

# WINTERVILLE

North Carolina



## Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30th, 2019

*A Slice of the good life!*



**Comprehensive Annual Financial Report**

**of the**

**Town of Winterville, North Carolina**

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

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



**Town of Winterville, North Carolina**  
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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, 2018**

*Christopher P. Morill*

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

Ricky Hines

Johnny L. Moye

Veronica W. Roberson

Tony P. Moore

#### **Town Manager**

Terri L. Parker

#### **Finance Director**

Anthony Bowers

#### **Town Clerk**

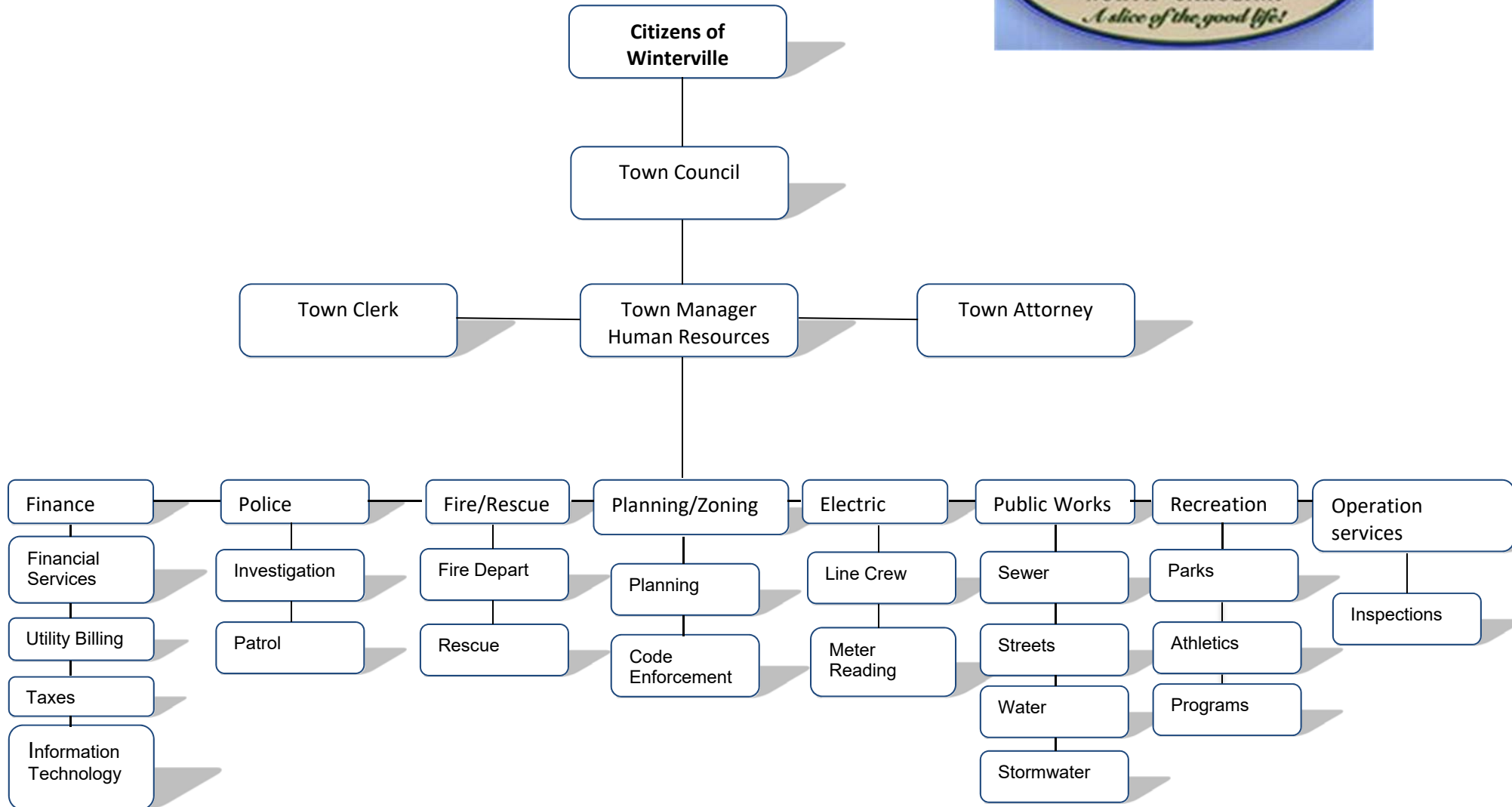
Don Harvey

#### **Town Attorney**

E. Keen Lassiter



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









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January 3rd, 2020

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 eighth Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30<sup>th</sup>, 2019. 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 unmodified opinion of the Town of Winterville's financial statements for the year ended June 30<sup>th</sup>, 2019.

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* and Uniform Guidance audit, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements.

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 9,845 as of June 30<sup>th</sup>, 2019.

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 storm water 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 8,450 students enrolled, and 479 full-time 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 33 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, Vident Healthcare, Patheon, Mayne Pharma, NACCO Material Handling and many others. The unemployment rate for Pitt County is 5.2 percent. The population for Pitt County is 179,914.

### **Long Term Financial Planning**

The Town has begun to review all major aspects of the Town's operations. We recently concluded several studies that will allow the governing board and staff to make long range plans for the Town's future. Some of those studies include evaluations of the following areas: Recreation, Fire, Finance, Urban Planning Land Use Plan, Electric Utilities, Water Utilities, Sewer Utilities and Storm Water Utilities. The Town has also committed to the safety of our citizens and business by investing heavily in fire and safety. The Town has transitioned to a full time paid fire department and purchased a new fire squad and a new aerial platform truck. Recreation is also a major focus as the Town positions itself to construct a multi-purpose facility and a greenway to complement our robust athletics programs.

With respect to the Enterprise Funds, the Town has installed a new \$2,177,000 sewer regional pump station and expansion that will provide opportunity for growth on the southeast side of Town. We have recently began work on a 3.6 million dollar system upgrade and rehabilitation system that will revamp a major portion of the Town's old sewer lines. Funding for this project will be provided by North Carolina Department of Environmental Resources through low interest loans.

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 has completed a \$16,926,000 renovation that began in 2003 Capital Improvements Program. Now that the 2003 CIP has been completed, CMSD has begun a new study that will provide us with a new long-range plan. The new CIP is expected to cost CMSD \$12,550,000 with funding coming from various sources and debt issuance.

### **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 seeking new 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.

The Town will be positioned for continued growth with the addition of 426 new residential lots. This is derived from two new subdivisions totaling 290 new lots, as well as, 136 new lots in expanding subdivisions. The census estimates that 99.2% of the residential units in Winterville are occupied. Commercial investment appears to be heading in the right directions with large scale developers entering into contracts on some of our most prime real estate.

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 8.95% of earnings for employees not engaged in law enforcement and 9.7% for law enforcement officers for the fiscal year ending June 30<sup>th</sup>, 2019. All employees contribute 6.0% of their earnings to the state retirement system.

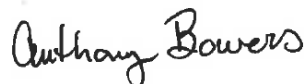
The Town is required by state statute to contribute an amount equal to 5% of participant earnings to a supplemental retirement plan (401k) for law enforcement officers. No contribution is required of the participants in this plan, but voluntary contributions are permitted up to the legally allowed maximum under tax deferral law. The Town has no fiduciary responsibility for this plan. The Town provides this pension plan to all full-time employees.

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

### **Acknowledgement**

Preparation of this report could not have been accomplished without the efficient and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent Certified Public Accountants 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, 2019, 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 auditors' 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 auditors consider 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  
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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, 2019, 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, the Other Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll as listed in the table of contents, 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.

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

*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. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory 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 January 3, 2020 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  
Goldsboro, North Carolina  
January 3, 2020



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

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Winterville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,111,839 (net position).
- The net position increased in the amount of \$1,530,141, was primarily due to increased proprietary fund revenues.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,494,676 an increase of \$442,070 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,337,796, or 56% percent of total General Fund expenditures for the fiscal year.
- Capital asset, net of depreciation, increased at the government-wide level by \$3,231,471.
- Long-term liabilities, excluding pensions, OPEB, and compensated absences, increased at the government-wide level by \$1,223,596.

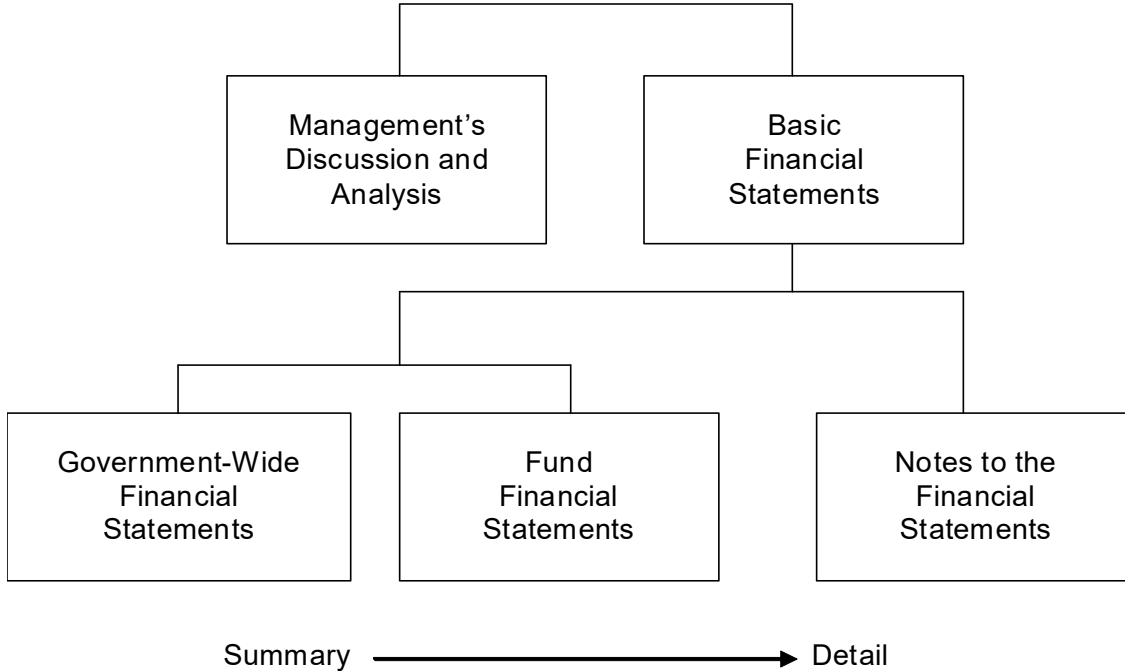
### **Overview of the Financial Statements**

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, **required supplemental information** provides information on the Town of Winterville's proportionate share of the LGERS pension liability, the total LEOSA pension liability and the total OPEB liability. Supplemental Information is provided to show details about the Town of Winterville's individual funds. Budgetary information required by the North Carolina 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 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 (see 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 them determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

The Town of Winterville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the Council; (2) the final budget as amended by the Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** - The Town of Winterville only has one kind of proprietary fund – enterprise funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Winterville uses enterprise funds to account for its water, sewer, electric, and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net 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 and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 83 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 10,689,135	\$ 10,057,065	\$ 10,148,309	\$ 10,762,707	\$ 20,837,444	\$ 20,819,772
Capital assets	23,297,715	23,140,793	13,687,859	10,613,310	36,985,574	33,754,103
Total assets	<u>33,986,850</u>	<u>33,197,858</u>	<u>23,836,168</u>	<u>21,376,017</u>	<u>57,823,018</u>	<u>54,573,875</u>
Deferred outflows of resources	<u>1,000,392</u>	<u>593,104</u>	<u>253,591</u>	<u>147,025</u>	<u>1,253,983</u>	<u>740,129</u>
Long-term liabilities outstanding	6,015,691	5,020,861	5,732,497	4,993,390	11,748,188	10,014,251
Other liabilities	1,725,230	1,487,845	1,143,870	1,057,266	2,869,100	2,545,111
Total liabilities	<u>7,740,921</u>	<u>6,508,706</u>	<u>6,876,367</u>	<u>6,050,656</u>	<u>14,617,288</u>	<u>12,559,362</u>
Deferred inflows of resources	<u>310,607</u>	<u>98,419</u>	<u>37,267</u>	<u>74,525</u>	<u>347,874</u>	<u>172,944</u>
<b>Net Position:</b>						
Net investment in capital assets	19,720,000	20,129,722	8,097,786	5,680,189	27,817,786	25,809,911
Restricted	3,717,133	3,424,408	-	-	3,717,133	3,424,408
Unrestricted	<u>3,498,581</u>	<u>3,629,707</u>	<u>9,078,339</u>	<u>9,717,672</u>	<u>12,576,920</u>	<u>13,347,379</u>
Total net position	<u>\$ 26,935,714</u>	<u>\$ 27,183,837</u>	<u>\$ 17,176,125</u>	<u>\$ 15,397,861</u>	<u>\$ 44,111,839</u>	<u>\$ 42,581,698</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 \$44,111,839 as of June 30, 2019. However, the largest portion of net position (63%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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 is 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 \$3,717,133, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,576,920 is unrestricted.

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

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 98.71% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 98.87%, which is a slight decrease from the previous year's collection percentage of 99.34%.
- Current year property tax collections and credits increased to \$3,861,379 which is up from \$3,717,032 in 2018.
- The Town of Winterville had a tax base of \$822,041,474 as of June 30, 2019.

**Governmental Activities:** Governmental activities decreased the Town's net position by \$248,123. The key elements of this decrease are increased overall governmental activities expenses compared to less overall increases within governmental activities revenues.

**Business-Type Activities:** Business-type activities increased the Town's net position by \$1,778,264 accounting for all of the government-wide increase in net position. Key elements of this increase are due to increases in sales for service and a reduction in spending.

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

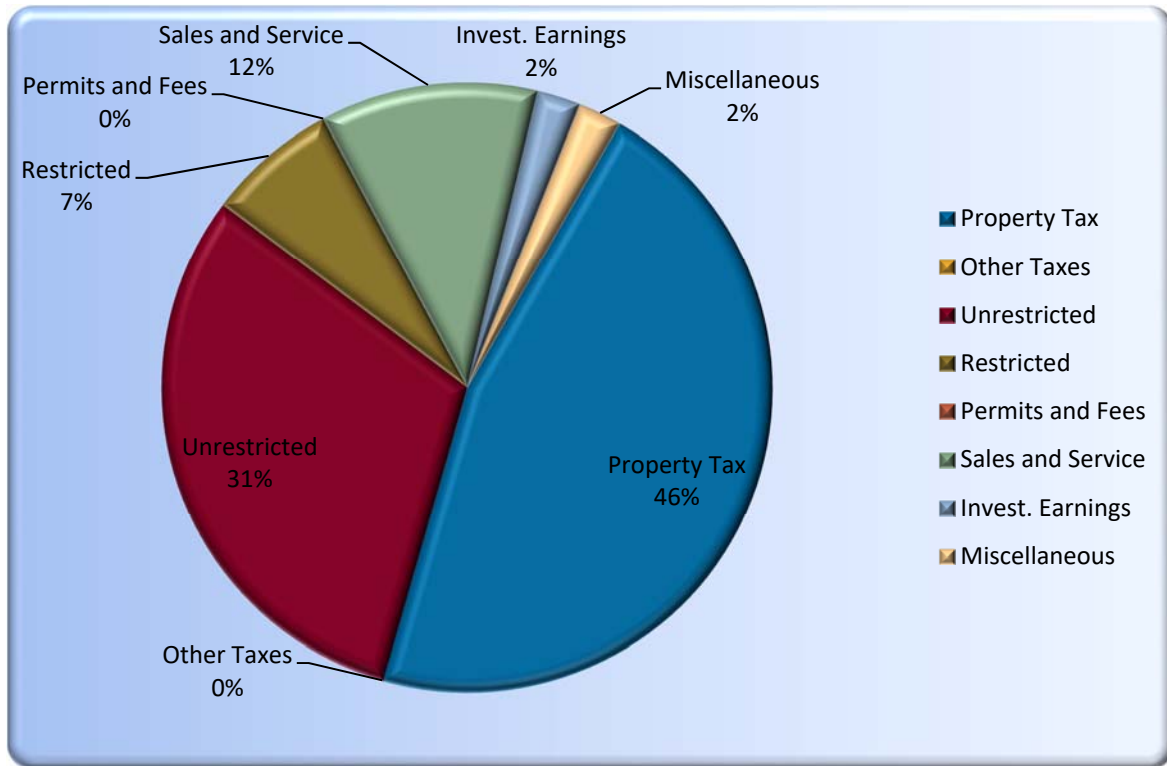
## The Town of Winterville's Changes in Net Position

**Figure 3**

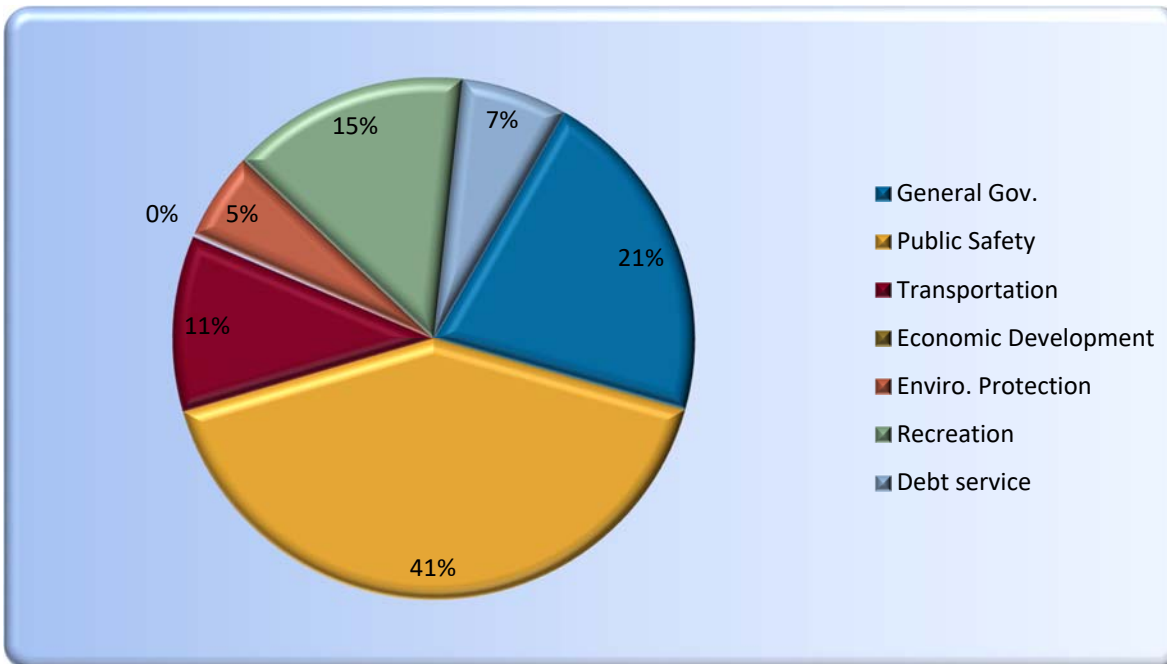
	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 996,609	\$ 965,174	\$ 11,306,840	\$ 11,005,982	\$ 12,303,449	\$ 11,971,156
Operating grants and contributions	571,829	416,410	137,259	58,365	709,088	474,775
Capital grants and contribution	484,353	384,852	360,839	87,200	845,192	472,052
<b>General Revenues:</b>						
Property taxes	3,897,507	3,788,508	-	-	3,897,507	3,788,508
Other taxes and licenses	25,458	23,568	-	-	25,458	23,568
Unrestricted intergovernmental	2,596,931	2,444,867	-	-	2,596,931	2,444,867
Investment earnings	166,081	52,769	167,888	52,377	333,969	105,146
Other	286,727	247,608	-	-	286,727	247,608
<b>Total revenues</b>	<u>9,025,495</u>	<u>8,323,756</u>	<u>11,972,826</u>	<u>11,203,924</u>	<u>20,998,321</u>	<u>19,527,680</u>
<b>Expenses:</b>						
General government	2,469,166	2,103,977	-	-	2,469,166	2,103,977
Public safety	3,500,759	2,570,270	-	-	3,500,759	2,570,270
Transportation	1,839,469	1,703,364	-	-	1,839,469	1,703,364
Environmental protection	20,000	25,895	-	-	20,000	25,895
Economic development	515,105	496,618	-	-	515,105	496,618
Cultural and recreation	1,204,419	955,743	-	-	1,204,419	955,743
Interest expense	100,278	87,402	-	-	100,278	87,402
Electric	-	-	6,179,886	6,425,988	6,179,886	6,425,988
Water	-	-	1,440,407	1,427,037	1,440,407	1,427,037
Sewer	-	-	1,990,784	2,034,642	1,990,784	2,034,642
Stormwater	-	-	207,907	104,125	207,907	104,125
<b>Total expenses</b>	<u>9,649,196</u>	<u>7,943,269</u>	<u>9,818,984</u>	<u>9,991,792</u>	<u>19,468,180</u>	<u>17,935,061</u>
<b>Increase (decrease) in net position before transfers</b>	(623,701)	380,487	2,153,842	1,212,132	1,530,141	1,592,619
Transfers	375,578	311,000	(375,578)	(311,000)	-	-
<b>Increase (decrease) in net position</b>	(248,123)	691,487	1,778,264	901,132	1,530,141	1,592,619
<b>Net position, July 1 as previously reported</b>	27,183,837	27,173,719	15,397,861	14,719,729	42,581,698	41,893,448
<b>Change in accounting principle</b>	-	(681,369)	-	(223,000)	-	(904,369)
<b>Net position, July 1 as restated</b>	<u>27,183,837</u>	<u>26,492,350</u>	<u>15,397,861</u>	<u>14,496,729</u>	<u>42,581,698</u>	<u>40,989,079</u>
<b>Net position, June 30</b>	<u>\$ 26,935,714</u>	<u>\$ 27,183,837</u>	<u>\$ 17,176,125</u>	<u>\$ 15,397,861</u>	<u>\$ 44,111,839</u>	<u>\$ 42,581,698</u>

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

### General Fund Revenue By Source:

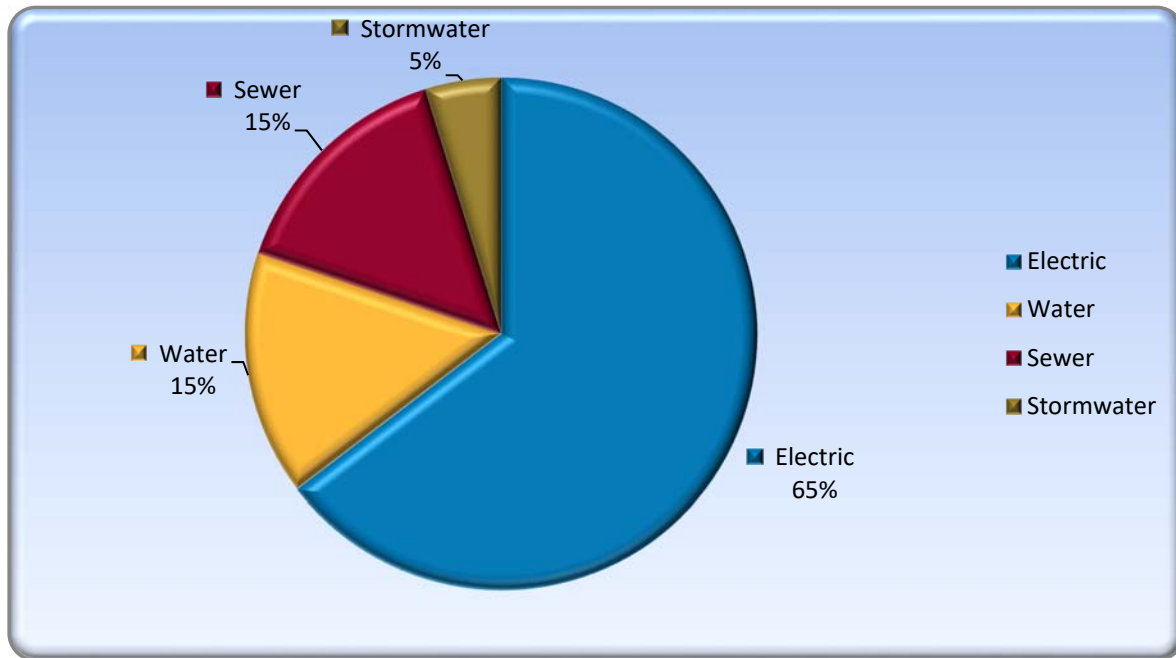


### General Fund Expenditures By Function:



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

### Net Position Business Type Activities:



### 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 in the General Fund was \$5,337,796, while total fund balance reached \$9,494,676. 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 unassigned fund balance of 56% of general fund expenditures. Total fund balance represents 99% of the same amount. The change in Fund Balance of \$442,070 is primarily due from proceeds from the issuance of debt.

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

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

Budgeted expenditure appropriations rose during the year by \$2,693,790 to \$13,848,030. The largest budget adjustments related to Public Safety due to additional staff and related expenditures, Transportation due to street projects, and Debt Service due to increased debt service payments coming due. Budgeted revenues in the General Fund increased by \$657,490 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 (\$5,414,822), an increase of \$1,492,705 from the 2018 fiscal year.

The General Fund had four items of significant variance related to budget to actual. The four significant items were, General Government, Public Safety, Transportation and Cultural and Recreation. 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 \$1,401,115. This was caused by several factors which include vacant positions, and the postponement of projects. Public Safety was left with \$1,376,069 as a result of budgeting for an aerial platform apparatus and the equipment needed to put the truck in service. Transportation had a balance of \$984,715 due to sidewalk projects and paving projects be postponed. Cultural and Recreation funds were not fully spent as a result of projects being postponed.

**Proprietary Funds:** The Town of Winterville's proprietary funds provide the same type of information in the government-wide statements but in more detail.

Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$7,159,927 compared with the prior fiscal year of \$7,143,123, which is an increase of \$16,804.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,249,180 compared with the prior fiscal year of \$1,380,010, which is a decrease of \$130,830.

Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$318,986 compared with the prior fiscal year of \$981,214, which is a decrease of \$662,228.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$350,246 compared with the prior fiscal year of \$213,325, which is an increase of \$136,921.



# 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, 2019 totaled \$36,985,574 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Significant capital asset additions included continued capital projects construction in progress, fire truck acquisition, and playground equipment. The Town also saw increases as a result of accepting improvements to residential subdivisions.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and construction						
in progress	\$ 4,374,312	\$ 4,218,490	\$ 482,667	\$ 3,026,612	\$ 4,856,979	\$ 7,245,102
Distribution and treatment systems	-	-	12,091,563	7,352,116	12,091,563	7,352,116
Buildings	3,788,807	4,016,275	49,576	63,057	3,838,383	4,079,332
Infrastructure	12,691,467	13,175,771	-	-	12,691,467	13,175,771
Software	99,610	10,596	-	-	99,610	10,596
Equipment and vehicles	<u>2,343,519</u>	<u>1,719,661</u>	<u>1,064,053</u>	<u>171,525</u>	<u>3,407,572</u>	<u>1,891,186</u>
<b>Total</b>	<u>\$ 23,297,715</u>	<u>\$ 23,140,793</u>	<u>\$ 13,687,859</u>	<u>\$ 10,613,310</u>	<u>\$ 36,985,574</u>	<u>\$ 33,754,103</u>

Additional information on the capital assets can be found in Note 2 E of the basic financial statements.

**Long-Term Debt.** As of June 30, 2019, the Town of Winterville had bonded or secured debt outstanding of \$7,944,192. 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 Installment Purchases

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Installment purchases	\$ 3,577,715	\$ 3,011,071	\$ 5,590,073	\$ 4,933,121	\$ 9,167,788	\$ 7,944,192

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 \$62,185,603.

Additional information regarding the Town of Winterville's long-term debt can be found in Note 2 E 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 saw a slight increase due to moderate growth with estimated tax revenue of \$3,393,733 an increase of \$72,905.
- The population growth increased from 9,447 to 9,845 from 2018-2019.
- The total number of utility customers has increased slightly reflecting slow to moderate growth.
- The utilities are not anticipating a rate increase to provide additional revenues.
- Next year's budget will have to address the following issues:
  - The General Fund will fund 13 new firefighter positions that are funded by Federal SAFER grant. As well as, the debt service payments for the new aerial platform truck and the new squad.
  - The General Fund will be subsidized by with \$500,000 from the Electric Fund, and reimbursements from the enterprise funds for services in the amount of \$1,098,597.
  - The Town will add three new positions to the public works department.
  - Town staff will see salary increases or cost of living raises in the amount of 1.5% and are eligible for 1.5% increase through the Town's merit system.
  - The Town will begin a new \$3.6 million sewer rehabilitation project that is being financed through the North Carolina Division of Environmental Quality.

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

## Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities** – The annual budget for the General Fund is \$10,640,495 for the 2018-2019 fiscal year. The taxable property value of \$724,258,681. 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 \$848,414.

**Business-Type Activities** - The total Electric Fund budget for the 2019-2020 fiscal year is \$9,913,582. The purchase of power from NTE is budgeted in the amount of \$3,775,000. Also, the Electric Department will include an appropriation of \$375,726 for services provided by the General Fund and \$500,000 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,512,322 that is down from the 2018-2019 budget, which was \$1,610,796 a difference of \$98,474. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$442,000 of water from Greenville Utilities Commission.

The Sewer Fund budget of \$2,356,141 represents a decrease in the amount of \$156,768 from the 2018-2019 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$919,085 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2019-2020 Storm Water budget will have an increase in the amount of \$83,618. The total budget for the 2019-2020 fiscal year is \$570,450. Appropriations address three expenses; which are Salaries and Wages, and contracted services for ditch maintenance, and capital outlay.

### 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, 2019**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,131,342	\$ 5,225,358	\$ 6,356,700
Investments	7,095,038	2,275,000	9,370,038
Restricted cash and cash equivalents	966,928	436,207	1,403,135
Taxes receivables (net)	69,388	-	69,388
Accounts receivable (net)	80,735	1,485,495	1,566,230
Note receivable - current	14,750	-	14,750
Other receivables	28,094	-	28,094
Due from other governments	1,246,574	-	1,246,574
Inventories	12,036	726,249	738,285
Total current assets	<u>10,644,885</u>	<u>10,148,309</u>	<u>20,793,194</u>
Non-current assets:			
Note Receivable - Town of Grifton	44,250	-	44,250
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	4,374,312	482,667	4,856,979
Other capital assets, net of depreciation	18,923,403	13,205,192	32,128,595
Total capital assets	<u>23,297,715</u>	<u>13,687,859</u>	<u>36,985,574</u>
Total non-current assets	<u>23,341,965</u>	<u>13,687,859</u>	<u>37,029,824</u>
TOTAL ASSETS	<u>33,986,850</u>	<u>23,836,168</u>	<u>57,823,018</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	963,449	241,924	1,205,373
OPEB deferrals	36,943	11,667	48,610
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,000,392</u>	<u>253,591</u>	<u>1,253,983</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	439,743	329,666	769,409
Current portion of long-term liabilities	702,233	681,342	1,383,575
Liabilities payable from restricted assets:			
Accounts payable	583,254	-	583,254
Customer deposits	-	132,862	132,862
Total current liabilities	<u>1,725,230</u>	<u>1,143,870</u>	<u>2,869,100</u>
Long-term liabilities:			
Net pension liability - LGERS	1,194,602	308,988	1,503,590
Total pension liability - LEOSSA	287,987	-	287,987
Total OPEB liability	1,291,354	407,794	1,699,148
Due in more than one year	3,241,748	5,015,715	8,257,463
Total long-term liabilities	<u>6,015,691</u>	<u>5,732,497</u>	<u>11,748,188</u>
TOTAL LIABILITIES	<u>7,740,921</u>	<u>6,876,367</u>	<u>14,617,288</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	220,176	8,708	228,884
OPEB deferrals	90,431	28,559	118,990
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>310,607</u>	<u>37,267</u>	<u>347,874</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,720,000	8,097,786	27,817,786
Restricted for:			
Stabilization by State Statute	3,333,460	-	3,333,460
Streets	245,226	-	245,226
Public safety	91,665	-	91,665
Recreation	46,782	-	46,782
Unrestricted	3,498,581	9,078,339	12,576,920
TOTAL NET POSITION	<u>\$ 26,935,714</u>	<u>\$ 17,176,125</u>	<u>\$ 44,111,839</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 2,469,166	\$ 196,356	\$ 2,878	\$ -
Public Safety	3,500,759	92,208	249,594	-
Transportation	1,839,469	-	307,271	484,353
Economic development	20,000	-	-	-
Environmental protection	515,105	579,839	7,017	-
Cultural and recreation	1,204,419	128,206	5,069	-
Interest on long-term debt	100,278	-	-	-
Total governmental activities (See Note 1)	9,649,196	996,609	571,829	484,353
Business-type activities:				
Electric	6,179,886	7,110,807	-	-
Water	1,440,407	1,504,858	121,450	-
Sewer	1,990,784	2,198,603	15,809	360,839
Stormwater	207,907	492,572	-	-
Total business-type activities	9,818,984	11,306,840	137,259	360,839
Total primary government	\$ 19,468,180	\$ 12,303,449	\$ 709,088	\$ 845,192

*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, 2019**  
**Exhibit 2**

<b>Functions/Programs</b>	<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>
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ (2,269,932)	\$ -	\$ (2,269,932)
Public safety	(3,158,957)	-	(3,158,957)
Transportation	(1,047,845)	-	(1,047,845)
Economic development	(20,000)	-	(20,000)
Environmental protection	71,751	-	71,751
Cultural and recreation	(1,071,144)	-	(1,071,144)
Interest on long-term debt	(100,278)	-	(100,278)
Total governmental activities	(7,596,405)	-	(7,596,405)
(See Note 1)			
Business-type activities:			
Electric	-	930,921	930,921
Water	-	185,901	185,901
Sewer	-	584,467	584,467
Stormwater	-	284,665	284,665
Total business-type activities	-	1,985,954	1,985,954
Total primary government	(7,596,405)	1,985,954	(5,610,451)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	3,897,507	-	3,897,507
Other taxes	25,458	-	25,458
Grants and contributions not restricted to specific programs	2,596,931	-	2,596,931
Unrestricted investment earnings	166,081	167,888	333,969
Miscellaneous	286,727	-	286,727
Total general revenues not including transfers	6,972,704	167,888	7,140,592
Transfers	375,578	(375,578)	-
Total general revenues and transfers	7,348,282	(207,690)	7,140,592
Change in net position	(248,123)	1,778,264	1,530,141
Net position, beginning	27,183,837	15,397,861	42,581,698
Net position, ending	\$ 26,935,714	\$ 17,176,125	\$ 44,111,839

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

**Town of Winterville, North Carolina**  
**Balance Sheet – Governmental Funds**  
**June 30, 2019**  
**Exhibit 3**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,131,342	\$ 1,131,342
Investments	7,095,038	7,095,038
Restricted cash and cash equivalents	966,928	966,928
Receivables, net:		
Taxes	63,527	63,527
Accounts	80,735	80,735
Other receivables	28,094	28,094
Due from other governments	1,246,574	1,246,574
Note receivable - Town of Grifton	59,000	59,000
Inventories	12,036	12,036
	\$ 10,683,274	\$ 10,683,274
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 405,746	\$ 405,746
Liabilities payable from restricted assets:		
Accounts payable	583,254	583,254
Total liabilities	989,000	989,000
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accounts receivable, net (garbage)	77,071	77,071
Property taxes receivable	63,527	63,527
Note receivable - Town of Grifton	59,000	59,000
Total deferred inflows of resources	199,598	199,598
<b>FUND BALANCES</b>		
Nonspendable		
Inventories	12,036	12,036
Restricted		
Stabilization by State Statute	3,333,460	3,333,460
Streets	245,226	245,226
Public Safety	91,665	91,665
Recreation	46,782	46,782
Committed		
Housing	9,305	9,305
Assigned		
Subsequent year's expenditures	418,406	418,406
Unassigned, General Fund	5,337,796	5,337,796
Total fund balances	9,494,676	9,494,676
Total liabilities, deferred inflows of resources and fund balances	\$ 10,683,274	

*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, 2019**  
**Exhibit 3**

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

Total Fund Balance, Governmental Funds	\$	9,494,676
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	47,189,693
Accumulated depreciation	<u>(23,891,978)</u>	23,297,715
Deferred outflows of resources related to pensions are not report in the funds		
		963,449
Deferred outflows of resources related to OPEB are not reported in the funds		
		36,943
Earned revenues considered deferred inflows of resources in fund statements		
		140,598
Interest receivable on deferred property taxes		
		5,861
Note receivable - Town of Grifton for sale of equipment		
		59,000
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	\$	(3,577,715)
Compensated absences	(366,266)	
Total pension liability - LEOSSA	(287,987)	
Net pension liability - LGERS	(1,194,602)	
Total OPEB liability	<u>(1,291,354)</u>	(6,717,924)
Deferred inflows of resources related to pensions are not reported in the funds		
		(220,176)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(90,431)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(33,997)</u>
Net position of governmental activities		<u><u>\$ 26,935,714</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, 2019**  
**Exhibit 4**

	General Fund	Total Governmental Funds
<b>Revenues:</b>		
Ad valorem taxes	\$ 3,894,668	\$ 3,894,668
Other taxes and licenses	25,458	25,458
Unrestricted intergovernmental	2,596,931	2,596,931
Restricted intergovernmental	571,829	571,829
Permits and fees	11,919	11,919
Sales and services	983,118	983,118
Investment earnings	166,081	166,081
Miscellaneous	173,921	173,921
Total revenues	8,423,925	8,423,925
<b>Expenditures:</b>		
Current:		
General government	2,008,322	2,008,322
Public Safety	3,912,881	3,912,881
Transportation	1,040,419	1,040,419
Environment protection	515,105	515,105
Cultural and recreation	1,406,972	1,406,972
Economic development	20,000	20,000
Debt service:		
Principal retirement	546,527	546,527
Interest	78,978	78,978
Total expenditures	9,529,204	9,529,204
Excess (deficiency) of revenues over expenditures	(1,105,279)	(1,105,279)
<b>Other financing sources (uses):</b>		
Issuance of debt	1,113,171	1,113,171
Transfers from other funds	375,578	375,578
Sale of capital assets	58,600	58,600
Total other financing sources (uses)	1,547,349	1,547,349
Net change in fund balance	442,070	442,070
Fund balances, beginning	9,050,893	9,050,893
Change in reserve for inventories	1,713	1,713
Fund balances, ending	\$ 9,494,676	\$ 9,494,676

*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, 2019**  
**Exhibit 4**

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

Net changes in fund balances - total governmental funds	\$	442,070
Change in fund balance due to change in reserve for inventories		1,713
<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	\$ 1,406,570	
Depreciation expense for governmental assets	<u>(1,729,207)</u>	(322,637)
Loss on disposal of capital assets		(4,794)
Sale of capital assets - Note receivable Town of Grifton		59,000
Street assets recorded from developers		484,353
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		253,221
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		8,534
<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	\$ 2,839	
Change in unavailable revenue for garbage revenues	<u>1,572</u>	4,411
<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. 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	\$ (1,113,171)	
Principal payments on long-term debt	546,527	
Change in accrued interest payable	<u>(21,300)</u>	(587,944)
<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	\$ (108,279)	
Pension expense - LEOSSA	877	
Pension expense - NCLGERS	(438,719)	
OPEB plan expense	<u>(39,929)</u>	(586,050)
Total changes in net position of governmental activities		<u>\$ (248,123)</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, 2019**  
**Exhibit 5**

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,813,025	\$ 3,813,025	\$ 3,894,668	\$ 81,643
Other taxes and licenses	-	-	25,458	25,458
Unrestricted intergovernmental	2,491,785	2,461,585	2,596,931	135,346
Restricted intergovernmental	372,738	783,835	571,829	(212,006)
Permits and fees	16,050	16,050	11,919	(4,131)
Sales and services	906,536	1,010,453	983,118	(27,335)
Investment earnings	87,000	147,000	166,081	19,081
Miscellaneous	88,584	201,260	173,921	(27,339)
Total revenues	<u>7,775,718</u>	<u>8,433,208</u>	<u>8,423,925</u>	<u>(9,283)</u>
<b>Expenditures:</b>				
Current:				
General Government	3,193,336	3,409,437	2,008,322	1,401,115
Public safety	4,288,799	5,288,950	3,912,881	1,376,069
Transportation	1,201,510	2,025,134	1,040,419	984,715
Environment protection	516,500	516,500	515,105	1,395
Cultural and recreation	1,904,856	1,962,058	1,406,972	555,086
Economic development	20,000	20,000	20,000	-
Debt service:				
Principal retirement	28,120	546,746	546,527	219
Interest	1,119	79,205	78,978	227
Total expenditures	<u>11,154,240</u>	<u>13,848,030</u>	<u>9,529,204</u>	<u>4,318,826</u>
Revenues over (under) expenditures	(3,378,522)	(5,414,822)	(1,105,279)	4,309,543
<b>Other financing sources (uses):</b>				
Issuance of debt	600,000	1,113,171	1,113,171	-
Transfer from other funds	1,482,223	1,482,223	375,578	(1,106,645)
Transfer to other funds	-	(81,400)	-	81,400
Total other financing sources (uses)	<u>2,082,223</u>	<u>2,513,994</u>	<u>1,547,349</u>	<u>(966,645)</u>
Fund balance appropriated	<u>1,296,299</u>	<u>2,900,828</u>	<u>-</u>	<u>(2,900,828)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>442,070</u>	<u>\$ 442,070</u>
Fund balances, beginning			9,050,893	
Change in reserve for inventories			<u>1,713</u>	
Fund balances, ending			<u>\$ 9,494,676</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, 2019**  
**Exhibit 6**

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 4,631,149	\$ 291,051	\$ 29,034	\$ 274,124	\$ 5,225,358
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	581,721	128,818	192,300	38,091	940,930
Accounts receivable (net) - unbilled	361,105	68,058	94,970	20,432	544,565
Due from other funds	-	376,207	-	-	376,207
Inventories	627,679	39,439	59,131	-	726,249
Restricted cash and cash equivalents	205,006	107,954	123,247	-	436,207
<b>Total current assets</b>	<b>7,806,660</b>	<b>1,471,527</b>	<b>853,682</b>	<b>392,647</b>	<b>10,524,516</b>
<b>Noncurrent Assets:</b>					
<b>Capital assets:</b>					
Land and construction in progress	146,013	8,000	224,049	104,605	482,667
Other capital assets, net of depreciation	5,202,849	2,951,537	4,680,082	370,724	13,205,192
Capital assets	<u>5,348,862</u>	<u>2,959,537</u>	<u>4,904,131</u>	<u>475,329</u>	<u>13,687,859</u>
<b>Total noncurrent assets</b>	<b>5,348,862</b>	<b>2,959,537</b>	<b>4,904,131</b>	<b>475,329</b>	<b>13,687,859</b>
<b>Total assets</b>	<b>13,155,522</b>	<b>4,431,064</b>	<b>5,757,813</b>	<b>867,976</b>	<b>24,212,375</b>
<b>Deferred Outflows of Resources</b>					
Pension deferrals	167,169	52,505	10,831	11,419	241,924
OPEB deferrals	7,292	2,431	1,458	486	11,667
<b>Total deferred outflows of resources</b>	<b>174,461</b>	<b>54,936</b>	<b>12,289</b>	<b>11,905</b>	<b>253,591</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	142,084	88,768	79,637	19,177	329,666
Due to other funds	-	-	376,207	-	376,207
Compensated absences - current	19,408	4,718	2,133	488	26,747
Installment purchase payable - current	350,410	108,836	195,349	-	654,595
Liabilities payable from restricted assets:					
Customer deposits	109,232	9,785	13,845	-	132,862
<b>Total current liabilities</b>	<b>621,134</b>	<b>212,107</b>	<b>667,171</b>	<b>19,665</b>	<b>1,520,077</b>
<b>Noncurrent liabilities:</b>					
Total OPEB liability	254,872	84,957	50,974	16,991	407,794
Compensated absences	58,222	14,155	6,396	1,464	80,237
Net pension liability	213,510	67,060	13,833	14,585	308,988
Installment purchase payable	1,053,672	1,433,133	2,448,673	-	4,935,478
<b>Total noncurrent liabilities</b>	<b>1,580,276</b>	<b>1,599,305</b>	<b>2,519,876</b>	<b>33,040</b>	<b>5,732,497</b>
<b>Total liabilities</b>	<b>2,201,410</b>	<b>1,811,412</b>	<b>3,187,047</b>	<b>52,705</b>	<b>7,252,574</b>
<b>Deferred Inflows of Resources</b>					
Pension deferrals	6,017	1,890	390	411	8,708
OPEB deferrals	17,849	5,950	3,570	1,190	28,559
<b>Total deferred inflows of resources</b>	<b>23,866</b>	<b>7,840</b>	<b>3,960</b>	<b>1,601</b>	<b>37,267</b>
<b>Net Position</b>					
Net investment in capital assets	3,944,780	1,417,568	2,260,109	475,329	8,097,786
Unrestricted	7,159,927	1,249,180	318,986	350,246	9,078,339
<b>Total net position</b>	<b>\$ 11,104,707</b>	<b>\$ 2,666,748</b>	<b>\$ 2,579,095</b>	<b>\$ 825,575</b>	<b>\$ 17,176,125</b>

*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, 2019**  
**Exhibit 7**

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Operating revenues:</b>					
Charges for services	\$ 7,020,007	\$ 1,494,808	\$ 2,198,603	\$ 492,572	\$ 11,205,990
Other operating revenues	90,800	10,050	-	-	100,850
Total operating revenues	<u>7,110,807</u>	<u>1,504,858</u>	<u>2,198,603</u>	<u>492,572</u>	<u>11,306,840</u>
<b>Operating expenses:</b>					
Operations	2,216,302	1,172,817	-	194,889	3,584,008
Electrical power purchases	3,601,454	-	-	-	3,601,454
Waste collection and treatment	-	-	1,766,277	-	1,766,277
Depreciation	324,540	161,555	169,562	13,018	668,675
Total operating expenses	<u>6,142,296</u>	<u>1,334,372</u>	<u>1,935,839</u>	<u>207,907</u>	<u>9,620,414</u>
Operating income (loss)	968,511	170,486	262,764	284,665	1,686,426
<b>Non-operating revenues (expenses):</b>					
Development fees	-	-	15,809	-	15,809
Grant revenue	-	121,450	360,839	-	482,289
Investment earnings	119,663	25,392	15,190	7,643	167,888
Loss on disposal of capital assets	-	(59,860)	-	-	(59,860)
Interest expense	(37,590)	(46,175)	(54,945)	-	(138,710)
Total non-operating revenues(expenses)	<u>82,073</u>	<u>40,807</u>	<u>336,893</u>	<u>7,643</u>	<u>467,416</u>
Income (loss) before transfers	1,050,584	211,293	599,657	292,308	2,153,842
Transfers from other funds	-	-	150,000	-	150,000
Transfers to other funds	(375,578)	(75,000)	-	(75,000)	(525,578)
	<u>(375,578)</u>	<u>(75,000)</u>	<u>150,000</u>	<u>(75,000)</u>	<u>(375,578)</u>
Change in net position	675,006	136,293	749,657	217,308	1,778,264
Total net position, beginning	10,429,701	2,530,455	1,829,438	608,267	15,397,861
Total net position, ending	<u>\$ 11,104,707</u>	<u>\$ 2,666,748</u>	<u>\$ 2,579,095</u>	<u>\$ 825,575</u>	<u>\$ 17,176,125</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, 2019**  
**Exhibit 8**

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 7,105,538	\$ 1,485,813	\$ 2,162,846	\$ 473,215	\$ 11,227,412
Cash paid for goods and services	(4,992,554)	(905,919)	(1,598,158)	(96,153)	(7,592,784)
Cash paid to or on behalf of employees for services	(855,374)	(318,430)	(164,362)	(80,477)	(1,418,643)
Cash received (paid) for customer deposits - net	2,689	410	480	-	3,579
Net cash provided (used) by operating activities	1,260,299	261,874	400,806	296,585	2,219,564
<b>Cash flows from non-capital financing activities:</b>					
Grant revenue	-	-	90,839	-	90,839
Increase (decrease) in due to (from) other funds	3,985,406	(376,207)	376,207	-	3,985,406
Transfers to other funds	(375,578)	(75,000)	150,000	(75,000)	(375,578)
Net cash provided (used) by non-capital financing activities	3,609,828	(451,207)	617,046	(75,000)	3,700,667
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(638,691)	(321,252)	(2,685,868)	(93,405)	(3,739,216)
Capital contributions - Federal, state, and local grants	-	-	270,000	-	270,000
Loan proceeds - installment purchase	-	-	1,299,335	-	1,299,335
Principal payments on long term debt	(344,051)	(105,696)	(192,636)	-	(642,383)
Interest paid on debt	(37,590)	(46,175)	(54,945)	-	(138,710)
Developers fee	-	-	15,809	-	15,809
Net cash provided (used) by capital and related financing activities	(1,020,332)	(473,123)	(1,348,305)	(93,405)	(2,935,165)
<b>Cash flows from investing activities:</b>					
Interest income	119,663	25,392	15,190	7,643	167,888
Net cash provided (used) by investing activities	119,663	25,392	15,190	7,643	167,888
Net increase (decrease) in cash & cash equivalents	3,969,458	(637,064)	(315,263)	135,823	3,152,954
Cash and cash equivalents balances, beginning	866,697	1,036,069	467,544	138,301	2,508,611
Cash and cash equivalents balances, ending	<u>\$ 4,836,155</u>	<u>\$ 399,005</u>	<u>\$ 152,281</u>	<u>\$ 274,124</u>	<u>\$ 5,661,565</u>
Reconciliation of cash and cash equivalents balances - ending					
Cash and cash equivalents	\$ 4,631,149	\$ 291,051	\$ 29,034	\$ 274,124	\$ 5,225,358
Restricted cash and cash equivalents	205,006	107,954	123,247	-	436,207
Total cash and cash equivalents	<u>\$ 4,836,155</u>	<u>\$ 399,005</u>	<u>\$ 152,281</u>	<u>\$ 274,124</u>	<u>\$ 5,661,565</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, 2019**  
**Exhibit 8**

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

Grantor/Pass-through Federal Awards:	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating income (loss)	\$ 968,511	\$ 170,486	\$ 262,764	\$ 284,665	\$ 1,686,426
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Loss on disposal of capital assets	-	59,860	-	-	59,860
Depreciation	324,540	161,555	169,562	13,018	668,675
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in inventories	(133,697)	(8,516)	1,309	-	(140,904)
(Increase) decrease in deferred outflows of resources - pensions	(73,796)	(23,175)	(4,791)	(5,203)	(106,965)
(Increase) decrease in deferred outflows of resources - OPEB	133	44	27	9	213
Increase (decrease) in net pension liability	93,020	(4,967)	(25,649)	6,868	69,272
Increase (decrease) in deferred inflows of resources - pensions	(26,704)	(12,146)	(7,642)	411	(46,081)
Increase (decrease) in deferred inflows of resources - OPEB	5,631	1,877	1,126	375	9,009
Increase (decrease) in accounts payable and accrued liabilities	83,579	(69,854)	36,145	13,706	63,576
Increase (decrease) in customer deposits	2,689	410	480	-	3,579
Increase (decrease) in accrued vacation pay	19,546	4,640	2,809	1,952	28,947
Increase (decrease) in accrued OPEB liability	2,116	705	423	141	3,385
Total adjustments	291,788	91,388	138,042	11,920	533,138
Net cash provided (used) by operating activities	\$ 1,260,299	\$ 261,874	\$ 400,806	\$ 296,585	\$ 2,219,564

*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. Certain interfund services provided / used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a 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.

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

**Water Fund** - The Water Fund accounts for the Town's sewer operations. Water Capital Projects Funds have been consolidated into the Water Fund for financial reporting purposes. The budgetary comparisons for the Water Capital Projects Funds have been included in the supplemental information.

**Sewer Fund** - The Sewer Fund accounts for the Town's sewer operations. Sewer Capital Projects Funds have been consolidated into the Sewer Fund for financial reporting purposes. The budgetary comparisons for the Sewer Capital Projects Funds have been included in the supplemental information.

**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

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

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.

*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 utility franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by 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

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

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 general revenues.

### **D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for 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). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at fair

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

cost, which is the NCCMT's share price. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

### **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. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

### **Short-Term Cash Investments**

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

### **Restricted Assets**

Restricted assets include the portion of cash and cash equivalents 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 outlined in 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 and letters of credit from construction contractors for subdivision improvements.

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

Town of Winterville Restricted Cash		
Governmental Activities		
General Fund		
Streets	\$	379,837
Letter of credit		448,643
Public Safety		91,665
Recreation		46,783
Total Governmental Activities	\$	966,928
Business-type Activities		
Electric Fund		
Customer deposits	\$	109,232
Development fees		95,774
Water Fund		
Customer deposits		9,785
Development fees		98,169
Sewer Fund		
Customer deposits		13,845
Development fees		109,402
Total Business-type Activities	\$	436,207
Total Restricted Cash	\$	1,403,135

**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, 2018.

**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.



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

### 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. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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

### 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, pension and OPEB deferrals for the 2019 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 pension and OPEB deferrals.

### 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.

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

### 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.

#### 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 balance of ending inventories, which are not spendable resources.

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

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

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

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.

Committed for Housing – The portion of fund balance that can only be used for housing repair program.

**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.

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

### **Notes to Financial Statements**

**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.

#### **Defined Benefit Cost-Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town 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.

#### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

### **Notes to Financial Statements**

#### **Adoption of New Financial Accounting Standards**

The following is a listing of GASB Statements recently issued and adopted by the Council:

GASB Statement No. 83, Certain Asset Retirement Obligations (“GASB 83”), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. Currently, this new standard has minimal effect on the Town’s financial statements.

GASB Statement No. 85, Omnibus 2017 (“GASB 85”), seeks to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town’s financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues (“GASB 86”), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town’s financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt (“GASB 88”), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. Currently, this new standard has minimal effect on the Town’s financial statements.

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

### Future Accounting Pronouncements

The following is a listing of GASB Statements recently issued and being reviewed by the Town:

GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 87, *Leases* (“GASB 87”), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* (“GASB 90”), seeks to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred

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

### **Notes to Financial Statements**

inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 91, Conduit Debt Obligations ("GASB 91"), seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Town is reviewing this standard to determine the effect on the Town's financial statements.

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

Management has evaluated subsequent events through January 3, 2020, the date which the financial statements were available to be issued.

## **2. 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces

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

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.

At June 30, 2019, the Town's deposits had a carrying amount of \$7,759,035 and a bank balance of \$8,770,197. Of the bank balance, \$500,000 was covered by federal depository insurance and \$8,270,197 was covered by collateral held under the Pooling Method. At June 30, 2019, the Town's petty cash totaled \$800.

### B. Investments

At June 30, 2019, the Town had the following investments and maturities:

Investment Type	Valuation Measurement		Value	Maturity	Rating
	Method				
NCCMT - Term Portfolio	Fair Value - Level 1	\$	9,370,038	.11 years	Unrated

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

*Credit risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.



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

**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	\$ 80,735	\$ 97,759	\$ 1,246,574	\$ 28,094	\$ 1,453,162
Allowance for doubtful accounts	-	(34,232)	-	-	(34,232)
Total governmental activities	<u>\$ 80,735</u>	<u>\$ 63,527</u>	<u>\$ 1,246,574</u>	<u>\$ 28,094</u>	<u>\$ 1,418,930</u>
<b>Business-Type Activities:</b>					
Electric	\$ 1,026,930	\$ -	\$ -	\$ -	\$ 1,026,930
Water	214,877	-	-	-	214,877
Sewer	313,851	-	-	-	313,851
Stormwater	63,727	-	-	-	63,727
Allowance for doubtful accounts	(133,890)	-	-	-	(133,890)
Total business-type activities	<u>\$ 1,485,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,485,495</u>

Due from other governments consists of the following:

Local option sales tax	\$ 554,870
Sales tax refund receivable	338,387
Electric sales tax	80,461
Solid waste tax	1,748
SAFER Grant - NC Department of Public Safety	177,117
FEMA - Hurricane Florence	3,315
Pitt County - property taxes motor vehicles	90,676
	<u>\$ 1,246,574</u>

**D. Note Receivable**

During the June 30, 2019 year, the Town entered into an agreement with the Town of Grifton for the sale of a 2007 Vac Con Sewer Truck for \$82,500. Upon approval of the agreement, the Town of Grifton paid a down-payment of \$15,500 and agreed to pay \$8,000 upon delivery of the truck. The remaining balance of \$59,000 will be paid in four installments of \$14,750 beginning July 1, 2019, with payments due on July 1, 2020, July 1, 2021, and July 1, 2022. The following table outlines the future payments to be received:

June 30,	
2020	\$ 14,750
2021	14,750
2022	14,750
2023	14,750
Total	<u>\$ 59,000</u>

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

**E. Capital Assets**

Primary Government

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

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,218,490	\$ 137,782	\$ -	\$ 4,356,272
Construction in progress	<u>-</u>	<u>18,040</u>	<u>-</u>	<u>18,040</u>
Total capital assets not being depreciated	4,218,490	155,822	-	4,374,312
<b>Capital assets being depreciated:</b>				
Buildings	7,271,025	-	-	7,271,025
Infrastructure	27,939,900	645,537	(41,226)	28,544,211
Equipment	2,538,717	957,538	(125,931)	3,370,324
Software	601,410	-	135,564	736,974
Vehicles	<u>2,735,414</u>	<u>132,026</u>	<u>25,407</u>	<u>2,892,847</u>
Total capital assets being depreciated	41,086,466	1,735,101	(6,186)	42,815,381
<b>Less accumulated depreciation for:</b>				
Buildings	3,254,750	227,468	-	3,482,218
Infrastructure	14,764,129	1,088,939	(324)	15,852,744
Equipment	1,848,996	138,648	(43,946)	1,943,698
Software	590,814	24,547	22,003	637,364
Vehicles	<u>1,705,474</u>	<u>249,605</u>	<u>20,875</u>	<u>1,975,954</u>
Total accumulated depreciation	<u>22,164,163</u>	<u>\$ 1,729,207</u>	<u>\$ (1,392)</u>	<u>23,891,978</u>
Total capital assets being depreciated	<u>18,922,303</u>			<u>18,923,403</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$ 23,140,793</u></u>			<u><u>\$ 23,297,715</u></u>

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

General government	\$ 337,340
Public safety	270,093
Transportation	994,430
Cultural and recreation	127,344
Total	<u><u>\$ 1,729,207</u></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	8,530,801	150,286	-	8,681,087
Buildings	320,655	-	-	320,655
Equipment	631,324	114,497	-	745,821
Vehicles	329,271	373,908	-	703,179
Total capital assets being depreciated	9,812,051	638,691	-	10,450,742
<b>Less accumulated depreciation for:</b>				
Distribution system	3,752,099	294,022	-	4,046,121
Buildings	257,598	13,481	-	271,079
Equipment	610,692	3,147	-	613,839
Vehicles	302,964	13,890	-	316,854
Total accumulated depreciation	4,923,353	\$ 324,540	\$ -	5,247,893
Total capital assets being depreciated, net	4,888,698			5,202,849
<b>Electric Fund capital assets, net</b>	<u>\$ 5,034,711</u>			<u>\$ 5,348,862</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Water Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Construction in progress	2,054,298	410,207	2,464,505	-
Total capital assets not being depreciated	2,062,298	410,207	2,464,505	8,000
<b>Capital assets being depreciated:</b>				
Water system, well, tank & distribution system	2,592,471	2,335,068	-	4,927,539
Equipment and vehicles	273,593	42,212	-	315,805
Total capital assets being depreciated	2,866,064	2,377,280	-	5,243,344
<b>Less accumulated depreciation for:</b>				
Water system, well, tank & distribution system	1,891,671	154,371	-	2,046,042
Equipment and vehicles	238,581	7,184	-	245,765
Total accumulated depreciation	2,130,252	\$ 161,555	\$ -	2,291,807
Total capital assets being depreciated, net	735,812			2,951,537
<b>Water Fund capital assets, net</b>	<u>\$ 2,798,110</u>			<u>\$ 2,959,537</u>

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

	Balances	Increases	Decreases	Balances
<b>Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 807,101	\$ 2,115,341	\$ 2,698,393	\$ 224,049
Total capital assets not being depreciated	807,101	2,115,341	2,698,393	224,049
<b>Capital assets being depreciated:</b>				
Equipment and vehicles	245,159	394,456	-	639,615
Sewer system	3,736,567	2,876,742	-	6,613,309
Sewer treatment facility	261,600	-	-	261,600
Total capital assets being depreciated	4,243,326	3,271,198	-	7,514,524
<b>Less accumulated depreciation for:</b>				
Equipment and vehicles	184,185	8,324	-	192,509
Sewer system	2,247,695	161,238	-	2,408,933
Sewer treatment facility	233,000	-	-	233,000
Total accumulated depreciation	2,664,880	\$ 169,562	\$ -	2,834,442
Total capital assets being depreciated, net	1,578,446			4,680,082
<b>Sewer Fund capital assets, net</b>	<b>\$ 2,385,547</b>			<b>\$ 4,904,131</b>
	Balances	Increases	Decreases	Balances
<b>Stormwater Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ -	\$ 8,625	\$ -	\$ 8,625
Construction in progress	11,200	84,780	-	95,980
Total capital assets not being depreciated	11,200	93,405	-	104,605
<b>Capital assets being depreciated:</b>				
Distribution	551,094	-	-	551,094
Equipment	17,388	-	-	17,388
Total capital assets being depreciated	568,482	-	-	568,482
<b>Less accumulated depreciation for:</b>				
Distribution	167,352	13,018	-	180,370
Equipment	17,388	-	-	17,388
Total accumulated depreciation	184,740	\$ 13,018	\$ -	197,758
Total capital assets being depreciated, net	383,742			370,724
<b>Stormwater Fund capital assets, net</b>	<b>394,942</b>			<b>475,329</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 10,613,310</b>			<b>\$ 13,687,859</b>

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

**Construction Commitments**

The government has active construction projects as of June 30, 2019. At year-end, the government’s commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Water facilities	\$ 2,335,738	\$ 386,012
Sewer facilities	2,698,393	270,925
Total	<u>\$ 5,034,131</u>	<u>\$ 656,937</u>

**F. 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 Town 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

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

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 a 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.

*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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$318,718 for the year ended June 30, 2019.

*Refunds of Contributions* – Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to 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, 2019, the Town reported a liability of \$1,503,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the

**Town of Winterville, North Carolina**  
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pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town's proportion was .06338% which was an increase of .00756% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$417,738. At June 30, 2019, 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	\$ 231,968	\$ 7,784
Changes of assumptions	398,995	-
Net difference between projected and actual earnings on pension plan investments	206,398	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	21,165	34,587
Town contributions subsequent to the measurement date	318,718	-
Total	\$ 1,177,244	\$ 42,371

\$318,718 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 396,093
2021	257,702
2022	39,622
2023	122,738
2024	-
Thereafter	-
	\$ 816,155

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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

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

current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. 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, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan



**Town of Winterville, North Carolina**  
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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 (liability) to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 3,611,754	\$ 1,503,590	\$ (258,024)

*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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and completed five or more years of creditable service. 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, 2017, the Separation Allowance's membership consisted of:

Active plan members	18
Inactive members currently receiving benefits	2
Total	20

**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

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

maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

### **Actuarial Assumptions**

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

### **Contributions**

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$16,972 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$287,987. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$7,513.

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 171,090
Changes of assumptions and other inputs	19,595	15,423
Town benefit payments and plan administrative expenses made subsequent to the measurement date	8,534	-
Total	\$ 28,129	\$ 186,513

\$8,534 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ (30,678)
2021	(30,678)
2022	(30,678)
2023	(30,195)
2024	(30,600)
Thereafter	(14,089)
	\$ (166,918)

\$8,534 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$ 312,431	\$ 287,987	\$ 265,543

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

	<b>2019</b>
Beginning balance	\$ 469,135
Service cost	23,264
Interest on the total pension liability	14,557
Changes of benefit terms	-
Differences between expected and actual experience	(190,519)
Changes of assumptions or other inputs	(11,478)
Benefit payments	(16,972)
Other	-
Ending balance	\$ 287,987

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Town of Winterville, North Carolina**  
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**Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions**

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 417,738	\$ 7,513	\$ 425,251
Pension liability	1,503,590	287,987	1,791,577
Proportionate share of the net pension liability	0.063380%	N/A	
Deferred outflows of resources:			
Differences between expected and actual experience	231,968	-	231,968
Changes of assumptions	398,995	19,595	418,590
Net difference between projected and actual earnings on plan investments	206,398	-	206,398
Changes in proportion and differences between contributions and proportionate share of contributions	21,165	-	21,165
Benefit payments and administrative costs paid			
Employer contributions subsequent to the measurement date	318,718	8,534	327,252
Deferred inflows of resources:			
Differences between expected and actual experience	7,784	171,090	178,874
Changes in assumptions	-	15,423	15,423
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	34,587	-	34,587

**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.

**Town of Winterville, North Carolina**  
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**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. The Town has elected to contribute five percent to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2019 were \$266,154, which consisted of \$197,591 from the Town and \$68,563 from law enforcement officers and general employees. No amounts were forfeited.

**d. 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 of 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, six retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2019, the Town paid healthcare premiums for retirees of \$76,183. 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, 2017, the date of the latest actuarial valuation:

	<b><u>Membership</u></b>
Inactive members currently receiving benefits	6
Active plan members	<u>55</u>
Total	<u><u>61</u></u>

**Total OPEB Liability**

The Town’s total OPEB liability of \$1,699,148 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date for the June 30, 2019 report date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

Inflation	2.5 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	3.89 Percent
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

**Changes in the Total OPEB Liability**

**Schedule of Changes in Total OPEB Liability (TOL)**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>
Service cost at the end of the year	\$ 86,037	\$ 92,496
Interest on TOL and cash flows	58,643	50,267
Changes of benefit terms	-	-
Difference between expected and actual experience	259	705
Changes of assumptions or other inputs	(54,650)	(92,201)
Benefit payments	(76,183)	(71,904)
Other changes	-	-
<b>Net change in total OPEB liability</b>	<b>14,106</b>	<b>(20,637)</b>
<b>Total OPEB liability - beginning</b>	<b>1,685,042</b>	<b>1,705,679</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,699,148</b>	<b>\$ 1,685,042</b>

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

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

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

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 1,871,039	\$ 1,699,148	\$ 1,545,418

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 1,492,566	\$ 1,699,148	\$ 1,947,013

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$128,177. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 770	\$ -
Changes of assumptions and other inputs	-	118,990
Town benefit payments and plan administrative expenses made subsequent to the measurement date	47,840	-
Total	\$ 48,610	\$ 118,990

\$47,840 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (17,003)
2021	(17,003)
2022	(17,003)
2023	(17,003)
2024	(17,003)
Thereafter	(33,205)
	\$ (118,220)

**e. Other Employment 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



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

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.

**2. Payables**

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

	<u>Total</u>				
<b>Governmental Activities:</b>					
Vendors	\$ 890,646				
Accrued interest on long-term debt	33,997				
Accrued salaries and related items	98,354				
Total governmental activities	<u>\$ 1,022,997</u>				
<b>Business-Type Activities:</b>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 120,442	\$ 42,058	69,208	\$ 16,575	\$ 248,283
Accrued interest on long-term debt	4,497	40,276	7,016	-	51,789
Accrued salaries and related items	17,145	6,434	3,413	2,602	29,594
	<u>\$ 142,084</u>	<u>\$ 88,768</u>	<u>\$ 79,637</u>	<u>\$ 19,177</u>	<u>\$ 329,666</u>

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

**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	\$	318,718
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date		8,534
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date		47,840
Differences between expected and actual experience		232,738
Changes of assumptions		418,590
Net difference between projected and actual earnings on pension plan investments		206,398
Changes in proportion and differences between employer contributions and proportionate share of contributions		21,165
Total	\$	1,253,983
	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General Fund)	\$	63,527
Accounts receivable, net (garbage) (General Fund)	-	77,071
Town of Grifton - Note Receivable	-	59,000
Differences between expected and actual experience	178,874	-
Changes in assumptions and other inputs	134,413	-
Changes in proportion and difference between employer contribution and proportionate share of contributions		-
Total	\$	347,874
		\$ 199,598

**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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical 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

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

### **Notes to Financial Statements**

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.

#### **6. Claims, Judgements and Contingent Liabilities**

At June 30, 2019, the Town was a defendant to a lawsuit. In the opinion of the Town's management and the Town attorney, the ultimate effect of this legal matter will not have a material adverse effect on the Town's financial position.

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

**7. Long-Term Obligations**

**a. Governmental Activities**

**Notes Payable (Direct Borrowings)**

2.97% note, payable in annual installments of \$149,200 including interest; final payment due June 2029; secured by real estate	\$ 1,274,655
2.06% note, payable in annual installments of \$153,710 plus interest; final payment due June 2022; secured by real estate	461,130
1.60% note, payable in annual installments of \$27,900, plus interest; final payment due March 2020; secured by vehicles	27,900
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate	594,792
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025, secured by real estate	68,400
2.73% note, payable in annual installments of \$102,634, plus interest; final payment due September 2023, secured by fire truck	513,171
2.05% note, payable in annual installments of \$18,833, plus interest; final payment due November 2020; secured by vehicles	37,667
2.73% note, payable in annual installments of \$85,714, plus interest; final payment due September 2025; secured by aerial ladder truck	600,000
Total	<u>\$ 3,577,715</u>

Annual debt service payments of the notes payable as of June 30, 2019, including interest of \$408,802, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 610,666	\$ 97,030	\$ 707,696
2021	586,073	81,640	667,713
2022	570,645	66,460	637,105
2023	420,441	51,635	472,076
2024	424,052	39,872	463,924
2025-2029	965,838	72,165	1,038,003
	<u>\$ 3,577,715</u>	<u>\$ 408,802</u>	<u>\$ 3,986,517</u>

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

**b. Business-Type Activities**

**Notes Payable (Direct Borrowings) - Enterprise Funds**

**Electric**

2.06% note, payable in annual installments of \$226,233 including interest;  
final payment due June 2022; secured by equipment \$ 651,667

2.50% note, payable in annual installments of \$98,112, including interest;  
final payment due June 2025; secured by real estate 540,415

2.05% note, payable in annual installments of \$53,000, including interest;  
final payment due November 2022; secured by vehicle 212,000

**Water**

2.97% note, payable in annual installments of \$154,632, including interest;  
final payment due August 2030, secured by real estate 1,541,969

**Sewer**

4.67% note, payable in annual installments of \$32,689, including interest;  
final payment due June 2025; secured by real estate 167,685

1.66% note, payable in annual installments of \$114,889, with final installment  
of \$115,842 including interest; final payment due May 2038, unsecured 1,839,807

2.97% note, payable in annual installments of \$74,506, including interest;  
final payment due June 2029, secured by real estate 636,530

Total \$ 5,590,073

Annual debt service payments of the notes payable as of June 30, 2019, including interest of \$899,115, are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 654,595	\$ 140,049	\$ 794,644
2021	667,138	124,512	791,650
2022	680,024	108,632	788,656
2023	467,030	92,400	559,430
2024	422,971	80,465	503,436
2025-2029	1,711,384	253,984	1,965,368
2030-2034	870,457	80,002	950,459
2035-2038	116,474	19,071	135,545
	<u><u>\$ 5,590,073</u></u>	<u><u>\$ 899,115</u></u>	<u><u>\$ 6,489,188</u></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. For the notes payable outlined below, these are classified as direct borrowings.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
Notes payable	\$ 3,011,071	\$ 1,113,171	\$ 546,527	\$ 3,577,715	\$ 610,666
Compensated absences	257,987	108,279	-	366,266	91,567
OPEB liability	1,280,633	10,721	-	1,291,354	-
Total pension liability (LEO)	469,135	-	181,148	287,987	-
Net pension liability (LGRS)	613,059	581,543	-	1,194,602	-
<b>Governmental Activities long-term liabilities</b>	<b>\$ 5,631,885</b>	<b>\$ 1,813,714</b>	<b>\$ 727,675</b>	<b>\$ 6,717,924</b>	<b>\$ 702,233</b>
<b>Electric Fund</b>					
Notes payable	\$ 1,748,133	\$ -	\$ 344,051	\$ 1,404,082	\$ 350,410
OPEB liability	252,756	2,116	-	254,872	-
Compensated absences	58,084	19,546	-	77,630	19,408
Net pension liability (LGRS)	120,490	93,020	-	213,510	-
<b>Electric Fund long-term liabilities</b>	<b>\$ 2,179,463</b>	<b>\$ 114,682</b>	<b>\$ 344,051</b>	<b>\$ 1,950,094</b>	<b>\$ 369,818</b>
<b>Water Fund</b>					
Notes payable	\$ 1,647,665	\$ -	\$ 105,696	\$ 1,541,969	\$ 108,836
OPEB liability	84,252	705	-	84,957	-
Compensated absences	14,233	4,640	-	18,873	4,718
Net pension liability (LGRS)	72,027	-	4,967	67,060	-
<b>Water Fund long-term liabilities</b>	<b>\$ 1,818,177</b>	<b>\$ 5,345</b>	<b>\$ 110,663</b>	<b>\$ 1,712,859</b>	<b>\$ 113,554</b>
<b>Sewer Fund</b>					
Notes payable	\$ 1,537,323	\$ 1,299,335	\$ 192,636	\$ 2,644,022	\$ 195,349
OPEB liability	50,551	423	-	50,974	-
Compensated absences	5,720	2,810	-	8,530	2,133
Net pension liability (LGRS)	39,482	-	25,649	13,833	-
<b>Sewer Fund long-term liabilities</b>	<b>\$ 1,633,076</b>	<b>\$ 1,302,568</b>	<b>\$ 218,285</b>	<b>\$ 2,717,359</b>	<b>\$ 197,482</b>
<b>Stormwater Fund</b>					
OPEB liability	\$ 16,850	\$ 141	\$ -	\$ 16,991	\$ -
Compensated absences	-	1,952	-	1,952	488
Net pension liability (LGRS)	7,717	6,868	-	14,585	-
<b>Stormwater Fund long-term liabilities</b>	<b>\$ 24,567</b>	<b>\$ 8,961</b>	<b>\$ -</b>	<b>\$ 33,528</b>	<b>\$ 488</b>
<b>Total Business-type Activities</b>	<b>\$ 5,655,283</b>	<b>\$ 1,431,556</b>	<b>\$ 672,999</b>	<b>\$ 6,413,840</b>	<b>\$ 681,342</b>

Per the debt agreements for the outstanding notes payable, the Town is required to make scheduled payments as outlined in the amortization schedule. For each of the outstanding notes payable, the Town has pledged the underlying asset (purchased and/or constructed) as collateral. At June 30, 2019, the Town of Winterville had notes payable authorized but unissued of \$830,736 and a legal debt margin of \$62,185,603.

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

**d. Operating Leases**

The Town leases a vehicle under a noncancellable operating lease expiring through the June 30, 2020 fiscal year. The minimum rental commitments with initial or remaining terms in excess of one year under operating leases are as follows.

Year ending June 30,	Amount
2020	\$ 536
Total	\$ 536

Total rent expense for the June 30, 2019 fiscal year on the vehicle was \$6,429.

**F. Interfund Balances and Transfers**

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

Fund	From	To	Purpose
Electric Fund	\$ 375,578	\$ -	
Water Fund	75,000	-	
Stormwater Fund	75,000	-	
Sewer Fund	-	150,000	
General Fund	-	375,578	
	\$ 525,578	\$ 525,578	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.

**Expense Reimbursements**

Fund	From	To	Purpose
Electric Fund	421,110		Expense reimbursement - Administrative and IT exepnses
Water Fund	328,748		Expense reimbursement - Administrative and IT exepnses
Sewer Fund	338,723		Expense reimbursement - Administrative and IT exepnses
Stormwater Fund	18,064		Expense reimbursement - Administrative and IT exepnses
General Fund		1,106,645	Expense reimbursement - Administrative and IT exepnses
Water Fund	29,583		Expense Reimbursement - meter reading
Sewer Fund	29,583		Expense Reimbursement - meter reading
Electric Fund		59,166	Expense Reimbursement - meter reading
Sewer Fund	41,601		Expense Reimbursement
Water Fund		41,601	Expense Reimbursement
	\$ 1,207,412	\$ 1,207,412	

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

**Due To / From Other Funds**

Fund	From	To	Purpose
Water Fund	\$ 376,207		Expenditures paid on behalf of other funds
Sewer Fund		\$ 376,207	Expenditures paid on behalf of other funds

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

**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>	\$ 9,494,676
Less:	
Inventories	12,036
Stabilization by State Statute	3,333,460
Public Safety	91,665
Recreation	46,782
Committed	9,305
Appropriated Fund Balance in 2020 Budget	418,406
Working Capital/Fund Balance Policy	<u>2,382,301</u>
Remaining Fund Balance:	<u>\$ 2,955,495</u>

The Town of Winterville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had encumbrances outstanding of \$2,055,128 at June 30, 2019.

**3. 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, 2019 amounted to \$1,009,578.

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 \$2,989 to the Commission during the fiscal year ended June 30, 2019.



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

### 4. 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, 2019, 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, 2019. 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.

### 5. Summary Disclosures of Significant Contingencies

#### Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.



## REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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- Schedule of Changes in Total OPEB Liability and Related Ratios for Other Post-Employment Benefits.
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance



**Town of Winterville, North Carolina**  
**Other Post-Employment Benefits – Retiree Health Care**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule of Changes in Total OPEB Liability (TOL)**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>
Service cost at the end of the year	\$ 86,037	\$ 92,496
Interest on TOL and cash flows	58,643	50,267
Changes of benefit terms	-	-
Difference between expected and actual experience	259	705
Changes of assumptions or other inputs	(54,650)	(92,201)
Benefit payments	(76,183)	(71,904)
Other changes	-	-
<b>Net change in total OPEB liability</b>	<b>14,106</b>	<b>(20,637)</b>
<b>Total OPEB liability - beginning</b>	<b>1,685,042</b>	<b>1,705,679</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,699,148</b>	<b>\$ 1,685,042</b>
<b>Covered payroll</b>	<b>\$ 2,700,955</b>	<b>\$ 2,700,955</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>62.91%</b>	<b>62.39%</b>

**Notes to Schedule:**

*Benefit changes.* There were no changes of benefit terms for the year ended June 30, 2019.

*Changes of Assumptions.* The discount rate as of June 30, 2018 was 3.56% and it increased to 3.89 % as of June 30, 2019.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Inflation	2.5 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	3.89 Percent
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

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

**Local Governmental Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Winterville's proportion of the net pension liability (asset) (%)	0.06338%	0.05582%	0.06104%	0.05167%	-0.05256%	0.04990%
Winterville's proportion of the net pension liability (asset) (\$)	\$ 1,503,590	\$ 852,775	\$ 1,295,473	\$ 231,891	\$ (309,970)	\$ 601,487
Winterville's covered payroll	\$ 3,361,774	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072	\$ 2,707,500
Winterville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	44.73%	25.76%	41.26%	7.95%	-11.16%	22.22%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

**Local Governmental Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 318,718	\$ 259,810	\$ 233,090	\$ 213,693	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	318,718	259,810	233,090	213,693	205,740	201,060
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Winterville's covered payroll	 \$ 4,010,702	 \$ 3,361,774	 \$ 3,310,692	 \$ 3,139,861	 \$ 2,917,373	 \$ 2,777,072
 Contributions as a percentage of covered payroll	 7.95%	 7.73%	 0.00%	 6.81%	 7.05%	 7.24%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Winterville, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**June 30, 2019**

**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 469,135	\$ 451,356	\$ 455,255
Service cost	23,264	20,521	23,410
Interest on the total pension liability	14,557	16,778	15,671
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(190,519)	(14,777)	-
Changes of assumptions or other inputs	(11,478)	28,647	(10,381)
Benefit payments	(16,972)	(33,390)	(32,599)
Other	-	-	-
Ending balance	<u>\$ 287,987</u>	<u>\$ 469,135</u>	<u>\$ 451,356</u>

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**Town of Winterville, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**June 30, 2019**

**Law Enforcement Officers' Special Separation Allowance**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 287,987	\$ 469,135	\$ 451,356
Covered payroll	957,694	884,010	945,108
Total pension liability as a percentage of covered payroll	30.07%	53.07%	47.76%

Notes to the schedules:

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**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, 2019**

	Budget	Actual	Variable Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 3,877,261	
Interest		17,407	
Total	\$ 3,813,025	3,894,668	\$ 81,643
Other taxes and licenses:			
Vehicle tag fees		25,458	
Total	-	25,458	25,458
Unrestricted Intergovernmental:			
Local option sales tax		2,176,597	
Payment in lieu of taxes - external sources		1,389	
Utilities and telecommunications sales tax		378,135	
Beer and wine tax		40,810	
Total	2,461,585	2,596,931	135,346
Restricted Intergovernmental:			
Powell Bill allocation		257,450	
Pitt County Schools grant		46,161	
Unauthorized substance tax		2,862	
DOT reimbursement		3,660	
FEMA grant revenue		69,615	
Miscellaneous grant revenue		2,878	
SAFER Grant - FEMA		177,117	
Recreation grants		5,069	
Solid waste disposal tax		7,017	
Total	783,835	571,829	(212,006)
Permits and fees:			
Business registration fees		245	
Subdivision plat review		1,573	
Planning and zoning fees		10,101	
Total	16,050	11,919	(4,131)
Sales and services:			
Solid waste fees		544,000	
Community building/Rescue rent		33,550	
Fire inspections		24,147	
Building inspections		162,637	
Police event pay		34,511	
Greenville Utilities Commission		21,800	
User access fee		17,560	
Utility service charges		8,307	
Recreation		128,206	
Cemetery		8,400	
Total	1,010,453	983,118	(27,335)
Investment earnings	147,000	166,081	19,081
Miscellaneous:			
Donations	-	5,000	5,000
Rescue contribution	117,883	140,208	22,325
Other	42,377	28,713	(13,664)
Total	201,260	173,921	(27,339)
<b>Total revenues</b>	<b>8,433,208</b>	<b>8,423,925</b>	<b>(9,283)</b>

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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Salaries and benefits		42,073	
Other operating expenditures		28,852	
Total	<u>88,885</u>	<u>70,925</u>	<u>17,960</u>
Administration:			
Salaries and employee benefits		1,348,785	
Maintenance and repairs		420	
Other operating expenditures		915,122	
Reimbursement - proprietary funds		(746,100)	
Total	<u>2,632,988</u>	<u>1,518,227</u>	<u>1,114,761</u>
Information Technology:			
Maintenance and repairs		14	
Other operating expenditures		365,521	
Reimbursement - proprietary funds		(170,091)	
Total	<u>398,208</u>	<u>195,444</u>	<u>202,764</u>
Planning:			
Salaries and employee benefits		111,805	
Other operating expenditures		111,921	
Total	<u>289,356</u>	<u>223,726</u>	<u>65,630</u>
Total general government	3,409,437	2,008,322	1,401,115
Public Safety:			
Police:			
Salaries and employee benefits		1,632,086	
Maintenance and repairs		45,486	
Other operating expenditures		139,305	
Noncapitalized equipment < \$5,000		10,999	
Capital outlay		150,066	
Total	<u>2,117,564</u>	<u>1,977,942</u>	<u>139,622</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		13,002	
Total	<u>17,200</u>	<u>13,002</u>	<u>4,198</u>
Fire:			
Salaries and employee benefits		717,933	
Maintenance and repairs		74,264	
Other operating expenditures		163,536	
Noncapitalized equipment < \$5,000		126,781	
Capital outlay		677,992	
Total	<u>3,014,303</u>	<u>1,760,506</u>	<u>1,253,797</u>
Rescue:			
Salaries and employee benefits		139,431	
Other operating expenditures		22,000	
Total	<u>139,883</u>	<u>161,431</u>	<u>(21,548)</u>
Total public safety	5,288,950	3,912,881	1,376,069
Transportation:			
Salaries and employee benefits		482,888	
Maintenance and repairs		40,898	
Other operating expenditures		111,310	
Other operating expenditures - Powell Bill		28,411	
Capital outlay - Powell Bill		496,983	
Reimbursement - proprietary funds		(120,071)	
Total transportation	2,025,134	1,040,419	984,715
Environmental Protection:			
Sanitation:			
Other operating expenditures		515,105	
Total environmental protection	<u>516,500</u>	<u>515,105</u>	<u>1,395</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		345,004	
Maintenance and repairs		65,008	
Other operating expenditures		340,370	
Noncapitalized equipment <\$5,000		34,717	
Capital outlay		230,201	
Total parks and recreation	<u>1,337,258</u>	<u>1,015,300</u>	<u>321,958</u>
Public Buildings:			
Maintenance and repairs		31,379	
Capital outlay		116,603	
Other operating expenditures		314,073	
Reimbursement - proprietary funds		(70,383)	
Total public buildings	<u>624,800</u>	<u>391,672</u>	<u>233,128</u>
Total Cultural and Recreation	1,962,058	1,406,972	555,086
Economic Development:			
Contracted Services		20,000	
Total Economic Development	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Debt service:			
Principal retirement	546,746	546,527	219
Interest	79,205	78,978	227
Total debt service	<u>625,951</u>	<u>625,505</u>	<u>446</u>
Total expenditures	<u>13,848,030</u>	<u>9,529,204</u>	<u>4,318,826</u>
Revenues over (under) expenditures	(5,414,822)	(1,105,279)	4,309,543
<b>Other financing sources (uses):</b>			
Issuance of debt	1,113,171	1,113,171	-
Transfers from other funds:			
Enterprise funds	1,482,223	375,578	(1,106,645)
Transfers to other funds:			
Capital Reserve fund	(81,400)	-	81,400
Sale of capital assets	-	58,600	58,600
Total other financing sources (uses)	2,513,994	1,547,349	(966,645)
Fund balance appropriated	<u>2,900,828</u>	<u>-</u>	<u>(2,900,828)</u>
Net change in fund balance	<u>\$ -</u>	<u>442,070</u>	<u>\$ 442,070</u>
Fund balances, beginning		9,050,893	
Change in reserve for inventories		<u>1,713</u>	
Fund balances, ending		<u>\$ 9,494,676</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, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sale of electricity		\$ 7,020,007	
Connection fees		16,680	
Service charges		43,733	
Miscellaneous revenue		30,387	
Total operating revenues	\$ 7,236,624	7,110,807	\$ (125,817)
Non-operating revenues:			
Investment earnings	118,000	119,663	1,663
Total revenues	7,354,624	7,230,470	(124,154)
<b>Expenditures:</b>			
Operating:			
Electrical power purchases		3,601,454	
Salaries and employee benefits		855,374	
Supplies		35,210	
Repairs and maintenance		24,809	
Contracted services		101,194	
Other departmental expenses		759,507	
Expense reimbursement to general fund		421,110	
Expense reimbursement from water and sewer fund		(59,166)	
Total operating expenditures	6,435,736	5,739,492	696,244
Debt service:			
Principal retirement		344,051	
Interest		38,274	
Total debt service	387,304	382,325	4,979
Capital outlay:			
Noncapitalized equipment < \$5,000		58,318	
Capital outlay		638,691	
Total capital outlay	1,462,081	697,009	765,072
Total expenditures	8,285,121	6,818,826	1,466,295

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues over (under) expenditures	(930,497)	411,644	1,342,141
	-		
<b>Other financing sources (uses):</b>			
Proceeds from the issuance of debt	519,000	-	(519,000)
Transfers to other funds:			
General Fund	(375,578)	(375,578)	-
Total other financing sources (uses)	<u>143,422</u>	<u>(375,578)</u>	<u>(519,000)</u>
Fund balance appropriated	<u>787,075</u>	<u>-</u>	<u>(787,075)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	36,066	<u>\$ 36,066</u>

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

Reconciling items:		
Principal retirement		344,051
Capital outlay		638,691
Depreciation		(324,540)
Decrease in accrued interest on installment purchases		684
Increase in deferred outflows of resources - pensions		73,796
Decrease in deferred inflows of resources - pensions		26,704
Increase in net pension liability		(93,020)
Decrease in deferred outflows of resources - OPEB		(133)
Increase in deferred inflows of resources - OPEB		(5,631)
Increase in accrued vacation pay		(19,546)
Increase in accrued OPEB liability		(2,116)
Total		<u>638,940</u>
Change in net position		<u>\$ 675,006</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, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales		\$ 1,479,808	
Tapping fees		15,000	
Other operating revenues		10,050	
Total operating revenues	<u>\$ 1,485,276</u>	<u>1,504,858</u>	<u>\$ 19,582</u>
Non-operating revenues:			
Investment earnings		25,392	
Asset Inventory Assessment Grant		121,450	
Total non-operating revenues	<u>27,000</u>	<u>146,842</u>	<u>119,842</u>
Total revenues	1,512,276	1,651,700	139,424
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		318,430	
Purchases for resale		353,809	
Supplies		39,648	
Repairs and maintenance		14,145	
Contracted services		19,032	
Other departmental expenses		77,530	
AIA expenditures		66,515	
Expense reimbursement to general fund		328,748	
Expense reimbursement to electric fund		29,583	
Expense reimbursement from sewer fund		(41,601)	
Total operating expenditures	<u>1,341,674</u>	<u>1,205,839</u>	<u>135,835</u>
Debt service:			
Principal retirement		105,696	24,383
Interest		48,936	6,386
Total debt service	<u>185,401</u>	<u>154,632</u>	<u>30,769</u>
Capital outlay:			
Noncapitalized equipment < \$5,000		-	
Capital outlay		42,212	
Total capital outlay	<u>48,000</u>	<u>42,212</u>	<u>5,788</u>
Total expenditures	<u>1,575,075</u>	<u>1,402,683</u>	<u>172,392</u>
Revenues over (under) expenditures	<u>(62,799)</u>	<u>249,017</u>	<u>311,816</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, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
Sewer Fund	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	(75,000)	-
 Fund balance appropriated	 137,799	 -	 (137,799)
 Revenues and fund balance appropriated over (under) expenditures	 \$ -	 174,017	 \$ 174,017

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

Reconciling items:		
Principal retirement		105,696
Capital outlay		42,212
Loss on disposal of capital assets		(59,860)
Depreciation		(161,555)
Decrease in accrued interest on installment purchases		2,761
Increase in deferred outflows of resources - pensions		23,175
Decrease in deferred inflows of resources - pensions		12,146
Decrease in net pension liability		4,967
Decrease in deferred outflows of resources - OPEB		(44)
Increase in deferred inflows of resources - OPEB		(1,877)
Increase in accrued vacation pay		(4,640)
Increase in accrued OPEB liability		(705)
Total		(37,724)
 Change in net position		 \$ 136,293



**Town of Winterville, North Carolina**

**Water Capital Project Fund (Water Interconnectivity) Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual	Total to Date	Variance Positive (Negative)
	June 30, 2018	Amendments	June 30, 2019		Current Year		
<b>Revenues:</b>							
Developer Contribution	\$ 115,000	\$ -	\$ 115,000	\$ 95,900	\$ -	\$ 95,900	\$ (19,100)
	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>95,900</u>	<u>-</u>	<u>95,900</u>	<u>(19,100)</u>
Capital outlay:							
Construction	1,553,050	(65,662)	1,487,388	1,552,596	(69,576)	1,483,020	4,368
Engineering	348,650	37,362	386,012	348,622	-	348,622	37,390
Contingency	28,300	28,300	56,600	-	-	-	56,600
Total capital outlay	<u>1,930,000</u>	<u>-</u>	<u>1,930,000</u>	<u>1,901,218</u>	<u>(69,576)</u>	<u>1,831,642</u>	<u>98,358</u>
Revenues over (under) expenditures	(1,815,000)	-	(1,815,000)	(1,805,318)	69,576	(1,735,742)	79,258
<b>Other financing sources:</b>							
Transfers from other funds:							
Water Fund	22,055	-	22,055	22,055	-	22,055	-
Installment purchase - loan proceeds	1,792,945	-	1,792,945	1,850,000	-	1,850,000	57,055
Total other financing sources	<u>1,815,000</u>	<u>-</u>	<u>1,815,000</u>	<u>1,872,055</u>	<u>-</u>	<u>1,872,055</u>	<u>57,055</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,737</u>	<u>\$ 69,576</u>	<u>\$ 136,313</u>	<u>\$ 136,313</u>

**Town of Winterville, North Carolina**  
**Water Capital Project Fund (Water Tank) Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
	June 30, 2018	Amendments	June 30, 2019				
<b>Expenditures:</b>							
Capital outlay:							
Construction	\$ 650,000	\$ (83,311)	\$ 566,689	\$ 34,780	\$ 400,291	\$ 435,071	\$ 131,618
Engineering	76,750	18,311	95,061	59,109	9,916	69,025	26,036
Contingency	65,000	65,000	130,000	-	-	-	130,000
Total capital outlay	<u>791,750</u>	<u>-</u>	<u>791,750</u>	<u>93,889</u>	<u>410,207</u>	<u>504,096</u>	<u>287,654</u>
Revenues over (under) expenditures	(791,750)	-	(791,750)	(93,889)	(410,207)	(504,096)	287,654
<b>Other financing sources:</b>							
Transfers from other funds:							
Water Fund	68,450	-	68,450	68,450	-	68,450	-
Installment purchase - loan proceeds	723,300	-	723,300	-	-	-	(723,300)
Total other financing sources	<u>791,750</u>	<u>-</u>	<u>791,750</u>	<u>68,450</u>	<u>-</u>	<u>68,450</u>	<u>(723,300)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,439)</u>	<u>\$ (410,207)</u>	<u>\$ (435,646)</u>	<u>\$ (435,646)</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, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sewer charges		\$ 2,196,803	
Tapping fees		1,800	
Total operating revenues	<u>\$ 2,207,909</u>	<u>2,198,603</u>	<u>\$ (9,306)</u>
Non-operating revenues:			
Investment earnings		15,190	
Federal and state grants		90,839	
Development fees		15,809	
	<u>105,955</u>	<u>121,838</u>	<u>15,883</u>
Total revenues	2,313,864	2,320,441	6,577
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		164,362	
Supplies		30,684	
Repairs and maintenance		53,367	
Contracted services		44,102	
CMSD expense		1,009,578	
Other departmental expenses		87,974	
Expense reimbursement to general fund		338,723	
Expense reimbursement to water fund		41,601	
Expense reimbursement to electric fund		29,583	
Total operating expenditures	<u>1,836,089</u>	<u>1,799,974</u>	<u>36,115</u>
Debt service:			
Principal retirement		192,636	1,650
Interest		51,812	1,377
Total debt service	<u>247,475</u>	<u>244,448</u>	<u>3,027</u>
Capital outlay:			
Capital outlay		572,805	
Total capital outlay	<u>668,058</u>	<u>572,805</u>	<u>95,253</u>
Total expenditures	<u>2,751,622</u>	<u>2,617,227</u>	<u>134,395</u>
Revenues over (under) expenditures	(437,758)	(296,786)	140,972

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

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfers from (to) other funds:			
Water Fund	75,000	75,000	-
Stormwater Fund	75,000	75,000	-
Sewer Capital Projects Fund	(35,800)	(35,800)	-
Total other financing sources (uses)	114,200	114,200	-
 Fund balance appropriated	323,558	-	(323,558)
 Revenues and fund balance appropriated	\$ -	(182,586)	\$ (182,586)
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		192,636	
Capital outlay		572,805	
Depreciation		(169,562)	
Increase in accrued interest on installment purchases		(3,133)	
Increase in deferred outflows of resources - pension		4,791	
Decrease in deferred inflows of resources - pensions		7,642	
Decrease in net pension liability		25,649	
Decrease in deferred outflows of resources - OPEB		(27)	
Increase in deferred inflows of resources - OPEB		(1,126)	
Increase in accrued vacation pay		(2,809)	
Increase in accrued OPEB liability		(423)	
Capital Project Funds			
Capital contributions		270,000	
Transfer to sewer capital project fund		35,800	
Total		932,243	
 Change in net position		\$ 749,657	

**Town of Winterville, North Carolina**  
**Sewer Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2018	Amendments	June 30, 2019		Current Year	Total to Date	
<b>Expenditures:</b>							
Capital outlay:							
Construction	\$ 1,901,692	\$ (227,143)	\$ 1,674,549	\$ 470,114	\$ 1,359,737	\$ 1,829,851	\$ (155,302)
Engineering	348,857	60,143	409,000	281,047	93,974	375,021	33,979
Contingency	190,169	167,000	357,169	-	-	-	357,169
Total capital outlay	<u>2,440,718</u>	<u>-</u>	<u>2,440,718</u>	<u>751,161</u>	<u>1,453,711</u>	<u>2,204,872</u>	<u>235,846</u>
Revenues over (under) expenditures	(2,440,718)	-	(2,440,718)	(751,161)	(1,453,711)	(2,204,872)	235,846
<b>Other financing sources:</b>							
Transfers from other funds:							
Sewer Fund	47,857	-	47,857	50,000	-	50,000	2,143
Debt proceeds	2,392,861	-	2,392,861	655,361	1,299,335	1,954,696	(438,165)
Total other financing sources	<u>2,440,718</u>	<u>-</u>	<u>2,440,718</u>	<u>705,361</u>	<u>1,299,335</u>	<u>2,004,696</u>	<u>(436,022)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,800)</u>	<u>\$ (154,376)</u>	<u>\$ (200,176)</u>	<u>\$ (200,176)</u>

**Town of Winterville, North Carolina**  
**Church Street Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2018	Amendments	June 30, 2019		Current Year	Total to Date	
<b>Revenues:</b>							
Restricted Intergovernmental:							
FEMA Grant	\$ 123,000	\$ (35,800)	\$ 87,200	\$ 87,200	\$ -	\$ 87,200	\$ -
Golden Leaf Foundation Grant	270,000	-	270,000	-	270,000	270,000	-
Total revenues	<u>393,000</u>	<u>(35,800)</u>	<u>357,200</u>	<u>87,200</u>	<u>270,000</u>	<u>357,200</u>	<u>-</u>
<b>Expenditures:</b>							
Capital outlay:							
Construction	471,000	(32,240)	438,760	30,580	429,948	460,528	(21,768)
Engineering	46,350	20,990	67,340	25,360	7,633	32,993	34,347
Contingency	11,250	11,250	22,500	-	-	-	22,500
Total capital outlay	<u>528,600</u>	<u>-</u>	<u>528,600</u>	<u>55,940</u>	<u>437,581</u>	<u>493,521</u>	<u>35,079</u>
Revenues over (under) expenditures	(135,600)	(35,800)	(171,400)	31,260	(167,581)	(136,321)	35,079
<b>Other financing sources:</b>							
Transfers from other funds:							
Sewer Fund	135,600	35,800	171,400	135,600	35,800	171,400	-
Total other financing sources	<u>135,600</u>	<u>35,800</u>	<u>171,400</u>	<u>135,600</u>	<u>35,800</u>	<u>171,400</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,860</u>	<u>\$ (131,781)</u>	<u>\$ 35,079</u>	<u>\$ 35,079</u>

**Town of Winterville, North Carolina**  
**Sewer Rehabilitation Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	November 13, 2018	Amendments	June 30, 2019		Current Year	Total to Date	
<b>Expenditures:</b>							
Capital outlay:							
Construction	\$ 2,804,700	\$ -	\$ 2,804,700	\$ -	\$ 59,468	\$ 59,468	\$ 2,745,232
Engineering	382,000	-	382,000	-	164,581	164,581	217,419
Contracted services	135,700	-	135,700	-	-	-	-
Contingency	280,500	-	280,500	-	-	-	280,500
Total capital outlay	<u>3,602,900</u>	<u>-</u>	<u>3,602,900</u>	<u>-</u>	<u>224,049</u>	<u>224,049</u>	<u>3,243,151</u>
Revenues over (under) expenditures	(3,602,900)	-	(3,602,900)	-	(224,049)	(224,049)	3,378,851
<b>Other financing sources:</b>							
Transfers from other funds:							
Sewer Fund	68,450	2,250	70,700	-	-	-	(70,700)
Debt proceeds	3,532,200	-	3,532,200	-	-	-	(3,532,200)
Total other financing sources	<u>3,600,650</u>	<u>2,250</u>	<u>3,602,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,602,900)</u>
Revenues and other sources over (under) expenditures	<u>\$ (2,250)</u>	<u>\$ 2,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (224,049)</u>	<u>\$ (224,049)</u>	<u>\$ (224,049)</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, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Stormwater charges		\$ 492,572	
Total operating revenues	\$ 486,832	492,572	\$ 5,740
Non-operating revenues:			
Investment earnings		7,643	
Total non-operating revenues	3,000	7,643	4,643
 Total revenues	 489,832	 500,215	 10,383
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		80,477	
Contracted services		30,041	
Supplies		9,395	
Engineering fees		40,326	
Repairs and maintenance		6,186	
Departmental improvements		-	
Drainage district		4,127	
Phase II compliance		1,720	
Expense reimbursement to general fund		18,064	
Total operating expenditures	394,627	190,336	204,291
Capital outlay:			
Capital outlay		8,625	
Total capital outlay	71,161	8,625	62,536
 Total expenditures	 465,788	 198,961	 266,827
Revenues over (under) expenditures	24,044	301,254	277,210
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
Sewer Fund	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	(75,000)	-
 Fund balance appropriated	 50,956	 -	 (50,956)
Revenues and fund balance appropriated over (under) expenditures	\$ -	226,254	\$ 226,254



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

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

Reconciling items:

Capital outlay	8,625
Depreciation	(13,018)
Increase in deferred outflows of resources - pensions	5,017
Increase in deferred inflows of resources - pensions	(225)
Decrease in deferred outflows of resources - OPEB	(9)
Increase in deferred inflows of resources - OPEB	(375)
Increase in net pension liability	(6,868)
Increase in accrued vacation pay	(1,952)
Increase in accrued OPEB liability	(141)
Total	(8,946)
Change in net position	\$ 217,308

**Town of Winterville, North Carolina**  
**Chapman Street Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization			Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
	August 13, 2018	Amendments	June 30, 2019				
<b>Revenues:</b>							
Restricted Intergovernmental:							
Golden Leaf Foundation Grant	\$ 1,094,000	\$ -	\$ 1,094,000	\$ -	\$ -	\$ -	\$ (1,094,000)
Total revenues	<u>1,094,000</u>	<u>-</u>	<u>1,094,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,094,000)</u>
<b>Expenditures:</b>							
Capital outlay:							
Construction	911,705	-	911,705	-	-	-	911,705
Engineering	136,710	22,000	158,710	-	84,780	84,780	73,930
Contingency	45,585	(22,000)	23,585	-	-	-	23,585
Total capital outlay	<u>1,094,000</u>	<u>-</u>	<u>1,094,000</u>	<u>-</u>	<u>84,780</u>	<u>84,780</u>	<u>1,009,220</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84,780)</u>	<u>\$ (84,780)</u>	<u>\$ (84,780)</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, 2019**  
**(With Comparative Actual Amounts as of June 30, 2018)**

<u>Governmental Capital Assets</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4,356,272	\$ 4,218,490
Construction in process	18,040	-
Buildings	7,271,025	7,271,025
Infrastructure	28,544,211	27,939,900
Software	736,974	601,410
Vehicles and equipment	6,263,171	5,274,131
	<u>\$ 47,189,693</u>	<u>\$ 45,304,956</u>
Total		

**Town of Winterville, North Carolina**  
**Schedule of Changes in Governmental Capital Assets**  
**By Function and Activity**  
**For the Fiscal Year Ended June 30, 2019**

<u>Function and Activity</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
General government	\$ 10,032,645	\$ 134,644	\$ 6,186	\$ 10,161,103
Transportation	29,172,925	810,017		29,982,942
Public Safety	2,786,772	716,061		3,502,833
Cultural and recreation	3,312,614	230,201		3,542,815
 Total	 <u>\$ 45,304,956</u>	 <u>\$ 1,890,923</u>	 <u>\$ 6,186</u>	 <u>\$ 47,189,693</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, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 3,905,664	\$ 3,861,379	\$ 44,285
2017-2018	24,787	-	13,384	11,403
2016-2017	12,853	-	5,315	7,538
2015-2016	9,790	-	4,211	5,579
2014-2015	6,641	-	2,316	4,325
2013-2014	7,556	-	2,914	4,642
2012-2013	8,883	-	3,007	5,876
2011-2012	4,769	-	1,640	3,129
2010-2011	7,902	-	3,204	4,698
2009-2010	10,013	-	3,729	6,284
2008-2009	3,082	-	3,082	-
Total	<u>\$ 96,276</u>	<u>\$ 3,905,664</u>	<u>\$ 3,904,181</u>	<u>\$ 97,759</u>

-

Less: allowance for uncollectible accounts:  
General fund

34,232

Ad valorem taxes receivable - net

\$ 63,527

Reconcilement with Revenues:

Ad valorem taxes - General Fund

\$ 3,894,668

Reconciling items:

Interest collected

(17,407)

Taxes written off

3,082

Releases (prior years) and other adjustments

23,838

Subtotal

9,513

Total collections and credits

\$ 3,904,181

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

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 788,131,158	0.475	\$ 3,743,623	\$ 3,381,999	\$ 361,624
Property taxes at prior year rate	23,078,316	0.475	109,622	-	109,622
Late listing penalties			967	967	-
Discoveries	14,247,368	0.475	67,675	67,675	-
Releases	(3,415,368)	0.475	(16,223)	(16,223)	-
Total property valuation	\$ 822,041,474				
Net levy			3,905,664	3,434,418	471,246
Uncollected taxes at June 30, 2019			(44,285)	(44,285)	-
Current year's taxes collected			\$ 3,861,379	\$ 3,390,133	\$ 471,246
Current levy collection percentage			98.87%	98.71%	100.00%

## 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.*



**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	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,743,897	\$ 20,131,928	\$ 19,819,840	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360	\$ 18,986,506	\$ 19,828,145	\$ 20,129,722	\$ 19,720,000
Restricted	524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133
Unrestricted	2,602,666	2,117,242	2,517,321	2,695,079	3,573,881	4,634,264	4,406,677	5,427,561	3,629,707	3,498,581
<b>Total governmental activities net position</b>	<b>\$ 22,870,757</b>	<b>\$ 23,593,292</b>	<b>\$ 23,927,663</b>	<b>\$ 24,073,468</b>	<b>\$ 24,565,137</b>	<b>\$ 25,344,033</b>	<b>\$ 26,010,923</b>	<b>\$ 27,173,719</b>	<b>\$ 27,183,837</b>	<b>\$ 26,935,714</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,531,666	\$ 5,795,169	\$ 5,548,709	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711	\$ 5,294,157	\$ 5,559,549	\$ 5,680,189	\$ 8,097,786
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,775,714	4,975,318	5,709,288	6,642,021	6,784,202	7,890,408	8,474,991	9,160,180	9,717,672	9,078,339
<b>Total Business-type activities net position</b>	<b>\$ 10,307,380</b>	<b>\$ 10,770,487</b>	<b>\$ 11,257,997</b>	<b>\$ 11,980,044</b>	<b>\$ 12,037,688</b>	<b>\$ 13,256,119</b>	<b>\$ 13,769,148</b>	<b>\$ 14,719,729</b>	<b>\$ 15,397,861</b>	<b>\$ 17,176,125</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 25,275,563	\$ 25,927,097	\$ 25,368,549	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071	\$ 24,280,663	\$ 25,387,694	\$ 25,809,911	\$ 27,817,786
Restricted	524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133
Unrestricted	7,378,380	7,092,560	8,226,609	9,337,100	10,358,083	12,524,672	12,881,668	14,587,741	13,347,379	12,576,920
<b>Total primary government net position</b>	<b>\$ 33,178,137</b>	<b>\$ 34,363,779</b>	<b>\$ 35,185,660</b>	<b>\$ 36,053,512</b>	<b>\$ 36,602,825</b>	<b>\$ 38,600,152</b>	<b>\$ 39,780,071</b>	<b>\$ 41,893,448</b>	<b>\$ 42,581,698</b>	<b>\$ 44,111,839</b>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,687,929	\$ 2,552,572	\$ 2,605,647	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412	\$ 2,239,443	\$ 2,166,843	\$ 2,103,977	\$ 2,469,166
Public Safety	1,883,985	1,794,701	1,822,713	1,936,031	2,020,494	1,955,444	2,238,766	2,342,745	2,570,270	3,500,759
Transportation	1,381,524	1,299,618	1,404,474	1,401,712	1,332,381	1,262,024	1,433,435	1,359,646	1,703,364	1,839,469
Environmental protection	402,902	444,724	425,607	420,736	423,582	449,332	460,797	479,991	496,618	515,105
Cultural and recreational	896,397	961,253	831,698	705,296	774,390	852,262	806,502	885,272	955,743	1,204,419
Economic and physical development	-	-	-	-	-	-	32,400	32,400	25,895	20,000
Interest on long-term debt	207,454	304,775	245,853	219,296	206,866	175,858	114,018	99,326	87,402	100,278
Reimbursements from business type activities	-	-	-	(202,708)	(151,682)	(59,696)	-	-	-	-
<b>Total governmental activities expense</b>	<b>\$ 7,460,191</b>	<b>\$ 7,357,643</b>	<b>\$ 7,335,992</b>	<b>\$ 6,638,711</b>	<b>\$ 6,749,392</b>	<b>\$ 6,747,636</b>	<b>\$ 7,325,361</b>	<b>\$ 7,366,223</b>	<b>\$ 7,943,269</b>	<b>\$ 9,649,196</b>
Business-type Activities:										
Electric	\$ 5,232,429	\$ 5,366,691	\$ 5,240,409	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117	\$ 5,839,943	\$ 5,940,771	\$ 6,425,988	\$ 6,179,886
Water	778,832	556,616	532,540	677,370	804,903	992,504	1,186,795	1,245,965	1,427,037	1,440,407
Sewer	1,804,362	1,439,662	1,391,511	1,714,303	1,780,834	1,921,325	1,962,456	1,917,535	2,034,642	1,990,784
Stormwater	69,718	116,318	113,301	84,597	143,314	149,477	142,812	177,186	104,125	207,907
<b>Total business-type activities expense</b>	<b>\$ 7,885,341</b>	<b>\$ 7,479,287</b>	<b>\$ 7,277,761</b>	<b>\$ 7,983,080</b>	<b>\$ 8,711,522</b>	<b>\$ 8,994,423</b>	<b>\$ 9,132,006</b>	<b>\$ 9,281,457</b>	<b>\$ 9,991,792</b>	<b>\$ 9,818,984</b>
<b>Total primary government expenses</b>	<b>\$ 15,345,532</b>	<b>\$ 14,836,930</b>	<b>\$ 14,613,753</b>	<b>\$ 14,621,791</b>	<b>\$ 15,460,914</b>	<b>\$ 15,742,059</b>	<b>\$ 16,457,367</b>	<b>\$ 16,647,680</b>	<b>\$ 17,935,061</b>	<b>\$ 19,468,180</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 69,550	\$ 68,488	\$ 31,174	\$ 53,053	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482	\$ 186,823	\$ 196,356
Public Safety	-	1,100	9,475	12,476	13,106	19,473	22,975	30,445	81,915	92,208
Transportation	328	-	-	-	-	6,914	3,660	3,660	-	-
Environmental protection	410,186	481,343	484,983	485,132	484,688	500,833	508,020	521,196	564,434	579,839
Cultural and recreational	184,439	258,113	205,150	186,731	145,706	147,350	148,514	160,042	132,002	128,206
Operating grants and contributions										
General government	-	-	202,617	41,833	44,786	-	5,000	28,425	308	2,878
Public Safety	142,449	21,394	17,961	16,605	21,464	3,850	6,923	43,138	147,146	249,594
Transportation	264,041	345,935	284,827	266,728	272,530	266,981	266,040	261,061	262,732	307,271
Environmental protection	6,150	6,115	6,363	5,881	5,282	6,201	5,979	6,306	6,224	7,017
Cultural and recreational	-	-	-	-	-	-	-	-	-	5,069
Capital grants and contributions										
Cultural and recreational	500,000	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	384,852	484,353
<b>Total governmental activities program revenues</b>	<b>\$ 1,577,143</b>	<b>\$ 1,182,488</b>	<b>\$ 1,242,550</b>	<b>\$ 1,068,439</b>	<b>\$ 1,153,544</b>	<b>\$ 1,124,953</b>	<b>\$ 1,165,827</b>	<b>\$ 1,260,755</b>	<b>\$ 1,766,436</b>	<b>\$ 2,052,791</b>



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-type activities:</b>										
Charges for services										
Electric Fund	\$ 5,842,314	\$ 6,569,449	\$ 6,433,135	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499	\$ 6,477,361	\$ 6,796,158	\$ 7,265,794	\$ 7,110,807
Water Fund	743,907	735,593	720,550	718,195	743,400	1,239,032	1,237,389	1,469,305	1,509,879	1,504,858
Sewer Fund	1,644,394	1,710,000	1,628,236	1,664,340	1,682,865	1,897,528	1,893,949	1,938,108	2,008,368	2,198,603
Stormwater Fund	125,363	758	-	88,886	169,378	176,261	172,337	191,172	221,941	492,572
Operating grants and contributions	80,884	33,099	15,533	1,089	37,878	29,230	93,050	96,908	58,365	137,259
Capital grants and contributions	500,000	-	-	-	-	-	-	-	87,200	360,839
<b>Total business-type activities program revenues</b>	<b>\$ 8,936,862</b>	<b>\$ 9,048,899</b>	<b>\$ 8,797,454</b>	<b>\$ 8,828,715</b>	<b>\$ 8,987,467</b>	<b>\$ 10,028,550</b>	<b>\$ 9,874,086</b>	<b>\$ 10,491,651</b>	<b>\$ 11,151,547</b>	<b>\$ 11,804,938</b>
<b>Total primary government program revenues</b>	<b>\$ 10,514,005</b>	<b>\$ 10,231,387</b>	<b>\$ 10,040,004</b>	<b>\$ 9,897,154</b>	<b>\$ 10,141,011</b>	<b>\$ 11,153,503</b>	<b>\$ 11,039,913</b>	<b>\$ 11,752,406</b>	<b>\$ 12,917,983</b>	<b>\$ 13,857,729</b>
<b>Net Revenue (Expense):</b>										
Governmental activities	\$ (5,883,048)	\$ (6,175,155)	\$ (6,093,442)	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)	\$ (6,159,534)	\$ (6,105,468)	\$ (6,176,833)	\$ (7,596,405)
Business-type activities	1,051,521	1,569,612	1,519,693	845,635	275,945	1,034,127	742,080	1,210,194	1,159,755	1,985,954
<b>Total primary government net expense</b>	<b>\$ (4,831,527)</b>	<b>\$ (4,605,543)</b>	<b>\$ (4,573,749)</b>	<b>\$ (4,724,637)</b>	<b>\$ (5,319,903)</b>	<b>\$ (4,588,556)</b>	<b>\$ (5,417,454)</b>	<b>\$ (4,895,274)</b>	<b>\$ (5,017,078)</b>	<b>\$ (5,610,451)</b>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property Taxes	\$ 3,093,542	\$ 3,157,673	\$ 3,233,735	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055	\$ 3,633,653	\$ 3,722,789	\$ 3,788,508	\$ 3,897,507
Local option sales tax, etc.	1,447,137	1,502,894	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,029,698	2,176,597
Grants and contributions not restricted to specific programs	273,805	299,708	-	-	-	-	-	-	415,169	420,334
Other taxes and licenses	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821	23,568	25,458
Investment Earnings	11,967	17,851	12,146	8,580	6,869	9,623	9,816	9,160	52,769	166,081
Miscellaneous	721,519	758,425	276,508	196,763	268,351	503,895	630,471	1,040,275	247,608	286,727
Transfers	736,599	1,130,094	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000	375,578
<b>Total governmental activities</b>	<b>\$ 6,323,255</b>	<b>\$ 6,897,690</b>	<b>\$ 6,525,505</b>	<b>\$ 5,716,077</b>	<b>\$ 6,087,517</b>	<b>\$ 6,566,958</b>	<b>\$ 6,826,424</b>	<b>\$ 7,493,635</b>	<b>\$ 6,868,320</b>	<b>\$ 7,348,282</b>
Business-type activity:										
Investment earnings, net of market adjustment	\$ 15,680	\$ 23,589	\$ 16,593	\$ 11,412	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607	\$ 52,377	\$ 167,888
Transfers	(736,599)	(1,130,094)	(1,048,776)	(135,000)	(230,192)	(188,552)	(215,444)	(290,000)	(311,000)	(375,578)
<b>Total business-type activity</b>	<b>\$ (720,919)</b>	<b>\$ (1,106,505)</b>	<b>\$ (1,032,183)</b>	<b>\$ (123,588)</b>	<b>\$ (218,301)</b>	<b>\$ (181,444)</b>	<b>\$ (206,643)</b>	<b>\$ (279,393)</b>	<b>\$ (258,623)</b>	<b>\$ (207,690)</b>
<b>Total primary government</b>	<b>\$ 5,602,336</b>	<b>\$ 5,791,185</b>	<b>\$ 5,493,322</b>	<b>\$ 5,592,489</b>	<b>\$ 5,869,216</b>	<b>\$ 6,385,514</b>	<b>\$ 6,619,781</b>	<b>\$ 7,214,242</b>	<b>\$ 6,609,697</b>	<b>\$ 7,140,592</b>
<b>Change in net position</b>										
Governmental activities	\$ 440,207	\$ 722,535	\$ 432,063	\$ 145,805	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167	\$ 691,487	\$ (248,123)
Business-type activities	330,602	463,107	487,510	722,047	57,644	852,683	535,437	930,801	901,132	1,778,264
<b>Total primary government</b>	<b>\$ 770,809</b>	<b>\$ 1,185,642</b>	<b>\$ 919,573</b>	<b>\$ 867,852</b>	<b>\$ 549,313</b>	<b>\$ 1,796,958</b>	<b>\$ 1,202,327</b>	<b>\$ 2,318,968</b>	<b>\$ 1,592,619</b>	<b>\$ 1,530,141</b>

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

	2010
General Fund	
Reserved	\$ 1,148,964
Unreserved	<u>1,474,100</u>
Total General Fund	<u><u>\$ 2,623,064</u></u>
 All Other Governmental Funds	
Reserved	\$ -
Unreserved, reported in:	
Special revenue funds	-
Capital projects funds	<u>688,253</u>
Total all other governmental funds	<u><u>\$ 688,253</u></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	2016	2017	2018	2019
General Fund									
Nonspendable	\$ 33,133	\$ 36,403	\$ 73	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023	\$ 10,323	\$ 12,036
Restricted	1,336,722	1,583,102	2,063,859	2,022,330	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133
Committed	7,400	7,400	-	7,400	-	27,600	15,200	9,305	9,305
Assigned	67,680	18,000	-	-	-	-	669,683	1,296,299	418,406
Unassigned	2,287,824	2,978,107	3,289,582	4,236,207	5,413,814	5,214,955	5,913,768	4,310,558	5,337,796
Total General Fund	<u>\$ 3,732,759</u>	<u>\$ 4,623,012</u>	<u>\$ 5,353,514</u>	<u>\$ 6,266,010</u>	<u>\$ 7,342,441</u>	<u>\$ 7,893,731</u>	<u>\$ 8,537,687</u>	<u>\$ 9,050,893</u>	<u>\$ 9,494,676</u>
All Other Governmental Funds									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Ad valorem taxes	\$ 3,086,185	\$ 3,115,699	\$ 3,275,421	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253	\$ 3,653,683	\$ 3,721,809	\$ 3,790,345	\$ 3,894,668
Other taxes and licenses	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821	23,568	25,458
Unrestricted intergovernmental	1,720,942	1,802,602	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,444,867	2,596,931
Restricted intergovernmental	797,691	370,376	484,987	328,652	339,925	282,550	285,844	341,621	416,410	571,829
Permits and fees	3,730	4,488	2,899	2,100	5,915	6,175	9,182	12,648	23,266	11,919
Sales and services	666,741	804,929	724,513	734,140	807,598	831,755	868,743	902,904	940,192	983,118
Investment earnings	13,676	20,919	14,927	10,975	11,006	11,019	11,574	10,129	52,769	166,081
Miscellaneous	173,828	10,989	55,872	15,053	48,351	28,365	54,054	61,592	247,608	173,921
<b>TOTAL REVENUES</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>\$ 7,220,120</b>	<b>\$ 7,482,114</b>	<b>\$ 7,939,025</b>	<b>\$ 8,423,925</b>
<b>EXPENDITURES</b>										
General Government	\$ 2,573,280	\$ 2,302,452	\$ 2,246,240	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649	\$ 1,915,542	\$ 1,798,530	\$ 1,839,021	\$ 2,008,322
Public Safety	2,354,913	1,595,926	1,678,150	1,838,331	2,372,543	1,939,110	2,346,423	2,197,435	2,328,056	3,912,881
Transportation	772,378	654,379	600,556	667,463	801,119	697,972	642,878	1,057,009	1,059,211	1,040,419
Environmental Protection	402,902	444,724	425,607	420,736	423,582	460,546	467,635	479,991	496,618	515,105
Cultural and Recreation	797,599	894,595	766,076	617,674	745,503	762,554	872,316	948,222	1,451,597	1,406,972
Economic and Physical Development	-	-	-	-	-	-	32,400	32,400	25,895	20,000
Public Works	-	-	-	-	-	-	-	-	-	-
Vehicle Replacement	307,117	-	-	-	-	-	-	-	-	-
R reimbursement - Proprietary Funds	-	-	-	(202,708)	(151,682)	(59,696)	-	-	-	-
Debt Service:										
Principal retirement	791,985	723,690	675,881	517,875	484,670	646,924	497,214	502,244	522,403	546,527
Interest and Fees	207,454	272,692	246,408	222,896	204,149	186,171	117,024	101,606	89,818	78,978
Capital Outlay	1,579,010	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</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>\$ 6,891,432</b>	<b>\$ 7,117,437</b>	<b>\$ 7,812,619</b>	<b>\$ 9,529,204</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</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>	<b>\$ 328,688</b>	<b>\$ 364,677</b>	<b>\$ 126,406</b>	<b>\$ (1,105,279)</b>

continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>OTHER FINANCING SOURCES (USES)</b>										
Long Term Debt Issued	\$ 2,310,990	\$ -	\$ -	\$ -	\$ 540,800	\$ 139,500	\$ -	\$ -	\$ 86,500	\$ 1,113,171
Transfers in	2,819,465	1,878,079	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000	375,578
Transfers out	(2,082,866)	(747,985)	-	-	-	-	-	-	-	-
Sale of capital assets	66,693	18,759	-	-	-	-	10,041	21,472	-	58,600
Total other financing sources (uses)	\$ 3,114,282	\$ 1,148,853	\$ 1,048,776	\$ 135,000	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472	\$ 397,500	\$ 1,547,349
<b>Net Change in Fund Balances</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>	<b>\$ 554,173</b>	<b>\$ 676,149</b>	<b>\$ 523,906</b>	<b>\$ 442,070</b>
Debt Services as a percentage of noncapital expenditures	14%	17%	16%	14%	11%	15%	10%	9%	9%	7%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Beer and Wine Tax</b>	<b>Penalties/Interest</b>	<b>Total</b>
<b>2010</b>	\$ 3,069,850	\$ 1,447,137	\$ 258,488	\$ 12,764	\$ 16,335	\$ 4,804,574
<b>2011</b>	3,099,199	1,502,894	257,852	40,345	16,500	4,916,790
<b>2012</b>	3,255,662	1,619,870	258,177	40,463	19,759	5,193,931
<b>2013</b>	3,371,069	1,651,989	249,038	37,771	18,429	5,328,296
<b>2014</b>	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
<b>2015</b>	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
<b>2016</b>	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
<b>2017</b>	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115
<b>2018</b>	3,769,774	2,029,698	373,318	40,575	20,571	6,233,936
<b>2019</b>	3,877,261	2,176,597	378,135	40,810	17,407	6,490,210

**Town of Winterville, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Table 6**

<b>Fiscal Year Ended</b>			<b>Total Taxes Levied</b>		<b>Direct</b>	
<b>June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>For Fiscal Year</b>		<b>Property Valuation</b>	<b>Tax Rate</b>
<b>2010</b>	\$ 2,810,386	\$ 279,384	\$ 3,089,770	\$ 686,615,556	\$ 0	
<b>2011</b>	2,855,107	293,766	3,148,873	699,749,556		0.450
<b>2012</b>	2,895,892	344,019	3,239,911	719,980,222		0.450
<b>2013</b>	3,004,730	380,663	3,385,393	712,714,316		0.475
<b>2014</b>	3,068,692	525,545	3,594,237	756,681,473		0.475
<b>2015</b>	3,097,787	432,342	3,530,129	743,185,053		0.475
<b>2016</b>	3,158,563	460,386	3,618,949	761,884,000		0.475
<b>2017</b>	3,231,495	479,943	3,711,438	781,355,368		0.475
<b>2018</b>	3,269,368	472,451	3,741,819	787,751,368		0.475
<b>2019</b>	3,248,858	656,806	3,905,664	822,041,474		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, 2016. 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**

<b>Fiscal Year Ended June 30,</b>	<b>City Direct Rates</b>		<b>Overlapping Rates</b>			<b>Total Direct and Overlapping Rates</b>
	<b>Basic Rate</b>	<b>Total Direct Rate</b>	<b>Rescue District</b>	<b>Fire District</b>	<b>County Rate</b>	
<b>2010</b>	\$ 0.450	\$ 0.450	\$ 0.044	\$ 0.0250	\$ 0.665	\$ 1.1840
<b>2011</b>	0.450	0.450	0.044	0.0250	0.665	1.1840
<b>2012</b>	0.450	0.450	0.046	0.0440	0.680	1.2200
<b>2013</b>	0.475	0.475	0.046	0.0440	0.680	1.2450
<b>2014</b>	0.475	0.475	0.046	0.0440	0.680	1.2450
<b>2015</b>	0.475	0.475	0.046	0.0440	0.680	1.2450
<b>2016</b>	0.475	0.475	0.046	0.0440	0.680	1.2450
<b>2017</b>	0.475	0.475	0.046	0.0440	0.696	1.2610
<b>2018</b>	0.475	0.475	0.046	0.0440	0.696	1.2610
<b>2019</b>	0.475	0.475	0.046	0.0624	0.721	1.3044

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**

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2009		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
The Roberts Co Fabrication Services Inc	Manufacturer	10,280,891	1	0.97%	2,211,880	5	0.46%
Sam's Real Estate Business Trust	Retail	\$ 7,679,912	2	0.97%	\$ 9,742,629	1	2.04%
J & S Firetower Property LLC	Warehouse	4,667,318	3	0.59%			
Winterville Machine Works, Inc	Manufacturer	4,262,019	4	0.54%	2,964,536	3	0.62%
Winter Village LLC	Retail	3,430,940	5	1.31%	3,535,841	2	0.74%
State Employees Credit Union	Financial Institution	3,132,062	6	0.44%	2,019,161	7	0.42%
Regional Acceptance Corp.	Financial Institution	2,958,651	7	0.40%			0.00%
Wintergreen Commercial Park LLC	Developer	2,889,025	8	0.38%			
James Hudson	Developer	2,372,341	9	0.37%	2,180,064	6	0.46%
Cole WG Greenville	Developer	2,200,387	10	0.28%	2,211,880		0.46%
Winterville Business Park	Developer			0.30%	1,842,860	9	
Simclair	Developer				3,748,637		0.79%
Maxine Speight	Developer				2,358,906	4	0.49%
Blaire Properties	Developer				1,871,210	8	0.39%
Winterville Associates	Developer				1,840,189	10	
<b>Totals</b>		<b>\$ 43,873,546</b>		<b>6.54%</b>	<b>\$ 34,315,913</b>		<b>6.42%</b>
Real Property Valuation		\$ 787,751,368			\$ 476,808,769		

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

**Town of Winterville, North Carolina**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**Table 9**

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy			Total Collections to Date		
	(Original Levy)	Adjustments	Total Adjusted Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy	
2010	\$ 3,072,771	\$ 16,999	\$ 3,089,770	\$ 2,996,993	97.53%	\$ 89,048	\$ 3,086,041	99.88%	
2011	3,158,640	(9,767)	3,148,873	3,039,049	96.21%	106,620	3,145,669	99.90%	
2012	3,232,937	6,974	3,239,911	3,140,640	97.15%	97,631	3,238,271	99.95%	
2013	3,386,316	(923)	3,385,393	3,290,981	97.18%	91,405	3,382,386	99.91%	
2014	3,565,648	28,589	3,594,237	3,533,265	99.09%	58,058	3,591,323	99.92%	
2015	3,531,045	(916)	3,530,129	3,499,202	99.10%	28,611	3,527,813	99.93%	
2016	3,614,977	3,972	3,618,949	3,591,753	99.36%	22,985	3,614,738	99.88%	
2017	3,702,996	8,442	3,711,438	3,688,485	99.61%	17,638	3,706,123	99.86%	
2018	3,741,801	18	3,741,819	3,717,032	99.34%	11,403	3,728,435	99.64%	
2019	3,905,664	-	3,905,664	3,861,379	98.87%	-	3,861,379	98.87%	

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			
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	3.55%	848
2016	-	3,949,328	-	5,026,137	-	8,975,465	3.95%	948
2017	-	3,447,084	-	4,476,041	-	7,923,125	3.48%	839
2018	-	3,011,071	-	4,933,121	-	7,944,192	3.49%	841
2019	-	3,577,715	-	5,590,073	-	9,167,788	2.72%	931

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

**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>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%	-
<b>2016</b>	-	0.0%	-
<b>2017</b>	-	0.0%	-
<b>2018</b>	-	0.0%	-
<b>2019</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit, 8% of Assessed Value	\$ 54,929,244	\$ 55,979,964	\$ 57,598,418	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804	\$ 60,950,720	\$ 62,508,429	\$ 63,020,109	\$ 65,763,318
Total net debt applicable to limit	11,772,287	10,689,637	9,906,353	9,104,424	9,084,424	8,062,412	8,975,465	7,923,125	3,011,071	3,577,715
Legal debt Margin	\$ 43,156,957	\$ 45,290,327	\$ 47,692,065	\$ 47,912,721	\$ 51,450,094	\$ 51,392,392	\$ 51,975,255	\$ 54,585,304	\$ 60,009,038	\$ 62,185,603
Total net debt applicable to the limit as a percentage of debt limit	21.43%	19.10%	17.20%	15.97%	15.01%	13.56%	14.73%	12.68%	4.78%	5.44%

Assessed Value	\$ 822,041,474
Debt Limit (8% of assessed value)	65,763,318
Debt applicable to limit:	
General Obligation Bonds	-
Installment Notes Payable	<u>3,577,715</u>
Legal Debt Margin	<u>\$ 62,185,603</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, 2019**  
**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	\$ 140,629,296	6.4%	\$ 8,949,269
<b>Subtotal, overlapping debt</b>			<b>\$ 8,949,269</b>
<b>Total direct debt</b>			<b><u>3,577,715</u></b>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 12,526,984</u></u></b>

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**  
**Table 14**

Type of Customer		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Small General Service</b>	Facility Charge	34.50	34.50	34.50	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	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
<b>Medium General Service</b>	Facility Charge	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
<b>Large General Service</b>	Facility Charge	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per 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	\$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	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788
<b>Large General Service Temporary</b>	Facility Charge	0	0	0	34.5	34.5	34.5	34.5	34.5	34.5	34.5
	Rate per kWh first 3,000 kWh	0	0	0	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Rate per kWh over 3,000 kWh	0	0	0	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
<b>Residential Service</b>	Facility Charge	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151
	Rate per kWh over 800 kWh	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074
<b>Outdoor Lighting</b>	70W Sodium Vapor	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
	100W Sodium Vapor	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56
	150W Sodium Vapor	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96
	250W Sodium Vapor	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58
	400W Sodium Vapor	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79
	1000W Sodium Vapor	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94
	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

**Town of Winterville, North Carolina**  
**Water, Sewer and Stormwater Rates**  
(kG=1000 gallons)  
**Last Ten Fiscal Years**  
**Table 15**

Type of Customer			Fiscal Year Ending										
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Water	Monthly Base Rate (3kG)	In	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	
		Out	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 38.04	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	
	Rate per 1kG for next 17 kG	In	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	
		Out	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	
	Rate per 1kG for over 20kG	In	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	
		Out	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	
Sewer	Monthly Base Rate (3kG)	In	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 26.56	\$ 26.83	\$ 26.83	\$ 26.83	\$ 30.83	
		Out	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65	\$ 53.65	\$ 57.65	
	Rate per 1kG for next 17 kG	In	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	
		Out	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	
	Rate per 1kG for over 20kG	In	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	
		Out	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 13.88	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02	
Stormwater	Monthly Base Rate (Rate Per ERU)	In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 4.00	
		In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 4.00	



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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Household income (1)</b>	<b>Per Capita Personal Income (2)</b>	<b>County School Enrollment (3)</b>	<b>County Unemployment Rate Percentage (4)</b>
<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%
<b>2016</b>	9,464	58,801	27,309	23,348	5.5%
<b>2017</b>	9,447	59,135	28,662	23,301	4.5%
<b>2018</b>	9,368	59,135	28,662	23,255	4.9%
<b>2019</b>	9,845	63,976	34,260	23,487	5.2%

- 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, 2019**  
**Table 17**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Roberts Company	539	1	6.05%
Pitt Community College	479	2	5.38%
Pitt County Schools	191	3	2.14%
North Carolina Driving School	174	4	1.95%
Sam's Club	190	5	2.13%
Regional Acceptance Corporation	153	6	1.72%
Chik-fil-A	105	7	1.18%
ONLINE Information Services, Inc.	110	8	1.23%
Town of Winterville	86	9	0.97%
Winterville Machine Works	80	10	0.90%
 Total	 <u>2,107</u>		 <u>23.65%</u>

Source: Staff contact with employers.

Note: Information regarding principal employers nine years ago was not available.

**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>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Central government										
Administration	3	2	1	2	4	5	5	5	5	5
Finance	6	6	6	6	6	6	6	6	6	6.5
Town Clerk	1	0	1	1	1	1	1	1	1	1
Planning	4	3	2	3	1	1	1	1	1	1
Inspections	N/A	N/A	N/A	N/A	2	2	2	2	2	2
Transportation										
Streets and Highways	4.5	3.5	3.5	3.5	6	6	5	4	4	4
Public Safety										
Sworn Officers	20	19	18	18	19	19	19	19	19	19
Civilians	1	1.5	1.5	1	1	1	1	1	1	1
Fire	0	0	0	1	1	1	1	1	1	2
Public Works	4.5	3.5	3.5	3.5	3.5	4	4	4	3	3
Economic and physical development	0	0	0	0	0	0	1	1	1	1
Cultural and recreation	5	5	3	4	4	4	4	4	4	5
Operation Support / IT	3	2	2	2	1	1	0	0	0	0
Electric operations	11	10	8.5	9	10.5	9.5	9	9	10	10.5
Water	5	4	3	4	3	3	3	3	4	4
Sewer	3	3	3	2	2	2	2	2	2	2
Storm Water	0	0	0	0	0	0	0	1	1	2
Information Technology	2	2	2	2	2	2	0	0	0	0
<b>TOTAL</b>	<b>73</b>	<b>64.5</b>	<b>58</b>	<b>62</b>	<b>67</b>	<b>67.5</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>69</b>

Source: Town Human Resource Department

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

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Police</b>										
Physical arrests	223	363	330	333	217	254	269	367	188	453
Traffic Violations	4,761	3,313	4,407	3,959	3,942	2,945	3,707	3,346	2,701	7,513
<b>Fire</b>										
Number of calls answered	512	426	384	380	360	560	600	693	794	1,253
Inspections	N/A	N/A	382	230	N/A	318	520	467	479	446
<b>Building Inspections</b>										
New construction permits	39	29	30	26	101	126	98	89	98	98
<b>Highways and Streets</b>										
Street Resurfacing	1	4	-	8	-	3	8	-	0.25	0.25
Potholes Repaired	57	65	12	75	50	30	50	40	150	150
<b>Sanitation</b>										
Refuse collected (tons/day)	7	10	7	7	6	6	7	8	8	8
Recyclables collected (tons/day)	2	3	2	2	2	2	2	2	2	2
<b>Culture and Recreation</b>										
Athletic field permits issued	47	3	-	-	-	-	-	-	-	-
Community center admissions	52	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Water</b>										
New Connections	23	25	27	11	63	62	75	95	49	59
Water main breaks	2	-	-	-	1	1	1	1	-	-
Average daily consumption (millions of gallons)	601,524	605,429	581,787	545,666	531,679	528,227	540,595	551,661	583,332	574,918
Number of customers	3,753	3,778	3,764	3,775	3,838	3,900	3,975	4,065	4,114	4,173
<b>Wastewater</b>										
New Connections	23	23	23	18	62	80	79	105	55	63
Average daily sewage treatment (millions of gallons)	536,067	538,832	558,949	495,300	489,636	493,172	506,912	506,286	535,603	530,213
Number of customers	3,413	3,436	3,432	3,450	3,512	3,592	3,671	3,766	3,821	3,884

Source: Various departments

Notes: (1) Operating indicators by function for 2007-2009 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	19	19	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)	42.23	42.91	42.24	43.66	43.66	43.92	44.35	45.1	45.45	45.82
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	3	3	3	3	3	3
Parks and Recreation										
Park Acreage	30	30	30	30	30	30	30	30	30	30
Tennis Court	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	5	6	6	6	6	6	6	6	6	6
Soccer/football	3	3	3	3	3	3	3	3	3	3
Community Centers	0	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	59	63.63	63.82	63.82	64	64	64	68	68	71
Fire Hydrants	305	383	384	384	384	395	416	424	427	428
Wastewater										
Sanitary sewers (miles)	55	60.74	61.22	61.22	61.22	61.22	62	63	63	65
Storm water pipe	33.3	33	33.28	33.28	38	38	38	38	38	38

Source: Various Town Departments.

Notes: (1) The Town of Winterville does not treat its own Waste water; it is sent to CMSD which has a capacity of 3.5 million gallons per day.



## **COMPLIANCE SECTION**







Carr, Riggs & Ingram, LLC  
2805 North Park Drive  
Goldsboro, North Carolina 27532

Mailing Address:  
P.O. Box 10588  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Town Council  
Town of 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Winterville, North Carolina's basic financial statements, and have issued our report thereon dated January 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Winterville, North Carolina'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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Winterville, North Carolina's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Winterville, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Carr, Riggs & Ingram, LLC  
Goldsboro, North Carolina  
January 3, 2020



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2019, and the related notes to the financial statements, which collectively comprises the Town of Winterville, North Carolina's basic financial statements, and have issued our report thereon dated January 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Winterville, North Carolina'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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Winterville, North Carolina's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Winterville, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Carr, Riggs & Ingram, LLC  
Goldsboro, North Carolina  
January 3, 2020



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE; IN ACCORDANCE WITH UNIFORM GUIDANCE AND THE STATE SINGLE  
AUDIT IMPLEMENTATION ACT**

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

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

We have audited the Town of Winterville, North Carolina's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Winterville, North Carolina's major state programs for the year ended June 30, 2019. The Town of Winterville, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

In our opinion, the Town of Winterville, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

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

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

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

Town of Winterville, North Carolina  
Page 3

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

*Carr, Riggs & Ingram, LLC*

Carr, Riggs & Ingram, LLC  
Goldsboro, North Carolina  
January 3, 2020

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

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**Section I Summary of Auditors' Results**

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Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	None noted
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Part 200.516(a)	No

Identification of major federal programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds - CWSRF Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



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

State Awards

Internal control over major State programs:

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

Material weakness(es) identified? No

Significant deficiency(s) identified that are not considered to be material weaknesses? None noted

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act No

Identification of major State programs

Name of State Program

Non-State System Street-Aid Allocation (State Street-Aid to Municipalities "Powell Bill")

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**Section II Financial Statement Findings**

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**None Reported**

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**Section III Federal Awards Findings and Questioned Costs**

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**None Reported**

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**Section IV State Awards Findings and Questioned Costs**

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**None Reported**

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

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**Section II Financial Statement Findings**

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**None Reported**

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**Section III Federal Awards Findings and Questioned Costs**

---

**None Reported**

---

**Section IV State Awards Findings and Questioned Costs**

---

**None Reported**

**Town of Winterville, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2019**

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**Section II Financial Statement Findings**

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**None Reported**

---

**Section III Federal Awards Findings and Questioned Costs**

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**None Reported**

---

**Section IV State Awards Findings and Questioned Costs**

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**None Reported**

**Town of Winterville, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2019**

<i>Grantor/Pass-through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>State/Pass-through Grantor's Number</i>	<i>Federal (Direct and Pass- through) Expenditures</i>	<i>State Expenditures</i>
<b>Federal Awards:</b>				
<b>Cash Programs:</b>				
United States Department of Homeland Security Passed through - NC Department of Public Safety Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 52,211	\$ -
United States Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		372,360	-
United States Environmental Protection Agency Passed through - NC Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds - CWSRF Cluster	66.458	CS370879-01	1,523,384	-
United States Environmental Protection Agency Passed through - NC Department of Environmental Quality Capitalization Grants for Drinking Water State Revolving Funds - DWSFR Cluster	66.468		410,207	-
<b>State Awards:</b>				
<b>Cash Assistance:</b>				
NC Department of Transportation: Non-State System Street-Aid Allocation (State Street-Aid to Municipalities "Powell Bill")		38570	-	520,909
NC Department of Commerce: Rural Infrastructure Program			-	84,780
NC Department of Environmental Quality Division of Water Infrastructure Wastewater Asset Inventory and Assessment Grant		H-AIA-D-2017-000000-82-23	-	66,515
Division of Water Resources Water Resources Project Development Grant		536990 4T17	-	129,637
NC Department of Public Safety Division of Emergency Management			-	17,404
			<u>\$ 2,358,162</u>	<u>\$ 819,245</u>

The Town did not provide federal or state funds to sub-recipients for the fiscal year ended June 30, 2019.

**Town of Winterville, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2019**

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Winterville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Winterville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Winterville.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Winterville has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Federal Pass-Through Funds

The Town of Winterville is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

4. Contingencies

Grant monies received and disbursed by the Town of Winterville are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Town of Winterville does not believe that such disallowance, if any, would have a material effect on the financial position of the Town of Winterville.

5. Noncash Assistance

The Town of Winterville did not receive any federal noncash assistance for the fiscal year ended June 30, 2019.

6. Federal Funded Insurance.

The Town of Winterville has no federally funded insurance.

