



A slice of the good life!

Since 1897



Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2013

Town of Winterville, North Carolina
www.wintervillenc.com



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

TOWN OF WINTERVILLE, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2013

Anthony Bowers
Finance Director



Town of Winterville, North Carolina
TABLE OF CONTENTS
 June 30, 2013

| <u>Exhibit</u> | | <u>Page</u> |
|----------------|--|-------------|
| | INTRODUCTORY SECTION: | 4 |
| | Certificate of Achievement | 5 |
| | Town Officials and Staff | 6 |
| | Organizational Chart | 7 |
| | Letter of Transmittal | 8-12 |
| | FINANCIAL SECTION: | 13 |
| | Independent Auditors' Report | 14-15 |
| | Management's Discussion and Analysis | 16-27 |
| | Basic Financial Statements: | 28 |
| | Government-wide Financial Statements: | |
| 1 | Statement of Net Position | 29 |
| 2 | Statement of Activities | 30-31 |
| | Fund Financial Statements: | |
| 3 | Balance Sheet - Governmental Funds | 32 |
| 3 | Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 33 |
| 4 | Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 34 |
| 4 | Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 35 |
| 5 | Statement of Revenues, Expenditures and Changes in Fund Balances - Annual Budget and Actual - General Fund | 36 |
| 6 | Statement of Fund Net Position - Proprietary Funds | 37 |
| 7 | Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 38 |
| 8 | Statement of Cash Flows - Proprietary Funds | 39-40 |
| | Notes to the Financial Statements | 41-64 |
| | Required Supplemental Financial Data: | 65 |
| | Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress | 66 |
| | Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions | 67 |
| | Other Post-Employment Benefits - Retiree Health Care- Schedule of Funding Progress | 68 |
| | Other Post-Employment Benefits - Retiree Health Care - Schedule of Employer Contributions | 69 |

Town of Winterville, North Carolina

TABLE OF CONTENTS

June 30, 2013

| <u>Exhibit</u> | <u>Page</u> |
|--|-------------|
| Individual Fund Statements and Schedules: | 70 |
| General Fund: | 71 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund | 72-75 |
| Enterprise Funds: | 76 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP): | |
| Electric Fund | 77-78 |
| Water Fund | 79-80 |
| Sewer Fund | 81-82 |
| Stormwater Fund | 83 |
| Other Financial Information: | 84 |
| Governmental Capital Assets: | 85 |
| Comparative Schedule of Governmental Capital Assets - By Source | 86 |
| Schedule of Changes in Governmental Capital Assets - By Function and Activity | 87 |
| Other Schedules: | 88 |
| Schedule of Ad Valorem Taxes Receivable | 89 |
| Analysis of Current Tax Levy - Town-Wide Levy | 90 |

Town of Winterville, North Carolina

TABLE OF CONTENTS

June 30, 2013

| <u>Table</u> | | <u>Page</u> |
|--------------|---|-------------|
| | STATISTICAL SECTION: | 91 |
| 1 | Net Position By Component | 92 |
| 2 | Change in Net Position | 93-94 |
| 3 | Fund Balances, Governmental Funds | 95-96 |
| 4 | Changes in Fund Balances, Governmental Funds | 97-98 |
| 5 | Governmental Activities Tax Revenues By Source | 99 |
| 6 | Assessed Value and Estimated Actual Value of Taxable Property | 100 |
| 7 | Direct and Overlapping Property Tax Rates | 101 |
| 8 | Principal Property Taxpayers | 102 |
| 9 | Property Tax Levies and Collections | 103 |
| 10 | Ratios of Outstanding Debt By Type | 104 |
| 11 | Ratios of General Bonded Debt Outstanding | 105 |
| 12 | Legal Debt Margin Information | 106 |
| 13 | Direct and Overlapping Governmental Activities Debt | 107 |
| 14 | Electric Rates | 108 |
| 15 | Water, Sewer and Stormwater Rates | 109 |
| 16 | Demographic and Economic Statistics | 110 |
| 17 | Principal Employers | 111 |
| 18 | Full-time Equivalent Town Government Employees By Function/Program | 112 |
| 19 | Operating Indicators By Function | 113 |
| 20 | Capital Asset Statistics By Function | 114 |
| | COMPLIANCE SECTION: | 115 |
| | 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 <i>Government Auditing Standards</i> | 116-117 |
| | Summary Schedule of Prior Audit Findings | 118 |



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, 2012

Executive Director/CEO



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Mark Smith – Mayor Pro-Tem

Ronald Cooper

Johnny L. Moyer

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Finance Director

Anthony Bowers

Town Clerk

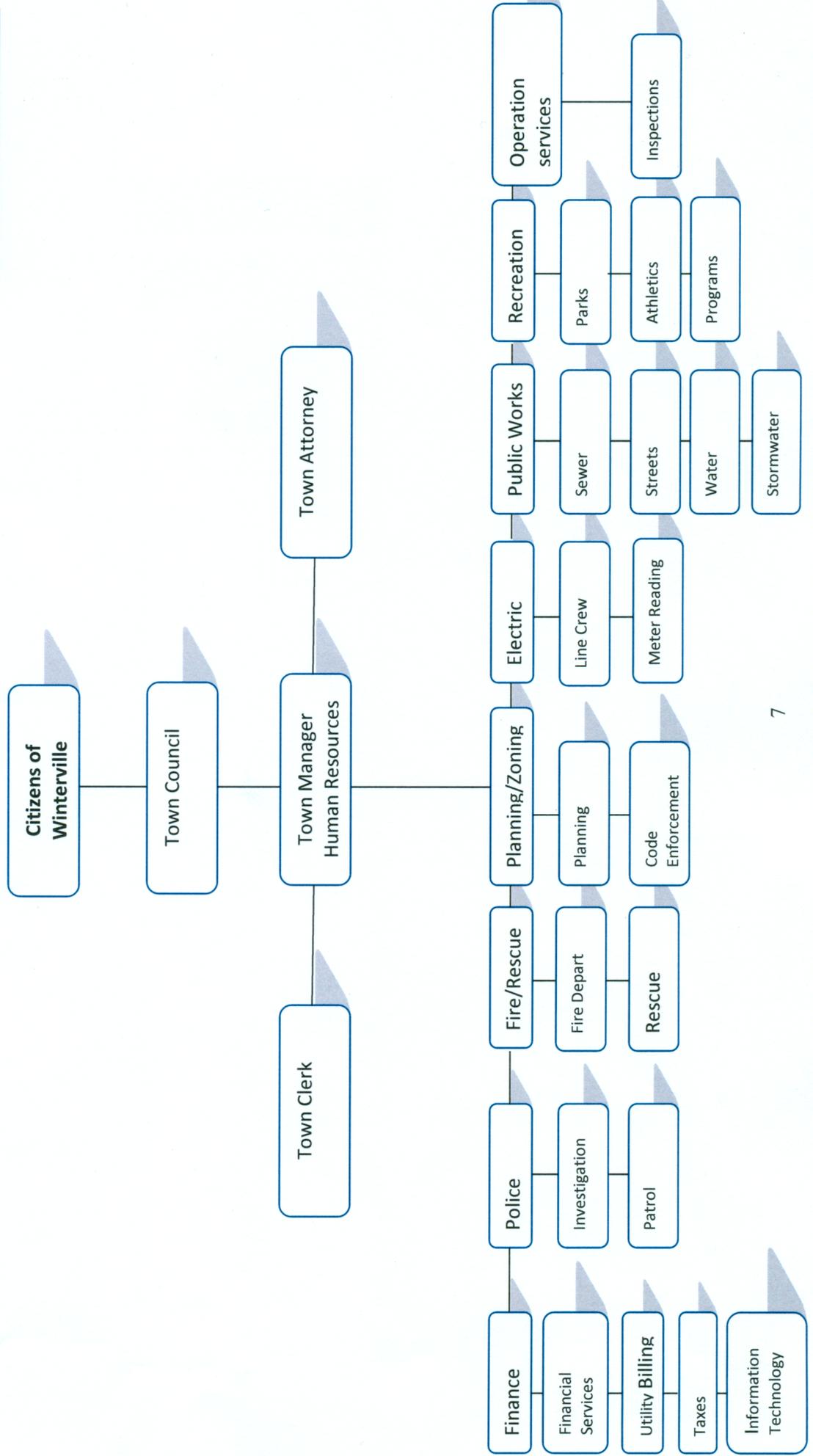
Jasman Smith

Town Attorney

E. Keen Lassiter



Town of Winterville, North Carolina Organizational Chart







2571 Railroad Street
PO Box 1459
Winterville, NC 28590

Phone: (252) 756-2221
Fax: (252) 321-8455
www.wintervillenc.com

November 18th, 2013

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 fourth Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30th, 2013. The Comprehensive Annual Financial Report (C.A.F.R.) is a document that includes the annual financial statements; as well as, a considerable amount of additional information. This includes historical data, the Management Discussion and Analysis, and commentary about the Town. Specifically the C.A.F.R. includes an introduction, a financial section, a statistical section and the compliance section.

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

The Town of Winterville has engaged the audit firm of Carr, Riggs, & Ingram, LLC to audit the Town's financial statements. Carr, Riggs, and Ingram, LLC has issued an unqualified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2013.

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

As a recipient of federal and state financial assistance, the Town must ensure that an adequate internal control system is in place to comply with the various laws and regulations of those financial assistance programs. As part of the Town's *Government Auditing Standards* audit, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements. The Town did not receive enough grant funding to qualify for a single audit this fiscal year.

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

Profile of the Town of Winterville

The Town of Winterville was established in 1897. Located in Pitt County, Winterville is the second largest municipality in the county. The Town is geographically located in the center of the Coastal Plains of Eastern North Carolina. The Town's northern boundary is shared with the southern boundary of the City of Greenville. Winterville is conveniently located one hour east of Raleigh, and one hour west of the coast. The Town consists of 4.5 square miles, and has a population of 9,471 as of June 30th, 2013.

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 11,000 curriculum students and 13,000 continuing education students, and 445 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 27 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, Metrics Pharmaceuticals, Paper Pak Industries, NACCO Material Handling and many others. The unemployment rate for Pitt County is 9.6 percent. The population for Pitt County is 172,554 according to their web site.

Long Term Financial Planning

In April 2008, the Town Council adopted the Town's first Capital Improvements Program. This program identified long term needs for improvements and infrastructure. The total values of these improvements were estimated to be \$81,479,500. Of that, \$65,391,904 is associated with the Town's Electric, Water, Sewer, and Stormwater operations. The General Fund accounted for \$12,404,000 worth of improvements. To date, the Town has completed several of the projects that were on the Capital Improvements Program. Recent projects include \$2,626,200 for the construction of a new operation center, and an addition to the Town Hall, the Winterville Recreation Park in the amount of \$2,215,273, and the addition of a new Heavy Rescue Truck in the amount of \$500,433. All of these items were financed with installment purchase agreements.

With respect to the Enterprise Funds, the Town recently completed projects for the construction of two new substations and the construction of a new 34Kv transmission line. This project has completed a loop that will provide the Town with multiple delivery points for electricity. This addition is constructed in a manner that will give the Town flexibility and room for future growth.

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

Major Initiatives

There are three major initiatives that the Town of Winterville will be addressing in the near future. They include Economic Development, CMSD facility improvements, and the Town's "Walkable Winterville" pedestrian program.

The Town has positioned itself to focus on economic development in several different ways, such as working with developers, supporting the local Chamber of Commerce, and developing land use plans that foster growth, as well as, 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 6.74% of earnings for employees not engaged in law enforcement and 7.22% for law enforcement officers for the fiscal year ending June 30th, 2013. 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.

I would like to also acknowledge Mr. Jesse Riggs the Town Historian. The cover for this year's CAFR could not have been possible without his assistance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Anthony Bowers". The signature is written in black ink and includes a long, sweeping horizontal stroke at the end.

Anthony Bowers
Finance Director



FINANCIAL SECTION



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, 2013, 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 of material misstatement.

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

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, 2013, and the respective changes in financial position and where applicable cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance's Schedule of Funding Progress and Schedule of Employer Contributions, and Other Post-employment Benefits – Retiree Health Care Schedule of Funding Progress and Schedule of Employer Contributions on pages 16 through 27 and 65 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates 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 schedules 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 November 18, 2013 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.

Cam, Riggs & Ingram, L.L.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

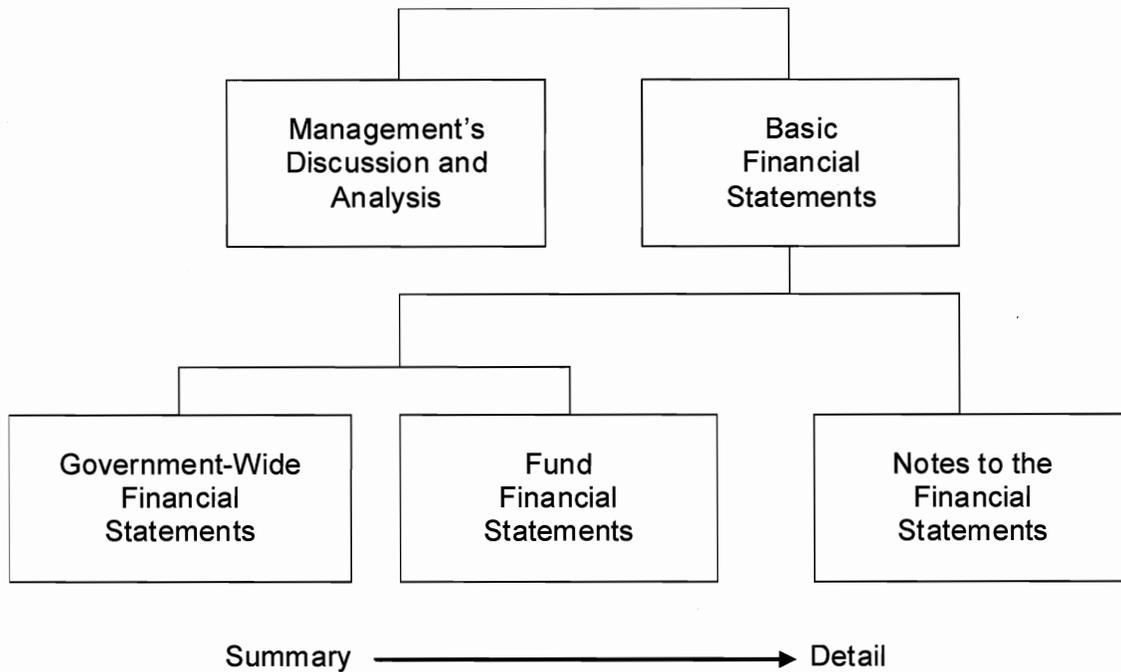
- The assets of the Town of Winterville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$36,053,512.
- The government's total net position increased by \$867,852, primarily due to increases in the business-type activities net position.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,353,514 an increase of \$769,579 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,289,582, or 56.52% percent of total General Fund expenditures for the fiscal year.
- Capital purchases for the Town totaled \$331,437.
- Long-term debt was reduced in the net amount of \$517,875 in the Governmental Activities.
- Business-type activities saw a net debt reduction in the amount of \$284,054.

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.

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.

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and 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 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.

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.

Management's Discussion and Analysis
Town of Winterville

Proprietary Funds - The Town of Winterville has only 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 41 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 65 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.

Government-Wide Financial Analysis

The Town of Winterville's Net Position

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current assets | \$ 6,164,568 | \$ 5,230,652 | \$ 7,049,330 | \$ 6,110,678 | \$ 13,213,898 | \$ 11,341,330 |
| Capital assets | 24,212,366 | 25,235,551 | 9,544,611 | 10,039,351 | 33,756,977 | 35,274,902 |
| Total assets | <u>30,376,934</u> | <u>30,466,203</u> | <u>16,593,941</u> | <u>16,150,029</u> | <u>46,970,875</u> | <u>46,616,232</u> |
| Long-term liabilities outstanding | 4,940,511 | 5,332,455 | 4,011,646 | 4,288,967 | 8,952,157 | 9,621,422 |
| Other liabilities | 1,339,147 | 1,187,341 | 602,251 | 603,065 | 1,941,398 | 1,790,406 |
| Deferred inflows of resources | <u>23,808</u> | <u>18,744</u> | <u>-</u> | <u>-</u> | <u>23,808</u> | <u>18,744</u> |
| Total liabilities and deferred inflows of resources | <u>6,303,466</u> | <u>6,538,540</u> | <u>4,613,897</u> | <u>4,892,032</u> | <u>10,917,363</u> | <u>11,430,572</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 19,314,530 | 19,819,840 | 5,338,023 | 5,548,709 | 24,652,553 | 25,368,549 |
| Restricted | 2,063,859 | 1,590,502 | - | - | 2,063,859 | 1,590,502 |
| Unrestricted | <u>2,695,079</u> | <u>2,517,321</u> | <u>6,642,021</u> | <u>5,709,288</u> | <u>9,337,100</u> | <u>8,226,609</u> |
| Total net position | <u>\$ 24,073,468</u> | <u>\$ 23,927,663</u> | <u>\$ 11,980,044</u> | <u>\$ 11,257,997</u> | <u>\$ 36,053,512</u> | <u>\$ 35,185,660</u> |

Management's Discussion and Analysis
Town of Winterville

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Winterville exceeded liabilities and deferred inflows of resources by \$36,053,512 as of June 30, 2013. The Town's net position increased by \$867,852 for the fiscal year ended June 30, 2013. However, the largest portion of net position (68.4%) 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 \$2,063,859, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,337,100 is unrestricted.

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.32% on real property and 88.44% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 97.21%, which is a slight increase from the previous year's collection percentage of 96.94%.
- Current year property tax collections and credits increased to \$3,290,981, which is up from \$3,140,640 in 2012.
- The Town of Winterville had a tax base of \$712,714,316 as of June 30, 2013.

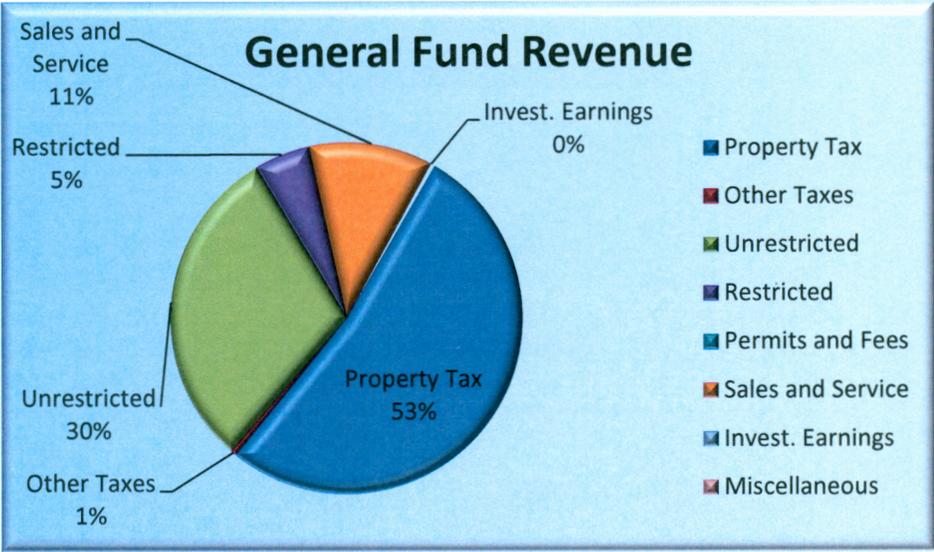
The Town of Winterville's Changes in Net Position

Figure 3

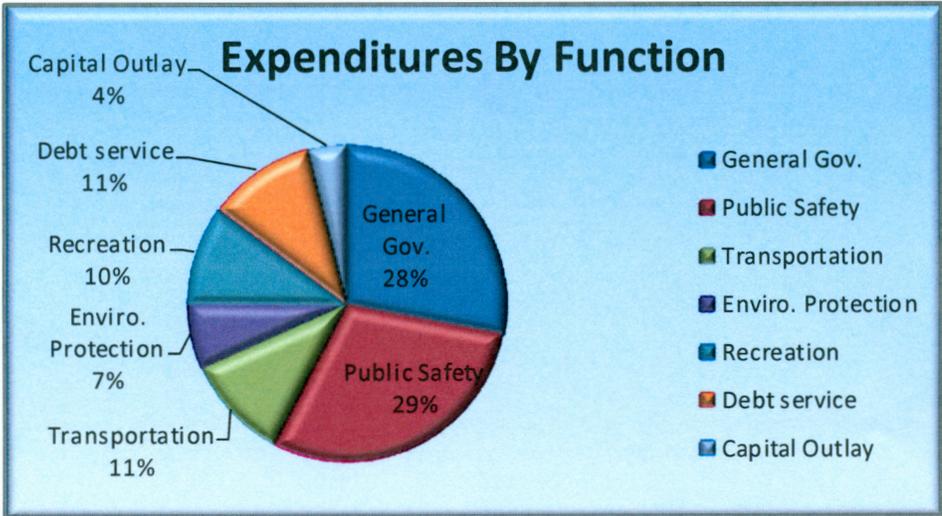
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 737,392 | \$ 730,782 | \$ 8,827,626 | \$ 8,781,921 | \$ 9,565,018 | \$ 9,512,703 |
| Operating grants and contributions | 331,047 | 511,768 | 1,089 | 15,533 | 332,136 | 527,301 |
| Capital grants and contribution | - | - | - | - | - | - |
| General Revenues: | | | | | | |
| Property taxes | 3,402,034 | 3,233,735 | - | - | 3,402,034 | 3,233,735 |
| Other taxes and licenses | 32,517 | 34,332 | - | - | 32,517 | 34,332 |
| Unrestricted intergovernmental | 1,941,183 | 1,920,008 | - | - | 1,941,183 | 1,920,008 |
| Investment earnings | 8,580 | 12,146 | 11,412 | 16,593 | 19,992 | 28,739 |
| Other | 196,763 | 276,508 | - | - | 473,271 | 276,508 |
| Total revenues | <u>6,649,516</u> | <u>6,719,279</u> | <u>8,840,127</u> | <u>8,814,047</u> | <u>15,766,151</u> | <u>15,533,326</u> |
| Expenses: | | | | | | |
| General government | 2,158,348 | 2,605,647 | - | - | 2,158,348 | 2,605,647 |
| Public safety | 1,936,031 | 1,822,713 | - | - | 1,936,031 | 1,822,713 |
| Transportation | 1,401,712 | 1,404,474 | - | - | 1,401,712 | 1,404,474 |
| Environmental protection | 420,736 | 425,607 | - | - | 420,736 | 425,607 |
| Cultural and recreation | 705,296 | 831,698 | - | - | 705,296 | 831,698 |
| Interest expense | 219,296 | 245,853 | - | - | 219,296 | 245,853 |
| Reimbursements | (202,708) | - | - | - | (202,708) | - |
| Electric | - | - | 5,506,810 | 5,240,409 | 5,506,810 | 5,240,409 |
| Water | - | - | 677,370 | 532,540 | 677,370 | 532,540 |
| Sewer | - | - | 1,714,303 | 1,391,511 | 1,714,303 | 1,391,511 |
| Stormwater | - | - | 84,597 | 113,301 | 84,597 | 113,301 |
| Total expenses | <u>6,638,711</u> | <u>7,335,992</u> | <u>7,983,080</u> | <u>7,277,761</u> | <u>14,621,791</u> | <u>14,613,753</u> |
| Increase (decrease) in net position before transfers | 10,805 | (616,713) | 857,047 | 1,536,286 | 1,144,360 | 919,573 |
| Transfers | <u>135,000</u> | <u>1,048,776</u> | <u>(135,000)</u> | <u>(1,048,776)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | 145,805 | 432,063 | 722,047 | 487,510 | 867,852 | 919,573 |
| Net position, July 1 | <u>23,927,663</u> | <u>23,495,600</u> | <u>11,257,997</u> | <u>10,770,487</u> | <u>35,185,660</u> | <u>34,266,087</u> |
| Net position, June 30 | <u>\$ 24,073,468</u> | <u>\$ 23,927,663</u> | <u>\$ 11,980,044</u> | <u>\$ 11,257,997</u> | <u>\$ 36,053,512</u> | <u>\$ 35,185,660</u> |

Governmental Activities: Governmental activities increased the Town's net position by \$145,805 thereby accounting for 16.80% of the total growth in the net position of the Town of Winterville. The key elements of this increase are contributed to reimbursements from the enterprise funds and a reduction in spending.

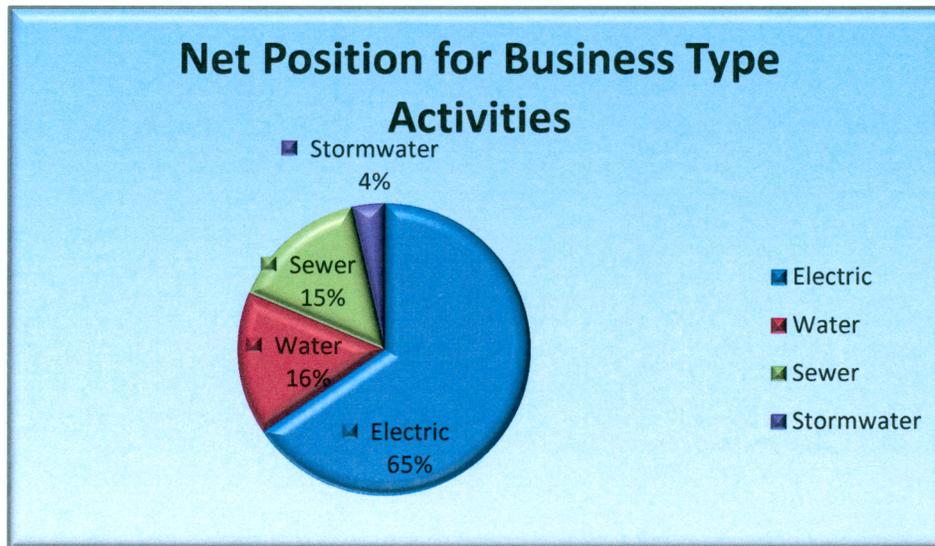
General Fund Revenue by Source:



General Fund Expenditures By Function:



Business-Type Activities: Business-type activities increased the Town's net position by \$722,047 accounting for 83.20% 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 \$3,289,582, while total fund balance reached \$5,353,514. 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 56.52% of general fund expenditures, while total fund balance represents 91.99% of the same amount. This change in Fund Balance is due to the fact that revenues were higher than anticipated, and spending was reduced and limited to cover operational needs. Throughout the organization capital purchases were limited.

General Fund Budgetary Highlights: During the fiscal year, the Town of Winterville revised the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) 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 \$109,599 to \$7,024,918 which is still a decrease of \$407,088 from the 2012 fiscal year. The largest budget amendment was for \$89,500. The increase was the result of the tax levy re-evaluation and the actual levy was higher than the original estimates. Budgeted revenues in the General Fund increased by \$109,599 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 (\$352,930), a decrease of \$884,808 from the 2012 fiscal year. Total operating refunds from the proprietary funds totaled \$1,116,470.

Management's Discussion and Analysis
Town of Winterville

Proprietary Funds Budgetary Highlights: The Town of Winterville's proprietary funds also had revisions to the original budget during the fiscal year.

The Electric Fund exceeded estimates in sales in the amount of \$198,072. This was the result of conservative budgeting for the 2012 fiscal year. Budgeted appropriations in the Electric Fund increased by \$346,813 in 2013. Revenues exceeded expenditures by \$904,781. Net income of the Electric Fund for 2013 was \$722,601 up from \$639,108 in 2012. This is a net increase of \$83,493.

Revenues in the Water Fund exceeded expenditures by \$83,097. The Town's changes in net position decreased from \$87,335 in 2012 to \$42,318 in 2013.

Sewer Fund sales increased \$37,654 from last year to generate sales totaling \$1,663,890. Revenues exceeded expenditures in the Sewer Fund by \$70,212. The Fund had a negative change in net position for the third straight year in the amount of (\$47,366) in 2013.

Stormwater Fund had revenues in the amount of \$88,886 and expenditures in the amount of \$66,061. The Stormwater Fee was reinstated after being suspended for several years. The Town saw revenues for six months of the year. Next year the fee will be in effect for the whole year.

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, 2013 totaled \$33,756,977 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The Town did not engage in any major capital asset acquisitions in the 2013 fiscal year.

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

Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land and construction in progress | \$ 3,650,731 | \$ 3,540,103 | \$ 213,204 | \$ 386,411 | \$ 3,863,935 | \$ 3,926,514 |
| Distribution and treatment systems | - | - | 9,104,620 | 9,451,497 | 9,104,620 | 9,451,497 |
| Buildings | 4,538,829 | 4,761,677 | 140,702 | 164,352 | 4,679,531 | 4,926,029 |
| Infrastructure | 14,588,878 | 15,357,968 | - | 11,650 | 14,588,878 | 15,369,618 |
| Software | 180,837 | 271,513 | - | - | 180,837 | 271,513 |
| Equipment and vehicles | 1,253,091 | 1,304,290 | 86,085 | 25,441 | 1,339,176 | 1,329,731 |
| Total | \$ 24,212,366 | \$ 25,235,551 | \$ 9,544,611 | \$ 10,039,351 | \$ 33,756,977 | \$ 35,274,902 |

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, 2013, the Town of Winterville had bonded or secured debt outstanding of \$9,104,424. Of this, \$936,500 is debt backed by the full faith, credit and taxing power of the Town of Winterville. The remainder of the debt represents installment purchase agreements secured by the equipment and vehicles purchased.

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

Figure 5

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General obligation bonds | \$ - | \$ - | \$ 936,500 | \$ 955,500 | \$ 936,500 | \$ 955,500 |
| Installment purchases | 4,897,836 | 5,415,711 | 3,270,088 | 3,535,142 | 8,167,924 | 8,950,853 |
| Total | \$ 4,897,836 | \$ 5,415,711 | \$ 4,206,588 | \$ 4,490,642 | \$ 9,104,424 | \$ 9,906,353 |

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 \$47,912,721.

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

Economic Factors and Next Year's Budgets and Rates

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

- The tax levy for the Town of Winterville decreased 6.86% from 2013 to 2014 which is a result of the decrease in property values.
- The population growth has decreased from an average annual growth rate of 10% per year to a growth rate of 0% in 2014.
- The total number of utility customers has remained constant reflecting the lack of current growth. The utilities are anticipating a combined increase in revenues from current revenues in the amount of \$326,709 with some of the increase as a result of reinstating a full year of Stormwater Fees.
- Next year's budget will have to address the following issues:
 - The General Fund will have capital purchases of a Fire Truck and a knuckle boom truck. These pieces of equipment will be financed.
 - The General Fund will be subsidized with \$230,192 from the Electric Fund, and increase in direct transfers from the enterprise funds from \$135,000.
 - The Water Fund will have to increase the purchases for resale by \$75,000 a 60% increase.
 - The Stormwater fund will have a full year of billing where it has been reinstated for the entire fiscal year.
 - The Town will continue to restructure the organization to address the reductions in the work force.
 - Town staff will see salary increases or cost of living raises in the amount of 2%.
 - There is no significant funding for Capital Projects.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities – The annual budget for the General Fund is \$7,856,511 for the 2013-2014 fiscal year. The taxable property value of \$635,616,196 decreased from \$646,276,776. 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 \$588,991.

Business-Type Activities - The total Electric Fund budget for the 2013-2014 fiscal year is \$6,327,122. The purchase of power from Progress Energy is budgeted in the amount of \$3,787,901. Also, the Electric Department will include an appropriation of \$188,290 for services provided by the General Fund and \$230,192 as a straight contribution to the General Fund.

Management's Discussion and Analysis
Town of Winterville

The Water Fund has a budget of \$689,182 that is down from the 2012-2013 budget, which was \$798,716 a difference of \$109,534. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$200,000 of water from G.U.C, a \$75,000 increase of water for resale to residential customers.

The Sewer Fund budget of \$1,726,179 represents a decrease in the amount of only \$452 less than the 2012-2013 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$938,984 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2013-2014 Storm water budget will have an increase in the amount of \$97,886. The total budget for the 2013-2014 fiscal year is \$168,980. Appropriations address two expenses; which are contributions to the General Fund for services provided by General Fund operations and contracted services for ditch maintenance.

Requests for Information

This report is designed to provide an overview of the Town of Winterville's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Anthony Bowers, P. O. Box 1459, Winterville, NC 28590. You can also call (252) 215-2348, visit our website www.wintervillenc.com 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, 2013

Exhibit 1

| | Primary Government | | |
|---|------------------------------------|------------------------------------|------------------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,355,376 | \$ 3,378,459 | \$ 5,733,835 |
| Short-term cash investments | 1,906,438 | 2,275,000 | 4,181,438 |
| Restricted cash and cash equivalents | 1,108,131 | 147,239 | 1,255,370 |
| Taxes receivables (net) | 151,271 | - | 151,271 |
| Accounts receivable (net) | 83,074 | 1,248,632 | 1,331,706 |
| Other receivables | 37,379 | - | 37,379 |
| Due from other governments | 522,826 | - | 522,826 |
| Prepaid items | 73 | - | 73 |
| Total current assets | <u>6,164,568</u> | <u>7,049,330</u> | <u>13,213,898</u> |
| Non-current assets: | | | |
| Capital assets (Note II): | | | |
| Land, non-depreciable improvements, and construction in progress | 3,650,731 | 213,204 | 3,863,935 |
| Other capital assets, net of depreciation | 20,561,635 | 9,331,407 | 29,893,042 |
| Total capital assets | <u>24,212,366</u> | <u>9,544,611</u> | <u>33,756,977</u> |
| TOTAL ASSETS | <u>30,376,934</u> | <u>16,593,941</u> | <u>46,970,875</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 590,202 | 118,238 | 708,440 |
| Accrued interest payable | 27,928 | - | 27,928 |
| Current portion of long-term liabilities | 721,017 | 387,395 | 1,108,412 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | - | 96,618 | 96,618 |
| Total current liabilities | <u>1,339,147</u> | <u>602,251</u> | <u>1,941,398</u> |
| Long-term liabilities: | | | |
| Due in more than one year | 4,940,511 | 4,011,646 | 8,952,157 |
| TOTAL LIABILITIES | <u>6,279,658</u> | <u>4,613,897</u> | <u>10,893,555</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid taxes | 23,808 | - | 23,808 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>23,808</u> | <u>-</u> | <u>23,808</u> |
| NET POSITION | | | |
| Net investment in capital assets | 19,314,530 | 5,338,023 | 24,652,553 |
| Restricted for: | | | |
| Stabilization by State Statute | 955,728 | - | 955,728 |
| Streets | 921,952 | - | 921,952 |
| Public safety | 52,962 | - | 52,962 |
| Debt covenants | 125,817 | - | 125,817 |
| Recreation | 7,400 | - | 7,400 |
| Unrestricted | 2,695,079 | 6,642,021 | 9,337,100 |
| TOTAL NET POSITION | <u><u>\$ 24,073,468</u></u> | <u><u>\$ 11,980,044</u></u> | <u><u>\$ 36,053,512</u></u> |

The notes to the financial statements are an intergral part of this statement.

Town of Winterville, North Carolina
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

| <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 | \$ 2,158,348 | \$ 53,053 | \$ 41,833 | \$ - |
| Public safety | 1,936,031 | 12,476 | 16,605 | - |
| Transportation | 1,401,712 | - | 266,728 | - |
| Environmental protection | 420,736 | 485,132 | 5,881 | - |
| Cultural and recreation | 705,296 | 186,731 | - | - |
| Reimbursement - business-type activities | (202,708) | - | - | - |
| Interest on long-term debt | 219,296 | - | - | - |
| Total governmental activities (See Note 1) | <u>6,638,711</u> | <u>737,392</u> | <u>331,047</u> | <u>-</u> |
| Business-type activities: | | | | |
| Electric | 5,506,810 | 6,356,205 | - | - |
| Water | 677,370 | 718,195 | - | - |
| Sewer | 1,714,303 | 1,664,340 | 1,089 | - |
| Stormwater | 84,597 | 88,886 | - | - |
| Total business-type activities | <u>7,983,080</u> | <u>8,827,626</u> | <u>1,089</u> | <u>-</u> |
| Total primary government | <u>\$ 14,621,791</u> | <u>\$ 9,565,018</u> | <u>\$ 332,136</u> | <u>\$ -</u> |

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues not including transfers

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position
Primary Government

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------|
| \$ (2,063,462) | \$ - | \$ (2,063,462) |
| (1,906,950) | - | (1,906,950) |
| (1,134,984) | - | (1,134,984) |
| 70,277 | - | 70,277 |
| (518,565) | - | (518,565) |
| 202,708 | - | 202,708 |
| (219,296) | - | (219,296) |
| (5,570,272) | - | (5,570,272) |
| - | 849,395 | 849,395 |
| - | 40,825 | 40,825 |
| - | (48,874) | (48,874) |
| - | 4,289 | 4,289 |
| - | 845,635 | 845,635 |
| (5,570,272) | 845,635 | (4,724,637) |
| 3,402,034 | - | 3,402,034 |
| 32,517 | - | 32,517 |
| 1,941,183 | - | 1,941,183 |
| 8,580 | 11,412 | 19,992 |
| 196,763 | - | 196,763 |
| 5,581,077 | 11,412 | 5,592,489 |
| 135,000 | (135,000) | - |
| 5,716,077 | (123,588) | 5,592,489 |
| 145,805 | 722,047 | 867,852 |
| 23,927,663 | 11,257,997 | 35,185,660 |
| \$ 24,073,468 | \$ 11,980,044 | \$ 36,053,512 |

Town of Winterville, North Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

Exhibit 3

| | General Fund | Total Governmental Funds |
|--|---------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,355,376 | \$ 2,355,376 |
| Short term cash investments | 1,906,438 | 1,906,438 |
| Restricted cash and cash equivalents | 1,108,131 | 1,108,131 |
| Receivables, net: | | |
| Taxes | 151,271 | 151,271 |
| Accounts | 83,074 | 83,074 |
| Other receivables | 37,379 | 37,379 |
| Due from other governments | 522,826 | 522,826 |
| Prepaid items | 73 | 73 |
| | \$ 6,164,568 | \$ 6,164,568 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 564,151 | \$ 564,151 |
| Total liabilities | 564,151 | 564,151 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Prepaid taxes | 23,808 | 23,808 |
| Accounts receivable, net (garbage) | 71,824 | 71,824 |
| Property taxes receivable | 151,271 | 151,271 |
| Total deferred inflows of resources | 246,903 | 246,903 |
| FUND BALANCES | | |
| Nonspendable | | |
| Prepaid items | 73 | 73 |
| Restricted | | |
| Stabilization by State Statute | 955,728 | 955,728 |
| Streets | 921,952 | 921,952 |
| Public Safety | 52,962 | 52,962 |
| Debt Covenants | 125,817 | 125,817 |
| Recreation | 7,400 | 7,400 |
| Unassigned, General Fund | 3,289,582 | 3,289,582 |
| Total fund balances | 5,353,514 | 5,353,514 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,164,568 | \$ 6,164,568 |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2013

Exhibit 3

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

| | | |
|---|---------------------|-----------------------------|
| Total Fund Balance, Governmental Funds | | \$ 5,353,514 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical cost | \$ 38,803,087 | |
| Accumulated depreciation | <u>(14,590,721)</u> | 24,212,366 |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements | | 223,095 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements. | | |
| Installment purchases | (4,897,836) | |
| Compensated absences | (236,365) | |
| Net pension obligation | (189,838) | |
| Unfunded OPEB obligation | <u>(337,489)</u> | (5,661,528) |
| Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds. | | (27,928) |
| Prior period adjustment | | <u>(26,051)</u> |
| Net position of governmental activities | | <u><u>\$ 24,073,468</u></u> |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

Exhibit 4

| | General Fund | Total Governmental Funds |
|--|--------------|--------------------------------|
| Revenues: | | |
| Ad valorem taxes | \$ 3,389,498 | \$ 3,389,498 |
| Other taxes and licenses | 32,517 | 32,517 |
| Unrestricted intergovernmental | 1,941,183 | 1,941,183 |
| Restricted intergovernmental | 328,652 | 328,652 |
| Permits and fees | 2,100 | 2,100 |
| Sales and services | 734,140 | 734,140 |
| Investment earnings | 10,975 | 10,975 |
| Miscellaneous | 15,053 | 15,053 |
| Total revenues | 6,454,118 | 6,454,118 |
| Expenditures: | | |
| Current: | | |
| General government | 1,737,272 | 1,737,272 |
| Public safety | 1,838,331 | 1,838,331 |
| Transportation | 667,463 | 667,463 |
| Environmental protection | 420,736 | 420,736 |
| Cultural and recreation | 617,674 | 617,674 |
| Debt service: | | |
| Principal retirement | 517,875 | 517,875 |
| Interest | 222,896 | 222,896 |
| Reimbursement - proprietary funds | (202,708) | (202,708) |
| Total expenditures | 5,819,539 | 5,819,539 |
| Excess (deficiency) of revenues over expenditures | 634,579 | 634,579 |
| Other financing sources (uses): | | |
| Transfers from other funds | 135,000 | 135,000 |
| Total other financing sources (uses) | 135,000 | 135,000 |
| Net change in fund balance | 769,579 | 769,579 |
| Fund balances, beginning as previously reported | 4,623,012 | 4,623,012 |
| Prior period adjustment | (39,077) | (39,077) |
| Fund balances, beginning as restated | 4,583,935 | 4,583,935 |
| Fund balances, ending | \$ 5,353,514 | \$ 5,353,514 |

The notes to the financial statements are an integral part of this statement.

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, 2013

Exhibit 4

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

| | | |
|---|--------------------|-----------------------|
| Net changes in fund balances - total governmental funds | \$ | 769,579 |
| <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 | \$ 331,437 | |
| Depreciation expense for governmental assets | <u>(1,536,332)</u> | (1,204,895) |
| Street assets recorded from developers | | 181,710 |
| <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 | 12,536 | |
| Change in unavailable revenue for street assessment revenues | (250) | |
| Change in unavailable revenue for garbage revenues | <u>1,402</u> | 13,688 |
| <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 | 517,875 | |
| Change in accrued interest payable | <u>3,600</u> | 521,475 |
| <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 | (43,044) | |
| Net pension obligation | (31,275) | |
| Unfunded OPEB obligation | <u>(61,433)</u> | (135,752) |
| Total changes in net position of governmental activities | \$ | <u><u>145,805</u></u> |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ANNUAL BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2013

Exhibit 5

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|------------------|---------------------|---|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 3,264,584 | \$ 3,333,284 | \$ 3,389,498 | \$ 56,214 |
| Other taxes and licenses | 15,000 | 15,000 | 32,517 | 17,517 |
| Unrestricted intergovernmental | 1,870,488 | 1,860,488 | 1,941,183 | 80,695 |
| Restricted intergovernmental | 282,350 | 283,173 | 328,652 | 45,479 |
| Permits and fees | 4,550 | 4,550 | 2,100 | (2,450) |
| Sales and services | 722,440 | 722,440 | 734,140 | 11,700 |
| Investment earnings | 7,300 | 7,300 | 10,975 | 3,675 |
| Miscellaneous | 65,817 | 65,817 | 15,053 | (50,764) |
| Total revenues | <u>6,232,529</u> | <u>6,292,052</u> | <u>6,454,118</u> | <u>162,066</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,019,948 | 2,037,879 | 1,737,272 | 300,607 |
| Public safety | 1,936,586 | 1,964,204 | 1,838,331 | 125,873 |
| Transportation | 809,584 | 979,438 | 667,463 | 311,975 |
| Environment protection | 443,177 | 425,727 | 420,736 | 4,991 |
| Cultural and recreation | 665,629 | 699,629 | 617,674 | 81,955 |
| Debt service: | | | | |
| Principal retirement | 517,875 | 517,875 | 517,875 | - |
| Interest | 222,938 | 222,938 | 222,896 | 42 |
| Reimbursements - proprietary funds | (230,208) | (202,708) | (202,708) | - |
| Total expenditures | <u>6,385,529</u> | <u>6,644,982</u> | <u>5,819,539</u> | <u>825,443</u> |
| Revenues over (under) expenditures | (153,000) | (352,930) | 634,579 | 987,509 |
| Other financing sources (uses): | | | | |
| Transfer from other funds | 135,000 | 182,500 | 135,000 | (47,500) |
| Total other financing sources (uses) | <u>135,000</u> | <u>182,500</u> | <u>135,000</u> | <u>(47,500)</u> |
| Fund balance appropriated | <u>18,000</u> | <u>170,430</u> | <u>-</u> | <u>(170,430)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 769,579 | <u>\$ 769,579</u> |
| Fund balances, beginning as previously reported | | | 4,623,012 | |
| Prior period adjustment | | | (39,077) | |
| Fund balances, beginning as restated | | | <u>4,583,935</u> | |
| Fund balances, ending | | | <u>\$ 5,353,514</u> | |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2013

Exhibit 6

| | Major Enterprise Funds | | | | Total |
|---|------------------------|---------------------|---------------------|-------------------|----------------------|
| | Electric Fund | Water Fund | Sewer Fund | Stormwater Fund | |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 2,274,659 | \$ 571,546 | \$ 472,503 | \$ 59,751 | \$ 3,378,459 |
| Short-term cash investments | 1,400,000 | 460,000 | 355,000 | 60,000 | 2,275,000 |
| Accounts receivable (net) - billed | 661,843 | 63,247 | 140,560 | 12,050 | 877,700 |
| Accounts receivable (net) - unbilled | 269,530 | 29,014 | 64,194 | 8,194 | 370,932 |
| Restricted cash and cash equivalents | 98,393 | 6,815 | 42,031 | - | 147,239 |
| Total current assets | 4,704,425 | 1,130,622 | 1,074,288 | 139,995 | 7,049,330 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land and construction in progress | 146,013 | 67,191 | - | - | 213,204 |
| Other capital assets, net of depreciation | 6,073,982 | 945,634 | 2,008,955 | 302,836 | 9,331,407 |
| Capital assets | 6,219,995 | 1,012,825 | 2,008,955 | 302,836 | 9,544,611 |
| Total noncurrent assets | 6,219,995 | 1,012,825 | 2,008,955 | 302,836 | 9,544,611 |
| Total assets | 10,924,420 | 2,143,447 | 3,083,243 | 442,831 | 16,593,941 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 49,753 | 8,905 | 59,580 | - | 118,238 |
| Compensated absences | 75,867 | 7,728 | 8,927 | - | 92,522 |
| Installment purchase payable - current | 218,918 | 37,052 | 18,903 | - | 274,873 |
| General obligation bonds payable - current | - | - | 20,000 | - | 20,000 |
| Liabilities payable from restricted assets: | | | | | |
| Customer deposits | 80,143 | 6,815 | 9,660 | - | 96,618 |
| Total current liabilities | 424,681 | 60,500 | 117,070 | - | 602,251 |
| Noncurrent liabilities: | | | | | |
| Unfunded OPEB obligation | 58,830 | 20,042 | 16,494 | 4,565 | 99,931 |
| Installment purchase payable - noncurrent | 2,603,293 | 115,616 | 276,306 | - | 2,995,215 |
| General obligation bonds payable - noncurrent | - | - | 916,500 | - | 916,500 |
| Total noncurrent liabilities | 2,662,123 | 135,658 | 1,209,300 | 4,565 | 4,011,646 |
| Total liabilities | 3,086,804 | 196,158 | 1,326,370 | 4,565 | 4,613,897 |
| Net Position | | | | | |
| Net investment in capital assets | 3,397,784 | 860,157 | 777,246 | 302,836 | 5,338,023 |
| Unrestricted | 4,439,832 | 1,087,132 | 979,627 | 135,430 | 6,642,021 |
| Total net position | \$ 7,837,616 | \$ 1,947,289 | \$ 1,756,873 | \$ 438,266 | \$ 11,980,044 |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2013

Exhibit 7

| | Major Enterprise Funds | | | | Total |
|---|------------------------|---------------------|---------------------|-------------------|----------------------|
| | Electric Fund | Water Fund | Sewer Fund | Stormwater Fund | |
| Operating revenues: | | | | | |
| Charges for services | \$ 6,123,059 | \$ 718,068 | \$ 1,664,340 | \$ 88,886 | \$ 8,594,353 |
| Other operating revenues | 233,146 | 127 | - | - | 233,273 |
| Total operating revenues | <u>6,356,205</u> | <u>718,195</u> | <u>1,664,340</u> | <u>88,886</u> | <u>8,827,626</u> |
| Operating expenses: | | | | | |
| Operations | 1,386,714 | 583,139 | - | 59,104 | 2,028,957 |
| Electrical power purchases | 3,665,294 | - | - | - | 3,665,294 |
| Waste collection and treatment | - | - | 1,473,824 | - | 1,473,824 |
| Depreciation | 334,092 | 90,489 | 179,269 | 25,493 | 629,343 |
| Total operating expenses | <u>5,386,100</u> | <u>673,628</u> | <u>1,653,093</u> | <u>84,597</u> | <u>7,797,418</u> |
| Operating income (loss) | 970,105 | 44,567 | 11,247 | 4,289 | 1,030,208 |
| Non-operating revenues (expenses): | | | | | |
| Development fees | - | - | 1,089 | - | 1,089 |
| Investment earnings | 8,206 | 1,493 | 1,508 | 205 | 11,412 |
| Interest expense | (120,710) | (3,742) | (61,210) | - | (185,662) |
| Total non-operating revenues (expenses) | <u>(112,504)</u> | <u>(2,249)</u> | <u>(58,613)</u> | <u>205</u> | <u>(173,161)</u> |
| Income (loss) before transfers | 857,601 | 42,318 | (47,366) | 4,494 | 857,047 |
| Transfers to other funds | (135,000) | - | - | - | (135,000) |
| | <u>(135,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(135,000)</u> |
| Change in net position | 722,601 | 42,318 | (47,366) | 4,494 | 722,047 |
| Total net position, beginning | <u>7,115,015</u> | <u>1,904,971</u> | <u>1,804,239</u> | <u>433,772</u> | <u>11,257,997</u> |
| Total net position, ending | <u>\$ 7,837,616</u> | <u>\$ 1,947,289</u> | <u>\$ 1,756,873</u> | <u>\$ 438,266</u> | <u>\$ 11,980,044</u> |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

Exhibit 8

| | Major Enterprise Funds | | | | Totals |
|--|------------------------|-------------------|-------------------|------------------|---------------------|
| | Electric Fund | Water Fund | Sewer Fund | Stormwater Fund | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 6,403,729 | \$ 721,565 | \$ 1,672,965 | \$ 70,292 | \$ 8,868,551 |
| Cash paid for goods and services | (4,471,352) | (588,486) | (1,455,597) | (73,574) | (6,589,009) |
| Cash paid to or on behalf of employees for services | (572,097) | 1,753 | 1,726 | 754 | (567,864) |
| Cash received (paid) for customer deposits - net | 4,400 | 455 | 600 | - | 5,455 |
| Net cash provided (used) by operating activities | 1,364,680 | 135,287 | 219,694 | (2,528) | 1,717,133 |
| Cash flows from non-capital financing activities: | | | | | |
| Restricted intergovernmental | - | - | 1,089 | - | 1,089 |
| Transfers to other funds | (135,000) | - | - | - | (135,000) |
| Net cash provided (used) by non-capital financing activities | (135,000) | - | 1,089 | - | (133,911) |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | (94,720) | (18,841) | (21,042) | - | (134,603) |
| Principal payments on long term debt | (210,662) | (36,332) | (37,060) | - | (284,054) |
| Interest paid on debt | (120,710) | (3,742) | (61,210) | - | (185,662) |
| Net cash provided (used) by capital and related financing activities | (426,092) | (58,915) | (119,312) | - | (604,319) |
| Cash flows from investing activities: | | | | | |
| Interest income | 8,206 | 1,493 | 1,508 | 205 | 11,412 |
| Net cash provided (used) by investing activities | 8,206 | 1,493 | 1,508 | 205 | 11,412 |
| Net increase (decrease) in cash and cash equivalents | 811,794 | 77,865 | 102,979 | (2,323) | 990,315 |
| Balances, beginning | 1,561,258 | 500,496 | 411,555 | 62,074 | 2,535,383 |
| Balances, ending | <u>\$ 2,373,052</u> | <u>\$ 578,361</u> | <u>\$ 514,534</u> | <u>\$ 59,751</u> | <u>\$ 3,525,698</u> |

The notes to the financial statements are an integral part of this statement.

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

| | | | | | |
|---|---------------------|-------------------|-------------------|-------------------|---------------------|
| Operating income (loss) | \$ 970,105 | \$ 44,567 | \$ 11,247 | \$ 4,289 | \$ 1,030,208 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 334,092 | 90,489 | 179,269 | 25,493 | 629,343 |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | 47,524 | 3,370 | 8,625 | (18,594) | 40,925 |
| (Increase) decrease in prepaid items | 6,231 | 1,920 | 2,044 | 544 | 10,739 |
| Increase (decrease) in accounts payable and accrued liabilities | (16,142) | (10,977) | 21,498 | (7,303) | (12,924) |
| Increase (decrease) in customer deposits | 4,400 | 455 | 600 | - | 5,455 |
| Increase (decrease) in accrued vacation pay | 8,440 | 1,702 | (6,096) | (8,211) | (4,165) |
| Increase (decrease) in accrued OPEB liability | 10,030 | 3,761 | 2,507 | 1,254 | 17,552 |
| Total adjustments | <u>394,575</u> | <u>90,720</u> | <u>208,447</u> | <u>(6,817)</u> | <u>686,925</u> |
| Net cash provided (used) by operating activities | <u>\$ 1,364,680</u> | <u>\$ 135,287</u> | <u>\$ 219,694</u> | <u>\$ (2,528)</u> | <u>\$ 1,717,133</u> |

The notes to the financial statements are an integral part of this statement.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pitt County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Winterville. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Pitt County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year end are recorded as unearned revenues. Under the terms of grant

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the special revenue funds and the capital projects funds. All budgets are prepared using the modified accrual basis of accounting. 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. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

Cash and Cash Equivalents

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

Short-Term Cash Investments

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

Restricted Assets

Restricted assets include the portion of cash and cash equivalents required to be held in reserve due to loan covenants on USDA debt and 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 it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Also included in restricted cash are rental payments from the Winterville Rescue & EMS, Inc. which is

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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.

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, 2012.

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.

Prepaid Items

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

| 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 does not have any items that meet this criterion. 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 – prepaid taxes, property taxes receivable and garbage receivables.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Long-Term Obligations

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

Compensated Absences

The vacation policy of the Town provides for the accumulation of earned vacation leave up to one hundred twenty hours (120) for general employees and one hundred twenty-seven hours (127) for law enforcement employees, with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance 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.

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

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G. S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State Statute". Therefore, from guidance established by the North Carolina Department of the State Treasurer, the Town has classified a portion of their fund balance within this category.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Restricted for Streets - Powell Bill – The 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 Debt Covenants – The portion of fund balance that is restricted for USDA loan covenants.

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). Any changes or removal of specific purpose requires majority action by the governing body.

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

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

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

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

The Town board has also adopted a fund balance reserve policy in order to maintain general fund unrestricted fund balance at a level sufficient to provide the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature and to permit orderly adjustments as a result of unanticipated revenue shortfalls. The Town will define these amounts as “available fund balance”. The Town will strive to maintain a minimum unrestricted fund balance of 25% of the current year’s expenditures. The Town Board may appropriate fund balance that will reduce the unrestricted fund balance below 25% on a limited basis which should occur for the purpose of a declared fiscal emergency. If this occurs, the Town Board will develop a plan to restore the unrestricted fund balance within three years from the date of the appropriation.

Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through November 18, 2013, 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

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. 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 analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the Town's deposits had a carrying amount of \$10,448,167 and a bank balance of \$10,542,922. Of the bank balance, \$721,781 was covered by federal depository insurance and \$9,821,141 was covered by collateral held under the Pooling Method.

B. Investments

At June 30, 2013, the Town had \$722,476 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk of its investments.

C. Receivables - Allowance for Doubtful Accounts

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

| | Accounts | Taxes | Due from other Governments | Other | Total |
|----------------------------------|---------------------|-------------------|-------------------------------|------------------|---------------------|
| Governmental Activities: | | | | | |
| General | \$ 83,074 | \$ 189,111 | \$ 522,826 | \$ 37,379 | \$ 832,390 |
| Allowance for doubtful accounts | - | (37,840) | - | - | (37,840) |
| Total governmental activities | <u>\$ 83,074</u> | <u>\$ 151,271</u> | <u>\$ 522,826</u> | <u>\$ 37,379</u> | <u>\$ 794,550</u> |
| Business-Type Activities: | | | | | |
| Electric | \$ 1,118,047 | \$ - | \$ - | \$ - | \$ 1,118,047 |
| Water | 111,218 | - | - | - | 111,218 |
| Sewer | 246,091 | - | - | - | 246,091 |
| Stormwater | 24,457 | - | - | - | 24,457 |
| Allowance for doubtful accounts | (251,181) | - | - | - | (251,181) |
| Total business-type activities | <u>\$ 1,248,632</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,248,632</u> |

Due from other governments consists of the following:

| | |
|-----------------------------|-------------------|
| Local option sales tax | \$ 438,314 |
| Sales tax refund receivable | 51,365 |
| Other | 33,147 |
| | <u>\$ 522,826</u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|--------------|-------------|----------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,540,103 | \$ 22,532 | \$ - | \$ 3,562,635 |
| Construction in progress | - | 88,096 | - | 88,096 |
| Total capital assets not being depreciated | 3,540,103 | 110,628 | - | 3,650,731 |
| Capital assets being depreciated: | | | | |
| Buildings | 6,676,944 | - | - | 6,676,944 |
| Infrastructure | 24,196,005 | 184,070 | - | 24,380,075 |
| Equipment | 1,710,206 | 137,978 | - | 1,848,184 |
| Software | 529,385 | 9,975 | - | 539,360 |
| Vehicles | 1,702,197 | 70,496 | (64,900) | 1,707,793 |
| Total capital assets being depreciated | 34,814,737 | 402,519 | (64,900) | 35,152,356 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,915,267 | 222,848 | - | 2,138,115 |
| Infrastructure | 8,838,037 | 953,160 | - | 9,791,197 |
| Equipment | 1,061,705 | 165,438 | - | 1,227,143 |
| Software | 257,872 | 100,651 | - | 358,523 |
| Vehicles | 1,046,408 | 94,235 | (64,900) | 1,075,743 |
| Total accumulated depreciation | 13,119,289 | \$ 1,536,332 | \$ (64,900) | 14,590,721 |
| Total capital assets being depreciated, net | 21,695,448 | | | 20,561,635 |
| Governmental activity capital assets, net | <u>\$ 25,235,551</u> | | | <u>\$ 24,212,366</u> |

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

| | |
|-------------------------|---------------------|
| General government | \$ 449,087 |
| Public safety | 127,921 |
| Transportation | 874,774 |
| Cultural and recreation | 84,550 |
| Total | <u>\$ 1,536,332</u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

| | 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 | 8,036,522 | 80,720 | - | 8,117,242 |
| Buildings | 315,415 | - | - | 315,415 |
| Equipment | 601,010 | 14,000 | - | 615,010 |
| Vehicles | 338,279 | - | (37,069) | 301,210 |
| Total capital assets being depreciated | 9,291,226 | 94,720 | (37,069) | 9,348,877 |
| Less accumulated depreciation for: | | | | |
| Distribution system | 1,936,392 | 297,332 | - | 2,233,724 |
| Buildings | 151,063 | 23,650 | - | 174,713 |
| Equipment | 576,855 | 9,558 | - | 586,413 |
| Vehicles | 313,562 | 3,552 | (37,069) | 280,045 |
| Total accumulated depreciation | 2,977,872 | 334,092 | (37,069) | 3,274,895 |
| Total capital assets being depreciated, net | 6,313,354 | | | 6,073,982 |
| Electric Fund capital assets, net | 6,459,367 | | | 6,219,995 |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|--------------------|
| <i>Water Fund</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 8,000 | - | - | 8,000 |
| Construction in progress | 232,398 | 18,841 | (192,048) | 59,191 |
| Total capital assets not being depreciated | 240,398 | 18,841 | (192,048) | 67,191 |
| Capital assets being depreciated: | | | | |
| Water system, well, tank and distribution system | 2,284,168 | 192,048 | - | 2,476,216 |
| Equipment and vehicles | 228,213 | - | - | 228,213 |
| Total capital assets being depreciated | 2,512,381 | 192,048 | - | 2,704,429 |
| Less accumulated depreciation for: | | | | |
| Water system, well, tank and distribution system | 1,461,813 | 83,839 | - | 1,545,652 |
| Equipment and vehicles | 206,493 | 6,650 | - | 213,143 |
| Total accumulated depreciation | 1,668,306 | 90,489 | - | 1,758,795 |
| Total capital assets being depreciated, net | 844,075 | | | 945,634 |
| Water Fund capital assets, net | 1,084,473 | | | 1,012,825 |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-----------|-----------|---------------------|
| <i>Sewer Fund</i> | | | | |
| Capital assets being depreciated: | | | | |
| Equipment and vehicles | 159,390 | - | - | 159,390 |
| Sewer system | 3,607,593 | 21,042 | - | 3,628,635 |
| Sewer treatment facility | 233,000 | - | - | 233,000 |
| Total capital assets being depreciated | 3,999,983 | 21,042 | - | 4,021,025 |
| Less accumulated depreciation for: | | | | |
| Equipment and vehicles | 145,862 | 4,191 | - | 150,053 |
| Sewer system | 1,465,589 | 170,418 | - | 1,636,007 |
| Sewer treatment facility | 221,350 | 4,660 | - | 226,010 |
| Total accumulated depreciation | 1,832,801 | 179,269 | - | 2,012,070 |
| Total capital assets being depreciated, net | 2,167,182 | | | 2,008,955 |
| Sewer Fund capital assets, net | 2,167,182 | | | 2,008,955 |
| | | | | |
| | Beginning Balances | Increases | Decreases | Ending Balances |
| <i>Stormwater Fund</i> | | | | |
| Capital assets being depreciated: | | | | |
| Distribution | 393,439 | - | - | 393,439 |
| Equipment | 17,388 | - | - | 17,388 |
| Total capital assets being depreciated | 410,827 | - | - | 410,827 |
| Less accumulated depreciation for: | | | | |
| Distribution | 79,510 | 23,009 | - | 102,519 |
| Equipment | 2,988 | 2,484 | - | 5,472 |
| Total accumulated depreciation | 82,498 | 25,493 | - | 107,991 |
| Total capital assets being depreciated, net | 328,329 | | | 302,836 |
| Stormwater Fund capital assets, net | 328,329 | | | 302,836 |
| Business-type activities capital assets, net | \$ 10,039,351 | | | \$ 9,544,611 |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

E. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 7.22%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Winterville are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$182,779, \$188,940, and \$181,981, respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

| | |
|---|----|
| Retirees receiving benefits | - |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | 17 |
| Total | 17 |

A separate report was not issued for the plan.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Summary of Significant Accounting Policies:

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

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Annual Pension Cost and Net Pension Obligation

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

| | |
|--|--------------------------|
| Annual required contribution | \$ 34,830 |
| Interest on net pension obligation | 7,928 |
| Adjustment to annual required contribution | <u>(9,868)</u> |
| Annual pension cost | 32,890 |
| Contributions made | <u>(1,615)</u> |
| Increase in net pension obligation | 31,275 |
| Net pension obligation, beginning of year | <u>158,563</u> |
| Net pension obligation, end of year | <u><u>\$ 189,838</u></u> |

Three Year Trend Information

| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|----------------------------------|---------------------------|
| 2011 | \$ 31,050 | 0.00% | \$ 127,548 |
| 2012 | 31,015 | 0.00% | 158,563 |
| 2013 | 32,890 | 4.91% | 189,838 |

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$282,449. The covered payroll (annual payroll of active employees covered by the plan) was \$739,129, and the ratio of the UAAL to the covered payroll was 38.21 percent.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan

Plan Description

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

Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$47,789, which consisted of \$38,877 from the Town and \$8,912 from the law enforcement officers.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2013 were \$127,549, which consisted of \$96,548 from the Town and \$31,001 from the general employees.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Winterville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The Town is not required to make contributions to the Fund; however, the Town is paying the required contributions for its plan members. The State, a non-employer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

As disclosed in Note G below, the Town has recognized on-behalf payments for pension contributions made by the State of North Carolina for its plan members.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

e. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town administers a single-employer defined benefit healthcare benefits plan for retirees of the Town who have at least thirty years service with the North Carolina Local Governmental Employees’ Retirement System (System) or the North Carolina Law Enforcement Officers’ Local Governmental Employees’ Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town’s group rates until the retiree reaches age sixty-five. Currently, four retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2013, the Town paid healthcare premiums for retirees of \$47,936. 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, 2011, 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 | 44 | 21 |
| Total | 48 | 21 |

Funding Policy

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

The current ARC rate is 4.59% of annual covered payroll. For the current year, the Town contributed \$47,936 or 1.74% 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 | \$ 126,281 |
| Interest on net OPEB obligation | 14,337 |
| Adjustment to annual required contribution | <u>(13,697)</u> |
| Annual OPEB cost | 126,921 |
| Contributions made | <u>(47,936)</u> |
| Increase (decrease) in net OPEB obligation | 78,985 |
| Net OPEB obligation, beginning of year | <u>358,435</u> |
| Net OPEB obligation, end of year | <u><u>\$ 437,420</u></u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012, and 2011 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> |
|----------------------------|-----------------------------|---|--------------------------------|
| 2011 | \$ 117,935 | 22.2% | \$ 265,516 |
| 2012 | 128,070 | 27.5% | 358,435 |
| 2013 | 126,921 | 37.8% | 437,420 |

Funded Status and Funding Progress

As of December 31, 2011, 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 \$1,535,586. The covered payroll (annual payroll of active employees covered by the plan) was \$2,756,955, and the ratio of the UAAL to the covered payroll was 55.7 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

In the December 31, 2011, 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 9.50 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, 2011, was 30 years.

f. Other Employee Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death. Payments to beneficiaries must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment amount and the other benefit amount. The Town considers these contributions to be immaterial.

2. Payables

Payables at the government-wide level at June 30, 2013 were as follows:

| | |
|------------------------------------|-------------------|
| Governmental Activities: | Total |
| Vendors | \$ 427,391 |
| Accrued salaries and related items | 162,811 |
| Total governmental activities | <u>\$ 590,202</u> |

| | | | | | |
|------------------------------------|------------------|-----------------|------------------|-------------------|-------------------|
| Business-Type Activities: | Electric | Water | Sewer | Stormwater | Total |
| Vendors | \$ 33,342 | \$ 8,905 | \$ 59,580 | \$ - | \$ 101,827 |
| Accrued salaries and related items | 16,411 | - | - | - | 16,411 |
| Total business-type activities | <u>\$ 49,753</u> | <u>\$ 8,905</u> | <u>\$ 59,580</u> | <u>\$ -</u> | <u>\$ 118,238</u> |

3. Deferred Outflows and Inflows of Resources

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

| | | |
|------------------------------------|--------------------------------|-----------------------------|
| | Unavailable Revenue | Unearned Revenue |
| General Fund: | | |
| Taxes receivable, net | \$ 151,271 | \$ - |
| Accounts receivable, net (garbage) | 71,824 | - |
| Prepaid taxes | - | 23,808 |
| Total | <u>\$ 223,095</u> | <u>\$ 23,808</u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 and property coverage up to the total insurance value of the property policy and workers' compensation coverage up to statutory limits.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance through the NFIP.

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

5. Commitments

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

During the June 30, 2013 fiscal year, the Town entered into a contract for street paving/resurfacing in the amount of \$297,570. At June 30, 2013, \$88,096 had been spent under the contract.

6. Long-Term Obligations

a. Governmental Activities

Installment Purchases

| | |
|---|----------------------------|
| 4.375% note, payable in annual installments of \$139,634, including interest; final payment due June 2034; secured by real estate | \$ 1,892,150 |
| 3.62% note, payable in annual installments of \$136,645 plus interest; final payment due June 2023; secured by real estate | 1,366,454 |
| 3.05% note, payable in annual installments of \$50,731, including interest; final payment due June, 2014; secured by vehicles and equipment | 49,229 |
| 2.80% note, payable in annual installments of \$99,826, plus interest; final payment due December 2014; secured by vehicles and equipment | 199,653 |
| 4.77% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025; secured by real estate | 1,189,584 |
| 4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025; secured by real estate | 136,800 |
| 2.64% note, payable in annual installments of \$33,255, including interest; final payment due June 2015; secured by vehicles and equipment | <u>63,966</u> |
| Total installment purchases | <u><u>\$ 4,897,836</u></u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Annual debt service payments of the installment purchases as of June 30, 2013, including interest of \$1,733,755, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2014 | \$ 484,652 | \$ 204,184 | \$ 688,836 |
| 2015 | 438,743 | 186,361 | 625,104 |
| 2016 | 309,113 | 169,908 | 479,021 |
| 2017 | 311,823 | 156,992 | 468,815 |
| 2018 | 314,651 | 143,957 | 458,608 |
| 2019-2023 | 1,620,205 | 519,743 | 2,139,948 |
| 2024-2028 | 697,137 | 238,090 | 935,227 |
| 2029-2033 | 589,733 | 108,696 | 698,429 |
| 2034 | 131,779 | 5,824 | 137,603 |
| Total | <u>\$ 4,897,836</u> | <u>\$ 1,733,755</u> | <u>\$ 6,631,591</u> |

b. Business-Type Activities

General Obligation Bonds - Enterprise Funds

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

Bonds payable at June 30, 2013 are comprised of the following individual issues:

Serviced by the Sewer Fund:

| | |
|--|-------------------|
| \$1,113,000 June 2000 Sanitary Sewer bonds due in annual installments of \$11,500 to \$46,000 plus interest at 4.75% to 5.00%, final installment due June 2040 | <u>\$ 936,500</u> |
| Total general obligation bonds | <u>\$ 936,500</u> |

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|---------------------|
| 2014 | \$ 20,000 | \$ 45,654 | \$ 65,654 |
| 2015 | 21,000 | 44,679 | 65,679 |
| 2016 | 22,000 | 43,656 | 65,656 |
| 2017 | 22,000 | 42,583 | 64,583 |
| 2018 | 23,000 | 41,511 | 64,511 |
| 2019-2023 | 132,500 | 189,662 | 322,162 |
| 2024-2028 | 169,000 | 153,904 | 322,904 |
| 2029-2033 | 205,000 | 109,103 | 314,103 |
| 2034-2038 | 230,000 | 56,063 | 286,063 |
| 2039-2040 | 92,000 | 6,728 | 98,728 |
| Total | <u>\$ 936,500</u> | <u>\$ 733,543</u> | <u>\$ 1,670,043</u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Installment Purchases - Enterprise Funds

Electric

3.62% note, payable in annual installments of \$222,847 including interest;
final payment due June 2023; secured by equipment \$ 1,842,175

4.67% note, payable in annual installments of \$108,524, including interest;
final payment due June 2025; secured by real estate 980,036

Water

1.98% note, payable in annual installments of \$40,075, including interest;
final payment due September 2016; secured by equipment 152,668

Sewer

4.67% note, payable in annual installments of \$32,689, including interest;
final payment due June 2025; secured by real estate 295,209

Total installment purchases \$ 3,270,088

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

| Year Ending | | | |
|--------------------|----------------------------|--------------------------|----------------------------|
| June 30, | Principal | Interest | Total |
| 2014 | \$ 274,873 | \$ 129,262 | \$ 404,135 |
| 2015 | 285,073 | 119,062 | 404,135 |
| 2016 | 295,670 | 108,465 | 404,135 |
| 2017 | 306,681 | 97,454 | 404,135 |
| 2018 | 278,047 | 86,014 | 364,061 |
| 2019-2023 | 1,565,928 | 254,377 | 1,820,305 |
| 2024-2025 | 263,816 | 18,620 | 282,436 |
| Total | <u><u>\$ 3,270,088</u></u> | <u><u>\$ 813,254</u></u> | <u><u>\$ 4,083,342</u></u> |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

c. Changes in Long-Term Liabilities

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|---------------------------------------|----------------------|-------------------|---------------------|---------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Installment purchases | \$ 5,415,711 | \$ - | \$ (517,875) | \$ 4,897,836 | \$ 484,652 |
| Compensated absences | 193,321 | 236,365 | (193,321) | 236,365 | 236,365 |
| Unfunded OPEB obligation | 276,056 | 61,433 | - | 337,489 | - |
| Net pension obligation | 158,563 | 32,890 | (1,615) | 189,838 | - |
| Total Governmental Activities | \$ 6,043,651 | \$ 330,688 | \$ (712,811) | \$ 5,661,528 | \$ 721,017 |
| Business-type Activities: | | | | | |
| Electric Fund | | | | | |
| Installment purchases | \$ 3,032,873 | \$ - | \$ (210,662) | \$ 2,822,211 | \$ 218,918 |
| Unfunded OPEB obligation | 48,800 | 10,030 | - | 58,830 | - |
| Compensated absences | 67,427 | 75,867 | (67,427) | 75,867 | 75,867 |
| Electric Fund long-term liabilities | \$ 3,149,100 | \$ 85,897 | \$ (278,089) | \$ 2,956,908 | \$ 294,785 |
| Water Fund | | | | | |
| Installment purchases | \$ 189,000 | \$ - | \$ (36,332) | \$ 152,668 | \$ 37,052 |
| Unfunded OPEB obligation | 16,281 | 3,761 | - | 20,042 | - |
| Compensated absences | 6,026 | 7,728 | (6,026) | 7,728 | 7,728 |
| Water Fund long-term liabilities | \$ 211,307 | \$ 11,489 | \$ (42,358) | \$ 180,438 | \$ 44,780 |
| Sewer Fund | | | | | |
| Installment purchases | \$ 313,269 | \$ - | \$ (18,060) | \$ 295,209 | \$ 18,903 |
| Bonds payable | 955,500 | - | (19,000) | 936,500 | 20,000 |
| Unfunded OPEB obligation | 13,987 | 2,507 | - | 16,494 | - |
| Compensated absences | 15,023 | 8,927 | (15,023) | 8,927 | 8,927 |
| Sewer Fund long-term liabilities | \$ 1,297,779 | \$ 11,434 | \$ (52,083) | \$ 1,257,130 | \$ 47,830 |
| Stormwater Fund | | | | | |
| Unfunded OPEB obligation | \$ 3,311 | \$ 1,254 | \$ - | \$ 4,565 | \$ - |
| Compensated absences | 8,211 | - | (8,211) | - | - |
| Stormwater Fund long-term liabilities | \$ 11,522 | \$ 1,254 | \$ (8,211) | \$ 4,565 | \$ - |
| Total Business-type Activities | \$ 4,669,708 | \$ 110,074 | \$ (380,741) | \$ 4,399,041 | \$ 387,395 |

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

The Town's legal debt margin at June 30, 2013 was \$47,912,721.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

d. Operating Leases

The Town leases copiers under a noncancellable operating lease expiring in the June 30, 2014 fiscal year. The minimum rental commitments with initial or remaining terms in excess of one year under operating leases are as follows.

| | |
|-------------------------|-----------|
| 2014 | 22,500 |
| Total minimum payments: | \$ 22,500 |

Total rent expense for the June 30, 2013 fiscal year on the copier lease was \$31,689.

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2013, consist of the following:

| Fund | From | To | Purpose |
|---------------|------------|------------|---|
| Electric Fund | 135,000 | | 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 | | 135,000 | |
| | \$ 135,000 | \$ 135,000 | |

G. On-Behalf Payments for Fringe Benefits

For the fiscal year ended June 30, 2013, the Town of Winterville has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$16,605 for the forty-four volunteer fireman and one employed fireman who perform firefighting duties for the Town's fire department. The volunteers and the employee elected to be members of the Firemen and Rescue Workers' Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by the Town, investment income, and a State appropriation.

H. Fund Balance

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

| | |
|---|--------------|
| Total fund balance - General Fund: | \$ 5,353,514 |
| Less: | |
| Prepaid items | 73 |
| Stabilization by State Statute | 955,728 |
| Streets - Powell Bill | 921,952 |
| Public Safety | 52,962 |
| Debt covenants | 125,817 |
| Recreation | 7,400 |
| Working Capital/Fund Balance Policy | 1,454,885 |
| Remaining Fund Balance: | \$ 1,834,697 |

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

| Encumbrances | General Fund | Non-Major Funds |
|--------------|--------------|-----------------|
| | \$ 384,273 | \$ - |

I. Prior Period Adjustment

Based on errors made by a non-profit entity in Pitt County in filing its refund claims for the periods of January 2007 to June 2009, Pitt County and its various municipalities were overpaid sales tax amounts during this period and are required to payback these sales tax amounts. The North Carolina Department of Revenue has decided upon a 30 month repayment period, beginning with July 2012 collections, which were distributed in September 2012. All sales tax distribution amounts during this 30 month period will be reduced by the amount of the repayment. The Town's total repayment is \$97,692, or \$3,256, monthly.

For the accrual basis of accounting (Exhibit 2), the entire 97,692 was shown as a deduction from net assets and an increase in accounts payable for the June 30, 2012 fiscal year. On Exhibit 4 of the accompanying financial statements which is prepared on the modified accrual basis of accounting, \$32,564, \$39,077 and \$26,051 was or will be shown as a deduction from fund balance and an increase in accounts payable as of June 30, 2012, 2013 and 2014, respectively.

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, 2013 amounted to \$903,754.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,665 to the Commission during the fiscal year ended June 30, 2013.

4. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these funds to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town's volunteers receive funds based on the authority provided in NCGS § 58-84-35. During the fiscal year ended June 30, 2013, 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, 2013. 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

6. Change in Accounting Principles

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.



Town of Winterville, North Carolina
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2013

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) |
|---|--|--|--|---------------------------------------|------------------------------------|--|
| 12/31/2004 | \$ - | \$ 38,688 | \$ 38,688 | 0.00% | \$ 431,302 | 8.97% |
| 12/31/2005 | - | 52,623 | 52,623 | 0.00% | 548,109 | 9.60% |
| 12/31/2006 | - | 65,425 | 65,425 | 0.00% | 639,784 | 10.23% |
| 12/31/2007 | - | 102,020 | 102,020 | 0.00% | 796,882 | 12.80% |
| 12/31/2008 | - | 143,903 | 143,903 | 0.00% | 804,614 | 17.88% |
| 12/31/2009 | - | 230,568 | 230,568 | 0.00% | 770,457 | 29.93% |
| 12/31/2010 | - | 249,110 | 249,110 | 0.00% | 778,252 | 32.01% |
| 12/31/2011 | - | 265,193 | 265,193 | 0.00% | 818,302 | 32.41% |
| 12/31/2012 | - | 282,449 | 282,449 | 0.00% | 739,129 | 38.21% |

Town of Winterville, North Carolina
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2013

| Schedule of Employer Contributions | | |
|---|---|--|
| Year Ended June 30, | Annual Required Contribution | Annual Percentage Contributed |
| 2005 | \$ 5,875 | 0.00% |
| 2006 | 8,217 | 0.00% |
| 2007 | 9,777 | 0.00% |
| 2008 | 10,243 | 0.00% |
| 2009 | 12,411 | 0.00% |
| 2010 | 21,241 | 0.00% |
| 2011 | 31,391 | 0.00% |
| 2012 | 32,247 | 0.00% |
| 2013 | 34,830 | 4.64% |

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, 2012 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay, closed |
| Remaining amortization period | 18 years |
| Asset valuation method | Market value |
| Actuarial Assumptions: | |
| Investment rate of return* | 5.00% |
| Projected salary increases* | 4.25% - 7.85% |
| *Includes inflation at | 3.0% |
| Cost of living adjustments | N/A |

Town of Winterville, North Carolina
OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH CARE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2013

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% |

Town of Winterville, North Carolina
OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH CARE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2013

| <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% |

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, 2011 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percentage of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value of assets |
| Actuarial Assumptions: | |
| Investment rate of return * | 4.00% |
| Medical cost trend rate | |
| Pre-Medicare trend rate | 9.50% - 5.00% |
| Post-Medicare trend rate | 7.00% - 5.00% |
| Year of ultimate trend rate | 2018 |
| *Includes inflation at | 3.00% |

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
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

Page 1 of 4

| | Budget | Actual | Variable Positive (Negative) |
|--|--------------|--------------|------------------------------------|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | | \$ 3,371,069 | |
| Interest | | 18,429 | |
| Total | \$ 3,333,284 | 3,389,498 | \$ 56,214 |
| Other taxes and licenses: | | | |
| Privilege licenses | | 15,376 | |
| Heavy equipment tax | | 17,141 | |
| Total | 15,000 | 32,517 | 17,517 |
| Unrestricted Intergovernmental: | | | |
| Local option sales tax | | 1,651,989 | |
| Payment in lieu of taxes - outside sources | | 2,385 | |
| Utility franchise tax/Telecommunications sales tax | | 249,038 | |
| Beer and wine tax | | 37,771 | |
| Total | 1,860,488 | 1,941,183 | 80,695 |
| Restricted Intergovernmental: | | | |
| Powell Bill allocation | | 260,673 | |
| DOT reimbursement | | 3,660 | |
| FEMA grant revenue | | 16,538 | |
| Miscellaneous grant revenue | | 22,500 | |
| Mosquito control grant | | 2,795 | |
| On-behalf of payments - Fire | | 16,605 | |
| Solid waste disposal tax | | 5,881 | |
| Total | 283,173 | 328,652 | 45,479 |
| Permits and fees: | | | |
| Subdivision recreation fees | | 150 | |
| Planning and zoning | | 1,950 | |
| Total | 4,550 | 2,100 | (2,450) |
| Sales and services: | | | |
| Special assessments | | 250 | |
| Solid waste fees | | 483,730 | |
| Community building/Rescue rent | | 28,055 | |
| Fire inspections | | 12,476 | |
| Building inspections | | 9,710 | |
| User access fee | | 2,393 | |
| Utility service charges | | 4,350 | |
| Recreation | | 158,676 | |
| Cemetery | | 34,500 | |
| Total | 722,440 | 734,140 | 11,700 |
| Investment earnings | 7,300 | 10,975 | 3,675 |
| Miscellaneous: | | | |
| Other | | 15,053 | |
| Total | 65,817 | 15,053 | (50,764) |
| Total revenues | 6,292,052 | 6,454,118 | 162,066 |

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

Page 2 of 4

| | <u>Budget</u> | <u>Actual</u> | <u>Variable Positive (Negative)</u> |
|---|------------------|------------------|---|
| Expenditures: | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries and benefits | | 42,056 | |
| Other operating expenditures | | 26,631 | |
| Total | <u>68,758</u> | <u>68,687</u> | <u>71</u> |
| Administration: | | | |
| Salaries and employee benefits | | 733,005 | |
| Maintenance and repairs | | 2,633 | |
| Other operating expenditures | | 653,701 | |
| Reimbursement - proprietary funds | | (311,056) | |
| Total | <u>1,316,915</u> | <u>1,078,283</u> | <u>238,632</u> |
| Information Technology: | | | |
| Salaries and employee benefits | | 126,973 | |
| Maintenance and repairs | | 10,530 | |
| Other operating expenditures | | 213,319 | |
| Noncapitalized equipment < \$5,000 (computer) | | 40,124 | |
| Departmental improvements | | 3,964 | |
| Capital outlay | | 57,358 | |
| Reimbursement - proprietary funds | | (98,613) | |
| Total | <u>376,919</u> | <u>353,655</u> | <u>23,264</u> |
| Planning: | | | |
| Salaries and employee benefits | | 186,289 | |
| Maintenance and repairs | | 550 | |
| Other operating expenditures | | 38,962 | |
| Capital outlay | | 10,846 | |
| Total | <u>275,287</u> | <u>236,647</u> | <u>38,640</u> |
| Total general government | <u>2,037,879</u> | <u>1,737,272</u> | <u>300,607</u> |
| Public Safety: | | | |
| Police: | | | |
| Salaries and employee benefits | | 1,136,059 | |
| Maintenance and repairs | | 41,625 | |
| Other operating expenditures | | 101,544 | |
| Noncapitalized equipment < \$5,000 | | 8,619 | |
| Capital outlay | | 53,233 | |
| Total | <u>1,393,236</u> | <u>1,341,080</u> | <u>52,156</u> |

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

Page 3 of 4

| | Budget | Actual | Variable Positive (Negative) |
|--|-----------|-----------|------------------------------------|
| Public Safety (continued): | | | |
| Animal Control: | | | |
| Salaries and employee benefits | | (288) | |
| Other operating expenditures | | 644 | |
| Noncapitalized equipment < \$5,000 | | 130 | |
| Total | 17,450 | 486 | 16,964 |
| Fire: | | | |
| Salaries and employee benefits | | 193,787 | |
| Maintenance and repairs | | 15,286 | |
| Other operating expenditures | | 96,114 | |
| Noncapitalized equipment < \$5,000 | | 156,173 | |
| Capital outlay | | 35,405 | |
| Total | 504,817 | 496,765 | 8,052 |
| Rescue: | | | |
| Salaries and employee benefits | | - | |
| Other operating expenditures | | - | |
| Total | 48,701 | - | 48,701 |
| Total public safety | 1,964,204 | 1,838,331 | 125,873 |
| Transportation: | | | |
| Salaries and employee benefits | | 789,694 | |
| Maintenance and repairs | | 34,784 | |
| Other operating expenditures | | 95,420 | |
| Other operating expenditures - Powell Bill | | 11,824 | |
| Noncapitalized equipment < \$5,000 | | 935 | |
| Capital outlay - Powell Bill | | 112,988 | |
| Capital outlay | | 61,607 | |
| Reimbursement - proprietary funds | | (439,789) | |
| Total transportation | 979,438 | 667,463 | 311,975 |
| Environmental Protection: | | | |
| Sanitation: | | | |
| Other operating expenditures | | 420,736 | |
| Total | 425,727 | 420,736 | 4,991 |

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

Page 4 of 4

| | Budget | Actual | Variable Positive (Negative) |
|---|-----------|--------------|------------------------------------|
| Cultural and Recreation: | | | |
| Parks and Recreation: | | | |
| Salaries and employee benefits | | 220,059 | |
| Maintenance and repairs | | 20,556 | |
| Other operating expenditures | | 184,916 | |
| Noncapitalized equipment <\$5,000 | | 9,141 | |
| Total parks and recreation | 505,533 | 434,672 | 70,861 |
| Public Buildings: | | | |
| Maintenance and repairs | | 6,778 | |
| Other operating expenditures | | 240,528 | |
| Reimbursement - proprietary funds | | (64,304) | |
| Total public buildings | 194,096 | 183,002 | 11,094 |
| Total Cultural and Recreation | 699,629 | 617,674 | 81,955 |
| Debt service: | | | |
| Principal retirement | 517,875 | 517,875 | - |
| Interest | 222,938 | 222,896 | 42 |
| Total debt service | 740,813 | 740,771 | 42 |
| Reimbursements - proprietary funds | (202,708) | (202,708) | - |
| Total expenditures | 6,644,982 | 5,819,539 | 825,443 |
| Revenues over (under) expenditures | (352,930) | 634,579 | 987,509 |
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| Enterprise funds | 182,500 | 135,000 | (47,500) |
| Total other financing sources (uses) | 182,500 | 135,000 | (47,500) |
| Fund balance appropriated | 170,430 | - | (170,430) |
| Net change in fund balance | \$ - | 769,579 | \$ 769,579 |
| Fund balances, beginning as previously reported | | 4,623,012 | |
| Prior period adjustment | | (39,077) | |
| Fund balances, beginning as restated | | 4,583,935 | |
| Fund balances, ending | | \$ 5,353,514 | |

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, 2013

Page 1 of 2

| | Budget | Actual | Variance Positive (Negative) |
|---------------------------------------|--------------|--------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Sale of electricity | | \$ 6,123,059 | |
| Connection fees | | 3,717 | |
| Service charges | | 43,964 | |
| Miscellaneous revenue | | 185,465 | |
| Total operating revenues | \$ 6,158,133 | 6,356,205 | \$ 198,072 |
| Non-operating revenues: | | | |
| Interest earned | | 8,206 | |
| Total non-operating revenues | 7,180 | 8,206 | 1,026 |
| Total revenues | 6,165,313 | 6,364,411 | 199,098 |
| Expenditures: | | | |
| Operating: | | | |
| Electrical power purchases | | 3,665,294 | |
| Salaries and employee benefits | | 572,097 | |
| Supplies | | 125,428 | |
| Repairs and maintenance | | 17,692 | |
| Contracted services | | 137,668 | |
| Other departmental expenses | | 186,528 | |
| Expense reimbursement to general fund | | 311,250 | |
| Expense reimbursement from sewer fund | | (11,500) | |
| Total operating expenditures | 5,501,731 | 5,004,457 | 497,274 |
| Debt service: | | | |
| Principal retirement | 210,622 | 210,662 | (40) |
| Interest | 120,710 | 120,710 | - |
| Total debt service | 331,332 | 331,372 | (40) |
| Capital outlay: | | | |
| Noncapitalized equipment < \$5,000 | | 29,081 | |
| Capital outlay | | 94,720 | |
| Total capital outlay | 197,250 | 123,801 | 73,449 |
| Total expenditures | 6,030,313 | 5,459,630 | 570,683 |

Town of Winterville, North Carolina
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2013

Page 2 of 2

| | Budget | Actual | Variance Positive (Negative) |
|--|-----------|------------|------------------------------------|
| Revenues over (under) expenditures | 135,000 | 904,781 | 769,781 |
| Other financing sources (uses): | | | |
| Transfers to other funds: | | | |
| General Fund | (135,000) | (135,000) | - |
| Total other financing sources (uses) | (135,000) | (135,000) | - |
| Revenues and other sources over (under) expenditures and other uses | \$ - | 769,781 | \$ 769,781 |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Principal retirement | | 210,662 | |
| Capital outlay | | 94,720 | |
| Depreciation | | (334,092) | |
| Increase in accrued vacation pay | | (8,440) | |
| Increase in accrued OPEB liability | | (10,030) | |
| Total | | (47,180) | |
| Change in net position | | \$ 722,601 | |

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2013

Page 1 of 2

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---------------------------------------|---------------|---------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Water sales | | \$ 718,068 | |
| Other operating revenues | | 127 | |
| Total operating revenues | \$ 710,563 | 718,195 | \$ 7,632 |
| Non-operating revenues: | | | |
| Investment earnings | | 1,493 | |
| Total non-operating revenues | 2,200 | 1,493 | (707) |
| Total revenues | 712,763 | 719,688 | 6,925 |
| Expenditures: | | | |
| Operating: | | | |
| Purchases for resale | | 93,245 | |
| Salaries and employee benefits | | (1,753) | |
| Supplies | | 37,554 | |
| Repairs and maintenance | | 7,189 | |
| Contracted services | | 19,088 | |
| Other departmental expenses | | 81,895 | |
| Expense reimbursement to general fund | | 386,411 | |
| Expense reimbursement from sewer fund | | (45,953) | |
| Total operating expenditures | 665,387 | 577,676 | 87,711 |
| Debt service: | | | |
| Principal retirement | 36,332 | 36,332 | - |
| Interest | 3,766 | 3,742 | 24 |
| Total debt service | 40,098 | 40,074 | 24 |
| Capital outlay: | | | |
| Capital outlay | | 18,841 | |
| Total capital outlay | 19,424 | 18,841 | 583 |
| Total expenditures | 724,909 | 636,591 | 88,318 |
| Revenues over (under) expenditures | (12,146) | 83,097 | 95,243 |

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2013

Page 2 of 2

| | Budget | Actual | Variance Positive (Negative) |
|--|----------|-----------|------------------------------------|
| Other financing sources (uses): | | | |
| Transfers to other funds: | | | |
| General Fund | (47,500) | - | 47,500 |
| | (47,500) | - | 47,500 |
| Fund balance appropriated | 59,646 | - | (59,646) |
| Revenues, other sources and appropriated fund balance over (under) expenditures and other uses | \$ - | 83,097 | \$ 83,097 |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Principal retirement | | 36,332 | |
| Capital outlay | | 18,841 | |
| Increase in accrued vacation pay | | (1,702) | |
| Increase in accrued OPEB liability | | (3,761) | |
| Depreciation | | (90,489) | |
| Total | | (40,779) | |
| Change in net position | | \$ 42,318 | |

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2013

Page 1 of 2

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------|----------------------|---|
| Revenues: | | | |
| Operating revenues: | | | |
| Sewer charges | | \$ 1,663,890 | |
| Tapping fees | | 450 | |
| Total operating revenues | <u>\$ 1,599,331</u> | <u>1,664,340</u> | <u>\$ 65,009</u> |
| Non-operating revenues: | | | |
| Investment earnings | | 1,508 | |
| Development fees | | 1,089 | |
| Total non-operating revenues | <u>77,300</u> | <u>2,597</u> | <u>(74,703)</u> |
| Total revenues | 1,676,631 | 1,666,937 | (9,694) |
| Expenditures: | | | |
| Operating: | | | |
| Salaries and employee benefits | | (1,726) | |
| Supplies | | 30,748 | |
| Repairs and maintenance | | 18,239 | |
| Contracted services | | 14,263 | |
| CMSD expense | | 903,754 | |
| Other departmental expenses | | 74,596 | |
| Expense reimbursement to general fund | | 367,215 | |
| Expense reimbursement to water fund | | 45,953 | |
| Expense reimbursement to electric fund | | 11,500 | |
| Total operating expenditures | <u>1,549,489</u> | <u>1,464,542</u> | <u>84,947</u> |
| Debt service: | | | |
| Principal retirement | 37,060 | 37,060 | - |
| Interest | <u>61,211</u> | <u>61,210</u> | <u>1</u> |
| Total debt service | 98,271 | 98,270 | 1 |
| Capital outlay: | | | |
| Noncapitalized equipment <\$5,000 | | 12,871 | |
| Capital outlay | | <u>21,042</u> | |
| Total capital outlay | <u>38,871</u> | <u>33,913</u> | <u>4,958</u> |
| Total expenditures | <u>1,686,631</u> | <u>1,596,725</u> | <u>89,906</u> |
| Revenues over (under) expenditures | (10,000) | 70,212 | 80,212 |

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2013

Page 2 of 2

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|---------------|--------------------|---|
| Fund balance appropriated | <u>10,000</u> | <u>-</u> | <u>(10,000)</u> |
| Revenues and fund balance appropriated over (under) expenditures | <u>\$ -</u> | <u>70,212</u> | <u>\$ 70,212</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Principal retirement | | 37,060 | |
| Capital outlay | | 21,042 | |
| Depreciation | | (179,269) | |
| Decrease in accrued vacation pay | | 6,096 | |
| Increase in accrued OPEB liability | | <u>(2,507)</u> | |
| Total | | <u>(117,578)</u> | |
| Change in net position | | <u>\$ (47,366)</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, 2013

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-----------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Stormwater charges | | \$ 88,886 | |
| Total operating revenues | <u>\$ 70,300</u> | <u>88,886</u> | <u>\$ 18,586</u> |
| Non-operating revenues: | | | |
| Investment earnings | | 205 | |
| Total non-operating revenues | <u>300</u> | <u>205</u> | <u>(95)</u> |
| Total revenues | 70,600 | 89,091 | 18,491 |
| Expenditures: | | | |
| Operating: | | | |
| Salaries and employee benefits | | (754) | |
| Contracted services | | 15,095 | |
| Other departmental expenses | | 126 | |
| Expense reimbursement - general fund | | 51,594 | |
| Total operating expenditures | <u>86,204</u> | <u>66,061</u> | <u>20,143</u> |
| Capital outlay: | | | |
| Capital outlay | | - | |
| Total capital outlay | <u>9,890</u> | <u>-</u> | <u>9,890</u> |
| Total expenditures | <u>96,094</u> | <u>66,061</u> | <u>30,033</u> |
| Revenues over (under) expenditures | (25,494) | 23,030 | 48,524 |
| Fund balance appropriated | <u>25,494</u> | <u>-</u> | <u>(25,494)</u> |
| Revenues and fund balance appropriated over (under) expenditures | <u>\$ -</u> | 23,030 | <u>\$ 23,030</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Depreciation | | (25,493) | |
| Decrease in accrued vacation pay | | 8,211 | |
| Increase in accrued OPEB liability | | (1,254) | |
| Total | | <u>(18,536)</u> | |
| Change in net position | | <u>\$ 4,494</u> | |



OTHER FINANCIAL INFORMATION

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

Governmental Capital Assets

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

Other Schedules

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

Statistical Information

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

Compliance Section

The compliance section includes auditors reports on state compliance matters.



GOVERNMENTAL CAPITAL ASSETS



Town of Winterville, North Carolina
COMPARATIVE SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 For the Fiscal Year Ended June 30, 2013
 (With Comparative Actual Amounts As of June 30, 2012)

| <u>Governmental Capital Assets</u> | <u>2013</u> | <u>2012</u> |
|------------------------------------|----------------------|----------------------|
| Land | \$ 3,562,635 | \$ 3,540,103 |
| Construction in process | 88,096 | - |
| Buildings | 6,676,944 | 6,676,944 |
| Infrastructure | 24,380,075 | 24,196,005 |
| Software | 539,360 | 529,385 |
| Vehicles and equipment | 3,555,977 | 3,412,403 |
| | <u>38,803,087</u> | <u>38,354,840</u> |
| Total | <u>\$ 38,803,087</u> | <u>\$ 38,354,840</u> |

Town of Winterville, North Carolina
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2013

| <u>Function and Activity</u> | <u>Balance July 1, 2012</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2013</u> |
|------------------------------|---------------------------------|-----------------------|----------------------|----------------------------------|
| General government | \$ 9,051,012 | \$ 68,204 | \$ - | \$ 9,119,216 |
| Transportation | 24,831,893 | 356,305 | - | 25,188,198 |
| Public Safety | 1,808,305 | 88,638 | 64,900 | 1,832,043 |
| Cultural and recreation | 2,663,630 | - | - | 2,663,630 |
| Total | <u>\$ 38,354,840</u> | <u>\$ 513,147</u> | <u>\$ 64,900</u> | <u>\$ 38,803,087</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
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2013

| Fiscal Year | Uncollected Balance June 30, 2012 | Additions | Collections And Credits | Uncollected Balance June 30, 2013 |
|-------------|---|---------------------|----------------------------|---|
| 2012-2013 | \$ - | \$ 3,385,393 | \$ 3,290,981 | \$ 94,412 |
| 2011-2012 | 99,271 | - | 61,995 | 37,276 |
| 2010-2011 | 25,342 | - | 11,160 | 14,182 |
| 2009-2010 | 17,617 | - | 3,127 | 14,490 |
| 2008-2009 | 7,440 | - | 1,018 | 6,422 |
| 2007-2008 | 8,500 | - | 1,709 | 6,791 |
| 2006-2007 | 8,084 | - | 1,235 | 6,849 |
| 2005-2006 | 4,546 | - | 703 | 3,843 |
| 2004-2005 | 3,188 | - | 533 | 2,655 |
| 2003-2004 | 2,653 | - | 462 | 2,191 |
| 2002-2003 | 3,730 | - | 3,730 | - |
| Total | <u>\$ 180,371</u> | <u>\$ 3,385,393</u> | <u>\$ 3,376,653</u> | <u>189,111</u> |

Less: allowance for uncollectible accounts:

General fund 37,840

Ad valorem taxes receivable - net \$ 151,271

Reconciliation with Revenues:

Ad valorem taxes - General Fund \$ 3,389,498

Reconciling items:

Interest collected (18,429)

Taxes written off 3,713

Releases (prior years) and other adjustments 1,871

Subtotal (12,845)

Total collections and credits \$ 3,376,653

Town of Winterville, North Carolina
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2013

| | 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 | \$ 712,908,632 | 0.475 | \$ 3,386,316 | \$ 3,001,521 | \$ 384,795 |
| Discoveries | 1,038,947 | | 4,935 | 4,537 | 398 |
| Abatements | (1,233,263) | | (5,858) | (1,328) | (4,530) |
| Total property valuation | <u>\$ 712,714,316</u> | | | | |
| Net levy | | | 3,385,393 | 3,004,730 | 380,663 |
| Uncollected taxes at June 30, 2013 | | | <u>(94,412)</u> | <u>(50,403)</u> | <u>(44,009)</u> |
| Current year's taxes collected | | | <u>\$ 3,290,981</u> | <u>\$ 2,954,327</u> | <u>\$ 336,654</u> |
| Current levy collection percentage | | | <u>97.21%</u> | <u>98.32%</u> | <u>88.44%</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.

Sources: The Town implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year, or the year for which information was most recently available.



Town of Winterville, North Carolina
NET POSITION BY COMPONENT
Last Nine Fiscal Years
(accrual basis of accounting)

Table 1

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental activities | | | | | | | | | |
| Net investment in capital assets | \$ 17,498,023 | \$ 17,015,395 | \$ 18,107,145 | \$ 18,883,210 | \$ 19,033,329 | \$ 19,743,897 | \$ 20,131,928 | \$ 19,819,840 | \$ 19,314,530 |
| Restricted | 99,573 | 64,181 | 118,662 | 297,722 | 509,458 | 524,194 | 1,344,122 | 1,590,502 | 2,063,859 |
| Unrestricted | 2,309,790 | 3,806,332 | 3,865,762 | 3,841,539 | 2,756,908 | 2,602,666 | 2,117,242 | 2,517,321 | 2,695,079 |
| Total governmental activities net position | \$ 19,907,386 | \$ 20,885,908 | \$ 22,091,569 | \$ 23,022,471 | \$ 22,299,695 | \$ 22,870,757 | \$ 23,593,292 | \$ 23,927,663 | \$ 24,073,468 |
| Business-type activities | | | | | | | | | |
| Net investment in capital assets | \$ 4,051,159 | \$ 4,471,007 | \$ 4,304,371 | \$ 2,981,588 | \$ 5,773,808 | \$ 5,531,666 | \$ 5,795,169 | \$ 5,548,709 | \$ 5,338,023 |
| Restricted | - | - | - | - | - | - | - | - | - |
| Unrestricted | 2,735,379 | 2,881,715 | 3,992,871 | 6,181,096 | 4,202,970 | 4,775,714 | 4,975,318 | 5,709,288 | 6,642,021 |
| Total Business-type activities net position | \$ 6,786,538 | \$ 7,352,722 | \$ 8,297,242 | \$ 9,162,684 | \$ 9,976,778 | \$ 10,307,380 | \$ 10,770,487 | \$ 11,257,997 | \$ 11,980,044 |
| Primary government | | | | | | | | | |
| Net investment in capital assets | \$ 21,549,182 | \$ 21,486,402 | \$ 22,411,516 | \$ 21,864,798 | \$ 24,807,137 | \$ 25,275,563 | \$ 25,927,097 | \$ 25,368,549 | \$ 24,652,553 |
| Restricted | 99,573 | 64,181 | 118,662 | 297,722 | 509,458 | 524,194 | 1,344,122 | 1,590,502 | 2,063,859 |
| Unrestricted | 5,045,169 | 6,688,047 | 7,858,633 | 10,022,635 | 6,959,878 | 7,378,380 | 7,092,560 | 8,226,609 | 9,337,100 |
| Total primary government net position | \$ 26,693,924 | \$ 28,238,630 | \$ 30,388,811 | \$ 32,185,155 | \$ 32,276,473 | \$ 33,178,137 | \$ 34,363,779 | \$ 35,185,660 | \$ 36,053,512 |

Note: Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
CHANGE IN NET POSITION
Last Nine Fiscal Years
(accrual basis of accounting)

Table 2

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 1,249,125 | \$ 1,051,648 | \$ 920,172 | \$ 1,773,961 | \$ 2,456,603 | \$ 2,687,929 | \$ 2,552,572 | \$ 2,605,647 | \$ 2,158,348 |
| Public Safety | 1,042,633 | 1,601,482 | 1,780,041 | 1,588,821 | 1,753,660 | 1,883,985 | 1,794,701 | 1,822,713 | 1,936,031 |
| Transportation | 1,330,973 | 1,453,211 | 1,478,672 | 1,496,651 | 1,596,862 | 1,381,524 | 1,299,618 | 1,404,474 | 1,401,712 |
| Environmental protection | 278,343 | 265,869 | 323,910 | 344,757 | 375,894 | 402,902 | 444,724 | 425,607 | 420,736 |
| Cultural and recreational | 393,494 | 706,594 | 891,387 | 895,246 | 843,293 | 896,397 | 961,253 | 831,698 | 705,296 |
| Economic and physical development | 96,871 | 44,300 | 7,071 | 981 | - | - | - | - | - |
| Interest on long-term debt | 113,690 | 108,076 | 146,660 | 161,059 | 222,427 | 207,454 | 304,775 | 245,853 | 219,296 |
| Reimbursements from business type activities | - | - | - | - | - | - | - | - | (202,708) |
| Total governmental activities expense | \$ 4,505,129 | \$ 5,231,180 | \$ 5,547,913 | \$ 6,261,476 | \$ 7,248,739 | \$ 7,460,191 | \$ 7,357,643 | \$ 7,335,992 | \$ 6,638,711 |
| Business-type Activities: | | | | | | | | | |
| Electric | \$ 3,737,150 | \$ 4,221,871 | \$ 4,158,835 | \$ 4,197,764 | \$ 5,305,020 | \$ 5,232,429 | \$ 5,366,691 | \$ 5,240,409 | \$ 5,506,810 |
| Water | 396,926 | 469,614 | 495,483 | 636,679 | 693,124 | 778,832 | 556,616 | 532,540 | 677,370 |
| Sewer | 913,054 | 1,083,201 | 1,119,390 | 1,540,475 | 1,305,034 | 1,804,362 | 1,439,662 | 1,391,511 | 1,714,303 |
| Stormwater | 8,039 | 24,134 | 21,291 | 39,355 | 27,072 | 69,718 | 116,318 | 113,301 | 84,597 |
| Total business-type activities expense | \$ 5,055,169 | \$ 5,798,820 | \$ 5,794,999 | \$ 6,414,273 | \$ 7,330,250 | \$ 7,885,341 | \$ 7,479,287 | \$ 7,277,761 | \$ 7,983,080 |
| Total primary government expenses | \$ 9,560,298 | \$ 11,030,000 | \$ 11,342,912 | \$ 12,675,749 | \$ 14,578,989 | \$ 15,345,532 | \$ 14,836,930 | \$ 14,613,753 | \$ 14,621,791 |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services | \$ 122,166 | \$ 63,022 | \$ 49,050 | \$ 72,162 | \$ 131,618 | \$ 69,550 | \$ 68,488 | \$ 31,174 | \$ 53,053 |
| General governmental | 61,960 | 93,552 | - | - | 156,151 | - | 1,100 | 9,475 | 12,476 |
| Public Safety | - | - | - | - | - | 328 | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - |
| Environmental protection | 232,815 | - | 355,810 | 364,709 | 377,406 | 410,186 | 481,343 | 484,983 | 485,132 |
| Cultural and recreational | 122,783 | 331,373 | 113,106 | 159,179 | 227,367 | 184,439 | 258,113 | 205,150 | 186,731 |
| Operating grants and contributions | - | 70,209 | 36,426 | 120,372 | - | - | - | 202,617 | 41,833 |
| General government | - | 250,643 | 71,925 | 86,905 | - | 142,449 | 21,394 | 17,961 | 16,605 |
| Public Safety | - | 233,826 | 244,662 | 340,213 | - | 264,041 | 345,935 | 284,827 | 266,728 |
| Transportation | 195,593 | - | - | - | - | 6,150 | 6,115 | 6,363 | 5,881 |
| Environmental protection | - | - | - | - | - | - | - | - | - |
| Cultural and recreational | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | 534,695 | - | - | - | - | - | - | - | - |
| General Government | - | - | - | - | - | 500,000 | - | - | - |
| Cultural and recreational | - | - | - | - | - | - | - | - | - |
| Transportation | 4,652,377 | 802,166 | 1,429,511 | 733,570 | 276,512 | - | - | - | - |
| Total governmental activities program revenues | \$ 5,922,389 | \$ 1,844,791 | \$ 2,300,490 | \$ 1,877,110 | \$ 1,169,054 | \$ 1,577,143 | \$ 1,182,488 | \$ 1,242,550 | \$ 1,068,439 |
| Business-type activities: | | | | | | | | | |
| Charges for services | \$ 4,284,432 | \$ 4,740,155 | \$ 4,645,162 | \$ 5,088,797 | \$ 5,782,977 | \$ 5,842,314 | \$ 6,569,449 | \$ 6,433,135 | \$ 6,356,205 |
| Electric Fund | - | - | - | - | - | - | - | - | - |

Town of Winterville, North Carolina
CHANGE IN NET POSITION
Last Nine Fiscal Years
(accrual basis of accounting)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Water Fund | 509,622 | 553,868 | 583,834 | 643,967 | 740,300 | 743,907 | 735,593 | 720,550 | 718,195 |
| Sewer Fund | 786,018 | 1,116,274 | 1,203,587 | 1,485,481 | 1,646,000 | 1,644,394 | 1,710,000 | 1,628,236 | 1,664,340 |
| Stormwater Fund | - | - | 28,080 | 159,821 | 192,948 | 125,363 | 758 | - | 88,886 |
| Operating grants and contributions | - | - | - | - | - | 80,884 | 33,099 | 15,533 | 1,089 |
| Capital grants and contributions | 74,127 | 52,368 | 99,794 | 101,113 | 126,992 | 500,000 | - | - | - |
| Total business-type activities program revenues | \$ 5,654,199 | \$ 6,462,665 | \$ 6,560,457 | \$ 7,479,179 | \$ 8,489,217 | \$ 8,936,862 | \$ 9,048,899 | \$ 8,797,454 | \$ 8,828,715 |
| Total primary government program revenues | \$ 11,576,588 | \$ 8,307,456 | \$ 8,860,947 | \$ 9,356,289 | \$ 9,658,271 | \$ 10,514,005 | \$ 10,231,387 | \$ 10,040,004 | \$ 9,897,154 |
| Net Revenue (Expense): | | | | | | | | | |
| Governmental activities | \$ 1,417,260 | \$ (3,386,389) | \$ (3,247,423) | \$ (4,384,366) | \$ (6,079,685) | \$ (5,883,048) | \$ (6,175,155) | \$ (6,093,442) | \$ (5,570,272) |
| Business-type activities | 599,030 | 663,845 | 765,458 | 1,064,906 | 1,158,967 | 1,051,521 | 1,569,612 | 1,519,693 | 845,635 |
| Total primary government net expense | \$ 2,016,290 | \$ (2,722,544) | \$ (2,481,965) | \$ (3,319,460) | \$ (4,920,718) | \$ (4,831,527) | \$ (4,605,543) | \$ (4,573,749) | \$ (4,724,637) |
| General revenues and other changes in net position | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Property Taxes | \$ 1,845,824 | \$ 2,235,927 | \$ 2,373,125 | \$ 2,610,837 | \$ 3,105,163 | \$ 3,093,542 | \$ 3,157,673 | \$ 3,233,735 | \$ 3,402,034 |
| Local option sales tax | 1,032,120 | 1,298,889 | 1,539,690 | 1,669,969 | 1,445,534 | 1,447,137 | 1,502,894 | 1,920,008 | 1,941,183 |
| Grants and contributions not restricted to specific programs | - | - | - | - | - | 273,805 | 299,708 | - | - |
| Other taxes and licenses | 311,098 | 52,117 | 72,437 | 33,408 | 344,671 | 38,686 | 31,045 | 34,332 | 32,517 |
| Investment Earnings | 29,757 | 349,180 | 256,525 | 267,674 | 53,082 | 11,967 | 17,851 | 12,146 | 8,580 |
| Miscellaneous | - | 128,090 | 244,646 | 103,642 | - | 721,519 | 758,425 | 276,508 | 196,763 |
| Transfers | 205,732 | 184,529 | (43,884) | 478,389 | 408,458 | 736,599 | 1,130,094 | 1,048,776 | 135,000 |
| Total governmental activities | \$ 3,424,531 | \$ 4,248,732 | \$ 4,442,539 | \$ 5,163,919 | \$ 5,356,908 | \$ 6,323,255 | \$ 6,897,690 | \$ 6,525,505 | \$ 5,716,077 |
| Business-type activity: | | | | | | | | | |
| Investment earnings, net of market adjustment | \$ 60,614 | \$ 87,869 | \$ 138,178 | \$ 275,925 | \$ 63,585 | \$ 15,680 | \$ 23,589 | \$ 16,593 | \$ 11,412 |
| Transfers | (205,732) | (184,529) | 43,884 | (478,389) | (408,458) | (736,599) | (1,130,094) | (1,048,776) | (135,000) |
| Total business-type activity | \$ (145,118) | \$ (96,660) | \$ 182,062 | \$ (202,464) | \$ (344,873) | \$ (720,919) | \$ (1,106,505) | \$ (1,032,183) | \$ (123,588) |
| Total primary government | \$ 3,279,413 | \$ 4,152,072 | \$ 4,624,601 | \$ 4,961,455 | \$ 5,012,035 | \$ 5,602,336 | \$ 5,791,185 | \$ 5,493,322 | \$ 5,592,489 |
| Change in net position | | | | | | | | | |
| Governmental activities | \$ 4,890,307 | \$ 978,522 | \$ 1,205,661 | \$ 930,902 | \$ (722,777) | \$ 440,672 | \$ 722,535 | \$ 432,063 | \$ 145,805 |
| Business-type activities | 453,912 | 566,185 | 947,520 | 862,442 | 814,094 | 330,602 | 463,107 | 487,510 | 722,047 |
| Total primary government | \$ 5,344,219 | \$ 1,544,707 | \$ 2,153,181 | \$ 1,793,344 | \$ 913,317 | \$ 771,274 | \$ 1,185,642 | \$ 919,573 | \$ 867,852 |

Note: Information for 2004 was not readily available during statement preparation.

Town of Winterville, North Carolina
FUND BALANCES, GOVERNMENTAL FUNDS
PRE GASB 54
(modified accrual basis of accounting)

Table 3

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | |
| Reserved | \$ 503,831 | \$ 466,470 | \$ 147,207 | \$ 930,844 | \$ 1,675,977 | \$ 1,148,964 |
| Unreserved | 16,194 | 22,696 | 28,545 | 694,494 | 1,459,018 | 1,474,100 |
| Total General Fund | \$ 520,025 | \$ 489,166 | \$ 175,752 | \$ 1,625,338 | \$ 3,134,995 | \$ 2,623,064 |
| All Other Governmental Funds | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | - | 1,624 | (7,071) | 4,448 | 16,206 | - |
| Capital projects funds | (12,535) | 560,295 | 530,942 | 2,661,438 | 200,603 | 688,253 |
| Total all other governmental funds | \$ (12,535) | \$ 561,919 | \$ 523,871 | \$ 2,665,886 | \$ 216,809 | \$ 688,253 |

Note: Information for 2004 was not readily available at statement preparation.
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 |
|---|---------------------|---------------------|---------------------|
| General Fund | | | |
| Nonspendable | \$ 33,133 | \$ 36,403 | \$ 73 |
| Restricted | 1,336,722 | 1,583,102 | 2,063,859 |
| Committed | 7,400 | 7,400 | - |
| Assigned | 67,680 | 18,000 | - |
| Unassigned | 2,287,824 | 2,978,107 | 3,289,582 |
| Total General Fund | \$ 3,732,759 | \$ 4,623,012 | \$ 5,353,514 |
| 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 Nine Fiscal Years
 (modified accrual basis of accounting)

Table 4

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | | | | | | |
| Ad valorem taxes | \$ 1,877,080 | \$ 2,235,909 | \$ 2,370,582 | \$ 2,585,436 | \$ 3,066,447 | \$ 3,086,185 | \$ 3,115,699 | \$ 3,275,421 | \$ 3,389,498 |
| Other taxes and licenses | 1,095,704 | 1,351,006 | 1,612,127 | 1,703,377 | 1,478,844 | 38,686 | 31,045 | 34,332 | 32,517 |
| Unrestricted intergovernmental | 247,514 | 349,180 | 256,525 | 267,674 | 311,361 | 1,720,942 | 1,802,602 | 1,920,008 | 1,941,183 |
| Restricted intergovernmental | 730,288 | 554,678 | 244,662 | 371,097 | 276,512 | 797,691 | 370,376 | 484,987 | 328,652 |
| Permits and fees | 37,794 | 61,595 | 10,545 | 8,308 | 7,770 | 3,730 | 4,488 | 2,899 | 2,100 |
| Sales and services | 419,017 | 421,105 | 544,019 | 587,743 | 544,782 | 666,741 | 804,929 | 724,513 | 734,140 |
| Investment earnings | 36,618 | 128,090 | 244,646 | 103,642 | 53,082 | 13,676 | 20,919 | 14,927 | 10,975 |
| Miscellaneous | 173,642 | 178,340 | 162,928 | 274,456 | 349,561 | 173,828 | 10,989 | 55,872 | 15,053 |
| TOTAL REVENUES | \$ 4,617,657 | \$ 5,279,903 | \$ 5,446,034 | \$ 5,901,733 | \$ 6,088,359 | \$ 6,501,479 | \$ 6,161,047 | \$ 6,512,959 | \$ 6,454,118 |
| EXPENDITURES | | | | | | | | | |
| General Government | \$ 1,122,694 | \$ 1,329,062 | \$ 1,369,073 | \$ 2,006,059 | \$ 4,130,732 | \$ 2,573,280 | \$ 2,302,452 | \$ 2,246,240 | \$ 1,737,272 |
| Public Safety | 900,240 | 1,571,043 | 1,662,237 | 1,541,222 | 1,713,040 | 2,354,913 | 1,595,926 | 1,678,150 | 1,838,331 |
| Transportation | 645,180 | 751,172 | 727,838 | 706,317 | 778,185 | 772,378 | 654,379 | 600,556 | 667,463 |
| Environmental Protection | 278,343 | 265,869 | 323,910 | 344,757 | 375,894 | 402,902 | 444,724 | 425,607 | 420,736 |
| Cultural and Recreation | 386,169 | 692,333 | 873,251 | 927,663 | 1,652,918 | 797,599 | 894,595 | 766,076 | 617,674 |
| Economic and Physical Development | 96,871 | 44,300 | 7,071 | 981 | - | - | - | - | - |
| Public Works | - | 23,128 | - | - | - | - | - | - | - |
| Vehicle Replacement | - | - | - | - | - | 307,117 | - | - | - |
| Reimbursement - Proprietary Funds | - | - | - | - | - | - | - | - | (202,708) |
| Debt Service: | | | | | | | | | |
| Principal retirement | 196,122 | 120,190 | 380,812 | 524,203 | 712,724 | 791,985 | 723,690 | 675,881 | 517,875 |
| Interest and Fees | 113,690 | 108,076 | 146,660 | 166,629 | 222,427 | 207,454 | 272,692 | 246,408 | 222,896 |
| Capital Outlay | 823,025 | 244,825 | 441,613 | 144,215 | 71,124 | 1,579,010 | - | - | - |
| TOTAL EXPENDITURES | \$ 4,562,334 | \$ 5,149,998 | \$ 5,932,465 | \$ 6,362,046 | \$ 9,657,044 | \$ 9,786,638 | \$ 6,888,458 | \$ 6,638,918 | \$ 5,819,539 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ 55,323 | \$ 129,905 | \$ (486,431) | \$ (460,313) | \$ (3,568,685) | \$ (3,285,159) | \$ (727,411) | \$ (125,959) | \$ 634,579 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Long Term Debt Issued | \$ 538,202 | \$ 1,218,937 | \$ 760,000 | \$ 2,229,230 | \$ 232,000 | \$ 2,310,990 | \$ - | \$ - | \$ - |
| Transfers in | 604,401 | 1,032,178 | 72,240 | 3,220,189 | 1,098,716 | 2,819,465 | 1,878,079 | 1,048,776 | 135,000 |
| Transfers out | (398,669) | (847,649) | (116,124) | (2,741,800) | (690,258) | (2,082,866) | (747,985) | - | - |
| Sale of capital assets | - | - | - | - | - | 66,693 | 18,759 | - | - |
| Total other financing sources (uses) | \$ 743,934 | \$ 1,403,466 | \$ 716,116 | \$ 2,707,619 | \$ 640,458 | \$ 3,114,282 | \$ 1,148,853 | \$ 1,048,776 | \$ 135,000 |

Town of Winterville, North Carolina
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------------|--------------|------------|--------------|----------------|--------------|------------|------------|------------|
| Net Change in Fund Balances | \$ 799,257 | \$ 1,533,371 | \$ 229,685 | \$ 2,247,306 | \$ (2,928,227) | \$ (170,877) | \$ 421,442 | \$ 922,817 | \$ 769,579 |
| Debt Services as a percentage of noncapital expenditures | 9% | 5% | 11% | 12% | 11% | 14% | 17% | 16% | 14% |

Note: Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Nine Fiscal Years
(modified accrual basis of accounting)

Table 5

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Beer and Wine Tax | Penalties/Interest | Total |
|--------------------|---------------------|------------------|----------------------|--------------------------|---------------------------|--------------|
| 2005 | \$ 1,866,823 | \$ 1,032,120 | \$ 136,804 | \$ 25,894 | \$ 10,257 | \$ 3,071,898 |
| 2006 | 2,227,012 | 1,298,889 | 223,461 | 30,662 | 8,897 | 3,788,921 |
| 2007 | 2,364,856 | 1,539,690 | 218,311 | 34,787 | 5,726 | 4,163,370 |
| 2008 | 2,576,874 | 1,669,969 | 227,675 | 37,736 | 8,562 | 4,520,816 |
| 2009 | 3,055,047 | 1,445,534 | 270,492 | 38,560 | 11,400 | 4,821,033 |
| 2010 | 3,069,850 | 1,447,137 | 258,488 | 12,764 | 16,335 | 4,804,574 |
| 2011 | 3,099,199 | 1,502,894 | 257,852 | 40,345 | 16,500 | 4,916,790 |
| 2012 | 3,255,662 | 1,619,870 | 258,177 | 40,463 | 19,759 | 5,193,931 |
| 2013 | 3,371,069 | 1,651,989 | 249,038 | 37,771 | 18,429 | 5,328,296 |

Note: Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6

| Fiscal Year Ended June 30 | Real Property | Personal Property | Total Taxes Levied For Fiscal Year | Property Valuation | Direct Tax Rate |
|------------------------------|---------------|-------------------|---------------------------------------|-----------------------|-----------------|
| 2004 | \$ 1,070,689 | \$ 204,804 | \$ 1,275,493 | \$ 283,442,889 | 0.45 |
| 2005 | 1,627,945 | 201,458 | 1,829,403 | 406,534,000 | 0.45 |
| 2006 | 1,941,762 | 249,968 | 2,191,730 | 487,050,947 | 0.45 |
| 2007 | 2,145,777 | 213,585 | 2,359,362 | 524,302,667 | 0.45 |
| 2008 | 2,285,774 | 276,758 | 2,562,532 | 569,444,889 | 0.45 |
| 2009 | 2,776,854 | 300,052 | 3,076,906 | 683,117,334 | 0.45 |
| 2010 | 2,810,386 | 279,384 | 3,089,770 | 686,615,556 | 0.45 |
| 2011 | 2,855,107 | 293,766 | 3,148,873 | 699,749,556 | 0.45 |
| 2012 | 2,895,892 | 344,019 | 3,239,911 | 719,980,222 | 0.45 |
| 2013 | 3,004,730 | 380,663 | 3,385,393 | 712,714,316 | 0.475 |

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every four years on average. The last county-wide revaluation occurred January 1, 2012. The county assesses property at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Town of Winterville, North Carolina
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Table 7

| Fiscal Year Ended June 30 | City Direct Rates | | | Overlapping Rates | | | | Total Direct and Overlapping Rates |
|---------------------------------|-------------------|-------------------------|--------------------|-------------------|----------------|--|------|---|
| | Basic Rate | Total Direct Rate | Rescue District | Fire District | County Rate | | | |
| 2004 | 0.45 | 0.45 | 0.04 | 0.025 | 0.680 | | 1.20 | |
| 2005 | 0.45 | 0.45 | 0.04 | 0.025 | 0.700 | | 1.22 | |
| 2006 | 0.45 | 0.45 | 0.04 | 0.025 | 0.700 | | 1.22 | |
| 2007 | 0.45 | 0.45 | 0.04 | 0.025 | 0.710 | | 1.23 | |
| 2008 | 0.45 | 0.45 | 0.04 | 0.025 | 0.665 | | 1.18 | |
| 2009 | 0.45 | 0.45 | 0.04 | 0.025 | 0.665 | | 1.18 | |
| 2010 | 0.45 | 0.45 | 0.04 | 0.025 | 0.665 | | 1.18 | |
| 2011 | 0.45 | 0.45 | 0.04 | 0.025 | 0.665 | | 1.18 | |
| 2012 | 0.45 | 0.45 | 0.046 | 0.044 | 0.680 | | 1.22 | |
| 2013 | 0.475 | 0.475 | 0.046 | 0.044 | 0.680 | | 1.25 | |

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 Nine Years Ago

Table 8

| | Fiscal Year 2013 | | | | Fiscal Year 2004 | | | |
|---|-----------------------|----------------------|------|-------------------------------|----------------------|------|-------------------------------|--|
| | Type of Business | Assessed Valuation | Rank | % of Total Assessed Valuation | Assessed Valuation | Rank | % of Total Assessed Valuation | |
| Sam's Real Estate Business Trust | Retail | \$ 5,712,218 | 1 | 0.80% | \$ 6,070,820 | 1 | 2.11% | |
| Winterville Machine Works, Inc | Manufacturer | 4,613,577 | 2 | 0.65% | 3,429,176 | 2 | 1.19% | |
| The Roberts Co Fabrication Services Inc | Manufacturer | 3,659,259 | 3 | 0.51% | 3,395,311 | 3 | 1.18% | |
| Winter Village LLC | Retail | 3,298,085 | 4 | 0.46% | 2,666,930 | 4 | 0.93% | |
| State Employees Credit Union | Financial Institution | 2,958,769 | 5 | 0.42% | | | | |
| J & S Firetower Property LLC | Retail | 2,518,078 | 6 | 0.35% | 1,647,210 | 7 | 0.57% | |
| Wintergreen Commercial Park LLC | Developer | 2,415,922 | 7 | 0.34% | | | | |
| Barfield G Properties LLC | Developer | 2,359,041 | 8 | 0.33% | | | | |
| James Hudson | Developer | 2,222,020 | 9 | 0.31% | | | | |
| The Roberts Company | Manufacturer | 2,113,390 | 10 | 0.30% | | | | |
| Speith, Alex | Developer | | | | 1,509,000 | 8 | 0.53% | |
| Speight, Joseph D. & Maxine A. | Developer | | | | 2,121,560 | 5 | 0.74% | |
| Pinewood Village Associates | Apartments | | | | 1,675,690 | 6 | 0.58% | |
| Blair Development Group, LLC | Developer | | | | 1,329,630 | 10 | 0.18% | |
| Harkit, LLC | Developer | | | | 1,365,130 | 9 | 0.48% | |
| Totals | | \$ 31,870,359 | | 4.47% | \$ 25,210,457 | | 8.50% | |

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

TOWN OF WINTERVILLE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | | Collected within the Fiscal Year of the Levy | | | | Total Collections to Date | | |
|-------------|--|-----------------------------|--|---------------------|------------------------|-----------------------------|-----------------------------|------------------------|-----------------------------|
| | Fiscal Year | Fiscal Year (Original Levy) | Adjustments | Total Adjusted Levy | Total Amount Collected | Percentage of Original Levy | Collections for Prior Years | Total Amount Collected | Percentage of Adjusted Levy |
| 2004 | | \$ 1,275,493 | \$ 16,674 | \$ 1,292,167 | \$ 1,254,253 | 98.33% | \$ 35,723 | \$ 1,289,976 | 97.07% |
| 2005 | | 1,829,403 | 6,809 | 1,836,212 | 1,787,712 | 97.72% | 45,845 | 1,833,557 | 97.36% |
| 2006 | | 2,191,730 | 6,427 | 2,198,157 | 2,142,254 | 97.74% | 52,060 | 2,194,314 | 97.46% |
| 2007 | | 2,359,362 | 70,055 | 2,429,417 | 2,353,266 | 99.74% | 69,302 | 2,422,568 | 96.87% |
| 2008 | | 2,562,502 | 23,542 | 2,586,044 | 2,513,791 | 98.10% | 65,462 | 2,579,253 | 97.21% |
| 2009 | | 3,076,906 | (2,878) | 3,074,028 | 2,967,451 | 96.44% | 100,155 | 3,067,606 | 96.53% |
| 2010 | | 3,072,771 | 16,999 | 3,089,770 | 2,996,993 | 97.53% | 78,286 | 3,075,279 | 97.00% |
| 2011 | | 3,158,640 | (9,767) | 3,148,873 | 3,039,049 | 96.21% | 95,642 | 3,107,506 | 96.51% |
| 2012 | | 3,232,937 | 6,974 | 3,239,911 | 3,140,640 | 97.15% | 61,995 | 3,202,635 | 96.94% |
| 2013 | | 3,386,316 | (923) | 3,385,393 | 3,290,981 | 97.18% | - | 3,290,981 | 97.21% |

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 | Total Primary Government | Personal Income | | | | |
| 2004 | \$ 37,357 | \$ 258,863 | \$ 1,588,538 | \$ 151,137 | \$ 30,485 | \$ 2,066,380 | \$ 4.47% | \$ 353 | | | |
| 2005 | - | 2,601,296 | 1,355,552 | - | - | 3,956,848 | 7.97% | 570 | | | |
| 2006 | - | 3,698,905 | 1,691,000 | - | - | 5,389,905 | 10.10% | 700 | | | |
| 2007 | - | 4,078,094 | 1,087,000 | 734,605 | - | 5,899,699 | 10.31% | 720 | | | |
| 2008 | - | 5,777,001 | 1,060,000 | 3,118,486 | - | 9,955,487 | 16.59% | 1,160 | | | |
| 2009 | - | 5,296,276 | 1,032,500 | 2,821,213 | - | 9,149,989 | 15.24% | 1,022 | | | |
| 2010 | - | 6,815,282 | 1,004,500 | 3,952,505 | - | 11,772,287 | 19.61% | 1,286 | | | |
| 2011 | - | 6,091,592 | 975,500 | 3,622,545 | - | 10,689,637 | 17.81% | 1,145 | | | |
| 2012 | - | 5,415,711 | 955,500 | 3,535,142 | - | 9,906,353 | 16.47% | 1,059 | | | |
| 2013 | - | 4,897,836 | 936,500 | 3,270,088 | - | 9,104,424 | 15.42% | 961 | | | |

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 |
|-------------------------------|-------------------------------------|---|-------------------|
| 2004 | \$ 1,588,538 | 0.6% | \$ 272 |
| 2005 | 1,355,552 | 0.3% | 195 |
| 2006 | 1,691,000 | 0.3% | 220 |
| 2007 | 1,087,000 | 0.2% | 133 |
| 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 |

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 | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Debt Limit, 8% of Assessed Value | \$ 22,971,858 | \$ 32,643,769 | \$ 39,078,337 | \$ 43,189,636 | \$ 45,974,116 | \$ 54,649,387 | \$ 54,929,244 | \$ 55,979,964 | \$ 57,598,418 | \$ 57,017,145 |
| Total net debt applicable to limit | 3,835,754 | 3,956,847 | 5,389,905 | 5,899,699 | 9,955,487 | 9,149,990 | 11,772,287 | 10,689,637 | 9,906,353 | 9,104,424 |
| Legal debt Margin | \$ 19,136,104 | \$ 28,686,922 | \$ 33,688,432 | \$ 37,289,937 | \$ 36,018,629 | \$ 45,499,397 | \$ 43,156,957 | \$ 45,290,327 | \$ 47,692,065 | \$ 47,912,721 |
| Total net debt applicable to the limit as a percentage of debt limit | 16.70% | 12.12% | 13.79% | 13.66% | 21.65% | 16.74% | 21.43% | 19.10% | 17.20% | 15.97% |

Legal Debt Margin Calculation for Fiscal Year Ending 2013

| | |
|-----------------------------------|----------------------|
| Assessed Value | \$ 712,714,316 |
| Debt Limit (8% of assessed value) | 57,017,145 |
| Debt applicable to limit: | |
| General Obligation Bonds | 936,500 |
| Installment Notes Payable | <u>8,167,924</u> |
| Legal Debt Margin | <u>\$ 47,912,721</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, 2013

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 | \$ 164,434,128 | 6.0% | \$ 9,825,301 |
| Subtotal, overlapping debt | | | \$ 9,825,301 |
| Total direct debt | | | \$ 4,897,836 |
| Total direct and overlapping debt | | | \$ 14,723,137 |

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 WINTERTVILLE, NORTH CAROLINA
ELECTRIC RATES
 Last Nine Fiscal Years
 (KC=1000 gallons)

| Type of Customer | Fiscal Year Ending | | | | | | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Small General Service | Facility Charge | 13.36 | 25.00 | 25.00 | 28.75 | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 |
| | Demand Rate per kW first 10kW | 1.53 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Demand Rate per kW over 10 kW | 4.23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Energy Rate per kWh first 3,000 kWh | 0.0836 | 0.0836 | 0.0836 | 0.0961 | 0.1153 | 0.1153 | 0.1153 | 0.1153 | 0.1153 |
| | Energy Rate per kWh over 3,000 kWh | 0.0755 | 0.0755 | 0.0755 | 0.0868 | 0.1042 | 0.1042 | 0.1042 | 0.1042 | 0.1042 |
| Medium General Service | Facility Charge | 0 | 13.36 | 13.36 | 15.36 | 18.43 | 18.43 | 18.43 | 18.43 | 18.43 |
| | Demand Rate per kW first 10kW | 0 | 1.53 | 1.53 | 1.76 | 2.11 | 2.11 | 2.11 | 2.11 | 2.11 |
| | Demand Rate per kW over 10 kW | 0 | 4.23 | 4.23 | 4.86 | 5.83 | 5.83 | 5.83 | 5.83 | 5.83 |
| | Energy Rate per kWh first 3,000 kWh | 0 | 0.0836 | 0.0836 | 0.0961 | 0.1153 | 0.1153 | 0.1153 | 0.1153 | 0.1153 |
| | Energy Rate per kWh over 3,000 kWh | 0 | 0.0755 | 0.0755 | 0.0868 | 0.1042 | 0.1042 | 0.1042 | 0.1042 | 0.1042 |
| Large General Service | Facility Charge | 255.00 | 250.00 | 250.00 | 250.00 | 287.50 | 345.00 | 345.00 | 345.00 | 345.00 |
| | Demand Rate per kW | \$250/mo + \$8.16 per kW for all kW | \$250/mo + \$8.16 per kW for all kW | \$250/mo + \$8.16 per kW for all kW | \$250/mo + \$9.38 per kW for all kW | \$250/mo + \$11.26 per kW for all kW | \$250/mo + \$11.26 per kW for all kW | \$250/mo + \$11.26 per kW for all kW | \$250/mo + \$11.26 per kW for all kW | \$250/mo + \$11.26 per kW for all kW |
| | Energy Rate per kWh | 0.0571 | 0.0571 | 0.0571 | 0.0657 | 0.0788 | 0.0788 | 0.0788 | 0.0788 | 0.0788 |
| Large General Service Temporary | Facility Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rate per kWh first 3,000 kWh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rate per kWh over 3,000 kWh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residential Service | Facility Charge | 9.29 | 9.29 | 9.29 | 10.68 | 12.82 | 12.82 | 12.82 | 12.82 | 12.82 |
| | Rate per kWh first 800 kWh | 0.0834 | 0.0834 | 0.0834 | 0.0959 | 0.1151 | 0.1151 | 0.1151 | 0.1151 | 0.1151 |
| | Rate per kWh over 800 kWh | 0.0778 | 0.0778 | 0.0778 | 0.0895 | 0.1074 | 0.1074 | 0.1074 | 0.1074 | 0.1074 |
| Outdoor Lighting | 70W Sodium Vapor | 8.97 | 10.5 | 10.5 | 12.08 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 |
| | 100W Sodium Vapor | 12.00 | 12.00 | 12.00 | 13.8 | 16.56 | 16.56 | 16.56 | 16.56 | 16.56 |
| | 150W Sodium Vapor | 13.02 | 13.02 | 13.02 | 14.97 | 17.96 | 17.96 | 17.96 | 17.96 | 17.96 |
| | 250W Sodium Vapor | 17.09 | 17.09 | 17.09 | 19.65 | 23.58 | 23.58 | 23.58 | 23.58 | 23.58 |
| | 400W Sodium Vapor | 25.9 | 25.9 | 25.9 | 29.79 | 35.79 | 35.79 | 35.79 | 35.79 | 35.79 |
| | 1000W Sodium Vapor | 41.98 | 41.98 | 41.98 | 48.28 | 57.94 | 57.94 | 57.94 | 57.94 | 57.94 |
| | Wood Pole Underground Service | 0.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| <150 ft. Underground Service | 0.00 | 85.00 | 85.00 | 85.00 | 85.00 | 85.00 | 85.00 | 85.00 | 85.00 | |
| >150 ft. Underground Service | 0 | \$85 + \$3.00/ft. | \$85 + \$3.00/ft. | \$85 + \$3.00/ft. | \$85 + \$3.00/ft. | |
| >150 ft. | 0 | >150 ft. | >150 ft. | >150 ft. | >150 ft. | |

Note: Information for 2004 was not readily available at statement preparation

TOWN OF WINTERVILLE, NORTH CAROLINA
WATER, SEWER AND STORMWATER RATES
 Last Nine Fiscal Years
 (kG=1000 gallons)

Table 15

| Type of Customer | Fiscal Year Ending | | | | | | | | | | | | | | | | | |
|------------------|---------------------|-----|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | |
| Water | Monthly Base | In | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 9.60 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 | \$ 11.52 |
| | Rate (3kG) | Out | \$ 16.00 | \$ 16.00 | \$ 16.00 | \$ 16.00 | \$ 19.20 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 | \$ 23.04 |
| | Rate per 1kG | In | \$ 1.25 | \$ 1.25 | \$ 1.25 | \$ 1.25 | \$ 1.44 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 |
| Sewer | Rate for next 17 kG | Out | \$ 2.50 | \$ 2.50 | \$ 2.50 | \$ 2.50 | \$ 3.00 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 | \$ 3.60 |
| | Rate per 1kG | In | \$ 1.10 | \$ 1.10 | \$ 1.10 | \$ 1.10 | \$ 1.27 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 | \$ 1.58 |
| | Rate for over 20kG | Out | \$ 2.20 | \$ 2.20 | \$ 2.20 | \$ 2.20 | \$ 2.64 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 | \$ 3.17 |
| Stormwater | Monthly Base | In | \$ 13.24 | \$ 15.89 | \$ 16.21 | \$ 16.21 | \$ 19.45 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 | \$ 23.34 |
| | Rate (3kG) | Out | \$ 26.48 | \$ 31.78 | \$ 38.14 | \$ 38.14 | \$ 45.77 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 | \$ 54.92 |
| | Rate per 1kG | In | \$ 4.09 | \$ 4.91 | \$ 5.89 | \$ 5.89 | \$ 7.07 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 | \$ 8.48 |
| Stormwater | Rate for next 17 kG | Out | \$ 8.18 | \$ 9.82 | \$ 11.78 | \$ 11.78 | \$ 14.14 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 | \$ 16.97 |
| | Rate per 1kG | In | \$ 3.35 | \$ 4.02 | \$ 4.82 | \$ 4.82 | \$ 5.78 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 | \$ 6.94 |
| | Rate for over 20kG | Out | \$ 6.70 | \$ 8.04 | \$ 8.20 | \$ 8.20 | \$ 9.84 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 | \$ 11.81 |
| Stormwater | Monthly Base | In | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| | Rate (3kG) | Out | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| | Rate per 1kG | In | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| Stormwater | Rate for next 17 kG | Out | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| | Rate per 1kG | In | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| | Rate for over 20kG | Out | \$ - | \$ - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |

Note: Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 16

| Fiscal Year | Population (1) | County Personal Income (2) (in thousands) | Per Capita Personal Income (2) | County School Enrollment (3) | County Unemployment Rate Percentage (4) |
|--------------------|-----------------------|--|---------------------------------------|-------------------------------------|--|
| 2004 | 5,850 | \$ 46,272 | \$ 27,561 | 21,217 | 5.7 |
| 2005 | 6,942 | \$ 49,650 | \$ 28,458 | 21,592 | 5.8 |
| 2006 | 7,698 | \$ 53,374 | \$ 29,430 | 22,116 | 5.2 |
| 2007 | 8,192 | \$ 57,217 | \$ 30,178 | 22,609 | 5.1 |
| 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 | \$ 69,024 | \$ 34,324 | 23,386 | 10.6 |
| 2013 | 9,471 * | * | * | 23,495 | 9.6 |

* information not yet available

Sources:

- (1) Provided by the North Carolina Office of State Planning
- (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
- (4) Provided by annual average for Pitt County reported by N.C. Employment Security Commission

Town of Winterville, North Carolina
PRINCIPAL EMPLOYERS
June 30, 2013

Table 17

| Employer | Employees | Rank | Percentage of Total Town Employment |
|-----------------------------------|--------------|------|---|
| Roberts Company | 832 | 1 | 9.72% |
| Pitt Community College | 445 | 2 | 5.20% |
| North Carolina Driving School | 165 | 3 | 1.93% |
| Sam's Club | 160 | 4 | 1.87% |
| Pitt County Schools | 143 | 5 | 1.67% |
| ONLINE Information Services, Inc. | 108 | 6 | 1.26% |
| Regional Acceptance Corporation | 95 | 7 | 1.11% |
| Chik-fil-A | 65 | 8 | 0.76% |
| Winterville Machine Works | 64 | 9 | 0.75% |
| Town of Winterville | 58 | 10 | 0.68% |
| Total | 2,135 | | 24.94% |

Source: Staff contact with employers.

Note: Information for 2004 was not readily available for statement preparation.

Town of Winterville, North Carolina
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Nine Fiscal Years

Table 18

| Function/Program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|-----------|-------------|-------------|-------------|-------------|-----------|-------------|-----------|-----------|
| Central government | | | | | | | | | |
| Administration | 1 | 1 | 1 | 3 | 2 | 3 | 2 | 1 | 2 |
| Finance | 5 | 5 | 5 | 7 | 6 | 6 | 6 | 6 | 6 |
| Town Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 |
| Planning | 2 | 2 | 2 | 3 | 4 | 4 | 3 | 2 | 3 |
| Transportation | | | | | | | | | |
| Streets and Highways | 5.5 | 5.5 | 5 | 5 | 4 | 4.5 | 3.5 | 3.5 | 3.5 |
| Public Safety | | | | | | | | | |
| Sworn Officers | 15 | 17 | 17 | 20 | 19 | 20 | 19 | 18 | 18 |
| Civilians | 1 | 1.5 | 1.5 | 1.5 | 1.5 | 1 | 1.5 | 1.5 | 1 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Refuse collection | 5.5 | 5.5 | 5 | 5 | 4 | 4.5 | 3.5 | 3.5 | 3.5 |
| Economic and physical development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cultural and recreation | 2 | 2 | 3 | 3 | 4 | 5 | 5 | 3 | 4 |
| Operation Support | | | | | | | | | |
| Electric operations | 11 | 13 | 12 | 14 | 13 | 11 | 10 | 8.5 | 9 |
| Water | 3 | 6 | 6 | 5 | 5 | 5 | 4 | 3 | 4 |
| Sewer | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Information Technology | 0 | 0 | 0 | 0 | 1 | 2 | 2 | 2 | 2 |
| TOTAL | 55 | 62.5 | 61.5 | 71.5 | 70.5 | 73 | 64.5 | 58 | 62 |

Source: Town Human Resource Department
 Note: Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Table 19

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------------|------|------|------|------|------|------|---------|---------|---------|---------|
| Police | | | | | | | | | | |
| Physical arrests | N/A | N/A | N/A | N/A | N/A | N/A | 223 | 363 | 330 | 333 |
| Traffic Violations | N/A | N/A | N/A | N/A | N/A | N/A | 4,761 | 3,313 | 4,407 | 3,959 |
| Fire | | | | | | | | | | |
| Number of calls answered | N/A | N/A | N/A | N/A | N/A | N/A | 512 | 426 | 384 | 380 |
| Inspections | N/A | N/A | 382 | 230 |
| Building Inspections | | | | | | | | | | |
| New construction permits | N/A | N/A | N/A | N/A | N/A | N/A | 39 | 29 | 30 | 26 |
| Highways and Streets | | | | | | | | | | |
| Street Resurfacing | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 4 | - | 8 |
| Potholes Repaired | N/A | N/A | N/A | N/A | N/A | N/A | 57 | 65 | 12 | 75 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | N/A | N/A | N/A | N/A | N/A | N/A | 7 | 10 | 7 | 7 |
| Recyclables collected (tons/day) | N/A | N/A | N/A | N/A | N/A | N/A | 2 | 3 | 2 | 2 |
| Culture and Recreation | | | | | | | | | | |
| Athletic field permits issued | N/A | N/A | N/A | N/A | N/A | N/A | 47 | 3 | - | - |
| Community center admissions | N/A | N/A | N/A | N/A | N/A | N/A | 52 | N/A | N/A | N/A |
| Water | | | | | | | | | | |
| New Connections | N/A | N/A | N/A | N/A | N/A | N/A | 23 | 25 | 27 | 11 |
| Water main breaks | N/A | N/A | N/A | N/A | N/A | N/A | 2 | - | - | - |
| Average daily consumption (millions) | N/A | N/A | N/A | N/A | N/A | N/A | 601,524 | 605,429 | 581,787 | 545,666 |
| Number of customers | N/A | N/A | N/A | N/A | N/A | N/A | 3,753 | 3,778 | 3,764 | 3,775 |
| Wastewater | | | | | | | | | | |
| New Connections | N/A | N/A | N/A | N/A | N/A | N/A | 23 | 23 | 23 | 18 |
| Average daily sewage treatment | N/A | N/A | N/A | N/A | N/A | N/A | 536,067 | 538,832 | 558,949 | 495,300 |
| Number of customers | N/A | N/A | N/A | N/A | N/A | N/A | 3,413 | 3,436 | 3,432 | 3,450 |

Source: Various departments
Notes: (1) Operating indicators by function for 2004-2009 were not readily available for statement purposes.
(2) Information for 2004 was not readily available at statement preparation.

Town of Winterville, North Carolina
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Table 20

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | N/A | N/A | N/A | N/A | N/A | 19 | 19 | 19 | 19 | 19 |
| Fire Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sanitation | | | | | | | | | | |
| Collection Trucks | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Highways and Streets | | | | | | | | | | |
| Streets (miles) | N/A | N/A | N/A | N/A | N/A | 41.77 | 42.23 | 42.91 | 42.24 | 43.66 |
| Highways (miles) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Streetlights | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Traffic signals | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parks and Recreation | | | | | | | | | | |
| Park Acreage | N/A | N/A | N/A | N/A | N/A | 24 | 30 | 30 | 30 | 30 |
| Tennis Court | N/A | N/A | N/A | N/A | N/A | 0 | 2 | 2 | 2 | 2 |
| Playgrounds | N/A | N/A | N/A | N/A | N/A | 3 | 3 | 3 | 3 | 3 |
| Baseball/Softball Diamonds | N/A | N/A | N/A | N/A | N/A | 4 | 5 | 6 | 6 | 6 |
| Soccer/football | N/A | N/A | N/A | N/A | N/A | 3 | 3 | 3 | 3 | 3 |
| Community Centers | N/A | N/A | N/A | N/A | N/A | 0 | 0 | 0 | 0 | 0 |
| Water | | | | | | | | | | |
| Water Mains (miles) | N/A | N/A | N/A | N/A | N/A | 59 | 59 | 63.63 | 63.82 | 63.82 |
| Fire Hydrants | N/A | N/A | N/A | N/A | N/A | 305 | 305 | 383 | 384 | 384 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | N/A | N/A | N/A | N/A | N/A | 55 | 55 | 60.74 | 61.22 | 61.22 |
| Storm water pipe | N/A | N/A | N/A | N/A | N/A | 33.3 | 33.3 | 33 | 33.28 | 33.28 |

Source: Various Town Departments.

Notes: (1) Capital Asset indicators for 2004-2008 were not readily available for statement preparation.

(2) The Town of Winterville does not treat its own Waste water; it is sent to CMSD which has a capacity of 2.85 million gallons per day.



COMPLIANCE SECTION





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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Winterville's basic financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

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

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'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.

Carly Riggs & Ingram, L.L.C.

Williamston, North Carolina

November 18, 2013

Town of Winterville, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2013

Finding: 12-1

Status: Corrected.