

# WINTERVILLE

North Carolina



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## Comprehensive Annual Financial Report

*For the Fiscal Year Ending June 30, 2015*



**Comprehensive Annual Financial Report**

**of the**

**Town of Winterville, North Carolina**

**For the Fiscal Year Ended June 30, 2015**

**Anthony Bowers**  
**Finance Director**



**Town of Winterville, North Carolina**  
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**June 30, 2015**

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## **INTRODUCTORY SECTION**





Government Finance Officers Association

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, 2014**

Executive Director/CEO



# **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. Moye

Veronica W. Roberson

Tony P. Moore

#### **Town Manager**

Terri L. Parker

#### **Finance Director**

Anthony Bowers

#### **Town Clerk**

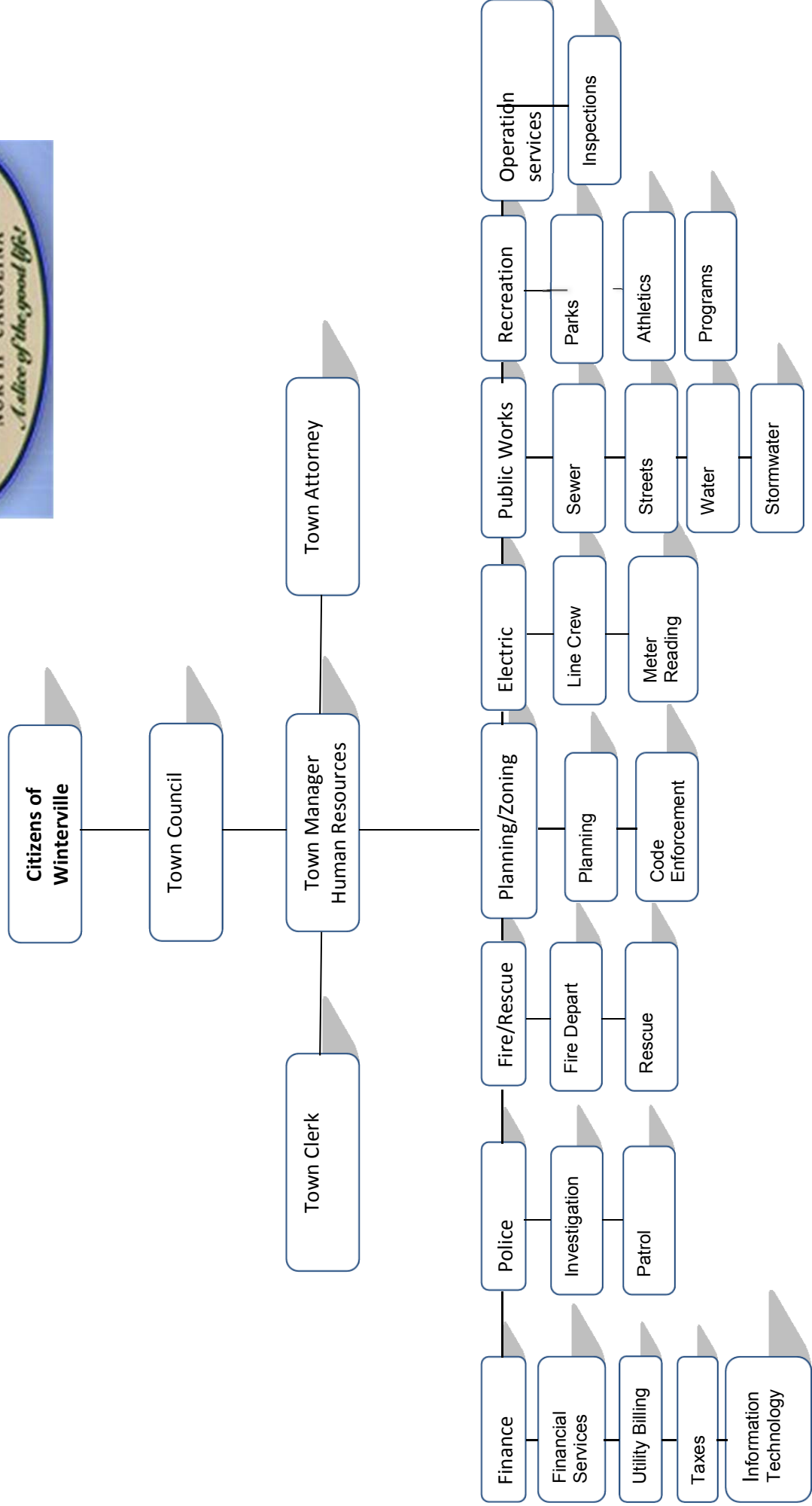
Jasman Smith

#### **Town Attorney**

E. Keen Lassiter



**Town of Winterville,  
North Carolina  
Organizational Chart**









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December 21, 2015

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 sixth Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30<sup>th</sup>, 2015. 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 Carr, Riggs, & Ingram, LLC to audit the Town's financial statements. Carr, Riggs, and Ingram, LLC has issued an unqualified opinion of the Town of Winterville's financial statements for the year ended June 30<sup>th</sup>, 2015.

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 9,511 as of June 30<sup>th</sup>, 2015.

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 statutes 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 1<sup>st</sup> 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 450 staff and faculty members.

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 28 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/Patheon, Mayne Pharma USA, Attends Health Care Products, NACCO Material Handling and many others. The unemployment rate for Pitt County is 6.9 percent. The population for Pitt County is 174,263 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 values of these improvements were 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 has 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**

The Town has been working on several major initiatives that hope to bring continued growth and quality of life for our citizens. They include Economic Development, becoming a Certified Retirement Community, addressing infrastructure needs for our enterprise funds, and recreational opportunities.

The Town has positioned itself to focus on economic development in several different ways. We have recently hired our first Economic Development Planner and have been declared as a Certified Retirement Community by the North Carolina Department of Commerce. The Town has also been working with developers, supporting the local Chamber of Commerce, and developing land use plans that foster growth. The Town has also focused on working with the NC Department of Transportation to ensure proper infrastructure is in place.

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 7.07% of earnings for employees not engaged in law enforcement and 7.41% for law enforcement officers for the fiscal year ending June 30<sup>th</sup>, 2015. 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 Firefighter'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 Carr Riggs & Ingram, LLC. 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,



Anthony Bowers  
Finance Director



## **FINANCIAL SECTION**







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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 17 through 30, the 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 79 through 83, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 84 and 85, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winterville, North Carolina's basic financial statements. The introductory section, individual fund statements, budgetary schedules, and other financial information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members  
of the Town Council  
Town of Winterville, North Carolina  
Page 3

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of Town of Winterville, North Carolina'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Winterville, North Carolina's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC

Williamston, North Carolina  
December 21, 2015



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Town of Winterville, North Carolina 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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Winterville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,600,152 (*net position*).
- The government's total net position increased by \$1,796,958 primarily due to increases in the governmental activities.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,342,441 an increase of \$977,529 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,413,814, or 85% percent of total General Fund expenditures for the fiscal year.
- Capital purchases for the Town totaled \$1,328,993.
- The Town had an additional \$257,500 in long-term debt for the fiscal year.
- Long-term debt was reduced in the net amount of \$507,424 in the Governmental Activities.
- Business-type activities saw a net debt decrease in the amount of \$295,806.

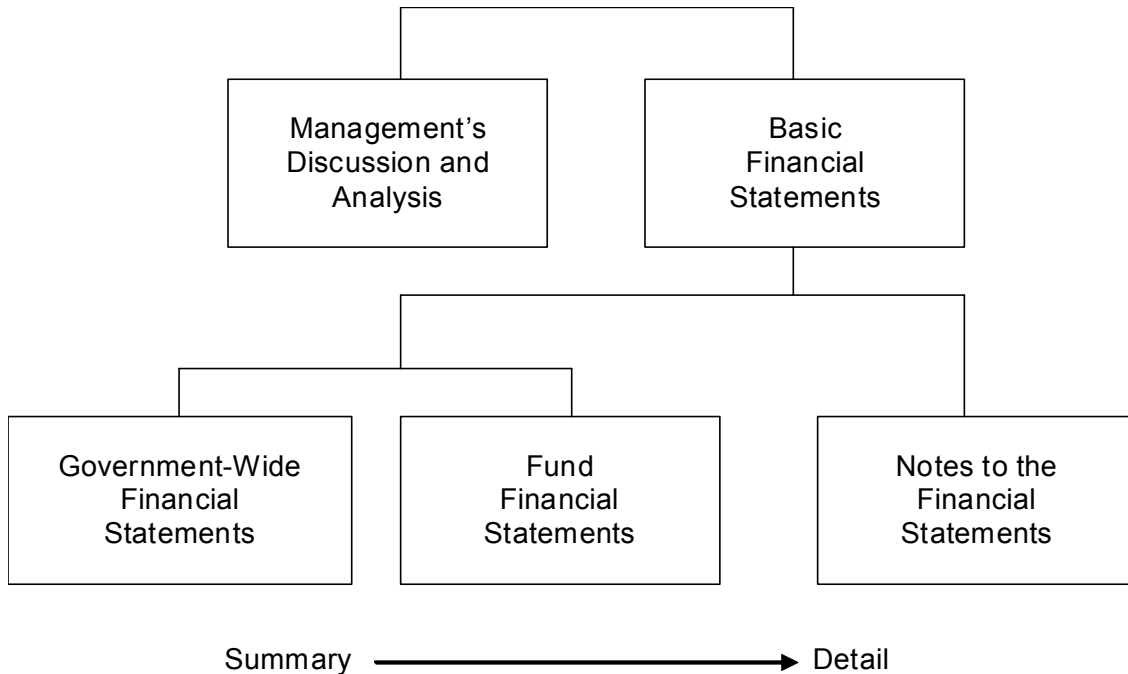
### **Overview of the Financial Statements**

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.

# Town of Winterville, North Carolina Management's Discussion and Analysis

## 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.



# Town of Winterville, North Carolina Management's Discussion and Analysis

## 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 Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those activities 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 (Figure 1) 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 him or her 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of 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

## **Town of Winterville, North Carolina Management's Discussion and Analysis**

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 Position 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 44 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 79 of this report.

**Interdependence with Other Entities** - The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

## Town of Winterville, North Carolina Management's Discussion and Analysis

### Government-Wide Financial Analysis

#### The Town of Winterville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 8,105,270	\$ 6,851,152	\$ 8,607,654	\$ 7,242,120	\$ 16,712,924	\$ 14,093,272
Capital assets	23,321,902	23,915,492	8,981,581	9,156,162	32,303,483	33,071,654
Deferred outflows of resources	177,567	-	28,173	-	205,740	-
Total assets and deferred outflows of resources	<u>31,604,739</u>	<u>30,766,644</u>	<u>17,617,408</u>	<u>16,398,282</u>	<u>49,222,147</u>	<u>47,164,926</u>
Long-term liabilities outstanding	4,716,301	5,133,697	3,382,740	3,800,734	8,099,041	8,934,431
Other liabilities	1,059,325	1,067,810	728,659	568,860	1,787,984	1,636,670
Deferred inflows of resources	485,080	-	249,890	-	734,970	-
Total liabilities and deferred inflows of resources	<u>6,260,706</u>	<u>6,201,507</u>	<u>4,361,289</u>	<u>4,369,594</u>	<u>10,621,995</u>	<u>10,571,101</u>
<b>Net Position:</b>						
Net investment in capital assets	18,875,360	18,961,526	5,365,711	5,253,486	24,241,071	24,215,012
Restricted	1,834,409	2,029,730	-	-	1,834,409	2,029,730
Unrestricted	<u>4,634,264</u>	<u>3,573,881</u>	<u>7,890,408</u>	<u>6,784,202</u>	<u>12,524,672</u>	<u>10,358,083</u>
Total net position	<u>\$ 25,344,033</u>	<u>\$ 24,565,137</u>	<u>\$ 13,256,119</u>	<u>\$ 12,037,688</u>	<u>\$ 38,600,152</u>	<u>\$ 36,602,825</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Winterville exceeded liabilities and deferred inflows by \$38,600,152 as of June 30, 2015. The Town's net position increased by \$1,796,958 for the fiscal year ended June 30, 2015. However, the largest portion of net position (84%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those 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 net investment in its capital assets are reported net of the outstanding related debt, the resources needed to 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 position, which totals \$1,834,409, represents resources that are subject to restrictions on how they may be used. The remaining balance of \$12,524,672 is unrestricted.

Also, the Town implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Governmental Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by

## **Town of Winterville, North Carolina Management's Discussion and Analysis**

\$400,426. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Winterville's management.

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.12%, which is a slight increase from the previous year's collection percentage of 98.3%.
- Current year property tax collections and credits decreased to \$3,499,202 which is down from \$3,533,265 in 2014.
- The Town of Winterville had a tax base of \$743,185,053 as of June 30, 2015.

# Town of Winterville, North Carolina Management's Discussion and Analysis

## The Town of Winterville's Changes in Net Position

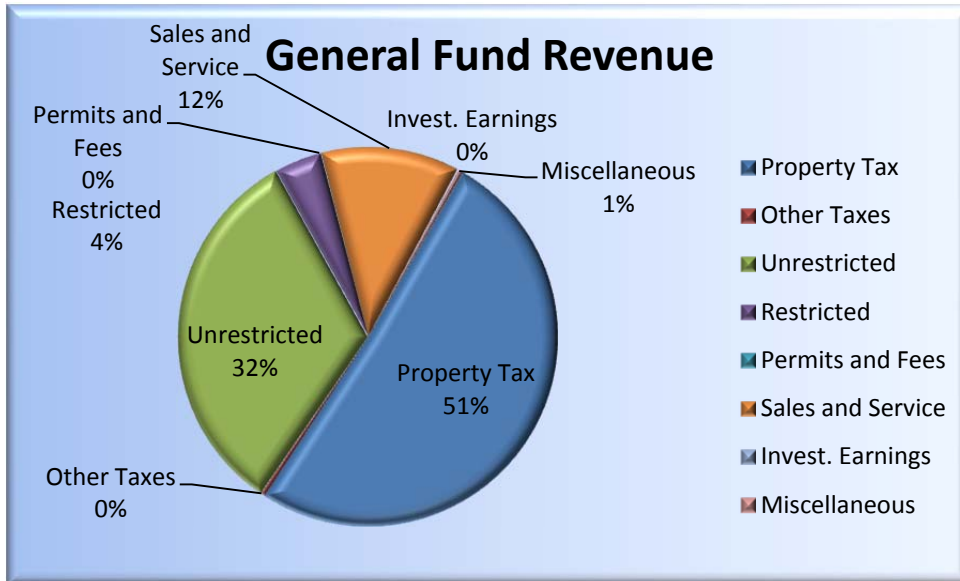
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 847,921	\$ 809,482	\$ 9,999,320	\$ 8,949,589	\$ 10,847,241	\$ 9,759,071
Operating grants and contributions	277,032	344,062	29,230	37,878	306,262	381,940
Capital grants and contribution	-	-	-	-	-	-
<b>General Revenues:</b>						
Property taxes	3,553,055	3,618,847	-	-	3,553,055	3,618,847
Other taxes and licenses	24,107	35,859	-	-	24,107	35,859
Unrestricted intergovernmental	2,287,726	1,927,399	-	-	2,287,726	1,927,399
Investment earnings	9,623	6,869	7,108	11,891	16,731	18,760
Other	503,895	268,351	-	-	503,895	268,351
<b>Total revenues</b>	<u>7,503,359</u>	<u>7,010,869</u>	<u>10,035,658</u>	<u>8,999,358</u>	<u>17,539,017</u>	<u>16,010,227</u>
<b>Expenses:</b>						
General government	2,112,412	2,143,361	-	-	2,112,412	2,143,361
Public safety	1,955,444	2,020,494	-	-	1,955,444	2,020,494
Transportation	1,262,024	1,332,381	-	-	1,262,024	1,332,381
Environmental protection	449,332	423,582	-	-	449,332	423,582
Cultural and recreation	852,262	774,390	-	-	852,262	774,390
Interest expense	175,858	206,866	-	-	175,858	206,866
Reimbursements	(59,696)	(151,682)	-	-	(59,696)	(151,682)
Electric	-	-	5,931,117	5,982,471	5,931,117	5,982,471
Water	-	-	992,504	804,903	992,504	804,903
Sewer	-	-	1,921,325	1,780,834	1,921,325	1,780,834
Stormwater	-	-	149,477	143,314	149,477	143,314
<b>Total expenses</b>	<u>6,747,636</u>	<u>6,749,392</u>	<u>8,994,423</u>	<u>8,711,522</u>	<u>15,742,059</u>	<u>15,460,914</u>
					-	-
<b>Increase (decrease) in net position before transfers</b>	755,723	261,477	1,041,235	287,836	1,796,958	549,313
Transfers	188,552	230,192	(188,552)	(230,192)	-	-
<b>Increase (decrease) in net position</b>	944,275	491,669	852,683	57,644	1,796,958	549,313
					-	-
<b>Net position, July 1 as previously reported</b>	24,565,137	24,073,468	12,037,688	11,980,044	36,602,825	36,053,512
<b>Prior period adjustments/restatements</b>	(165,379)	-	365,748	-	200,369	-
<b>Net position, July 1 as restated</b>	<u>24,399,758</u>	<u>24,073,468</u>	<u>12,403,436</u>	<u>11,980,044</u>	<u>36,803,194</u>	<u>36,053,512</u>
					-	-
<b>Net position, June 30</b>	<u>\$ 25,344,033</u>	<u>\$ 24,565,137</u>	<u>\$ 13,256,119</u>	<u>\$ 12,037,688</u>	<u>\$ 38,600,152</u>	<u>\$ 36,602,825</u>

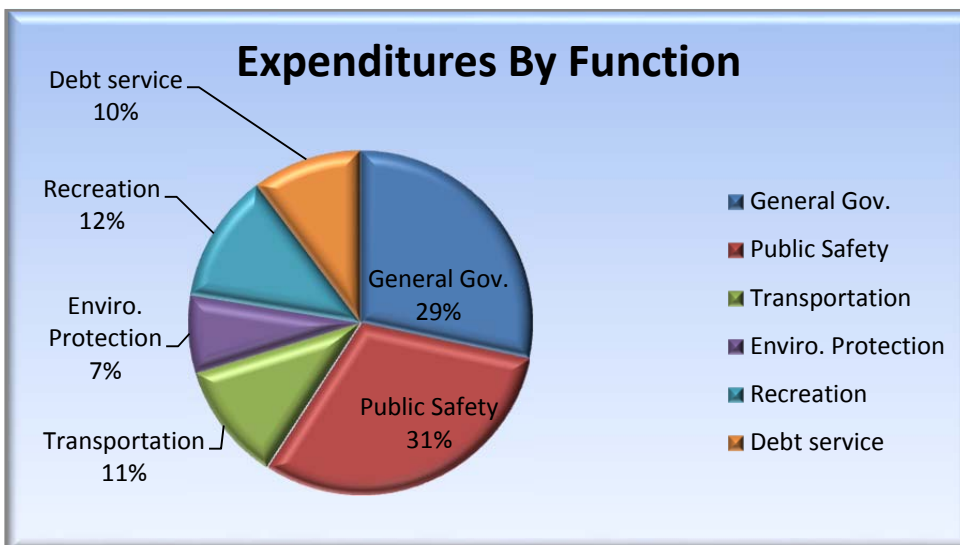
## Town of Winterville, North Carolina Management's Discussion and Analysis

**Governmental Activities:** Governmental activities increased the Town's net position by \$944,275 thereby accounting for 53% of the total growth in the net position 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:

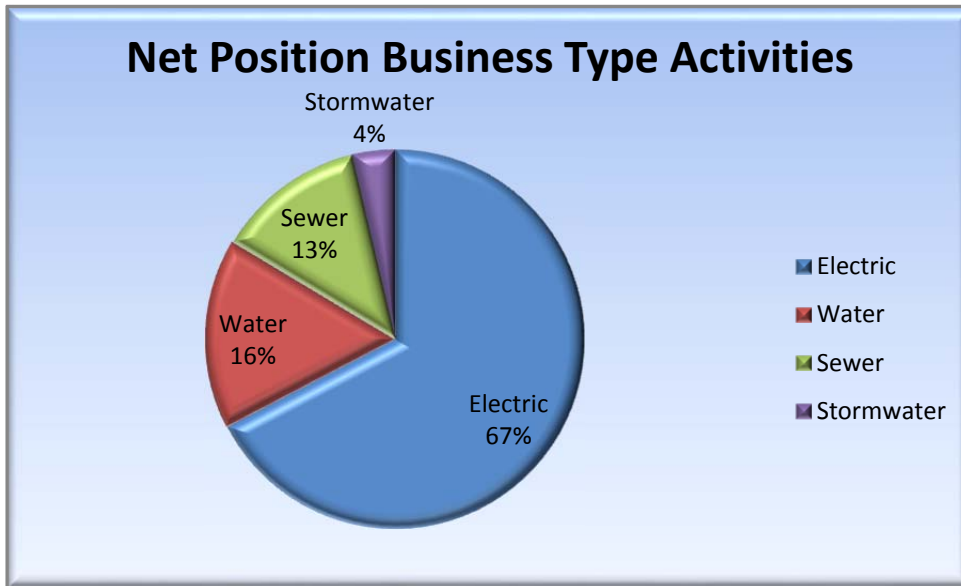


### General Fund Expenditures By Function:



## Town of Winterville, North Carolina Management's Discussion and Analysis

**Business-Type Activities:** Business-type activities increased the Town's net position by \$852,683 accounting for 47% of the total growth in the government's net position. 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 \$5,413,814, while total fund balance reached \$7,342,441. 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 72% of general fund expenditures. 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)

## Town of Winterville, North Carolina Management's Discussion and Analysis

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 \$665,876 to \$7,586,472. The largest budget amendment was for \$351,374. The increase was the result of a contract for a large paving project. The funds were allocated from fund balance for the project. Budgeted revenues in the General Fund increased by \$7,000 during the fiscal year. 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 (\$986,928), an increase of \$222,736 from the 2014 fiscal year. Total reimbursements from the proprietary funds totaled \$1,302,984.

The General Fund had three items of significant variance related to budget to actual. The three significant items were Ad valorem Taxes, General Government, and Transportation. Regarding Ad Valorem Taxes, the Town determines the budget on calculations from the tax assessor's office. These estimates are typically very conservative and create a situation where actual revenue is typically higher than the budgeted estimate. General Government did not spend all of the allocation budgeted by \$361,412. This was caused by several factors which including vacant positions, and the postponement of projects. Transportation funds remaining at year end were \$368,632. This was the result of funds that were not fully spent as a result of projects being postponed.

**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 \$179,362. This was the result of conservative budgeting for the 2015 fiscal year. Budgeted appropriations, in the Electric Fund increased by \$800,361 in 2015. Revenues exceeded expenditures by \$519,210. Change in net position of the Electric Fund for 2015 was \$571,935 up from \$150,492 in 2014. This is a net increase of \$421,443.

Revenues in the Water Fund exceeded expenditures by \$286,728. The Town's changes in net position increased from \$ (25,129) in 2014 to positive \$247,686 in 2015.

Sewer Fund sales increased \$215,113 from last year to generate sales totaling \$1,897,528. The Fund had revenues exceed expenditures for the first time in 5 years. However; the fund only had a positive change in net position in the amount of \$6,132 for 2015.

Stormwater Fund had revenues in the amount of \$176,261, and expenditures in the amount of \$163,907. The Stormwater Fee was reinstated after being suspended for several years.



# Town of Winterville, North Carolina Management's Discussion and Analysis

## 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, 2015 totaled \$32,303,483 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

The Town had major capital purchases which included a street resurface project \$262,422, and three new police vehicles worth \$101,423.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and construction in progress	\$ 3,841,601	\$ 3,782,635	\$ 478,109	\$ 260,360	\$ 4,319,710	\$ 4,042,995
Distribution and treatment systems	-	-	8,291,541	8,719,997	8,291,541	8,719,997
Buildings	4,093,133	4,315,981	100,723	117,052	4,193,856	4,433,033
Infrastructure	13,664,502	13,940,196			13,664,502	13,940,196
Software	99,675	127,401	-	-	99,675	127,401
Equipment and vehicles	<u>1,622,991</u>	<u>1,749,279</u>	<u>111,208</u>	<u>67,753</u>	<u>1,734,199</u>	<u>1,817,032</u>
<b>Total</b>	<u><u>\$ 23,321,902</u></u>	<u><u>\$ 23,915,492</u></u>	<u><u>\$ 8,981,581</u></u>	<u><u>\$ 9,165,162</u></u>	<u><u>\$ 32,303,483</u></u>	<u><u>\$ 33,080,654</u></u>

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, 2015, the Town of Winterville had bonded or secured debt outstanding of \$8,062,412. The Town's debt is sourced with installment purchase agreements secured by the equipment and vehicles purchased.

# Town of Winterville, North Carolina Management's Discussion and Analysis

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

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ -	\$ -	\$ -	\$ 916,500	\$ -	\$ 916,500
Installment purchases	<u>4,446,542</u>	<u>4,953,966</u>	<u>3,615,870</u>	<u>2,995,176</u>	<u>8,062,412</u>	<u>7,949,142</u>
<b>Total</b>	<u>\$ 4,446,542</u>	<u>\$ 4,953,966</u>	<u>\$ 3,615,870</u>	<u>\$ 3,911,676</u>	<u>\$ 8,062,412</u>	<u>\$ 8,865,642</u>

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 \$51,392,392

Additional information regarding the Town of Winterville's long-term debt can be found in Note 7 of the financial statements.

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

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

- The tax levy for the Town of Winterville's real property decreased 1% from 2014 to 2015.
- The population growth decreased from 9,530 to 9,511 from 2014-2015.
- The total number of utility customers has remained constant reflecting the lack of current growth.
- The utilities are anticipating a combined increase in revenues from current revenues in the amount of \$270,211 as a result of estimated growth, and rate increases for our Water and Sewer funds.
- Next year's budget will have to address the following issues:
  - The General Fund will have capital purchases of five patrol cars, and a Mid-Sized Excavator. The purchase of this equipment will be financed with an installment purchase agreement.
  - The General Fund will be subsidized with \$200,000 from the Electric Fund, and reimbursements from the enterprise funds in the amount of 1,416,956.
  - The Town will not add any new positions and will have 3 positions remain frozen.
  - Town staff will see salary increases or cost of living raises in the amount of 2%.
  - There is one new significant capital project in the water fund. This project is titled the Worthington Rd / GUC interconnect in the amount of \$1,815,000.

# Town of Winterville, North Carolina Management's Discussion and Analysis

## Budget Highlights for the Fiscal Year Ending June 30, 2016

**Governmental Activities** – The annual budget for the General Fund is \$8,303,157 for the 2015-2016 fiscal year. The taxable property value of \$660,553,114 an increased from \$647,264,028. The tax rate will remain the same at 47.5 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$549,740. We also appropriated for \$168,000 for new police cars.

**Business-Type Activities** - The total Electric Fund budget for the 2015-2016 fiscal year is \$6,715,287. The purchase of power from Progress Energy is budgeted in the amount of \$3,955,200. Also, the Electric Department will include an appropriation of \$301,688 for services provided by the General Fund and \$200,000 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,185,527 that is up from the 2014-2015 budget, which was \$728,416 a difference of \$457,111. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$352,000 of water from G.U.C, a \$5,000 decrease of water for resale to residential customers.

The Sewer Fund budget of \$1,884,473 represents an increase in the amount of \$38,485 from the 2014-2015 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$1,079,050 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2015-2016 Stormwater budget will have an increase in the amount of \$4,144. The total budget for the 2015-2016 fiscal year is \$175,400. 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](http://www.wintervillenc.com) or by email at [anthony.bowers@wintervillenc.com](mailto:anthony.bowers@wintervillenc.com) for more information.



## **BASIC FINANCIAL STATEMENTS**



**Town of Winterville, North Carolina**  
**Statement of Net Position**  
**June 30, 2015**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,038,282	\$ 4,110,702	\$ 8,148,984
Short-term cash investments	1,908,052	2,275,000	4,183,052
Restricted cash and cash equivalents	917,996	227,328	1,145,324
Taxes receivables (net)	87,436	-	87,436
Accounts receivable (net)	75,569	1,340,290	1,415,859
Other receivables	37,592	-	37,592
Due from other governments	741,544	-	741,544
Inventories	36,319	543,149	579,468
Prepaid items	57,899	5,796	63,695
Total current assets	<u>7,900,689</u>	<u>8,502,265</u>	<u>16,402,954</u>
Non-current assets:			
Net pension asset	204,581	105,389	309,970
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	3,841,601	478,109	4,319,710
Other capital assets, net of depreciation	19,480,301	8,503,472	27,983,773
Total capital assets	<u>23,321,902</u>	<u>8,981,581</u>	<u>32,303,483</u>
Total non-current assets	<u>23,526,483</u>	<u>9,086,970</u>	<u>32,613,453</u>
TOTAL ASSETS	<u>31,427,172</u>	<u>17,589,235</u>	<u>49,016,407</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	177,567	28,173	205,740
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	420,274	178,007	598,281
Current portion of long-term liabilities	639,051	438,284	1,077,335
Liabilities payable from restricted assets:			
Customer deposits	-	112,368	112,368
Total current liabilities	<u>1,059,325</u>	<u>728,659</u>	<u>1,787,984</u>
Long-term liabilities:			
Due in more than one year	<u>4,716,301</u>	<u>3,382,740</u>	<u>8,099,041</u>
TOTAL LIABILITIES	<u>5,775,626</u>	<u>4,111,399</u>	<u>9,887,025</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	485,080	249,890	734,970
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>485,080</u>	<u>249,890</u>	<u>734,970</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,875,360	5,365,711	24,241,071
Restricted for:			
Stabilization by State Statute	916,413	-	916,413
Streets	848,556	-	848,556
Public safety	54,021	-	54,021
Recreation	15,419	-	15,419
Unrestricted	<u>4,634,264</u>	<u>7,890,408</u>	<u>12,524,672</u>
TOTAL NET POSITION	<u>\$ 25,344,033</u>	<u>\$ 13,256,119</u>	<u>\$ 38,600,152</u>

*The accompanying footnotes are an integral part of these financial statements.*

<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>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 2,112,412	\$ 173,351	\$ -	\$ -
Public safety	1,955,444	19,473	3,850	-
Transportation	1,262,024	6,914	266,981	-
Environmental protection	449,332	500,833	6,201	-
Cultural and recreation	852,262	147,350	-	-
Reimbursement - business-type activities	(59,696)	-	-	-
Interest on long-term debt	175,858	-	-	-
Total governmental activities (See Note 1)	<u>6,747,636</u>	<u>847,921</u>	<u>277,032</u>	<u>-</u>
Business-type activities:				
Electric	5,931,117	6,686,499	-	-
Water	992,504	1,239,032	-	-
Sewer	1,921,325	1,897,528	29,230	-
Stormwater	149,477	176,261	-	-
Total business-type activities	<u>8,994,423</u>	<u>9,999,320</u>	<u>29,230</u>	<u>-</u>
Total primary government	<u>\$15,742,059</u>	<u>\$ 10,847,241</u>	<u>\$ 306,262</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 position				
Net position, beginning as previously reported				
Prior period adjustments/restatements				
Net position, beginning as restated				
Net position, ending				

*The accompanying footnotes are an integral part of these financial statements.*



**Town of Winterville, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 2**

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,939,061)	\$ -	\$ (1,939,061)
(1,932,121)	-	(1,932,121)
(988,129)	-	(988,129)
57,702	-	57,702
(704,912)	-	(704,912)
59,696	-	59,696
(175,858)	-	(175,858)
(5,622,683)	-	(5,622,683)
-	755,382	755,382
-	246,528	246,528
-	5,433	5,433
-	26,784	26,784
-	1,034,127	1,034,127
(5,622,683)	1,034,127	(4,588,556)
3,553,055	-	3,553,055
24,107	-	24,107
2,287,726	-	2,287,726
9,623	7,108	16,731
503,895	-	503,895
6,378,406	7,108	6,385,514
188,552	(188,552)	-
6,566,958	(181,444)	6,385,514
944,275	852,683	1,796,958
24,565,137	12,037,688	36,602,825
(165,379)	365,748	200,369
24,399,758	12,403,436	36,803,194
\$ 25,344,033	\$ 13,256,119	\$ 38,600,152

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Balance Sheet – Governmental Funds**  
**June 30, 2015**  
**Exhibit 3**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,038,282	\$ 4,038,282
Short term cash investments	1,908,052	1,908,052
Restricted cash and cash equivalents	917,996	917,996
Receivables, net:		
Taxes	87,436	87,436
Accounts	75,569	75,569
Other receivables	37,592	37,592
Due from other governments	741,544	741,544
Inventories	36,319	36,319
Prepaid items	57,899	57,899
	\$ 7,900,689	\$ 7,900,689
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 399,942	\$ 399,942
Total liabilities	399,942	399,942
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accounts receivable, net (garbage)	70,870	70,870
Property taxes receivable	87,436	87,436
Total deferred inflows of resources	158,306	158,306
<b>FUND BALANCES</b>		
Nonspendable		
Inventories	36,319	36,319
Prepaid items	57,899	57,899
Restricted		
Stabilization by State Statute	916,413	916,413
Streets	848,556	848,556
Public Safety	54,021	54,021
Recreation	15,419	15,419
Unassigned, General Fund	5,413,814	5,413,814
Total fund balances	7,342,441	7,342,441
Total liabilities, deferred inflows of resources and fund balances	\$ 7,900,689	\$ 7,900,689

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**  
**Exhibit 3**

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

Total Fund Balance, Governmental Funds		\$ 7,342,441
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 40,979,405	
Accumulated depreciation	<u>(17,657,503)</u>	23,321,902
Net pension asset		204,581
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
		177,567
Earned revenues considered deferred inflows of resources in fund statements		
		158,306
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements.		
Installment purchases	\$ (4,446,542)	
Compensated absences	(233,034)	
Net pension obligation - LEO	(213,062)	
Unfunded OPEB obligation	<u>(462,714)</u>	(5,355,352)
Pension related deferrals		(485,080)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(20,332)</u>
Net position of governmental activities		<u><u>\$ 25,344,033</u></u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 4**

	General Fund	Total Governmental Funds
<b>Revenues:</b>		
Ad valorem taxes	\$ 3,595,253	\$ 3,595,253
Other taxes and licenses	24,107	24,107
Unrestricted intergovernmental	2,287,726	2,287,726
Restricted intergovernmental	282,550	282,550
Permits and fees	6,175	6,175
Sales and services	831,755	831,755
Investment earnings	11,019	11,019
Miscellaneous	28,365	28,365
Total revenues	7,066,950	7,066,950
<b>Expenditures:</b>		
Current:		
General government	1,782,649	1,782,649
Public safety	1,939,110	1,939,110
Transportation	697,972	697,972
Environmental protection	460,546	460,546
Cultural and recreation	762,554	762,554
Debt service:		
Principal retirement	646,924	646,924
Interest	186,171	186,171
Reimbursement - proprietary funds	(59,696)	(59,696)
Total expenditures	6,416,230	6,416,230
Excess (deficiency) of revenues over expenditures	650,720	650,720
<b>Other financing sources (uses):</b>		
Loan proceeds - installment purchases	139,500	139,500
Transfers from other funds	188,552	188,552
Total other financing sources (uses)	328,052	328,052
Net change in fund balance	978,772	978,772
Fund balances, beginning as previously reported	6,266,010	6,266,010
Prior period adjustment	98,902	98,902
Fund balances, beginning as restated	6,364,912	6,364,912
Change in reserve for inventories	(1,243)	(1,243)
Fund balances, ending	\$ 7,342,441	\$ 7,342,441

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 4**

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

Net changes in fund balances - total governmental funds	\$	978,772
Change in fund balance due to change in reserve for inventories		(1,243)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 480,391	
Depreciation expense for governmental assets	<u>(1,549,511)</u>	(1,069,120)
Street assets recorded from developers		475,530
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		177,567
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues	(42,198)	
Change in unavailable revenue for garbage revenues	<u>3,077</u>	(39,121)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(139,500)	
Principal payments on long-term debt	646,924	
Change in accrued interest payable	<u>10,313</u>	517,737
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(14,149)	
Pension expense	(16,218)	
Net pension obligation - LEO	(2,845)	
Unfunded OPEB obligation	<u>(62,635)</u>	(95,847)
Total changes in net position of governmental activities		<u>\$ 944,275</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances – Annual Budget to Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 5**

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,388,902	\$ 3,388,902	\$ 3,595,253	\$ 206,351
Other taxes and licenses	16,000	24,000	24,107	107
Unrestricted intergovernmental	1,981,281	1,981,281	2,287,726	306,445
Restricted intergovernmental	264,773	269,773	282,550	12,777
Permits and fees	8,050	8,050	6,175	(1,875)
Sales and services	904,037	795,552	831,755	36,203
Investment earnings	12,500	12,500	11,019	(1,481)
Miscellaneous	17,001	119,486	28,365	(91,121)
Total revenues	<u>6,592,544</u>	<u>6,599,544</u>	<u>7,066,950</u>	<u>467,406</u>
<b>Expenditures:</b>				
Current:				
General government	1,973,133	2,144,061	1,782,649	361,412
Public safety	2,184,470	2,203,286	1,939,110	264,176
Transportation	787,272	1,066,604	697,972	368,632
Environment protection	456,000	492,000	460,546	31,454
Cultural and recreation	839,672	843,472	762,554	80,918
Economic development	-	20,000	-	20,000
Debt service:				
Principal retirement	542,728	666,728	646,924	19,804
Interest	197,017	210,017	186,171	23,846
Reimbursements - proprietary funds	(59,696)	(59,696)	(59,696)	-
Total expenditures	<u>6,920,596</u>	<u>7,586,472</u>	<u>6,416,230</u>	<u>1,170,242</u>
Revenues over (under) expenditures	(328,052)	(986,928)	650,720	1,637,648
<b>Other financing sources (uses):</b>				
Loan proceeds - installment purchases	139,500	139,500	139,500	-
Transfer from other funds	188,552	188,552	188,552	-
Total other financing sources (uses)	<u>328,052</u>	<u>328,052</u>	<u>328,052</u>	<u>-</u>
Fund balance appropriated	-	658,876	-	(658,876)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	978,772	<u>\$ 978,772</u>
Fund balances, beginning as previously reported			6,266,010	
Prior period adjustment			98,902	
Fund balances, beginning as restated			6,364,912	
Change in reserve for inventories			(1,243)	
Fund balances, ending			<u>\$ 7,342,441</u>	

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Statement of Fund Net Position – Proprietary Funds**  
**June 30, 2015**  
**Exhibit 6**

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 3,000,197	\$ 658,825	\$ 363,226	\$ 88,454	\$ 4,110,702
Short-term cash investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	557,492	108,277	167,631	13,729	847,129
Accounts receivable (net) - unbilled	346,875	55,059	83,693	7,534	493,161
Inventories	465,416	22,311	55,422	-	543,149
Prepaid items	5,796	-	-	-	5,796
Restricted cash and cash equivalents	126,437	42,185	58,706	-	227,328
Total current assets	<u>5,902,213</u>	<u>1,346,657</u>	<u>1,083,678</u>	<u>169,717</u>	<u>8,502,265</u>
Noncurrent assets:					
Net pension asset	55,795	27,897	21,697	-	105,389
Capital assets:					
Land and construction in progress	146,013	313,596	18,500	-	478,109
Other capital assets, net of depreciation	5,545,337	825,590	1,797,099	335,446	8,503,472
Capital assets	<u>5,691,350</u>	<u>1,139,186</u>	<u>1,815,599</u>	<u>335,446</u>	<u>8,981,581</u>
Total noncurrent assets	<u>5,747,145</u>	<u>1,167,083</u>	<u>1,837,296</u>	<u>335,446</u>	<u>9,086,970</u>
Total assets	<u>11,649,358</u>	<u>2,513,740</u>	<u>2,920,974</u>	<u>505,163</u>	<u>17,589,235</u>
<b>Deferred Outflows of Resources</b>					
Contributions to pension plan	28,173	-	-	-	28,173
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	69,436	60,255	39,141	9,175	178,007
Compensated absences - current	20,671	7,654	4,871	-	33,196
Installment purchase payable - current	272,785	62,134	70,169	-	405,088
Liabilities payable from restricted assets:					
Customer deposits	92,893	8,045	11,430	-	112,368
Total current liabilities	<u>455,785</u>	<u>138,088</u>	<u>125,611</u>	<u>9,175</u>	<u>728,659</u>
Noncurrent liabilities:					
Unfunded OPEB obligation	83,224	24,921	24,625	4,565	137,335
Compensated absences	29,379	-	5,244	-	34,623
Installment purchase payable	2,047,379	133,697	1,029,706	-	3,210,782
Total noncurrent liabilities	<u>2,159,982</u>	<u>158,618</u>	<u>1,059,575</u>	<u>4,565</u>	<u>3,382,740</u>
Total liabilities	<u>2,615,767</u>	<u>296,706</u>	<u>1,185,186</u>	<u>13,740</u>	<u>4,111,399</u>
<b>Deferred Inflows of Resources</b>					
Pension deferrals	132,295	66,147	51,448	-	249,890
<b>Net Position</b>					
Net investment in capital assets	3,371,186	943,355	715,724	335,446	5,365,711
Unrestricted	5,558,283	1,207,532	968,616	155,977	7,890,408
Total net position	<u>\$ 8,929,469</u>	<u>\$2,150,887</u>	<u>\$1,684,340</u>	<u>\$ 491,423</u>	<u>\$13,256,119</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position –**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 7**

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
<b>Operating revenues:</b>					
Charges for services	\$6,214,481	\$1,238,882	\$1,897,528	\$176,261	\$ 9,527,152
Other operating revenues	472,018	150	-	-	472,168
Total operating revenues	6,686,499	1,239,032	1,897,528	176,261	9,999,320
<b>Operating expenses:</b>					
Operations	1,720,375	914,849	-	135,171	2,770,395
Electrical power purchases	3,794,507	-	-	-	3,794,507
Waste collection and treatment	-	-	1,719,718	-	1,719,718
Depreciation	322,560	76,003	143,784	14,306	556,653
Total operating expenses	5,837,442	990,852	1,863,502	149,477	8,841,273
Operating income (loss)	849,057	248,180	34,026	26,784	1,158,047
<b>Non-operating revenues (expenses):</b>					
Development fees	-	-	20,530	-	20,530
Grant revenue	-	-	8,700	-	8,700
Investment earnings	5,105	1,158	699	146	7,108
Interest expense	(93,675)	(1,652)	(57,823)	-	(153,150)
Total non-operating revenues (expenses)	(88,570)	(494)	(27,894)	146	(116,812)
Income (loss) before transfers	760,487	247,686	6,132	26,930	1,041,235
Transfers to other funds	(188,552)	-	-	-	(188,552)
	(188,552)	-	-	-	(188,552)
Change in net position	571,935	247,686	6,132	26,930	852,683
Total net position, as previously reported	7,988,108	1,922,160	1,662,927	464,493	12,037,688
Prior period adjustments/restatements	369,426	(18,959)	15,281	-	365,748
Total net position, beginning as restated	8,357,534	1,903,201	1,678,208	464,493	12,403,436
Total net position, ending	\$8,929,469	\$2,150,887	\$1,684,340	\$491,423	\$13,256,119

*The accompanying footnotes are an integral part of these financial statements.*



**Town of Winterville, North Carolina**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 8**

	Major Enterprise Funds				Totals
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$6,700,301	\$ 1,187,766	\$ 1,859,001	\$ 173,924	\$ 9,920,992
Cash paid for goods and services	(4,994,858)	(916,768)	(1,715,871)	(125,996)	(7,753,493)
Cash paid to or on behalf of employees for services	(571,391)	-	-	-	(571,391)
Cash received (paid) for customer deposits - net	9,900	1,110	1,620	-	12,630
Net cash provided (used) by operating activities	1,143,952	272,108	144,750	47,928	1,608,738
<b>Cash flows from non-capital financing activities:</b>					
Transfers to other funds	(188,552)	-	-	-	(188,552)
Net cash provided (used) by non-capital financing activities	(188,552)	-	-	-	(188,552)
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(61,600)	(199,249)	(83,487)	(28,736)	(373,072)
Capital contributions - Federal, state, and local grants	-	-	8,700	-	8,700
Loan proceeds - installment purchase	-	118,000	-	-	118,000
Principal payments on long term debt	(283,090)	(37,785)	(92,931)	-	(413,806)
Interest paid on debt	(95,867)	(2,290)	(56,617)	-	(154,774)
Developers fee	-	-	20,530	-	20,530
Net cash provided (used) by capital and related financing activities	(440,557)	(121,324)	(203,805)	(28,736)	(794,422)
<b>Cash flows from investing activities:</b>					
Interest income	5,105	1,158	699	146	7,108
Net cash provided (used) by investing activities	5,105	1,158	699	146	7,108
Net increase (decrease) in cash & cash equivalents	519,948	151,942	(58,356)	19,338	632,872
Balances, beginning	2,606,686	549,068	480,288	69,116	3,705,158
Balances, ending	<u>\$3,126,634</u>	<u>\$ 701,010</u>	<u>\$ 421,932</u>	<u>\$ 88,454</u>	<u>\$ 4,338,030</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Winterville, North Carolina**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 8**

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

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating income (loss)	\$ 849,057	\$ 248,180	\$ 34,026	\$ 26,784	\$ 1,158,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	322,560	76,003	143,784	14,306	556,653
Pension expense	4,423	2,211	1,721	-	8,355
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	13,802	(51,266)	(38,527)	(2,337)	(78,328)
(Increase) decrease in inventories	(16,646)	(3,319)	(9,399)	-	(29,364)
(Increase) decrease in prepaid items	(5,796)	-	-	-	(5,796)
Increase (decrease) in accounts payable and accrued liabilities	(522)	(62)	5,932	9,175	14,523
Increase (decrease) in customer deposits	9,900	1,110	1,620	-	12,630
Increase (decrease) in accrued vacation pay	(16,854)	(3,189)	1,526	-	(18,517)
Increase (decrease) in accrued OPEB liability	12,201	2,440	4,067	-	18,708
(Increase) decrease in deferred outflows of resources for pensions	(28,173)	-	-	-	(28,173)
Total adjustments	<u>294,895</u>	<u>23,928</u>	<u>110,724</u>	<u>21,144</u>	<u>450,691</u>
Net cash provided (used) by operating activities	<u>\$1,143,952</u>	<u>\$ 272,108</u>	<u>\$ 144,750</u>	<u>\$ 47,928</u>	<u>\$ 1,608,738</u>

*The accompanying footnotes are an integral part of these financial statements.*

## Town of Winterville, North Carolina Notes to Financial Statements

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

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

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

## Town of Winterville, North Carolina Notes to Financial Statements

**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.

### 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's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the 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.

## **Town of Winterville, North Carolina** **Notes to Financial Statements**

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

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

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

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the special revenue funds and the enterprise capital projects funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. 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. 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, Deferred Outflows/Inflows of Resources and Fund Equity**

**Deposits and Investments**

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The 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.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**Restricted Assets**

Restricted assets include 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 they can be expended only for the purposes 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.

Town of Winterville Restricted Cash

Governmental Activities

General Fund

Streets	\$ 848,556
Public Safety	54,021
Recreation	15,419
Total Governmental Activities	<u>\$ 917,996</u>

Business-type Activities

Electric Fund

Customer deposits	\$ 92,893
Development fees	33,544

Water Fund

Customer deposits	8,045
Development fees	34,140

Sewer Fund

Customer deposits	11,430
Development fees	47,276

Total Business-type Activities	<u>\$ 227,328</u>
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Total Restricted Cash	<u>\$ 1,145,324</u>
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**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**Ad Valorem Taxes Receivable**

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2014.

**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.

**Inventories and Prepaid Items**

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

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

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

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, 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:

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



## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets the criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Revenues*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only three items that meet the criterion for this category – property taxes receivable, garbage receivables and deferrals of pension expense that result from the implementation of GASB Statement 68.

#### **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 position.

#### **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 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 Position/Fund Balances**

##### **Net Position**

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

## Town of Winterville, North Carolina Notes to Financial Statements

### Fund Balances

In the governmental fund financial statements, fund balance as applicable 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.

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

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 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 Recreation – The portion of fund balance that is restricted by revenue source for certain recreation expenditures.

**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). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or reverse the limitation.

## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

**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 has also 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.

#### **Pensions**

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

#### **Subsequent Events – Date of Management's Evaluation**

Management has evaluated subsequent events through December 21, 2015, the date which the financial statements were available to be issued.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**2. Stewardship, Compliance, and Accountability**

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

1. Noncompliance with North Carolina General Statutes

Per the Local Governmental Employees' Retirement System, compensation for longevity pay should be subjected to employee and employer contributions and reported in NC ORBIT system. During the calendar year ended December 31, 2014, the Town did not subject longevity pay of \$28,718.75 to employee and employer contributions nor report in ORBIT. For any longevity payments made after this finding, the Town will begin withholding employee contributions and calculating the Town's contribution and properly reporting in ORBIT. The Town has contacted ORBIT regarding the correction of prior year missed contributions and reporting in ORBIT. Based on the Town's discussion with ORBIT personnel, the Town should correct for future longevity payments and no action is necessary concerning past contributions and reporting.

B. Excess of Expenditures over Appropriations

For the fiscal year ending June 30, 2015, the expenditures made in the Town's Sewer Fund exceeded authorized appropriations made by the governing board for principal retirement by \$19,785 and interest by \$12,902. This over-expenditure occurred because of human error. A budget amendment was approved by the Town Council, however the incorrect fund was used in the budget amendment. By the time the error was discovered, there was not another council meeting prior to June 30 to correct the error. Management and the Board will more closely review the budget report 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 collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town does not have a formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

At June 30, 2015, the Town's deposits had a carrying amount of \$12,753,739 and a bank balance of \$12,775,940. Of the bank balance, \$841,099 was covered by federal depository insurance and \$11,934,841 was covered by collateral held under the Pooling Method.

**B. Investments**

At June 30, 2015, the Town had \$723,621 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 presented in the balance sheet and statement of net position are presented net of the following allowance for doubtful accounts:

	Accounts	Taxes	Due from other		Total
			Governments	Other	
<b>Governmental Activities:</b>					
General	\$ 75,569	\$ 127,678	\$ 741,544	\$ 37,592	\$ 982,383
Allowance for doubtful accounts	-	(40,242)	-	-	(40,242)
Total governmental activities	<u>\$ 75,569</u>	<u>\$ 87,436</u>	<u>\$ 741,544</u>	<u>\$ 37,592</u>	<u>\$ 942,141</u>
<b>Business-Type Activities:</b>					
Electric	\$ 1,003,331	\$ -	\$ -	\$ -	\$ 1,003,331
Water	173,400	-	-	-	173,400
Sewer	273,969	-	-	-	273,969
Stormwater	23,220	-	-	-	23,220
Allowance for doubtful accounts	(133,630)	-	-	-	(133,630)
Total business-type activities	<u>\$ 1,340,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,340,290</u>

Due from other governments consists of the following:

Local option sales tax	\$ 493,486
Sales tax refund receivable	74,042
Electric sales tax	93,537
Solid waste tax	1,504
County - property taxes	78,975
	<u>\$ 741,544</u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital assets not being     depreciated:</b>				
Land	\$ 3,782,635	\$ 58,966	\$ -	\$ 3,841,601
Total capital assets not being depreciated	3,782,635	58,966	-	3,841,601
<b>Capital assets being     depreciated:</b>				
Buildings	6,676,944	-	-	6,676,944
Infrastructure	24,694,066	695,807	-	25,389,873
Equipment	1,958,148	42,310	-	2,000,458
Software	560,832	23,317	-	584,149
Vehicles	2,350,859	135,521	-	2,486,380
Total capital assets being depreciated	36,240,849	896,955	-	37,137,804
<b>Less accumulated     depreciation for:</b>				
Buildings	2,360,963	222,848	-	2,583,811
Infrastructure	10,753,870	971,501	-	11,725,371
Equipment	1,369,098	136,040	-	1,505,138
Software	433,431	51,043	-	484,474
Vehicles	1,190,630	168,079	-	1,358,709
Total accumulated depreciation	16,107,992	\$1,549,511	\$ -	17,657,503
Total capital assets being depreciated, net	20,132,857			19,480,301
<b>Governmental activity capital assets, net</b>	<u>\$ 23,915,492</u>			<u>\$ 23,321,902</u>

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

General government	\$ 387,047
Public safety	190,573
Transportation	885,315
Cultural and recreation	86,576
Total	<u>\$ 1,549,511</u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<i>Electric Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
<b>Capital assets being depreciated:</b>				
Distribution system	8,184,091	61,600	-	8,245,691
Buildings	315,415	-	-	315,415
Equipment	615,010	-	-	615,010
Vehicles	301,210	-	-	301,210
Total capital assets being depreciated	9,415,726	61,600	-	9,477,326
<b>Less accumulated depreciation for:</b>				
Distribution system	2,531,818	297,689	-	2,829,507
Buildings	198,363	16,329	-	214,692
Equipment	595,651	4,990	-	600,641
Vehicles	283,597	3,552	-	287,149
Total accumulated depreciation	3,609,429	322,560	-	3,931,989
<b>Total capital assets being depreciated, net</b>	<b>5,806,297</b>			<b>5,545,337</b>
<b>Electric Fund capital assets, net</b>	<b>5,952,310</b>			<b>5,691,350</b>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Water Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	8,000	-	-	8,000
Construction in progress	106,347	199,249	-	305,596
Total capital assets not being depreciated	<u>114,347</u>	<u>199,249</u>	<u>-</u>	<u>313,596</u>
<b>Capital assets being depreciated:</b>				
Water system, well, tank and distribution system	2,512,006	-	-	2,512,006
Equipment and vehicles	228,213	-	-	228,213
Total capital assets being depreciated	<u>2,740,219</u>	<u>-</u>	<u>-</u>	<u>2,740,219</u>
<b>Less accumulated depreciation for:</b>				
Water system, well, tank and distribution system	1,620,339	72,194	-	1,692,533
Equipment and vehicles	218,287	3,809	-	222,096
Total accumulated depreciation	<u>1,838,626</u>	<u>76,003</u>	<u>-</u>	<u>1,914,629</u>
<b>Total capital assets being depreciated, net</b>	<u>901,593</u>			<u>825,590</u>
<b>Water Fund capital assets, net</b>	<u>1,015,940</u>			<u>1,139,186</u>



**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><i>Sewer Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	-	18,500	-	18,500
Total capital assets not being depreciated	-	18,500	-	18,500
<b>Capital assets being depreciated:</b>				
Equipment and vehicles	165,191	64,987	-	230,178
Sewer system	3,646,235	-	-	3,646,235
Sewer treatment facility	233,000	-	-	233,000
Total capital assets being depreciated	4,044,426	64,987	-	4,109,413
<b>Less accumulated depreciation for:</b>				
Equipment and vehicles	153,768	5,579	-	159,347
Sewer system	1,784,092	135,875	-	1,919,967
Sewer treatment facility	230,670	2,330	-	233,000
Total accumulated depreciation	2,168,530	143,784	-	2,312,314
<b>Total capital assets being depreciated, net</b>	<u>1,875,896</u>			<u>1,797,099</u>
<b>Sewer Fund capital assets, net</b>	<u>1,875,896</u>			<u>1,815,599</u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Stormwater Fund</b>				
<b>Capital assets being depreciated:</b>				
Distribution	433,379	28,736	-	462,115
Equipment	17,388	-	-	17,388
Total capital assets being depreciated	450,767	28,736	-	479,503
<b>Less accumulated depreciation for:</b>				
Distribution	121,795	10,704	-	132,499
Equipment	7,956	3,602	-	11,558
Total accumulated depreciation	129,751	14,306	-	144,057
<b>Total capital assets being depreciated, net</b>	<u>321,016</u>			<u>335,446</u>
<b>Stormwater Fund capital assets, net</b>	<u>321,016</u>			<u>335,446</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 9,165,162</u>			<u>\$ 8,981,581</u>

**Construction Commitments**

The government has active construction projects as of June 30, 2015. At year-end, the government's commitments with contractors and engineers are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water facilities	\$ 149,049	\$ 135,601
Sewer facilities	18,500	265,000
Total	<u>\$ 167,549</u>	<u>\$ 400,601</u>

See Note 7 for subsequent events related to debt issuance and construction contracts for the water facilities entered into after June 30, 2015.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**E. Liabilities**

**1. Pension Plan and Postemployment Obligations**

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

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

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

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

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Winterville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Winterville's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Winterville were \$205,740 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Town reported an asset of \$309,970 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was -.05256% which was an increase of .10246% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$24,573. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 33,870
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	721,604
Changes in proportion and differences between Town contributions and proportionate share of contributions		(20,504)
Town contributions subsequent to the measurement date	205,740	-
Total	<u>\$ 205,740</u>	<u>\$ 734,970</u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

\$205,740 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$	(183,751)
2017		(183,751)
2018		(183,751)
2019		(183,717)
2020		-
Thereafter		-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation.

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

**Town of Winterville, North Carolina**  
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

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	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 1,052,174	\$ (309,970)	\$ (1,456,853)

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

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

**Plan Description**

The Town of 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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>18</u>
Total	<u>19</u>

A separate report was not issued for the plan.

**Summary of Significant Accounting Policies:**

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

The Special Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**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, 2014 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 post-employment benefit increases.

**Annual Pension Cost and Net Pension Obligation**

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

Annual required contribution	\$	34,179
Interest on net pension obligation		10,511
Adjustment to annual required contribution		<u>(17,758)</u>
Annual pension cost		26,932
Contributions made		<u>(24,087)</u>
Increase in net pension obligation		2,845
Net pension obligation, beginning of year		<u>210,217</u>
Net pension obligation, end of year	\$	<u><u>213,062</u></u>

**Three Year Trend Information**

<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2013	\$ 32,890	4.91%	\$ 189,838
2014	30,068	32.22%	210,217
2015	26,932	89.44%	213,062



## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

#### **Funded Status and Funding Progress**

As of December 31, 2014, 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 \$314,993. The covered payroll (annual payroll of active employees covered by the plan) was \$804,990, and the ratio of the UAAL to the covered payroll was 39.13 percent.

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, 2015 were \$53,254, which consisted of \$43,237 from the Town and \$10,017 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, 2015 were \$174,368, which consisted of \$103,775 from the Town and \$70,593 from the general employees.

**Town of Winterville, North Carolina**  
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**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, 2015, the Town paid healthcare premiums for retirees of \$53,555. 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, 2014, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	4	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	41	18
Total	45	18

**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 4.82% of annual covered payroll. For the current year, the Town contributed \$53,555 or 1.93% 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.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**Summary of Significant Accounting Policies**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 133,972
Interest on net OPEB obligation	20,748
Adjustment to annual required contribution	<u>(19,822)</u>
Annual OPEB cost	134,898
Contributions made	<u>(53,555)</u>
Increase (decrease) in net OPEB obligation	81,343
Net OPEB obligation, beginning of year	<u>518,706</u>
Net OPEB obligation, end of year	<u><u>\$ 600,049</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 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>
2013	\$ 126,921	37.8%	\$ 437,420
2014	130,851	37.9%	518,706
2015	134,898	39.7%	600,049

**Funded Status and Funding Progress**

As of December 31, 2014, 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 \$1,502,065. The covered payroll (annual payroll of active employees covered by the plan) was \$2,781,937, and the ratio of the UAAL to the covered payroll was 54.0 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.

## Town of Winterville, North Carolina Notes to Financial Statements

### 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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 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, 2014, was 30 years.

#### f. Other Employee Benefits

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

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engagement in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

**Town of Winterville, North Carolina**  
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No. Years Contributing	Years Relief	FY Contributions Resume
less than 10	1	2014
10 to 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**2. Payables**

Payables at the government-wide level at June 30, 2015 were as follows:

<b>Governmental Activities:</b>	<b>Total</b>
Vendors	\$ 164,455
Accrued interest on long-term debt	20,332
Accrued salaries and related items	235,487
Total governmental activities	<u>\$ 420,274</u>

<b>Business-Type Activities:</b>	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>
Vendors	\$ 60,554	\$ 58,980	\$ 35,224	\$ 9,175	\$ 163,933
Accrued interest on long-term debt	5,075	1,275	3,917	-	10,267
Accrued salaries and related items	3,807	-	-	-	3,807
Total business-type activities	<u>\$ 69,436</u>	<u>\$ 60,255</u>	<u>\$ 39,141</u>	<u>\$ 9,175</u>	<u>\$ 178,007</u>

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

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

Source	Amount
Contributions to pension plan in current fiscal year	<u>\$ 205,740</u>

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

Taxes receivable, net (General Fund)	\$ 87,436
Accounts receivable, net (garbage) (General Fund)	70,870
Pension deferrals	734,970
Total	<u>\$ 893,276</u>

**Town of Winterville, North Carolina**  
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**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, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town 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.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**5. Long-Term Obligations**

**a. Governmental Activities**

**Installment Purchases**

2.97% note, payable in annual installments of \$149,200, including interest; final payment due June 2029; secured by real estate (note was refinanced in May 2015)	\$ 1,688,823
2.06% note, payable in annual installments of \$153,710 plus interest; final payment due June 2022; secured by real estate (note was refinanced in May 2015)	1,076,080
1.60% note, payable in annual installments of \$27,900, plus interest; final payment due March 2020; secured by vehicles	139,500
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025; secured by real estate (interest rate modification on April 10, 2015)	991,320
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025; secured by real estate	114,000
1.97% note, payable in annual installments of \$29,845, including interest; final payment due March 2019; secured by vehicle	113,728
1.97% note, payable in annual installments of \$84,789, including interest; final payment due March 2019; secured by vehicle	323,091
Total installment purchases	<u>\$ 4,446,542</u>

Annual debt service payments of the installment purchases as of June 30, 2015, including interest of \$686,398, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 497,214	\$ 117,024	\$ 614,238
2017	502,244	101,613	603,857
2018	507,403	89,831	597,234
2019	512,694	77,917	590,611
2020	403,485	65,868	469,353
2021-2025	1,468,404	192,334	1,660,738
2026-2029	555,098	41,811	596,909
Total	<u>\$4,446,542</u>	<u>\$ 686,398</u>	<u>\$5,132,940</u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**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 sewer system in the amount of \$916,500 were refinanced in May 2015 with an installment purchase agreement.

**Installment Purchases - Enterprise Funds**

**Electric**

2.06% note, payable in annual installments of \$226,233 including interest; final payment due June 2022; secured by equipment (note refinanced May 2015) \$ 1,461,478

2.50% note, payable in annual installments of \$98,112, including interest; final payment due June 2025; secured by real estate (interest rate modification on April 11, 2015) 858,686

**Water**

1.98% note, payable in annual installments of \$40,075, including interest; final payment due September 2016; secured by equipment 77,831

1.60% note, payable in annual installments of \$23,600, plus interest; final payment due March 2020, secured by real estate 118,000

**Sewer**

4.67% note, payable in annual installments of \$32,689, including interest; final payment due June 2025; secured by real estate 256,520

2.97% note, payable in annual installments of \$74,506, including interest; final payment due June 2029, secured by real estate 843,355

Total installment purchases \$ 3,615,870

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

<b>Year Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 405,088	\$ 92,021	\$ 497,109
2017	414,243	82,482	496,725
2018	383,559	72,714	456,273
2019	392,398	63,497	455,895
2020	401,470	54,049	455,519
2021-2025	1,341,953	137,725	1,479,678
2026-2029	277,159	20,879	298,038
Total	<u>\$ 3,615,870</u>	<u>\$ 523,367</u>	<u>\$ 4,139,237</u>



**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

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

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchases	\$ 4,953,966	\$ 139,500	\$ (646,924)	\$ 4,446,542	\$ 497,214
Compensated absences	218,885	233,034	(218,885)	233,034	141,837
Unfunded OPEB obligation	400,079	62,635	-	462,714	-
Net pension obligation (LEO)	210,217	26,932	(24,087)	213,062	-
Net pension liability (LGERS)	396,981	-	(396,981)	-	-
<b>Total Governmental Activities</b>	<b>\$ 6,180,128</b>	<b>\$ 462,101</b>	<b>\$ (1,286,877)</b>	<b>\$ 5,355,352</b>	<b>\$ 639,051</b>
<b>Business-type Activities:</b>					
<b>Electric Fund</b>					
Installment purchases	\$ 2,603,254	\$ -	\$ (283,090)	\$ 2,320,164	\$ 272,785
Unfunded OPEB obligation	71,023	12,201	-	83,224	-
Compensated absences	66,904	50,050	(66,904)	50,050	20,671
Net pension liability (LGERS)	108,268	-	(108,268)	-	-
<b>Electric Fund long-term liabilities</b>	<b>\$ 2,849,449</b>	<b>\$ 62,251</b>	<b>\$ (458,262)</b>	<b>\$ 2,453,438</b>	<b>\$ 293,456</b>
<b>Water Fund</b>					
Installment purchases	\$ 115,616	\$ 118,000	\$ (37,785)	\$ 195,831	\$ 62,134
Unfunded OPEB obligation	22,481	2,440	-	24,921	-
Compensated absences	10,843	7,654	(10,843)	7,654	7,654
Net pension liability (LGERS)	54,134	-	(54,134)	-	-
<b>Water Fund long-term liabilities</b>	<b>\$ 203,074</b>	<b>\$ 128,094</b>	<b>\$ (102,762)</b>	<b>\$ 228,406</b>	<b>\$ 69,788</b>
<b>Sewer Fund</b>					
Installment purchases	\$ 276,306	\$ 916,500	\$ (92,931)	\$ 1,099,875	\$ 70,169
Bonds payable	916,500	-	(916,500)	-	-
Unfunded OPEB obligation	20,558	4,067	-	24,625	-
Compensated absences	8,589	10,115	(8,589)	10,115	4,871
Net pension liability (LGERS)	42,104	-	(42,104)	-	-
<b>Sewer Fund long-term liabilities</b>	<b>\$ 1,264,057</b>	<b>\$ 930,682</b>	<b>\$ (1,060,124)</b>	<b>\$ 1,134,615</b>	<b>\$ 75,040</b>
<b>Stormwater Fund</b>					
Unfunded OPEB obligation	\$ 4,565	\$ -	\$ -	\$ 4,565	\$ -
<b>Stormwater Fund long-term liabilities</b>	<b>\$ 4,565</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,565</b>	<b>\$ -</b>
<b>Total Business-type Activities</b>	<b>\$ 4,321,145</b>	<b>\$ 1,121,027</b>	<b>\$ (1,621,148)</b>	<b>\$ 3,821,024</b>	<b>\$ 438,284</b>

The LGERS plan had a net pension asset as of June 30, 2015; however the plan had a net pension liability at the beginning of the fiscal year.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

The Town's legal debt margin at June 30, 2015 was \$51,392,392.

**d. Operating Leases**

The Town leases copiers under a noncancellable operating lease expiring in the June 30, 2017 fiscal year. The minimum rental commitments with initial or remaining terms in excess of one year under operating leases are as follows.

2016	\$ 9,576
2017	<u>9,576</u>
Total minimum payments:	<u><u>\$ 19,152</u></u>

Total rent expense for the June 30, 2015 fiscal year on the copier lease was \$22,957.

**F. Interfund Balances and Transfers**

Transfers to/from other funds at June 30, 2015, consist of the following:

Fund	From	To	Purpose
Electric Fund	\$ 188,552	\$ -	Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.
General Fund		188,552	
	<u>\$ 188,552</u>	<u>\$ 188,552</u>	

**G. Fund Balance**

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

<b>Total fund balance - General Fund:</b>	\$ 7,342,441
Less:	
Inventories	36,319
Prepaid items	57,889
Stabilization by State Statute	916,413
Streets - Powell Bill	848,556
Public Safety	54,021
Recreation	15,419
Working Capital/Fund Balance Policy	<u>1,604,058</u>
Remaining Fund Balance:	<u><u>\$ 3,809,766</u></u>

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$ 132,578	\$ -

**H. Prior Period Adjustment**

The Town determined that the amount of inventories on hand at June 30, 2014 is material and should be recorded as an asset in the General Fund, Electric Fund, Water Fund and Sewer Fund and in the governmental activities and business-type activities. The Town also determined that the accrued interest payable on installment purchases notes payable at June 30, 2014 is material and should be recorded in the Electric Fund, Water Fund and Sewer Fund and in the business-type activities. In addition, the Town determined that the receivable and related revenue for electric sales tax and solid waste due from the State is material at June 30, 2014 and should be accrued in the General Fund and governmental activities. See below for a summary of the adjustments and changes in fund balances and net position as of July 1, 2014.

	<u>General Fund and Governmental Activities</u>	
Prior period adjustments:		
Inventories	\$	37,562
Electric sales tax and solid waste tax receivables		<u>61,340</u>
	<u>\$</u>	<u>98,902</u>

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Business- type Activities</u>
Prior period adjustments:				
Inventories	\$ 448,770	\$ 18,992	\$ 46,023	\$ 513,785
Accrued interest payable	(7,267)	(1,913)	(2,712)	(11,892)
Restatements - see note 8	<u>(72,077)</u>	<u>(36,038)</u>	<u>(28,030)</u>	<u>(136,145)</u>
Total prior period adjustments and restatements	<u>\$ 369,426</u>	<u>\$ (18,959)</u>	<u>\$ 15,281</u>	<u>\$ 365,748</u>

## Town of Winterville, North Carolina Notes to Financial Statements

### 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, 2015 amounted to \$1,068,371.

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 \$2,665 to the Commission during the fiscal year ended June 30, 2015.

### 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. During the fiscal year ended June 30, 2015, the Town reported no payments made 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, 2015. 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.

**Town of Winterville, North Carolina**  
**Notes to Financial Statements**

**7. Significant Effects of Subsequent Events**

Debt Issuance and Construction Commitment:

On August 13, 2015, the Town entered into \$1,850,000 of debt with BB&T for the Worthington Road Interconnect Water Capital Project. The financing agreement is for 15 years. Payments are due annually beginning August 13, 2016 in the amount of \$154,632 with an annual interest rate of 2.97%. Also in August 2015, the Town entered into a construction contract in the amount of \$1,359,510 related to the water fund capital project.

**8. Change in Accounting Principle/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$264,281 and \$136,145, respectively.



## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

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- 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.
- Schedule of Proportionate Share of Net Pension Asset for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System





**Town of Winterville, North Carolina  
Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress  
For the Fiscal Year Ended June 30, 2015**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)</b>
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%
12/31/2012	-	282,449	282,449	0.00%	739,129	38.21%
12/31/2013	-	231,602	231,602	0.00%	793,525	29.19%
12/31/2014	-	314,993	314,993	0.00%	804,990	39.13%

**Town of Winterville, North Carolina  
Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions  
For the Fiscal Year Ended June 30, 2015**

<b>Schedule of Employer Contributions</b>		
<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Annual Percentage Contributed</b>
2006	\$ 8,217	0.00%
2007	9,777	0.00%
2008	10,243	0.00%
2009	12,411	0.00%
2010	21,241	0.00%
2011	31,391	0.00%
2012	32,247	0.00%
2013	34,830	4.64%
2014	36,043	26.88%
2015	34,179	70.47%

**Notes to the Required Schedules**

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
<b>Actuarial Assumptions:</b>	
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 Fiscal Year Ended June 30, 2015**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)</b>
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%
12/31/14	-	1,502,065	1,502,065	0.00%	2,781,937	54.0%

**Town of Winterville, North Carolina**  
**Other Post-Employment Benefits – Retiree Health Care**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**For the Fiscal Year Ended June 30, 2015**

<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%
2013	126,281	37.96%
2014	130,069	38.11%
2015	133,972	39.97%

**Notes to the Required Schedules**

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
<b>Actuarial Assumptions:</b>	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.50% - 5.00%
Year of ultimate trend rate	2020

**Town of Winterville, North Carolina**  
**Schedule of the Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Two Fiscal Years\***

**Local Governmental Employees' Retirement System**

	2015	2014
Winterville's proportion of the net pension liability (asset) (%)	-0.05256%	0.04990%
Winterville's proportion of the net pension liability (asset) (\$)	\$ (309,970)	\$ 601,487
Winterville's covered-employee payroll	\$ 2,917,373	\$ 2,777,072
Winterville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.62%	21.66%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

**Town of Winterville, North Carolina  
Schedule of Contributions  
Required Supplementary Information  
Last Two Fiscal Years**

**Local Governmental Employees' Retirement System**

	2015	2014
Contractually required contribution	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	205,740	201,060
Contribution deficiency (excess)	\$ -	\$ -
Winterville's covered-employee payroll	\$ 2,917,373	\$ 2,777,072
Contributions as a percentage of covered-employee payroll	7.05%	7.24%

**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  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual – General Fund  
For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variable Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 3,568,313	
Interest		26,940	
Total	\$ 3,388,902	3,595,253	\$ 206,351
Other taxes and licenses:			
Heavy equipment tax		24,107	
Total	24,000	24,107	107
Unrestricted Intergovernmental:			
Local option sales tax		1,859,505	
Payment in lieu of taxes - external sources		1,291	
Utilities and telecommunications sales tax		381,874	
Beer and wine tax		45,056	
Total	1,981,281	2,287,726	306,445
Restricted Intergovernmental:			
Powell Bill allocation		265,585	
Unauthorized substance tax		3,850	
DOT reimbursement		6,914	
Solid waste disposal tax		6,201	
Total	269,773	282,550	12,777
Permits and fees:			
Business registration fees		1,155	
Subdivision recreation fees		2,630	
Planning and zoning		2,390	
Total	8,050	6,175	(1,875)
Sales and services:			
Solid waste fees		497,756	
Community building/Rescue rent		38,375	
Fire inspections		19,473	
Building inspections		110,798	
User access fee		8,252	
Utility service charges		2,551	
Recreation		147,350	
Cemetery		7,200	
Total	795,552	831,755	36,203
Investment earnings	12,500	11,019	(1,481)
Miscellaneous:			
Other		28,365	
Total	119,486	28,365	(91,121)
Total revenues	6,599,544	7,066,950	467,406

**Town of Winterville, North Carolina  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual – General Fund  
For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variable Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and benefits		42,056	
Other operating expenditures		25,920	
Total	76,393	67,976	8,417
Administration:			
Salaries and employee benefits		1,067,998	
Maintenance and repairs		2,136	
Other operating expenditures		810,418	
Capital outlay		30,742	
Reimbursement - proprietary funds		(542,775)	
Total	1,632,327	1,368,519	263,808
Information Technology:			
Salaries and employee benefits		28,903	
Maintenance and repairs		498	
Other operating expenditures		312,624	
Noncapitalized equipment < \$5,000		10,740	
Reimbursement - proprietary funds		(114,767)	
Total	329,864	237,998	91,866
Planning:			
Salaries and employee benefits		97,284	
Maintenance and repairs		150	
Other operating expenditures		10,722	
Total	105,477	108,156	(2,679)
Total general government	2,144,061	1,782,649	361,412
Public Safety:			
Police:			
Salaries and employee benefits		1,261,113	
Maintenance and repairs		43,270	
Other operating expenditures		80,142	
Noncapitalized equipment < \$5,000		20,848	
Capital outlay		100,100	
Total	1,604,802	1,505,473	99,329

continued

**Town of Winterville, North Carolina  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual – General Fund  
For the Fiscal Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		4,112	
Total	<u>13,250</u>	<u>4,112</u>	<u>9,138</u>
Fire:			
Salaries and employee benefits		185,864	
Maintenance and repairs		28,842	
Other operating expenditures		128,779	
Noncapitalized equipment < \$5,000		52,479	
Capital outlay		34,885	
Total	<u>482,749</u>	<u>430,849</u>	<u>51,900</u>
Rescue:			
Salaries and employee benefits		(1,324)	
Total	<u>102,485</u>	<u>(1,324)</u>	<u>103,809</u>
Total public safety	2,203,286	1,939,110	264,176
Transportation:			
Salaries and employee benefits		764,557	
Maintenance and repairs		30,025	
Other operating expenditures		78,990	
Other operating expenditures - Powell Bill		64,434	
Capital outlay - Powell Bill		279,243	
Capital outlay		35,421	
Reimbursement - proprietary funds		(554,698)	
Total transportation	1,066,604	697,972	368,632
Environmental Protection:			
Sanitation:			
Other operating expenditures		460,546	
Total	<u>492,000</u>	<u>460,546</u>	<u>31,454</u>

continued

**Town of Winterville, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		275,840	
Maintenance and repairs		27,600	
Other operating expenditures		193,697	
Noncapitalized equipment <\$5,000		14,124	
Total parks and recreation	<u>569,676</u>	<u>511,261</u>	<u>58,415</u>
Public Buildings:			
Maintenance and repairs		17,738	
Other operating expenditures		297,859	
Reimbursement - proprietary funds		(64,304)	
Total public buildings	<u>273,796</u>	<u>251,293</u>	<u>22,503</u>
Total Cultural and Recreation	843,472	762,554	80,918
Economic Development:			
Contracted Services		-	
Total Economic Development	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Debt service:			
Principal retirement	666,728	646,924	19,804
Interest	<u>210,017</u>	<u>186,171</u>	<u>23,846</u>
Total debt service	876,745	833,095	43,650
Reimbursements - proprietary funds	<u>(59,696)</u>	<u>(59,696)</u>	<u>-</u>
Total expenditures	<u>7,586,472</u>	<u>6,416,230</u>	<u>1,170,242</u>
Revenues over (under) expenditures	(986,928)	650,720	1,637,648
<b>Other financing sources (uses):</b>			
Loan proceeds - installment purchases	139,500	139,500	-
Transfers from other funds:			
Enterprise funds	<u>188,552</u>	<u>188,552</u>	<u>-</u>
Total other financing sources (uses)	328,052	328,052	-
Fund balance appropriated	<u>658,876</u>	<u>-</u>	<u>(658,876)</u>
Net change in fund balance	<u>\$ -</u>	<u>978,772</u>	<u>\$ 978,772</u>
Fund balances, beginning as previously reported		6,266,010	
Prior period adjustment		<u>98,902</u>	
Fund balances, beginning as restated		6,364,912	
Change in reserve for inventories		<u>(1,243)</u>	
Fund balances, ending		<u>\$ 7,342,441</u>	

## 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, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sale of electricity		\$ 6,214,481	
Connection fees		15,294	
Service charges		46,380	
Miscellaneous revenue		410,344	
Total operating revenues	<u>\$ 6,507,137</u>	<u>6,686,499</u>	<u>\$ 179,362</u>
Non-operating revenues:			
Investment earnings		5,105	5,105
Total revenues	6,507,137	6,691,604	184,467
<b>Expenditures:</b>			
Operating:			
Electrical power purchases		3,794,507	
Salaries and employee benefits		571,391	
Supplies		85,226	
Repairs and maintenance		48,867	
Contracted services		181,843	
Other departmental expenses		493,512	
Expense reimbursement to general fund		357,667	
Expense reimbursement from water and sewer fund		(42,028)	
Total operating expenditures	<u>6,077,716</u>	<u>5,490,985</u>	<u>586,731</u>
Debt service:			
Principal retirement	283,102	283,090	12
Interest	<u>103,871</u>	<u>95,867</u>	<u>8,004</u>
Total debt service	386,973	378,957	8,016
Capital outlay:			
Noncapitalized equipment < \$5,000		52,300	
Capital outlay		61,600	
Total capital outlay	<u>468,602</u>	<u>113,900</u>	<u>354,702</u>
Total expenditures	<u>6,933,291</u>	<u>5,983,842</u>	<u>949,449</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, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues over (under) expenditures	(426,154)	707,762	1,133,916
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
General Fund	<u>(188,552)</u>	<u>(188,552)</u>	-
Total other financing sources (uses)	<u>(188,552)</u>	<u>(188,552)</u>	-
Fund balance appropriated	<u>614,706</u>	<u>-</u>	<u>(614,706)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	519,210	<u>\$ 519,210</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		283,090	
Capital outlay		61,600	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		28,173	
Pension expense		(4,423)	
Depreciation		(322,560)	
Decrease in accrued interest on installment purchases		2,192	
Decrease in accrued vacation pay		16,854	
Increase in accrued OPEB liability		<u>(12,201)</u>	
Total		<u>52,725</u>	
Change in net position		<u>\$ 571,935</u>	

**Town of Winterville, North Carolina**  
**Water Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales		\$ 1,238,882	
Other operating revenues		150	
Total operating revenues	\$ 1,112,706	1,239,032	\$ 126,326
Non-operating revenues:			
Investment earnings		1,158	
Total non-operating revenues	4,500	1,158	(3,342)
Total revenues	1,117,206	1,240,190	122,984
<b>Expenditures:</b>			
Operating:			
Purchases for resale		287,075	
Supplies		20,594	
Repairs and maintenance		9,582	
Contracted services		30,062	
Other departmental expenses		63,099	
Expense reimbursement to general fund		475,089	
Expense reimbursement to electric fund		26,425	
Total operating expenditures	1,101,981	911,926	190,055
Debt service:			
Principal retirement	37,785	37,785	-
Interest	2,290	2,290	-
Total debt service	40,075	40,075	-
Capital outlay:			
Noncapitalized equipment < \$5,000		1,461	
Total capital outlay	136,605	1,461	135,144
Total expenditures	1,278,661	953,462	325,199
Revenues over (under) expenditures	(161,455)	286,728	448,183

**Town of Winterville, North Carolina**  
**Water Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Loan proceeds - installment purchase	118,000	118,000	-
	118,000	118,000	-
Fund balance appropriated	43,455	-	(43,455)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	404,728	\$ 404,728
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		37,785	
Loan proceeds		(118,000)	
Pension expense		(2,211)	
Decrease in accrued interest on installment purchases		638	
Decrease in accrued vacation pay		3,189	
Increase in accrued OPEB liability		(2,440)	
Depreciation		(76,003)	
Total		(157,042)	
Change in net position		\$ 247,686	

**Town of Winterville, North Carolina**  
**Water Capital Projects Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Developer Contribution	\$ 35,000	\$ 35,000	\$ -	\$ 35,000	\$ -
<b>Expenditures:</b>					
Capital outlay:					
Construction	1,428,450	-	70,620	70,620	1,357,830
Engineering	284,650	47,156	128,629	175,785	108,865
Contingency	136,900	-	-	-	136,900
Total capital outlay	<u>1,850,000</u>	<u>47,156</u>	<u>199,249</u>	<u>246,405</u>	<u>1,603,595</u>
Revenues under expenditures	(1,815,000)	(12,156)	(199,249)	(211,405)	1,603,595
<b>Other financing sources:</b>					
Transfers from other funds:					
Water Fund	22,055	22,055	-	22,055	-
Installment purchase - loan proceeds	<u>1,792,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,792,945)</u>
Total other financing sources	<u>1,815,000</u>	<u>22,055</u>	<u>-</u>	<u>22,055</u>	<u>(1,792,945)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 9,899</u>	<u>\$ (199,249)</u>	<u>\$(189,350)</u>	<u>\$ (189,350)</u>

**Town of Winterville, North Carolina**  
**Sewer Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sewer charges		\$ 1,896,628	
Tapping fees		900	
Total operating revenues	<u>\$ 1,845,988</u>	<u>1,897,528</u>	<u>\$ 51,540</u>
Non-operating revenues:			
Investment earnings		699	
Federal and state grants		8,700	
Development fees		20,530	
Total non-operating revenues	<u>14,905</u>	<u>29,929</u>	<u>15,024</u>
Total revenues	1,860,893	1,927,457	66,564
<b>Expenditures:</b>			
Operating:			
Supplies		7,141	
Repairs and maintenance		29,431	
Contracted services		102,500	
CMSD expense		1,068,371	
Other departmental expenses		81,690	
Expense reimbursement to general fund		400,801	
Expense reimbursement to electric fund		15,603	
Total operating expenditures	<u>1,751,367</u>	<u>1,705,537</u>	<u>45,830</u>
Debt service:			
Principal retirement	73,146	92,931	(19,785)
Interest	43,715	56,617	(12,902)
Total debt service	<u>116,861</u>	<u>149,548</u>	<u>(32,687)</u>
Capital outlay:			
Noncapitalized equipment <\$5,000		6,867	
Capital outlay		64,987	
Total capital outlay	<u>81,804</u>	<u>71,854</u>	<u>9,950</u>
Total expenditures	<u>1,950,032</u>	<u>1,926,939</u>	<u>23,093</u>
Revenues over (under) expenditures	(89,139)	518	89,657

**Town of Winterville, North Carolina**  
**Sewer Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
Sewer Capital Projects Fund	(50,000)	(50,000)	
Total other financing sources (uses)	(50,000)	(50,000)	-
Fund balance appropriated	139,139	-	(139,139)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	(49,482)	\$ (49,482)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		92,931	
Capital outlay		64,987	
Depreciation		(143,784)	
Pension expense		(1,721)	
Increase in accrued interest on installment purchases		(1,206)	
Increase in accrued vacation pay		(1,526)	
Increase in accrued OPEB liability		(4,067)	
Transfer to sewer capital project fund		50,000	
Total		55,614	
Change in net position		\$ 6,132	

**Town of Winterville, North Carolina**  
**Sewer Capital Projects Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>					
Capital outlay:					
Construction	\$ 1,669,020	\$ -	\$ -	\$ -	\$1,669,020
Engineering	341,190	-	18,500	18,500	322,690
Contingency	167,000	-	-	-	167,000
Total capital outlay	<u>2,177,210</u>	<u>-</u>	<u>18,500</u>	<u>18,500</u>	<u>2,158,710</u>
Revenues under expenditures	(2,177,210)	-	(18,500)	(18,500)	2,158,710
<b>Other financing sources:</b>					
Transfers from other funds:					
Sewer Fund	50,190	-	50,000	50,000	(190.00)
Debt proceeds	2,127,020	-	-	-	(2,127,020)
Total other financing sources	<u>2,177,210</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>(2,127,210)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>	<u>\$ 31,500</u>	<u>\$ 31,500</u>



**Town of Winterville, North Carolina**  
**Stormwater Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Stormwater charges		\$ 176,261	
Total operating revenues	<u>\$ 171,256</u>	<u>176,261</u>	<u>\$ 5,005</u>
Non-operating revenues:			
Investment earnings		146	
Total non-operating revenues	<u>-</u>	<u>146</u>	<u>146</u>
Total revenues	171,256	176,407	5,151
<b>Expenditures:</b>			
Operating:			
Contracted services		22,164	
Supplies		9,700	
Repairs and maintenance		624	
Expense reimbursement to general fund		102,683	
Total operating expenditures	<u>136,756</u>	<u>135,171</u>	<u>1,585</u>
Capital outlay:			
Capital outlay		28,736	
Total capital outlay	<u>34,500</u>	<u>28,736</u>	<u>5,764</u>
Total expenditures	<u>171,256</u>	<u>163,907</u>	<u>7,349</u>
Revenues over (under) expenditures	<u>\$ -</u>	12,500	<u>\$ 12,500</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital outlay		28,736	
Depreciation		(14,306)	
Total		<u>14,430</u>	
Change in net position		<u>\$ 26,930</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, 2015**  
**(With Comparative Actual Amounts as of June 30, 2014)**

<u>Governmental Capital Assets</u>	<u>2015</u>	<u>2014</u>
Land	\$ 3,841,601	\$ 3,782,635
Construction in process	-	-
Buildings	6,676,944	6,676,944
Infrastructure	25,389,873	24,694,066
Software	584,149	560,832
Vehicles and equipment	4,486,838	4,309,007
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 40,979,405</u>	<u>\$ 40,023,484</u>

**Town of Winterville, North Carolina**  
**Schedule of Changes in Governmental Capital Assets**  
**By Function and Activity**  
**For the Fiscal Year Ended June 30, 2015**

<u>Function and Activity</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
General government	\$ 9,378,979	\$ 30,742	\$ -	\$ 9,409,721
Transportation	25,549,920	790,194	-	26,340,114
Public Safety	2,371,741	134,985	-	2,506,726
Cultural and recreation	2,722,844	-	-	2,722,844
 Total	 <u>\$ 40,023,484</u>	 <u>\$ 955,921</u>	 <u>\$ -</u>	 <u>\$ 40,979,405</u>



## **OTHER SCHEDULES**

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This section contains additional information on property taxes.

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



**Town of Winterville, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2015**

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	Uncollected Balance <u>June 30, 2015</u>
2014-2015	\$ -	\$ 3,530,129	\$ 3,499,202	\$ 30,927
2013-2014	60,972	-	35,030	25,942
2012-2013	36,497	-	20,007	16,490
2011-2012	23,013	-	12,195	10,818
2010-2011	11,100	-	285	10,815
2009-2010	13,040	-	843	12,197
2008-2009	5,615	-	601	5,014
2007-2008	6,215	-	260	5,955
2006-2007	6,105	-	377	5,728
2005-2006	3,834	-	42	3,792
2004-2005	2,580	-	2,580	-
Total	<u>\$ 168,971</u>	<u>\$ 3,530,129</u>	<u>\$ 3,571,422</u>	<u>127,678</u>

Less: allowance for uncollectible accounts:

General fund 40,242

Ad valorem taxes receivable - net \$ 87,436

Reconcilement with Revenues:

Ad valorem taxes - General Fund \$ 3,595,253

Reconciling items:

Interest collected (26,940)

Taxes written off 2,580

Releases (prior years) and other adjustments 529

Subtotal (23,831)

Total collections and credits \$ 3,571,422

**Town of Winterville, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2015**

	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	\$743,377,895	0.475	\$ 3,531,045	\$ 3,098,703	\$ 432,342
Discoveries	-		-	-	-
Abatements	(192,842)		(916)	(916)	-
Total property valuation	<u>\$743,185,053</u>				
Net levy			3,530,129	3,097,787	432,342
Uncollected taxes at June 30, 2015			<u>(30,927)</u>	<u>(30,927)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,499,202</u>	<u>\$ 3,066,860</u>	<u>\$ 432,342</u>
Current levy collection percentage			<u>99.12%</u>	<u>99.00%</u>	<u>100.00%</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.*

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 17,015,395	\$ 18,107,145	\$ 18,883,210	\$ 19,033,329
Restricted	64,181	118,662	297,722	509,458
Unrestricted	3,806,332	3,865,762	3,841,539	2,756,908
<b>Total governmental activities net position</b>	<b>\$ 20,885,908</b>	<b>\$ 22,091,569</b>	<b>\$ 23,022,471</b>	<b>\$ 22,299,695</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 4,471,007	\$ 4,304,371	\$ 2,981,588	\$ 5,773,808
Restricted	-	-	-	-
Unrestricted	2,881,715	3,992,871	6,181,096	4,202,970
<b>Total Business-type activities net position</b>	<b>\$ 7,352,722</b>	<b>\$ 8,297,242</b>	<b>\$ 9,162,684</b>	<b>\$ 9,976,778</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 21,486,402	\$ 22,411,516	\$ 21,864,798	\$ 24,807,137
Restricted	64,181	118,662	297,722	509,458
Unrestricted	6,688,047	7,858,633	10,022,635	6,959,878
<b>Total primary government net position</b>	<b>\$ 28,238,630</b>	<b>\$ 30,388,811</b>	<b>\$ 32,185,155</b>	<b>\$ 32,276,473</b>

**Town of Winterville, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Table 1**

2010	2011	2012	2013	2014	2015
\$ 19,743,897	\$ 20,131,928	\$ 19,819,840	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360
524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409
2,602,666	2,117,242	2,517,321	2,695,079	3,573,881	4,634,264
<u>\$ 22,870,757</u>	<u>\$ 23,593,292</u>	<u>\$ 23,927,663</u>	<u>\$ 24,073,468</u>	<u>\$ 24,565,137</u>	<u>\$ 25,344,033</u>
\$ 5,531,666	\$ 5,795,169	\$ 5,548,709	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711
-	-	-	-	-	-
4,775,714	4,975,318	5,709,288	6,642,021	6,784,202	7,890,408
<u>\$ 10,307,380</u>	<u>\$ 10,770,487</u>	<u>\$ 11,257,997</u>	<u>\$ 11,980,044</u>	<u>\$ 12,037,688</u>	<u>\$ 13,256,119</u>
\$ 25,275,563	\$ 25,927,097	\$ 25,368,549	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071
524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409
7,378,380	7,092,560	8,226,609	9,337,100	10,358,083	12,524,672
<u>\$ 33,178,137</u>	<u>\$ 34,363,779</u>	<u>\$ 35,185,660</u>	<u>\$ 36,053,512</u>	<u>\$ 36,602,825</u>	<u>\$ 38,600,152</u>

**Town of Winterville, North Carolina**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Table 2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,051,648	\$ 920,172	\$ 1,773,961	\$ 2,456,603	\$ 2,687,929	\$ 2,552,572	\$ 2,605,647	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412
Public Safety	1,601,482	1,780,041	1,588,821	1,753,660	1,883,985	1,794,701	1,822,713	1,936,031	2,020,494	1,955,444
Transportation	1,453,211	1,478,672	1,496,651	1,596,862	1,381,524	1,299,618	1,404,474	1,401,712	1,332,381	1,262,024
Environmental protection	265,869	323,910	344,757	375,894	402,902	444,724	425,607	420,736	423,582	449,332
Cultural and recreational	706,594	891,387	895,246	843,293	896,397	961,253	831,698	705,296	774,390	852,262
Economic and physical development	44,300	7,071	981	-	-	-	-	-	-	-
Interest on long-term debt	108,076	146,660	161,059	222,427	207,454	304,775	245,853	219,296	206,866	175,858
Reimbursements from business type activities	-	-	-	-	-	-	-	(202,708)	(151,682)	(59,696)
Total governmental activities expense	\$ 5,231,180	\$ 5,547,913	\$ 6,261,476	\$ 7,248,739	\$ 7,460,191	\$ 7,357,643	\$ 7,335,992	\$ 6,638,711	\$ 6,749,392	\$ 6,747,636
Business-type Activities:										
Electric	\$ 4,221,871	\$ 4,158,835	\$ 4,197,764	\$ 5,305,020	\$ 5,232,429	\$ 5,366,691	\$ 5,240,409	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117
Water	469,614	495,483	636,679	693,124	778,832	556,616	532,540	677,370	804,903	992,504
Sewer	1,083,201	1,119,390	1,540,475	1,305,034	1,804,362	1,439,662	1,391,511	1,714,303	1,780,834	1,921,325
Stormwater	24,134	21,291	39,355	27,072	69,718	116,318	113,301	84,597	143,314	149,477
Total business-type activities expense	\$ 5,798,820	\$ 5,794,999	\$ 6,414,273	\$ 7,330,250	\$ 7,885,341	\$ 7,479,287	\$ 7,277,761	\$ 7,983,080	\$ 8,711,522	\$ 8,994,423
Total primary government expenses	\$11,030,000	\$11,342,912	\$12,675,749	\$14,578,989	\$15,345,532	\$14,836,930	\$14,613,753	\$14,621,791	\$15,460,914	\$15,742,059
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 63,022	\$ 49,050	\$ 72,162	\$ 131,618	\$ 69,550	\$ 68,488	\$ 31,174	\$ 53,053	\$ 165,982	\$ 173,351
Public Safety	93,552	-	-	156,151	-	1,100	9,475	12,476	13,106	19,473
Transportation	-	-	-	-	328	-	-	-	-	6,914
Environmental protection	-	355,810	364,709	377,406	410,186	481,343	484,983	485,132	484,688	500,833
Cultural and recreational	331,373	113,106	159,179	227,367	184,439	258,113	205,150	186,731	145,706	147,350
Operating grants and contributions										
General government	70,209	36,426	120,372	-	-	-	202,617	41,833	44,786	-
Public Safety	250,643	71,925	86,905	-	142,449	21,394	17,961	16,605	21,464	3,850
Transportation	233,826	244,662	340,213	-	264,041	345,935	284,827	266,728	272,530	266,981
Environmental protection	-	-	-	-	6,150	6,115	6,363	5,881	5,282	6,201
Capital grants and contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	500,000	-	-	-	-	-
Transportation	802,166	1,429,511	733,570	276,512	-	-	-	-	-	-
Total governmental activities program revenues	\$ 1,844,791	\$ 2,300,490	\$ 1,877,110	\$ 1,169,054	\$ 1,577,143	\$ 1,182,488	\$ 1,242,550	\$ 1,068,439	\$ 1,153,544	\$ 1,124,953



**Town of Winterville, North Carolina**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Table 2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services										
Electric Fund	\$ 4,740,155	\$ 4,645,162	\$ 5,088,797	\$ 5,782,977	\$ 5,842,314	\$ 6,569,449	\$ 6,433,135	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499
Water Fund	553,868	583,834	643,967	740,300	743,907	735,593	720,550	718,195	743,400	1,239,032
Sewer Fund	1,116,274	1,203,587	1,485,481	1,646,000	1,644,394	1,710,000	1,628,236	1,664,340	1,682,865	1,897,528
Stormwater Fund	-	28,080	159,821	192,948	125,363	758	-	88,886	169,378	176,261
Operating grants and contributions	-	-	-	-	80,884	33,099	15,533	1,089	-	-
Capital grants and contributions	52,368	99,794	101,113	126,992	500,000	-	-	-	37,878	29,230
Total business-type activities program revenues	\$ 6,462,665	\$ 6,560,457	\$ 7,479,179	\$ 8,489,217	\$ 8,936,862	\$ 9,048,899	\$ 8,797,454	\$ 8,828,715	\$ 8,987,467	\$ 10,028,550
Total primary government program revenues	\$ 8,307,456	\$ 8,860,947	\$ 9,356,289	\$ 9,658,271	\$ 10,514,005	\$ 10,231,387	\$ 10,040,004	\$ 9,897,154	\$ 10,141,011	\$ 11,153,503
<b>Net Revenue (Expense):</b>										
Governmental activities	\$ (3,386,389)	\$ (3,247,423)	\$ (4,384,366)	\$ (6,079,685)	\$ (5,883,048)	\$ (6,175,155)	\$ (6,093,442)	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)
Business-type activities	663,845	765,458	1,064,906	1,158,967	1,051,521	1,569,612	1,519,693	845,635	275,945	1,034,127
Total primary government net expense	\$ (2,722,544)	\$ (2,481,965)	\$ (3,319,460)	\$ (4,920,718)	\$ (4,831,527)	\$ (4,605,543)	\$ (4,573,749)	\$ (4,724,637)	\$ (5,319,903)	\$ (4,588,556)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property Taxes	\$ 2,235,927	\$ 2,373,125	\$ 2,610,837	\$ 3,105,163	\$ 3,093,542	\$ 3,157,673	\$ 3,233,735	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055
Local option sales tax, etc.	1,298,889	1,539,690	1,669,969	1,445,534	1,447,137	1,502,894	1,920,008	1,941,183	1,927,399	2,287,726
Grants and contributions not restricted to specific programs	-	-	-	-	273,805	299,708	-	-	-	-
Other taxes and licenses	52,117	72,437	33,408	344,671	38,686	31,045	34,332	32,517	35,859	24,107
Investment Earnings	349,180	256,525	267,674	53,082	11,967	17,851	12,146	8,580	6,869	9,623
Miscellaneous	128,090	244,646	103,642	-	721,519	758,425	276,508	196,763	268,351	503,895
Transfers	184,529	(43,884)	478,389	408,458	736,599	1,130,094	1,048,776	135,000	230,192	188,552
Total governmental activities	\$ 4,248,732	\$ 4,442,539	\$ 5,163,919	\$ 5,356,908	\$ 6,323,255	\$ 6,897,690	\$ 6,525,505	\$ 5,716,077	\$ 6,087,517	\$ 6,566,958
Business-type activity:										
Investment earnings, net of market adjustment	\$ 87,869	\$ 138,178	\$ 275,925	\$ 63,585	\$ 15,680	\$ 23,589	\$ 16,593	\$ 11,412	\$ 11,891	\$ 7,108
Transfers	(184,529)	43,884	(478,389)	(408,458)	(736,599)	(1,130,094)	(1,048,776)	(135,000)	(230,192)	(188,552)
Total business-type activity	\$ (96,660)	\$ 182,062	\$ (202,464)	\$ (344,873)	\$ (720,919)	\$ (1,106,505)	\$ (1,032,183)	\$ (123,588)	\$ (218,301)	\$ (181,444)
Total primary government	\$ 4,152,072	\$ 4,624,601	\$ 4,961,455	\$ 5,012,035	\$ 5,602,336	\$ 5,791,185	\$ 5,493,322	\$ 5,592,489	\$ 5,869,216	\$ 6,385,514
<b>Change in net position</b>										
Governmental activities	\$ 978,522	\$ 1,205,661	\$ 930,902	\$ (722,777)	\$ 440,672	\$ 722,535	\$ 432,063	\$ 145,805	\$ 491,669	\$ 944,275
Business-type activities	566,185	947,520	862,442	814,094	330,602	463,107	487,510	722,047	57,644	852,683
Total primary government	\$ 1,544,707	\$ 2,153,181	\$ 1,793,344	\$ 91,317	\$ 771,274	\$ 1,185,642	\$ 919,573	\$ 867,852	\$ 549,313	\$ 1,796,958

**Town of Winterville, North Carolina**  
**Fund Balances, Governmental Funds**  
**PRE GASB 54**  
**(Modified Accrual Basis of Accounting)**  
**Table 3**

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

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	2013	2014	2015
<b>General Fund</b>					
Nonspendable	\$ 33,133	\$ 36,403	\$ 73	\$ 73	\$ 94,218
Restricted	1,336,722	1,583,102	2,063,859	2,022,330	1,834,409
Committed	7,400	7,400	-	7,400	-
Assigned	67,680	18,000	-	-	-
Unassigned	2,287,824	2,978,107	3,289,582	4,236,207	5,413,814
<b>Total General Fund</b>	<b>\$ 3,732,759</b>	<b>\$ 4,623,012</b>	<b>\$ 5,353,514</b>	<b>\$ 6,266,010</b>	<b>\$ 7,342,441</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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 Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Table 4**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Ad valorem taxes	\$ 2,235,909	\$ 2,370,582	\$ 2,585,436	\$ 3,066,447	\$ 3,086,185	\$ 3,115,699	\$ 3,275,421	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253
Other taxes and licenses	1,351,006	1,612,127	1,703,377	1,478,844	38,686	31,045	34,332	32,517	35,859	24,107
Unrestricted intergovernmental	349,180	256,525	267,674	311,361	1,720,942	1,802,602	1,920,008	1,941,183	1,927,399	2,287,726
Restricted intergovernmental	554,678	244,662	371,097	276,512	797,691	370,376	484,987	328,652	339,925	282,550
Permits and fees	61,595	10,545	8,308	7,770	3,730	4,488	2,899	2,100	5,915	6,175
Sales and services	421,105	544,019	587,743	544,782	666,741	804,929	724,513	734,140	807,598	831,755
Investment earnings	128,090	244,646	103,642	53,082	13,676	20,919	14,927	10,975	11,006	11,019
Miscellaneous	178,340	162,928	274,456	349,561	173,828	10,989	55,872	15,053	48,351	28,365
<b>TOTAL REVENUES</b>	<b>\$ 5,279,903</b>	<b>\$ 5,446,034</b>	<b>\$ 5,901,733</b>	<b>\$ 6,088,359</b>	<b>\$ 6,501,479</b>	<b>\$ 6,161,047</b>	<b>\$ 6,512,959</b>	<b>\$ 6,454,118</b>	<b>\$ 6,816,537</b>	<b>\$ 7,066,950</b>
<b>EXPENDITURES</b>										
General Government	\$ 1,329,062	\$ 1,369,073	\$ 2,006,059	\$ 4,130,732	\$ 2,573,280	\$ 2,302,452	\$ 2,246,240	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649
Public Safety	1,571,043	1,662,237	1,541,222	1,713,040	2,354,913	1,595,926	1,678,150	1,838,331	2,372,543	1,939,110
Transportation	751,172	727,838	706,317	778,185	772,378	654,379	600,556	667,463	801,119	697,972
Environmental Protection	265,869	323,910	344,757	375,894	402,902	444,724	425,607	420,736	423,582	460,546
Cultural and Recreation	692,333	873,251	927,663	1,652,918	797,599	894,595	766,076	617,674	745,503	762,554
Economic and Physical Development	44,300	7,071	981	-	-	-	-	-	-	-
Public Works	23,128	-	-	-	-	-	-	-	-	-
Vehicle Replacement	-	-	-	-	307,117	-	-	-	-	-
Reimbursement - Proprietary Funds	-	-	-	-	-	-	-	(202,708)	(151,682)	(59,696)
Debt Service:										
Principal retirement	120,190	380,812	524,203	712,724	791,985	723,690	675,881	517,875	484,670	646,924
Interest and Fees	108,076	146,660	166,629	222,427	207,454	272,692	246,408	222,896	204,149	186,171
Capital Outlay	244,825	441,613	144,215	71,124	1,579,010	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,149,998</b>	<b>\$ 5,932,465</b>	<b>\$ 6,362,046</b>	<b>\$ 9,657,044</b>	<b>\$ 9,786,638</b>	<b>\$ 6,888,458</b>	<b>\$ 6,638,918</b>	<b>\$ 5,819,539</b>	<b>\$ 6,648,982</b>	<b>\$ 6,416,230</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 129,905</b>	<b>\$ (486,431)</b>	<b>\$ (460,313)</b>	<b>\$ (3,568,685)</b>	<b>\$ (3,285,159)</b>	<b>\$ (727,411)</b>	<b>\$ (125,959)</b>	<b>\$ 634,579</b>	<b>\$ 167,555</b>	<b>\$ 650,720</b>

**Town of Winterville, North Carolina**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Table 4**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>OTHER FINANCING SOURCES (USES)</b>										
Long Term Debt Issued	\$ 1,218,937	\$ 760,000	\$ 2,229,230	\$ 232,000	\$ 2,310,990	\$ -	\$ -	\$ -	\$ 540,800	\$ 139,500
Transfers in	1,032,178	72,240	3,220,189	1,098,716	2,819,465	1,878,079	1,048,776	135,000	230,192	188,552
Transfers out	(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)	\$ 1,403,466	\$ 716,116	\$ 2,707,619	\$ 640,458	\$ 3,114,282	\$ 1,148,853	\$ 1,048,776	\$ 135,000	\$ 770,992	\$ 328,052
<b>Net Change in Fund Balances</b>	<b>\$ 1,533,371</b>	<b>\$ 229,685</b>	<b>\$ 2,247,306</b>	<b>\$ (2,928,227)</b>	<b>\$ (170,877)</b>	<b>\$ 421,442</b>	<b>\$ 922,817</b>	<b>\$ 769,579</b>	<b>\$ 938,547</b>	<b>\$ 978,772</b>
Debt Services as a percentage of noncapital expenditures	5%	11%	12%	11%	14%	17%	16%	14%	11%	15%

**Town of Winterville, North Carolina**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Table 5**

Fiscal Year	Property	Sales	Franchise	Beer and Wine	Penalties/	Total
	Tax	Tax	Tax	Tax	Interest	
2006	\$ 2,227,012	\$ 1,298,889	\$ 223,461	\$ 30,662	\$ 8,897	\$ 3,788,921
2007	2,364,856	1,539,690	218,311	34,787	5,726	4,163,370
2008	2,576,874	1,669,969	227,675	37,736	8,562	4,520,816
2009	3,055,047	1,445,534	270,492	38,560	11,400	4,821,033
2010	3,069,850	1,447,137	258,488	12,764	16,335	4,804,574
2011	3,099,199	1,502,894	257,852	40,345	16,500	4,916,790
2012	3,255,662	1,619,870	258,177	40,463	19,759	5,193,931
2013	3,371,069	1,651,989	249,038	37,771	18,429	5,328,296
2014	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
2015	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688

**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	
	\$		\$		\$		\$			
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	
2013	3,004,730		380,663		3,385,393		712,714,316		0.475	
2014	3,068,692		525,545		3,594,237		756,681,473		0.475	
2015	3,097,787		432,342		3,530,129		743,185,053		0.475	

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every four years on average. The last county-wide revaluation occurred January 1, 2012. 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			
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	0.046	0.044	0.680		1.22	
2013	0.475	0.475	0.046	0.044	0.680		1.25	
2014	0.475	0.475	0.046	0.044	0.680		1.25	
2015	0.475	0.475	0.046	0.044	0.680		1.25	

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 Ten Years Ago  
Table 8**

		Fiscal Year 2015			Fiscal Year 2005		
Taxpayer	Type of Business	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
The Roberts Co Fabrication Services Inc	Manufacturer	\$ 5,749,734	1	0.76%	\$ 3,464,360	3	1.21%
Sam's Real Estate Business Trust	Retail	5,729,318	2	0.76%	6,362,810	1	2.22%
Winterville Machine Works, Inc	Manufacturer	5,245,619	3	0.69%	2,603,677	5	0.91%
Winter Village LLC	Retail	3,298,085	4	0.44%	2,666,930	4	0.93%
State Employees Credit Union	Financial Institution	2,958,769	5	0.39%			
J & S Firetower Property LLC	Retail	2,792,150	6	0.37%			0.00%
Wintergreen Commercial Park LLC	Developer	2,415,922	7	0.32%	2,121,560	6	
Barfield G Properties LLC	Developer	2,359,041	8	0.31%	1,527,210	8	
James Hudson	Developer	2,222,020	9	0.29%			
The Roberts Company	Manufacturer	2,113,390	10	0.28%			
Speight, Alex	Developer				1,276,500		0.44%
Pinewood Village Associates	Apartments				1,675,690	7	0.58%
Simclair North America Inc.	Manufacturer				6,288,562	2	0.18%
Harkit, LLC	Developer				1,517,270	9	0.53%
<b>Totals</b>		<b>\$ 34,884,048</b>		<b>4.61%</b>	<b>\$ 29,504,569</b>		<b>6.99%</b>

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		Collected within the				Total Collections to Date		
	Fiscal Year	(Original Levy)	Adjustments	Total Adjusted Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy
2006	\$	2,191,730	\$ 6,427	\$ 2,198,157	\$ 2,142,254	97.74%	\$ 52,111	\$ 2,194,365	99.83%
2007		2,359,362	70,055	2,429,417	2,353,266	99.74%	70,423	2,423,689	99.76%
2008		2,562,502	23,542	2,586,044	2,513,791	98.10%	66,298	2,580,089	99.77%
2009		3,076,906	(2,878)	3,074,028	2,967,451	96.44%	101,563	3,069,014	99.84%
2010		3,072,771	16,999	3,089,770	2,996,993	97.53%	80,580	3,077,573	99.61%
2011		3,158,640	(9,767)	3,148,873	3,039,049	96.21%	99,009	3,138,058	99.66%
2012		3,232,937	6,974	3,239,911	3,140,640	97.15%	88,453	3,229,093	99.67%
2013		3,386,316	(923)	3,385,393	3,290,981	97.18%	77,922	3,368,903	99.51%
2014		3,565,648	28,589	3,594,237	3,533,265	99.09%	35,030	3,568,295	98.30%
2015		3,531,045	(916)	3,530,129	3,499,202	99.10%	-	3,499,202	99.12%

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	General Obligation Bonds			
2006	-	3,698,905	\$ 1,691,000	\$ -	-	\$ 5,389,905	2.38%	700	
2007	-	4,078,094	1,087,000	734,605	-	5,899,699	2.39%	720	
2008	-	5,777,001	1,060,000	3,118,486	-	9,955,487	3.69%	1,160	
2009	-	5,296,276	1,032,500	2,821,213	-	9,149,989	3.25%	1,022	
2010	-	6,815,282	1,004,500	3,952,505	-	11,772,287	3.98%	1,286	
2011	-	6,091,592	975,500	3,622,545	-	10,689,637	3.47%	1,145	
2012	-	5,415,711	955,500	3,535,142	-	9,906,353	4.34%	1,059	
2013	-	4,897,836	936,500	3,270,088	-	9,104,424	3.73%	961	
2014	-	4,953,966	916,500	2,995,176	-	8,865,642	3.46%	930	
2015	-	4,446,542	-	3,615,870	-	8,062,412	3.16%	848	

**Town of Winterville, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Table 11**

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<b>Fiscal Year Ending</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
<b>2006</b>	\$ 1,691,000	0.3%	220
<b>2007</b>	1,087,000	0.2%	133
<b>2008</b>	1,060,000	0.2%	123
<b>2009</b>	1,032,500	0.2%	115
<b>2010</b>	1,004,500	0.1%	110
<b>2011</b>	975,500	0.1%	104
<b>2012</b>	955,500	0.1%	102
<b>2013</b>	936,500	0.1%	99
<b>2014</b>	916,500	0.1%	96
<b>2015</b>	-	0.0%	-

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit, 8% of Assessed Value	\$ 39,078,337	\$ 43,189,636	\$ 45,974,116	\$ 54,649,387	\$ 54,929,244	\$ 55,979,964	\$ 57,598,418	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804
Total net debt applicable to limit	5,389,905	5,899,699	9,955,487	9,149,990	11,772,287	10,689,637	9,906,353	9,104,424	9,084,424	8,062,412
Legal debt Margin	<u>\$ 33,688,432</u>	<u>\$ 37,289,937</u>	<u>\$ 36,018,629</u>	<u>\$ 45,499,397</u>	<u>\$ 43,156,957</u>	<u>\$ 45,290,327</u>	<u>\$ 47,692,065</u>	<u>\$ 47,912,721</u>	<u>\$ 51,450,094</u>	<u>\$ 51,392,392</u>
Total net debt applicable to the limit as a percentage of debt limit	13.79%	13.66%	21.65%	16.74%	21.43%	19.10%	17.20%	15.97%	15.01%	13.56%

**Legal Debt Margin Calculation for Fiscal Year Ending 2015**

Assessed Value	\$ 743,185,053
Debt Limit (8% of assessed value)	59,454,804
Debt applicable to limit:	
General Obligation Bonds	-
Installment Notes Payable	<u>8,062,412</u>
Legal Debt Margin	<u><u>\$ 51,392,392</u></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, 2015**  
**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	\$ 144,212,871	6.2%	\$ 9,006,458
<b>Subtotal, overlapping debt</b>			\$ 9,006,458
<b>Total direct debt</b>			<u>4,446,542</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 13,453,000</u></u>

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 Ten Fiscal Years**  
**(kG=1000 gallons)**  
**Table 14**

Type of Customer	Fiscal Year Ending										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Small General Service</b>	Facility Charge	25.00	25.00	28.75	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	0	0	0	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	0	0	0	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.0836	0.0836	0.0961	0.153	0.153	0.153	0.153	0.153	0.153	0.153
	Energy Rate per kWh over 3,000 kWh	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
<b>Medium General Service</b>	Facility Charge	13.36	13.36	15.36	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	1.53	1.53	1.76	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	4.23	4.23	4.86	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.0836	0.0836	0.0961	0.153	0.153	0.153	0.153	0.153	0.153	0.153
	Energy Rate per kWh over 3,000 kWh	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
<b>Large General Service</b>	Facility Charge	250.00	250.00	287.50	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per 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	\$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	0.0657	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788
	Facility Charge	0	0	0	0	0	0	0	0	0	0
	Rate per kWh first 3,000 kWh	0	0	0	0	0	0	0	0	0	0
<b>Large General Service Temporary</b>	Rate per kWh over 3,000 kWh	0	0	0	0	0	0	0	0	0	0
	Facility Charge	9.29	9.29	10.68	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.0834	0.0834	0.0959	0.151	0.151	0.151	0.151	0.151	0.151	0.151
	Rate per kWh over 800 kWh	0.0778	0.0778	0.0895	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074
	70W Sodium Vapor	10.5	10.5	12.08	14.5	14.5	14.5	14.5	14.5	14.5	14.5
<b>Residential Service</b>	100W Sodium Vapor	12.00	12.00	13.8	16.56	16.56	16.56	16.56	16.56	16.56	16.56
	150W Sodium Vapor	13.02	13.02	14.97	17.96	17.96	17.96	17.96	17.96	17.96	17.96
	250W Sodium Vapor	17.09	17.09	19.65	23.58	23.58	23.58	23.58	23.58	23.58	23.58
	400W Sodium Vapor	25.9	25.9	29.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79
	1000W Sodium Vapor	41.98	41.98	48.28	57.94	57.94	57.94	57.94	57.94	57.94	57.94
<b>Outdoor Lighting</b>	Wood Pole	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Underground Service <150 ft.	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
	Underground Service >150 ft.	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft
	Underground Service >150 ft.	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft
	Underground Service >150 ft.	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft

Town of Winterville, North Carolina  
Water, Sewer and Stormwater Rates  
Last Ten Fiscal Years  
Table 15

Type of Customer		Fiscal Year Ending											
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Water	Monthly Base Rate (3kG)	In \$ 8.00 Out \$ 16.00	\$ 8.00 \$ 16.00	\$ 9.60 \$ 19.20	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 11.52 \$ 23.04	\$ 19.02 \$ 38.04
	Rate per 1kG for next 17 kG	In \$ 1.25 Out \$ 2.50	\$ 1.25 \$ 2.50	\$ 1.44 \$ 3.00	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 1.80 \$ 3.60	\$ 3.31 \$ 3.31
	Rate per 1kG for over 20KG	In \$ 1.10 Out \$ 2.20	\$ 1.10 \$ 2.20	\$ 1.27 \$ 2.64	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.58 \$ 3.17	\$ 1.80 \$ 3.60	\$ 6.62 \$ 6.62
Sewer	Monthly Base Rate (3kG)	In \$ 15.89 Out \$ 31.78	\$ 16.21 \$ 38.14	\$ 19.45 \$ 45.77	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 23.34 \$ 54.92	\$ 26.56 \$ 53.12
	Rate per 1kG for next 17 kG	In \$ 4.91 Out \$ 9.82	\$ 5.89 \$ 11.78	\$ 7.07 \$ 14.14	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97	\$ 8.48 \$ 16.97
	Rate per 1kG for over 20KG	In \$ 4.02 Out \$ 8.04	\$ 4.82 \$ 8.20	\$ 5.78 \$ 9.84	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 11.81	\$ 6.94 \$ 13.88
Stormwater	Monthly Base Rate (3kG)	In \$ - 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	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00
	Rate per 1kG for next 17 kG	In \$ - 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	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00
	Rate per 1kG for over 20KG	In \$ - 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	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00	\$ 2.00 \$ 2.00



**Town of Winterville, North Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**Table 16**

Fiscal Year	Population (1)	Median Household income (1)	Per Capita Personal Income (2)	County School Enrollment (3)	County Unemployment Rate Percentage (4)
<b>2006</b>	7,698	\$ 53,374	\$ 29,430	22,116	5.2
<b>2007</b>	8,192	\$ 57,217	\$ 30,178	22,609	5.1
<b>2008</b>	8,586	\$ 60,021	\$ 31,410	22,994	6.5
<b>2009</b>	8,949	\$ 63,322	\$ 31,439	23,235	10.3
<b>2010</b>	9,154	\$ 64,942	\$ 32,294	23,022	10.1
<b>2011</b>	9,339	\$ 66,306	\$ 32,972	23,267	10.8
<b>2012</b>	9,355	\$ 62,923	\$ 26,399	23,386	10.6
<b>2013</b>	9,471	\$ 66,447	\$ 27,877	23,495	9.6
<b>2014</b>	9,506	\$ 69,437	\$ 29,132	23,852	6.9
<b>2015</b>	9,511	\$ 57,220	\$ 26,865	23,511	5.5

- Sources:
- (1) US Census Quick facts website
  - (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 Public Information office
  - (4) Provided by annual average for Pitt County reported by N.C. Employment Security Commission

**Town of Winterville, North Carolina**  
**Principal Employers**  
**June 30, 2015**  
**Table 17**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Roberts Company	1100	1	12.24%
Pitt Community College	477	2	5.31%
Pitt County Schools	230	3	2.56%
North Carolina Driving School	195	4	2.17%
Sam's Club	157	5	1.75%
Regional Acceptance Corporation	125	6	1.39%
ONLINE Information Services, Inc.	95	7	1.06%
Chik-fil-A	80	8	0.89%
Town of Winterville	68.5	9	0.76%
Winterville Machine Works	65	10	0.72%
<b>Total</b>	<b><u>2,528</u></b>		<b><u>28.84%</u></b>

Source: Staff contact with employers.

Note: Information for 2006 was not readily available for statement preparation.

**Town of Winterville, North Carolina**  
**Full-Time Equivalent Town Government Employees By Function/Program**  
**Last Ten Fiscal Years**  
**Table 18**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Central government										
Administration	1	1	3	2	3	2	1	2	4	5
Finance	5	5	7	6	6	6	6	6	6	6
Town Clerk	1	1	1	1	1	0	1	1	1	1
Planning	2	2	3	4	4	3	2	3	1	1
Inspections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2
Transportation										
Streets and Highways	5.5	5	5	4	4.5	3.5	3.5	3.5	6	6
Public Safety										
Sworn Officers	17	17	20	19	20	19	18	18	19	20
Civilians	1.5	1.5	1.5	1.5	1	1.5	1.5	1	1	1
Fire	0	0	0	0	0	0	0	1	1	1
Refuse collection	5.5	5	5	4	4.5	3.5	3.5	3.5	3.5	4
Economic and physical development	0	0	0	0	0	0	0	0	0	0
Cultural and recreation	2	3	3	4	5	5	3	4	4	4
Operation Support / IT										
Electric operations	13	12	14	13	11	10	8.5	9	10.5	9.5
Water	6	6	5	5	5	4	3	4	3	3
Sewer	3	3	3	3	3	3	3	2	2	2
Information Technology	0	0	0	1	2	2	2	2	2	2
<b>TOTAL</b>	<b>62.5</b>	<b>61.5</b>	<b>71.5</b>	<b>70.5</b>	<b>73</b>	<b>64.5</b>	<b>58</b>	<b>62</b>	<b>67</b>	<b>68.5</b>

Source: Town Human Resource Department

**Town of Winterville, North Carolina  
Operating Indicators By Function  
Last Ten Fiscal Years  
Table 19**

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	N/A	N/A	N/A	N/A	223	363	330	333	217	254
Traffic Violations	N/A	N/A	N/A	N/A	4,761	3,313	4,407	3,959	3,942	2,945
Fire										
Number of calls answered	N/A	N/A	N/A	N/A	512	426	384	380	360	560
Inspections	N/A	N/A	N/A	N/A	N/A	N/A	382	230	N/A	318
Building Inspections										
New construction permits	N/A	N/A	N/A	N/A	39	29	30	26	101	126
Highways and Streets										
Street Resurfacing	N/A	N/A	N/A	N/A	1	4	-	8	-	3
Potholes Repaired	N/A	N/A	N/A	N/A	57	65	12	75	50	30
Sanitation										
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	7	10	7	7	6	6
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	2	3	2	2	2	2
Culture and Recreation										
Athletic field permits issued	N/A	N/A	N/A	N/A	47	3	-	-	-	-
Community center admissions	N/A	N/A	N/A	N/A	52	N/A	N/A	N/A	N/A	N/A
Water										
New Connections	N/A	N/A	N/A	N/A	23	25	27	11	63	62
Water main breaks	N/A	N/A	N/A	N/A	2	-	-	-	1	1
Average daily consumption (millions of gallons)	N/A	N/A	N/A	N/A	601,524	605,429	581,787	545,666	531,679	528,227
Number of customers	N/A	N/A	N/A	N/A	3,753	3,778	3,764	3,775	3,838	3,900
Wastewater										
New Connections	N/A	N/A	N/A	N/A	23	23	23	18	62	80
Average daily sewage treatment (millions of gallons)	N/A	N/A	N/A	N/A	536,067	538,832	558,949	495,300	489,636	493,172
Number of customers	N/A	N/A	N/A	N/A	3,413	3,436	3,432	3,450	3,512	3,592

Source: Various departments  
Notes: (1) Operating indicators by function for 2006-2009 were not readily available for statement purposes.

**Town of Winterville, North Carolina**  
**Capital Asset Statistics By Function**  
**Last Ten Fiscal Years**  
**Table 20**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A	N/A	N/A	19	19	19	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	41.77	42.23	42.91	42.24	43.66	43.66	43.92
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	24	30	30	30	30	30	30
Tennis Court	N/A	N/A	N/A	0	2	2	2	2	2	2
Playgrounds	N/A	N/A	N/A	3	3	3	3	3	3	3
Baseball/Softball/Diamonds	N/A	N/A	N/A	4	5	6	6	6	6	6
Soccer/football	N/A	N/A	N/A	3	3	3	3	3	3	3
Community Centers	N/A	N/A	N/A	0	0	0	0	0	0	0
Water										
Water Mains (miles)	N/A	N/A	N/A	59	59	63.63	63.82	63.82	64	64
Fire Hydrants	N/A	N/A	N/A	305	305	383	384	384	384	395
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	55	55	60.74	61.22	61.22	61.22	61.22
Storm water pipe	N/A	N/A	N/A	33.3	33.3	33	33.28	33.28	38	38

Source: Various Town Departments.

Notes: (1) Capital Asset indicators for 2006-2008 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**







Carr, Riggs & Ingram, LLC  
127 West Boulevard  
Williamston, North Carolina 27892

Mailing Address:  
P.O. Box 869  
Williamston, North Carolina 27892-0869

(252) 792-6081  
(252) 792-8218 (fax)  
[www.cricpa.com](http://www.cricpa.com)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Winterville's basic financial statements, and have issued our report thereon dated December 21, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. [2015-1]

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Winterville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2015-1] & [2015-2].

### **Town of Winterville's Response to Findings**

The Town of Winterville's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Winterville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC

Williamston, North Carolina  
December 21, 2015

**Town of Winterville, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2015**

**SIGNIFICANT DEFICIENCIES**

2015-1 Non-Compliance with N.C.G.S. 135-1(7a) and 128-21(7a)

Criteria: The above general statutes govern the types of compensation that are eligible for retirement contributions under the Local Governmental Employees' Retirement System.

Condition: Longevity pay in the amount of \$28,718.75 for the year ended December 31, 2014 was not reported as wages subject to employee or employer contributions to the Local Governmental Employees' Retirement System through the ORBIT system.

Effect: Employees' retirement benefits which in part are based on compensation will not be accurate upon retirement/termination.

Cause: The pay code for longevity pay was not set-up in the payroll system to subject the pay to employee and employer contributions or to report in ORBIT.

Recommendation: The Town should immediately begin withholding employee contributions, calculating employer contributions and reporting longevity pay in ORBIT. We also recommend that the Town contact the Local Governmental Employees' Retirement System to determine how longevity pay paid in prior years and not subject to employee and employer contributions should be handled.

View of Responsible Officials and Planned Corrective Actions: We agree that longevity pay should be subjected to employee and employer contributions and reported in ORBIT. For any longevity payments made after this finding, we will begin withholding employee contributions and calculating the Town's contribution and properly reporting in ORBIT. We have contacted ORBIT regarding the correction of prior year missed contributions and reporting in ORBIT. Based on our discussion with ORBIT personnel, the Town should correct for future longevity payments and no action is necessary concerning past contributions and reporting.

**Town of Winterville, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2015**

MATERIAL NONCOMPLIANCE

See item 2015-1 above.

2015-2 Excess of Expenditures over 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 Sewer Fund for principal retirement and interest paid exceeded authorized appropriations by \$19,785 and \$12,902, respectively

Effect: Expenditures were made without budget authorization.

Cause: Typographical error for the budget amendment.

Recommendation: Care should be taken in posting payments to the correct fund. 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: Town staff recognized the over-expended item and made the auditor's aware. During management's June review of the Town's financial statements, it was noticed that the Sewer Fund's debt service and interest expense was over budget. In an effort to correct this matter, staff submitted a budget amendment to the Town Council for approval to cover the additional debt service and interest expense. The Town Council approved the amendment; however, there was a typo made on the documentation related to the fund number in the budget amendment that the council approved. By the time the typo was discovered, there was not another meeting scheduled to be held by the council prior to June 30<sup>th</sup>. Therefore, we were unable to make the necessary correction by June 30<sup>th</sup>, 2015.