		33,674	
Capital outlay		58,698	
Total	<u>380,548</u>	<u>377,679</u>	<u>2,869</u>
Rescue:			
Salaries and employee benefits		-	
Other operating expenditures		-	
Total	<u>102,873</u>	<u>-</u>	<u>102,873</u>
Total public safety	1,865,497	1,678,150	187,347
Transportation:			
Salaries and employee benefits		381,944	
Maintenance and repairs		29,396	
Other operating expenditures		56,867	
Other operating expenditures - Powell Bill		30,173	
Noncapitalized equipment < \$5,000		2,851	
Noncapitalized equipment < \$5,000 - Powell Bill		1,141	
Capital outlay - Powell Bill		98,184	
Total transportation	<u>751,085</u>	<u>600,556</u>	<u>150,529</u>
Environmental Protection:			
Sanitation:			
Other operating expenditures		425,607	
Total	<u>411,554</u>	<u>425,607</u>	<u>(14,053)</u>

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

Page 4 of 4

	Budget	Actual	Variable Positive (Negative)
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		212,306	
Maintenance and repairs		24,321	
Other operating expenditures		214,933	
Noncapitalized equipment <\$5,000		30,004	
Total parks and recreation	551,880	481,564	70,316
Public Buildings:			
Maintenance and repairs		33,852	
Capital outlay		21,819	
Other operating expenditures		228,841	
Total community building	319,013	284,512	34,501
Total Cultural and Recreation	870,893	766,076	104,817
Debt service:			
Principal retirement	675,881	675,881	-
Interest	246,905	246,408	497
Total debt service	922,786	922,289	497
Total expenditures	7,432,006	6,638,918	793,088
Revenues over (under) expenditures	(1,237,738)	(125,959)	1,111,779
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds	1,048,776	1,048,776	-
Total other financing sources (uses)	1,048,776	1,048,776	-
Fund balance appropriated	188,962	-	(188,962)
Net change in fund balance	\$ -	922,817	\$ 922,817
Fund balances, beginning as previously reported		3,732,759	
Prior period adjustment		(32,564)	
Fund balances, beginning as restated		3,700,195	
Fund balances, ending		\$ 4,623,012	

ENTERPRISE FUNDS

The Enterprise Funds are established to account for services provided to the general public and the related costs of such services. Although General Statutes and generally accepted accounting principles do not require an annual balanced budget for Enterprise Funds, the Town does adopt a balanced budget for these funds.

Electric Fund – The Electric Fund accounts for the Town’s electric operations.

Water Fund – The Water Fund accounts for the Town’s water operations.

Sewer Fund – The Sewer Fund accounts for the Town’s sewer operations.

Stormwater Fund – The Stormwater Fund accounts for the Town’s stormwater operations.



Town of Winterville, North Carolina
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sale of electricity		\$ 6,151,724	
Connection fees		4,420	
Service charges		45,647	
Miscellaneous revenue		231,344	
Total operating revenues	<u>\$ 6,233,860</u>	<u>6,433,135</u>	<u>\$ 199,275</u>
Non-operating revenues:			
Interest earned		9,942	
Total non-operating revenues	<u>6,000</u>	<u>9,942</u>	<u>3,942</u>
Total revenues	6,239,860	6,443,077	203,217
Expenditures:			
Operating:			
Electrical power purchases		3,742,106	
Salaries and employee benefits		534,128	
Supplies		57,459	
Repairs and maintenance		34,641	
Contracted services		151,161	
Other departmental expenses		215,239	
Total operating expenditures	<u>5,144,328</u>	<u>4,734,734</u>	<u>409,594</u>
Debt service:			
Principal retirement	202,722	202,722	-
Interest	128,650	128,650	-
Total debt service	<u>331,372</u>	<u>331,372</u>	<u>-</u>
Capital outlay:			
Noncapitalized equipment < \$5,000		24,518	
Capital outlay		59,771	
Total capital outlay	<u>207,800</u>	<u>84,289</u>	<u>123,511</u>
Total expenditures	<u>5,683,500</u>	<u>5,150,395</u>	<u>533,105</u>

Town of Winterville, North Carolina
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	556,360	1,292,682	736,322
Other financing sources (uses):			
Transfers from other funds:			
Water Fund	14,400	7,200	(7,200)
Sewer Fund	35,000	35,000	-
Transfers to other funds:			
General Fund	(605,760)	(605,760)	-
Total other financing sources (uses)	(556,360)	(563,560)	(7,200)
Revenues and other sources over (under) expenditures and other uses	\$ -	729,122	\$ 729,122
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		202,722	
Capital outlay		59,771	
Depreciation		(331,781)	
Increase in accrued vacation pay		(8,927)	
Increase in accrued OPEB liability		(11,799)	
Total		(90,014)	
Change in net assets		\$ 639,108	

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 717,410	
Other operating revenues		3,140	
Total operating revenues	\$ 735,044	720,550	\$ (14,494)
Non-operating revenues:			
Investment earnings		3,226	
Total non-operating revenues	2,000	3,226	1,226
Total revenues	737,044	723,776	(13,268)
Expenditures:			
Operating:			
Purchases for resale		184,086	
Salaries and employee benefits		123,483	
Supplies		25,275	
Repairs and maintenance		8,087	
Contracted services		15,296	
Other departmental expenses		80,551	
Total operating expenditures	522,601	436,778	85,823
Debt service:			
Principal retirement	2,000	2,000	-
Interest	23	23	-
Total debt service	2,023	2,023	-
Capital outlay:			
Noncapitalized equipment < \$5,000		4,297	
Capital outlay		200,998	
Total capital outlay	372,111	205,295	166,816
Total expenditures	896,735	644,096	252,639
Revenues over (under) expenditures	(159,691)	79,680	239,371

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Loan proceeds - installment purchase	189,000	189,000	-
Transfers from other funds:			
Sewer Fund	92,932	92,932	-
Transfers to other funds:			
General Fund	(189,633)	(189,633)	-
Electric Fund	(7,200)	(7,200)	-
	85,099	85,099	-
 Fund balance appropriated	 74,592	 -	 (74,592)
 Revenues and other sources over (under) expenditures and other uses	 \$ -	 164,779	 \$ 164,779
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		2,000	
Capital outlay		200,998	
Increase in accrued vacation pay		(638)	
Increase in accrued OPEB liability		(4,425)	
Depreciation		(86,379)	
Loan proceeds		(189,000)	
Total		(77,444)	
 Change in net assets		 \$ 87,335	

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges		\$ 1,628,236	
Total operating revenues	\$ 1,663,206	1,628,236	\$ (34,970)
Non-operating revenues:			
Investment earnings		2,576	
Development fees		15,533	
Total non-operating revenues	80,000	18,109	(61,891)
Total revenues	1,743,206	1,646,345	(96,861)
Expenditures:			
Operating:			
Salaries and employee benefits		166,805	
Supplies		17,222	
Repairs and maintenance		21,316	
CMSD expense		828,659	
Other departmental expenses		97,218	
Total operating expenditures	1,193,776	1,131,220	62,556
Debt service:			
Principal retirement	91,681	91,681	-
Interest	64,947	64,809	138
Total debt service	156,628	156,490	138
Capital outlay:			
Noncapitalized equipment <\$5,000		14,929	
Capital outlay		6,738	
Total capital outlay	62,267	21,667	40,600
Total expenditures	1,412,671	1,309,377	103,294
Revenues over (under) expenditures	330,535	336,968	6,433

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	330,535	336,968	6,433
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(202,603)	(202,603)	-
Water Fund	(92,932)	(92,932)	-
Electric Fund	(35,000)	(35,000)	-
Total other financing sources (uses)	(330,535)	(330,535)	-
Revenues and other sources over (under) expenditures and other uses	\$ -	6,433	\$ 6,433
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		91,681	
Capital outlay		6,738	
Depreciation		(178,792)	
Decrease in accrued vacation pay		1,189	
Increase in accrued OPEB liability		(2,950)	
Total		(82,134)	
Change in net assets		\$ (75,701)	

Town of Winterville, North Carolina
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Non-operating revenues:			
Investment earnings		\$ 849	
Total non-operating revenues	<u>\$ -</u>	<u>849</u>	<u>\$ 849</u>
Total revenues	-	849	849
Expenditures:			
Operating:			
Salaries and employee benefits		49,095	
Contracted services		10,455	
Other departmental expenses		10,849	
Total operating expenditures	<u>83,596</u>	<u>70,399</u>	<u>13,197</u>
Total expenditures	<u>83,596</u>	<u>70,399</u>	<u>13,197</u>
Revenues over (under) expenditures	(83,596)	(69,550)	14,046
Other financing sources (uses):			
Transfers to other funds:			
General Fund	<u>(86,837)</u>	<u>(50,780)</u>	<u>36,057</u>
Total other financing sources (uses)	<u>(86,837)</u>	<u>(50,780)</u>	<u>36,057</u>
Fund balance appropriated	<u>170,433</u>	<u>-</u>	<u>(170,433)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(120,330)</u>	<u>\$ (120,330)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(24,418)	
Bad debt expense		(15,750)	
Increase in accrued vacation pay		(1,259)	
Increase in accrued OPEB liability		(1,475)	
Total		<u>(42,902)</u>	
Change in net assets		<u>\$ (163,232)</u>	



OTHER FINANCIAL INFORMATION

To provide additional insight into the Town's operations, both past and present, the following additional financial information is included in subsequent sections of the comprehensive report:

Governmental Capital Assets

This section includes additional information about the Town's investment in governmental fixed assets, including a summary of assets benefiting each governmental function.

Other Schedules

Additional financial data includes information on property tax collections and uncollected property taxes.

Statistical Information

The statistical section includes ten year comparison data (when available) on various aspects of Town finances as well as other information to enhance understanding of Town operations.

Compliance Section

The compliance section includes auditors reports on state compliance matters.



GOVERNMENTAL CAPITAL ASSETS



Town of Winterville, North Carolina
COMPARATIVE SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 For the Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts As of June 30, 2011)

Governmental Capital Assets	2012	2011
Land and improvements	\$ 3,540,103	\$ 3,508,294
Buildings	6,676,944	6,676,944
Streets and infrastructure	24,196,005	23,851,283
Software	529,385	422,061
Vehicles and equipment	3,412,403	3,377,665
Total	\$ 38,354,840	\$ 37,836,247

Town of Winterville, North Carolina
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2012

<u>Function and Activity</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
General government	\$ 8,847,644	\$ 227,328	\$ 23,960	\$ 9,051,012
Transportation	24,575,366	256,527	-	24,831,893
Public Safety	1,749,607	58,698	-	1,808,305
Cultural and recreation	2,663,630	-	-	2,663,630
 Total	 <u>\$ 37,836,247</u>	 <u>\$ 542,553</u>	 <u>\$ 23,960</u>	 <u>\$ 38,354,840</u>

OTHER SCHEDULES

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy



Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2012

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections And Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 3,239,911	\$ 3,140,640	\$ 99,271
2010-2011	109,824	-	84,482	25,342
2009-2010	40,479	-	22,862	17,617
2008-2009	36,314	-	28,874	7,440
2007-2008	10,188	-	1,688	8,500
2006-2007	8,762	-	678	8,084
2005-2006	4,696	-	150	4,546
2004-2005	3,345	-	157	3,188
2003-2004	2,866	-	213	2,653
2002-2003	3,665	-	(65)	3,730
2001-2002	2,158	-	2,158	-
Total	<u>\$ 222,297</u>	<u>\$ 3,239,911</u>	<u>\$ 3,281,837</u>	<u>180,371</u>

Less: allowance for uncollectible accounts:

General fund 41,636

Ad valorem taxes receivable - net \$ 138,735

Reconciliation with Revenues:

Ad valorem taxes - General Fund \$ 3,275,421

Reconciling items:

Interest collected (19,759)

Taxes written off 2,158

Releases (prior years) and other adjustments 24,017

Subtotal 6,416

Total collections and credits \$ 3,281,837

Town of Winterville, North Carolina
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2012

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 718,430,444	0.45	\$ 3,232,937	\$ 2,883,981	\$ 348,956
Discoveries	3,057,778		13,760	13,475	285
Abatements	(1,508,000)		(6,786)	(1,564)	(5,222)
Total property valuation	<u>\$ 719,980,222</u>				
Net levy			3,239,911	2,895,892	344,019
Uncollected taxes at June 30, 2012			<u>(99,271)</u>	<u>(53,350)</u>	<u>(45,921)</u>
Current year's taxes collected			<u>\$ 3,140,640</u>	<u>\$ 2,842,542</u>	<u>\$ 298,098</u>
Current levy collection percentage			<u>96.94%</u>	<u>98.16%</u>	<u>86.65%</u>

STATISTICAL SECTION

This part of the Town of Winterville'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 say about the Town's overall financial health.

CONTENTS:

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

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.

Sources: The Town implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year, or the year for which information was most recently available.



Town of Winterville, North Carolina
NET ASSETS BY COMPONENT
 Last Eight Fiscal Years
 (accrual basis of accounting)

Table 1

	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities								
Invested in capital assests, net of related debt	\$ 17,498,023	\$ 17,015,395	\$ 18,107,145	\$ 18,883,210	\$ 19,033,329	\$ 19,743,897	\$ 20,131,928	\$ 19,819,840
Restricted	99,573	64,181	118,662	297,722	509,458	524,194	1,344,122	1,590,502
Unrestricted	2,309,790	3,806,332	3,865,762	3,841,539	2,756,908	2,602,666	2,117,242	2,517,321
Total governmental activities net assests	\$ 19,907,386	\$ 20,885,908	\$ 22,091,569	\$ 23,022,471	\$ 22,299,695	\$ 22,870,757	\$ 23,593,292	\$ 23,927,663
Business-type activities								
Invested in capital assests, net of related debt	\$ 4,051,159	\$ 4,471,007	\$ 4,304,371	\$ 2,981,588	\$ 5,773,808	\$ 5,531,666	\$ 5,795,169	\$ 5,548,709
Restricted	-	-	-	-	-	-	-	-
Unrestricted	2,735,379	2,881,715	3,992,871	6,181,096	4,202,970	4,775,714	4,975,318	5,709,288
Total Business-type activities net assests	\$ 6,786,538	\$ 7,352,722	\$ 8,297,242	\$ 9,162,684	\$ 9,976,778	\$ 10,307,380	\$ 10,770,487	\$ 11,257,997
Primary government								
Invested in capital assests, net of related debt	\$ 21,549,182	\$ 21,486,402	\$ 22,411,516	\$ 21,864,798	\$ 24,807,137	\$ 25,275,563	\$ 25,927,097	\$ 25,368,549
Restricted	99,573	64,181	118,662	297,722	509,458	524,194	1,344,122	1,590,502
Unrestricted	5,045,169	6,688,047	7,858,633	10,022,635	6,959,878	7,378,380	7,092,560	8,226,609
Total primary government net assests	\$ 26,693,924	\$ 28,238,630	\$ 30,388,811	\$ 32,185,155	\$ 32,276,473	\$ 33,178,137	\$ 34,363,779	\$ 35,185,660

Note: Information for 2003-2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
CHANGE IN NET ASSETS
 Last Eight Fiscal Years
 (accrual basis of accounting)

Table 2

	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental activities:								
General government	\$ 1,249,125	\$ 1,051,648	\$ 920,172	\$ 1,773,961	\$ 2,456,603	\$ 2,687,929	\$ 2,552,572	\$ 2,605,647
Public Safety	1,042,633	1,601,482	1,780,041	1,588,821	1,753,660	1,883,985	1,794,701	1,822,713
Transportation	1,330,973	1,453,211	1,478,672	1,496,651	1,596,862	1,381,524	1,299,618	1,404,474
Environmental protection	278,343	265,869	323,910	344,757	375,894	402,902	444,724	425,607
Cultural and recreational	393,494	706,594	891,387	895,246	843,293	896,397	961,253	831,698
Economic and physical development	96,871	44,300	7,071	981	-	-	-	-
Interest on long-term debt	113,690	108,076	146,660	161,059	222,427	207,454	304,775	245,853
Total governmental activities expense	\$ 4,505,129	\$ 5,231,180	\$ 5,547,913	\$ 6,261,476	\$ 7,248,739	\$ 7,460,191	\$ 7,357,643	\$ 7,335,992
Business-type Activities:								
Electric	\$ 3,737,150	\$ 4,221,871	\$ 4,158,835	\$ 4,197,764	\$ 5,305,020	\$ 5,232,429	\$ 5,366,691	\$ 5,240,409
Water	396,926	469,614	495,483	636,679	693,124	778,832	556,616	532,540
Sewer	913,054	1,083,201	1,119,390	1,540,475	1,305,034	1,804,362	1,439,662	1,391,511
Stormwater	8,039	24,134	21,291	39,355	27,072	69,718	116,318	113,301
Total business-type activities expense	\$ 5,055,169	\$ 5,798,820	\$ 5,794,999	\$ 6,414,273	\$ 7,330,250	\$ 7,885,341	\$ 7,479,287	\$ 7,277,761
Total primary government expenses	\$ 9,560,298	\$ 11,030,000	\$ 11,342,912	\$ 12,675,749	\$ 14,578,989	\$ 15,345,532	\$ 14,836,930	\$ 14,613,753
Program Revenues								
Governmental activities:								
Charges for services								
General governmental	\$ 122,166	\$ 63,022	\$ 49,050	\$ 72,162	\$ 131,618	\$ 69,550	\$ 68,488	\$ 31,174
Public Safety	61,960	93,552	-	-	156,151	-	1,100	9,475
Transportation	-	-	-	-	-	328	-	-
Environmental protection	232,815	-	355,810	364,709	377,406	410,186	481,343	484,983
Cultural and recreational	122,783	331,373	113,106	159,179	227,367	184,439	258,113	205,150
Operating grants and contributions								
General governmental	-	70,209	36,426	120,372	-	-	-	202,617
Public Safety	-	250,643	71,925	86,905	-	142,449	21,394	17,961
Transportation	195,593	233,826	244,662	340,213	-	264,041	345,935	284,827
Environmental protection	-	-	-	-	-	6,150	6,115	6,363
Cultural and recreational	-	-	-	-	-	-	-	-

Town of Winterville, North Carolina
CHANGE IN NET ASSETS
Last Eight Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012
Capital grants and contributions								
General Government	534,695	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	500,000	-	-
Transportation	4,652,377	802,166	1,429,511	733,570	276,512	-	-	-
Total governmental activities program revenues	\$ 5,922,389	\$ 1,844,791	\$ 2,300,490	\$ 1,877,110	\$ 1,169,054	\$ 1,577,143	\$ 1,182,488	\$ 1,242,550
Business-type activities:								
Charges for services								
Electric Fund	4,284,432	4,740,155	4,645,162	5,088,797	5,782,977	5,842,314	6,569,449	6,433,135
Water Fund	509,622	553,868	583,834	643,967	740,300	743,907	735,593	720,550
Sewer Fund	786,018	1,116,274	1,203,587	1,485,481	1,646,000	1,644,394	1,710,000	1,628,236
Stormwater Fund	-	-	28,080	159,821	192,948	125,363	758	-
Operating grants and contributions	-	-	-	-	-	80,884	33,099	15,533
Capital grants and contributions	74,127	52,368	99,794	101,113	126,992	500,000	-	-
Total business-type activities program revenues	\$ 5,654,199	\$ 6,462,665	\$ 6,560,457	\$ 7,479,179	\$ 8,489,217	\$ 8,936,862	\$ 9,048,899	\$ 8,797,454
Total primary government program revenues	\$ 11,576,588	\$ 8,307,456	\$ 8,860,947	\$ 9,356,289	\$ 9,658,271	\$ 10,514,005	\$ 10,231,387	\$ 10,040,004
Net Revenue (Expense):								
Governmental activities	\$ 1,417,260	\$ (3,386,389)	\$ (3,247,423)	\$ (4,384,366)	\$ (6,079,685)	\$ (5,883,048)	\$ (6,175,155)	\$ (6,093,442)
Business-type activities	599,030	663,845	765,458	1,064,906	1,158,967	1,051,521	1,569,612	1,519,693
Total primary government net expense	\$ 2,016,290	\$ (2,722,544)	\$ (2,481,965)	\$ (3,319,460)	\$ (4,920,718)	\$ (4,831,527)	\$ (4,605,543)	\$ (4,573,749)
General revenues and other changes in net assets								
Governmental activities:								
Property Taxes	\$ 1,845,824	\$ 2,235,927	\$ 2,373,125	\$ 2,610,837	\$ 3,105,163	\$ 3,093,542	\$ 3,157,673	\$ 3,233,735
Local option sales tax	1,032,120	1,298,889	1,539,690	1,669,969	1,445,534	1,447,137	1,502,894	1,920,008
Grants and contributions not restricted to specific programs	-	-	-	-	-	273,805	299,708	-
Other taxes and licenses	311,098	52,117	72,437	33,408	344,671	38,686	31,045	34,332
Investment Earnings	29,757	349,180	256,525	267,674	53,082	11,967	17,851	12,146
Miscellaneous	-	128,090	244,646	103,642	-	721,519	758,425	276,508
Transfers	205,732	184,529	(43,884)	478,389	408,458	736,599	1,130,094	1,048,776
Total governmental activities	\$ 3,424,531	\$ 4,248,732	\$ 4,442,539	\$ 5,163,919	\$ 5,356,908	\$ 6,323,255	\$ 6,897,690	\$ 6,525,505

Town of Winterville, North Carolina

CHANGE IN NET ASSETS

Last Eight Fiscal Years

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activity:								
Investment earnings, net of market adjustment	\$ 60,614	\$ 87,869	\$ 138,178	\$ 275,925	\$ 63,585	\$ 15,680	\$ 23,589	\$ 16,593
Transfers	(205,732)	(184,529)	43,884	(478,389)	(408,458)	(736,599)	(1,130,094)	(1,048,776)
Total business-type activity	\$ (145,118)	\$ (96,660)	\$ 182,062	\$ (202,464)	\$ (344,873)	\$ (720,919)	\$ (1,106,505)	\$ (1,032,183)
Total primary government	\$ 3,279,413	\$ 4,152,072	\$ 4,624,601	\$ 4,961,455	\$ 5,012,035	\$ 5,602,336	\$ 5,791,185	\$ 5,493,322
Change in net assets								
Governmental activities	\$ 4,890,307	\$ 978,522	\$ 1,205,661	\$ 930,902	\$ (722,777)	\$ 440,672	\$ 722,535	\$ 432,063
Business-type activities	453,912	566,185	947,520	862,442	814,094	330,602	463,107	487,510
Total primary government	\$ 5,344,219	\$ 1,544,707	\$ 2,153,181	\$ 1,793,344	\$ 91,317	\$ 771,274	\$ 1,185,642	\$ 919,573

Note: Information for 2003-2004 was not readily available during statement preparation.

Town of Winterville, North Carolina
FUND BALANCES, GOVERNMENTAL FUNDS
PRE GASB 54
(modified accrual basis of accounting)

Table 3

	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 503,831	\$ 466,470	\$ 147,207	\$ 930,844	\$ 1,675,977	\$ 1,148,964
Unreserved	16,194	22,696	28,545	694,494	1,459,018	1,474,100
Total General Fund	\$ 520,025	\$ 489,166	\$ 175,752	\$ 1,625,338	\$ 3,134,995	\$ 2,623,064
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue funds	-	1,624	(7,071)	4,448	16,206	-
Capital projects funds	(12,535)	560,295	530,942	2,661,438	200,603	688,253
Total all other governmental funds	\$ (12,535)	\$ 561,919	\$ 523,871	\$ 2,665,886	\$ 216,809	\$ 688,253

Note: Information for 2003-2004 was not readily available at statement preparation. GASB 54 was adopted for the fiscal year ending June 30, 2011.

Town of Winterville, North Carolina
FUND BALANCES, GOVERNMENTAL FUNDS
POST GASB 54
(modified accrual basis of accounting)

Table 3

	2011	2012
General Fund		
Nond spendable	\$ 33,133	\$ 36,403
Restricted	1,336,722	1,583,102
Committed	7,400	7,400
Assigned	67,680	18,000
Unassigned	2,287,824	2,978,107
Total General Fund	<u>\$ 3,732,759</u>	<u>\$ 4,623,012</u>
All Other Governmental Funds		
Nond spendable	\$ -	\$ -
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>

Note: GASB 54 was adopted for the fiscal year ending June 30, 2011.

Town of Winterville, North Carolina
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Eight Fiscal Years
(modified accrual basis of accounting)

Table 4

	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES								
Ad valorem Taxes	\$ 1,877,080	\$ 2,235,909	\$ 2,370,582	\$ 2,585,436	\$ 3,066,447	\$ 3,086,185	\$ 3,115,699	\$ 3,275,421
Other taxes and licenses	1,095,704	1,351,006	1,612,127	1,703,377	1,478,844	38,686	31,045	34,332
Unrestricted intergovernmental	247,514	349,180	256,525	267,674	311,361	1,720,942	1,802,602	1,920,008
Restricted intergovernmental	730,288	554,678	244,662	371,097	276,512	797,691	370,376	484,987
Permits and Fees	37,794	61,595	10,545	8,308	7,770	3,730	4,488	2,899
Sales and Services	419,017	421,105	544,019	587,743	544,782	666,741	804,929	724,513
Investment Earnings	36,618	128,090	244,646	103,642	53,082	13,676	20,919	14,927
Miscellaneous	173,642	178,340	162,928	274,456	349,561	173,828	10,989	55,872
TOTAL REVENUES	\$ 4,617,657	\$ 5,279,903	\$ 5,446,034	\$ 5,901,733	\$ 6,088,359	\$ 6,501,479	\$ 6,161,047	\$ 6,512,959
EXPENDITURES								
Current:								
General Government	\$ 1,122,694	\$ 1,329,062	\$ 1,369,073	\$ 2,006,059	\$ 4,130,732	\$ 2,573,280	\$ 2,302,452	\$ 2,246,240
Public Safety	900,240	1,571,043	1,662,237	1,541,222	1,713,040	2,354,913	1,595,926	1,678,150
Transportation	645,180	751,172	727,838	706,317	778,185	772,378	654,379	600,556
Environmental Protection	278,343	265,869	323,910	344,757	375,894	402,902	444,724	425,607
Cultural and Recreation	386,169	692,333	873,251	927,663	1,652,918	797,599	894,595	766,076
Economic and Physical Development	96,871	44,300	7,071	981	-	-	-	-
Public Works	-	23,128	-	-	-	-	-	-
Vehicle Replacement	-	-	-	-	-	307,117	-	-
Debt Service:								
Principal retirement	196,122	120,190	380,812	524,203	712,724	791,985	723,690	675,881
Interest and Fees	113,690	108,076	146,660	166,629	222,427	207,454	272,692	246,408
Capital Outlay	823,025	244,825	441,613	144,215	71,124	1,579,010	-	-
TOTAL EXPENDITURES	\$ 4,562,334	\$ 5,149,998	\$ 5,932,465	\$ 6,362,046	\$ 9,657,044	\$ 9,786,638	\$ 6,888,458	\$ 6,638,918
REVENUES OVER (UNDER) EXPENDITURES	\$ 55,323	\$ 129,905	\$ (486,431)	\$ (460,313)	\$ (3,568,685)	\$ (3,285,159)	\$ (727,411)	\$ (125,959)
OTHER FINANCING SOURCES (USES)								
Long Term Debt Issued	\$ 538,202	\$ 1,218,937	\$ 760,000	\$ 2,229,230	\$ 232,000	\$ 2,310,990	\$ -	\$ -

Town of Winterville, North Carolina
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Eight Fiscal Years
 (modified accrual basis of accounting)

Table 4

	2005	2006	2007	2008	2009	2010	2011	2012
Transfers in	604,401	1,032,178	72,240	3,220,189	1,098,716	2,819,465	1,878,079	1,048,776
Transfers out	(398,669)	(847,649)	(116,124)	(2,741,800)	(690,258)	(2,082,866)	(747,985)	-
Sale of capital assets	-	-	-	-	-	66,693	18,759	-
Total other financing sources (uses)	\$ 743,934	\$ 1,403,466	\$ 716,116	\$ 2,707,619	\$ 640,458	\$ 3,114,282	\$ 1,148,853	\$ 1,048,776
Net Change in Fund Balances	\$ 799,257	\$ 1,533,371	\$ 229,685	\$ 2,247,306	\$ (2,928,227)	\$ (170,877)	\$ 421,442	\$ 922,817
Debt Services as a percentage of noncapital expenditures	9%	5%	11%	12%	11%	14%	17%	16%

Note: Information for 2003-2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Eight Fiscal Years
 (modified accrual basis of accounting)

Table 5

Fiscal Year	Property	Sales	Franchise	Penalties/	Total
	Tax	Tax	Tax	Interest	
2005	\$ 1,866,823	\$ 1,032,120	\$ 136,804	\$ 10,257	\$ 3,046,004
2006	2,227,012	1,298,889	223,461	8,897	3,758,259
2007	2,364,856	1,539,690	218,311	5,726	4,128,583
2008	2,576,874	1,669,969	227,675	8,562	4,483,080
2009	3,055,047	1,445,534	270,492	11,400	4,782,473
2010	3,069,850	1,447,137	258,488	16,335	4,791,810
2011	3,099,199	1,502,894	257,852	16,500	4,876,445
2012	3,255,662	1,619,870	258,177	19,759	5,153,468

Note: Information for 2003-2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6

Fiscal Year Ended June 30	Real Property	Personal Property	Total Taxes Levied For Fiscal Year	Property Valuation	Direct Tax Rate
2003	\$ 976,915	\$ 173,801	\$ 1,150,716	\$ 255,714,667	0.45
2004	1,070,689	204,804	1,275,493	283,442,889	0.45
2005	1,627,945	201,458	1,829,403	406,534,000	0.45
2006	1,941,762	249,968	2,191,730	487,050,947	0.45
2007	2,145,777	213,585	2,359,362	524,302,667	0.45
2008	2,285,774	276,758	2,562,532	569,444,889	0.45
2009	2,776,854	300,052	3,076,906	683,117,334	0.45
2010	2,810,386	279,384	3,089,770	686,615,556	0.45
2011	2,855,107	293,766	3,148,873	699,749,556	0.45
2012	2,895,892	344,019	3,239,911	719,980,222	0.45

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every eight years on average. The last county-wide revaluation occurred January 1, 2008. The county assesses property at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Town of Winterville, North Carolina
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Total Direct Rate	Rescue District	Fire District	County Rate		
2003	0.45	0.45	0.04	0.025	0.680	1.20	
2004	0.45	0.45	0.04	0.025	0.680	1.20	
2005	0.45	0.45	0.04	0.025	0.700	1.22	
2006	0.45	0.45	0.04	0.025	0.700	1.22	
2007	0.45	0.45	0.04	0.025	0.710	1.23	
2008	0.45	0.45	0.04	0.025	0.665	1.18	
2009	0.45	0.45	0.04	0.025	0.665	1.18	
2010	0.45	0.45	0.04	0.025	0.665	1.18	
2011	0.45	0.45	0.04	0.025	0.665	1.18	
2012	0.45	0.45	0.05	0.044	0.680	1.22	

Note: Tax rates are based on \$100 per assessed valuation for Town of Winterville and all overlapping governments.

Source: Pitt County Tax Assessor

TOWN OF WINTERVILLE, NORTH CAROLINA
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

	Fiscal Year 2012				Fiscal Year 2003			
	Type of Business	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	
Sam's Real Estate Business Trust	Retail	\$ 5,712,218	1	0.93%	\$ 4,239,860	2	1.78%	
Winterville Machine Works, Inc	Manufacturer	4,613,577	2	0.75%	2,876,111	4	1.21%	
The Roberts Co Fabrication Services Inc	Manufacturer	3,659,259	3	0.60%				
Winter Village LLC	Retail	3,298,085	4	0.54%	2,326,380	5	0.98%	
State Employees Credit Union	Financial Institution	2,958,769	5	0.48%				
J & S Firetower Property LLC	Retail	2,518,078	6	0.41%				
Wintergreen Commercial Park LLC	Developer	2,415,922	7	0.39%				
Barfield G Properties LLC	Developer	2,359,041	8	0.38%				
Hudson, James H	Developer	2,222,020	9	0.36%				
The Roberts Company	Manufacturer	2,113,390	10	0.34%	3,220,609	3	1.35%	
Fullarton Computer Indus. Inc	Manufacturer				5,030,419	1	2.11%	
Speight, Joseph D. & Maxine A.	Developer				1,668,430	6	0.70%	
Pinewood Village Associates	Apartments				1,601,060	7	0.67%	
Blair Development Group, LLC	Developer				1,150,840	8	0.18%	
IBM Corp.	Manufacturer				1,119,563	9	0.18%	
Harkit, LLC	Developer				979,850	10	0.41%	
Totals		\$ 31,870,359		5.20%	\$ 24,213,122		9.58%	

Sources: Pitt County Tax Assessor and Town of Winterville tax records

TOWN OF WINTERVILLE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Fiscal Year	Adjustments	Total Adjusted Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy	
2003	\$ 1,150,716	\$ 6,181	\$ 1,156,897	\$ 1,073,612	93.30%	\$ 79,555	\$ 1,153,167	92.80%	
2004	1,275,493	16,674	1,292,167	1,254,253	98.33%	35,261	1,289,514	97.07%	
2005	1,829,403	6,809	1,836,212	1,787,712	97.72%	45,312	1,833,024	97.36%	
2006	2,191,730	6,427	2,198,157	2,142,254	97.74%	51,357	2,193,611	97.46%	
2007	2,359,362	70,055	2,429,417	2,353,266	99.74%	68,067	2,421,333	96.87%	
2008	2,562,502	23,542	2,586,044	2,513,791	98.10%	63,753	2,577,544	97.21%	
2009	3,076,906	(2,878)	3,074,028	2,967,451	96.44%	99,137	3,066,588	96.53%	
2010	3,072,771	16,999	3,089,770	2,996,993	97.53%	75,159	3,072,152	97.00%	
2011	3,158,640	(9,767)	3,148,873	3,039,049	96.21%	84,482	3,123,531	96.51%	
2012	3,232,937	6,974	3,239,911	3,140,640	97.15%	-	3,140,640	96.94%	

Source: Town of Winterville tax records

Town of Winterville, North Carolina
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 10

Fiscal Year Ending	Governmental Activities			Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Lease	Installment Purchases	General Obligation Bonds	Installment Purchases	Capital Leases	Total Primary Government	Percentage of Personal Income				
2003	\$ 75,569	\$ 79,781	\$ 1,810,011	\$ 25,194	\$ 57,121	\$ 2,047,676	4.70%	379			
2004	37,357	258,863	1,588,538	151,137	30,485	2,066,380	4.47%	353			
2005	-	2,601,296	1,355,552	-	-	3,956,848	7.97%	570			
2006	-	3,698,905	1,691,000	-	-	5,389,905	10.10%	700			
2007	-	4,078,094	1,087,000	734,605	-	5,899,699	10.31%	720			
2008	-	5,777,001	1,060,000	3,118,486	-	9,955,487	16.59%	1,160			
2009	-	5,296,276	1,032,500	2,821,213	-	9,149,989	15.24%	1,022			
2010	-	6,815,282	1,004,500	3,952,505	-	11,772,287	19.61%	1,286			
2011	-	6,091,592	975,500	3,622,545	-	10,689,637	17.81%	1,145			
2012	-	5,415,711	955,500	3,535,142	-	9,906,353	16.47%	1,059			

Town of Winterville, North Carolina
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 11

Fiscal Year Ending	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ 1,810,011	0.7%	335
2004	1,588,538	0.6%	272
2005	1,355,552	0.3%	195
2006	1,691,000	0.3%	220
2007	1,087,000	0.2%	133
2008	1,060,000	0.2%	123
2009	1,032,500	0.2%	115
2010	1,004,500	0.1%	110
2011	975,500	0.1%	104
2012	955,500	0.1%	102

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Town of Winterville, North Carolina
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Table 12

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit, 8% of Assessed Value	\$ 20,567,058	\$ 22,971,858	\$ 32,643,769	\$ 39,078,337	\$ 43,189,636	\$ 45,974,116	\$ 54,649,387	\$ 54,929,244	\$ 55,979,964	\$ 57,598,418
Total net debt applicable to limit	1,969,573	3,835,754	3,956,847	5,389,905	5,899,699	9,955,487	9,149,990	11,772,287	10,689,637	9,906,353
Legal debt Margin	\$ 18,597,485	\$ 19,136,104	\$ 28,686,922	\$ 33,688,432	\$ 37,289,937	\$ 36,018,629	\$ 45,499,397	\$ 43,156,957	\$ 45,290,327	\$ 47,692,065
Total net debt applicable to the limit as a percentage of debt limit	9.58%	16.70%	12.12%	13.79%	13.66%	21.65%	16.74%	21.43%	19.10%	17.20%

Legal Debt Margin Calculation for Fiscal Year Ending 2012

Assessed Value	\$ 719,980,222
Debt Limit (8% of assessed value)	57,598,418
Debt applicable to limit:	
General Obligation Bonds	955,500
Installment Notes Payable	8,950,853
Legal Debt Margin	<u>\$ 47,692,065</u>

Note: NC Statute GS 159-55 limits the amount of outstanding debt to 8% of the appraised value of property subject to taxation.

Town of Winterville, North Carolina
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2012

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Pitt County	\$ 170,603,699	6.2%	\$ 10,577,429
Subtotal, overlapping debt			\$ 10,577,429
Total direct debt			\$ 5,415,711
Total direct and overlapping debt			\$ 15,993,140

Sources: Assessed value data used to estimate applicable percentages were provided by the Pitt County Tax Collector/Assessor. Debt outstanding data provided by Pitt County.

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

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the Town's boundaries and dividing it by the county's total taxable assessed value.

TOWN OF WINTERVILLE, NORTH CAROLINA
ELECTRIC RATES
 Last Eight Fiscal Years
 (KG=1000 gallons)

Table 14

Type of Customer	Fiscal Year Ending								
	2005	2006	2007	2008	2009	2010	2011	2012	
Small General Service	Facility Charge	13.36	25.00	25.00	28.75	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	1.53	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	4.23	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.0836	0.0836	0.0836	0.0961	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.0755	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	0	13.36	13.36	15.36	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	0	1.53	1.53	1.76	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	0	4.23	4.23	4.86	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0	0.0836	0.0836	0.0961	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042	0.1042
Large General Service	Facility Charge	255	250	250	287.5	345	345	345	345
	Demand Rate per kW	\$250/mo + \$8.16 per kW for all kW	\$250/mo + \$8.16 per kW for all kW	\$250/mo + \$8.16 per kW for all kW	\$250/mo + \$9.38 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW
	Energy Rate per kWh	0.0571	0.0571	0.0571	0.0657	0.0788	0.0788	0.0788	0.0788
Large General Service Temporary	Facility Charge	0	0	0	0	0	0	0	0
	Rate per kWh first 3,000 kWh	0	0	0	0	0	0	0	0
	Rate per kWh over 3,000 kWh	0	0	0	0	0	0	0	0
Residential Service	Facility Charge	9.29	9.29	9.29	10.68	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.0834	0.0834	0.0834	0.0959	0.1151	0.1151	0.1151	0.1151
	Rate per kWh over 800 kWh	0.0778	0.0778	0.0778	0.0895	0.1074	0.1074	0.1074	0.1074
Outdoor Lighting	70W Sodium Vapor	8.97	10.5	10.5	12.08	14.5	14.5	14.5	14.5
	100W Sodium Vapor	12	12	12	13.8	16.56	16.56	16.56	16.56
	150W Sodium Vapor	13.02	13.02	13.02	14.97	17.96	17.96	17.96	17.96
	250W Sodium Vapor	17.09	17.09	17.09	19.65	23.58	23.58	23.58	23.58
	400W Sodium Vapor	25.9	25.9	25.9	29.79	35.79	35.79	35.79	35.79
	1000W Sodium Vapor	41.98	41.98	41.98	48.28	57.94	57.94	57.94	57.94
	Wood Pole	0	2	2	2	2	2	2	2
Underground Service	0	85	85	85	85	85	85	85	
Underground Service >150 ft.	0	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	

Note: Information for 2003-2004 was not readily available at statement preparation.

**TOWN OF WINTERVILLE, NORTH CAROLINA
WATER, SEWER AND STORMWATER RATES
Last Eight Fiscal Years
(kG=1000 gallons)**

Table 15

Type of Customer	Fiscal Year Ending															
	2005		2006		2007		2008		2009		2010		2011		2012	
Water	Monthly Base	In	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 9.60	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52
	Rate (3kG)	Out	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 19.20	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04
	Rate per 1kG	In	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.44	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80
	for next 17 kG	Out	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 3.00	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Sewer	Rate per 1kG	In	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.27	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58
	for over 20kG	Out	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.64	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17
	Monthly Base	In	\$ 13.24	\$ 15.89	\$ 16.21	\$ 16.21	\$ 19.45	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34
	Rate (3kG)	Out	\$ 26.48	\$ 31.78	\$ 38.14	\$ 38.14	\$ 45.77	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92
Stormwater	Rate per 1kG	In	\$ 4.09	\$ 4.91	\$ 5.89	\$ 5.89	\$ 7.07	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48
	for next 17 kG	Out	\$ 8.18	\$ 9.82	\$ 11.78	\$ 11.78	\$ 14.14	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97
	Rate per 1kG	In	\$ 3.35	\$ 4.02	\$ 4.82	\$ 4.82	\$ 5.78	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94
	for over 20kG	Out	\$ 6.70	\$ 8.04	\$ 8.20	\$ 8.20	\$ 9.84	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81
Stormwater	Monthly Base	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
	Rate (3kG)	Out	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
	Rate per 1kG	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
	for next 17 kG	Out	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Stormwater	Rate per 1kG	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
	for over 20kG	Out	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

Note: Information for 2003-2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 16

Fiscal Year	Population (1)	County Personal Income (2) (in thousands)	Per Capita Personal Income (2)	County School Enrollment (3)	County Unemployment Rate Percentage (4)
2003	5,402	\$ 43,612	\$ 27,053	20,688	6.5
2004	5,850	\$ 46,272	\$ 27,561	21,217	5.7
2005	6,942	\$ 49,650	\$ 28,458	21,592	5.8
2006	7,698	\$ 53,374	\$ 29,430	22,116	5.2
2007	8,192	\$ 57,217	\$ 30,178	22,609	5.1
2008	8,586	\$ 60,021	\$ 31,410	22,994	6.5
2009	8,949	\$ 63,322	\$ 31,439	23,235	10.3
2010	9,154	\$ 64,942	\$ 32,294	23,022	10.1
2011	9,339	\$ 66,306	\$ 32,972	23,267	10.8
2012	9,355 *	*	*	23,386	10.6

* information not yet available

- Sources:
- (1) Provided by the North Carolina Office of State Planning
 - (2) Provided by the 2000 U.S. Census and adjusted each subsequent year by percentage change in personal income reported by the U.S. Department of Commerce, Bureau of Economic Analysis
 - (3) Provided by Pitt County Schools
 - (4) Provided by annual average for Pitt County reported by N.C. Employment Security Commission

Town of Winterville, North Carolina
PRINCIPAL EMPLOYERS
June 30, 2012

Table 17

Employer	Employees	Rank	Percentage of Total Town Employment
Roberts Company	832	1	9.95%
Pitt Community College	445	2	5.32%
North Carolina Driving School	165	3	1.97%
Sam's Club	160	4	1.91%
Pitt County Schools	143	5	1.71%
ONLINE Information Services, Inc.	108	6	1.29%
Regional Acceptance Corporation	95	7	1.14%
Chik-fil-A	69	8	0.83%
Town of Winterville	58	9	0.69%
Winterville Machine Works	58	10	0.69%
Total	2,133		25.50%

Source: Staff contact with employers.

Note: Information for 2003 was not readily available for statement preparation.

Town of Winterville, North Carolina
FULL -TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Eight Fiscal Years

Table 18

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012
Central government								
Administration	1	1	1	3	2	3	2	1
Finance	5	5	5	7	6	6	6	6
Town Clerk	1	1	1	1	1	1	0	1
Planning	2	2	2	3	4	4	3	2
Transportation								
Streets and Highways	5.5	5.5	5	5	4	4.5	3.5	3.5
Public Safety								
Sworn Officers	15	17	17	20	19	20	19	18
Civilians	1	1.5	1.5	1.5	1.5	1	1.5	1.5
Refuse collection	5.5	5.5	5	5	4	4.5	3.5	3.5
Economic and physical development	0	0	0	0	0	0	0	0
Cultural and recreation	2	2	3	3	4	5	5	3
Operation Support				1	3	3	2	2
Electric operations	11	13	12	14	13	11	10	8.5
Water	3	6	6	5	5	5	4	3
Sewer	3	3	3	3	3	3	3	3
Information Technology	0	0	0	0	1	2	2	2
TOTAL	55	62.5	61.5	71.5	70.5	73	64.5	58

Source: Town Finance Department
 Note: Information for 2003-2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Table 19

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police									
Physical arrests	N/A	N/A	N/A	N/A	N/A	N/A	223	363	330
Traffic Violations	N/A	N/A	N/A	N/A	N/A	N/A	4,761	3,313	4,407
Fire									
Number of calls answered	N/A	N/A	N/A	N/A	N/A	N/A	512	426	384
Inspections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	382
Building Inspections									
New construction permits	N/A	N/A	N/A	N/A	N/A	N/A	39	29	30
Highways and Streets									
Street Resurfacing	N/A	N/A	N/A	N/A	N/A	N/A	1	4	-
Potholes Repaired	N/A	N/A	N/A	N/A	N/A	N/A	57	65	12
Sanitation									
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	7	10	7
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	2	3	2
Culture and Recreation									
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	47	3	-
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	52	N/A	N/A
Water									
New Connections	N/A	N/A	N/A	N/A	N/A	N/A	23	25	27
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	2	-	-
Average daily consumption (millions)	N/A	N/A	N/A	N/A	N/A	N/A	601,524	605,429	581,787
Number of customers	N/A	N/A	N/A	N/A	N/A	N/A	3,753	3,778	3,764
Wastewater									
New Connections	N/A	N/A	N/A	N/A	N/A	N/A	23	23	23
Average daily sewage treatment	N/A	N/A	N/A	N/A	N/A	N/A	536,067	538,832	558,949
Number of customers	N/A	N/A	N/A	N/A	N/A	N/A	3,413	3,436	3,432

Source: Various departments
Notes: (1) Operating indicators by function for 2003-2009 were not readily available for statement purposes.
(2) Information for 2003 was not readily available at statement preparation.

Town of Winterville, North Carolina
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Table 20

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A	N/A	N/A	N/A	N/A	N/A	19	19	19	19
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highways and Streets										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	41.77	42.23	42.91	0.24
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parks and Recreation										
Park Acreage	N/A	N/A	N/A	N/A	N/A	N/A	24	30	30	30
Tennis Court	N/A	N/A	N/A	N/A	N/A	N/A	0	2	2	2
Playgrounds	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3	3
Baseball/Softball Diamonds	N/A	N/A	N/A	N/A	N/A	N/A	4	5	6	6
Soccer/football	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3	3
Community Centers	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
Water										
Water Mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	59	59	63.63	63.82
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	305	305	383	384
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	55	55	60.74	61.22
Storm water pipe	N/A	N/A	N/A	N/A	N/A	N/A	33.3	33.3	33	33.28

Source: Various Town Departments.

Notes: (1) Capital Asset indicators for 2003-2008 were not readily available for statement preparation.

(2) The Town of Winterville does not treat its own Waste water; it is sent to CMSD which has a capacity of 2.85 million gallons per day.

COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2012, which collectively comprise the Town of Winterville's basic financial statements, and have issued our report thereon dated October 29, 2012. 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.

Internal Control Over Financial Reporting

Management of Town of Winterville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Winterville's internal control over financial reporting as a basis for designing our auditing procedures 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 Winterville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Winterville's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting [12-1]. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winterville's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 12-1.

We noted certain matters that we reported to management of the Town of Winterville, in a separate letter dated October 29, 2012.

Town of Winterville's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town of Winterville's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, members of the Town Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pittard Perry & Crone, Inc.

Williamston, North Carolina
October 29, 2012

Town of Winterville, North Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2012

SIGNIFICANT DEFICIENCY

12-1 Expenditures exceed Appropriations

Criteria: Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds.

Condition: Expenditures made in the Town's General Fund for sanitation exceeds the authorized appropriations by \$14,053.

Effect: Expenditures were made without budget authorization.

Cause: The budget authorization was not reviewed to determine if appropriations were available before year end accounts payable were recorded.

Recommendation: The budget authorization should always be reviewed to determine if appropriations are available before an expenditure is made.

View of responsible officials and planned corrective actions: The Town agrees with this finding. Management will more closely review the budget reports to ensure compliance in future years.

Town of Winterville, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

None.