

TOWN OF WINTERVILLE NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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NORTH CAROLINA**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winterville, North Carolina as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Winterville, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winterville, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009 on our consideration of Town of Winterville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance Schedule of Funding Progress and Schedule of Employees Contributions are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town of Winterville, North Carolina, taken as a whole. The combining and individual major and nonmajor fund financial statements and schedules as well as the additional financial data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
February 6, 2009

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, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

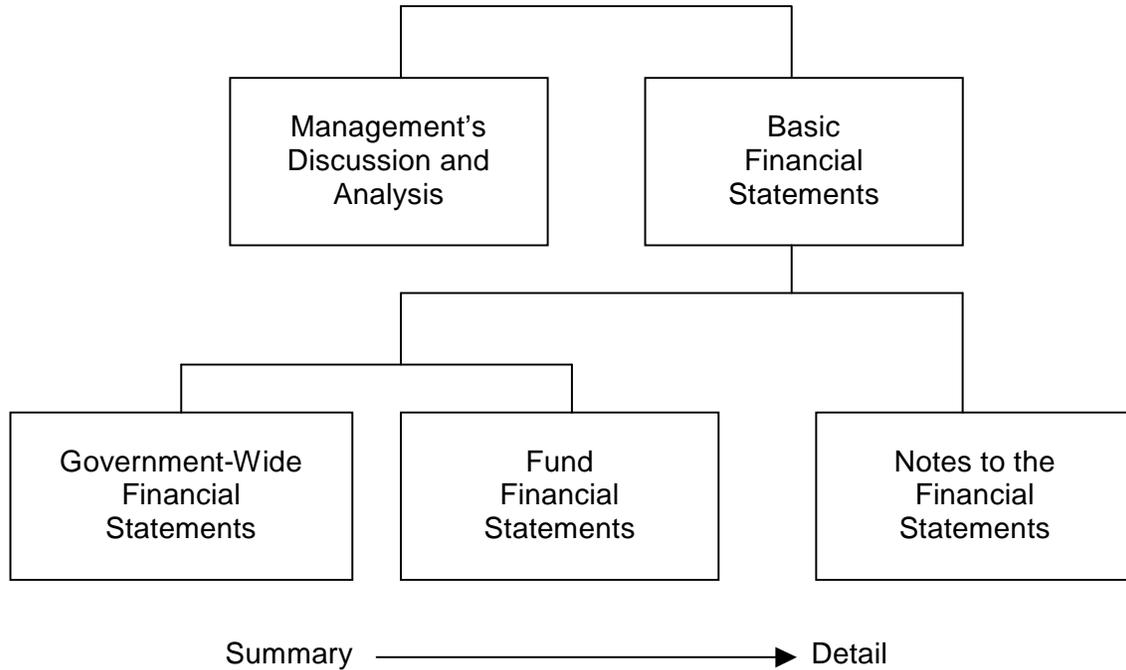
- The assets of the Town of Winterville exceeded its liabilities at the close of the fiscal year by \$32,185,155.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,280,031, an increase of \$2,247,306 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,988,807, or 33.8% percent of total General Fund expenditures for the fiscal year.
- The Town of Winterville's total net debt increased by \$4,055,788 during the current fiscal year. The key factor in this increase was related to the debt associated with the improvements to the Town Hall Operations Center, vehicle replacement and the construction of an electrical substation and associated transfer equipment.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through I) 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 to the Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town of Winterville's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the net assets and how they have changed. Net assets are the difference between the total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

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

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

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

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

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

Proprietary Funds - The Town of Winterville has four different kinds of proprietary funds - the Electric Fund, the Water Fund, the Sewer Fund, and the Stormwater Fund. 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 and electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Winterville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 46 of this report.

Government-Wide Financial Analysis

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

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets 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, transportation, economic development, environmental protection, culture and recreation, and general government administration. Property taxes and State funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric, water, sewer and stormwater services offered by the Town of Winterville.

The government-wide financial statements are on Exhibits A and B of this report.

The Town of Winterville's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 4,396,558	\$ 6,577,762	\$ 4,297,179	\$ 6,375,380	\$ 8,693,737	\$ 12,953,142
Capital assets	<u>22,185,239</u>	<u>22,530,926</u>	<u>6,128,976</u>	<u>7,160,074</u>	<u>28,314,215</u>	<u>29,691,000</u>
Total assets	<u>26,581,797</u>	<u>29,108,688</u>	<u>10,426,155</u>	<u>13,535,454</u>	<u>37,007,952</u>	<u>42,644,142</u>
Long-term liabilities outstanding	4,263,790	5,984,565	1,879,449	4,247,056	6,143,239	10,231,621
Other liabilities	<u>226,438</u>	<u>101,652</u>	<u>246,464</u>	<u>125,714</u>	<u>472,902</u>	<u>227,366</u>
Total liabilities	<u>4,490,228</u>	<u>6,086,217</u>	<u>2,125,913</u>	<u>4,372,770</u>	<u>6,616,141</u>	<u>10,458,987</u>
Net Assets:						
Invested in capital assets, net of related debt	18,486,334	18,883,210	4,307,371	2,981,588	22,793,705	21,864,798
Restricted	118,662	297,722	-	-	118,662	297,722
Unrestricted	<u>3,486,573</u>	<u>3,841,539</u>	<u>3,992,871</u>	<u>6,181,096</u>	<u>7,479,444</u>	<u>10,022,635</u>
Total net assets	<u>\$ 22,091,569</u>	<u>\$ 23,022,471</u>	<u>\$ 8,300,242</u>	<u>\$ 9,162,684</u>	<u>\$ 30,391,811</u>	<u>\$ 32,185,155</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Winterville exceeded liabilities by \$32,185,155 as of June 30, 2008. The Town's net assets increased by \$1,793,344 for the fiscal year ended June 30, 2008. Although the Town of Winterville's 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 assets, which totals \$297,722, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,022,635 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.48% on real property and 87.18% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 97.21%, which is an increase over the previous year's collection percentage of 96.87%.
- Current year property tax collections increased to \$2,513,791, which is up from \$2,353,266 in 2007.
- Property valuation increased by \$34,805,989, which is a 6.06% increase from the prior year. This is directly related to the growth in residential and commercial property located in the Town.
- The Town of Winterville had a tax base of \$574,676,444 as of June 30, 2008.

The Town of Winterville's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 528,511	\$ 596,050	\$ 6,460,663	\$ 7,378,066	\$ 6,989,174	\$ 7,974,116
Operating grants and contributions	353,013	678,839	-	-	353,013	678,839
Capital grants and contribution	1,429,511	753,570	99,794	101,113	-	-
General Revenues:						
Property taxes	2,373,125	2,610,837	-	-	2,373,125	2,610,837
Local option sales tax	1,539,690	1,669,969	-	-	1,539,690	1,669,969
Other taxes and licenses	72,437	33,408	-	-	72,437	33,408
Unrestricted intergovernmental	256,525	267,674	-	-	256,525	267,674
Investment earnings	244,646	103,642	138,178	275,925	382,824	379,567
Total revenues	<u>6,797,458</u>	<u>6,713,989</u>	<u>6,698,635</u>	<u>7,755,104</u>	<u>11,966,788</u>	<u>13,614,410</u>
Expenses:						
General government	920,172	1,773,961	-	-	920,172	1,773,961
Public safety	1,780,041	1,588,821	-	-	1,780,041	1,588,821
Transportation	1,478,672	1,496,651	-	-	1,478,672	1,496,651
Environmental protection	323,910	344,757	-	-	323,910	344,757
Cultural and recreation	891,387	895,246	-	-	891,387	895,246
Economic and physical development	7,071	981	-	-	7,071	981
Interest expense	146,660	161,059	-	-	146,660	161,059
Electric	-	-	4,158,835	4,197,764	4,158,835	4,197,764
Water	-	-	495,483	636,679	495,483	636,679
Sewer	-	-	1,119,390	1,540,475	1,119,390	1,540,475
Stormwater	-	-	21,291	39,355	21,291	39,355
Total expenses	<u>5,547,913</u>	<u>6,261,476</u>	<u>5,794,999</u>	<u>6,414,273</u>	<u>11,342,912</u>	<u>12,675,749</u>
Increase (decrease) in net assets before transfers	1,249,545	452,513	903,636	1,340,831	2,153,181	1,793,344
Transfers	(43,884)	478,389	43,884	(478,389)	-	-
Increase (decrease) in net assets	1,205,661	930,902	947,520	862,442	2,153,181	1,793,344
Net assets, July 1	<u>20,885,908</u>	<u>22,091,569</u>	<u>7,352,722</u>	<u>8,300,242</u>	<u>28,238,630</u>	<u>30,391,811</u>
Net assets, June 30	<u>\$ 22,091,569</u>	<u>\$ 23,022,471</u>	<u>\$ 8,300,242</u>	<u>\$ 9,162,684</u>	<u>\$ 30,391,811</u>	<u>\$ 32,185,155</u>

Governmental Activities: Governmental activities increased the Town's net assets by \$930,902. Key elements of this increase are as follows:

- Increase in property tax revenues
- Increase in other taxes and capital contributions

Business-Type Activities: Business-type activities increased the Town's net assets by \$862,442. Key elements of this increase are as follows:

- Increase in charges for services in all enterprise funds due to the 20% increase in rates.

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. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Winterville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,988,807, while total fund balance reached \$3,614,145. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33.8% of total General Fund expenditures and total fund balance represents 61.4% of total fund expenditures.

As of June 30, 2008, the governmental funds reported a combined fund balance of \$6,280,031, an increase of \$2,247,306 from the prior year.

General Fund Budgetary Highlights: During the fiscal year, the Town of Winterville revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services. The largest budget amendment was for \$2,494,800. This is for a contribution from the general fund to the capital project funds, for the town hall operations center improvements.

Budgeted expenditures rose during the year by \$66,597 to \$6,971,375, which is an increase of 0.96% over the 2007 fiscal year. The revenues in the General Fund rose by \$111,269, which is a 2.01% increase over the 2007 fiscal year. With revenues growing slightly faster than expenditures, the Town of Winterville had revenues in excess of expenditures (before other financing sources (uses) in the amount of \$17,543, an increase of \$405,121 from the 2007 fiscal year. Total operating transfers out to the proprietary funds totaled \$129,000.

Proprietary Funds Budgetary Highlights: The Town of Winterville's proprietary funds also had revisions to the original budget during the fiscal year. Primarily these amendments transferred dollars from the primary enterprise funds to their related capital projects.

The Electric Fund had an increase in sales in the amount of \$325,890. Expenditures in the Electric Fund increased by \$40,757, or 0.98% from the prior year. Revenues exceeded expenditures by \$899,005. Net income of the Electric Fund for 2008 was \$777,011, up from \$563,801 for 2007. This is a net increase of \$213,210.

Water Fund sales increased by \$47,586, a 8.15% increase from the 2007 fiscal year. Revenues in the Water Fund exceeded expenditures by \$8,738. Net income decreased from \$141,140 in 2007 to (\$42,161) in 2008.

Sewer Fund sales increased \$281,894 from last year to generate sales totaling \$1,485,481. Revenues in the Sewer Fund exceeded expenditures by \$49,843. The net income for the Sewer Fund decreased from \$186,132 in 2007 to (\$138,814) in 2008.

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, 2008 totaled \$29,691,000 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions:

- Contributions of streets by subdivision developers
- Improvements to the town hall operations center
- Construction of an electrical substation with related equipment
- Vehicle replacements

There were no major capital assets transactions during the year that resulted in the disposition of assets.

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

Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Land and construction in progress	\$ 2,917,776	\$ 3,463,484	\$ 92,990	\$ 624,980	\$ 3,010,766	\$ 4,088,464
Distribution and treatment systems	-	-	5,760,303	6,285,739	5,760,303	6,285,739
Buildings	3,463,676	3,339,791	27,413	188,676	3,491,089	3,528,467
Infrastructure	14,592,384	14,506,099	-	-	14,592,384	14,506,099
Software	133,872	155,072	-	-	133,872	155,072
Equipment and vehicles	1,077,531	1,066,480	248,270	60,679	1,325,801	1,127,159
Total	<u>\$ 22,185,239</u>	<u>\$ 22,530,926</u>	<u>\$ 6,128,976</u>	<u>\$ 7,160,074</u>	<u>\$ 28,314,215</u>	<u>\$ 29,691,000</u>

Additional information on the capital assets can be found in Note 5.A. and 5.B. of the basic financial statements.

Long-Term Debt. As of June 30, 2008, the Town of Winterville had debt outstanding of \$9,955,487. Of this, \$1,060,000 is debt backed by the full faith and credit of the Town of Winterville. The remainder of the debt represents installment purchase agreements.

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

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
General obligation bonds	\$ -	\$ -	\$ 1,087,000	\$ 1,060,000	\$ 1,087,000	\$ 1,060,000
Other long-term obligations	4,078,094	5,777,001	734,605	3,118,486	4,812,699	8,895,487
Total	<u>\$ 4,078,094</u>	<u>\$ 5,777,001</u>	<u>\$ 1,821,605</u>	<u>\$ 4,178,486</u>	<u>\$ 5,899,699</u>	<u>\$ 9,955,487</u>

The Town of Winterville's total debt increased by \$4,055,788 (68.85%) during the past fiscal year, primarily due to issuance of debt associated with improvements to the Town Hall and a substation and electric transfer equipment.

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 \$36,018,629.

Additional information regarding the Town of Winterville's long-term debt can be found in Note 10.A., 10.B. and 10.C. beginning on page 40 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The tax levy for the Town of Winterville increased 21.5% from 2007 to 2008 as a result of the county's property revaluation.
- The population growth has decreased from an average rate of 10% per year to a growth rate of 4%.
- The total number of utility customers has increased by an estimated 46 customers that figure is down from 176 customers for the previous year.
- The utilities saw a combined increase in revenues from sales in the amount of \$650,337.
- Next year's budget will increase for several reasons:
 - There will be a 20% increase in electrical power due to increased power cost. Power cost under the new contract with Progress Energy is affected by the cost of fuel. That cost is passed on to the Town. Under the old contract the Town had a fixed cost on fuel. The Town is continuing the construction of the \$10.7 million capital improvement program. As well as, the increased cost of supplies and materials.
 - Public Works rehabilitation and improvements: Sewer system upgrades, Water distribution system upgrade, Storm water system improvements and expansion continue.
 - The Sewer Fund contribution to CMSD (Contentnea Metropolitan Sewer District) continues to increase as a result of capital needs at the CMSD plant. This generated a need for a 20% increase in rates.
 - The Water Fund will have to reduce the amount of water drawn from Town owned wells and will have to purchase an estimated 607,000 gallons of water per day from Greenville Utilities Commission. This is a tremendous increase in the cost of water that the Town will supply to its customers.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities – The annual budget for the General Fund is \$8,531,952 for the 2008-2009 fiscal year. The taxable property value increased from \$539,870,445 to \$622,999,697. The tax rate will remain at 45 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$321,861. There is an appropriation to purchase a new fire truck in the amount of \$370,000.

Business-Type Activities - The 2008-2009 Electric Fund budget will have an increase in the amount of \$1,882,892. The total budget for the 2008-2009 fiscal year is \$9,438,775. The purchase of power from Progress Energy is budgeted in the amount of \$4,291,871. Also, the Electric Department will include an appropriation of \$367,257 for services provided by General Fund and \$2,984,124 to continue the implementation of the first phase of the \$10.7 million capital improvement plan.

The Water Fund has a budget of \$1,087,652 that is up from the 2007-2008 budget, which was \$1,008,172 a difference of \$79,480. The Water Fund is balanced with an appropriation of \$124,000 from fund balance. The Town also budgeted \$58,000 for upgrading Town facilities.

The Sewer Fund budget of \$2,460,202 is balanced with a 20% rate increase. There is a \$384,000 appropriation from retained earnings in the 2008-2009 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$659,662 for CMSD operating and debt service expenses and \$592,500 for system upgrades. The total budget increased from \$2,215,552 to \$2,460,202, a difference of \$244,650.

The 2008-2009 Storm water budget will have a decrease in the amount of \$ 12,458. The total budget for the 2008-2009 fiscal year is \$290,058. Appropriations include \$154,908 for system improvements and expansion and \$135,150 for operations, water management requirements and community stormwater education.

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, or by phone at (252) 756-2221 ext. 208, and by email at abowers@wintervillenc.com.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2008

Assets:	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 3,570,737	\$ 5,340,448	\$ 8,911,185
Taxes receivable, net	91,446	-	91,446
Accounts receivable, net	-	1,026,555	1,026,555
Street assessments receivable	52,407	-	52,407
Other receivables	56,398	-	56,398
Due from other governments	597,017	-	597,017
Prepaid insurance	24,608	8,377	32,985
Cash and cash equivalents, restricted	2,185,149	-	2,185,149
Total current assets	<u>6,577,762</u>	<u>6,375,380</u>	<u>12,953,142</u>
Noncurrent Assets:			
Capital Assets:			
Non-depreciable capital assets	3,463,484	624,980	4,088,464
Depreciable capital assets, net	<u>19,067,442</u>	<u>6,535,094</u>	<u>25,602,536</u>
Total noncurrent assets	<u>22,530,926</u>	<u>7,160,074</u>	<u>29,691,000</u>
Total assets	<u>29,108,688</u>	<u>13,535,454</u>	<u>42,644,142</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	101,652	37,972	139,624
Customer and contractor deposits	-	87,742	87,742
Long-Term Liabilities:			
Due within one year	750,142	331,483	1,081,625
Due in more than one year	<u>5,234,423</u>	<u>3,915,573</u>	<u>9,149,996</u>
Total liabilities	<u>6,086,217</u>	<u>4,372,770</u>	<u>10,458,987</u>
Net Assets:			
Invested in capital assets, net of related debt	18,883,210	2,981,588	21,864,798
Restricted For:			
Street improvements	297,722	-	297,722
Unrestricted	<u>3,841,539</u>	<u>6,181,096</u>	<u>10,022,635</u>
Total net assets	<u>\$ 23,022,471</u>	<u>\$ 9,162,684</u>	<u>\$ 32,185,155</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 1,773,961	\$ 72,162	\$ 120,372	\$ -
Public safety	1,588,821	-	86,905	-
Transportation	1,496,651	-	340,213	753,570
Environmental protection	344,757	364,709	-	-
Cultural and recreation	895,246	159,179	-	-
Economic and physical development	981	-	131,349	-
Interest expense	161,059	-	-	-
Total governmental activities	<u>\$ 6,261,476</u>	<u>\$ 596,050</u>	<u>\$ 678,839</u>	<u>\$ 753,570</u>
Business-Type Activities:				
Electric	4,197,764	5,088,797	-	-
Water	636,679	643,967	-	-
Sewer	1,540,475	1,485,481	-	101,113
Stormwater	39,355	159,821	-	-
Total business-type activities	<u>\$ 6,414,273</u>	<u>\$ 7,378,066</u>	<u>\$ -</u>	<u>\$ 101,113</u>

General Revenues:

Property taxes
Local option sales tax
Other taxes and licenses
Unrestricted intergovernmental
Investment earnings
Transfers to/from other funds
Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,581,427)	\$ -	\$ (1,581,427)
(1,501,916)	-	(1,501,916)
(402,868)	-	(402,868)
19,952	-	19,952
(736,067)	-	(736,067)
130,368	-	130,368
(161,059)	-	(161,059)
<u>(4,233,017)</u>	<u>-</u>	<u>(4,233,017)</u>
-	891,033	891,033
-	7,288	7,288
-	46,119	46,119
<u>-</u>	<u>120,466</u>	<u>120,466</u>
<u>-</u>	<u>1,064,906</u>	<u>1,064,906</u>
2,610,837	-	2,610,837
1,669,969	-	1,669,969
33,408	-	33,408
267,674	-	267,674
103,642	275,925	379,567
478,389	(478,389)	-
<u>5,163,919</u>	<u>(202,464)</u>	<u>4,961,455</u>
930,902	862,442	1,793,344
<u>22,091,569</u>	<u>8,300,242</u>	<u>30,391,811</u>
<u>\$ 23,022,471</u>	<u>\$ 9,162,684</u>	<u>\$ 32,185,155</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 3,002,203	\$ 568,534	\$ 3,570,737
Taxes receivable, net	91,446	-	91,446
Street assessments receivable, net	52,407	-	52,407
Other receivables	56,398	-	56,398
Due from other governments	597,017	-	597,017
Due from other funds	31,933	-	31,933
Prepaid items	24,608	-	24,608
Cash, restricted	55,864	2,129,285	2,185,149
Total assets	<u>\$ 3,911,876</u>	<u>\$ 2,697,819</u>	<u>\$ 6,609,695</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 101,652	\$ -	\$ 101,652
Due to other funds	-	31,933	31,933
Deferred revenues	196,079	-	196,079
Total liabilities	<u>297,731</u>	<u>31,933</u>	<u>329,664</u>
Fund Balances:			
Reserved for prepaid items	24,608	-	24,608
Reserved for Powell Bill	297,722	-	297,722
Reserved for encumbrances	669,886	-	669,886
Reserved by state statute	633,122	-	633,122
Unreserved, Reported In:			
General Fund	1,988,807	-	1,988,807
Special Revenue Funds	-	4,448	4,448
Capital Projects Fund	-	2,661,438	2,661,438
Total fund balances	<u>3,614,145</u>	<u>2,665,886</u>	<u>6,280,031</u>
Total liabilities and fund balances	<u>\$ 3,911,876</u>	<u>\$ 2,697,819</u>	
Reconciliation of Fund Balances to Net Assets:			
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.			22,530,926
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.			196,079
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.			<u>(5,984,565)</u>
Net assets of governmental activities, per Exhibit A			<u>\$ 23,022,471</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 2,585,436	\$ -	\$ 2,585,436
Other taxes and licenses	1,703,377	-	1,703,377
Unrestricted intergovernmental revenues	267,674	-	267,674
Restricted intergovernmental revenues	371,097	-	371,097
Permits and fees	8,308	-	8,308
Sales and services	587,743	-	587,743
Investment earnings	103,642	-	103,642
Miscellaneous	274,456	-	274,456
Total revenues	<u>5,901,733</u>	<u>-</u>	<u>5,901,733</u>
Expenditures:			
Current:			
General government	1,557,171	448,888	2,006,059
Public safety	1,541,222	-	1,541,222
Transportation	706,317	-	706,317
Environmental protection	344,757	-	344,757
Cultural and recreation	899,676	27,987	927,663
Economic and physical development	-	981	981
Debt Service:			
Principal retirement	524,203	-	524,203
Interest and fees	166,629	-	166,629
Capital outlay	144,215	-	144,215
Total expenditures	<u>5,884,190</u>	<u>477,856</u>	<u>6,362,046</u>
Revenues over (under) expenditures	<u>17,543</u>	<u>(477,856)</u>	<u>(460,313)</u>
Other Financing Sources (Uses):			
Long-term debt issued	2,229,230	-	2,229,230
Transfers - in	607,389	2,612,800	3,220,189
Transfers - out	(2,741,800)	-	(2,741,800)
Total other financing sources (uses)	<u>94,819</u>	<u>2,612,800</u>	<u>2,707,619</u>
Net change in fund balances	112,362	2,134,944	2,247,306
Fund balances, beginning	<u>3,501,783</u>	<u>530,942</u>	<u>4,032,725</u>
Fund balances, ending	<u>\$ 3,614,145</u>	<u>\$ 2,665,886</u>	<u>\$ 6,280,031</u>

The accompanying notes are an integral part of the 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 YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,247,306
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenues are recognized when collected or are expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	25,401
Sales and services	33,285
Capital outlays are reported as expenditures in the governmental fund statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	740,421
Capital assets contributed to the Town are reported as capital contributions in the statement of activities. However, contributions are not current economic resources and are excluded from the funds.	753,570
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,148,305)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	529,773
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(2,228,680)
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>(21,869)</u>
Changes in net assets of governmental activities	<u>\$ 930,902</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Over/(Under)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 2,451,300	\$ 2,521,300	\$ 2,585,436	\$ 64,136
Other taxes and licenses	1,498,250	1,498,250	1,703,377	205,127
Unrestricted intergovernmental revenues	279,900	279,900	267,674	(12,226)
Restricted intergovernmental revenues	306,076	320,376	371,097	50,721
Permits and fees	12,000	12,000	8,308	(3,692)
Sales and services	600,234	600,234	587,743	(12,491)
Investment earnings	157,802	157,802	103,642	(54,160)
Miscellaneous	242,311	258,359	274,456	16,097
Total revenues	<u>5,547,873</u>	<u>5,648,221</u>	<u>5,901,733</u>	<u>253,512</u>
Expenditures:				
General government	1,960,985	1,882,172	1,557,171	325,001
Public safety	1,533,095	1,589,363	1,541,222	48,141
Transportation	872,300	913,363	706,317	207,046
Environmental protection	368,100	375,100	344,757	30,343
Cultural and recreation	779,046	1,155,871	899,676	256,195
Vehicle replacement	368,160	234,177	144,215	89,962
Debt service	687,346	821,329	690,832	130,497
Total expenditures	<u>6,569,032</u>	<u>6,971,375</u>	<u>5,884,190</u>	<u>1,087,185</u>
Revenues over (under) expenditures	<u>(1,021,159)</u>	<u>(1,323,154)</u>	<u>17,543</u>	<u>1,340,697</u>
Other Financing Sources (Uses):				
Lease purchase debt issued	263,500	2,228,300	2,229,230	930
Appropriated fund balance	394,770	1,248,765	-	(1,248,765)
Transfers - in	607,389	607,389	607,389	-
Transfers - out	(244,500)	(2,761,300)	(2,741,800)	19,500
Total other financing sources (uses)	<u>1,021,159</u>	<u>1,323,154</u>	<u>94,819</u>	<u>(1,228,335)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>112,362</u>	<u>\$ 112,362</u>
Fund Balance:				
Beginning, July 1			<u>3,501,783</u>	
End of year, June 30			<u>\$ 3,614,145</u>	

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
JUNE 30, 2008

Assets:	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Current Assets:					
Cash and investments	\$ 3,391,767	\$ 938,460	\$ 736,247	\$ 273,974	\$ 5,340,448
Accounts receivable, net	642,803	100,833	261,377	21,542	1,026,555
Prepaid items	5,269	1,755	1,353	-	8,377
Total current assets	<u>4,039,839</u>	<u>1,041,048</u>	<u>998,977</u>	<u>295,516</u>	<u>6,375,380</u>
Capital Assets:					
Non-depreciable capital assets	616,980	8,000	-	-	624,980
Depreciable capital assets, net	<u>3,383,942</u>	<u>1,004,702</u>	<u>2,023,345</u>	<u>123,105</u>	<u>6,535,094</u>
Total capital assets	<u>4,000,922</u>	<u>1,012,702</u>	<u>2,023,345</u>	<u>123,105</u>	<u>7,160,074</u>
Total assets	<u>8,040,761</u>	<u>2,053,750</u>	<u>3,022,322</u>	<u>418,621</u>	<u>13,535,454</u>
Liabilities:					
Current Liabilities:					
Accounts payable and accrued liabilities	12,279	6,293	2,839	16,561	37,972
Customer and contractor deposits	72,617	6,230	8,895	-	87,742
Current portion of long-term obligations	<u>190,958</u>	<u>13,400</u>	<u>127,125</u>	<u>-</u>	<u>331,483</u>
Total current liabilities	<u>275,854</u>	<u>25,923</u>	<u>138,859</u>	<u>16,561</u>	<u>457,197</u>
Noncurrent portion of long-term obligations	<u>2,571,240</u>	<u>39,032</u>	<u>1,305,301</u>	<u>-</u>	<u>3,915,573</u>
Total liabilities	<u>2,847,094</u>	<u>64,955</u>	<u>1,444,160</u>	<u>16,561</u>	<u>4,372,770</u>
Net Assets:					
Invested in capital assets, net of related debt	1,282,320	974,702	601,461	123,105	2,981,588
Unrestricted	<u>3,911,347</u>	<u>1,014,093</u>	<u>976,701</u>	<u>278,955</u>	<u>6,181,096</u>
Total net assets	<u>\$ 5,193,667</u>	<u>\$ 1,988,795</u>	<u>\$ 1,578,162</u>	<u>\$ 402,060</u>	<u>\$ 9,162,684</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 4,848,196	\$ 631,420	\$ 1,485,481	\$ 159,821	\$ 7,124,918
Other operating revenues	240,601	12,547	-	-	253,148
Total operating revenues	<u>5,088,797</u>	<u>643,967</u>	<u>1,485,481</u>	<u>159,821</u>	<u>7,378,066</u>
Operating Expenses:					
Operations	1,290,063	554,898	-	37,691	1,882,652
Electrical power purchases	2,701,097	-	-	-	2,701,097
Waste collection and treatment	-	-	1,286,837	-	1,286,837
Depreciation	198,632	80,331	148,801	1,664	429,428
Total operating expenses	<u>4,189,792</u>	<u>635,229</u>	<u>1,435,638</u>	<u>39,355</u>	<u>6,300,014</u>
Operating income	<u>899,005</u>	<u>8,738</u>	<u>49,843</u>	<u>120,466</u>	<u>1,078,052</u>
Nonoperating Revenues (Expenses):					
Restricted intergovernmental	-	-	101,113	-	101,113
Investment earnings	151,300	72,802	34,883	16,940	275,925
Interest expense	(7,972)	(1,450)	(104,837)	-	(114,259)
Total nonoperating expenses	<u>143,328</u>	<u>71,352</u>	<u>31,159</u>	<u>16,940</u>	<u>262,779</u>
Income before transfers	<u>1,042,333</u>	<u>80,090</u>	<u>81,002</u>	<u>137,406</u>	<u>1,340,831</u>
Transfers:					
Transfers - in	91,000	81,650	-	129,000	301,650
Transfers - out	<u>(356,322)</u>	<u>(203,901)</u>	<u>(219,816)</u>	<u>-</u>	<u>(780,039)</u>
Change in net assets	777,011	(42,161)	(138,814)	266,406	862,442
Net assets - beginning	<u>4,416,656</u>	<u>2,030,956</u>	<u>1,716,976</u>	<u>135,654</u>	<u>8,300,242</u>
Net assets - ending	<u>\$ 5,193,667</u>	<u>\$ 1,988,795</u>	<u>\$ 1,578,162</u>	<u>\$ 402,060</u>	<u>\$ 9,162,684</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:					
Cash received from customers	\$ 5,115,789	\$ 652,886	\$ 1,429,597	\$ 153,318	\$ 7,351,590
Cash paid for goods and services	(3,437,405)	(335,818)	(1,156,698)	(26,347)	(4,956,268)
Cash paid to employees	(614,143)	(236,618)	(162,403)	-	(1,013,164)
Net cash provided (used) by operating activities	<u>1,064,241</u>	<u>80,450</u>	<u>110,496</u>	<u>126,971</u>	<u>1,382,158</u>
Cash Flows From Noncapital Financing Activities:					
Restricted intergovernmental revenues	-	-	101,113	-	101,113
Operating transfers - in	91,000	81,650	-	129,000	301,650
Operating transfers - out	(356,322)	(203,901)	(219,816)	-	(780,039)
Net cash provided (used) by noncapital financing activities	<u>(265,322)</u>	<u>(122,251)</u>	<u>(118,703)</u>	<u>129,000</u>	<u>(377,276)</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from debt	2,544,859	-	-	-	2,544,859
Principal payments on long-term debt	(54,042)	(12,000)	(121,935)	-	(187,977)
Interest paid on debt	(7,972)	(1,450)	(104,837)	-	(114,259)
Acquisition and construction of capital assets	(1,244,768)	(125,732)	(31,129)	(58,897)	(1,460,526)
Net cash provided (used) by capital and related financing activities	<u>1,238,077</u>	<u>(139,182)</u>	<u>(257,901)</u>	<u>(58,897)</u>	<u>782,097</u>
Cash Flows From Investing Activities:					
Interest on investments	151,300	72,802	34,883	16,940	275,925
Net increase (decrease) in cash and cash equivalents	2,188,296	(108,181)	(231,225)	214,014	2,062,904
Cash and cash equivalents, beginning	<u>1,203,471</u>	<u>1,046,641</u>	<u>967,472</u>	<u>59,960</u>	<u>3,277,544</u>
Cash and cash equivalents, ending	<u>\$ 3,391,767</u>	<u>\$ 938,460</u>	<u>\$ 736,247</u>	<u>\$ 273,974</u>	<u>\$ 5,340,448</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income	\$ 899,005	\$ 8,738	\$ 49,843	\$ 120,466	\$ 1,078,052
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	198,632	80,331	148,801	1,664	429,428
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	43,202	8,439	(56,499)	(6,503)	(11,361)
(Increase) decrease in prepaid items	(3,514)	(402)	(21)	-	(3,937)
Increase (decrease) in accounts payable	(57,921)	(19,352)	(39,706)	11,344	(105,635)
Increase (decrease) in customer deposits	(16,210)	480	615	-	(15,115)
Increase in accrued vacation pay	1,047	2,216	7,463	-	10,726
Total adjustments	<u>165,236</u>	<u>71,712</u>	<u>60,653</u>	<u>6,505</u>	<u>304,106</u>
Net cash provided (used) by operating activities	<u>\$ 1,064,241</u>	<u>\$ 80,450</u>	<u>\$ 110,496</u>	<u>\$ 126,971</u>	<u>\$ 1,382,158</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 Board of Aldermen.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 non-major governmental funds:

Home Housing Program Fund - The Home Housing Program Fund is used to account for grant funds that are restricted for a particular purpose.

General Capital Improvements Fund – The General Capital Improvements Fund is used to account for funds accumulated for capital projects and acquisition of capital outlays within the general government.

Recreation Capital Project Fund – The Recreation Capital Project Fund is used to account for funds accumulated for capital projects and acquisition of capital outlays within the recreation department.

Building Improvements Project Fund – The Building Improvements Project Fund is used to account for funds accumulated for the expansion and improvement of the Town Hall building.

The Town reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Winterville. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Pitt County from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the special revenue funds and the capital projects funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by state law [G. S. 159-31]. The Town may designate as an official depository any bank or savings and loan 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), a SEC-registered (2a-7) money market mutual fund.

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

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 are essentially demand deposits and are considered cash and cash equivalents.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

For purposes of the Statement of Cash Flows, the Town considers all deposits and investments with an original maturity date of three months or less, which are not limited as to use, to be cash equivalents.

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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

Restricted Assets

The portion of cash and cash equivalents required to be held in reserve due to loan covenants on USDA debt is shown as restricted cash.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than a certain amount and an estimated useful life in excess of two years.

Minimum capitalization costs are as follows:

	<u>Cost</u>
Land	\$ 100
Buildings, improvements, lines and plant and distribution systems	20,000
Vehicles, furniture and equipment	5,000
Infrastructure	20,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Governmental activities capital assets are depreciated using the straight-line method over their estimated useful lives:

	<u>Useful Life</u>
Buildings	25 years
Equipment	5-10 years
Vehicles	7 years
Infrastructure	25 years

Enterprise capital assets are recorded at original cost at the time of acquisition. Capital assets donated to the enterprise funds are recorded at the estimated fair market value at the date of donation. Plant assets of the Town are depreciated on a composite straight-line basis for the entire plant, regardless of year of acquisition, at a 2% to 4% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets of the Town are depreciated on a class life basis at the following rates:

	<u>Useful Life</u>
Electric Fund:	
Distribution system	4%
Building	35 to 40 years
Equipment	8 to 10 years
Vehicles	7 years
Water and Sewer Funds:	
Water system	3%
Sewer system	2%
Equipment	8 to 10 years
Vehicles	3 to 7 years

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Compensated Absences

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

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Assets/Fund Balances

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

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G. S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

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

Reserved for streets - Powell Bill – The portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Reserved for encumbrances – The portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year end.

Reserved by State statute – The portion of fund balance which is not available for appropriation under State law [G. S. 159-8(a)]. State law restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

Unreserved:

Undesignated – The portion of total fund balance available for appropriation that is uncommitted at year-end.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Use of Estimates:

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

2. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2008, the expenditures exceeded the authorized appropriations made by the Board of Aldermen as follows:

General Fund:	
Police	\$ 3,082
Recreation Capital Project Fund:	\$ 9,933
Sewer Fund:	\$ 45,523

B. Deficit Fund Balance of Individual Funds

The following fund had deficit fund balances at June 30, 2008:

Recreation Capital Projects Fund	\$ 31,933
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The deficit is due to a timing difference. Deficit will be eliminated by future revenues.

3. Deposits and Investments

A. Deposits

All of the Town's deposits are either insured or collateralized by using one of two options. 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 amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Town does not have a policy regarding custodial credit risk for deposits.

At June 30, 2008, the Town's deposits had a carrying amount of \$8,928,195 and a bank balance of \$9,259,727. Of the bank balance, \$460,455 was covered by federal depository insurance and \$8,467,740 was covered by collateral held under the Pooling Method.

B. Investments

At June 30, 2008, the Town had \$2,168,139 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

4. Receivables - Allowance for Doubtful Accounts

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Street Assessments</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:						
General	\$ -	\$ 118,221	\$ 597,017	\$ 52,407	\$ 56,398	\$ 824,043
Allowance for doubtful accounts	-	(26,775)	-	-	-	(26,775)
Total governmental activities	<u>\$ -</u>	<u>\$ 91,446</u>	<u>\$ 597,017</u>	<u>\$ 52,407</u>	<u>\$ 56,398</u>	<u>\$ 797,268</u>
Business-Type Activities:						
Water	\$ 119,452	\$ -	\$ -	\$ -	\$ -	\$ 119,452
Sewer	296,546	-	-	-	-	296,546
Electric	795,890	-	-	-	-	795,890
Stormwater	21,542	-	-	-	-	21,542
Allowance for doubtful accounts	(206,875)	-	-	-	-	(206,875)
Total business-type activities	<u>\$ 1,026,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,026,555</u>

Due from other governments consists of the following:

Local option sales tax	\$ 453,667
Sales tax receivable	138,082
Other	5,268
	<u>\$ 597,017</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

5. Capital Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Accumulated Depreciation</u>
Nondepreciable Capital Assets:					
Land	\$ 2,652,022	\$ 180,193	\$ 265,754	\$ 3,097,969	\$ -
Construction in progress	-	365,515	-	365,515	-
Total capital assets not being depreciated	<u>2,652,022</u>	<u>545,708</u>	<u>265,754</u>	<u>3,463,484</u>	<u>-</u>
Depreciable Capital Assets:					
Buildings	4,263,655	20,639	96,990	4,381,284	1,041,493
Infrastructure	19,433,372	675,715	(272,253)	19,836,834	5,330,735
Equipment	380,565	92,939	731,608	1,205,112	420,830
Software	148,837	39,083	-	187,920	32,847
Vehicles	<u>1,698,021</u>	<u>119,907</u>	<u>(822,098)</u>	<u>995,830</u>	<u>713,633</u>
Total depreciable capital assets	<u>25,924,450</u>	<u>\$ 948,283</u>	<u>\$ (265,753)</u>	<u>26,606,980</u>	<u>\$ 7,539,538</u>
Less accumulated depreciation	<u>6,391,233</u>			<u>7,539,538</u>	
Depreciable capital assets, net	<u>19,533,217</u>			<u>19,067,442</u>	
 Total capital assets, net	 <u>\$ 22,185,239</u>			 <u>\$ 22,530,926</u>	

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

General government	\$ 234,361
Public safety	105,335
Transportation	771,184
Cultural and recreation	<u>37,424</u>
Total	<u>\$ 1,148,304</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Enterprise Funds

Electric Fund capital asset activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>June 30, 2008</u>	<u>Accumulated Depreciation</u>
Nondepreciable Capital Assets:						
Land	\$ 84,990	\$ 61,023	\$ -	\$ -	\$ 146,013	
Construction in progress	<u>-</u>	<u>470,967</u>	<u>-</u>	<u>-</u>	<u>470,967</u>	
Capital assets not being depreciated	<u>84,990</u>	<u>531,990</u>	<u>-</u>	<u>-</u>	<u>616,980</u>	
Depreciable Capital Assets:						
Distribution system	3,266,253	688,197	-	1	3,954,451	\$ 792,945
Building	313,416	24,581	-	(85,896)	252,101	63,425
Equipment	606,909	-	-	-	606,909	581,671
Vehicles	<u>227,520</u>	<u>-</u>	<u>-</u>	<u>85,896</u>	<u>313,416</u>	<u>304,894</u>
Total depreciable capital assets	<u>4,414,098</u>	<u>712,778</u>	<u>-</u>	<u>1</u>	<u>5,126,877</u>	<u>\$ 1,742,935</u>
Less accumulated depreciation	<u>1,544,302</u>	<u>\$ 198,632</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>1,742,935</u>	
Depreciable capital assets, net	<u>2,869,796</u>				<u>3,383,942</u>	
Capital assets, net	<u>\$ 2,954,786</u>				<u>\$ 4,000,922</u>	

Water Fund capital asset activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Accumulated Depreciation</u>
Nondepreciable Capital Assets:					
Land	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>	
Depreciable Capital Assets:					
Water system, water well, tank, and distribution system	2,021,883	125,732	-	2,147,615	\$ 1,144,038
Equipment and vehicles	<u>186,441</u>	<u>-</u>	<u>-</u>	<u>186,441</u>	<u>185,317</u>
Total depreciable capital assets	<u>2,208,324</u>	<u>125,732</u>	<u>-</u>	<u>2,334,056</u>	<u>\$ 1,329,355</u>
Less accumulated depreciation	<u>1,249,023</u>	<u>\$ 80,331</u>	<u>\$ -</u>	<u>1,329,354</u>	
Total depreciable capital assets, net	<u>959,301</u>			<u>1,004,702</u>	
Capital assets, net	<u>\$ 967,301</u>			<u>\$ 1,012,702</u>	

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Sewer Fund capital asset activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Accumulated Depreciation</u>
Nondepreciable Capital Assets:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	
Depreciable Capital Assets:					
Equipment and vehicles	131,736	-	-	131,736	\$ 105,942
Sewer system	2,737,554	31,129	-	2,768,683	801,422
Sewer treatment facility	233,000	-	-	233,000	202,710
Total depreciable capital assets	<u>3,102,290</u>	<u>31,129</u>	<u>-</u>	<u>3,133,419</u>	<u>\$ 1,110,074</u>
Less accumulated depreciation	<u>961,273</u>	<u>\$ 148,801</u>	<u>\$ -</u>	<u>1,110,074</u>	
Total depreciable capital assets, net	<u>2,141,017</u>			<u>2,023,345</u>	
Capital assets, net	<u>\$ 2,141,017</u>			<u>\$ 2,023,345</u>	

Stormwater Fund capital asset activity for the year ended June 30, 2008 was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Accumulated Depreciation</u>
Depreciable Capital Assets:					
Distribution	\$ 66,403	\$ 58,897	\$ -	\$ 125,300	\$ 2,195
Total depreciable capital assets	<u>66,403</u>	<u>58,897</u>	<u>-</u>	<u>125,300</u>	<u>\$ 2,195</u>
Less accumulated depreciation	<u>531</u>	<u>\$ 1,664</u>	<u>\$ -</u>	<u>2,195</u>	
Total depreciable capital assets, net	<u>\$ 65,872</u>			<u>\$ 123,105</u>	

6. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

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

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.95% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Winterville are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2008, 2007 and 2006 were \$173,590, \$108,447, and \$84,931, respectively. The contributions made by the Town equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>22</u>
Total	<u>22</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$	11,919
Interest on net pension obligation		3,226
Adjustment to annual required contribution		<u>(2,734)</u>
Annual pension cost		12,411
Contributions made		<u>-</u>
Increase in net pension obligation		12,411
Net pension obligation, beginning of year		<u>44,496</u>
Net pension obligation, end of year	\$	<u><u>56,907</u></u>

Three-Year Trend Information

<u>Year Ended</u> <u>June 30</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2006	\$ 8,604	0.00%	\$ 34,253
2007	10,243	0.00%	44,496
2008	12,411	0.00%	56,907

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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.

Fund Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008 were \$40,051.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2008 were \$131,571.

D. Other Post-Employment Benefits

According to a Town resolution, the Town provides postretirement health care benefits to retirees of the Town provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the Town. The Town pays the full cost of coverage for these benefits. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. Currently, three retirees are eligible for postretirement health benefits. For the year ended June 30, 2008, the Town made payments for postretirement health benefit premiums of \$19,903. The Town obtains health care coverage through private insurers.

E. Other Employee Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death. Payments to beneficiaries must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment amount and the other benefit amount. The Town considers these contributions to be immaterial.

7. Payables

Payables at the government-wide level at June 30, 2008 were as follows:

Governmental Activities:	<u>Total</u>
Vendors	\$ 59,843
Accrued salaries	26,974
Other taxes and benefits	<u>14,835</u>
Total governmental activities	<u>\$ 101,652</u>

Business-Type Activities:	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 78,176	\$ 9,473	\$ 9,677	\$ 16,561	\$ 113,887
Accrued salaries	5,160	2,318	1,545	-	9,023
Other taxes and benefits	<u>1,560</u>	<u>732</u>	<u>512</u>	-	<u>2,804</u>
Total business-type activities	<u>\$ 84,896</u>	<u>\$ 12,523</u>	<u>\$ 11,734</u>	<u>\$ 16,561</u>	<u>\$ 125,714</u>

8. Deferred/Unearned Revenues

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

	<u>Deferred</u>	<u>Unearned</u>
	<u>Revenues</u>	<u>Revenues</u>
Taxes receivable, net	\$ 91,446	\$ -
Street and special assessments, net	52,407	-
Other receivables	<u>52,226</u>	-
Total	<u>\$ 196,079</u>	<u>\$ -</u>

9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$3 million per occurrence and property coverage up to the total insurance value of the property policy.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 and tax collector are each individually bonded for \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

10. Long-Term Obligations

A. Governmental Activities

Notes Payables

2.65% note, payable in annual installments of \$88,633, including interest; final payment due November 2009; secured by vehicles and equipment	\$ 86,345
4.65% note, payable in annual installments of \$139,634, including interest; final payment due June 2034; secured by real estate	2,142,602
3.34% note, payable in annual installments of \$60,632, including interest; final payment due October 2010; secured by vehicles and equipment	170,143
3.50% note, payable in principal annual installments of \$160,960 plus interest; final payment due December 2010; secured by real estate	482,880
3.64% note, payable in annual installments of \$100,507, including interest; final payment due July 2012; secured by vehicles and equipment	367,946
3.64% note, payable in annual installments of \$68,487, including interest; final payment due July 2012; secured by vehicles and equipment	250,724
2.90% note, payable in annual installments of \$38,974, including interest; final payment due June 2013; secured by vehicles and equipment	179,000
3.62% note, payable in annual installments of \$136,645 plus interest; final payment due June 2023; secured by real estate	2,049,680
3.70% note, payable in annual installments of \$49,445, including interest; final payment due October 2008; secured by software	<u>47,681</u>
Total notes payable	<u>\$ 5,777,001</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Annual maturities for notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 712,478	\$ 222,538	\$ 935,016
2010	588,853	197,505	786,358
2011	599,379	176,400	775,779
2012	388,698	154,907	543,605
2013	228,990	140,675	369,665
2014-2018	993,474	585,785	1,579,259
2019-2023	1,067,545	388,050	1,455,595
2024-2028	476,073	222,097	698,170
2029-2033	589,733	108,437	698,170
2034-2038	131,778	5,765	137,543
Total	<u>\$ 5,777,001</u>	<u>\$ 2,202,159</u>	<u>\$ 7,979,160</u>

B. Business-Type Activities

General Obligation Bonds - Enterprise Funds

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

Water:

\$220,000 1975 Water serial bonds due in annual installments of \$5,000 to \$12,000 plus interest at 5.00%; final installment due June 2012 \$ 38,000

Sewer:

\$1,113,000 June 2000 Sanitary Sewer bonds due in annual installments of \$11,500 to \$46,000 plus interest at 4.75% to 5.00%, final installment due June 2040 1,022,000

Total general obligation bonds \$ 1,060,000

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 27,500	\$ 51,723	\$ 79,223
2010	28,000	50,367	78,367
2011	29,000	48,987	77,987
2012	20,000	47,558	67,558
2013	19,000	46,581	65,581
2014-2018	108,000	188,083	296,083
2019-2023	132,500	189,662	322,162
2024-2028	169,000	153,904	322,904
2029-2033	205,000	109,103	314,103
2034-2038	230,000	56,063	286,063
2039-2044	92,000	7,027	99,027
Total	<u>\$ 1,060,000</u>	<u>\$ 949,058</u>	<u>\$ 2,009,058</u>

Notes Payable - Enterprise Funds

Electric

3.50% note, payable in annual installments of \$62,015, including interest; final payment due December 2010; secured by real estate \$ 173,743

3.62% note, payable in annual installments of \$222,487 including interest; final payment due June 2023; secured by equipment. 2,544,859

Sewer

3.64% note, payable in annual installments of \$58,481, including interest; final payment due July 2012; secured by equipment 214,092

3.29% note, payable in annual installments of \$66,050, including interest; final payment due September 2010; secured by equipment 185,792

Total notes payable \$ 3,118,486

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Annual debt service requirements to maturity on notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 297,283	\$ 112,111	\$ 409,394
2010	307,789	101,604	409,393
2011	318,668	90,725	409,393
2012	201,866	79,461	281,327
2013	150,705	72,142	222,847
2014-2018	839,417	274,820	1,114,237
2019-2023	1,002,758	111,480	1,114,238
Total	<u>\$ 3,118,486</u>	<u>\$ 842,343</u>	<u>\$ 3,960,829</u>

C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable	\$ 4,078,094	\$ 2,228,680	\$ 529,773	\$ 5,777,001	\$ 712,478
Compensated absences	141,200	91,720	82,263	150,657	37,664
Net pension obligation	44,496	15,145	2,734	56,907	-
Total governmental activities	<u>\$ 4,263,790</u>	<u>\$ 2,335,545</u>	<u>\$ 614,770</u>	<u>\$ 5,984,565</u>	<u>\$ 750,142</u>
Business-Type Activities:					
Notes payable	\$ 734,605	\$ 2,544,859	\$ 160,978	\$ 3,118,486	\$ 297,283
Bonds payable	1,087,000	-	27,000	1,060,000	27,500
Compensated absences	57,843	45,815	35,088	68,570	6,700
Total business-type activities	<u>\$ 1,879,448</u>	<u>\$ 2,590,674</u>	<u>\$ 223,066</u>	<u>\$ 4,247,056</u>	<u>\$ 331,483</u>

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

The Town's legal debt margin at June 30, 2008 was \$36,018,629.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

11. 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, 2008 amounted to \$693,228.

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 \$1,198 to the Commission during the fiscal year ended June 30, 2008.

12. 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 monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2008, 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, 2008. 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.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

13. Interfund Balances and Transfers

Transfers:

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 12,500	\$ -	
Housing Program	-	12,500	Reimbursements among funds for operations
Sewer Fund	45,500	-	
Water Fund	45,500	-	
Electric Fund	-	91,000	Reimbursements among enterprise funds for capital activities/operations
Sewer Fund	81,650	-	
Water Fund	-	81,650	Reimbursements among enterprise funds for operations
General Fund	129,000	-	
Stormwater Fund	-	129,000	Reimbursements among funds for operations, capital
Electric Fund	356,322	-	
Water Fund	158,401	-	
Sewer Fund	92,666	-	
General Fund	-	607,389	Reimbursements among funds for operations
General Fund	2,600,300	-	To finance capital projects
Capital Projects Funds	-	2,512,800	
Sewer Fund Capital Project	-	87,500	
	<u>\$ 3,521,839</u>	<u>\$ 3,521,839</u>	

Interfund Balances:

Interfund balances of \$31,933 between the General Fund and nonmajor governmental funds are amounts related to cash overages in the nonmajor governmental funds and will be eliminated with future revenues.

TOWN OF WINTERVILLE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)
12/31/00	\$ -	\$ 21,791	\$ 21,791	0.00%	\$ 287,671	7.57%
12/31/01	-	26,963	26,963	0.00%	360,979	7.47%
12/31/02	-	26,152	26,152	0.00%	333,353	7.85%
12/31/03	-	33,929	33,929	0.00%	385,007	8.81%
12/31/04	-	38,688	38,688	0.00%	431,302	8.97%
12/31/05	-	52,623	52,623	0.00%	548,109	9.60%
12/31/06	-	65,425	65,425	0.00%	639,784	10.23%
12/31/07	-	102,020	102,020	0.00%	796,882	12.80%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Annual Percentage Contributed
2003	\$ 5,700	0.0%
2004	5,875	0.0%
2005	8,217	0.0%
2006	9,777	0.0%
2007	10,243	0.0%
2008	11,919	0.0%

Notes to the Required Schedules

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

Valuation date	December 31, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return *	7.25%
Projected salary increases *	4.5% - 12.3%
* Includes inflation at	3.75%
Cost of living adjustments	N/A

TOWN OF WINTERVILLE, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008			2007
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 2,517,300	\$ 2,576,874	\$ 59,574	\$ 2,364,856
Penalties and interest	4,000	8,562	4,562	5,726
Total	<u>2,521,300</u>	<u>2,585,436</u>	<u>64,136</u>	<u>2,370,582</u>
Other Taxes and Licenses:				
Local option sales tax	1,483,000	1,669,969	186,969	1,539,690
Privilege license	12,100	16,877	4,777	19,305
Special assessments	3,150	16,531	13,381	53,132
Total	<u>1,498,250</u>	<u>1,703,377</u>	<u>205,127</u>	<u>1,612,127</u>
Unrestricted Intergovernmental Revenues:				
Beer and wine	28,300	37,736	9,436	34,787
Payments in lieu of taxes	3,400	2,263	(1,137)	3,427
Franchise tax	248,200	227,675	(20,525)	218,311
Total	<u>279,900</u>	<u>267,674</u>	<u>(12,226)</u>	<u>256,525</u>
Restricted Intergovernmental Revenues:				
State street aid allocation	280,100	280,083	(17)	237,121
Tree grant	-	4,116	4,116	-
DOT grant	40,276	60,130	19,854	7,541
Recreation Grants	-	26,768	26,768	-
Total	<u>320,376</u>	<u>371,097</u>	<u>50,721</u>	<u>244,662</u>
Permits and Fees:				
Subdivision recreation fees	4,000	3,736	(264)	7,625
Planning and zoning	8,000	4,572	(3,428)	2,920
Total	<u>12,000</u>	<u>8,308</u>	<u>(3,692)</u>	<u>10,545</u>
Sales and Services:				
Solid waste fees	391,704	364,709	(26,995)	355,810
Community building rent	5,300	5,950	650	4,775
Utility service charges	71,500	61,641	(9,859)	3,024
Recreation	131,730	155,443	23,713	180,410
Total	<u>600,234</u>	<u>587,743</u>	<u>(12,491)</u>	<u>544,019</u>
Investment earnings	<u>157,802</u>	<u>103,642</u>	<u>(54,160)</u>	<u>244,646</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008			2007
	Budget	Actual	Variance Over/(Under)	Actual
Miscellaneous:				
Cemetery plots	26,500	27,150	650	40,250
Rural fire association reimbursement	80,361	86,905	6,544	71,925
Miscellaneous	151,498	160,401	8,903	50,753
Total	258,359	274,456	16,097	162,928
Total revenues	5,648,221	5,901,733	253,512	5,446,034
Expenditures:				
General Government:				
Governing Body:				
Fees paid governing board	42,245	40,634	1,611	42,027
Operating expenditures	54,650	50,916	3,734	9,895
Total	96,895	91,550	5,345	51,922
Administration:				
Salaries and employee benefits	640,634	549,967	90,667	449,486
Operating expenditures	909,363	738,333	171,030	657,394
Total	1,549,997	1,288,300	261,697	1,106,880
Planning:				
Salaries and employee benefits	185,130	148,249	36,881	124,635
Operating expenditures	50,150	29,072	21,078	37,124
Total	235,280	177,321	57,959	161,759
Total general government	1,882,172	1,557,171	325,001	1,320,561
Public Safety:				
Police:				
Salaries and employee benefits	1,058,342	1,064,754	(6,412)	920,417
Operating expenditures	209,298	212,726	(3,428)	141,555
Capital outlay	47,900	41,142	6,758	88,280
Total	1,315,540	1,318,622	(3,082)	1,150,252
Animal Control:				
Salaries and employee benefits	5,452	5,619	(167)	5,701
Operating expenditures	26,100	24,206	1,894	9,040
Capital outlay	1,700	219	1,481	2,128
Total	33,252	30,044	3,208	16,869

TOWN OF WINTERVILLE, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008		2007	
	Budget	Actual	Variance Over/(Under)	Actual
Fire:				
Salaries and employee benefits	88,229	65,852	22,377	39,005
Operating expenditures	125,000	104,999	20,001	102,028
Capital outlay	27,342	21,704	5,638	346,158
Total	240,571	192,555	48,016	487,191
Rescue Squad:				
Salaries and employee benefits	-	1	(1)	7,925
Total	-	1	(1)	7,925
Total public safety	1,589,363	1,541,222	48,141	1,662,237
Transportation:				
Salaries and employee benefits	438,463	423,868	14,595	456,382
Operating expenditures	192,800	172,605	20,195	146,311
Street construction	2,000	-	2,000	10,769
Powell Bill	280,100	109,844	170,256	114,376
Total	913,363	706,317	207,046	727,838
Environmental Protection:				
Sanitation:				
Operating expenditures	375,100	344,757	30,343	323,910
Total	375,100	344,757	30,343	323,910
Cultural and Recreation:				
Parks and Recreation:				
Salaries and employee benefits	203,546	192,823	10,723	172,458
Operating expenditures	453,300	245,820	207,480	216,356
Capital outlay	62,500	38,681	23,819	219,617
Total	719,346	477,324	242,022	608,431
Community Building:				
Operating expenditures	436,525	422,352	14,173	221,550
Total	436,525	422,352	14,173	221,550
Total cultural and recreation	1,155,871	899,676	256,195	829,981

TOWN OF WINTERVILLE, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008			2007
	Budget	Actual	Variance Over/(Under)	Actual
Vehicle Replacement:				
Operating expenses	56,177	-	56,177	20,309
Capital outlay	178,000	144,215	33,785	421,304
Total	234,177	144,215	89,962	441,613
Debt Service:				
Principal	530,677	524,203	6,474	478,324
Interest	290,652	166,629	124,023	49,148
Total	821,329	690,832	130,497	527,472
Total expenditures	6,971,375	5,884,190	1,087,185	5,833,612
Revenues over (under) expenditures	<u>(1,323,154)</u>	<u>17,543</u>	<u>1,340,697</u>	<u>(387,578)</u>
Other Financing Sources (Uses):				
Lease purchase debt issued	2,228,300	2,229,230	930	760,000
Transfers in - Enterprise Funds	607,389	607,389	-	1,116
Transfers out - Special Revenue Fund	(12,500)	(12,500)	-	1,624
Transfers out - Capital Projects Fund	(2,619,800)	(2,600,300)	19,500	(69,500)
Transfers out - Enterprise Funds	(129,000)	(129,000)	-	(45,000)
Appropriated fund balance	1,248,765	-	(1,248,765)	-
Total other financing sources (uses)	1,323,154	94,819	(1,228,335)	648,240
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>112,362</u>	<u>\$ 112,362</u>	<u>260,662</u>
Fund Balance:				
Beginning, July 1		3,501,783		3,241,121
End of year, June 30		<u>\$ 3,614,145</u>		<u>\$ 3,501,783</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue	Capital Project Funds			Total
	Fund	General	Recreation	Building	
	Home Housing	Capital	Capital	Improvements	
	Program	Improvements	Project	Project	
	Fund				
Assets:					
Cash and cash equivalents	\$ 4,448	\$ 564,086	\$ -	\$ -	\$ 568,534
Cash, restricted	-	-	-	2,129,285	2,129,285
Total assets	<u>\$ 4,448</u>	<u>\$ 564,086</u>	<u>\$ -</u>	<u>\$ 2,129,285</u>	<u>\$ 2,697,819</u>
Liabilities and Fund Balances:					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 31,933	\$ -	\$ 31,933
Total liabilities	<u>-</u>	<u>-</u>	<u>31,933</u>	<u>-</u>	<u>31,933</u>
Fund Balances:					
Unreserved	<u>4,448</u>	<u>564,086</u>	<u>(31,933)</u>	<u>2,129,285</u>	<u>2,665,886</u>
Total liabilities and fund balances	<u>\$ 4,448</u>	<u>\$ 564,086</u>	<u>\$ -</u>	<u>\$ 2,129,285</u>	<u>\$ 2,697,819</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue	Capital Project Funds			Total
	Fund	General	Recreation	Building	
	Home Housing	Capital	Capital	Improvements	
	Program	Improvements	Project	Project	
	Fund				
Expenditures:					
Current:					
Economic and physical development	\$ 981	\$ -	\$ -	\$ -	\$ 981
General government	-	83,373	-	365,515	448,888
Culture and recreation	-	-	27,987	-	27,987
Total expenditures	<u>981</u>	<u>83,373</u>	<u>27,987</u>	<u>365,515</u>	<u>477,856</u>
Revenues over (under) expenditures	<u>(981)</u>	<u>(83,373)</u>	<u>(27,987)</u>	<u>(365,515)</u>	<u>(477,856)</u>
Other Financing Sources (Uses):					
Transfers in/(out) General Fund	<u>12,500</u>	<u>87,500</u>	<u>18,000</u>	<u>2,494,800</u>	<u>2,612,800</u>
Total other financing sources (uses)	<u>12,500</u>	<u>87,500</u>	<u>18,000</u>	<u>2,494,800</u>	<u>2,612,800</u>
Revenues and other financing sources over (under) expenditures and other financing uses	11,519	4,127	(9,987)	2,129,285	2,134,944
Fund Balances:					
Beginning of year, July 1	<u>(7,071)</u>	<u>559,959</u>	<u>(21,946)</u>	<u>-</u>	<u>530,942</u>
End of year, June 30	<u>\$ 4,448</u>	<u>\$ 564,086</u>	<u>\$ (31,933)</u>	<u>\$ 2,129,285</u>	<u>\$ 2,665,886</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 HOME HOUSING PROGRAM
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental Revenues:				
Miscellaneous revenue	\$ 8,609	\$ -	\$ -	\$ -
Total revenues	<u>8,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Administration	-	7,071	981	8,052
Economic and physical development	<u>21,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>21,109</u>	<u>7,071</u>	<u>981</u>	<u>8,052</u>
Revenues over (under) expenditures	<u>\$ (12,500)</u>	<u>\$ (7,071)</u>	<u>\$ (981)</u>	<u>\$ (8,052)</u>
Other Financing Sources (Uses):				
Transfers In:				
From General Fund	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (7,071)</u>	<u>\$ 11,519</u>	<u>\$ 4,448</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL CAPITAL IMPROVEMENTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted Intergovernmental:				
Investment earnings	\$ -	\$ 21,875	\$ -	\$ 21,875
Total revenues	-	21,875	-	21,875
Expenditures:				
Capital Outlay:				
General government	324,300	87,839	83,373	171,212
Public safety	507,500	103,245	-	103,245
Culture and recreation	56,000	60,123	-	60,123
Public works	27,000	23,128	-	23,128
Total capital outlay	914,800	274,335	83,373	357,708
Revenues over (under) expenditures	<u>(914,800)</u>	<u>(252,460)</u>	<u>(83,373)</u>	<u>(335,833)</u>
Other Financing Sources (Uses):				
Long-term debt issued	804,800	804,800	-	804,800
Transfers in - General Fund	110,000	22,500	87,500	110,000
Transfers out - General Fund	-	(14,881)	-	(14,881)
Total other financing sources (uses)	914,800	812,419	87,500	899,919
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 559,959</u>	<u>\$ 4,127</u>	<u>\$ 564,086</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
RECREATION CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital Outlay:				
Culture and recreation	\$ 137,000	\$ 118,946	\$ 27,987	\$ 146,933
Total capital outlay	<u>137,000</u>	<u>118,946</u>	<u>27,987</u>	<u>146,933</u>
Other Financing Sources (Uses):				
Transfers in - General Fund	<u>137,000</u>	<u>97,000</u>	<u>18,000</u>	<u>115,000</u>
Total other financing sources (uses)	<u>137,000</u>	<u>97,000</u>	<u>18,000</u>	<u>115,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (21,946)</u>	<u>\$ (9,987)</u>	<u>\$ (31,933)</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
BUILDING IMPROVEMENTS CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital Outlay:				
Building improvements	\$ 2,494,800	\$ -	\$ 365,515	\$ 365,515
Total capital outlay	<u>2,494,800</u>	<u>-</u>	<u>365,515</u>	<u>365,515</u>
Other Financing Sources (Uses):				
Transfers in - General Fund	\$ 2,494,800	-	\$ 2,494,800	2,494,800
Total other financing sources (uses)	<u>2,494,800</u>	<u>-</u>	<u>2,494,800</u>	<u>2,494,800</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,129,285</u>	<u>\$ 2,129,285</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

ENTERPRISE FUNDS - ELECTRIC FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2008
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Sale of electricity	\$ 5,089,785	\$ 4,848,196	\$ (241,589)	\$ 4,522,306
Connection fees	46,000	17,275	(28,725)	35,065
Service charges	-	-	-	57,460
Miscellaneous revenue	53,780	223,326	169,546	30,331
Total operating revenues	5,189,565	5,088,797	(100,768)	4,645,162
Nonoperating Income:				
Investment earnings	54,700	151,300	96,600	47,336
Total revenues	5,244,265	5,240,097	(4,168)	4,692,498
Expenditures:				
Electrical power purchases	3,214,500	2,701,097	513,403	2,849,417
Salaries	684,500	615,190	69,310	615,784
Supplies	215,400	142,566	72,834	246,430
Contracted services	105,500	74,779	30,721	29,065
Other departmental expenses	239,250	222,382	16,868	202,906
Capital outlay	287,000	235,146	51,854	96,959
Principal retirement	54,042	54,042	-	52,215
Interest	7,970	7,972	(2)	9,800
Total expenditures	4,808,162	4,053,174	754,988	4,102,576
Revenues over (under) expenditures	<u>436,103</u>	<u>1,186,923</u>	<u>750,820</u>	<u>589,922</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	2,544,859	2,544,859	-
Appropriated fund balance	3,106,418	-	(3,106,418)	-
Transfers in - Water Fund	45,500	45,500	-	163,608
Transfers in - Sewer Fund	45,500	45,500	-	47,250
Transfers out - General Fund	(356,321)	(356,322)	(1)	-
Transfers out - Sewer Fund	-	-	-	(180,720)
Intrafund transfers out - Enterprise capital projects	(3,277,200)	(3,337,359)	(60,159)	(499,242)
Total other financing sources (uses)	(436,103)	(1,057,822)	(621,719)	(469,104)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>129,101</u>	<u>\$ 129,101</u>	<u>\$ 120,818</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Long-term debt issued		(2,544,859)		
Enterprise fund capital project activity-transfer to Electric CPF		3,337,359		
Principal retirement		54,042		
Depreciation		(198,632)		
Net income		<u>\$ 777,011</u>		

TOWN OF WINTERVILLE, NORTH CAROLINA

ELECTRIC CAPITAL PROJECTS FUND 66
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay	\$ 168,753	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Intrafund transfers in - Electric Fund	168,753	19,343	-	19,343
Total other financing sources (uses)	168,753	19,343	-	19,343
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 19,343	\$ -	\$ 19,343

TOWN OF WINTERVILLE, NORTH CAROLINA

ELECTRIC CAPITAL PROJECTS FUND 42
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay	\$ 4,577,700	\$ 331,733	\$ 1,244,768	\$ 1,576,501
Other Financing Sources (Uses):				
Intrafund transfers in - Electric Fund	<u>4,577,700</u>	<u>337,000</u>	<u>3,337,359</u>	<u>3,674,359</u>
Total other financing sources (uses)	<u>4,577,700</u>	<u>337,000</u>	<u>3,337,359</u>	<u>3,337,359</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,267</u>	<u>\$ 2,092,591</u>	<u>\$ 1,760,858</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

ENTERPRISE FUNDS - WATER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2008
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Water sales	\$ 668,400	\$ 631,420	\$ (36,980)	\$ 583,834
Other operating revenues	-	12,547	12,547	-
Total operating revenues	668,400	643,967	(24,433)	583,834
Nonoperating Revenues:				
Investment earnings	48,800	72,802	24,002	47,276
Total revenues	717,200	716,769	(431)	631,110
Expenditures:				
Operating Expenses:				
Salaries	225,620	238,834	(13,214)	206,417
Supplies	41,500	44,116	(2,616)	23,127
Other departmental expenses	314,400	237,320	77,080	152,040
Capital outlay	37,100	34,628	2,472	11,989
Principal retirement	11,000	12,000	(1,000)	10,000
Interest	2,450	1,450	1,000	4,000
Total operating expenses	632,070	568,348	63,722	407,573
Revenues over expenditures	85,130	148,421	63,291	223,537
Other Financing Sources (Uses):				
Transfers in - Sewer Fund	81,650	81,650	-	52,763
Transfers out - General Fund	(158,401)	(158,401)	-	-
Transfers out - Electric Fund	(45,500)	(45,500)	-	(47,250)
Intrafund transfers in - Water Capital Projects Fund	-	-	-	40,830
Intrafund transfers out - Water Capital Projects Fund	(131,000)	(131,000)	-	(51,087)
Appropriated fund balance	168,121	-	168,121	-
Total other financing sources (uses)	(85,130)	(253,251)	168,121	(4,744)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(104,830)	\$ (104,830)	\$ 218,793
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Intrafund transfers to enterprise fund capital project		131,000		
Principal retirement and interest adjustment		12,000		
Depreciation		(80,331)		
Net income (loss)		\$ (42,161)		

TOWN OF WINTERVILLE, NORTH CAROLINA

WATER CAPITAL PROJECTS FUND 43
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay	\$ 151,000	\$ 48,855	\$ 125,732	\$ 174,587
Other Financing Sources (Uses):				
Intrafund transfers in - Water Fund	151,000	20,000	131,000	151,000
Total other financing sources (uses)	151,000	20,000	131,000	151,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (28,855)	\$ 5,268	\$ (23,587)

TOWN OF WINTERVILLE, NORTH CAROLINA

ENTERPRISE FUNDS - SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2008
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Sewer charges	\$ 1,414,718	\$ 1,485,481	\$ 70,763	\$ 1,203,587
Nonoperating Revenues:				
Investment earnings	34,000	34,883	883	37,792
Restricted intergovernmental	35,000	101,113	66,113	99,794
Total revenues	<u>1,483,718</u>	<u>1,621,477</u>	<u>137,759</u>	<u>1,341,173</u>
Expenditures:				
Salaries	162,900	169,866	(6,966)	140,079
Supplies	49,000	36,668	12,332	40,442
Other departmental expenses	988,900	1,051,748	(62,848)	746,237
Capital outlay	33,500	28,555	4,945	6,398
Principal retirement	170,912	121,936	48,976	70,180
Interest	62,875	104,837	(41,962)	58,535
Total expenditures	<u>1,468,087</u>	<u>1,513,610</u>	<u>(45,523)</u>	<u>1,061,871</u>
Revenues over (under) expenditures	<u>15,631</u>	<u>107,867</u>	<u>92,236</u>	<u>279,302</u>
Other Financing Sources (Uses):				
Transfers in - Electric Fund	-	-	-	180,720
Transfers out - General Fund	(92,666)	(92,666)	-	-
Transfers out - Water Fund	(81,653)	(81,650)	3	(52,763)
Transfers out - Electric Fund	(45,500)	(45,500)	-	(163,608)
Transfers- Sewer Capital Project Fund	(64,200)	(64,200)	-	(392,126)
Long-term debt issued	-	-	-	263,000
Appropriated fund balance	268,388	-	(268,388)	-
Total other financing sources (uses)	<u>(15,631)</u>	<u>(284,016)</u>	<u>(268,385)</u>	<u>(164,777)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(176,149)</u>	<u>\$ (176,149)</u>	<u>\$ 114,525</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Intrafund transfers to enterprise fund capital project		64,200		
Principal retirement		121,936		
Depreciation		<u>(148,801)</u>		
Net income (loss)		<u>\$ (138,814)</u>		

TOWN OF WINTERVILLE, NORTH CAROLINA

SEWER CAPITAL PROJECTS FUND 68
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay	\$ 184,463	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in - Water Fund	\$ 184,463	\$ 184,463	\$ -	\$ 184,463
Total other financing sources (uses)	<u>184,463</u>	<u>184,463</u>	<u>-</u>	<u>184,463</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 184,463</u>	<u>\$ -</u>	<u>\$ 184,463</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

SEWER CAPITAL PROJECTS FUND 44
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay	\$ 144,200	\$ 124,091	\$ 31,129	\$ 155,220
Other Financing Sources (Uses):				
Interfund transfers in - General Fund	144,200	80,000	64,200	144,200
Total other financing sources (uses)	<u>144,200</u>	<u>80,000</u>	<u>64,200</u>	<u>144,200</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (44,091)</u>	<u>\$ 33,071</u>	<u>\$ (11,020)</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

ENTERPRISE FUNDS - STORMWATER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2008
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Stormwater charges	\$ 285,658	\$ 159,821	\$ (125,837)	\$ 28,080
Nonoperating Revenues:				
Investment earnings	4,400	16,940	12,540	5,774
Total revenues	290,058	176,761	(113,297)	33,854
Expenditures:				
Current:				
Other departmental expenses	148,758	37,691	111,067	20,760
Total expenditures	148,758	37,691	111,067	20,760
Revenues over (under) expenditures	141,300	139,070	(2,230)	13,094
Other Financing Sources (Uses):				
Transfers in - General Fund	-	129,000	129,000	45,000
Transfers out - General Fund	-	-	-	(1,116)
Intrafund transfers out - ECPF	(162,000)	(162,000)	-	-
Appropriated fund balance	20,700	-	(20,700)	-
Total other financing sources (uses)	(141,300)	(33,000)	108,300	43,884
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	106,070	\$ 106,070	\$ 56,978
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Intrafund transfers to enterprise fund capital project		162,000		
Depreciation		(1,664)		
		\$ 266,406		

TOWN OF WINTERVILLE, NORTH CAROLINA

STORMWATER FUND CAPITAL PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Operating revenues	\$ 170,378	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	332,378	66,403	58,897	125,300
Revenues over (under) expenditures	<u>(162,000)</u>	<u>(66,403)</u>	<u>(58,897)</u>	<u>(125,300)</u>
Other Financing Sources (Uses):				
Transfer from Stormwater Fund	162,000	-	162,000	162,000
Total other financing sources (uses)	<u>162,000</u>	<u>-</u>	<u>162,000</u>	<u>162,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (66,403)</u>	<u>\$ 103,103</u>	<u>\$ 36,700</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2008

Fiscal Year	Uncollected Balance July 1, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-08	\$ -	\$ 2,586,044	\$ 2,513,791	\$ 72,253
2006-07	76,151	-	57,498	18,653
2005-06	12,990	-	6,769	6,221
2004-05	5,337	-	1,591	3,746
2003-04	3,218	-	485	2,733
2002-03	4,272	-	328	3,944
2001-02	2,419	-	138	2,281
2000-01	2,101	-	56	2,045
1999-00	297	991	92	1,196
1998-99	1,853	3,804	508	5,149
1997-98	3,804	-	3,804	-
	<u>\$ 112,442</u>	<u>\$ 2,590,839</u>	<u>\$ 2,585,060</u>	118,221
Less allowance for uncollectible accounts - General Fund				(26,775)
Ad valorem taxes receivable				<u>\$ 91,446</u>
Taxes - Ad valorem - General Fund				2,585,436
Reconciliation With Revenues:				
Amounts written off per statute of limitations				3,804
Miscellaneous discounts and adjustments				4,382
Interest and penalties collected				(8,562)
Total collections and credits				<u>\$ 2,585,060</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY, TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2008

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 569,444,889	\$ 0.45	\$ 2,562,502	\$ 2,285,744	\$ 276,758
Discoveries:					
Current year taxes	<u>7,468,222</u>		<u>33,607</u>	<u>10,826</u>	<u>22,781</u>
Abatements:					
Current year taxes	<u>2,236,667</u>		<u>10,065</u>	<u>2,899</u>	<u>7,166</u>
Total property valuation	<u>\$ 574,676,444</u>				
Net levy			2,586,044	2,293,671	292,373
Uncollected taxes at June 30, 2008			<u>72,253</u>	<u>34,770</u>	<u>37,483</u>
Current year's taxes collected			<u>\$ 2,513,791</u>	<u>\$ 2,258,901</u>	<u>\$ 254,890</u>
Current levy collection percentage			<u>97.21%</u>	<u>98.48%</u>	<u>87.18%</u>