

**TOWN OF WINTERVILLE
NORTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

**MARTIN  STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

**TOWN OF WINTERVILLE, NORTH CAROLINA
 BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-2
	Management Discussion and Analysis	3-13
	Basic Financial Statements:	
	Government-wide Financial Statements:	
A	Statement of Net Assets	14
B	Statement of Activities	15-16
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	17
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
F	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
G	Statement of Net Assets - Proprietary Funds	21
H	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	22
I	Statement of Cash Flows - Proprietary Funds	23
	Notes to the Financial Statements	24-50
	Required Supplementary Information:	
A-1	Law Enforcement Officers' Special Separation Allowance	51
A-2	Other Post-Employment Benefits - Retiree Health Care	52

**TOWN OF WINTERVILLE, NORTH CAROLINA
 BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Supplementary Information:	
	General Fund:	
A-3	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	53-56
	Special Revenue Funds:	
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	57
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
B-3	Home Housing Program Schedule of Revenues and Expenditures - Budget and Actual	59
	Capital Projects Funds:	
	Nonmajor Governmental Funds:	
C-1	General Capital Improvements Fund Schedule of Revenues and Expenditures - Budget and Actual	60
C-2	Recreation Capital Project Fund Schedule of Revenues and Expenditures - Budget and Actual	61
C-3	Building Improvements Capital Project Fund Schedule of Revenues and Expenditures - Budget and Actual	62
	Proprietary Fund Types:	
	Enterprise Funds:	
D-1	Electric Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	63
D-2	Water Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	64

TOWN OF WINTERVILLE, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
D-3	Sewer Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	65
D-4	Stormwater Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	66
Additional Financial Data:		
E-1	Schedule of Ad Valorem Taxes Receivable	67
E-2	Analysis of Current Tax Levy - Town-Wide Levy	68

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 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, Law Enforcement Officer's Special Separation Allowance Schedule of Funding Progress and Schedule of Employees Contributions, and Other Post Employment Benefits – Health Care Schedule of Funding Progress and Schedule of Employees Contributions are not required parts of the basic financial statements but are 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, schedule of ad valorem taxes receivable and the analysis of current year tax levy are presented or 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.
October 27, 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, 2009. 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

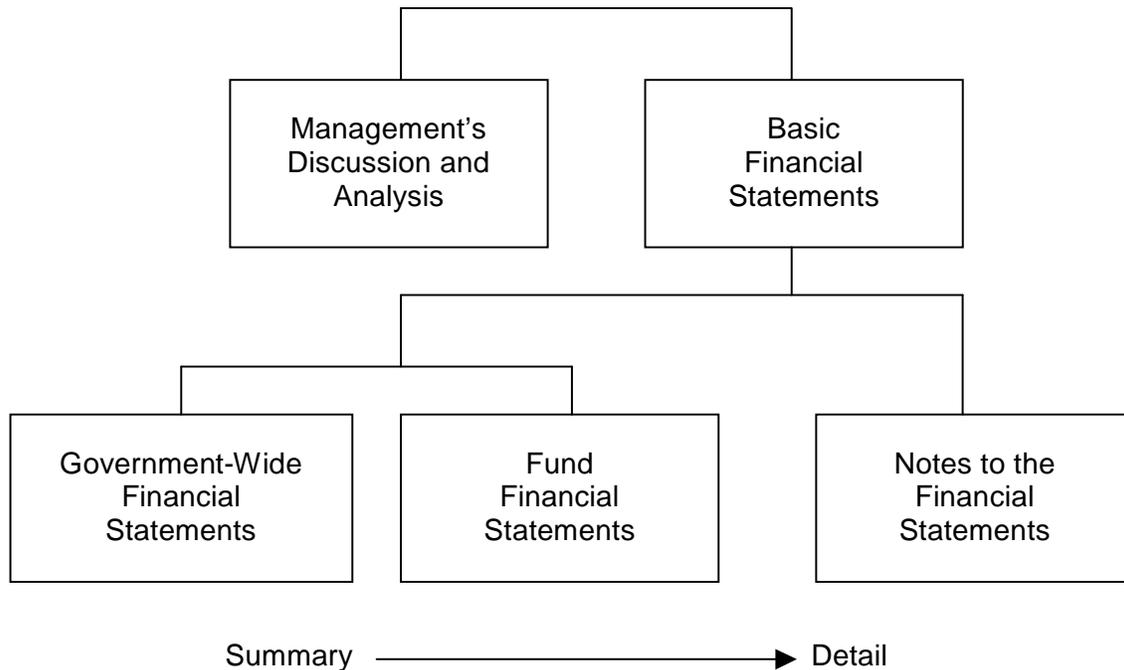
- The assets of the Town of Winterville exceeded its liabilities at the close of the fiscal year by \$32,276,473.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,351,804, an decrease of \$2,928,227 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,459,018, or 19.9% percent of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Winterville's total net debt decreased by \$805,507 during the current fiscal year. The key factor in this decrease was related to the minimal addition of new debt for replacement vehicles and scheduled debt repayment.

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 51 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 4,054,790	\$ 6,577,762	\$ 4,830,806	\$ 6,375,380	\$ 8,885,596	\$ 12,953,142
Capital assets	<u>24,329,606</u>	<u>22,530,926</u>	<u>9,570,603</u>	<u>7,160,074</u>	<u>33,900,209</u>	<u>29,691,000</u>
Total assets	<u>28,384,396</u>	<u>29,108,688</u>	<u>14,401,409</u>	<u>13,535,454</u>	<u>42,785,805</u>	<u>42,644,142</u>
Long-term liabilities outstanding	5,606,940	5,984,565	3,954,264	4,247,056	9,561,204	10,231,621
Other liabilities	<u>477,761</u>	<u>101,652</u>	<u>470,367</u>	<u>125,714</u>	<u>948,128</u>	<u>227,366</u>
Total liabilities	<u>6,084,701</u>	<u>6,086,217</u>	<u>4,424,631</u>	<u>4,372,770</u>	<u>10,509,332</u>	<u>10,458,987</u>
Net Assets:						
Invested in capital assets, net of related debt	19,033,329	18,883,210	5,773,808	2,981,588	24,807,137	21,864,798
Restricted	509,458	297,722	-	-	509,458	297,722
Unrestricted	<u>2,756,908</u>	<u>3,841,539</u>	<u>4,202,970</u>	<u>6,181,096</u>	<u>6,959,878</u>	<u>10,022,635</u>
Total net assets	<u>\$ 22,299,695</u>	<u>\$ 23,022,471</u>	<u>\$ 9,976,778</u>	<u>\$ 9,162,684</u>	<u>\$ 32,276,473</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 \$32,276,473 as of June 30, 2009. The Town's net assets increased by \$91,317 for the fiscal year ended June 30, 2009. 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 \$509,458, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,959,878 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 97.67% on real property and 85.87% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 96.54%, which is an decrease over the previous year's collection percentage of 97.21%.
- Current year property tax collections increased to \$2,967,524, which is up from \$2,513,791 in 2008.
- Property valuation increased by \$108,440,890, which is a 18.87% 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 \$683,117,334 as of June 30, 2009.

The Town of Winterville's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 892,542	\$ 596,050	\$ 8,362,225	\$ 7,378,066	\$ 9,254,767	\$ 7,974,116
Operating grants and contributions	-	678,839	-	-	-	678,839
Capital grants and contribution	276,512	753,570	126,992	101,113	-	-
General Revenues:						
Property taxes	3,105,163	2,610,837	-	-	3,105,163	2,610,837
Local option sales tax	1,445,534	1,669,969	-	-	1,445,534	1,669,969
Other taxes and licenses	344,671	33,408	-	-	344,671	33,408
Unrestricted intergovernmental	-	267,674	-	-	-	267,674
Investment earnings	53,082	103,642	63,585	275,925	116,667	379,567
Total revenues	<u>6,117,504</u>	<u>6,713,989</u>	<u>8,552,802</u>	<u>7,755,104</u>	<u>14,266,802</u>	<u>13,614,410</u>
Expenses:						
General government	2,456,603	1,773,961	-	-	2,456,603	1,773,961
Public safety	1,753,660	1,588,821	-	-	1,753,660	1,588,821
Transportation	1,596,862	1,496,651	-	-	1,596,862	1,496,651
Environmental protection	375,894	344,757	-	-	375,894	344,757
Cultural and recreation	843,293	895,246	-	-	843,293	895,246
Economic and physical development	-	981	-	-	-	981
Interest expense	222,427	161,059	-	-	222,427	161,059
Electric	-	-	5,305,020	4,197,764	5,305,020	4,197,764
Water	-	-	693,124	636,679	693,124	636,679
Sewer	-	-	1,305,034	1,540,475	1,305,034	1,540,475
Stormwater	-	-	27,072	39,355	27,072	39,355
Total expenses	<u>7,248,739</u>	<u>6,261,476</u>	<u>7,330,250</u>	<u>6,414,273</u>	<u>14,578,989</u>	<u>12,675,749</u>
Increase (decrease) in net assets before transfers	(1,131,235)	452,513	1,222,552	1,340,831	91,317	1,793,344
Transfers	<u>408,458</u>	<u>478,389</u>	<u>(408,458)</u>	<u>(478,389)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(722,777)	930,902	814,094	862,442	91,317	1,793,344
Net assets, July 1	<u>23,022,472</u>	<u>22,091,569</u>	<u>9,162,684</u>	<u>8,300,242</u>	<u>32,185,156</u>	<u>30,391,811</u>
Net assets, June 30	<u>\$ 22,299,695</u>	<u>\$ 23,022,472</u>	<u>\$ 9,976,778</u>	<u>\$ 9,162,684</u>	<u>\$ 32,276,473</u>	<u>\$ 32,185,155</u>

Governmental Activities: Governmental activities decreased the Town's net assets by (\$722,777). Key elements of this decrease are as follows:

- Decrease in capital grants and contributions
- Decrease in investment income

Business-Type Activities: Business-type activities increased the Town's net assets by \$814,094. 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 \$1,459,018, while total fund balance reached \$3,134,995. 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 19.9% of total General Fund expenditures and transfers out and total fund balance represents 42.7% of total fund expenditures and transfers out.

As of June 30, 2009, the governmental funds reported a combined fund balance of \$3,351,804, a decrease of \$2,928,227 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 \$120,000. This was a result of the County re-assessing the property in Winterville. The new assessed value created an increase in revenue for Ad Valorem taxes above what was originally budgeted

Budgeted expenditures rose during the year by \$374,879 to \$7,346,254, which is an increase of 5.38% over the 2008 fiscal year. The budgeted revenues in the General Fund rose by \$1,104,591, which is a 19.56% increase over the 2008 fiscal year. The Town of Winterville had actual expenditures in excess of revenues (before other financing sources (uses) in the amount of (\$558,350), a decrease of \$575,893 from the 2008 fiscal year. Total operating transfers out to the proprietary funds totaled \$129,000.

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, 2009 totaled \$33,900,209 (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:

- Improvements to the town hall operations center
- Railroad Street substation project
- Vehicle replacements
- Improvements to the Winterville Recreation Park

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and construction in progress	\$ 3,491,705	\$ 3,463,484	\$ 464,020	\$ 624,980	\$ 3,955,725	\$ 4,088,464
Distribution and treatment systems	-	-	8,812,421	6,285,739	8,812,421	6,285,739
Buildings	5,101,053	3,339,791	223,841	188,676	5,324,894	3,528,467
Infrastructure	14,458,743	14,506,099	-	-	14,458,743	14,506,099
Software	212,476	155,072	-	-	212,476	155,072
Equipment and vehicles	1,065,629	1,066,480	70,321	60,679	1,135,950	1,127,159
Total	\$ 24,329,606	\$ 22,530,926	\$ 9,570,603	\$ 7,160,074	\$ 33,900,209	\$ 29,691,000

Additional information on the capital assets can be found beginning on page 34 of the basic financial statements.

Long-Term Debt. As of June 30, 2009, the Town of Winterville had debt outstanding of \$9,509,586. Of this, \$1,032,500 is debt backed by the full faith and credit of the Town of Winterville. The remainder of the debt represents installment purchase agreements secured by the equipment and vehicles purchased.

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

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ -	\$ -	\$ 1,032,500	\$ 1,060,000	\$ 1,032,500	\$ 1,060,000
Other long-term obligations	<u>5,296,277</u>	<u>5,777,001</u>	<u>2,821,203</u>	<u>3,118,486</u>	<u>8,117,480</u>	<u>8,895,487</u>
Total	<u>\$ 5,296,277</u>	<u>\$ 5,777,001</u>	<u>\$ 3,853,703</u>	<u>\$ 4,178,486</u>	<u>\$ 9,149,980</u>	<u>\$ 9,955,487</u>

The Town of Winterville’s total debt decreased by \$805,507 (8.8%) during the past fiscal year, primarily due to scheduled debt payments.

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 \$54,649,000.

Additional information regarding the Town of Winterville’s long-term debt can be found beginning on page 45 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 by only 5.6% from 2009 to 2010 as a result of slowed growth.
- The population growth rate 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 36 customers that figure is down from 46 customers for the previous year and down from 176 two years ago.
- The utilities will see a combined decrease in revenues from sales in the amount of \$309,353.
- Next year's Operating budget will increase for the General Fund and decrease for the Enterprise Funds:
 - The General Fund will have an increase in the operating budget that will be funded with contributions from Fund Balance and Debt Proceeds.
 - The Town will not have an electric rate increase for the 2009-2010 fiscal year. We are estimating a reduction in electric usage due to increased rates from prior years having an adverse affect on consumption. We also anticipate increased consumer attention to conservation; as well as, a reduction in expendable income; as a result of, the economic recession to affect the consumption of electricity. The Town is continuing the construction of the \$10.7 million capital improvement program. The Town will also reduce the amount of capital spending on new projects for the 2009-2010 fiscal year.
 - The Water and Sewer Funds are also anticipating a reduction in consumption for the same reasons as the Electric Fund. If there is a circumstance of extreme climate conditions associated with unseasonable weather these estimates will be affected and budgets will have to be amended. The rates remained the same for both of these funds. The Town will also reduce the amount of capital spending on projects for the 2009-2010 fiscal year

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities – The annual budget for the General Fund is \$7,282,117.64 for the 2009-2010 fiscal year. The taxable property value decreased from \$622,999,697 to \$621,519,238. This is a result of new exemptions offered to certain tax payers. 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 \$399,475. There is an appropriation to purchase land in the Down Town area of Winterville that is adjacent to other property owned by the Town. The amount of this appropriation is \$300,000.

Business-Type Activities - The 2009-2010 Electric Fund budget will have a decrease in the amount of \$3,365,710. The total budget for the 2009-2010 fiscal year is \$6,073,064. The purchase of power from Progress Energy is budgeted in the amount of \$3,484,428. Also, the Electric Department will include an appropriation of \$151,821 for services provided by General Fund, and \$500,000 to continue the implementation of new infrastructure.

The Water Fund has a budget of \$1,399,000 that is up from the 2008-2009 budget, which was \$1,087,625 a difference of \$311,375. The Water Fund is balanced with an appropriation of \$94,000 from fund balance. The Town also budgeted \$433,500 for upgrading Town facilities, of which \$395,000 will come from debt proceeds.

The Sewer Fund budget is \$2,142,841. There is a \$403,000 appropriation from debt proceeds and will not require a contribution from retained earnings in the 2009-2010 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$689,418 for CMSD operating and debt service expenses and \$656,000 for system upgrades. The total budget increased from \$2,460,202 to \$2,142,841, a difference of \$317,361.

The 2009-2010 Storm water budget will have a increase in the amount of \$ 14,981. The total budget for the 2009-2010 fiscal year is \$304,989. Appropriations include \$48,000 for system improvements and expansion and \$256,989 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, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 2,952,374	\$ 3,741,690	\$ 6,694,064
Taxes receivable, net	130,162	-	130,162
Accounts receivable, net	-	1,079,031	1,079,031
Street assessments receivable	36,505	-	36,505
Other receivables	136,583	-	136,583
Due from other governments	493,493	-	493,493
Prepaid insurance	29,731	10,085	39,816
Cash and cash equivalents, restricted	275,942	-	275,942
Total current assets	<u>4,054,790</u>	<u>4,830,806</u>	<u>8,885,596</u>
Noncurrent Assets:			
Capital Assets:			
Non-depreciable capital assets	3,491,705	464,019	3,955,724
Depreciable capital assets, net	<u>20,837,901</u>	<u>9,106,584</u>	<u>29,944,485</u>
Total noncurrent assets	<u>24,329,606</u>	<u>9,570,603</u>	<u>33,900,209</u>
Total assets	<u>28,384,396</u>	<u>14,401,409</u>	<u>42,785,805</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	477,761	383,785	861,546
Customer and contractor deposits	-	86,582	86,582
Long-Term Liabilities:			
Due within one year	720,709	378,781	1,099,490
Due in more than one year	<u>4,886,231</u>	<u>3,575,483</u>	<u>8,461,714</u>
Total liabilities	<u>6,084,701</u>	<u>4,424,631</u>	<u>10,509,332</u>
Net Assets:			
Invested in capital assets, net of related debt	19,033,329	5,773,808	24,807,137
Restricted For:			
Street improvements	509,458	-	509,458
Unrestricted	<u>2,756,908</u>	<u>4,202,970</u>	<u>6,959,878</u>
Total net assets	<u>\$ 22,299,695</u>	<u>\$ 9,976,778</u>	<u>\$ 32,276,473</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, 2009**

<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	\$ 2,456,603	\$ 131,618	\$ -	\$ -
Public safety	1,753,660	156,151	-	-
Transportation	1,596,862	-	-	276,512
Environmental protection	375,894	377,406	-	-
Cultural and recreation	843,293	227,367	-	-
Interest expense	222,427	-	-	-
Total governmental activities	<u>7,248,739</u>	<u>892,542</u>	<u>-</u>	<u>276,512</u>
Business-Type Activities:				
Electric	5,305,020	5,782,977	-	-
Water	693,124	740,300	-	-
Sewer	1,305,034	1,646,000	-	126,992
Stormwater	27,072	192,948	-	-
Total business-type activities	<u>\$ 7,330,250</u>	<u>\$ 8,362,225</u>	<u>\$ -</u>	<u>\$ 126,992</u>

General Revenues:

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

Change in net assets

Beginning net assets, as previously presented
Prior period adjustment
Net Assets:
Beginning of year - July 1
End of year - June 30

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>
\$ (2,324,985)	\$ -	\$ (2,324,985)
(1,597,509)	-	(1,597,509)
(1,320,350)	-	(1,320,350)
1,512	-	1,512
(615,926)	-	(615,926)
(222,427)	-	(222,427)
(6,079,685)	-	(6,079,685)
-	477,957	477,957
-	47,176	47,176
-	467,958	467,958
-	165,876	165,876
-	1,158,967	1,158,967
-	-	-
3,105,163	-	3,105,163
1,445,534	-	1,445,534
344,671	-	344,671
53,082	63,585	116,667
408,458	(408,458)	-
5,356,908	(344,873)	5,012,035
(722,777)	814,094	91,317
23,022,472	9,162,684	32,185,156
23,022,472	9,162,684	32,185,156
\$ 22,299,695	\$ 9,976,778	\$ 32,276,473

TOWN OF WINTERVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 2,627,562	\$ 324,812	\$ 2,952,374
Taxes receivable, net	130,162	-	130,162
Street assessments receivable, net	36,505	-	36,505
Other receivables	136,583	-	136,583
Due from other governments	493,493	-	493,493
Due from other funds	31,933	423,814	455,747
Prepaid items	29,731	-	29,731
Cash, restricted	69,817	206,125	275,942
Total assets	<u>\$ 3,555,786</u>	<u>\$ 954,751</u>	<u>\$ 4,510,537</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 195,566	\$ 282,195	\$ 477,761
Due to other funds	-	455,747	455,747
Deferred revenues	225,225	-	225,225
Total liabilities	<u>420,791</u>	<u>737,942</u>	<u>1,158,733</u>
Fund Balances:			
Reserved for prepaid items	29,731	-	29,731
Reserved for specific programs	6,759	-	6,759
Reserved for Powell Bill	509,458	-	509,458
Reserved for encumbrances	526,578	-	526,578
Reserved by state statute	603,451	-	603,451
Unreserved, Reported In:			
General Fund	1,459,018	-	1,459,018
Special Revenue Funds	-	16,206	16,206
Capital Projects Fund	-	200,603	200,603
Total fund balances	<u>3,134,995</u>	<u>216,809</u>	<u>3,351,804</u>
Total liabilities and fund balances	<u>\$ 3,555,786</u>	<u>\$ 954,751</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.			24,329,606
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.			225,225
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.			<u>(5,606,940)</u>
Net assets of governmental activities, per Exhibit A			<u>\$ 22,299,695</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, 2009

	<u>General Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 3,066,447	\$ -	\$ 3,066,447
Other taxes and licenses	1,478,844	-	1,478,844
Unrestricted intergovernmental revenues	311,361	-	311,361
Restricted intergovernmental revenues	276,512	-	276,512
Permits and fees	7,770	-	7,770
Sales and services	544,782	-	544,782
Investment earnings	53,082	-	53,082
Miscellaneous	349,561	-	349,561
Total revenues	<u>6,088,359</u>	<u>-</u>	<u>6,088,359</u>
Expenditures:			
Current:			
General government	1,923,725	2,207,007	4,130,732
Public safety	1,713,040	-	1,713,040
Transportation	778,185	-	778,185
Environmental protection	375,894	-	375,894
Cultural and recreation	849,590	803,328	1,652,918
Economic and physical development	-	-	-
Debt Service:			
Principal retirement	712,724	-	712,724
Interest and fees	222,427	-	222,427
Capital outlay	71,124	-	71,124
Total expenditures	<u>6,646,709</u>	<u>3,010,335</u>	<u>9,657,044</u>
Revenues over (under) expenditures	<u>(558,350)</u>	<u>(3,010,335)</u>	<u>(3,568,685)</u>
Other Financing Sources (Uses):			
Long-term debt issued	232,000	-	232,000
Transfers - in	537,458	561,258	1,098,716
Transfers - out	(690,258)	-	(690,258)
Total other financing sources (uses)	<u>79,200</u>	<u>561,258</u>	<u>640,458</u>
Net change in fund balances	(479,150)	(2,449,077)	(2,928,227)
Fund Balances:			
Beginning of year - July 1	<u>3,614,145</u>	<u>2,665,886</u>	<u>6,280,031</u>
End of year - June 30	<u>\$ 3,134,995</u>	<u>\$ 216,809</u>	<u>\$ 3,351,804</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, 2009**

Net change in fund balances - total governmental funds (Exhibit D)	\$ (2,928,227)
<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	38,716
Sales and services	(9,570)
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.	3,075,099
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,276,419)
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.	712,724
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.	(232,000)
Expenses related to compensated absences, law enforcement officers separation allowance , and other post employment benefits - health care that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>(103,100)</u>
Changes in net assets of governmental activities	<u>\$ (722,777)</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, 2009

	Budget		Actual	Variance with Final Budget Over/(Under)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 2,923,052	\$ 3,043,052	\$ 3,066,447	\$ 23,395
Other taxes and licenses	1,618,167	1,618,167	1,478,844	(139,323)
Unrestricted intergovernmental revenues	280,000	280,000	311,361	31,361
Restricted intergovernmental revenues	264,594	268,254	276,512	8,258
Permits and fees	11,000	11,000	7,770	(3,230)
Sales and services	675,514	675,514	544,782	(130,732)
Investment earnings	70,175	70,175	53,082	(17,093)
Miscellaneous	756,506	786,650	349,561	(437,089)
Total revenues	<u>6,599,008</u>	<u>6,752,812</u>	<u>6,088,359</u>	<u>(664,453)</u>
Expenditures:				
General government	2,061,762	2,289,980	1,923,725	366,255
Public safety	1,763,788	1,801,582	1,713,040	88,542
Transportation	839,514	931,674	778,185	153,489
Environmental protection	360,000	360,000	375,894	(15,894)
Cultural and recreation	779,107	851,442	849,590	1,852
Vehicle replacement	185,000	220,000	71,124	148,876
Debt service	891,576	891,576	935,151	(43,575)
Total expenditures	<u>6,880,747</u>	<u>7,346,254</u>	<u>6,646,709</u>	<u>699,545</u>
Revenues over (under) expenditures	<u>(281,739)</u>	<u>(593,442)</u>	<u>(558,350)</u>	<u>35,092</u>
Other Financing Sources (Uses):				
Lease purchase debt issued	1,973,473	2,137,606	232,000	(1,905,606)
Appropriated fund balance	404,539	726,084	-	(726,084)
Transfers - in	537,458	537,458	537,458	-
Transfers - out	(2,633,731)	(2,807,706)	(690,258)	2,117,448
Total other financing sources (uses)	<u>281,739</u>	<u>593,442</u>	<u>79,200</u>	<u>(514,242)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(479,150)</u>	<u>\$ (479,150)</u>
Fund Balance:				
Beginning of year - July 1			<u>3,614,145</u>	
End of year - June 30			<u>\$ 3,134,995</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, 2009

Assets:	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Current Assets:					
Cash and investments	\$ 1,743,095	\$ 935,832	\$ 734,420	\$ 328,343	\$ 3,741,690
Accounts receivable, net	685,671	100,578	265,686	27,096	1,079,031
Prepaid items	6,184	2,172	1,729	-	10,085
Total current assets	<u>2,434,950</u>	<u>1,038,582</u>	<u>1,001,835</u>	<u>355,439</u>	<u>4,830,806</u>
Capital Assets:					
Non-depreciable capital assets	425,353	13,898	24,768	-	464,019
Depreciable capital assets, net	<u>5,707,636</u>	<u>960,495</u>	<u>2,089,290</u>	<u>349,163</u>	<u>9,106,584</u>
Total capital assets	<u>6,132,989</u>	<u>974,393</u>	<u>2,114,058</u>	<u>349,163</u>	<u>9,570,603</u>
Total assets	<u>8,567,939</u>	<u>2,012,975</u>	<u>3,115,893</u>	<u>704,602</u>	<u>14,401,409</u>
Liabilities:					
Current Liabilities:					
Accounts payable and accrued liabilities	312,545	30,003	40,772	465	383,785
Customer and contractor deposits	72,367	5,860	8,355	-	86,582
Current portion of long-term obligations	<u>221,987</u>	<u>19,629</u>	<u>137,165</u>	<u>-</u>	<u>378,781</u>
Total current liabilities	<u>606,899</u>	<u>55,492</u>	<u>186,292</u>	<u>465</u>	<u>849,148</u>
Noncurrent portion of long-term obligations	<u>2,378,073</u>	<u>23,868</u>	<u>1,173,542</u>	<u>-</u>	<u>3,575,483</u>
Total liabilities	<u>2,984,972</u>	<u>79,360</u>	<u>1,359,834</u>	<u>465</u>	<u>4,424,631</u>
Net Assets:					
Invested in capital assets, net of related debt	3,601,044	948,393	818,289	406,082	5,773,808
Unrestricted	<u>1,981,923</u>	<u>985,222</u>	<u>937,770</u>	<u>298,055</u>	<u>4,202,970</u>
Total net assets	<u>\$ 5,582,967</u>	<u>\$ 1,933,615</u>	<u>\$ 1,756,059</u>	<u>\$ 704,137</u>	<u>\$ 9,976,778</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, 2009

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 5,575,465	\$ 739,271	\$ 1,646,000	\$ 166,948	\$ 8,127,684
Other operating revenues	207,512	1,029	-	26,000	234,541
Total operating revenues	<u>5,782,977</u>	<u>740,300</u>	<u>1,646,000</u>	<u>192,948</u>	<u>8,362,225</u>
Operating Expenses:					
Operations	1,176,045	607,564	-	21,142	1,804,751
Electrical power purchases	3,739,720	-	-	-	3,739,720
Waste collection and treatment	-	-	1,071,113	-	1,071,113
Depreciation	291,050	82,660	170,184	5,930	549,824
Total operating expenses	<u>5,206,815</u>	<u>690,224</u>	<u>1,241,297</u>	<u>27,072</u>	<u>7,165,408</u>
Operating income	<u>576,162</u>	<u>50,076</u>	<u>404,703</u>	<u>165,876</u>	<u>1,196,817</u>
Nonoperating Revenues (Expenses):					
Restricted intergovernmental	-	-	69,492	-	69,492
Capital contributions	-	-	57,500	-	57,500
Investment earnings	23,146	27,947	5,291	7,201	63,585
Interest expense	(98,205)	(2,900)	(63,737)	-	(164,842)
Total nonoperating revenues (expenses)	<u>(75,059)</u>	<u>25,047</u>	<u>68,546</u>	<u>7,201</u>	<u>25,735</u>
Income(loss) before transfers	<u>501,103</u>	<u>75,123</u>	<u>473,249</u>	<u>173,077</u>	<u>1,222,552</u>
Transfers:					
Transfers - in	91,000	98,286	-	129,000	318,286
Transfers - out	(202,803)	(228,589)	(295,352)	-	(726,744)
Change in net assets	389,300	(55,180)	177,897	302,077	814,094
Net Assets:					
Beginning of year - July 1	<u>5,193,667</u>	<u>1,988,795</u>	<u>1,578,162</u>	<u>402,060</u>	<u>9,162,684</u>
End of year - June 30	<u>\$ 5,582,967</u>	<u>\$ 1,933,615</u>	<u>\$ 1,756,059</u>	<u>\$ 704,137</u>	<u>\$ 9,976,778</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, 2009

	<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	\$ 5,739,859	\$ 740,185	\$ 1,641,151	\$ 187,393	\$ 8,308,588
Cash paid for goods and services	(4,002,025)	(332,787)	(850,926)	(37,238)	(5,222,976)
Cash paid to employees	(589,870)	(248,419)	(178,233)	-	(1,016,522)
Net cash provided (used) by operating activities	<u>1,147,964</u>	<u>158,979</u>	<u>611,992</u>	<u>150,155</u>	<u>2,069,090</u>
Cash Flows From Noncapital Financing Activities:					
Capital contributions	-	-	126,992	-	126,992
Transfers in	91,000	98,286	-	129,000	318,286
Transfers out	(202,803)	(228,589)	(295,352)	-	(726,744)
Net cash provided (used) by noncapital financing activities	<u>(111,803)</u>	<u>(130,303)</u>	<u>(168,360)</u>	<u>129,000</u>	<u>(281,466)</u>
Cash Flows From Capital and Related Financing Activities:					
Principal payments on long-term debt	(186,657)	(12,000)	(126,116)	-	(324,773)
Interest paid on debt	(98,205)	(2,900)	(63,737)	-	(164,842)
Acquisition and construction of capital assets	(2,423,117)	(44,351)	(260,897)	(231,988)	(2,960,353)
Net cash provided (used) by capital and related financing activities	<u>(2,707,979)</u>	<u>(59,251)</u>	<u>(450,750)</u>	<u>(231,988)</u>	<u>(3,449,968)</u>
Cash Flows From Investing Activities:					
Interest on investments	23,146	27,947	5,291	7,201	63,585
Net increase (decrease) in cash and cash equivalents	(1,648,672)	(2,628)	(1,827)	54,368	(1,598,759)
Cash and cash equivalents: beginning of year - July 1	<u>3,391,767</u>	<u>938,460</u>	<u>736,247</u>	<u>273,975</u>	<u>5,340,449</u>
Cash and cash equivalents: end of year - June 30	<u>\$ 1,743,095</u>	<u>\$ 935,832</u>	<u>\$ 734,420</u>	<u>\$ 328,343</u>	<u>\$ 3,741,690</u>
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income	\$ 576,162	\$ 50,076	\$ 404,703	\$ 165,876	\$ 1,196,817
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	291,050	82,660	170,184	5,930	549,824
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(42,868)	255	(4,309)	(5,555)	(52,477)
(Increase) decrease in prepaid items	(915)	(417)	(376)	-	(1,708)
Increase (decrease) in accounts payable	300,266	23,710	37,933	(16,096)	345,813
Increase (decrease) in customer deposits	(250)	(370)	(540)	-	(1,160)
Increase in unfunded other post employment benefits	11,196	2,239	1,493	-	14,928
Increase in accrued vacation pay	13,323	826	2,904	-	17,053
Total adjustments	<u>571,802</u>	<u>108,903</u>	<u>207,289</u>	<u>(15,721)</u>	<u>872,273</u>
Net cash provided (used) by operating activities	<u>\$ 1,147,964</u>	<u>\$ 158,979</u>	<u>\$ 611,992</u>	<u>\$ 150,155</u>	<u>\$ 2,069,090</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, 2009

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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Winterville. For 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. 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, 2009

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 non-guaranteed 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, 2009

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 1st, the beginning of the fiscal year. The taxes are due on September 1st; however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2008. 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, 2009**

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, 2009

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 specific programs – The portion of fund balance that is available for appropriation but legally restricted due to a fund balance requirement by the United States Department of Agriculture.

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, 2009**

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

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2009, the expenditures exceeded the authorized appropriations made by the Board of Aldermen as follows:

General Fund:

Police	\$ 45,255
Environmental protection	15,894
Cultural and recreation	72,189
Debt service	43,575

Deficit in Fund Balance of Individual Funds

The following fund had deficit fund balances at June 30, 2009:

Recreation Capital Projects Fund	\$ 680,761
----------------------------------	------------

The deficit is due to a delay in a transfer from the General Fund. The deficit will be eliminated by future transfers.

3. Detail Notes on all Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two 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

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town 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, 2009, the Town's deposits had a carrying amount of \$5,800,801 and a bank balance of \$6,300,002. Of the bank balance, \$1,216,311 was covered by federal depository insurance and \$5,083,691 was covered by collateral held under the Pooling Method.

B. Investments

At June 30, 2009, the Town had \$1,169,205 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.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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	\$ -	\$ 166,592	\$ 493,493	\$ 36,505	\$ 136,583	\$ 833,173
Allowance for doubtful accounts	-	(36,430)	-	-	-	(36,430)
Total governmental activities	<u>\$ -</u>	<u>\$ 130,162</u>	<u>\$ 493,493</u>	<u>\$ 36,505</u>	<u>\$ 136,583</u>	<u>\$ 796,743</u>
Business-Type Activities:						
Water	\$ 883,714	\$ -	\$ -	\$ -	\$ -	\$ 883,714
Sewer	124,664	-	-	-	-	124,664
Electric	311,183	-	-	-	-	311,183
Stormwater	27,096	-	-	-	-	27,096
Allowance for doubtful accounts	(267,626)	-	-	-	-	(267,626)
Total business-type activities	<u>\$ 1,079,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079,031</u>

Due from other governments consists of the following:

Local option sales tax	\$ 319,143
Sales tax receivable	169,150
Other	5,200
	<u>\$ 493,493</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

5. Capital Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Nondepreciable Capital Assets:				
Land	\$ 3,097,969	\$ 46,346	\$ -	\$ 3,144,315
Construction in progress	<u>365,515</u>	<u>347,390</u>	<u>(365,515)</u>	<u>347,390</u>
Total capital assets not being depreciated	<u>3,463,484</u>	<u>393,736</u>	<u>(365,515)</u>	<u>3,491,705</u>
Depreciable Capital Assets:				
Buildings	4,381,284	1,969,175	-	6,350,459
Infrastructure	19,836,834	753,237	-	20,590,071
Equipment	1,205,112	156,505	-	1,361,617
Software	187,920	96,599	-	284,519
Vehicles	<u>995,830</u>	<u>71,362</u>	<u>-</u>	<u>1,067,192</u>
Total depreciable capital assets	<u>26,606,980</u>	<u>3,046,878</u>	<u>-</u>	<u>29,653,858</u>
Less accumulated depreciation for				
Buildings	(1,041,493)	(207,913)	-	(1,249,406)
Infrastructure	(5,330,795)	(800,533)	-	(6,131,328)
Equipment	(420,830)	(124,921)	-	(545,751)
Software	(32,847)	(39,196)	-	(72,043)
Vehicles	<u>(713,633)</u>	<u>(103,796)</u>	<u>-</u>	<u>(817,429)</u>
Total accumulated depreciation	<u>(7,539,598)</u>	<u>\$ (1,276,359)</u>	<u>\$ -</u>	<u>(8,815,957)</u>
Total capital assets being depreciated, net	<u>19,067,382</u>			<u>20,837,901</u>
Capital assets, net	<u>\$ 22,530,866</u>			<u>\$ 24,329,606</u>

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

General government	\$ 329,020
Public safety	99,628
Transportation	818,677
Cultural and recreation	<u>29,034</u>
Total	<u>\$ 1,276,359</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Enterprise Funds

Electric Fund capital asset activity for the year ended June 30, 2009 was as follows:

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>June 30, 2009</u>
Nondepreciable Capital Assets:					
Land	\$ 146,013	\$ -	\$ -	\$ -	\$ 146,013
Construction in progress	470,967	279,340	-	(470,967)	279,340
Capital assets not being depreciated	<u>616,980</u>	<u>279,340</u>	<u>-</u>	<u>(470,967)</u>	<u>425,353</u>
Depreciable Capital Assets:					
Distribution system	3,954,451	2,105,776	-	470,967	6,531,194
Building	252,101	28,560	-	-	280,661
Equipment	606,909	9,441	-	-	616,350
Vehicles	313,416	-	-	-	313,416
Total depreciable capital assets	<u>5,126,877</u>	<u>2,143,777</u>	<u>-</u>	<u>470,967</u>	<u>7,741,621</u>
Less Accumulated Depreciation For:					
Distribution system	(792,945)	(257,710)	-	-	(1,050,655)
Building	(63,425)	(19,025)	-	-	(82,450)
Equipment	(581,671)	(6,537)	-	-	(588,208)
Vehicles	(304,894)	(7,778)	-	-	(312,672)
Total accumulated depreciation	(1,742,935)	<u>\$ (291,050)</u>	<u>\$ -</u>	<u>\$ -</u>	(2,033,985)
Total capital assets being depreciated, net	<u>3,383,942</u>				<u>5,707,636</u>
Capital assets, net	<u>\$ 4,000,922</u>				<u>\$ 6,132,989</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Water Fund capital asset activity for the year ended June 30, 2009 was as follows:

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Nondepreciable Capital Assets:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Construction in progress	<u>-</u>	<u>5,898</u>	<u>-</u>	<u>5,898</u>
Total nondepreciable capital assets	<u>8,000</u>	<u>5,898</u>	<u>-</u>	<u>13,898</u>
Depreciable Capital Assets:				
Water system, water well, tank, and distribution system	2,147,615	23,679	-	2,171,294
Equipment and vehicles	<u>186,441</u>	<u>14,779</u>	<u>-</u>	<u>201,220</u>
Total depreciable capital assets	<u>2,334,056</u>	<u>38,458</u>	<u>-</u>	<u>2,372,514</u>
Less accumulated depreciation for				
Water system, water well, tank, and distribution system	(1,144,038)	(80,531)	-	(1,224,569)
Equipment and vehicles	<u>(185,317)</u>	<u>(2,133)</u>	<u>-</u>	<u>(187,450)</u>
Total accumulated depreciation	<u>(1,329,355)</u>	<u>\$ (82,664)</u>	<u>\$ -</u>	<u>(1,412,019)</u>
Total depreciable capital assets, net	<u>1,004,701</u>			<u>960,495</u>
Capital assets, net	<u>\$ 1,012,701</u>			<u>\$ 974,393</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Sewer Fund capital asset activity for the year ended June 30, 2009 was as follows:

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Nondepreciable Capital Assets:				
Construction in progress	\$ -	\$ 24,768	\$ -	\$ 24,768
Depreciable Capital Assets:				
Equipment and vehicles	131,736	14,820	-	146,556
Sewer system	2,768,683	221,309	-	2,989,992
Sewer treatment facility	233,000	-	-	233,000
Total depreciable capital assets	<u>3,133,419</u>	<u>236,129</u>	<u>-</u>	<u>3,369,548</u>
Less accumulated depreciation for:				
Equipment and vehicles	(105,942)	(12,948)	-	(118,890)
Sewer system	(801,422)	(152,576)	-	(953,998)
Sewer treatment facility	<u>(202,710)</u>	<u>(4,660)</u>	<u>-</u>	<u>(207,370)</u>
Total accumulated depreciation	(1,110,074)	<u>\$ (170,184)</u>	<u>\$ -</u>	(1,280,258)
Total depreciable capital assets, net	<u>2,023,345</u>			<u>2,089,290</u>
Capital assets, net	<u>\$ 2,023,345</u>			<u>\$ 2,114,058</u>

Stormwater Fund capital asset activity for the year ended June 30, 2009 was as follows:

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Depreciable Capital Assets:				
Distribution	\$ 125,300	\$ 231,988	\$ -	\$ 357,288
Total depreciable capital assets	<u>125,300</u>	<u>231,988</u>	<u>-</u>	<u>357,288</u>
Less accumulated depreciation for:				
Distribution	<u>(2,195)</u>	<u>\$ (5,930)</u>	<u>\$ -</u>	<u>(8,125)</u>
Total depreciable capital assets, net	<u>\$ 123,105</u>			<u>\$ 349,163</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

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 5.270%, 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, 2009, 2008 and 2007 were \$137,913, \$173,590, and \$108,447, 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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>23</u>
Total	<u>23</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.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2008 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. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$	16,994
Interest on net pension obligation		4,126
Adjustment to annual required contribution		<u>(3,479)</u>
Annual pension cost		17,641
Contributions made		<u>-</u>
Increase in net pension obligation		17,641
Net pension obligation, beginning of year		<u>56,907</u>
Net pension obligation, end of year	\$	<u>74,548</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>
2007	\$ 10,243	0.00%	\$ 44,496
2008	12,411	0.00%	56,907
2009	17,641	0.00%	74,548

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Funded Status and Funding Progress

As of December 31 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$143,903. The covered payroll (annual payroll of active employees covered by the plan) was \$804,614, and the ratio of the UAAL to the covered payroll was 17.88 percent. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan

Plan Description

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

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, 2009 were \$41,739.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2009 were \$98,294.

D. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town has elected to provide healthcare benefits to retirees of the Town who have at least thirty years service with the North Carolina Local Governmental Employees' Retirement System (System) or the North Carolina Law Enforcement Officers' Local Governmental Employees' Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provide hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

for their dependents at the Town’s group rates until the retiree reaches age sixty-five. Currently, three retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2009, the Town paid healthcare premiums for retirees of \$22,541. The Town purchases healthcare coverage through private insurers. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	3	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	41	22
Total	44	22

Funding Policy

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

The current ARC rate is 3.26% of annual covered payroll. For the current year, the Town contributed \$7,200 or 0.03% of annual covered payroll. The Town purchases healthcare coverage through private insurers.

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

Summary of Significant Accounting Policies

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

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Annual OPEB Cost and Net Obligation

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

Annual required contribution	\$	82,339
Interest on net OPEB obligation		-
Adjustments to annual required contribution		-
Annual OPEB cost (expense)		82,339
Contributions made		(7,700)
Increase (decrease) in net OPEB obligation		74,639
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	74,639

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 74,639	9.6%	\$ 74,639

Fund Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$889,417. The covered payroll (annual payroll of active employees covered by the plan) was \$2,287,567, and the ratio of the UAAL to the covered payroll was 38.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Actuarial Methods and Assumptions

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

In the December 31, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

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. 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.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

7. Payables

Payables at the government-wide level at June 30, 2009 were as follows:

Governmental Activities:	<u>Total</u>
Vendors	\$ 415,804
Accrued salaries and related items	<u>61,957</u>
Total governmental activities	<u>\$ 477,761</u>

Business-Type Activities:	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 303,379	\$ 26,169	\$ 38,017	\$ 465	\$ 368,030
Accrued salaries and related items	<u>9,166</u>	<u>3,834</u>	<u>2,755</u>	<u>-</u>	<u>15,755</u>
Total business-type activities	<u>\$ 312,545</u>	<u>\$ 30,003</u>	<u>\$ 40,772</u>	<u>\$ 465</u>	<u>\$ 383,785</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>Revenue</u>	<u>Revenue</u>
Taxes receivable, net	\$ 130,162	\$ -
Street and special assessments, net	36,505	-
Other receivables	<u>58,558</u>	<u>-</u>
Total	<u>\$ 225,225</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.

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.

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

10. Long-Term Obligations

A. Governmental Activities

Notes Payables

4.65% note, payable in annual installments of \$139,634, including interest; final payment due June 2034; secured by real estate	\$ 2,096,707
3.34% note, payable in annual installments of \$60,632, including interest; final payment due October 2010; secured by vehicles and equipment	115,202
3.50% note, payable in principal annual installments of \$160,960 plus interest; final payment due December 2010; secured by real estate	321,920
3.64% note, payable in annual installments of \$100,507, including interest; final payment due July 2012; secured by vehicles and equipment	280,832
3.64% note, payable in annual installments of \$68,487, including interest; final payment due July 2012; secured by vehicles and equipment	191,363
2.90% note, payable in annual installments of \$38,974, including interest; final payment due June 2013; secured by vehicles and equipment	145,217
3.62% note, payable in annual installments of \$136,645 plus interest; final payment due June 2023; secured by real estate	1,913,035
3.05% note, payable in annual installments of \$50,731, including interest; final payment due June, 2014; secured by vehicles and equipment	<u>232,000</u>
Total notes payable	<u>\$ 5,296,276</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Annual maturities for notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 632,507	\$ 204,581	\$ 837,088
2011	644,365	182,144	826,509
2012	435,056	159,280	594,336
2013	276,762	143,634	420,396
2014	242,727	133,749	376,476
2015-2019	1,007,048	547,479	1,554,527
2020-2024	947,713	346,504	1,294,217
2025-2029	496,901	201,269	698,170
2030-2034	613,197	82,634	695,831
Total	<u>\$ 5,296,276</u>	<u>\$ 2,001,274</u>	<u>\$ 7,297,550</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 \$ 26,000

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 1,006,500

Total general obligation bonds \$ 1,032,500

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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>
2010	\$ 28,000	\$ 51,723	\$ 79,723
2011	29,000	50,367	79,367
2012	20,000	48,987	68,987
2013	19,000	47,558	66,558
2014	20,000	46,581	66,581
2015-2019	112,000	188,083	300,083
2020-2024	139,500	189,662	329,162
2025-2029	177,000	153,904	330,904
2030-2034	212,000	109,103	321,103
2035-2039	230,000	56,063	286,063
2040	46,000	7,027	53,027
Total	<u>\$ 1,032,500</u>	<u>\$ 949,058</u>	<u>\$ 1,981,558</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 \$ 117,809

3.62% note, payable in annual installments of \$222,487 including interest; final payment due June 2023; secured by equipment. 2,414,135

Sewer

3.64% note, payable in annual installments of \$58,481, including interest; final payment due July 2012; secured by equipment 125,855

3.29% note, payable in annual installments of \$66,050, including interest; final payment due September 2010; secured by equipment 163,414

Total notes payable \$ 2,821,213

TOWN OF WINTERVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 307,789	\$ 216,046	\$ 523,835
2011	318,668	209,116	527,784
2012	201,866	79,461	281,327
2013	150,705	72,142	222,847
2014	156,161	66,687	222,848
2015-2019	869,804	244,433	1,114,237
2020-2024	816,220	75,180	891,400
Total	<u>\$ 2,821,213</u>	<u>\$ 963,065</u>	<u>\$ 3,784,278</u>

C. Changes in Long-Term Obligations

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Notes payable	\$ 5,777,001	\$ 232,000	\$ (712,724)	\$ 5,296,277	\$ 632,507
Compensated absences	150,657	176,404	(150,657)	176,404	88,202
Unfunded OPEB obligation	-	59,711	-	59,711	-
Net pension obligation	56,907	17,641	-	74,548	-
Total governmental activities	<u>\$ 5,984,565</u>	<u>\$ 485,756</u>	<u>\$ (863,381)</u>	<u>\$ 5,606,940</u>	<u>\$ 720,709</u>
Business-Type Activities:					
Notes payable	\$ 3,118,486	-	\$ (297,273)	\$ 2,821,213	\$ 307,789
Bonds payable	1,060,000	-	(27,500)	1,032,500	28,000
Unfunded OPEB obligation	-	14,928	-	14,928	-
Compensated absences	68,570	85,623	(68,570)	85,623	42,992
Total business-type activities	<u>\$ 4,247,056</u>	<u>\$ 100,551</u>	<u>\$ (393,343)</u>	<u>\$ 3,954,264</u>	<u>\$ 378,781</u>

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

The Town's legal debt margin at June 30, 2009 was \$54,649,000.

TOWN OF WINTERVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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 two members to the District's governing board.

The Town's purchases of sewer services for the fiscal year ended June 30, 2009 amounted to \$660,732.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,130 to the Commission during the fiscal year ended June 30, 2009.

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, 2009, 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, 2009. 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, 2009**

13. Interfund Balances and Transfers

Transfers:

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 11,758	\$ -	
Housing Program	-	11,758	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	98,286	-	
Water Fund	-	98,286	Reimbursements among enterprise funds for operations
General Fund	129,000	-	
Stormwater Fund	-	129,000	Reimbursements among funds for operations, capital
Electric Fund	492,707	-	
Water Fund	38,137	-	
Sewer Fund	6,614	-	
General Fund	-	537,458	Reimbursements among funds for operations
General Fund	549,500	-	To finance capital projects
General capital project fund	-	395,000	
Recreation capital project fund	-	154,500	
	<u>\$ 1,417,002</u>	<u>\$ 1,417,002</u>	

Interfund Balances:

Interfund balances of \$31,933 (due to General Fund) and \$423,814 (due to nonmajor governmental funds) are amounts related to cash shortages in other 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, 2009

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)
12/31/03	\$ -	\$ 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%
12/31/08	-	143,903	143,903	0.00%	804,614	17.88%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Annual Percentage Contributed
2004	\$ 5,875	0.0%
2005	8,217	0.0%
2006	9,777	0.0%
2007	10,243	0.0%
2008	12,411	0.0%
2009	21,241	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, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 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

OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH CARE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2009

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)
12/31/08	\$ -	\$ 889,417	\$ 889,417	0.00%	\$ 2,287,567	38.88%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Annual Percentage Contributed
2008	\$ 74,639	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, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	11.00% - 5.00%
Year of ultimate trend rate	2016
* 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, 2009
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 3,035,852	\$ 3,055,047	\$ 19,195	\$ 2,576,874
Penalties and interest	7,200	11,400	4,200	8,562
Total	3,043,052	3,066,447	23,395	2,585,436
Other Taxes and Licenses:				
Local option sales tax	1,589,392	1,445,534	(143,858)	1,669,969
Privilege license	14,000	12,820	(1,180)	16,877
Special assessments	14,775	20,490	5,715	16,531
Total	1,618,167	1,478,844	(139,323)	1,703,377
Unrestricted Intergovernmental Revenues:				
Beer and wine	29,149	38,560	9,411	37,736
Payments in lieu of taxes	2,000	2,309	309	2,263
Franchise tax	248,851	270,492	21,641	227,675
Total	280,000	311,361	31,361	267,674
Restricted Intergovernmental Revenues:				
State street aid allocation	264,594	261,592	(3,002)	280,083
Tree grant	-	-	-	4,116
DOT grant	3,660	14,920	11,260	60,130
Recreation Grants	-	-	-	26,768
Total	268,254	276,512	8,258	371,097
Permits and Fees:				
Subdivision recreation fees	4,000	2,450	(1,550)	3,736
Planning and zoning	7,000	5,320	(1,680)	4,572
Total	11,000	7,770	(3,230)	8,308
Sales and Services:				
Solid waste fees	395,748	377,406	(18,342)	364,709
Community building rent	6,936	4,075	(2,861)	5,950
Utility service charges	66,500	34,047	(32,453)	61,641
Recreation	206,330	129,254	(77,076)	155,443
Total	675,514	544,782	(130,732)	587,743

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, 2009
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/(Under)	Actual
Investment earnings	70,175	53,082	(17,093)	103,642
Miscellaneous:				
Cemetery plots	18,733	18,725	(8)	27,150
Rural fire association reimbursement	134,041	156,151	22,110	86,905
Miscellaneous	633,876	174,685	(459,191)	160,401
Total	786,650	349,561	(437,089)	274,456
Total revenues	6,752,812	6,088,359	(664,453)	5,901,733
Expenditures:				
General Government:				
Governing Body:				
Fees paid governing board	41,800	42,246	(446)	40,634
Operating expenditures	24,150	20,631	3,519	50,916
Total	65,950	62,877	3,073	91,550
Administration:				
Salaries and employee benefits	710,534	667,542	42,992	549,967
Operating expenditures	1,219,714	919,618	300,096	738,333
Total	1,930,248	1,587,160	343,088	1,288,300
Planning:				
Salaries and employee benefits	202,882	197,030	5,852	148,249
Operating expenditures	90,900	76,658	14,242	29,072
Total	293,782	273,688	20,094	177,321
Total general government	2,289,980	1,923,725	366,255	1,557,171
Public Safety:				
Police:				
Salaries and employee benefits	1,138,574	1,152,339	(13,765)	1,064,754
Operating expenditures	192,161	195,965	(3,804)	212,726
Capital outlay	24,460	52,146	(27,686)	41,142
Total	1,355,195	1,400,450	(45,255)	1,318,622

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, 2009
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/(Under)	Actual
Animal Control:				
Salaries and employee benefits	5,200	5,619	(419)	5,619
Operating expenditures	16,500	12,319	4,181	24,206
Capital outlay	2,000	1,155	845	219
Total	23,700	19,093	4,607	30,044
Fire:				
Salaries and employee benefits	121,113	119,023	2,090	65,852
Operating expenditures	194,469	119,303	75,166	104,999
Capital outlay	78,196	54,358	23,838	21,704
Total	393,778	292,684	101,094	192,555
Rescue Squad:				
Salaries and employee benefits	28,909	813	28,096	1
Total	28,909	813	28,096	1
Total public safety	1,801,582	1,713,040	88,542	1,541,222
Transportation:				
Salaries and employee benefits	411,297	397,549	13,748	423,868
Operating expenditures	193,760	175,366	18,394	172,605
Street construction	23,000	-	23,000	-
Powell Bill	303,617	205,270	98,347	109,844
Total	931,674	778,185	153,489	706,317
Environmental Protection:				
Sanitation:				
Operating expenditures	360,000	375,894	(15,894)	344,757
Total	360,000	375,894	(15,894)	344,757
Cultural and Recreation:				
Parks and Recreation:				
Salaries and employee benefits	185,517	220,115	(34,598)	192,823
Operating expenditures	299,559	334,205	(34,646)	245,820
Capital outlay	32,386	35,331	(2,945)	38,681
Total	517,462	589,651	(72,189)	477,324

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, 2009
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/(Under)	Actual
Community Building:				
Operating expenditures	333,980	259,939	74,041	422,352
Total	333,980	259,939	74,041	422,352
Total cultural and recreation	851,442	849,590	1,852	899,676
Vehicle Replacement:				
Capital outlay	220,000	71,124	148,876	144,215
Total	220,000	71,124	148,876	144,215
Debt Service:				
Principal	706,247	712,724	(6,477)	524,203
Interest	185,329	222,427	(37,098)	166,629
Total	891,576	935,151	(43,575)	690,832
Total expenditures	7,346,254	6,646,709	699,545	5,884,190
Revenues over (under) expenditures	(593,442)	(558,350)	35,092	17,543
Other Financing Sources (Uses):				
Lease purchase debt issued	2,137,606	232,000	(1,905,606)	2,229,230
Transfers in - Enterprise Funds	537,458	537,458	-	607,389
Transfers out - Special Revenue Fund	(25,000)	(11,758)	13,242	(12,500)
Transfers out - Capital Projects Fund	(2,653,706)	(549,500)	2,104,206	(2,600,300)
Transfers out - Enterprise Funds	(129,000)	(129,000)	-	(129,000)
Appropriated fund balance	726,084	-	(726,084)	-
Total other financing sources (uses)	593,442	79,200	(514,242)	94,819
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(479,150)	\$ (479,150)	112,362
Fund Balance:				
Beginning of year - July 1		3,614,145		3,501,783
End of year - June 30		\$ 3,134,995		\$ 3,614,145

TOWN OF WINTERVILLE, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	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	\$ 16,206	\$ 88,940	\$ -	\$ 219,666	\$ 324,812
Due from other funds	-	423,814	-	-	423,814
Cash, restricted	-	206,125	-	-	206,125
Total assets	<u>\$ 16,206</u>	<u>\$ 718,879</u>	<u>\$ -</u>	<u>\$ 219,666</u>	<u>\$ 954,751</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 760	\$ 225,014	\$ 56,421	\$ 282,195
Due to other funds	-	-	455,747	-	455,747
Total liabilities	-	760	680,761	56,421	737,942
Fund Balances:					
Unreserved	16,206	718,119	(680,761)	163,245	216,809
	<u>16,206</u>	<u>718,119</u>	<u>(680,761)</u>	<u>163,245</u>	<u>216,809</u>
Total liabilities and fund balances	<u>\$ 16,206</u>	<u>\$ 718,879</u>	<u>\$ -</u>	<u>\$ 219,666</u>	<u>\$ 954,751</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, 2009

	Special Revenue	Capital Project Funds			Total
	Fund	General	Recreation	Building	
	Home Housing	Capital	Capital	Improvements	
	Program	Improvements	Project	Project	
	Fund				
Expenditures:					
Current:					
General government	\$ -	\$ 240,967	\$ -	\$ 1,966,040	\$ 2,207,007
Total expenditures	-	240,967	803,328	1,966,040	3,010,335
Revenues over (under) expenditures	-	(240,967)	(803,328)	(1,966,040)	(3,010,335)
Other Financing Sources (Uses):					
Transfers in(out) General Fund	11,758	395,000	154,500	-	561,258
Total other financing sources (uses)	11,758	395,000	154,500	-	561,258
Revenues and other financing sources over (under) expenditures and other financing uses	11,758	154,033	(648,828)	(1,966,040)	(2,449,077)
Fund Balances:					
Beginning of year - July 1	4,448	564,086	(31,933)	2,129,285	2,665,886
End of year - June 30	\$ 16,206	\$ 718,119	\$ (680,761)	\$ 163,245	\$ 216,809

TOWN OF WINTERVILLE, NORTH CAROLINA

SPECIAL REVENUE FUND - HOME HOUSING PROGRAM
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 HOME HOUSING PROGRAM
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted Intergovernmental Revenues:				
HOME Consortium Grant	\$ 52,000	\$ -	\$ -	\$ -
Miscellaneous revenue	8,609	-	-	-
Total revenues	<u>60,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Administration	-	8,052	-	8,052
Economic and physical development	60,609	-	-	-
Total expenditures	<u>60,609</u>	<u>8,052</u>	<u>-</u>	<u>8,052</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,052)</u>	<u>-</u>	<u>(8,052)</u>
Other Financing Sources (Uses):				
Transfers In:				
From General Fund	-	12,500	11,758	24,258
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,448</u>	<u>\$ 11,758</u>	<u>\$ 16,206</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND - GENERAL CAPITAL IMPROVEMENTS
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 GENERAL CAPITAL IMPROVEMENTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Actual		
	Prior Years	Current Year	Total to Date	
Revenues:				
Restricted Intergovernmental:				
Investment earnings	\$ -	\$ 21,875	\$ -	\$ 21,875
Total revenues	<u>-</u>	<u>21,875</u>	<u>-</u>	<u>21,875</u>
Expenditures:				
Capital Outlay:				
General government	848,433	171,212	240,967	412,179
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	<u>1,438,933</u>	<u>357,708</u>	<u>240,967</u>	<u>598,675</u>
Revenues over (under) expenditures	<u>(1,438,933)</u>	<u>(335,833)</u>	<u>(240,967)</u>	<u>(576,800)</u>
Other Financing Sources (Uses):				
Long-term debt issued	804,800	804,800	-	804,800
Transfers in - General Fund	634,133	95,119	395,000	490,119
Total other financing sources (uses)	<u>1,438,933</u>	<u>899,919</u>	<u>395,000</u>	<u>1,294,919</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 564,086</u>	<u>\$ 154,033</u>	<u>\$ 718,119</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND - RECREATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
RECREATION CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital Outlay:				
Culture and recreation	\$ 2,215,273	\$ 146,933	\$ 803,328	\$ 950,261
Total capital outlay	<u>2,215,273</u>	<u>146,933</u>	<u>803,328</u>	<u>950,261</u>
Other Financing Sources (Uses):				
Transfers in - General Fund	<u>2,215,273</u>	<u>115,000</u>	<u>154,500</u>	<u>269,500</u>
Total other financing sources (uses)	<u>2,215,273</u>	<u>115,000</u>	<u>154,500</u>	<u>269,500</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (31,933)</u>	<u>\$ (648,828)</u>	<u>\$ (680,761)</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND - BUILDING IMPROVEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
BUILDING IMPROVEMENTS CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital Outlay:				
Building improvements	\$ 2,626,200	\$ 365,515	\$ 1,966,040	\$ 2,331,555
Total capital outlay	<u>2,626,200</u>	<u>365,515</u>	<u>1,966,040</u>	<u>2,331,555</u>
Other Financing Sources (Uses):				
Transfers in - General Fund	2,626,200	2,494,800	-	2,494,800
Total other financing sources (uses)	<u>2,626,200</u>	<u>2,494,800</u>	<u>-</u>	<u>2,494,800</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,129,285</u>	<u>\$ (1,966,040)</u>	<u>\$ 163,245</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, 2009
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Sale of electricity	\$ 5,921,400	\$ 5,575,465	\$ (345,935)	\$ 4,848,196
Connection fees	19,000	26,454	7,454	17,275
Service charges	-	10,998	10,998	-
Miscellaneous revenue	53,780	170,060	116,280	223,326
Total operating revenues	5,994,180	5,782,977	(211,203)	5,088,797
Nonoperating Income:				
Investment earnings	43,855	23,146	(20,709)	151,300
Total revenues	6,038,035	5,806,123	(231,912)	5,240,097
Expenditures:				
Electrical power purchases	4,291,872	3,739,720	552,152	2,701,097
Salaries	559,981	603,193	(43,212)	615,190
Supplies	147,850	108,933	38,917	142,566
Contracted services	261,700	124,917	136,783	74,779
Other departmental expenses	242,031	237,086	4,945	222,382
Capital outlay - fund 60	148,000	90,720	57,280	90,720
Capital outlay - fund 42	3,095,854	2,423,117	-	1,244,768
Debt service expenditures	378,110	284,862	93,248	7,972
Total expenditures	9,125,398	7,612,548	1,512,850	5,099,474
Revenues over (under) expenditures	(3,087,363)	(1,806,425)	1,280,938	140,623
Other Financing Sources (Uses):				
Long-term debt issued	2,634,124	-	(2,634,124)	-
Appropriated fund balance	783,346	-	(783,346)	-
Transfers in - Water Fund	45,500	45,500	-	45,500
Transfers in - Sewer Fund	45,500	45,500	-	45,500
Transfers out - General Fund	(425,107)	(202,803)	222,304	(356,322)
Intrafund transfers out - Enterprise capital projects	4,000	-	(4,000)	-
Total other financing sources (uses)	3,087,363	(111,803)	(3,199,166)	(265,322)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(1,918,228)	\$ (1,918,228)	\$ (124,699)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay capitalized		2,423,117		
Principal retirement		186,657		
Change in other post employment benefit liability		(11,196)		
Depreciation		(291,050)		
Net income		\$ 389,300		

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, 2009
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Water sales	\$ 831,394	\$ 739,271	\$ (92,123)	\$ 631,420
Other operating revenues	-	1,029	1,029	12,547
Total operating revenues	831,394	740,300	(91,094)	643,967
Nonoperating Revenues:				
Investment earnings	33,330	27,947	(5,383)	72,802
Total revenues	864,724	768,247	(96,477)	716,769
Expenditures:				
Operating Expenses:				
Salaries	246,334	249,245	(2,911)	238,834
Supplies	37,500	37,765	(265)	44,116
Other departmental expenses	493,102	299,529	193,573	237,320
Capital outlay fund 61	43,800	18,781	25,019	34,628
Capital outlay fund 43	58,000	44,356	13,644	125,732
Debt service expenditures	13,500	14,900	(1,400)	1,450
Total operating expenses	892,236	664,576	227,660	682,080
Revenues over(under) expenditures	<u>(27,512)</u>	<u>103,671</u>	<u>131,183</u>	<u>34,689</u>
Other Financing Sources (Uses):				
Transfers in - Sewer Fund	98,286	98,286	-	81,650
Transfers out - General Fund	(183,089)	(183,089)	-	(158,401)
Transfers out - Electric Fund	(45,500)	(45,500)	-	(45,500)
Appropriated fund balance	157,815	-	157,815	-
Total other financing sources (uses)	<u>27,512</u>	<u>(130,303)</u>	<u>157,815</u>	<u>(122,251)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(26,632)</u>	<u>\$ (26,632)</u>	<u>\$ (87,562)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay capitalized		44,351		
Principal retirement		12,000		
Change in other post employment benefit liability		(2,239)		
Depreciation		(82,660)		
Net income (loss)		<u>\$ (55,180)</u>		

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, 2009
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008 Actual
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Sewer charges	\$ 1,683,200	\$ 1,646,000	\$ (37,200)	\$ 1,485,481
Nonoperating Revenues:				
Investment earnings	26,312	5,291	(21,021)	34,883
Restricted intergovernmental	185,000	69,492	(115,508)	101,113
Capital contribution	57,500	57,500	-	-
Total revenues	<u>1,952,012</u>	<u>1,778,283</u>	<u>(173,729)</u>	<u>1,621,477</u>
Expenditures:				
Salaries	172,222	181,137	(8,915)	169,866
Supplies	74,000	53,589	20,411	36,668
Other departmental expenses	973,362	823,232	150,130	1,051,748
Capital outlay fund 62	163,000	11,662	151,338	28,555
Capital outlay fund 44	657,500	260,897	396,603	31,129
Debt service expenditures	189,766	189,853	(87)	104,837
Total expenditures	<u>2,229,850</u>	<u>1,520,370</u>	<u>709,480</u>	<u>1,422,803</u>
Revenues over (under) expenditures	<u>(277,838)</u>	<u>257,913</u>	<u>535,751</u>	<u>198,674</u>
Other Financing Sources (Uses):				
Transfers out - General Fund	(151,566)	(151,566)	-	(92,666)
Transfers out - Water Fund	(98,286)	(98,286)	-	(81,650)
Transfers out - Electric Fund	(45,500)	(45,500)	-	(45,500)
Long-term debt issued	384,000	-	(384,000)	-
Appropriated fund balance	189,190	-	(189,190)	-
Total other financing sources (uses)	<u>277,838</u>	<u>(295,352)</u>	<u>(573,190)</u>	<u>(219,816)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(37,439)</u>	<u>\$ (37,439)</u>	<u>\$ (21,142)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay capitalized		260,897		
Principal retirement		126,116		
Change in other post employment benefit liability		(1,493)		
Depreciation		<u>(170,184)</u>		
Net income (loss)		<u>\$ 177,897</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, 2009
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/(Under)	
Revenues:				
Operating Revenues:				
Stormwater charges	\$ 286,500	\$ 166,948	\$ (119,552)	\$ 159,821
Other operating revenues	-	26,000	26,000	-
Nonoperating Revenues:				
Investment earnings	3,508	7,201	3,693	16,940
Total revenues	290,008	200,149	(89,859)	176,761
Expenditures:				
Current:				
Other departmental expenses	65,100	21,142	43,958	37,691
Capital outlay - fund 63	70,000	69,660	340	-
Capital outlay - fund 45	154,908	162,327	(7,419)	58,897
Total expenditures	290,008	253,129	36,879	96,588
Revenues over (under) expenditures	-	(52,980)	(52,980)	80,173
Other Financing Sources (Uses):				
Transfers in - General Fund	-	129,000	129,000	129,000
Total other financing sources (uses)	-	129,000	129,000	129,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	76,020	\$ 76,020	\$ 209,173
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay capitalized		231,987		
Depreciation		(5,930)		
Change in net assets, GAAP basis		\$ 302,077		

TOWN OF WINTERVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2009

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-09	\$ -	\$ 3,074,028	\$ 2,967,451	\$ 106,577
2007-08	72,253	-	49,830	22,423
2006-07	18,653	-	6,054	12,599
2005-06	6,221	-	863	5,358
2004-05	3,746	-	(249)	3,995
2003-04	2,733	-	(209)	2,942
2002-03	3,944	-	242	3,702
2001-02	2,281	-	(143)	2,424
2000-01	2,045	-	(353)	2,398
1999-00	1,196	-	(2,978)	4,174
1998-99	5,149	-	5,149	-
	<u>\$ 118,221</u>	<u>\$ 3,074,028</u>	<u>\$ 3,025,657</u>	166,592
Less allowance for uncollectible accounts - General Fund				<u>(36,430)</u>
Ad valorem taxes receivable				<u>\$ 130,162</u>
Taxes - Ad valorem - General Fund				\$ 3,066,447
Reconciliation With Revenues:				
Amounts written off per statute of limitations				5,149
Miscellaneous discounts and adjustments				(34,539)
Interest and penalties collected				<u>(11,400)</u>
Total collections and credits				<u>\$ 3,025,657</u>

TOWN OF WINTERVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY, TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Town-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 683,756,889	\$ 0.45	\$ 3,076,906	\$ 2,776,854	\$ 300,052
Discoveries:					
Current year taxes	<u>1,572,889</u>		<u>7,078</u>	<u>7,078</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(2,212,444)</u>		<u>(9,956)</u>	<u>(5,857)</u>	<u>(4,099)</u>
Total property valuation	<u>\$ 683,117,334</u>				
Net levy			3,074,028	2,778,075	295,953
Uncollected taxes at June 30, 2009			<u>106,577</u>	<u>64,765</u>	<u>41,812</u>
Current year's taxes collected			<u>\$ 2,967,451</u>	<u>\$ 2,713,310</u>	<u>\$ 254,141</u>
Current levy collection percentage			<u>96.53%</u>	<u>97.67%</u>	<u>85.87%</u>
Collection percentage rate - June 30, 2008			<u>97.21%</u>	<u>98.48%</u>	<u>87.18%</u>