

WINTERVILLE

North Carolina



Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30th, 2017

A Slice of the good life!



Comprehensive Annual Financial Report

of the

Town of Winterville, North Carolina

For the Fiscal Year Ended June 30, 2017

Anthony Bowers
Finance Director



Town of Winterville, North Carolina
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June 30, 2017

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INTRODUCTORY SECTION





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Town of Winterville

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Mark Smith – Mayor Pro-Tem

John Hill

Johnny L. Moye

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Finance Director

Anthony Bowers

Acting Town Clerk

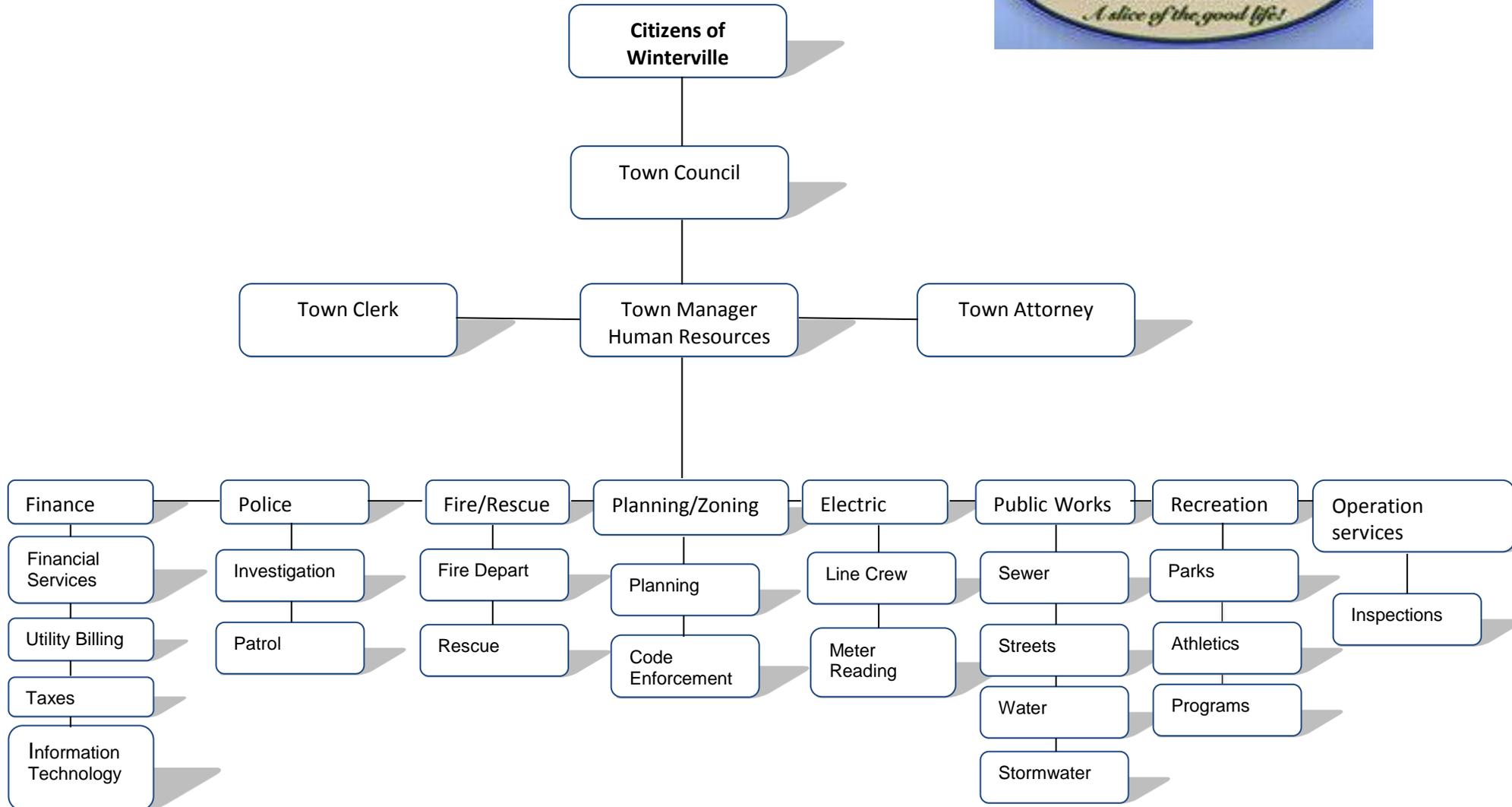
Amy P. Barrow

Town Attorney

E. Keen Lassiter



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







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March 26, 2017

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

It is my pleasure to submit to you the Town of Winterville's eighth Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30th, 2017. The Comprehensive Annual Financial Report (C.A.F.R.) is a document that includes the annual financial statements; as well as, a considerable amount of additional information. This includes historical data, the Management Discussion and Analysis, and commentary about the Town. Specifically the C.A.F.R. includes an introduction, a financial section, a statistical section and the compliance section.

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

The Town of Winterville has engaged the audit firm of Carr, Riggs, & Ingram, LLC to audit the Town's financial statements. Carr, Riggs, and Ingram, LLC has issued an unmodified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2017.

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

As a recipient of federal and state financial assistance, the Town must ensure that an adequate internal control system is in place to comply with the various laws and regulations of those financial assistance programs. As part of the Town's *Government Auditing Standards* and Uniform Guidance audit, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements.

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

Profile of the Town of Winterville

The Town of Winterville was established in 1897. Located in Pitt County, Winterville is the second largest municipality in the county. The Town is geographically located in the center of the Coastal Plains of Eastern North Carolina. The Town's northern boundary is shared with the southern boundary of the City of Greenville. Winterville is conveniently located one hour east of Raleigh, and one hour west of the coast. The Town consists of 4.5 square miles, and has a population of 9,447 as of June 30th, 2017.

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

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

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

Local Economy

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

The close proximity to the City of Greenville and having Pitt Community College in the Town limits, brings thousands of people to Winterville to participate in commerce. Pitt Community College has over 11,678 curriculum students and 10,344 continuing education students, and 474 full-time staff and faculty members.

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

One of the many popular events that take place annually is the Winterville Watermelon Festival. This festival brings in over 25,000 people to participate in concerts, parades, and rides. The Watermelon Festival has been an important part of the Town for 32 years and is the largest festival in the region. The Town works in conjunction with the nonprofit Winterville Watermelon Festival Committee to produce a spectacular event.

Pitt County has seen stable growth in the past 5 years due to several economic drivers. Examples include, East Carolina University, University Health Care Systems, DSM Pharmaceuticals/Patheon, Mayne Pharma USA, Attends Health Care Products, NACCO Material Handling and many others. The unemployment rate for Pitt County is 5.5 percent. The population for Pitt County is 177,220.

Long Term Financial Planning

In April 2008, the Town Council adopted the Town's first Capital Improvements Program. This program identified long term needs for improvements and infrastructure. The total values of these improvements were estimated to be \$81,479,500. Of that, \$65,391,904 is associated with the Town's Electric, Water, Sewer, and Stormwater operations. The General Fund accounted for \$12,404,000 worth of improvements. While many of these projects have been completed and the Town has embarked on adopting a new Capital Improvements Program. Updates for the General Fund, Fire Department, and Recreation Department will soon guide the Town's operations.

With respect to the Enterprise Funds, the Town has installed a new \$1,850,000 water main that connects our system with the principal supplier Greenville Utilities Commission. We also have a \$2,177,000 sewer system improvement and expansion that will provide opportunity for growth on the southeast side of Town.

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

Major Initiatives

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

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

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

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

Relevant Financial Policies

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

Risk Management

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

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

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

Pension Plans

The permanent full-time employees of the Town participate in the statewide North Carolina Local Government Employees’ Retirement System (NCLGERS), a cost-sharing multi-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the Town that equal to 7.25% of earnings for employees not engaged

in law enforcement and 8.0% for law enforcement officers for the fiscal year ending June 30th, 2017. All employees contribute 6.0% of their earnings to the state retirement system.

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

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

Acknowledgement

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Anthony B Bowers".

Anthony Bowers
Finance Director



FINANCIAL SECTION





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

To the Honorable Mayor and Members
of the Town Council
Town of Winterville, North Carolina
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 6 to the financial statements, the Town of Winterville, North Carolina adopted Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 17 through 30, the Other Post-employment Benefits – Retiree Health Care Schedule of Funding Progress and Schedule of Employer Contributions on pages 80 through 81, respectively, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 82 and 83, respectively and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 84 and 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winterville, North Carolina's basic financial statements. The introductory section, individual fund statements, budgetary schedules, and other financial information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of Town of Winterville, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Winterville, North Carolina's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
March 26, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS



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

As management of the Town of Winterville, we offer readers of the Town of Winterville's financial statements this narrative overview and analysis of the financial activities of the Town of Winterville for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Winterville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$41,893,448 (net position).
- The net position increased in the amount of \$2,113,337, after restatement and prior period adjustment was primarily due to revenues exceeding expectations and savings in the business-type activities related to project postponement, as well as vacant and frozen positions in the workforce.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,311,145 an increase of \$663,766 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,913,768, or 83% percent of total General Fund expenditures for the fiscal year.
- Capital purchases for the Town totaled \$2,172,125.
- Long-term debt was reduced in the net amount of \$502,244 in the Governmental Activities.
- Business-type activities saw a net debt decrease in the amount of \$550,096.

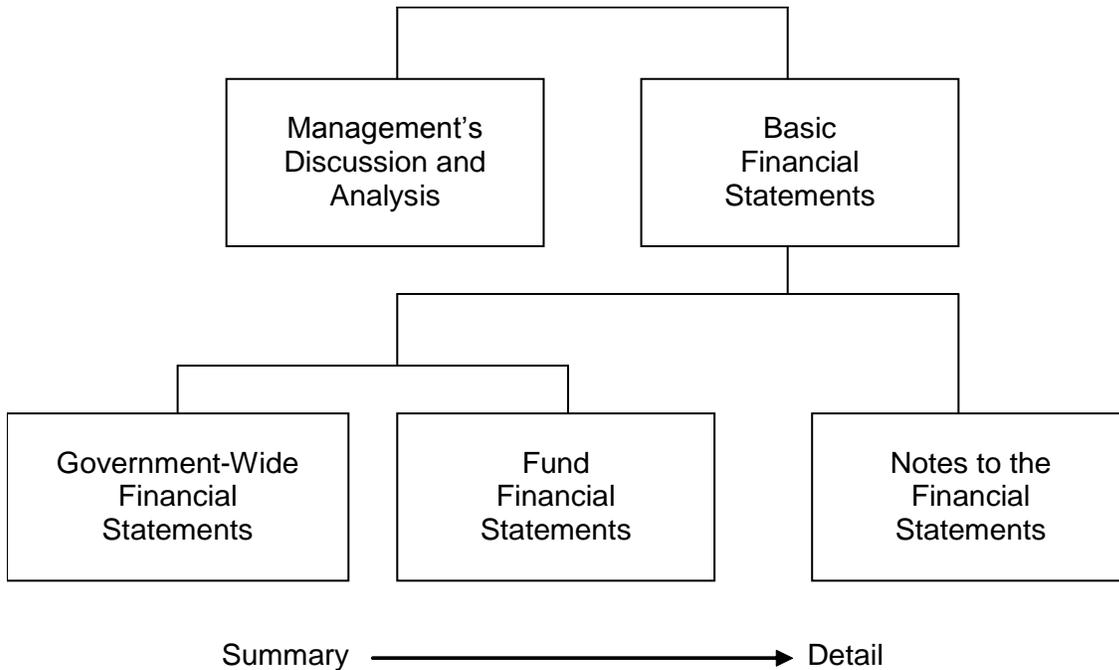
Overview of the Financial Statements

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

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

The government-wide financial statements are presented in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Winterville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds can be divided into two categories: governmental funds and proprietary funds.

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

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

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

Proprietary Funds - The Town of Winterville only has one kind of proprietary fund – enterprise funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Winterville uses enterprise funds to account for its water, sewer, electric, and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 44 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Winterville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 79 of this report.

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

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

Government-Wide Financial Analysis

The Town of Winterville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 9,311,145	\$ 8,654,526	\$ 9,904,207	\$ 9,348,515	\$ 19,215,352	\$ 18,003,041
Capital assets	23,275,229	22,935,834	10,035,590	10,320,294	33,310,819	33,256,128
Deferred outflows of resources	<u>867,374</u>	<u>196,721</u>	<u>241,448</u>	<u>32,337</u>	<u>1,108,822</u>	<u>229,058</u>
Total assets and deferred outflows of resources	<u>33,453,748</u>	<u>31,787,081</u>	<u>20,181,245</u>	<u>19,701,146</u>	<u>53,634,993</u>	<u>51,488,227</u>
Long-term liabilities outstanding	5,023,559	4,481,753	4,581,183	4,818,039	9,604,742	9,299,792
Other liabilities	1,245,690	1,233,859	830,147	1,046,013	2,075,837	2,279,872
Deferred inflows of resources	<u>10,780</u>	<u>60,546</u>	<u>50,186</u>	<u>67,946</u>	<u>60,966</u>	<u>128,492</u>
Total liabilities and deferred inflows of resources	<u>6,280,029</u>	<u>5,776,158</u>	<u>5,461,516</u>	<u>5,931,998</u>	<u>11,741,545</u>	<u>11,708,156</u>
Net Position:						
Net investment in capital assets	19,828,145	18,986,506	5,559,549	5,294,157	25,387,694	24,280,663
Restricted	1,918,013	2,617,740	-	-	1,918,013	2,617,740
Unrestricted	<u>5,427,561</u>	<u>4,406,677</u>	<u>9,160,180</u>	<u>8,474,991</u>	<u>14,587,741</u>	<u>12,881,668</u>
Total net position	<u>\$27,173,719</u>	<u>\$26,010,923</u>	<u>\$14,719,729</u>	<u>\$13,769,148</u>	<u>\$41,893,448</u>	<u>\$39,780,071</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Winterville exceeded liabilities and deferred inflows by \$41,893,448 as of June 30, 2017. The Town's net position increased by \$2,318,968, after restatement and prior period adjustment for the fiscal year ended June 30, 2017. However, the largest portion of net position (61%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Winterville's net position, which totals \$1,918,013, represents resources that are subject to restrictions on how they may be used. The remaining balance of \$14,587,741 is unrestricted.

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

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.29% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.38%, which is a slight increase from the previous year's collection percentage of 99.14%.
- Current year property tax collections and credits increased to \$3,688,485 which is up from \$3,640,495 in 2016.
- The Town of Winterville had a tax base of \$781,355,368 as of June 30, 2017.

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

The Town of Winterville's Changes in Net Position

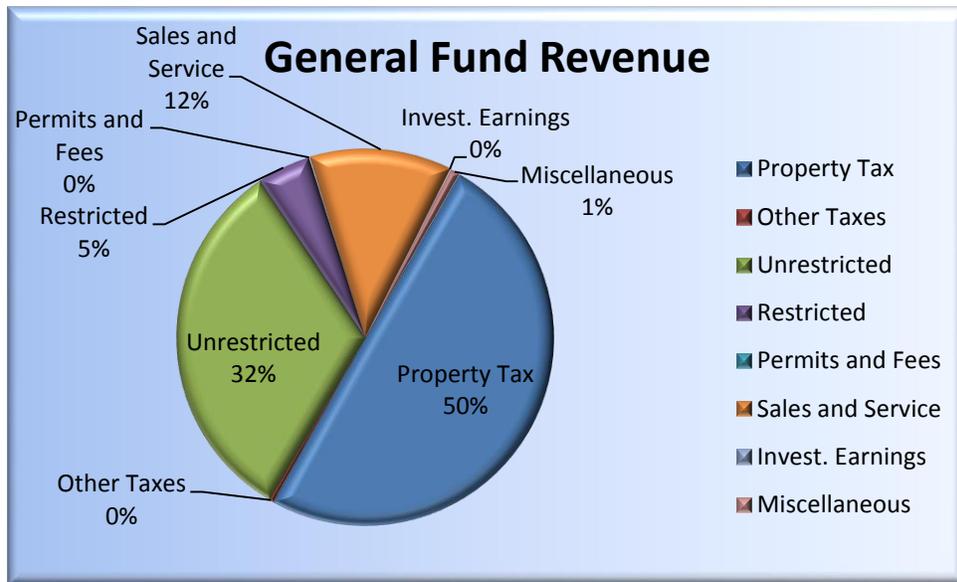
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 921,825	\$ 881,885	\$10,394,743	\$ 9,781,036	\$11,316,568	\$10,662,921
Operating grants and contributions	338,930	283,942	96,908	93,050	435,838	376,992
General Revenues:						
Property taxes	3,722,789	3,633,653	-	-	3,722,789	3,633,653
Other taxes and licenses	30,821	30,878	-	-	30,821	30,878
Unrestricted intergovernmental	2,400,590	2,306,162	-	-	2,400,590	2,306,162
Investment earnings	9,160	9,816	10,607	8,801	19,767	18,617
Other	<u>1,040,275</u>	<u>630,471</u>	<u>-</u>	<u>-</u>	<u>1,040,275</u>	<u>630,471</u>
Total revenues	<u>8,464,390</u>	<u>7,776,807</u>	<u>10,502,258</u>	<u>9,882,887</u>	<u>18,966,648</u>	<u>17,659,694</u>
Expenses:						
General government	2,166,843	2,239,443	-	-	2,166,843	2,239,443
Public safety	2,342,745	2,238,766	-	-	2,342,745	2,238,766
Transportation	1,359,646	1,433,435	-	-	1,359,646	1,433,435
Environmental protection	479,991	460,797	-	-	479,991	460,797
Economic development	32,400	32,400	-	-	32,400	32,400
Cultural and recreation	885,272	806,502	-	-	885,272	806,502
Interest expense	99,326	114,018	-	-	99,326	114,018
Electric	-	-	5,940,771	5,839,943	5,940,771	5,839,943
Water	-	-	1,245,965	1,186,795	1,245,965	1,186,795
Sewer	-	-	1,917,535	1,962,456	1,917,535	1,962,456
Stormwater	-	-	<u>177,186</u>	<u>142,812</u>	<u>177,186</u>	<u>142,812</u>
Total expenses	<u>7,366,223</u>	<u>7,325,361</u>	<u>9,281,457</u>	<u>9,132,006</u>	<u>16,647,680</u>	<u>16,457,367</u>
Increase (decrease) in net position before transfers	1,098,167	451,446	1,220,801	750,881	2,318,968	1,202,327
Transfers	<u>290,000</u>	<u>215,444</u>	<u>(290,000)</u>	<u>(215,444)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,388,167	666,890	930,801	535,437	2,318,968	1,202,327
Net position, July 1 as previously reported	26,010,923	25,344,033	13,769,148	13,256,119	39,780,071	38,600,152
Prior period adjustments/restatements	<u>(225,371)</u>	<u>-</u>	<u>19,780</u>	<u>(22,408)</u>	<u>(205,591)</u>	<u>(22,408)</u>
Net position, July 1 as restated	<u>25,785,552</u>	<u>25,344,033</u>	<u>13,788,928</u>	<u>13,233,711</u>	<u>39,574,480</u>	<u>38,577,744</u>
Net position, June 30	<u>\$27,173,719</u>	<u>\$26,010,923</u>	<u>\$14,719,729</u>	<u>\$13,769,148</u>	<u>\$41,893,448</u>	<u>\$39,780,071</u>

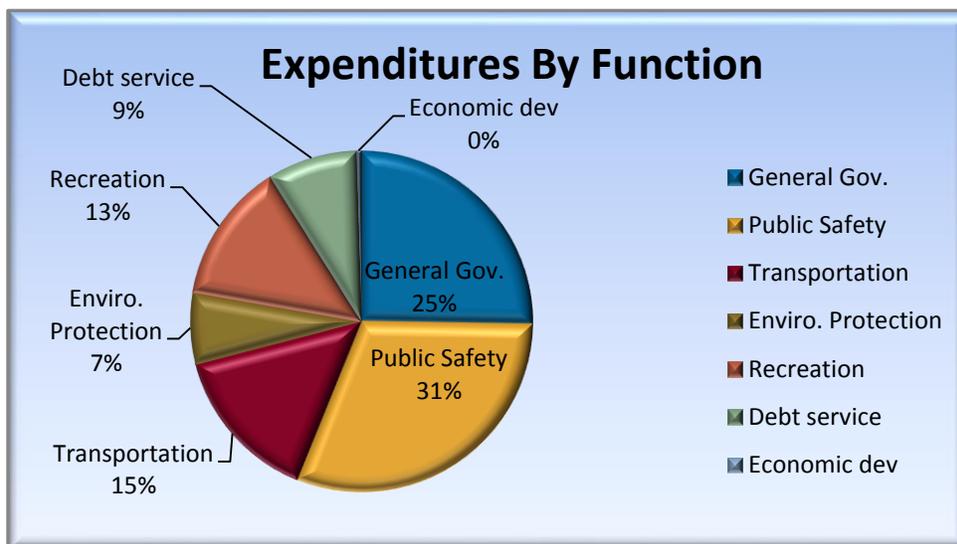
Governmental Activities: Governmental activities increased the Town's net position by \$1,162,796 thereby accounting for 55% of the total growth in the net position of the Town of Winterville. The key elements of this increase are contributed to contributions from the enterprise funds and increased property and intergovernmental taxes.

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

General Fund Revenue By Source:

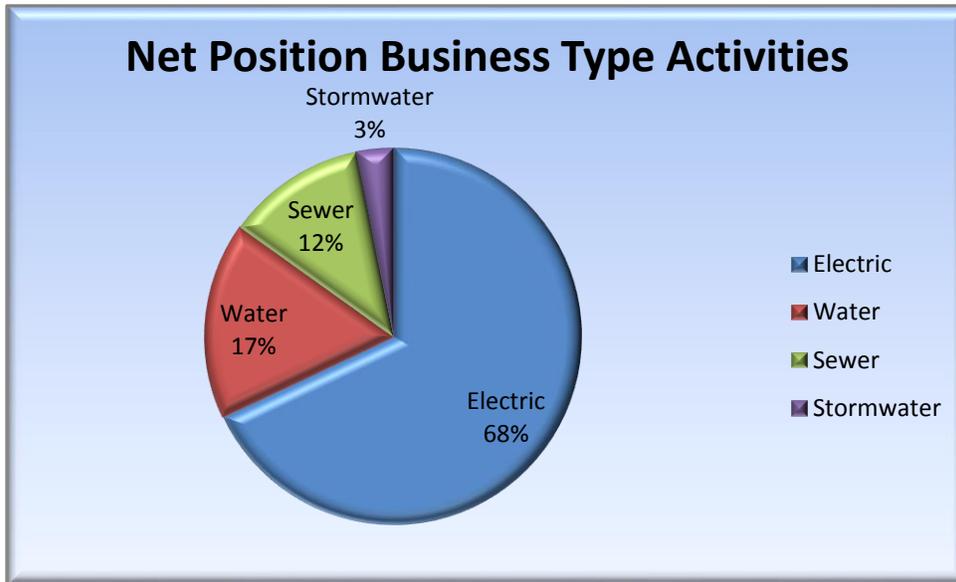


General Fund Expenditures By Function:



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

Business-Type Activities: Business-type activities increased the Town's net position by \$950,581 accounting for 45% of the total growth in the government's net position. Key elements of this increase are due to sales for service and a reduction in spending.



Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Winterville. At the end of the current fiscal year, Town of Winterville's unassigned fund balance available in the General Fund was \$5,913,768, while total fund balance reached \$8,537,687. The Governing Body of the Town of Winterville has determined that the Town should maintain a minimum available fund balance of 25% of general fund expenditures. This policy will allow for the Town to position itself for unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 83% of general fund expenditures. This is a 7% increase from the previous year. This change in Fund Balance is due to the fact that revenues exceeded expenditures in the amount of \$364,677.

General Fund Budgetary Highlights: During the fiscal year, the Town of Winterville revised the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2)

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

amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Budgeted expenditure appropriations rose during the year by \$1,122,832 to \$8,603,689. One of the largest budget amendments was for \$636,920, which primarily relates to a contract for a large paving project. The funds were allocated from fund balance for the project. Budgeted revenues in the General Fund increased by \$60,800 during the fiscal year. Other changes to the budget were limited to using Fund Balance to cover prior year commitments. The Town of Winterville had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$1,277,032), an increase of \$202,640 from the 2016 fiscal year.

The General Fund had three items of significant variance related to budget to actual. The three significant items were, General Government, Public Safety, and Transportation. Regarding Ad Valorem Taxes, the Town determines the budget on calculations from the tax assessor's office. These estimates are typically very conservative and create a situation where actual revenue is typically higher than the budgeted estimate. General Government did not spend all of the allocation budgeted by \$1,486,432. This was caused by several factors which include vacant positions, and the postponement of projects. Public Safety was left with \$419,177 as a result of reimbursements from Winterville EMS. Transportation funds remaining at year-end were \$451,113. This was the result of funds that were not fully spent as a result of projects being postponed.

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

Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$6,554,801 compared with the prior fiscal year of \$5,934,482, which is an increase of \$620,319.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,571,623 compared with the prior fiscal year of \$1,550,091, which is an increase of \$21,532.

Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$920,453 compared with the prior fiscal year of \$830,223, which is an increase of \$90,230.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$113,303 compared with the prior fiscal year of \$160,195, which is a decrease of \$46,892.

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

Capital Asset and Debt Administration

Capital Assets. The Town of Winterville's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$33,310,819 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

The Town had not have any major capital purchases, however the Town did see increases as a resulting of accepting improvements to residential subdivision.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and construction						
in progress	\$ 4,031,051	\$ 3,912,357	\$ 2,201,565	\$ 2,125,798	\$ 6,232,616	\$ 6,038,155
Distribution and treatment systems	-	-	7,635,979	8,008,169	7,635,979	8,008,169
Buildings	3,867,115	4,006,899	76,538	91,692	3,943,653	4,098,591
Infrastructure	13,629,260	13,231,750	-	-	13,629,260	13,231,750
Software	36,492	68,001	-	-	36,492	68,001
Equipment and vehicles	<u>1,711,311</u>	<u>1,716,827</u>	<u>121,508</u>	<u>94,635</u>	<u>1,832,819</u>	<u>1,811,462</u>
Total	<u>\$ 23,275,229</u>	<u>\$ 22,935,834</u>	<u>\$ 10,035,590</u>	<u>\$ 10,320,294</u>	<u>\$ 33,310,819</u>	<u>\$ 33,256,128</u>

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

Long-Term Debt. As of June 30, 2017, the Town of Winterville had bonded or secured debt outstanding of \$7,923,125. The Town's debt is sourced with installment purchase agreements secured by the equipment and vehicles purchased.

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

The Town of Winterville's Outstanding Debt Installment Purchases

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Installment purchases	\$ 3,447,084	\$ 3,949,328	\$ 4,476,041	\$ 5,026,137	\$ 7,923,125	\$ 8,975,465

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 \$59,061,345.

Additional information regarding the Town of Winterville's long-term debt can be found in Note 2 E 6 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The tax levy for the Town of Winterville's real property saw a slight increase due to tax revaluation with estimated tax revenue of \$3,209,623, an increase of \$78,086.
- The population decreased from 9,464 to 9,447 from 2016-2017.
- The total number of utility customers has remained constant reflecting the lack of current growth.
- The utilities are not anticipating a rate increase to provide needed revenues.
- Next year's budget will have to address the following issues:
 - The General Fund will have capital purchases of vehicles for Recreation and playground equipment, Firetruck as well as a new Public Works garage. The purchase of this equipment be included in the operating budget and will be financed with installment purchase agreements.
 - The General Fund will be subsidized by with \$215,000 from the Electric Fund, and reimbursements from the enterprise funds in the amount of 1,028,000.
 - The Town will not add any new positions and will have 2 positions remain frozen.
 - Town staff will see salary increases or cost of living raises in the amount of 1.5% and the reinstatement of a merit system.
 - There are no new significant capital projects beginning in the 2017-2018 FY.

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

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities – The annual budget for the General Fund is \$9,422,083 for the 2017-2018 fiscal year. The taxable property value of \$684,528,093. The tax rate will remain the same at 47.5 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$725,611.

Business-Type Activities - The total Electric Fund budget for the 2017-2018 fiscal year is \$6,828,823. The purchase of power from Duke Energy and NTE is budgeted in the amount of \$3,728,000. Also, the Electric Department will include an appropriation of \$331,519 for services provided by the General Fund and \$215,000 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,512,014 that is up from the 2016-2017 budget, which was \$1,430,014 a difference of \$82,000. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$372,000 of water from Greenville Utilities Commission.

The Sewer Fund budget of \$2,202,991 represents a increase in the amount of \$269,991 from the 2016-2017 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$965,000 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2016-2017 Stormwater budget will have a increase in the amount of \$20,900. The total budget for the 2016-2017 fiscal year is \$180,000. Appropriations address two expenses; which are Salaries and Wages, and contracted services for ditch maintenance.

Requests for Information

This report is designed to provide an overview of the Town of Winterville's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Anthony Bowers, P. O. Box 1459, Winterville, NC 28590. You can also call (252) 215-2348, visit our website www.wintervillenc.com or by email at anthony.bowers@wintervillenc.com for more information.



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
Statement of Net Position
June 30, 2017
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,944,138	\$ 5,450,958	\$ 10,395,096
Investments	2,169,660	2,275,000	4,444,660
Restricted cash and cash equivalents	1,201,697	302,698	1,504,395
Taxes receivables (net)	68,386	-	68,386
Accounts receivable (net)	77,447	1,340,090	1,417,537
Other receivables	91,944	78,989	170,933
Due from other governments	736,850	-	736,850
Inventories	21,023	456,472	477,495
Total current assets	<u>9,311,145</u>	<u>9,904,207</u>	<u>19,215,352</u>
Non-current assets:			
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	4,031,051	2,201,565	6,232,616
Other capital assets, net of depreciation	19,244,178	7,834,025	27,078,203
Total capital assets	<u>23,275,229</u>	<u>10,035,590</u>	<u>33,310,819</u>
Total non-current assets	<u>23,275,229</u>	<u>10,035,590</u>	<u>33,310,819</u>
TOTAL ASSETS	<u>32,586,374</u>	<u>19,939,797</u>	<u>52,526,171</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	867,374	241,448	1,108,822
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	346,649	220,494	567,143
Current portion of long-term liabilities	599,355	483,255	1,082,610
Liabilities payable from restricted assets:			
Accounts payable	299,686	-	299,686
Customer deposits	-	126,398	126,398
Total current liabilities	<u>1,245,690</u>	<u>830,147</u>	<u>2,075,837</u>
Long-term liabilities:			
Net pension liability	947,758	347,715	1,295,473
Total pension liability	451,356	-	451,356
Due in more than one year	3,624,445	4,233,468	7,857,913
TOTAL LIABILITIES	<u>6,269,249</u>	<u>5,411,330</u>	<u>11,680,579</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	10,780	50,186	60,966
NET POSITION			
Net investment in capital assets	19,828,145	5,559,549	25,387,694
Restricted for:			
Stabilization by State Statute	1,016,002	-	1,016,002
Streets	807,230	-	807,230
Public safety	74,742	-	74,742
Recreation	20,039	-	20,039
Unrestricted	<u>5,427,561</u>	<u>9,160,180</u>	<u>14,587,741</u>
TOTAL NET POSITION	<u>\$ 27,173,719</u>	<u>\$ 14,719,729</u>	<u>\$ 41,893,448</u>

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 2,166,843	\$ 206,482	\$ 28,425	\$ -
Public safety	2,342,745	30,445	43,138	-
Transportation	1,359,646	3,660	261,061	-
Economic development	32,400	-	-	-
Environmental protection	479,991	521,196	6,306	-
Cultural and recreation	885,272	160,042	-	-
Interest on long-term debt	99,326	-	-	-
Total governmental activities (See Note 1)	7,366,223	921,825	338,930	-
Business-type activities:				
Electric	5,940,771	6,796,158	-	-
Water	1,245,965	1,469,305	-	-
Sewer	1,917,535	1,938,108	96,908	-
Stormwater	177,186	191,172	-	-
Total business-type activities	9,281,457	10,394,743	96,908	-
Total primary government	<u>\$16,647,680</u>	<u>\$ 11,316,568</u>	<u>\$ 435,838</u>	<u>\$ -</u>

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

Town of Winterville, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2017
Exhibit 2

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Primary government:			
Governmental Activities:			
General government	\$ (1,931,936)	\$ -	\$ (1,931,936)
Public safety	(2,269,162)	-	(2,269,162)
Transportation	(1,094,925)	-	(1,094,925)
Economic development	(32,400)	-	(32,400)
Environmental protection	47,511	-	47,511
Cultural and recreation	(725,230)	-	(725,230)
Interest on long-term debt	(99,326)	-	(99,326)
Total governmental activities	(6,105,468)	-	(6,105,468)
(See Note 1)	(6,105,468)	-	(6,105,468)
Business-type activities:			
Electric	-	855,387	855,387
Water	-	223,340	223,340
Sewer	-	117,481	117,481
Stormwater	-	13,986	13,986
Total business-type activities	-	1,210,194	1,210,194
Total primary government	(6,105,468)	1,210,194	(4,895,274)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	3,722,789	-	3,722,789
Other taxes	30,821	-	30,821
Grants and contributions not restricted			
to specific programs	2,400,590	-	2,400,590
Unrestricted investment earnings	9,160	10,607	19,767
Miscellaneous	1,040,275	-	1,040,275
Total general revenues not including transfers	7,203,635	10,607	7,214,242
Transfers	290,000	(290,000)	-
Total general revenues and transfers	7,493,635	(279,393)	7,214,242
Change in net position	1,388,167	930,801	2,318,968
Net position, beginning as previously reported	26,010,923	13,769,148	39,780,071
Restatement and prior period adjustment	(225,371)	19,780	(205,591)
Net position, beginning as restated	25,785,552	13,788,928	39,574,480
Net position, ending	\$ 27,173,719	\$ 14,719,729	\$ 41,893,448

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

Town of Winterville, North Carolina
Balance Sheet – Governmental Funds
June 30, 2017
Exhibit 3

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 4,944,138	\$ 4,944,138
Investments	2,169,660	2,169,660
Restricted cash and cash equivalents	1,201,697	1,201,697
Receivables, net:		
Taxes	68,386	68,386
Accounts	77,447	77,447
Other receivables	91,944	91,944
Due from other governments	736,850	736,850
Inventories	21,023	21,023
Total assets	\$ 9,311,145	\$ 9,311,145
LIABILITIES		
Accounts payable and accrued liabilities	\$ 331,603	\$ 331,603
Liabilities payable from restricted assets:		
Accounts payable	299,686	299,686
Total liabilities	631,289	631,289
DEFERRED INFLOWS OF RESOURCES		
Accounts receivable, net (garbage)	73,783	73,783
Property taxes receivable	68,386	68,386
Total deferred inflows of resources	142,169	142,169
FUND BALANCES		
Nonspendable		
Inventories	21,023	21,023
Restricted		
Stabilization by State Statute	1,016,002	1,016,002
Streets	807,230	807,230
Public Safety	74,742	74,742
Recreation	20,039	20,039
Committed		
Housing	15,200	15,200
Assigned		
Subsequent year's expenditures	669,683	669,683
Unassigned, General Fund	5,913,768	5,913,768
Total fund balances	8,537,687	8,537,687
Total liabilities, deferred inflows of resources and fund balances	\$ 9,311,145	

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

Town of Winterville, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$ 8,537,687
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 43,787,066	
Accumulated depreciation	<u>(20,511,837)</u>	23,275,229
Deferred outflows of resources related to pensions are not report in the funds		
		867,374
Earned revenues considered deferred inflows of resources in fund statements		
		142,169
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	\$ (3,447,084)	
Compensated absences	(216,416)	
Total pension liability	(451,356)	
Net pension liability	(947,758)	
Unfunded OPEB obligation	<u>(560,300)</u>	(5,622,914)
Deferred inflows of resources related to pensions are not reported in the funds		
		(10,780)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(15,046)</u>
Net position of governmental activities		<u><u>\$ 27,173,719</u></u>

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

Town of Winterville, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2017
Exhibit 4

	General Fund	Total Governmental Funds
Revenues:		
Ad valorem taxes	\$ 3,721,809	\$ 3,721,809
Other taxes and licenses	30,821	30,821
Unrestricted intergovernmental	2,400,590	2,400,590
Restricted intergovernmental	341,621	341,621
Permits and fees	12,648	12,648
Sales and services	902,904	902,904
Investment earnings	10,129	10,129
Miscellaneous	61,592	61,592
Total revenues	7,482,114	7,482,114
Expenditures:		
Current:		
General government	1,798,530	1,798,530
Public safety	2,197,435	2,197,435
Transportation	1,057,009	1,057,009
Environmental protection	479,991	479,991
Cultural and recreation	948,222	948,222
Economic development	32,400	32,400
Debt service:		
Principal retirement	502,244	502,244
Interest	101,606	101,606
Total expenditures	7,117,437	7,117,437
Excess (deficiency) of revenues over expenditures	364,677	364,677
Other financing sources (uses):		
Transfers from other funds	290,000	290,000
Sale of capital assets	21,472	21,472
Total other financing sources (uses)	311,472	311,472
Net change in fund balance	676,149	676,149
Fund balances, beginning, as previously reported	7,893,731	7,893,731
Prior period adjustment	(19,780)	(19,780)
Fund balances, beginning as restated	7,873,951	7,873,951
Change in reserve for inventories	(12,413)	(12,413)
Fund balances, ending	\$ 8,537,687	\$ 8,537,687

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

Town of Winterville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017
Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	676,149
Change in fund balance due to change in reserve for inventories		(12,413)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 985,151	
Depreciation expense for governmental assets	<u>(1,602,967)</u>	(617,816)
Street assets recorded from developers		957,211
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		176,872
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		15,524
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues	980	
Change in unavailable revenue for garbage revenues	<u>2,613</u>	3,593
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	502,244	
Change in accrued interest payable	<u>2,280</u>	504,524
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	35,709	
Pension expense	(307,904)	
Unfunded OPEB obligation	<u>(43,282)</u>	(315,477)
Total changes in net position of governmental activities		<u>\$ 1,388,167</u>

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

Town of Winterville, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Annual Budget to Actual – General Fund
For the Fiscal Year Ended June 30, 2017
Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,586,433	\$ 3,586,433	\$ 3,721,809	\$ 135,376
Other taxes and licenses	31,000	31,000	30,821	(179)
Unrestricted intergovernmental	2,354,929	2,354,929	2,400,590	45,661
Restricted intergovernmental	273,900	314,100	341,621	27,521
Permits and fees	4,100	4,100	12,648	8,548
Sales and services	869,842	890,442	902,904	12,462
Investment earnings	7,000	7,000	10,129	3,129
Miscellaneous	138,833	138,833	61,592	(77,241)
Total revenues	<u>7,266,037</u>	<u>7,326,837</u>	<u>7,482,114</u>	<u>155,277</u>
Expenditures:				
Current:				
General government	2,083,762	2,229,182	1,798,530	430,652
Public safety	2,456,954	2,616,612	2,197,435	419,177
Transportation	871,202	1,508,122	1,057,009	451,113
Environment protection	475,000	482,000	479,991	2,009
Cultural and recreation	970,258	1,126,282	948,222	178,060
Economic development	20,000	37,800	32,400	5,400
Debt service:				
Principal retirement	502,246	502,246	502,244	2
Interest	101,615	101,625	101,606	19
Total expenditures	<u>7,481,037</u>	<u>8,603,869</u>	<u>7,117,437</u>	<u>1,486,432</u>
Revenues over (under) expenditures	(215,000)	(1,277,032)	364,677	1,641,709
Other financing sources (uses):				
Transfer from other funds	215,000	290,000	290,000	-
Sale of capital assets	-	-	21,472	21,472
Total other financing sources (uses)	<u>215,000</u>	<u>290,000</u>	<u>311,472</u>	<u>21,472</u>
Fund balance appropriated	-	987,032	-	(987,032)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	676,149	<u>\$ 676,149</u>
Fund balances, beginning as previously reported			7,893,731	
Prior period adjustment			(19,780)	
Fund balances, beginning as restated			<u>7,873,951</u>	
Change in reserve for inventories			(12,413)	
Fund balances, ending			<u>\$ 8,537,687</u>	

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

Town of Winterville, North Carolina
Statement of Fund Net Position – Proprietary Funds
June 30, 2017
Exhibit 6

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,064,393	\$1,102,884	\$ 235,393	\$ 48,288	\$ 5,450,958
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	568,920	115,601	160,595	13,764	858,880
Accounts receivable (net) - unbilled	325,661	63,759	83,822	7,968	481,210
Miscellaneous receivable	-	-	19,778	-	19,778
Grant receivable	-	-	59,211	-	59,211
Inventories	379,329	27,984	49,159	-	456,472
Restricted cash and cash equivalents	157,952	64,505	80,241	-	302,698
Total current assets	6,896,255	1,834,733	1,043,199	130,020	9,904,207
Noncurrent assets:					
Capital assets:					
Land and construction in progress	146,013	1,902,205	142,147	11,200	2,201,565
Other capital assets, net of depreciation	5,073,264	766,336	1,654,720	339,705	7,834,025
Capital assets	5,219,277	2,668,541	1,796,867	350,905	10,035,590
Total noncurrent assets	5,219,277	2,668,541	1,796,867	350,905	10,035,590
Total assets	12,115,532	4,503,274	2,840,066	480,925	19,939,797
Deferred Outflows of Resources					
Pension deferrals	159,538	53,636	17,739	10,535	241,448
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	29,263	152,896	30,561	7,774	220,494
Compensated absences - current	13,915	4,867	1,865	-	20,647
Installment purchase payable - current	284,830	102,648	75,130	-	462,608
Liabilities payable from restricted assets:					
Customer deposits	104,293	9,115	12,990	-	126,398
Total current liabilities	432,301	269,526	120,546	7,774	830,147
Noncurrent liabilities:					
Unfunded OPEB obligation	101,489	30,510	29,954	7,152	169,105
Compensated absences	34,582	9,696	6,242	410	50,930
Net pension liability	187,710	96,721	51,368	11,916	347,715
Installment purchase payable	1,483,807	1,647,665	881,961	-	4,013,433
Total noncurrent liabilities	1,807,588	1,784,592	969,525	19,478	4,581,183
Total liabilities	2,239,889	2,054,118	1,090,071	27,252	5,411,330
Deferred Inflows of Resources					
Pension deferrals	29,740	12,941	7,505	-	50,186
Net Position					
Net investment in capital assets	3,450,640	918,228	839,776	350,905	5,559,549
Unrestricted	6,554,801	1,571,623	920,453	113,303	9,160,180
Total net position	\$ 10,005,441	\$2,489,851	\$1,760,229	\$ 464,208	\$14,719,729

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

Town of Winterville, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
Exhibit 7

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Operating revenues:					
Charges for services	\$ 6,298,677	\$1,459,127	\$1,938,108	\$190,672	\$ 9,886,584
Other operating revenues	497,481	10,178	-	500	508,159
Total operating revenues	6,796,158	1,469,305	1,938,108	191,172	10,394,743
Operating expenses:					
Operations	1,831,483	1,121,763	-	163,202	3,116,448
Electrical power purchases	3,711,000	-	-	-	3,711,000
Waste collection and treatment	-	-	1,804,954	-	1,804,954
Depreciation	353,572	68,565	78,346	13,984	514,467
Total operating expenses	5,896,055	1,190,328	1,883,300	177,186	9,146,869
Operating income (loss)	900,103	278,977	54,808	13,986	1,247,874
Non-operating revenues (expenses):					
Development fees	-	-	37,697	-	37,697
Grant revenue	-	-	59,211	-	59,211
Investment earnings	7,530	2,080	859	138	10,607
Interest expense	(44,716)	(55,637)	(34,235)	-	(134,588)
Total non-operating revenues (expenses)	(37,186)	(53,557)	63,532	138	(27,073)
Income (loss) before transfers	862,917	225,420	118,340	14,124	1,220,801
Transfers to other funds	(215,000)	-	-	(75,000)	(290,000)
	(215,000)	-	-	(75,000)	(290,000)
Change in net position	647,917	225,420	118,340	(60,876)	930,801
Total net position, beginning as previously reported	9,357,524	2,264,431	1,622,109	525,084	13,769,148
Prior period adjustment	-	-	19,780	-	19,780
Total net position, beginning as restated	9,357,524	2,264,431	1,641,889	525,084	13,788,928
Total net position, ending	\$ 10,005,441	\$2,489,851	\$1,760,229	\$464,208	\$14,719,729

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

Town of Winterville, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2017
Exhibit 8

Major Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$6,725,048	\$ 1,443,449	\$ 1,918,477	\$ 183,968	\$ 10,270,942
Cash paid for goods and services	(4,848,225)	(915,294)	(1,703,297)	(155,413)	(7,622,229)
Cash paid to or on behalf of employees for services	(665,637)	(293,437)	(93,606)	(54,725)	(1,107,405)
Cash received (paid) for customer deposits - net	4,650	510	720	-	5,880
Net cash provided (used) by operating activities	1,215,836	235,228	122,294	(26,170)	1,547,188
Cash flows from non-capital financing activities:					
Transfers to other funds	(215,000)	-	-	(75,000)	(290,000)
Net cash provided (used) by non-capital financing activities	(215,000)	-	-	(75,000)	(290,000)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(102,428)	(73,704)	(53,631)	-	(229,763)
Principal payments on long term debt	(278,742)	(198,749)	(72,605)	-	(550,096)
Interest paid on debt	(45,603)	(56,655)	(34,591)	-	(136,849)
Developers fee	-	-	37,697	-	37,697
Net cash provided (used) by capital and related financing activities	(426,773)	(329,108)	(123,130)	-	(879,011)
Cash flows from investing activities:					
Interest income	7,530	2,080	859	138	10,607
Net cash provided (used) by investing activities	7,530	2,080	859	138	10,607
Net increase (decrease) in cash & cash equivalents	581,593	(91,800)	23	(101,032)	388,784
Cash balances, beginning	3,640,752	1,259,189	315,611	149,320	5,364,872
Cash balances, ending	<u>\$4,222,345</u>	<u>\$ 1,167,389</u>	<u>\$ 315,634</u>	<u>\$ 48,288</u>	<u>\$ 5,753,656</u>
Reconciliation of cash balances - ending					
Cash	\$4,064,393	\$ 1,102,884	\$ 235,393	\$ 48,288	\$ 5,450,958
Restricted cash	157,952	64,505	80,241	-	302,698
Total cash	<u>\$4,222,345</u>	<u>\$ 1,167,389</u>	<u>\$ 315,634</u>	<u>\$ 48,288</u>	<u>\$ 5,753,656</u>

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

Town of Winterville, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2017
Exhibit 8

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

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating income (loss)	\$ 900,103	\$ 278,977	\$ 54,808	\$ 13,986	\$ 1,247,874
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	353,572	68,565	78,346	13,984	514,467
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	(71,110)	(25,856)	(19,631)	(7,204)	(123,801)
(Increase) decrease in inventories	46,395	(7,362)	(3,151)	-	35,882
(Increase) decrease in deferred outflows of resources - pensions	(129,506)	(52,407)	(16,663)	(9,670)	(208,246)
Increase (decrease) in net pension liability	159,538	64,566	20,520	11,916	256,540
Increase (decrease) in deferred inflows of resources - pensions	(11,583)	(4,687)	(1,490)	(865)	(18,625)
Increase (decrease) in accounts payable and accrued liabilities	(44,168)	(95,746)	9,811	(48,461)	(178,564)
Increase (decrease) in customer deposits	4,650	510	720	-	5,880
Increase (decrease) in accrued vacation pay	541	5,251	(2,685)	(995)	2,112
Increase (decrease) in accrued OPEB liability	7,404	3,417	1,709	1,139	13,669
Total adjustments	315,733	(43,749)	67,486	(40,156)	299,314
Net cash provided (used) by operating activities	\$1,215,836	\$ 235,228	\$ 122,294	\$ (26,170)	\$ 1,547,188

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

Town of Winterville, North Carolina Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

Town of Winterville, North Carolina Notes to Financial Statements

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

Town of Winterville, North Carolina Notes to Financial Statements

D. Budgetary Data

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the external investment pools having met these criteria is equal to the value of pooled shares.

Cash and Cash Equivalents

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

Town of Winterville, North Carolina Notes to Financial Statements

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

Short-Term Cash Investments

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

Restricted Assets

Restricted assets include the portion of cash and cash equivalents related to funds received through the North Carolina Department of Justice required to be spent for local law enforcement purposes. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of outlined in G.S. 136-41.1 through 136-41.4. Also included in restricted cash are rental payments from the Winterville Rescue & EMS, Inc. which is reserved for the support of future Rescue & EMS operations. Other amounts in restricted cash are development fees collected for future expenditures on parks and recreation, electric and sewer projects and letters of credit from construction contractors for subdivision improvements.

Town of Winterville, North Carolina
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<u>Town of Winterville Restricted Cash</u>		
Governmental Activities		
General Fund		
Streets	\$	808,216
Public Safety		74,742
Recreation		318,739
Total Governmental Activities	\$	<u>1,201,697</u>
Business-type Activities		
Electric Fund		
Customer deposits	\$	104,293
Development fees		53,659
Water Fund		
Customer deposits		9,115
Development fees		55,390
Sewer Fund		
Customer deposits		12,990
Development fees		67,251
Total Business-type Activities	\$	<u>302,698</u>
Total Restricted Cash	\$	<u>1,504,395</u>

Ad Valorem Taxes Receivable

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2016.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables written off in prior years.

Inventories and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's general fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets

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

Town of Winterville, North Carolina
Notes to Financial Statements

capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets the criterion, pension deferrals for the 2017 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Revenues*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only three items that meet the criterion for this category – property taxes receivable, garbage receivables and pension deferrals.

Long-Term Obligations

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

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-

Town of Winterville, North Carolina Notes to Financial Statements

seven hours (127) for law enforcement employees, with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G. S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund

Town of Winterville, North Carolina Notes to Financial Statements

balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State Statute”. Therefore, from guidance established by the North Carolina Department of the State Treasurer, the Town has classified a portion of their fund balance within this category.

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – The portion of fund balance that is restricted by revenue source for certain police, EMS and rescue service expenditures.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Winterville’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or reverse the limitation.

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

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

The Town board has also adopted a fund balance reserve policy in order to maintain general fund unrestricted fund balance at a level sufficient to provide the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature and to permit orderly adjustments as a result of unanticipated revenue shortfalls.

Town of Winterville, North Carolina

Notes to Financial Statements

The Town will define these amounts as “available fund balance”. The Town will strive to maintain a minimum unrestricted fund balance of 25% of the current year’s expenditures. The Town Board may appropriate fund balance that will reduce the unrestricted fund balance below 25% on a limited basis which should occur for the purpose of a declared fiscal emergency. If this occurs, the Town Board will develop a plan to restore the unrestricted fund balance within three years from the date of the appropriation.

Defined Benefit Cost-Sharing Plans

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

Use of Estimates

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

Adoption of New Financial Accounting Standards

The following GASB Statements recently issued and adopted by the GASB impacted the Town’s financial statements:

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. This Statement clarifies the application of certain provisions of Statements 67 and 68 with regard 1) information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported, 2) accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions, and 3) timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers’ Special

Town of Winterville, North Carolina Notes to Financial Statements

Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$205,591.

The Town also implemented GASB issued Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of this statement had no effect on net position of the Town.

Future Accounting Pronouncements

The Town is currently reviewing the financial impact of the following future accounting pronouncements.

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 84 – *Fiduciary Activities*.
- GASB Statement No. 85 – *Omnibus 2017*.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*
- GASB Statement No. 87 – *Leases*
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*

Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through March 26, 2018, the date which the financial statements were available to be issued.

2. Detail Notes on all Funds

A. Assets

Deposits

All of the Town’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town’s agent in the Town’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town’s agent in the Town’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to

Town of Winterville, North Carolina Notes to Financial Statements

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

At June 30, 2017, the Town's deposits had a carrying amount of \$11,898,691 and a bank balance of \$12,160,696. Of the bank balance, \$975,619 was covered by federal depository insurance and \$11,185,077 was covered by collateral held under the Pooling Method. At June 30, 2017, the Town's petty cash totaled \$800.

B. Investments

At June 30, 2017, the Town had the following investments and maturities:

Investment Type	Valuation Measurement Method	Value	Less than 6	
			Months	6-12 Months
Term Portfolio *	Fair Value - Level 1	\$ 4,444,660	\$ 4,444,660	\$ -

* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating

Town of Winterville, North Carolina
Notes to Financial Statements

issued by nationally recognized statistical rating organizations (NRSROs); however, the Town had no formal policy on managing credit risk. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

C. Receivables - Allowance for Doubtful Accounts

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

	Accounts	Taxes	Due from other		Total
			Governments	Other	
Governmental Activities:					
General	\$ 77,447	\$ 104,955	\$ 736,850	\$ 91,944	\$ 1,011,196
Allowance for doubtful accounts	-	(36,569)	-	-	(36,569)
Total governmental activities	<u>\$ 77,447</u>	<u>\$ 68,386</u>	<u>\$ 736,850</u>	<u>\$ 91,944</u>	<u>\$ 974,627</u>
Business-Type Activities:					
Electric	\$ 978,478	\$ -	\$ -	\$ -	\$ 978,478
Water	196,951	-	-	-	196,951
Sewer	268,774	-	-	78,989	347,763
Stormwater	24,439	-	-	-	24,439
Allowance for doubtful accounts	(128,552)	-	-	-	(128,552)
Total business-type activities	<u>\$ 1,340,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,989</u>	<u>\$ 1,419,079</u>

Due from other governments consists of the following:

Local option sales tax	\$ 484,321
Sales tax refund receivable	81,273
Electric sales tax	81,226
Solid waste tax	1,507
County-property taxes	88,523
	<u>\$ 736,850</u>

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

D. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,912,357	\$ 118,694	\$ -	\$ 4,031,051
Total capital assets not being depreciated	3,912,357	118,694	-	4,031,051
Capital assets being depreciated:				
Buildings	6,794,326	111,005	-	6,905,331
Infrastructure	25,948,449	1,376,721	-	27,325,170
Equipment	2,234,027	50,413	-	2,284,440
Software	601,410	-	-	601,410
Vehicles	2,466,614	285,529	112,479	2,639,664
Total capital assets being depreciated	38,044,826	1,823,668	112,479	39,756,015
Less accumulated depreciation for:				
Buildings	2,787,427	250,789	-	3,038,216
Infrastructure	12,716,699	979,211	-	13,695,910
Equipment	1,626,402	105,544	-	1,731,946
Software	533,409	31,509	-	564,918
Vehicles	1,357,412	235,914	112,479	1,480,847
Total accumulated depreciation	19,021,349	\$ 1,602,967	\$ 112,479	20,511,837
Total capital assets being depreciated, net	19,023,477			19,244,178
Governmental activity capital assets, net	<u>\$ 22,935,834</u>			<u>\$23,275,229</u>

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

General government	\$ 370,789
Public safety	256,200
Transportation	874,654
Cultural and recreation	101,324
Total	<u>\$ 1,602,967</u>

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
Capital assets being depreciated:				
Distribution system	8,339,104	74,367	-	8,413,471
Buildings	320,655	-	-	320,655
Equipment	615,010	-	-	615,010
Vehicles	301,210	28,061	-	329,271
Total capital assets being depreciated	9,575,979	102,428	-	9,678,407
Less accumulated depreciation for:				
Distribution system	3,127,062	331,015	-	3,458,077
Buildings	228,963	15,154	-	244,117
Equipment	604,846	2,699	-	607,545
Vehicles	290,700	4,704	-	295,404
Total accumulated depreciation	4,251,571	\$ 353,572	\$ -	4,605,143
Total capital assets being depreciated, net	5,324,408			5,073,264
Electric Fund capital assets, net	<u>\$ 5,470,421</u>			<u>\$ 5,219,277</u>
<hr/>				
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Water Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Construction in progress	1,833,601	60,604	-	1,894,205
Total capital assets not being depreciated	1,841,601	60,604	-	1,902,205
Capital assets being depreciated:				
Water system, well, tank and distribution sy	2,585,363	-	-	2,585,363
Equipment and vehicles	228,213	13,100	-	241,313
Total capital assets being depreciated	2,813,576	13,100	-	2,826,676
Less accumulated depreciation for:				
Water system, well, tank and distribution sy	1,764,537	64,406	-	1,828,943
Equipment and vehicles	227,238	4,159	-	231,397
Total accumulated depreciation	1,991,775	\$ 68,565	\$ -	2,060,340
Total capital assets being depreciated, net	821,801			766,336
Water Fund capital assets, net	<u>\$ 2,663,402</u>			<u>\$ 2,668,541</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Sewer Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 126,984	\$ 15,163	\$ -	\$ 142,147
Total capital assets not being depreciated	126,984	15,163	-	142,147
Capital assets being depreciated:				
Equipment and vehicles	237,409	7,750	-	245,159
Sewer system	3,680,615	30,718	-	3,711,333
Sewer treatment facility	233,000	-	-	233,000
Total capital assets being depreciated	4,151,024	38,468	-	4,189,492
Less accumulated depreciation for:				
Equipment and vehicles	167,772	8,089	-	175,861
Sewer system	2,055,654	70,257	-	2,125,911
Sewer treatment facility	233,000	-	-	233,000
Total accumulated depreciation	2,456,426	\$ 78,346	\$ -	2,534,772
Total capital assets being depreciated, net	1,694,598			1,654,720
Sewer Fund capital assets, net	\$ 1,821,582			\$ 1,796,867
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Stormwater Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 11,200	\$ -	\$ -	\$ 11,200
Total capital assets not being depreciated	11,200	-	-	11,200
Capital assets being depreciated:				
Distribution	494,375	-	-	494,375
Equipment	17,388	-	-	17,388
Total capital assets being depreciated	511,763	-	-	511,763
Less accumulated depreciation for:				
Distribution	144,032	11,600	-	155,632
Equipment	14,042	2,384	-	16,426
Total accumulated depreciation	158,074	\$ 13,984	\$ -	172,058
Total capital assets being depreciated, net	353,689			339,705
Stormwater Fund capital assets, net	364,889			350,905
Business-type activities capital assets, net	\$ 10,320,294			\$10,035,590

Town of Winterville, North Carolina
Notes to Financial Statements

Construction Commitments

The government has active construction projects as of June 30, 2017. At year-end, the government's commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Water facilities	\$ 1,835,014	\$ 886,736
Sewer facilities	142,147	2,035,063
Total	<u>\$ 1,977,161</u>	<u>\$ 2,921,799</u>

On June 1, 2017, the Town was awarded two critical needs infrastructure grants from the North Carolina Department of Commerce: one for \$1,094,000 to replace an inadequate stormwater culvert and one for \$270,000 to elevate and rebuild the control system for one of their sewer lift stations. No grant monies have been received and no expenditures were made as of June 30, 2017.

E. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement

Town of Winterville, North Carolina Notes to Financial Statements

benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Winterville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Winterville's contractually required contribution rate for the year ended June 30, 2017, was 8% of compensation for law enforcement officers and 7.25% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Winterville were \$233,090 for the year ended June 30, 2017.

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

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

At June 30, 2017, the Town reported a liability of \$1,295,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an

Town of Winterville, North Carolina
Notes to Financial Statements

actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Town's proportion was .06104% which was an increase of .00937% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$356,076. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,340	\$ 45,395
Changes of assumptions	88,728	-
Net difference between projected and actual earnings on pension plan investments	716,234	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	30,906	6,742
Town contributions subsequent to the measurement date	233,090	-
Total	\$ 1,093,298	\$ 52,137

\$233,090 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	127,195
2019		127,242
2020		343,442
2021		210,192
2022		-
Thereafter		-
	\$	808,071

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Town of Winterville, North Carolina Notes to Financial Statements

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are

Town of Winterville, North Carolina
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calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 3,074,762	\$1,295,473	\$ (190,721)

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

b. Law Enforcement Officers’ Special Separation Allowance

Plan Description

The Town of Winterville administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Town of Winterville, North Carolina Notes to Financial Statements

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	18
Total	20

Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$32,599 as benefits came due for the reporting period.

Town of Winterville, North Carolina Notes to Financial Statements

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

At June 30, 2017, the Town reported a total pension liability of \$451,356. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$37,714.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	8,829
Town benefit payments and plan administrative expenses made subsequent to the measurement date	15,524	-
Total	\$ 15,524	\$ 8,829

\$15,524 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (1,552)
2019	(1,552)
2020	(1,552)
2021	(1,552)
2022	(1,552)
Thereafter	(1,069)
	\$ (8,829)

\$15,524 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

**Town of Winterville, North Carolina
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	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 488,439	\$ 451,356	\$ 417,784

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2017
Beginning balance	\$ 455,255
Service cost	23,410
Interest on the total pension liability	15,671
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(10,381)
Benefit payments	(32,599)
Other changes	-
Ending balance of the total pension liability	\$ 451,356

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan

Plan Description

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

**Town of Winterville, North Carolina
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Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2017 were \$270,007, which consisted of \$164,500 from the Town and \$105,507 from law enforcement officers and general employees. No amounts were forfeited.

d. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town administers a single-employer defined benefit healthcare benefits plan for retirees of the Town who have at least thirty years service with the North Carolina Local Governmental Employees’ Retirement System (System) or the North Carolina Law Enforcement Officers’ Local Governmental Employees’ Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town’s group rates until the retiree reaches age sixty-five. Currently, four retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2017, the Town paid healthcare premiums for retirees of \$68,777. The Town purchases healthcare coverage through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	4	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	39	18
Total	43	18

Funding Policy

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

Town of Winterville, North Carolina Notes to Financial Statements

The current ARC rate is 4.35% of annual covered payroll. For the current year, the Town contributed \$68,777 or 2.47% of annual covered payroll. The Town purchases healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$500. The Town's obligation to contribute to the Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

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	\$ 124,525
Interest on net OPEB obligation	26,899
Adjustment to annual required contribution	<u>(25,696)</u>
Annual OPEB costs	125,728
Contributions made	<u>(68,777)</u>
Increase (decrease) in net OPEB obligation	56,951
Net OPEB obligation, beginning of year	<u>672,454</u>
Net OPEB obligation, end of year	<u><u>\$ 729,405</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 134,898	39.7%	\$ 600,049
2016	121,971	40.6%	672,454
2017	125,728	54.7%	729,405

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,502,065. The covered payroll (annual payroll of active employees covered by the plan) was \$2,781,937, and the ratio of the UAAL to the

Town of Winterville, North Carolina

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covered payroll was 54.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

e. Other Employment Benefits

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

Town of Winterville, North Carolina Notes to Financial Statements

be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

2. Payables

Payables at the government-wide level at June 30, 2017 were as follows:

	<u>Total</u>				
Governmental Activities:					
Vendors	\$ 231,962				
Accrued interest on long-term debt	15,046				
Accrued salaries and related items	<u>99,641</u>				
Total governmental activities	<u>\$ 346,649</u>				
Business-Type Activities:	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 12,355	\$ 99,159	\$ 24,948	\$ 6,819	\$ 143,281
Accrued interest on long-term debt	3,091	47,854	2,520	-	53,465
Accrued salaries and related items	<u>13,817</u>	<u>5,883</u>	<u>3,093</u>	<u>955</u>	<u>23,748</u>
Total business-type activities	<u>\$ 29,263</u>	<u>\$ 152,896</u>	<u>\$ 30,561</u>	<u>\$ 7,774</u>	<u>\$ 220,494</u>

Town of Winterville, North Carolina
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3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 233,090
Benefit payments made and administrative expenses for LEOSSA	15,524
Differences between expected and actual experience	24,340
Changes of assumptions	88,728
Net difference between projected and actual earnings on pension plan investments	716,234
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,906
Total	\$ 1,108,822

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

Taxes receivable, net (General Fund)	\$ 68,386
Accounts receivable, net (garbage) (General Fund)	73,783
Differences between expected and actual experience	45,395
Changes in assumptions and other inputs	8,829
Changes in proportion and difference between employer contribution and proportionate share of contributions	6,742
Total	\$ 203,135

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance through the NFIP. In accordance with G.S

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

5. Commitments

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

6. Long-Term Obligations

a. Governmental Activities

Installment Purchases

2.97% note, payable in annual installments of \$149,200 including interest; final payment due June 2029; secured by real estate	\$ 1,487,798
2.06% note, payable in annual installments of \$153,710 plus interest; final payment due June 2022; secured by real estate	768,661
1.60% note, payable in annual installments of \$27,900, plus interest; final payment due March 2020; secured by vehicles	83,700
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate	793,056
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025, secured by real estate	91,200
1.97% note, payable in annual installments of \$29,845, including interest; final payment due March 2019; secured by vehicle	57,973
1.97% note, payable in annual installments of \$84,789, including interest; final payment due March 2019, secured by vehicle	164,696
Total installment purchases	\$ 3,447,084

Town of Winterville, North Carolina
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Annual debt service payments of the installment purchases as of June 30, 2017, including interest of \$467,761, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 507,403	\$ 89,831	\$ 597,234
2019	512,694	77,917	590,611
2020	403,485	65,868	469,353
2021	378,891	55,937	434,828
2022	382,296	46,354	428,650
2023-2027	976,591	119,068	1,095,659
2028-2032	285,724	12,786	298,510
	<u>\$ 3,447,084</u>	<u>\$ 467,761</u>	<u>\$ 3,914,845</u>

b. Business-Type Activities

Installment Purchases - Enterprise Funds

Electric

2.06% note, payable in annual installments of \$226,233 including interest;
final payment due June 2022; secured by equipment \$ 1,065,158

2.50% note, payable in annual installments of \$98,112, including interest;
final payment due June 2025; secured by real estate 703,479

Water

2.97% note, payable in annual installments of \$154,632, including interest;
final payment due August 2030, secured by real estate 1,750,313

Sewer

4.67% note, payable in annual installments of \$32,689, including interest;
final payment due June 2025; secured by real estate 214,123

2.97% note, payable in annual installments of \$74,506, including interest;
final payment due June 2029, secured by real estate 742,968

Total installment purchases \$ 4,476,041

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

**Town of Winterville, North Carolina
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Year Ending June 30,	Principal	Interest	Total
2018	\$ 462,607	\$ 123,565	\$ 586,172
2019	474,495	111,678	586,173
2020	486,706	99,467	586,173
2021	499,249	86,923	586,172
2022	512,809	74,037	586,846
2022-2027	1,322,352	215,745	1,538,097
2028-2031	717,823	49,718	767,541
	<u>\$ 4,476,041</u>	<u>\$ 761,133</u>	<u>\$ 5,237,174</u>

c. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 3,949,328	\$ -	\$ 502,244	\$ 3,447,084	\$ 507,403
Compensated absences	252,125	216,416	252,125	216,416	91,952
Unfunded OPEB obligation	517,018	43,282	-	560,300	-
Total pension liability (LEO)	216,880	277,456	42,980	451,356	-
Net pension liability (LGRS)	140,716	807,042	-	947,758	-
Governmental Activities long-term liabilities	<u>\$ 5,076,067</u>	<u>\$ 1,344,196</u>	<u>\$ 797,349</u>	<u>\$ 5,622,914</u>	<u>\$ 599,355</u>
Business-type Activities:					
Electric Fund					
Installment purchases	\$ 2,047,379	\$ -	\$ 278,742	\$ 1,768,637	\$ 284,830
Unfunded OPEB obligation	94,085	7,404	-	101,489	-
Compensated absences	47,956	541	-	48,497	13,915
Net pension liability (LGRS)	28,172	159,538	-	187,710	-
Electric Fund long-term liabilities	<u>\$ 2,217,592</u>	<u>\$ 167,483</u>	<u>\$ 278,742</u>	<u>\$ 2,106,333</u>	<u>\$ 298,745</u>
Water Fund					
Installment purchases	\$ 1,949,062	\$ -	\$ 198,749	\$ 1,750,313	\$ 102,648
Unfunded OPEB obligation	27,093	3,417	-	30,510	-
Compensated absences	9,312	5,251	-	14,563	4,867
Net pension liability (LGRS)	32,155	64,566	-	96,721	-
Water Fund long-term liabilities	<u>\$ 2,017,622</u>	<u>\$ 73,234</u>	<u>\$ 198,749</u>	<u>\$ 1,892,107</u>	<u>\$ 107,515</u>
Sewer Fund					
Installment purchases	\$ 1,029,696	\$ -	\$ 72,605	\$ 957,091	\$ 75,130
Unfunded OPEB obligation	28,245	1,709	-	29,954	-
Compensated absences	10,792	-	2,685	8,107	1,865
Net pension liability (LGRS)	30,848	20,520	-	51,368	-
Sewer Fund long-term liabilities	<u>\$ 1,099,581</u>	<u>\$ 22,229</u>	<u>\$ 75,290</u>	<u>\$ 1,046,520</u>	<u>\$ 76,995</u>
Stormwater Fund					
Unfunded OPEB obligation	\$ 6,013	\$ 1,139	\$ -	\$ 7,152	\$ -
Compensated absences	1,405	-	995	410	-
Net pension liability (LGRS)	-	11,916	-	11,916	-
Stormwater Fund long-term liabilities	<u>\$ 7,418</u>	<u>\$ 13,055</u>	<u>\$ 995</u>	<u>\$ 19,478</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$ 5,342,213</u>	<u>\$ 276,001</u>	<u>\$ 553,776</u>	<u>\$ 5,064,438</u>	<u>\$ 483,255</u>

The Town's legal debt margin at June 30, 2017 was \$59,061,345.

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Notes to Financial Statements

d. Operating Leases

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

Year ending June 30,	Amount
2018	\$ 16,005
2019	6,429
2020	536

Total rent expense for the June 30, 2017 fiscal year on the copier lease and vehicle was \$19,258.

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2017, consist of the following:

Fund	From	To	Purpose
Electric Fund	\$ 215,000	\$ -	Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.
General Fund	-	215,000	
Stormwater Fund	75,000		Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.
General Fund	_____	75,000	
	<u>\$ 290,000</u>	<u>\$ 290,000</u>	

G. Fund Balance

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

Town of Winterville, North Carolina
Notes to Financial Statements

Total fund balance - General Fund:	\$ 8,537,687
Less:	
Inventories	21,023
Prepaid items	-
Stabilization by State Statute	1,016,002
Streets - Powell Bill	807,230
Public Safety	74,742
Recreation	20,039
Committed	15,200
Appropriated Fund Balance in 2018 Budget	669,683
Working Capital/Fund Balance Policy	<u>1,779,359</u>
Remaining Fund Balance:	<u>\$ 4,804,092</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had encumbrances outstanding of \$650,221 at June 30, 2017.

H. Prior Period Adjustment

During the fiscal year ended June 30, 2017, the Town determined that an accounts receivable in the General Fund should have been recorded in the Sewer Fund. Therefore, an adjustment to decrease beginning net position and fund balance of the Governmental-type activities and the General Fund and an increase in the Sewer Fund and Business-type Activities has been recorded in the amount of \$19,780.

3. Jointly Governed Organizations

The Town is a member of the Contentnea Metropolitan Sewerage District (District). The participating governments established the District to provide sewer service to each member's citizens. Each participating government appoints one member to the District's governing board. The Town's purchases of sewer services for the fiscal year ended June 30, 2017 amounted to \$1,020,447.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,989 to the Commission during the fiscal year ended June 30, 2017.

4. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers

Town of Winterville, North Carolina Notes to Financial Statements

remit to the State. The State passes these funds to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. During the fiscal year ended June 30, 2017, 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, 2017. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. That report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

5. Summary Disclosures of Significant Contingencies

Federal and State Assisted Programs

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

6. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position of the governmental activities decreased by \$205,591.



REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll



Town of Winterville, North Carolina
Other Post-Employment Benefits – Retiree Health Care
Required Supplementary Information
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)
12/31/07	\$ -	\$ 889,417	\$ 889,417	0.00%	\$2,287,567	38.9%
12/31/08	-	1,145,215	1,145,215	0.00%	2,756,229	41.6%
12/31/11	-	1,535,586	1,535,586	0.00%	2,756,955	55.7%
12/31/14	-	1,502,065	1,502,065	0.00%	2,781,937	54.0%

Town of Winterville, North Carolina
Other Post-Employment Benefits – Retiree Health Care
Required Supplementary Information
Schedule of Employer Contributions
For the Fiscal Year Ended June 30, 2017

<u>Schedule of Employer Contributions</u>		
<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Annual</u> <u>Percentage</u> <u>Contributed</u>
2009	\$ 82,339	9.35%
2010	117,625	15.75%
2011	117,625	22.24%
2012	126,612	27.76%
2013	126,281	37.96%
2014	130,069	38.11%
2015	133,972	39.97%
2016	120,898	41.00%
2016	120,898	41.00%
2017	124,525	54.00%

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.50% - 5.00%
Year of ultimate trend rate	2020
*Includes inflation at	3.00%

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

Local Governmental Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Winterville's proportion of the net pension liability (asset) (%)	0.06104%	0.05167%	-0.05256%	0.04990%
Winterville's proportion of the net pension liability (asset) (\$)	\$ 1,295,473	\$ 231,891	\$ (309,970)	\$ 601,487
Winterville's covered-employee payroll	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072	\$ 2,707,500
Winterville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.26%	7.95%	-11.16%	22.22%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

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

Local Governmental Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 233,090	\$ 213,693	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	233,090	213,693	205,740	201,060
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Winterville's covered payroll	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072
Contributions as a percentage of covered payroll	7.04%	6.81%	7.05%	7.24%

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

Town of Winterville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2017

	<u>2017</u>
Beginning balance	\$ 455,255
Service cost	23,410
Interest on the total pension liability	15,671
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(10,381)
Benefit payments	(32,599)
Other changes	-
Ending balance of the total pension liability	<u>\$ 451,356</u>

Town of Winterville, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2017

	<u>2017</u>
Total pension liability	\$ 451,356
Covered payroll	945,108
Total pension liability as a percentage of covered payroll	47.76%

Notes to the schedules:

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES



MAJOR GOVERNMENTAL FUND

General Fund

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



**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,707,824	
Interest		13,985	
Total	\$ 3,586,433	3,721,809	\$ 135,376
Other taxes and licenses:			
Heavy equipment tax		30,821	
Total	31,000	30,821	(179)
Unrestricted Intergovernmental:			
Local option sales tax		1,981,553	
Payment in lieu of taxes - external sources		1,284	
Utilities and telecommunications sales tax		375,257	
Beer and wine tax		42,496	
Total	2,354,929	2,400,590	45,661
Restricted Intergovernmental:			
Powell Bill allocation		260,092	
ICAC - police grant		38,086	
Unauthorized substance tax		5,052	
DOT reimbursement		3,660	
FEMA grant revenue		28,425	
Solid waste disposal tax		6,306	
Total	314,100	341,621	27,521
Permits and fees:			
Business registration fees		285	
Subdivision recreation fees		5,114	
Planning and zoning		7,249	
Total	4,100	12,648	8,548
Sales and services:			
Solid waste fees		518,583	
Community building/Rescue rent		30,445	
Fire inspections		19,531	
Building inspections		150,781	
User access fee		12,672	
Utility service charges		2,550	
Recreation		160,042	
Cemetery		8,300	
Total	890,442	902,904	12,462
Investment earnings	7,000	10,129	3,129
Miscellaneous:			
Other		61,592	
Total	138,833	61,592	(77,241)
Total revenues	7,326,837	7,482,114	155,277

continued

**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variable Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		39,978	
Other operating expenditures		25,305	
Total	78,973	65,283	13,690
Administration:			
Salaries and employee benefits		1,176,596	
Maintenance and repairs		1,024	
Other operating expenditures		929,754	
FEMA expenditures		804	
Capital outlay		25,455	
Reimbursement - proprietary funds		(577,065)	
Total	1,837,175	1,556,568	280,607
Information Technology:			
Maintenance and repairs		209	
Other operating expenditures		308,406	
Reimbursement - proprietary funds		(192,628)	
Total	201,174	115,987	85,187
Planning:			
Salaries and employee benefits		51,174	
Maintenance and repairs		67	
Other operating expenditures		9,451	
Total	111,860	60,692	51,168
Total general government	2,229,182	1,798,530	430,652
Public Safety:			
Police:			
Salaries and employee benefits		1,336,977	
Maintenance and repairs		33,401	
Other operating expenditures		100,469	
ICAC grant		37,997	
Noncapitalized equipment < \$5,000		21,190	
Capital outlay		99,952	
Total	1,720,672	1,629,986	90,686

continued

**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		10,576	
Total	<u>15,950</u>	<u>10,576</u>	<u>5,374</u>
Fire:			
Salaries and employee benefits		243,841	
Maintenance and repairs		35,226	
Other operating expenditures		167,200	
Noncapitalized equipment < \$5,000		27,341	
Capital outlay		64,699	
Total	<u>663,120</u>	<u>538,307</u>	<u>124,813</u>
Rescue:			
Salaries and employee benefits		(1,434)	
Other operating expenditures		20,000	
Total	<u>216,870</u>	<u>18,566</u>	<u>198,304</u>
Total public safety	2,616,612	2,197,435	419,177
Transportation:			
Salaries and employee benefits		463,575	
Maintenance and repairs		33,297	
Other operating expenditures		80,351	
Other operating expenditures - Powell Bill		40,032	
Capital outlay - Powell Bill		519,978	
Capital outlay		92,775	
Reimbursement - proprietary funds		(172,999)	
Total transportation	1,508,122	1,057,009	451,113
Environmental Protection:			
Sanitation:			
Other operating expenditures		479,991	
Total	<u>482,000</u>	<u>479,991</u>	<u>2,009</u>

continued

**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		307,045	
Maintenance and repairs		38,542	
Other operating expenditures		193,261	
Noncapitalized equipment <\$5,000		33,096	
Capital outlay		182,292	
Total parks and recreation	<u>869,003</u>	<u>754,236</u>	<u>114,767</u>
Public Buildings:			
Maintenance and repairs		33,474	
Other operating expenditures		236,033	
Reimbursement - proprietary funds		(75,521)	
Total public buildings	<u>257,279</u>	<u>193,986</u>	<u>63,293</u>
Total Cultural and Recreation	1,126,282	948,222	178,060
Economic Development:			
Contracted Services		32,400	
Total Economic Development	<u>37,800</u>	<u>32,400</u>	<u>5,400</u>
Debt service:			
Principal retirement	502,246	502,244	2
Interest	101,625	101,606	19
Total debt service	<u>603,871</u>	<u>603,850</u>	<u>21</u>
Total expenditures	<u>8,603,869</u>	<u>7,117,437</u>	<u>1,486,432</u>
Revenues over (under) expenditures	(1,277,032)	364,677	1,641,709
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds	290,000	290,000	-
Sale of capital assets	-	21,472	21,472
Total other financing sources (uses)	290,000	311,472	21,472
Fund balance appropriated	<u>987,032</u>	-	<u>(987,032)</u>
Net change in fund balance	<u>\$ -</u>	676,149	<u>\$ 676,149</u>
Fund balances, beginning as previously reported		7,893,731	
Prior period adjustment		(19,780)	
Fund balances, beginning as restated		7,873,951	
Change in reserve for inventories		(12,413)	
Fund balances, ending		<u>\$ 8,537,687</u>	

ENTERPRISE FUNDS

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

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

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

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

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



Town of Winterville, North Carolina
Electric Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sale of electricity		\$ 6,298,677	
Connection fees		41,980	
Service charges		46,379	
Miscellaneous revenue		409,122	
Total operating revenues	\$ 6,634,715	6,796,158	\$ 161,443
Non-operating revenues:			
Investment earnings	-	7,530	7,530
Total revenues	6,634,715	6,803,688	168,973
Expenditures:			
Operating:			
Electrical power purchases		3,711,000	
Salaries and employee benefits		665,637	
Supplies		146,722	
Repairs and maintenance		36,693	
Contracted services		93,419	
Other departmental expenses		524,768	
Expense reimbursement to general fund		329,579	
Expense reimbursement from water and sewer fund		(44,000)	
Total operating expenditures	5,906,894	5,463,818	443,076
Debt service:			
Principal retirement	278,742	278,742	-
Interest	50,603	45,603	5,000
Total debt service	329,345	324,345	5,000
Capital outlay:			
Noncapitalized equipment < \$5,000		52,271	
Capital outlay		102,428	
Total capital outlay	189,956	154,699	35,257
Total expenditures	6,426,195	5,942,862	483,333

Town of Winterville, North Carolina
Electric Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	208,520	860,826	652,306
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(215,000)	(215,000)	-
Total other financing sources (uses)	(215,000)	(215,000)	-
Fund balance appropriated	6,480	-	(6,480)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	645,826	\$ 645,826
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		278,742	
Capital outlay		102,428	
Decrease in deferred outflows of resources - pensions		129,506	
Decrease in deferred inflows of resources - pensions		11,583	
Increase in net pension liability		(159,538)	
Depreciation		(353,572)	
Decrease in accrued interest on installment purchases		887	
Increase in accrued vacation pay		(541)	
Increase in accrued OPEB liability		(7,404)	
Total		2,091	
Change in net position		\$ 647,917	

Town of Winterville, North Carolina
Water Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 1,459,127	
Other operating revenues		10,178	
Total operating revenues	\$ 1,465,457	1,469,305	\$ 3,848
Non-operating revenues:			
Investment earnings		2,080	
Total non-operating revenues	-	2,080	2,080
Total revenues	1,465,457	1,471,385	5,928
Expenditures:			
Operating:			
Salaries and employee benefits		293,437	
Purchases for resale		335,863	
Supplies		31,060	
Repairs and maintenance		14,527	
Contracted services		15,229	
Other departmental expenses		61,752	
AIA expenditures		1,410	
Expense reimbursement to general fund		330,345	
Expense reimbursement to electric fund		22,000	
Total operating expenditures	1,219,048	1,105,623	113,425
Debt service:			
Principal retirement	199,540	198,749	791
Interest	56,719	56,655	64
Total debt service	256,259	255,404	855
Capital outlay:			
Capital outlay		13,100	
Total capital outlay	55,200	13,100	42,100
Total expenditures	1,530,507	1,374,127	156,380
Revenues over (under) expenditures	(65,050)	97,258	162,308

Town of Winterville, North Carolina
Water Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	65,050	-	(65,050)
Revenues and fund balance appropriated over (under) expenditures	\$ -	97,258	\$ 97,258

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

Reconciling items:

Principal retirement		198,749
Capital outlay		13,100
Decrease in deferred outflows of resources - pensions		52,407
Decrease in deferred inflows of resources - pensions		4,687
Increase in net pension liability		(64,566)
Decrease in accrued interest on installment purchases		1,018
Increase in accrued vacation pay		(5,251)
Increase in accrued OPEB liability		(3,417)
Depreciation		(68,565)
Total		128,162
Change in net position		\$ 225,420

Town of Winterville, North Carolina
Water Capital Projects Fund (Water Interconnectivity) Schedule of
Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Developer Contribution	\$ 115,000	\$ 95,900	\$ -	\$ 95,900	\$ 19,100
	<u>115,000</u>	<u>95,900</u>	<u>-</u>	<u>95,900</u>	<u>19,100</u>
Expenditures:					
Capital outlay:					
Construction	1,533,050	1,459,590	32,791	1,492,381	40,669
Engineering	284,650	311,288	13,168	324,456	(39,806)
Contingency	112,300	-	-	-	112,300
Total capital outlay	<u>1,930,000</u>	<u>1,770,878</u>	<u>45,959</u>	<u>1,816,837</u>	<u>113,163</u>
Revenues under expenditures	(1,815,000)	(1,674,978)	(45,959)	(1,720,937)	94,063
Other financing sources:					
Transfers from other funds:					
Water Fund	22,055	22,055	-	22,055	-
Installment purchase - loan proceeds	<u>1,792,945</u>	<u>1,850,000</u>	<u>-</u>	<u>1,850,000</u>	<u>57,055</u>
Total other financing sources	<u>1,815,000</u>	<u>1,872,055</u>	<u>-</u>	<u>1,872,055</u>	<u>57,055</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 197,077</u>	<u>\$ (45,959)</u>	<u>\$ 151,118</u>	<u>\$ 151,118</u>

Town of Winterville, North Carolina
Water Capital Projects Fund (Water Tank) Schedule of Revenues and
Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2017

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
Capital outlay:					
Construction	\$ 650,000	\$ -	\$ -	\$ -	\$ 650,000
Engineering	76,750	3,532	14,645	18,177	58,573
Contingency	65,000	-	-	-	65,000
Total capital outlay	<u>791,750</u>	<u>3,532</u>	<u>14,645</u>	<u>18,177</u>	<u>773,573</u>
Revenues under expenditures	(791,750)	(3,532)	(14,645)	(18,177)	773,573
Other financing sources:					
Transfers from other funds:					
Water Fund	68,450	68,450	-	68,450	-
Installment purchase - loan proceeds	<u>723,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(723,300)</u>
Total other financing sources	<u>791,750</u>	<u>68,450</u>	<u>-</u>	<u>68,450</u>	<u>(723,300)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 64,918</u>	<u>\$ (14,645)</u>	<u>\$ 50,273</u>	<u>\$ 50,273</u>

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges		\$ 1,938,108	
Total operating revenues	\$ 1,933,000	1,938,108	\$ 5,108
Non-operating revenues:			
Investment earnings		859	
Federal and state grants		59,211	
Development fees		37,697	
Total non-operating revenues	166,054	97,767	(68,287)
Total revenues	2,099,054	2,035,875	(63,179)
Expenditures:			
Operating:			
Salaries and employee benefits		93,606	
Supplies		19,533	
Repairs and maintenance		53,388	
Contracted services		42,714	
CMSD expense		1,020,447	
Other departmental expenses		105,672	
AIA expenditures		83,000	
Expense reimbursement to general fund		340,011	
Expense reimbursement to electric fund		22,000	
Total operating expenditures	2,018,858	1,780,371	238,487
Debt service:			
Principal retirement	72,605	72,605	-
Interest	34,591	34,591	-
Total debt service	107,196	107,196	-
Capital outlay:			
Noncapitalized equipment <\$5,000		23,192	
Capital outlay		38,468	
Total capital outlay	70,000	61,660	8,340
Total expenditures	2,196,054	1,949,227	246,827
Revenues over (under) expenditures	(97,000)	86,648	183,648

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	97,000	-	(97,000)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	86,648	\$ 86,648
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		72,605	
Capital outlay		38,468	
Depreciation		(78,346)	
Increase in deferred outflows of resources - pensions		16,663	
Decrease in deferred inflows of resources - pensions		1,490	
Increase in net pension liability		(20,520)	
Decrease in accrued interest on installment purchases		356	
Decrease in accrued vacation pay		2,685	
Increase in accrued OPEB liability		(1,709)	
Total		31,692	
Change in net position		\$ 118,340	

Town of Winterville, North Carolina
Sewer Capital Projects Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
Capital outlay:					
Construction	\$ 1,669,020	\$ -	\$ -	\$ -	\$1,669,020
Engineering	341,190	126,984	15,163	142,147	199,043
Contingency	167,000	-	-	-	167,000
Total capital outlay	<u>2,177,210</u>	<u>126,984</u>	<u>15,163</u>	<u>142,147</u>	<u>2,035,063</u>
Revenues under expenditures	(2,177,210)	(126,984)	(15,163)	(142,147)	2,035,063
Other financing sources:					
Transfers from other funds:					
Sewer Fund	50,190	50,000	-	50,000	(190)
Debt proceeds	2,127,020	-	-	-	(2,127,020)
Total other financing sources	<u>2,177,210</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>(2,127,210)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (76,984)</u>	<u>\$ (15,163)</u>	<u>\$ (92,147)</u>	<u>\$ (92,147)</u>

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater charges		\$ 190,672	
Other operating revenues		500	
Total operating revenues	<u>\$ 184,000</u>	<u>191,172</u>	<u>\$ 7,172</u>
Non-operating revenues:			
Investment earnings		138	
Total non-operating revenues	<u>-</u>	<u>138</u>	<u>138</u>
Total revenues	184,000	191,310	7,310
Expenditures:			
Operating:			
Salaries and employee benefits		54,725	
Contracted services		14,378	
Supplies		6,896	
Repairs and maintenance		2,281	
Other departmental expenses		65,119	
Expense reimbursement to general fund		18,278	
Total operating expenditures	<u>179,000</u>	<u>161,677</u>	<u>17,323</u>
Total expenditures	<u>179,000</u>	<u>161,677</u>	<u>17,323</u>
Revenues over (under) expenditures	5,000	29,633	24,633
Other financing sources (uses):			
Transfers to other funds:			
General Fund	<u>(75,000)</u>	<u>(75,000)</u>	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	-
Fund balance appropriated	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Revenues and fund balance appropriated over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(45,367)</u>	<u>\$ (45,367)</u>

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017

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

Reconciling items:

Depreciation	(13,984)
Decrease in deferred outflows of resources - pensions	9,670
Decrease in deferred inflows of resources - pensions	865
Increase in net pension liability	(11,916)
Decrease in accrued vacation pay	995
Increase in accrued OPEB liability	(1,139)
Total	(15,509)
Change in net position	\$ (60,876)



OTHER FINANCIAL INFORMATION

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

Governmental Capital Assets

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

Other Schedules

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

Statistical Information

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

Compliance Section

The compliance section includes auditors' reports on state compliance matters.



GOVERNMENTAL CAPITAL ASSETS



Town of Winterville, North Carolina
Comparative Schedule of Governmental Capital Assets
By Source
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts as of June 30, 2016)

<u>Governmental Capital Assets</u>	<u>2017</u>	<u>2016</u>
Land	\$ 4,031,051	\$ 3,912,357
Construction in process	-	-
Buildings	6,905,331	6,794,326
Infrastructure	27,325,170	25,948,449
Software	601,410	601,410
Vehicles and equipment	4,924,104	4,700,641
	<u>43,787,066</u>	<u>41,957,183</u>
Total	<u>\$ 43,787,066</u>	<u>\$ 41,957,183</u>

Town of Winterville, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Fiscal Year Ended June 30, 2017

<u>Function and Activity</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
General government	\$ 9,416,366	\$ 118,224	\$ 15,685	\$ 9,518,905
Transportation	27,017,696	1,477,195	-	28,494,891
Public Safety	2,645,172	164,651	63,745	2,746,078
Cultural and recreation	<u>2,877,949</u>	<u>182,292</u>	<u>33,049</u>	<u>3,027,192</u>
Total	<u>\$ 41,957,183</u>	<u>\$ 1,942,362</u>	<u>\$ 112,479</u>	<u>\$ 43,787,066</u>

OTHER SCHEDULES

This section contains additional information on property taxes.

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



Town of Winterville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2017

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2016-2017	\$ -	\$ 3,711,438	\$ 3,688,485	\$ 22,953
2015-2016	27,196	-	10,586	16,610
2014-2015	11,175	-	2,355	8,820
2013-2014	11,019	-	2,526	8,493
2012-2013	10,922	-	448	10,474
2011-2012	7,594	-	1,092	6,502
2010-2011	9,264	-	73	9,191
2009-2010	12,137	-	838	11,299
2008-2009	4,820	-	406	4,414
2007-2008	6,165	-	(34)	6,199
2006-2007	5,840	-	5,840	-
Total	<u>\$ 106,132</u>	<u>\$ 3,711,438</u>	<u>\$ 3,712,615</u>	<u>104,955</u>

Less: allowance for uncollectible accounts:

General fund 36,569

Ad valorem taxes receivable - net \$ 68,386

Reconciliation with Revenues:

Ad valorem taxes - General Fund \$ 3,721,809

Reconciling items:

Interest collected (13,985)

Taxes written off 5,840

Releases (prior years) and other adjustments (1,049)

Subtotal (9,194)

Total collections and credits \$ 3,712,615

Town of Winterville, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2017

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy: Property taxed at current year's rate	\$ 779,578,105	0.475	\$ 3,702,996	\$ 3,223,053	\$ 479,943
Discoveries	2,487,368		11,815	11,815	-
Releases	(710,105)		(3,373)	(3,373)	-
Total property valuation	<u>\$ 781,355,368</u>				
Net levy			3,711,438	3,231,495	479,943
Unpaid (by taxpayer) taxes at June 30, 2017			<u>(22,953)</u>	<u>(22,953)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,688,485</u>	<u>\$ 3,208,542</u>	<u>\$ 479,943</u>
Current levy collection percentage			<u>99.38%</u>	<u>99.29%</u>	<u>100.00%</u>

STATISTICAL SECTION

This part of the Town of Winterville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Town's overall financial health.

CONTENTS:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 18,883,210	\$ 19,033,329	\$ 19,743,897	\$ 20,131,928
Restricted	297,722	509,458	524,194	1,344,122
Unrestricted	3,841,539	2,756,908	2,602,666	2,117,242
Total governmental activities net position	\$ 23,022,471	\$ 22,299,695	\$ 22,870,757	\$ 23,593,292
Business-type activities				
Net investment in capital assets	\$ 2,981,588	\$ 5,773,808	\$ 5,531,666	\$ 5,795,169
Restricted	-	-	-	-
Unrestricted	6,181,096	4,202,970	4,775,714	4,975,318
Total Business-type activities net position	\$ 9,162,684	\$ 9,976,778	\$ 10,307,380	\$ 10,770,487
Primary government				
Net investment in capital assets	\$ 21,864,798	\$ 24,807,137	\$ 25,275,563	\$ 25,927,097
Restricted	297,722	509,458	524,194	1,344,122
Unrestricted	10,022,635	6,959,878	7,378,380	7,092,560
Total primary government net position	\$ 32,185,155	\$ 32,276,473	\$ 33,178,137	\$ 34,363,779

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

2012	2013	2014	2015	2016	2017
\$ 19,819,840	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360	\$ 18,986,506	\$ 19,828,145
1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013
2,517,321	2,695,079	3,573,881	4,634,264	4,406,677	5,427,561
<u>\$ 23,927,663</u>	<u>\$ 24,073,468</u>	<u>\$ 24,565,137</u>	<u>\$ 25,344,033</u>	<u>\$ 26,010,923</u>	<u>\$ 27,173,719</u>
\$ 5,548,709	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711	\$ 5,294,157	\$ 5,559,549
-	-	-	-	-	-
5,709,288	6,642,021	6,784,202	7,890,408	8,474,991	9,160,180
<u>\$ 11,257,997</u>	<u>\$ 11,980,044</u>	<u>\$ 12,037,688</u>	<u>\$ 13,256,119</u>	<u>\$ 13,769,148</u>	<u>\$ 14,719,729</u>
\$ 25,368,549	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071	\$ 24,280,663	\$ 25,387,694
1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013
8,226,609	9,337,100	10,358,083	12,524,672	12,881,668	14,587,741
<u>\$ 35,185,660</u>	<u>\$ 36,053,512</u>	<u>\$ 36,602,825</u>	<u>\$ 38,600,152</u>	<u>\$ 39,780,071</u>	<u>\$ 41,893,448</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 1,773,961	\$ 2,456,603	\$ 2,687,929	\$ 2,552,572	\$ 2,605,647	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412	\$ 2,239,443	\$ 2,166,843
Public Safety	1,588,821	1,753,660	1,883,985	1,794,701	1,822,713	1,936,031	2,020,494	1,955,444	2,238,766	2,342,745
Transportation	1,496,651	1,596,862	1,381,524	1,299,618	1,404,474	1,401,712	1,332,381	1,262,024	1,433,435	1,359,646
Environmental protection	344,757	375,894	402,902	444,724	425,607	420,736	423,582	449,332	460,797	479,991
Cultural and recreational	895,246	843,293	896,397	961,253	831,698	705,296	774,390	852,262	806,502	885,272
Economic and physical development	981	-	-	-	-	-	-	-	32,400	32,400
Interest on long-term debt	161,059	222,427	207,454	304,775	245,853	219,296	206,866	175,858	114,018	99,326
Reimbursements from business type activities	-	-	-	-	-	(202,708)	(151,682)	(59,696)	-	-
Total governmental activities expense	\$ 6,261,476	\$ 7,248,739	\$ 7,460,191	\$ 7,357,643	\$ 7,335,992	\$ 6,638,711	\$ 6,749,392	\$ 6,747,636	\$ 7,325,361	\$ 7,366,223
Business-type Activities:										
Electric	\$ 4,197,764	\$ 5,305,020	\$ 5,232,429	\$ 5,366,691	\$ 5,240,409	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117	\$ 5,839,943	\$ 5,940,771
Water	636,679	693,124	778,832	556,616	532,540	677,370	804,903	992,504	1,186,795	1,245,965
Sewer	1,540,475	1,305,034	1,804,362	1,439,662	1,391,511	1,714,303	1,780,834	1,921,325	1,962,456	1,917,535
Stormwater	39,355	27,072	69,718	116,318	113,301	84,597	143,314	149,477	142,812	177,186
Total business-type activities expense	\$ 6,414,273	\$ 7,330,250	\$ 7,885,341	\$ 7,479,287	\$ 7,277,761	\$ 7,983,080	\$ 8,711,522	\$ 8,994,423	\$ 9,132,006	\$ 9,281,457
Total primary government expenses	\$ 12,675,749	\$ 14,578,989	\$ 15,345,532	\$ 14,836,930	\$ 14,613,753	\$ 14,621,791	\$ 15,460,914	\$ 15,742,059	\$ 16,457,367	\$ 16,647,680
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 72,162	\$ 131,618	\$ 69,550	\$ 68,488	\$ 31,174	\$ 53,053	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482
Public Safety	-	156,151	-	1,100	9,475	12,476	13,106	19,473	22,975	30,445
Transportation	-	-	328	-	-	-	-	6,914	3,660	3,660
Environmental protection	364,709	377,406	410,186	481,343	484,983	485,132	484,688	500,833	508,020	521,196
Cultural and recreational	159,179	227,367	184,439	258,113	205,150	186,731	145,706	147,350	148,514	160,042
Operating grants and contributions										
General government	120,372	-	-	-	202,617	41,833	44,786	-	5,000	28,425
Public Safety	86,905	-	142,449	21,394	17,961	16,605	21,464	3,850	6,923	43,138
Transportation	340,213	-	264,041	345,935	284,827	266,728	272,530	266,981	266,040	261,061
Environmental protection	-	-	6,150	6,115	6,363	5,881	5,282	6,201	5,979	6,306
Capital grants and contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	500,000	-	-	-	-	-	-	-
Transportation	733,570	276,512	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 1,877,110	\$ 1,169,054	\$ 1,577,143	\$ 1,182,488	\$ 1,242,550	\$ 1,068,439	\$ 1,153,544	\$ 1,124,953	\$ 1,165,827	\$ 1,260,755

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Electric Fund	\$ 5,088,797	\$ 5,782,977	\$ 5,842,314	\$ 6,569,449	\$ 6,433,135	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499	\$ 6,477,361	\$ 6,796,158
Water Fund	643,967	740,300	743,907	735,593	720,550	718,195	743,400	1,239,032	1,237,389	1,469,305
Sewer Fund	1,485,481	1,646,000	1,644,394	1,710,000	1,628,236	1,664,340	1,682,865	1,897,528	1,893,949	1,938,108
Stormwater Fund	159,821	192,948	125,363	758	-	88,886	169,378	176,261	172,337	191,172
Operating grants and contributions	-	-	80,884	33,099	15,533	1,089	37,878	29,230	93,050	96,908
Capital grants and contributions	101,113	126,992	500,000	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 7,479,179	\$ 8,489,217	\$ 8,936,862	\$ 9,048,899	\$ 8,797,454	\$ 8,828,715	\$ 8,987,467	\$ 10,028,550	\$ 9,874,086	\$ 10,491,651
Total primary government program revenues	\$ 9,356,289	\$ 9,658,271	\$ 10,514,005	\$ 10,231,387	\$ 10,040,004	\$ 9,897,154	\$ 10,141,011	\$ 11,153,503	\$ 11,039,913	\$ 11,752,406
Net Revenue (Expense):										
Governmental activities	\$ (4,384,366)	\$ (6,079,685)	\$ (5,883,048)	\$ (6,175,155)	\$ (6,093,442)	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)	\$ (6,159,534)	\$ (6,105,468)
Business-type activities	1,064,906	1,158,967	1,051,521	1,569,612	1,519,693	845,635	275,945	1,034,127	742,080	1,210,194
Total primary government net expense	\$ (3,319,460)	\$ (4,920,718)	\$ (4,831,527)	\$ (4,605,543)	\$ (4,573,749)	\$ (4,724,637)	\$ (5,319,903)	\$ (4,588,556)	\$ (5,417,454)	\$ (4,895,274)
General revenues and other changes in net position										
Governmental activities:										
Property Taxes	\$ 2,610,837	\$ 3,105,163	\$ 3,093,542	\$ 3,157,673	\$ 3,233,735	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055	\$ 3,633,653	\$ 3,722,789
Local option sales tax, etc.	1,669,969	1,445,534	1,447,137	1,502,894	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590
Grants and contributions not restricted to specific programs	-	-	273,805	299,708	-	-	-	-	-	-
Other taxes and licenses	33,408	344,671	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821
Investment Earnings	267,674	53,082	11,967	17,851	12,146	8,580	6,869	9,623	9,816	9,160
Miscellaneous	103,642	-	721,519	758,425	276,508	196,763	268,351	503,895	630,471	1,040,275
Transfers	478,389	408,458	736,599	1,130,094	1,048,776	135,000	230,192	188,552	215,444	290,000
Total governmental activities	\$ 5,163,919	\$ 5,356,908	\$ 6,323,255	\$ 6,897,690	\$ 6,525,505	\$ 5,716,077	\$ 6,087,517	\$ 6,566,958	\$ 6,826,424	\$ 7,493,635
Business-type activity:										
Investment earnings, net of market	\$ 275,925	\$ 63,585	\$ 15,680	\$ 23,589	\$ 16,593	\$ 11,412	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607
Transfers	(478,389)	(408,458)	(736,599)	(1,130,094)	(1,048,776)	(135,000)	(230,192)	(188,552)	(215,444)	(290,000)
Total business-type activity	\$ (202,464)	\$ (344,873)	\$ (720,919)	\$ (1,106,505)	\$ (1,032,183)	\$ (123,588)	\$ (218,301)	\$ (181,444)	\$ (206,643)	\$ (279,393)
Total primary government	\$ 4,961,455	\$ 5,012,035	\$ 5,602,336	\$ 5,791,185	\$ 5,493,322	\$ 5,592,489	\$ 5,869,216	\$ 6,385,514	\$ 6,619,781	\$ 7,214,242
Change in net position										
Governmental activities	\$ 930,902	\$ (722,777)	\$ 440,672	\$ 722,535	\$ 432,063	\$ 145,805	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167
Business-type activities	862,442	814,094	330,602	463,107	487,510	722,047	57,644	852,683	535,437	930,801
Total primary government	\$ 1,793,344	\$ 91,317	\$ 771,274	\$ 1,185,642	\$ 919,573	\$ 867,852	\$ 549,313	\$ 1,796,958	\$ 1,202,327	\$ 2,318,968

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

	2008	2009	2010
General Fund			
Reserved	\$ 930,844	\$ 1,675,977	\$ 1,148,964
Unreserved	694,494	1,459,018	1,474,100
Total General Fund	<u>\$ 1,625,338</u>	<u>\$ 3,134,995</u>	<u>\$ 2,623,064</u>
All Other Governmental Funds			
Reserved	\$ -	\$ -	\$ -
Unreserved, reported in:			
Special revenue funds	4,448	16,206	-
Capital projects funds	2,661,438	200,603	688,253
Total all other governmental funds	<u>\$ 2,665,886</u>	<u>\$ 216,809</u>	<u>\$ 688,253</u>

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

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

	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	\$ 33,133	\$ 36,403	\$ 73	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023
Restricted	1,336,722	1,583,102	2,063,859	2,022,330	1,834,409	2,617,740	1,918,013
Committed	7,400	7,400	-	7,400	-	27,600	15,200
Assigned	67,680	18,000	-	-	-	-	669,683
Unassigned	2,287,824	2,978,107	3,289,582	4,236,207	5,413,814	5,214,955	5,913,768
Total General Fund	\$ 3,732,759	\$ 4,623,012	\$ 5,353,514	\$ 6,266,010	\$ 7,342,441	\$ 7,893,731	\$ 8,537,687
All Other Governmental Funds							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total all other governmental funds	\$ -						

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Ad valorem taxes	\$ 2,585,436	\$ 3,066,447	\$ 3,086,185	\$ 3,115,699	\$ 3,275,421	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253	\$ 3,653,683	\$ 3,721,809
Other taxes and licenses	1,703,377	1,478,844	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821
Unrestricted intergovernmental	267,674	311,361	1,720,942	1,802,602	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590
Restricted intergovernmental	371,097	276,512	797,691	370,376	484,987	328,652	339,925	282,550	285,844	341,621
Permits and fees	8,308	7,770	3,730	4,488	2,899	2,100	5,915	6,175	9,182	12,648
Sales and services	587,743	544,782	666,741	804,929	724,513	734,140	807,598	831,755	868,743	902,904
Investment earnings	103,642	53,082	13,676	20,919	14,927	10,975	11,006	11,019	11,574	10,129
Miscellaneous	274,456	349,561	173,828	10,989	55,872	15,053	48,351	28,365	54,054	61,592
TOTAL REVENUES	\$ 5,901,733	\$ 6,088,359	\$ 6,501,479	\$ 6,161,047	\$ 6,512,959	\$ 6,454,118	\$ 6,816,537	\$ 7,066,950	\$ 7,220,120	\$ 7,482,114
EXPENDITURES										
General Government	\$ 2,006,059	\$ 4,130,732	\$ 2,573,280	\$ 2,302,452	\$ 2,246,240	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649	\$ 1,915,542	\$ 1,798,530
Public Safety	1,541,222	1,713,040	2,354,913	1,595,926	1,678,150	1,838,331	2,372,543	1,939,110	2,346,423	2,197,435
Transportation	706,317	778,185	772,378	654,379	600,556	667,463	801,119	697,972	642,878	1,057,009
Environmental Protection	344,757	375,894	402,902	444,724	425,607	420,736	423,582	460,546	467,635	479,991
Cultural and Recreation	927,663	1,652,918	797,599	894,595	766,076	617,674	745,503	762,554	872,316	948,222
Economic and Physical Development	981	-	-	-	-	-	-	-	32,400	32,400
Public Works	-	-	-	-	-	-	-	-	-	-
Vehicle Replacement	-	-	307,117	-	-	-	-	-	-	-
Riembursement - Proprietary Funds	-	-	-	-	-	(202,708)	(151,682)	(59,696)	-	-
Debt Service:										
Principal retirement	524,203	712,724	791,985	723,690	675,881	517,875	484,670	646,924	497,214	502,244
Interest and Fees	166,629	222,427	207,454	272,692	246,408	222,896	204,149	186,171	117,024	101,606
Capital Outlay	144,215	71,124	1,579,010	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 6,362,046	\$ 9,657,044	\$ 9,786,638	\$ 6,888,458	\$ 6,638,918	\$ 5,819,539	\$ 6,648,982	\$ 6,416,230	\$ 6,891,432	\$ 7,117,437
REVENUES OVER (UNDER) EXPENDITURES	\$ (460,313)	\$ (3,568,685)	\$ (3,285,159)	\$ (727,411)	\$ (125,959)	\$ 634,579	\$ 167,555	\$ 650,720	\$ 328,688	\$ 364,677

continued

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OTHER FINANCING SOURCES (USES)										
Long Term Debt Issued	\$ 2,229,230	\$ 232,000	\$ 2,310,990	\$ -	\$ -	\$ -	\$ 540,800	\$ 139,500	\$ -	\$ -
Transfers in	3,220,189	1,098,716	2,819,465	1,878,079	1,048,776	135,000	230,192	188,552	215,444	290,000
Transfers out	(2,741,800)	(690,258)	(2,082,866)	(747,985)	-	-	-	-	-	-
Sale of capital assets	-	-	66,693	18,759	-	-	-	-	10,041	21,472
Total other financing sources (uses)	\$ 2,707,619	\$ 640,458	\$ 3,114,282	\$ 1,148,853	\$ 1,048,776	\$ 135,000	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472
Net Change in Fund Balances	\$ 2,247,306	\$ (2,928,227)	\$ (170,877)	\$ 421,442	\$ 922,817	\$ 769,579	\$ 938,547	\$ 978,772	\$ 554,173	\$ 676,149
 Debt Services as a percentage of noncapital expenditures	 12%	 11%	 14%	 17%	 16%	 14%	 11%	 15%	 10%	 9%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Beer and Wine Tax	Penalties/Interest	Total
2008	\$ 2,576,874	\$ 1,669,969	\$ 227,675	\$ 37,736	\$ 8,562	\$ 4,520,816
2009	3,055,047	1,445,534	270,492	38,560	11,400	4,821,033
2010	3,069,850	1,447,137	258,488	12,764	16,335	4,804,574
2011	3,099,199	1,502,894	257,852	40,345	16,500	4,916,790
2012	3,255,662	1,619,870	258,177	40,463	19,759	5,193,931
2013	3,371,069	1,651,989	249,038	37,771	18,429	5,328,296
2014	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
2015	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
2016	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
2017	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115

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

Fiscal Year Ended			Total Taxes Levied			
June 30	Real Property	Personal Property	For Fiscal Year		Property Valuation	Direct Tax Rate
2008	\$ 2,285,774	\$ 276,758	\$ 2,562,532		\$ 569,444,889	0.45
2009	2,776,854	300,052	3,076,906		683,117,334	0.45
2010	2,810,386	279,384	3,089,770		686,615,556	0.45
2011	2,855,107	293,766	3,148,873		699,749,556	0.45
2012	2,895,892	344,019	3,239,911		719,980,222	0.45
2013	3,004,730	380,663	3,385,393		712,714,316	0.475
2014	3,068,692	525,545	3,594,237		756,681,473	0.475
2015	3,097,787	432,342	3,530,129		743,185,053	0.475
2016	3,158,563	460,386	3,618,949		761,884,000	0.475
2017	3,232,495	479,943	3,711,438		781,355,368	0.475

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every four years on average. The last county-wide revaluation occurred January 1, 2016. The county assesses property at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Town of Winterville, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Table 7

Fiscal Year Ended June 30,	City Direct Rates		Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Total Direct Rate	Rescue District	Fire District	County Rate	
2008	0.45	0.45	0.04	0.025	0.665	1.18
2009	0.45	0.45	0.04	0.025	0.665	1.18
2010	0.45	0.45	0.04	0.025	0.665	1.18
2011	0.45	0.45	0.04	0.025	0.665	1.18
2012	0.45	0.45	0.046	0.044	0.680	1.22
2013	0.475	0.475	0.046	0.044	0.680	1.25
2014	0.475	0.475	0.046	0.044	0.680	1.25
2015	0.475	0.475	0.046	0.044	0.680	1.25
2016	0.475	0.475	0.046	0.044	0.680	1.25
2017	0.475	0.475	0.046	0.044	0.696	1.26

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

Source: Pitt County Tax Assessor

**Town of Winterville, North Carolina
Principal Property Taxpayers
Current Year and Ten Years Ago
Table 8**

Taxpayer	Type of Business	Fiscal Year 2017			Fiscal Year 2007		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Sam's Real Estate Business Trust	Retail	\$ 7,679,912	1	0.98%	\$ 6,382,160	1	1.34%
J & S Firetower Property LLC	Warehouse	4,667,318	7	0.60%	1,130,380		
Winterville Machine Works, Inc	Manufacturer	4,117,273	2	0.53%	2,432,285	5	0.51%
Winter Village LLC	Retail	3,430,940	3	0.44%	2,689,960	4	0.56%
The Roberts Co Fabrication Services Inc	Manufacturer	3,207,637	4	0.41%	-		0.00%
State Employees Credit Union	Financial Institution	3,132,062	5	0.40%	1,230,900	9	
Regional Acceptance Corp.	Financial Institution	2,958,651	6	0.38%	-		0.00%
Wintergreen Commercial Park LLC	Developer	2,889,025	8	0.37%	2,093,750	6	
The Roberts Company	Manufacturer	2,510,423	9	0.32%	1,817,150	7	
James Hudson	Developer	2,372,341	10	0.30%	2,875,000	3	
Cole WG Greenville LLC	Developer				4,811,140	2	1.01%
Blaire Development	Developer				1,222,870	10	0.26%
Formosa Pinewood Village	Apartments				1,675,690	8	0.18%
Totals		<u>\$ 36,965,582</u>		4.73%	<u>\$ 28,361,285</u>		3.86%
Real Property Valuation		781,355,368.00			476,808,769.00		

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

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>			<u>Collected within the Fiscal Year of the Levy</u>		<u>Total Collections to Date</u>		
	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Total Amount Collected</u>	<u>Percentage of Original Levy</u>	<u>Collections for Prior Years</u>	<u>Total Amount Collected</u>	<u>Percentage of Adjusted Levy</u>	
2008	23,542	2,586,044	2,513,791	98.10%	66,088	2,579,879	99.76%	
2009	(2,878)	3,074,028	2,967,451	96.44%	101,757	3,069,208	99.84%	
2010	16,999	3,089,770	2,996,993	97.53%	80,640	3,077,633	99.61%	
2011	(9,767)	3,148,873	3,039,049	96.21%	100,560	3,136,609	99.61%	
2012	6,974	3,239,911	3,140,640	97.15%	91,677	3,232,317	99.77%	
2013	(923)	3,385,393	3,290,981	97.18%	83,490	3,374,471	99.68%	
2014	28,589	3,594,237	3,533,265	99.09%	49,953	3,583,218	99.69%	
2015	(916)	3,530,129	3,499,202	99.10%	19,752	3,518,954	99.68%	
2016	3,972	3,618,949	3,591,753	99.36%	44,950	3,591,753	99.25%	
2017	8,442	3,711,438	3,688,485	99.61%	-	3,688,485	99.38%	

Source: Town of Winterville tax records

Town of Winterville, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Table 10

Fiscal Year Ending	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Lease	Installment Purchases	General Obligation Bonds	Installment Purchases	Capital Leases			
2008	\$ -	\$ 5,777,001	\$ 1,060,000	\$ 3,118,486	\$ -	\$ 9,955,487	3.69%	1,160
2009	-	5,296,276	1,032,500	2,821,213	-	9,149,989	3.25%	1,022
2010	-	6,815,282	1,004,500	3,952,505	-	11,772,287	3.98%	1,286
2011	-	6,091,592	975,500	3,622,545	-	10,689,637	3.47%	1,145
2012	-	5,415,711	955,500	3,535,142	-	9,906,353	4.34%	1,059
2013	-	4,897,836	936,500	3,270,088	-	9,104,424	3.73%	961
2014	-	4,953,966	916,500	2,995,176	-	8,865,642	3.46%	930
2015	-	4,446,542	-	3,615,870	-	8,062,412	3.55%	848
2016	-	3,949,328	-	5,026,137	-	8,975,465	3.95%	948
2017	-	3,447,084	-	4,476,041	-	7,923,125	3.48%	839

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

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

Fiscal Year Ending	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 1,060,000	0.2%	123
2009	1,032,500	0.2%	115
2010	1,004,500	0.1%	110
2011	975,500	0.1%	104
2012	955,500	0.1%	102
2013	936,500	0.1%	99
2014	916,500	0.1%	96
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-

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

Town of Winterville, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
Table 12

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit, 8% of Assessed Value	\$ 45,974,116	\$ 54,649,387	\$ 54,929,244	\$ 55,979,964	\$ 57,598,418	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804	\$ 60,950,720	\$ 62,508,429
Total net debt applicable to limit	9,955,487	9,149,990	11,772,287	10,689,637	9,906,353	9,104,424	9,084,424	8,062,412	8,975,465	7,923,125
Legal debt Margin	<u>\$ 36,018,629</u>	<u>\$ 45,499,397</u>	<u>\$ 43,156,957</u>	<u>\$ 45,290,327</u>	<u>\$ 47,692,065</u>	<u>\$ 47,912,721</u>	<u>\$ 51,450,094</u>	<u>\$ 51,392,392</u>	<u>\$ 51,975,255</u>	<u>\$ 54,585,304</u>
Total net debt applicable to the limit as a percentage of debt limit	21.65%	16.74%	21.43%	19.10%	17.20%	15.97%	15.01%	13.56%	14.73%	12.68%

Legal Debt Margin Calculation for Fiscal Year Ending 2017

Assessed Value	\$ 781,355,368
Debt Limit (8% of assessed value)	62,508,429
Debt applicable to limit:	
General Obligation Bonds	-
Installment Notes Payable	<u>3,447,084</u>
Legal Debt Margin	<u>\$ 59,061,345</u>

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

Town of Winterville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Pitt County	\$ 163,798,270	6.3%	\$ 10,361,260
Subtotal, overlapping debt			\$ 10,361,260
Total direct debt			<u>3,447,084</u>
Total direct and overlapping debt			<u><u>\$ 13,808,344</u></u>

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

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

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

Town of Winterville, North Carolina
Electric Rates
Last Ten Fiscal Years
Table 14

Type of Customer		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Small General Service	Facility Charge	28.75	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	0	0	0	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	0	0	0	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.0961	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153
	Energy Rate per kWh over 3,000 kWh	0.0868	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	15.36	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	1.76	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	4.86	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.0961	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153
	Energy Rate per kWh over 3,000 kWh	0.0868	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Large General Service	Facility Charge	287.50	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per kW	\$250/mo + \$9.38	\$250/mo + \$11.26								
	Energy Rate per kWh	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW	per kW for all kW
Large General Service Temporary	Facility Charge	0	0	0	0	0	34.5	34.5	34.5	34.5	34.5
	Rate per kWh first 3,000 kWh	0	0	0	0	0	0.153	0.153	0.153	0.153	0.153
	Rate per kWh over 3,000 kWh	0	0	0	0	0	0.1042	0.1042	0.1042	0.1042	0.1042
Residential Service	Facility Charge	10.68	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.0959	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151
	Rate per kWh over 800 kWh	0.0895	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074
Outdoor Lighting	70W Sodium Vapor	12.08	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
	100W Sodium Vapor	13.8	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56
	150W Sodium Vapor	14.97	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96
	250W Sodium Vapor	19.65	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58
	400W Sodium Vapor	29.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79
	1000W Sodium Vapor	48.28	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94
	Wood Pole	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Underground Service <150 ft.	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
Underground Service >150 ft.	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	

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

Type of Customer			Fiscal Year Ending										
			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Water	Monthly Base Rate (3kG)	In	\$ 9.60	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40
		Out	\$ 19.20	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 38.04	\$ 44.80	\$ 44.80
	Rate per 1kG for next 17 kG	In	\$ 1.44	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31
		Out	\$ 3.00	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62
	Rate per 1kG for over 20kG	In	\$ 1.27	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	
		Out	\$ 2.64	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	
Sewer	Monthly Base Rate (3kG)	In	\$ 19.45	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 26.56	\$ 26.83	\$ 26.83
		Out	\$ 45.77	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65
	Rate per 1kG for next 17 kG	In	\$ 7.07	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57
		Out	\$ 14.14	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 17.14	\$ 17.14
	Rate per 1kG for over 20kG	In	\$ 5.78	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 7.01	\$ 7.01
		Out	\$ 9.84	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 13.88	\$ 14.02	\$ 14.02
Stormwater	Monthly Base Rate (Rate Per ERU)	In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
		In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

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

Fiscal Year	Population (1)	Median Household income (1)	Per Capita Personal Income (2)	County School Enrollment (3)	County Unemployment Rate Percentage (4)
2008	8,586	\$ 60,021	\$ 31,410	22,994	6.5
2009	8,949	63,322	31,439	23,235	10.3
2010	9,154	64,942	32,294	23,022	10.1
2011	9,339	66,306	32,972	23,267	10.8
2012	9,355	62,923	26,399	23,386	10.6
2013	9,471	66,447	27,877	23,495	9.6
2014	9,506	69,437	29,132	23,852	6.9
2015	9,511	57,220	26,865	23,511	5.5
2016	9,464	58,801	27,309	23,348	5.5
2017	9,447	59,135	28,662	23,301	4.5

- Sources:
- (1) US Census Quick facts website
 - (2) Provided by the 2000 U.S. Census and adjusted each subsequent year by percentage change in personal income reported by the U.S. Department of Commerce, Bureau of Economic Analysis
 - (3) Provided by Pitt County Schools Public Information office
 - (4) Provided by annual average for Pitt County reported by N.C. Employment Security Commission

Town of Winterville, North Carolina
Principal Employers
June 30, 2016
Table 17

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Roberts Company	493	1	5.46%
Pitt Community College	474	2	5.25%
Pitt County Schools	473	3	5.24%
North Carolina Driving School	200	4	2.22%
Sam's Club	180	5	2.00%
Regional Acceptance Corporation	150	6	1.66%
Chik-fil-A	93	7	1.03%
ONLINE Information Services, Inc.	92	8	1.02%
Town of Winterville	64	9	0.71%
Winterville Machine Works	64	10	0.71%
Total	<u>2,283</u>		<u>25.31%</u>

Source: Staff contact with employers.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Central government										
Administration	3	2	3	2	1	2	4	5	5	5
Finance	7	6	6	6	6	6	6	6	6	6
Town Clerk	1	1	1	0	1	1	1	1	1	1
Planning	3	4	4	3	2	3	1	1	1	1
Inspections	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	2
Transportation										
Streets and Highways	5	4	4.5	3.5	3.5	3.5	6	6	5	4
Public Safety										
Sworn Officers	20	19	20	19	18	18	19	19	19	19
Civilians	1.5	1.5	1	1.5	1.5	1	1	1	1	1
Fire	0	0	0	0	0	1	1	1	1	1
Refuse collection	5	4	4.5	3.5	3.5	3.5	3.5	4	4	4
Economic and physical development	0	0	0	0	0	0	0	0	1	1
Cultural and recreation	3	4	5	5	3	4	4	4	4	4
Operation Support / IT	1	3	3	2	2	2	1	1	0	0
Electric operations	14	13	11	10	8.5	9	10.5	9.5	9	9
Water	5	5	5	4	3	4	3	3	3	3
Sewer	3	3	3	3	3	2	2	2	2	2
Storm Water	0	0	0	0	0	0	0	0	0	1
Information Technology	0	1	2	2	2	2	2	2	0	0
TOTAL	71.5	70.5	73	64.5	58	62	67	67.5	64	64

Source: Town Human Resource Department

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	N/A	N/A	223	363	330	333	217	254	269	367
Traffic Violations	N/A	N/A	4,761	3,313	4,407	3,959	3,942	2,945	3,707	3,346
Fire										
Number of calls answered	N/A	N/A	512	426	384	380	360	560	600	693
Inspections	N/A	N/A	N/A	N/A	382	230	N/A	318	520	467
Building Inspections										
New construction permits	N/A	N/A	39	29	30	26	101	126	98	89
Highways and Streets										
Street Resurfacing	N/A	N/A	1	4	-	8	-	3	8	-
Potholes Repaired	N/A	N/A	57	65	12	75	50	30	50	40
Sanitation										
Refuse collected (tons/day)	N/A	N/A	7	10	7	7	6	6	7	8
Recyclables collected (tons/day)	N/A	N/A	2	3	2	2	2	2	2	2
Culture and Recreation										
Athletic field permits issued	N/A	N/A	47	3	-	-	-	-	-	-
Community center admissions	N/A	N/A	52	N/A						
Water										
New Connections	N/A	N/A	23	25	27	11	63	62	75	95
Water main breaks	N/A	N/A	2	-	-	-	1	1	1	1
Average daily consumption (millions of gallons)	N/A	N/A	601,524	605,429	581,787	545,666	531,679	528,227	540,595	551,661
Number of customers	N/A	N/A	3,753	3,778	3,764	3,775	3,838	3,900	3,975	4,065
Wastewater										
New Connections	N/A	N/A	23	23	23	18	62	80	79	105
Average daily sewage treatment (millions of gallons)	N/A	N/A	536,067	538,832	558,949	495,300	489,636	493,172	506,912	506,912
Number of customers	N/A	N/A	3,413	3,436	3,432	3,450	3,512	3,592	3,671	3,766

Source: Various departments

Notes: (1) Operating indicators by function for 2007-2009 were not readily available for statement purposes.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A	19	19	19	19	19	19	19	19	19
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highways and Streets										
Streets (miles)	N/A	41.77	42.23	42.91	42.24	43.66	43.66	43.92	44.35	45.1
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3	3
Parks and Recreation										
Park Acreage	N/A	24	30	30	30	30	30	30	30	30
Tennis Court	N/A	0	2	2	2	2	2	2	2	2
Playgrounds	N/A	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	N/A	4	5	6	6	6	6	6	6	6
Soccer/football	N/A	3	3	3	3	3	3	3	3	3
Community Centers	N/A	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	N/A	59	59	63.63	63.82	63.82	64	64	64	68
Fire Hydrants	N/A	305	305	383	384	384	384	395	416	424
Wastewater										
Sanitary sewers (miles)	N/A	55	55	60.74	61.22	61.22	61.22	61.22	62	63
Storm water pipe	N/A	33.3	33.3	33	33.28	33.28	38	38	38	38

Source: Various Town Departments.

Notes: (1) Capital Asset indicators for 2007-2008 were not readily available for statement preparation.

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



COMPLIANCE SECTION





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Winterville, North Carolina's basic financial statements, and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
March 26, 2018



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

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

Report on Compliance for Each Major State Program

We have audited the Town of Winterville, North Carolina's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Winterville, North Carolina's major state programs for the year ended June 30, 2017. The Town of Winterville, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Winterville, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

Town of Winterville, North Carolina
Page 3

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

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
March 26, 2018

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

Section I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified.

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported
- Noncompliance material to financial statements noted _____ Yes X No

State Awards

Internal control over major State programs:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act?

_____ Yes X No

Identification of major state program:

Program Name
Powell Bill

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

Section II: Financial Statement Findings

None reported

Section II: State Award Findings and Questioned Costs

None reported

**Town of Winterville, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

Section II: Financial Statement Findings

16-01 Corrected

16-02 Corrected

Section II: State Award Findings and Questioned Costs

None reported

**Town of Winterville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017**

<i>Federal and State Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>State/Pass-through Grantor's Number</i>	<i>Federal (Direct and Pass through Expenditures(\$)</i>	<i>State Expenditures</i>
Federal Grants:				
Cash Programs:				
United States Department of Homeland Security Passed through - NC Department of Public Safety Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters	97.036		\$ 36,225	\$ -
State Grants:				
Cash Assistance:				
NC Department of Transportation: Powell Bill		38570	-	560,011
NC Department of Environmental Quality Division of Water Infrastructure Wastewater Asset Inventory and Assessment Grant		E-AIA-W-16-0010	-	51,411
NC Department of Public Safety Governor's Crime Commission Internet Crimes Against Children Grant		PROJ012085	-	38,086
			<u>\$ 36,225</u>	<u>\$ 649,508</u>

Town of Winterville, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Winterville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Winterville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Winterville.

2. Summary of Significant Accounting Policies

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

3. Federal Pass-Through Funds

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

4. Contingencies

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

5. Noncash Assistance

The Town of Winterville did not receive any federal noncash assistance for the fiscal year ended June 30, 2017.

6. Indirect Costs

The Town of Winterville has elected not to use the 10 percent de minimus cost rate.

7. Loans and Loan Guarantees

The Town of Winterville did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ending June 30, 2017.