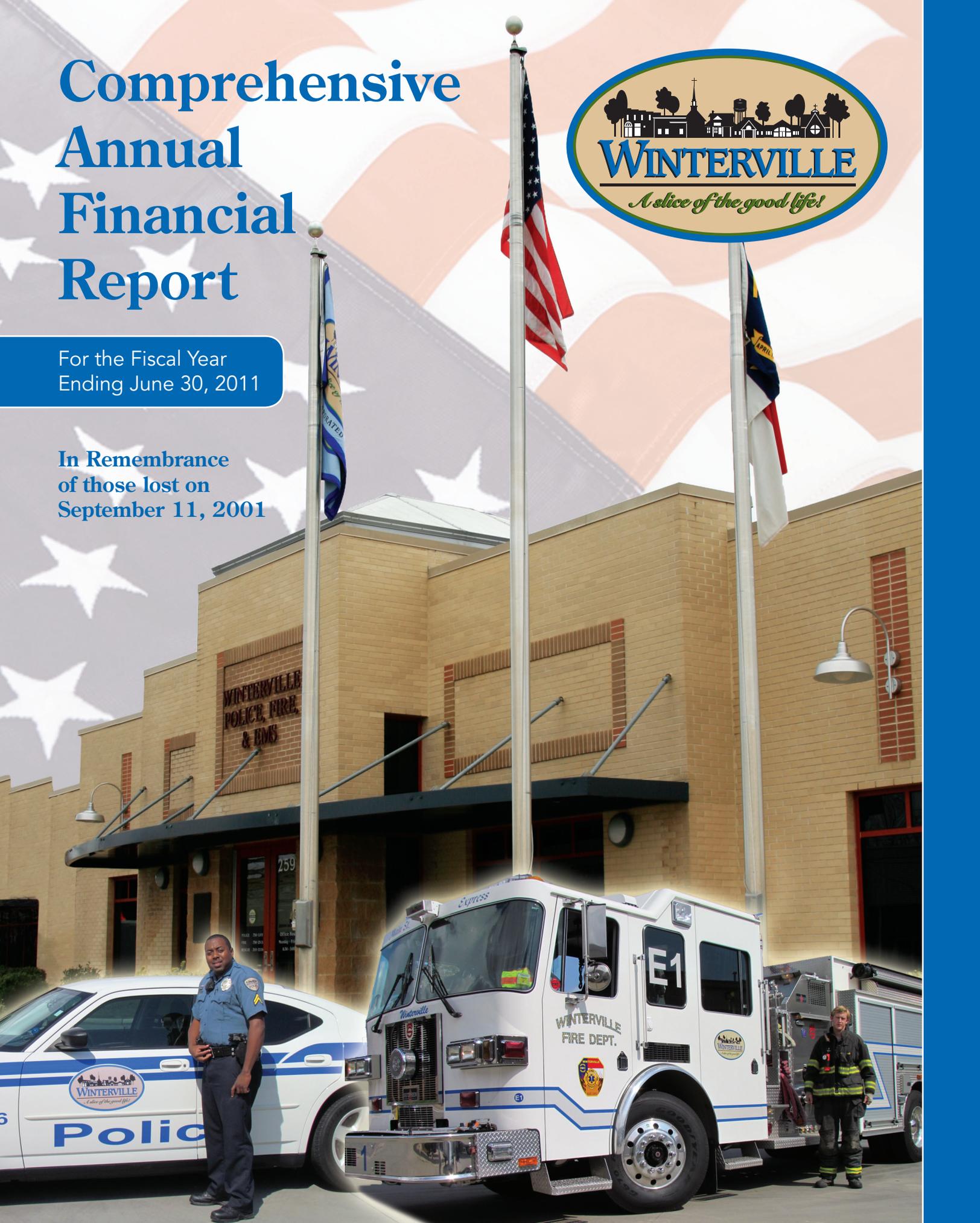


Comprehensive Annual Financial Report

For the Fiscal Year
Ending June 30, 2011

In Remembrance
of those lost on
September 11, 2001



COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF WINTERVILLE, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2011

Anthony Bowers
Finance Director



WINTERVILLE

A slice of the good life!

Town of Winterville, North Carolina

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Town of Winterville, North Carolina

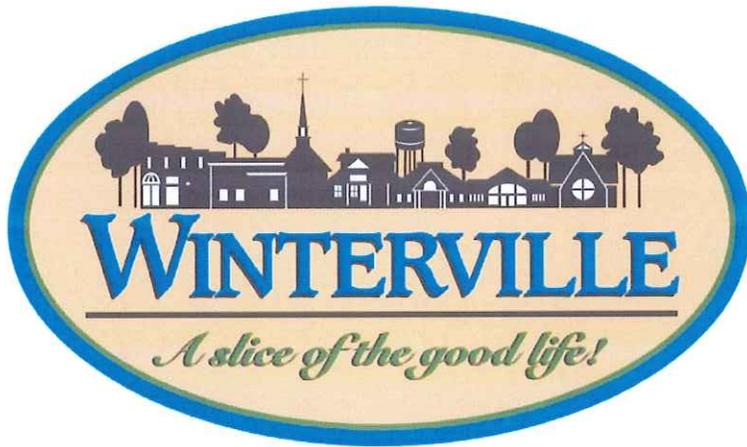
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INTRODUCTORY SECTION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Winterville
North Carolina

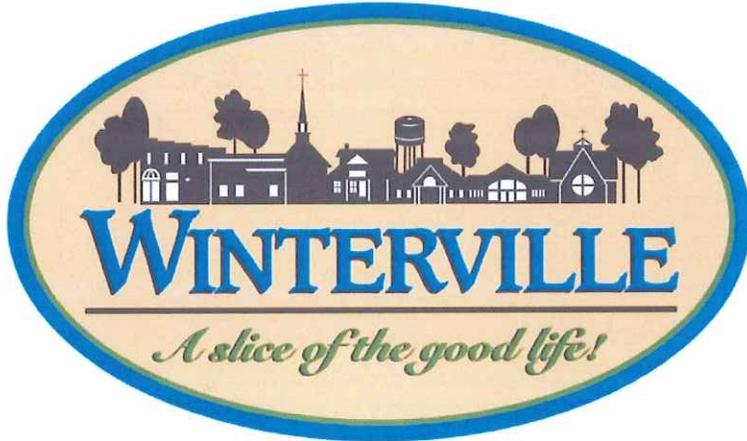
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



WINTERVILLE

A slice of the good life!

Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Tony P. Moore – Mayor Pro-Tem

J.T. Crawford

Johnny L. Moye

Veronica W. Roberson

Mark Smith

Town Manager

Terri Parker-Eakes

Finance Director

Anthony Bowers

Town Clerk

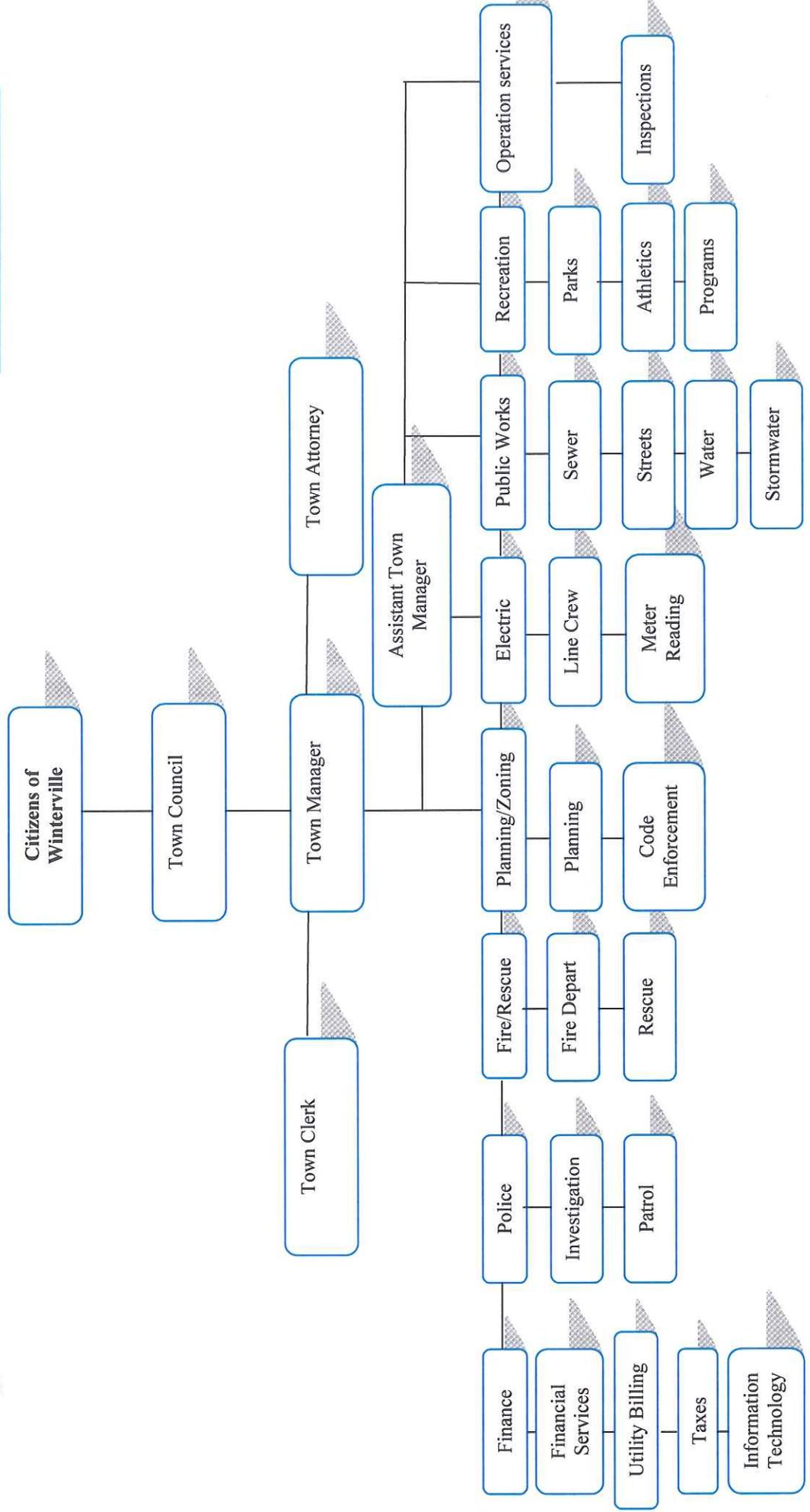
Jasman Smith

Town Attorney

E. Keen Lassiter



Town of Winterville, North Carolina Organization Chart







2571 Railroad Street
PO Box 1459
Winterville, NC 28590

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

October 27, 2011

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 second Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30th, 2011. 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 Pittard, Perry, & Crone, Inc. to audit the Town's financial statements. Pittard, Perry, & Crone, Inc. has issued an unqualified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2011.

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 *Government Auditing Standards*, 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 follow the independent auditor's report and provide 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 are 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 9,339 as of June 30th, 2011.

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, and 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 a 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 33,000 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 8,500 students, and 900 staff and faculty members. This year the college had a growth rate that is lower than normal. They had a growth rate of .54 percent from the prior year.

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 25 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 tremendous growth in the past 5 years due to several economic drivers. 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 10.8 percent. The population for Pitt County is 168,148 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 value of these improvements was 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 CMSD (Contentnea Metropolitan Sewage District). 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 our "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.

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 utilized 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 also adopted Cash Management, Debt Service and Fund Balance policies in the past year.

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 6.45% of earnings for employees not engaged in law enforcement and 6.41% for law enforcement officers for the period of July 1, 2010 to June 30th, 2011. 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 participant 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 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 Pittard, Perry & Crone, Inc. We would also like to thank the Mayor and Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

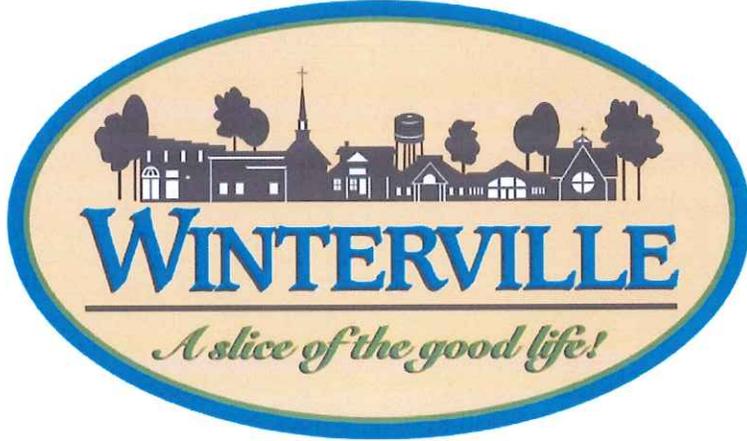
Respectfully submitted,

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

Anthony Bowers
Finance Director



FINANCIAL SECTION



WINTERVILLE

A slice of the good life!

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winterville, North Carolina as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Winterville, North Carolina's management. Our responsibility is to express 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winterville, North Carolina as of June 30, 2011, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011 on our consideration of Town of Winterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 66 through 70, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Member: North Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants

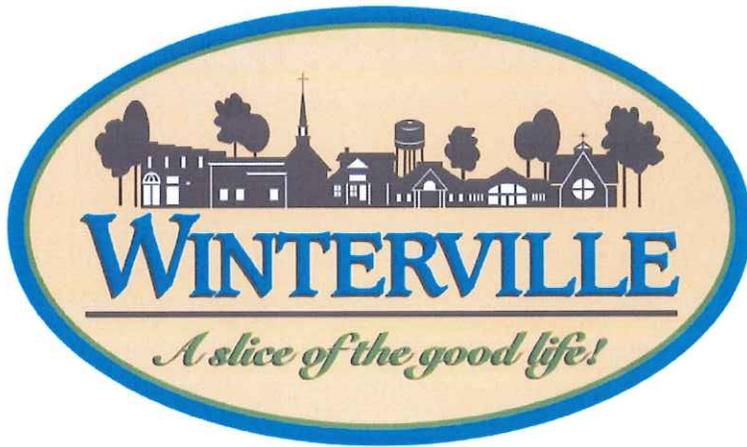
To the Honorable Mayor and Members
of the Town Council
Town of Winterville, North Carolina
Page 2

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Winterville, North Carolina. The introductory section, combining and 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 combining and individual fund statements, budgetary schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

Pittard Perry & Crone, Inc.

Williamston, North Carolina
October 27, 2011

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, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

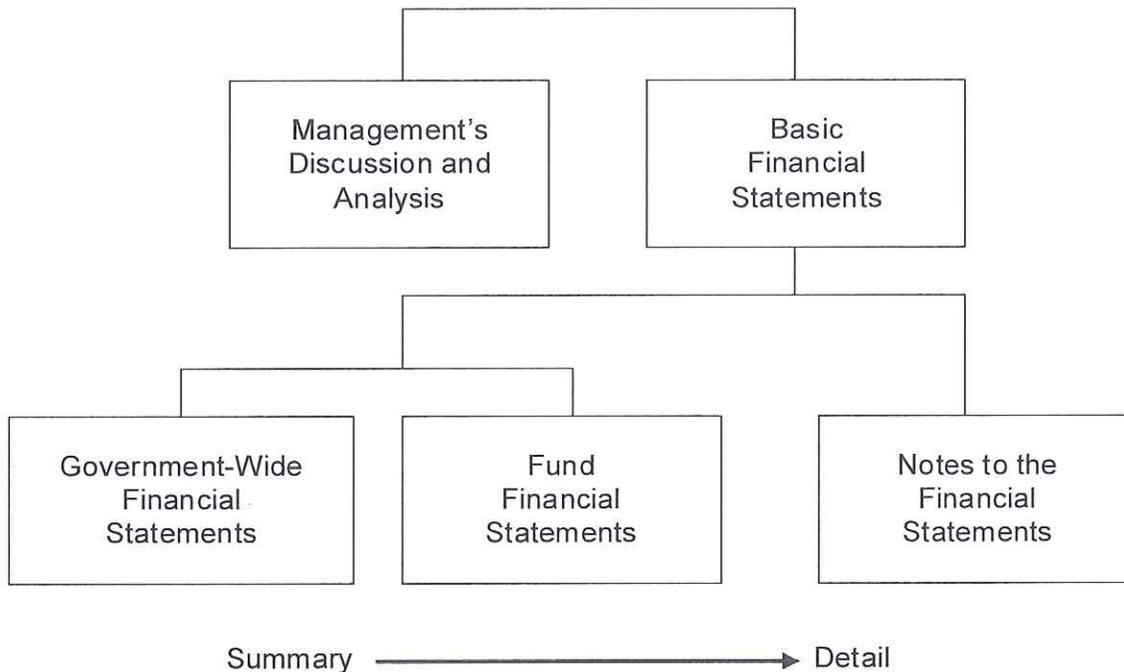
- The assets of the Town of Winterville exceeded its liabilities at the close of the fiscal year by \$34,363,779.
- The government's total net assets increased by \$1,185,642, due to increases in both governmental and business-type activities.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,732,759, with a net change of \$421,442 in fund balance. Approximately 36.70 percent of this total amount, or \$1,369,855, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,287,824, or 33.21 percent of total General Fund expenditures for the fiscal year.
- The Town did not acquire any additional long-term debt during the fiscal year.
- The reduction of spending reduced the need for additional external capital.
- Long-Term Liabilities for governmental activities were reduced in the net amount of \$627,234.
- Business type activities saw a net reduction in long-term liabilities in the amount of \$332,463.

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 net assets and how they have changed. Net assets are the difference between the total assets and total liabilities. Measuring net assets is one way to gage the Town's financial condition.

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

The government-wide financial statements are on Exhibits 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 him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 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 66 of this report.

Government-Wide Financial Analysis

The Town of Winterville's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 4,279,517	\$ 3,771,544	\$ 5,265,233	\$ 5,073,671	\$ 9,544,750	\$ 8,845,215
Capital assets	26,223,520	26,559,179	10,393,214	10,488,672	36,616,734	37,047,851
Total assets	30,503,037	30,330,723	15,658,447	15,562,343	46,161,484	45,893,066
Long-term liabilities outstanding	5,747,571	6,322,879	4,363,362	4,637,747	10,110,933	10,960,626
Other liabilities	1,162,174	1,137,087	524,598	617,216	1,686,772	1,754,303
Total liabilities	6,909,745	7,459,966	4,887,960	5,254,963	11,797,705	12,714,929
Net Assets:						
Invested in capital assets, net of related debt	20,131,928	19,743,897	5,795,169	5,531,667	25,927,097	25,275,564
Restricted	1,344,122	524,194	-	-	1,344,122	524,194
Unrestricted	2,117,242	2,602,666	4,975,318	4,775,713	7,092,560	7,378,379
Total net assets	<u>\$ 23,593,292</u>	<u>\$ 22,870,757</u>	<u>\$ 10,770,487</u>	<u>\$ 10,307,380</u>	<u>\$ 34,363,779</u>	<u>\$ 33,178,137</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Winterville exceeded liabilities by \$34,363,779 as of June 30, 2011. The Town's net assets increased by \$1,185,642 for the fiscal year ended June 30, 2011. However, the largest portion of net assets (75.45%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire or construct those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets are reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Winterville's net assets, which totals \$1,344,122, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,092,560 is unrestricted.

Management's Discussion and Analysis
Town of Winterville

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.91% on real property and 82.96% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 96.51%, which is a slight decrease from the previous year's collection percentage of 97.00%.
- Current year property tax collections increased to \$3,039,049, which is up from \$2,996,993 in 2010.
- The Town of Winterville had a net tax base, after discoveries and abatements, of \$699,749,556 as of June 30, 2011.

The Town of Winterville's Changes in Net Assets

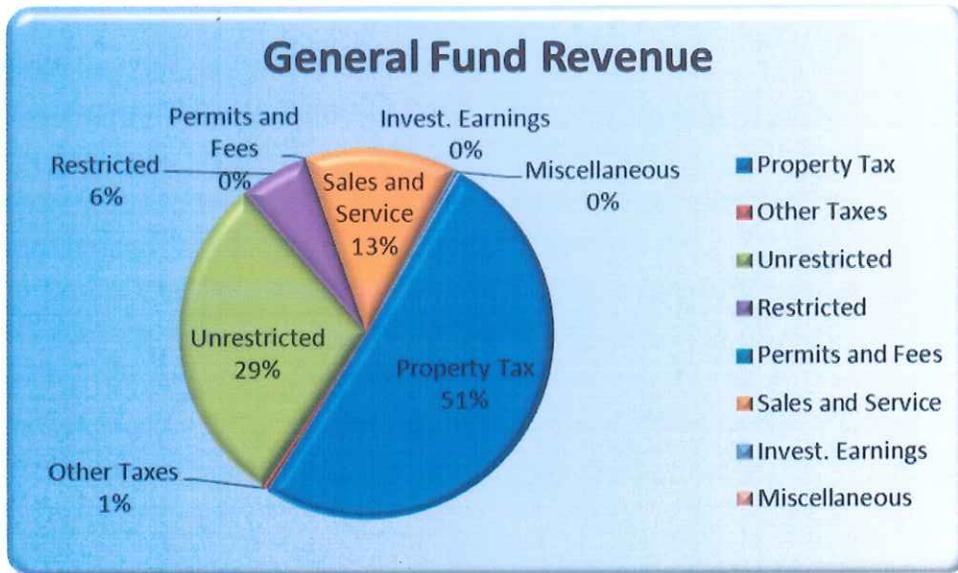
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 809,044	\$ 664,503	\$ 9,015,800	\$ 8,355,978	\$ 9,824,844	\$ 9,020,481
Operating grants and contributions	373,444	412,640	33,099	80,884	406,543	493,524
Capital grants and contribution	-	500,000	-	500,000	-	-
General Revenues:						
Property taxes	3,157,673	3,093,542	-	-	3,157,673	3,093,542
Other taxes and licenses	31,045	38,686	-	-	31,045	38,686
Grants and contributions not restricted to specific programs	1,802,602	1,720,942	-	-	1,802,602	1,720,942
Investment earnings	17,851	11,967	23,589	15,680	41,440	27,647
Other	758,425	721,984	-	-	1,480,409	721,984
Total revenues	<u>6,950,084</u>	<u>7,164,264</u>	<u>9,072,488</u>	<u>8,952,542</u>	<u>16,744,556</u>	<u>15,116,806</u>
Expenses:						
General government	2,552,572	2,687,929	-	-	2,552,572	2,687,929
Public safety	1,794,701	1,883,985	-	-	1,794,701	1,883,985
Transportation	1,299,618	1,381,524	-	-	1,299,618	1,381,524
Environmental protection	444,724	402,902	-	-	444,724	402,902
Cultural and recreation	961,253	896,397	-	-	961,253	896,397
Interest expense	304,775	207,454	-	-	304,775	207,454
Electric	-	-	5,366,691	5,232,429	5,366,691	5,232,429
Water	-	-	556,616	778,832	556,616	778,832
Sewer	-	-	1,439,662	1,804,362	1,439,662	1,804,362
Stormwater	-	-	116,318	69,718	116,318	69,718
Total expenses	<u>7,357,643</u>	<u>7,460,191</u>	<u>7,479,287</u>	<u>7,885,341</u>	<u>14,836,930</u>	<u>15,345,532</u>
Increase (decrease) in net assets before transfers	(407,559)	(295,927)	1,593,201	1,067,201	1,185,642	771,274
Transfers	<u>1,130,094</u>	<u>736,599</u>	<u>(1,130,094)</u>	<u>(736,599)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>722,535</u>	<u>440,672</u>	<u>463,107</u>	<u>330,602</u>	<u>1,185,642</u>	<u>771,274</u>
Net assets, July 1	<u>22,870,757</u>	<u>22,430,085</u>	<u>10,307,380</u>	<u>9,976,778</u>	<u>33,178,137</u>	<u>32,406,863</u>
Net assets, June 30	<u>\$ 23,593,292</u>	<u>\$ 22,870,757</u>	<u>\$ 10,770,487</u>	<u>\$ 10,307,380</u>	<u>\$ 34,363,779</u>	<u>\$ 33,178,137</u>

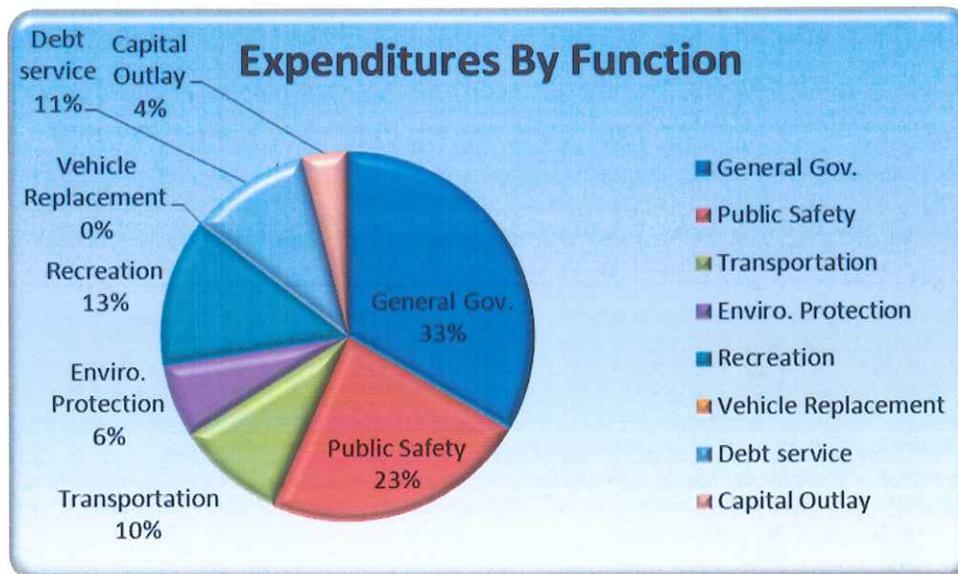
Governmental Activities: Governmental activities increased the Town's net assets by \$722,535 thereby accounting for 60.9% of the total growth in the net assets of the Town of Winterville. The key elements of this increase is as follows:

- Increase in transfers
- A reduction in spending

General Fund Revenue By Source:

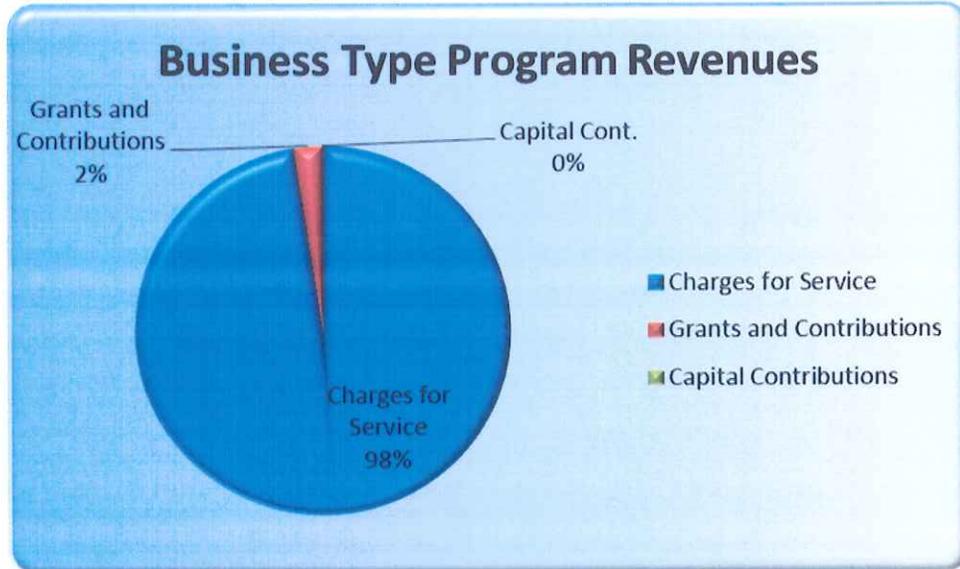


General Fund Expenditures By Function:



Business-Type Activities: Business-type activities increased the Town's net assets by \$463,107 accounting for 39.1% of the total growth in the government's net assets. Key elements of this increase are as follows:

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

The General Fund is the chief operating fund of the Town of Winterville. At the end of the current fiscal year, Town of Winterville's fund balance available in the General Fund was \$3,135,387, while total fund balance reached \$3,732,759. 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. The 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 45.32% of general fund expenditures, while total fund balance represents 54.10% of the same amount.

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.

Management's Discussion and Analysis
Town of Winterville

Budgeted expenditure appropriations rose during the year by \$474,432 to \$7,647,144 which is still a decrease of \$1,954,579 from the 2010 fiscal year. The largest budget amendment was for \$250,971. This amendment addressed encumbrances from the prior year. The budget amendment allowed for purchases of IT equipment, and funding for the Town's financial software suite. The budgeted revenues in the General Fund increased by \$190,876 during the fiscal year. The majority of which was due to an increase in sales and use tax collections exceeding expectations. The Town of Winterville had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$1,490,400), a decrease of \$1,624,177 from the 2010 fiscal year. Total budgeted operating transfers in from the proprietary funds totaled \$1,130,094.

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 \$500,000. This was the result of a colder than normal winter, and hotter than normal summer, thus increasing the demand for electricity. Expenditures in the Electric Fund increased by \$101,957. Revenues exceeded expenditures by \$912,880. Net income of the Electric Fund for 2011 was \$617,952 up from \$274,988 in 2010. This is a net increase of \$342,964.

Revenues in the Water Fund exceeded expenditures by \$189,637 before transfers. The Town's changes in net assets increased from (\$135,854) in 2010 to \$19,875 in 2011.

Sewer Fund sales increased \$66,505 from last year to generate sales totaling \$1,709,549. Revenues in the Sewer Fund exceeded expenditures by \$332,618 before transfers. The net income for the Sewer Fund decreased from \$133,600 in 2010 to (\$9,719) in 2011.

Stormwater Fund did not recognize any revenues from sales this year due to the fact that the fee has been suspended. This fee is scheduled to start back for the 2012-2013 fiscal year. Operations were funded with retained earnings.

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, 2011 totaled \$36,616,734 (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 2011 fiscal year.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and construction in progress	\$ 3,508,294	\$ 3,392,359	\$ 193,598	\$ 154,013	\$ 3,701,892	\$ 3,546,372
Distribution and treatment systems	-	-	9,929,748	10,042,214	9,929,748	10,042,214
Buildings	4,984,525	5,207,372	188,002	193,348	5,172,527	5,400,720
Infrastructure	15,949,599	15,993,675	-	-	15,949,599	15,993,675
Software	249,328	207,891	-	-	249,328	207,891
Equipment and vehicles	1,531,774	1,757,882	81,866	99,097	1,613,640	1,856,979
Total	\$ 26,223,520	\$ 26,559,179	\$ 10,393,214	\$ 10,488,672	\$ 36,616,734	\$ 37,047,851

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

Long-Term Debt. As of June 30, 2011, the Town of Winterville had bonded and secured debt outstanding of \$10,689,637. Of this, \$975,500 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ -	\$ -	\$ 975,500	\$ 1,004,500	\$ 975,500	\$ 1,004,500
Installment purchases	6,091,592	6,815,282	3,622,545	3,952,505	9,714,137	10,767,787
Total	<u>\$ 6,091,592</u>	<u>\$ 6,815,282</u>	<u>\$ 4,598,045</u>	<u>\$ 4,957,005</u>	<u>\$ 10,689,637</u>	<u>\$ 11,772,287</u>

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 \$45,290,327.

Additional information regarding the Town of Winterville's long-term debt can be found in Note E.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 only increased .1% from 2010 to 2011 as a result of stalled development and the overall state of the economy.
- The population growth has decreased from an average annual growth rate of 10% per year to a growth rate of 2%.
- The total number of utility customers has increased by an estimated 27 customers that figure is down from 35 customers for the previous year, and 46 for 2009 FY.
- The utilities are anticipating a combined increase in revenues from sales in the amount of \$96,150.
- Next year's budget will have to address the following issues:
 - Sales and Use Tax are expected to level off and stabilize with revenues remaining flat.
 - The General Fund will see a large increase in direct transfers from the enterprise funds.
 - Due to the Town Fire Department ending its partnership with the County the budget for the Fire Department will increase its budget in the amount of \$120,325.
 - The Town has not funded the assistant Town Manager position, and has frozen three other positions as well.
 - The Water Fund will use debt proceeds for funding it's only major capital project in the amount of \$189,000. The project includes control panels, and injectors for ammonia injection system needed to meet state requirements.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities – The annual budget for the General Fund is \$6,351,356 for the 2011-2012 fiscal year. The taxable property value \$640,884,504 increased from \$635,453,916. The tax rate will remain at 45 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$457,656.

Business-Type Activities - The total Electric Fund budget for the 2011-2012 fiscal year is \$6,122,900. The purchase of power from Progress Energy is budgeted in the amount of \$3,574,021. Also, the Electric Department will include an appropriation of \$223,467 for services provided by General Fund and \$135,329 as a straight contribution.

The Water Fund has a budget of \$929,976 that is up from the 2010-2011 budget, which was \$898,115 a difference of \$31,861. The Water Fund has an appropriation of \$232,619 for upgrading Town facilities. The Town anticipates purchasing \$125,000 of water for resale to residential customers.

The Sewer Fund budget of \$1,743,206 represents an decrease in the amount \$52,390 less than the 2010-2011 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$823,710 for CMSD operating and debt service expenses, and \$29,685 for capital improvements.

The 2011-2012 Storm water budget will have a decrease in the amount of \$25,491. The total budget for the 2011-2012 fiscal year is \$170,433. Appropriations include \$36,000 for system improvements and expansion and \$134,433 for operations, water management requirements and community stormwater education.

Requests for Information

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



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
STATEMENT OF NET ASSETS
June 30, 2011

Exhibit I

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,010,329	\$ 3,855,746	\$ 5,866,075
Short-term cash investments	710,000	-	710,000
Restricted cash and cash equivalents	779,883	140,969	920,852
Taxes receivables (net)	180,421	-	180,421
Accounts receivable (net)	74,078	1,258,012	1,332,090
Street assessments receivable, net	21,891	-	21,891
Other receivables	14,914	-	14,914
Due from other governments	454,868	-	454,868
Prepaid items	33,133	10,506	43,639
Total current assets	<u>4,279,517</u>	<u>5,265,233</u>	<u>9,544,750</u>
Non-current assets:			
Capital assets (Note III):			
Land, non-depreciable improvements, and construction in progress	3,508,294	193,598	3,701,892
Other capital assets, net of depreciation	22,715,226	10,199,616	32,914,842
Total capital assets	<u>26,223,520</u>	<u>10,393,214</u>	<u>36,616,734</u>
TOTAL ASSETS	<u>30,503,037</u>	<u>15,658,447</u>	<u>46,161,484</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	278,419	50,785	329,204
Unearned revenue	124	-	124
Accrued interest payable	32,083	-	32,083
Current portion of long-term liabilities	851,548	383,465	1,235,013
Liabilities payable from restricted assets:			
Customer deposits	-	90,348	90,348
Total current liabilities	<u>1,162,174</u>	<u>524,598</u>	<u>1,686,772</u>
Long-term liabilities:			
Due in more than one year	5,747,571	4,363,362	10,110,933
TOTAL LIABILITIES	<u>6,909,745</u>	<u>4,887,960</u>	<u>11,797,705</u>
NET ASSETS			
Invested in capital assets, net of related debt	20,131,928	5,795,169	25,927,097
Restricted for:			
Stabilization by State Statute	564,239	-	564,239
Streets	632,027	-	632,027
Other functions	147,856	-	147,856
Unrestricted	2,117,242	4,975,318	7,092,560
TOTAL NET ASSETS	<u>\$ 23,593,292</u>	<u>\$ 10,770,487</u>	<u>\$ 34,363,779</u>

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

Town of Winterville, North Carolina
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

<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	\$ 2,552,572	\$ 68,488	\$ -	\$ -
Public safety	1,794,701	1,100	21,394	-
Transportation	1,299,618	-	345,935	-
Environmental protection	444,724	481,343	6,115	-
Cultural and recreation	961,253	258,113	-	-
Interest on long-term debt	304,775	-	-	-
Total governmental activities (See Note 1)	7,357,643	809,044	373,444	-
Business-type activities:				
Electric	5,366,691	6,569,449	-	-
Water	556,616	735,593	-	-
Sewer	1,439,662	1,710,000	33,099	-
Stormwater	116,318	758	-	-
Total business-type activities	7,479,287	9,015,800	33,099	-
Total primary government	\$ 14,836,930	\$ 9,824,844	\$ 406,543	\$ -

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 assets

Net assets, beginning

Net assets, ending

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,484,084)	\$ -	\$ (2,484,084)
(1,772,207)	-	(1,772,207)
(953,683)	-	(953,683)
42,734	-	42,734
(703,140)	-	(703,140)
(304,775)	-	(304,775)
(6,175,155)	-	(6,175,155)
-	1,202,758	1,202,758
-	178,977	178,977
-	303,437	303,437
-	(115,560)	(115,560)
-	<u>1,569,612</u>	<u>1,569,612</u>
(6,175,155)	1,569,612	(4,605,543)
3,157,673	-	3,157,673
31,045	-	31,045
1,802,602	-	1,802,602
17,851	23,589	41,440
758,425	-	758,425
5,767,596	23,589	5,791,185
1,130,094	(1,130,094)	-
6,897,690	<u>(1,106,505)</u>	<u>5,791,185</u>
722,535	463,107	1,185,642
22,870,757	10,307,380	33,178,137
<u>\$ 23,593,292</u>	<u>\$ 10,770,487</u>	<u>\$ 34,363,779</u>

Town of Winterville, North Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Exhibit 3

	General Fund	Total Non- Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,010,329	\$ -	\$ 2,010,329
Short term cash investments	710,000	-	710,000
Restricted cash and cash equivalents	779,883	-	779,883
Receivables, net:			
Taxes	180,421	-	180,421
Accounts	74,078	-	74,078
Street assessments receivable, net	21,891	-	21,891
Other receivables	14,914	-	14,914
Due from other governments	454,868	-	454,868
Prepaid items	33,133	-	33,133
	<u>\$ 4,279,517</u>	<u>\$ -</u>	<u>\$ 4,279,517</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 278,419	\$ -	\$ 278,419
Unearned revenue	124	-	124
Deferred revenue	268,215	-	268,215
	<u>546,758</u>	<u>-</u>	<u>546,758</u>
Fund Balances:			
Nonspendable			
Prepaid items	33,133	-	33,133
Restricted			
Stabilization by State Statute	564,239	-	564,239
Streets	632,027	-	632,027
Public Safety	42,639	-	42,639
Debt Covenants	97,817	-	97,817
Committed			
Recreation	7,400	-	7,400
Assigned			
Subsequent year's expenditures	67,680	-	67,680
Unassigned, General Fund	2,287,824	-	2,287,824
	<u>3,732,759</u>	<u>-</u>	<u>3,732,759</u>
Total fund balances	<u>3,732,759</u>	<u>-</u>	<u>3,732,759</u>
Total liabilities and fund balances	<u>\$ 4,279,517</u>	<u>\$ -</u>	<u>\$ 4,279,517</u>

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

Town of Winterville, North Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Exhibit 3

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

Total Fund Balance, Governmental Funds		3,732,759	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost	\$ 37,836,247		
Accumulated depreciation	<u>(11,612,727)</u>	26,223,520	
Liabilities for earned but deferred revenues in fund statements.			
		268,215	
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Notes payable	(6,091,592)		
Compensated absences	(176,193)		
Net pension obligation	(127,548)		
Other postemployment benefits	<u>(203,786)</u>	(6,599,119)	
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.			
		<u>(32,083)</u>	
Net assets of governmental activities		<u><u>\$ 23,593,292</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, 2011

Exhibit 4

	General Fund	Total Non- Major Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 3,115,699	\$ -	\$ 3,115,699
Other taxes and licenses	31,045	-	31,045
Unrestricted intergovernmental	1,802,602	-	1,802,602
Restricted intergovernmental	370,376	-	370,376
Permits and fees	4,488	-	4,488
Sales and services	804,929	-	804,929
Investment earnings	20,919	-	20,919
Miscellaneous	10,989	-	10,989
Total revenues	<u>6,161,047</u>	<u>-</u>	<u>6,161,047</u>
Expenditures:			
Current:			
General government	2,302,452	-	2,302,452
Public safety	1,595,926	-	1,595,926
Transportation	654,379	-	654,379
Environmental protection	444,724	-	444,724
Cultural and recreation	894,595	-	894,595
Debt service:			
Principal retirement	723,690	-	723,690
Interest	272,692	-	272,692
Total expenditures	<u>6,888,458</u>	<u>-</u>	<u>6,888,458</u>
Excess (deficiency) of revenues over expenditures	(727,411)	-	(727,411)
Other financing sources (uses):			
Transfers from other funds	1,848,213	29,866	1,878,079
Transfers to other funds	(29,866)	(718,119)	(747,985)
Sale of capital assets	18,759	-	18,759
Total other financing sources (uses)	<u>1,837,106</u>	<u>(688,253)</u>	<u>1,148,853</u>
Net change in fund balance	1,109,695	(688,253)	421,442
Fund balances, beginning	<u>2,623,064</u>	<u>688,253</u>	<u>3,311,317</u>
Fund balances, ending	<u>\$ 3,732,759</u>	<u>\$ -</u>	<u>\$ 3,732,759</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, 2011

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	421,442
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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.

Capital outlay expenditures which were capitalized	452,622	
Depreciation expense for governmental assets	<u>(1,516,957)</u>	(1,064,335)
Street assets recorded from developers		699,476

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	29,200	
Change in deferred revenue for tax revenues	41,974	
Change in deferred revenues for street assessment revenues	(5,341)	
Change in deferred revenues for garbage revenues	<u>4,968</u>	70,801

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 assets.

Principal payments on long-term debt	723,690	
Increase in accrued interest payable	<u>(32,083)</u>	691,607

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.

Compensated absences	4,347	
Net pension obligation	(31,050)	
Other postemployment benefits	<u>(69,753)</u>	(96,456)

Total changes in net assets of governmental activities	\$	<u><u>722,535</u></u>
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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, 2011

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,091,321	\$ 3,092,821	\$ 3,115,699	\$ 22,878
Other taxes and licenses	24,000	28,300	31,045	2,745
Unrestricted intergovernmental	1,507,980	1,660,780	1,802,602	141,822
Restricted intergovernmental	388,190	418,750	370,376	(48,374)
Permits and fees	4,550	5,550	4,488	(1,062)
Sales and services	808,907	808,323	804,929	(3,394)
Investment earnings	38,119	38,119	20,919	(17,200)
Miscellaneous	102,801	104,101	10,989	(93,112)
Total revenues	<u>5,965,868</u>	<u>6,156,744</u>	<u>6,161,047</u>	<u>4,303</u>
Expenditures:				
Current:				
General government	2,401,631	2,600,651	2,302,452	298,199
Public safety	1,664,539	1,726,487	1,595,926	130,561
Transportation	835,847	862,007	654,379	207,628
Environment protection	401,554	450,554	444,724	5,830
Cultural and recreation	828,884	962,885	894,595	68,290
Debt service:				
Principal retirement	745,159	751,721	723,690	28,031
Interest	295,098	292,839	272,692	20,147
Total expenditures	<u>7,172,712</u>	<u>7,647,144</u>	<u>6,888,458</u>	<u>758,686</u>
Revenues over (under) expenditures	(1,206,844)	(1,490,400)	(727,411)	762,989
Other financing sources (uses):				
Transfer from other funds	1,081,783	1,133,265	1,848,213	714,948
Transfer to other funds	-	(53,276)	(29,866)	23,410
Sale of capital assets	-	-	18,759	18,759
Total other financing sources (uses)	<u>1,081,783</u>	<u>1,079,989</u>	<u>1,837,106</u>	<u>757,117</u>
Fund balance appropriated	<u>125,061</u>	<u>410,411</u>	<u>-</u>	<u>(410,411)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,109,695	<u>\$ 1,109,695</u>
Fund balances, beginning			<u>2,623,064</u>	
Fund balances, ending			<u>\$ 3,732,759</u>	

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

Town of Winterville, North Carolina
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

Exhibit 6

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 2,240,031	\$ 769,063	\$ 610,127	\$ 236,525	\$ 3,855,746
Accounts receivable (net) - billed	508,624	77,559	215,907	17,492	819,582
Accounts receivable (net) - unbilled	325,902	33,583	78,945	-	438,430
Prepaid items	7,053	1,920	1,022	511	10,506
Restricted cash and cash equivalents	93,243	6,370	41,356	-	140,969
Total current assets	3,174,853	888,495	947,357	254,528	5,265,233
Noncurrent assets:					
Capital assets:					
Land and construction in progress	146,013	47,585	-	-	193,598
Other capital assets, net of depreciation	6,585,364	922,269	2,339,236	352,747	10,199,616
Capital assets	6,731,377	969,854	2,339,236	352,747	10,393,214
Total noncurrent assets	6,731,377	969,854	2,339,236	352,747	10,393,214
Total assets	9,906,230	1,858,349	3,286,593	607,275	15,658,447
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	24,234	15,099	9,969	1,483	50,785
Compensated absences	58,500	5,388	16,212	6,952	87,052
Installment purchase payable - current	202,723	-	73,690	-	276,413
General obligation bonds payable - current	-	2,000	18,000	-	20,000
Liabilities payable from restricted assets:					
Customer deposits	74,993	6,370	8,985	-	90,348
Total current liabilities	360,450	28,857	126,856	8,435	524,598
Noncurrent liabilities:					
Other postemployment benefits	37,001	11,856	11,037	1,836	61,730
Installment purchase payable - noncurrent	3,032,872	-	313,260	-	3,346,132
General obligation bonds payable - noncurrent	-	-	955,500	-	955,500
Total noncurrent liabilities	3,069,873	11,856	1,279,797	1,836	4,363,362
Total liabilities	3,430,323	40,713	1,406,653	10,271	4,887,960
Net Assets					
Invested in capital assets, net of related debt	3,495,782	967,854	978,786	352,747	5,795,169
Unrestricted	2,980,125	849,782	901,154	244,257	4,975,318
Total net assets	\$ 6,475,907	\$ 1,817,636	\$ 1,879,940	\$ 597,004	\$ 10,770,487

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 NET ASSETS -
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2011

Exhibit 7

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Operating revenues:					
Charges for services	\$ 6,298,601	\$ 733,427	\$ 1,710,000	\$ 758	\$ 8,742,786
Other operating revenues	270,848	2,166	-	-	273,014
Total operating revenues	<u>6,569,449</u>	<u>735,593</u>	<u>1,710,000</u>	<u>758</u>	<u>9,015,800</u>
Operating expenses:					
Operations	1,093,167	470,306	-	75,785	1,639,258
Electrical power purchases	3,807,395	-	-	-	3,807,395
Waste collection and treatment	-	-	1,180,416	-	1,180,416
Depreciation	329,842	85,610	188,615	40,533	644,600
Total operating expenses	<u>5,230,404</u>	<u>555,916</u>	<u>1,369,031</u>	<u>116,318</u>	<u>7,271,669</u>
Operating income (loss)	1,339,045	179,677	340,969	(115,560)	1,744,131
Non-operating revenues (expenses):					
Development fees	-	-	33,099	-	33,099
Investment earnings	13,773	4,575	3,845	1,396	23,589
Interest expense	(136,287)	(700)	(70,631)	-	(207,618)
Total non-operating revenues (expenses)	<u>(122,514)</u>	<u>3,875</u>	<u>(33,687)</u>	<u>1,396</u>	<u>(150,930)</u>
Income (loss) before contributions and transfers	1,216,531	183,552	307,282	(114,164)	1,593,201
Transfers from other funds	45,500	92,932	-	-	138,432
Transfers to other funds	(644,079)	(256,609)	(317,001)	(50,837)	(1,268,526)
	<u>(598,579)</u>	<u>(163,677)</u>	<u>(317,001)</u>	<u>(50,837)</u>	<u>(1,130,094)</u>
Change in net assets	617,952	19,875	(9,719)	(165,001)	463,107
Total net assets, beginning	<u>5,857,955</u>	<u>1,797,761</u>	<u>1,889,659</u>	<u>762,005</u>	<u>10,307,380</u>
Total net assets, ending	<u>\$ 6,475,907</u>	<u>\$ 1,817,636</u>	<u>\$ 1,879,940</u>	<u>\$ 597,004</u>	<u>\$ 10,770,487</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, 2011

	Major Enterprise Funds				Totals
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Cash flows from operating activities:					
Cash received from customers	\$ 6,586,056	\$ 734,001	\$ 1,704,764	\$ 409	\$ 9,025,230
Cash paid for goods and services	(4,386,655)	(260,960)	(1,006,198)	(34,316)	(5,688,129)
Cash paid to or on behalf of employees for services	(520,153)	(207,979)	(179,039)	(36,965)	(944,136)
Cash received (paid) for customer deposits - net	3,202	557	697	-	4,456
Net cash provided (used) by operating activities	1,682,450	265,619	520,224	(70,872)	2,397,421
Cash flows from non-capital financing activities:					
Restricted intergovernmental	-	-	33,099	-	33,099
Transfers from other funds	45,500	92,932	-	-	138,432
Transfers to other funds	(644,079)	(256,609)	(317,001)	(50,837)	(1,268,526)
Net cash provided (used) by non-capital financing activities	(598,579)	(163,677)	(283,902)	(50,837)	(1,096,995)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(451,924)	(66,454)	(16,668)	(14,096)	(549,142)
Principal payments on long term debt	(195,085)	(12,000)	(151,875)	-	(358,960)
Interest paid on debt	(136,287)	(700)	(70,631)	-	(207,618)
Net cash provided (used) by capital and related financing activities	(783,296)	(79,154)	(239,174)	(14,096)	(1,115,720)
Cash flows from investing activities:					
Interest income	13,773	4,575	3,845	1,396	23,589
Net cash provided (used) by investing activities	13,773	4,575	3,845	1,396	23,589
Net increase (decrease) in cash and cash equivalents	314,348	27,363	993	(134,409)	208,295
Balances, beginning	2,018,926	748,070	650,490	370,934	3,788,420
Balances, ending	<u>\$ 2,333,274</u>	<u>\$ 775,433</u>	<u>\$ 651,483</u>	<u>\$ 236,525</u>	<u>\$ 3,996,715</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)	\$ 1,339,045	\$ 179,677	\$ 340,969	\$ (115,560)	\$ 1,744,131
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	329,842	85,610	188,615	40,533	644,600
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	16,607	(1,592)	(5,236)	5,295	15,074
(Increase) decrease in prepaid items	1,251	(50)	471	(13)	1,659
Increase (decrease) in accounts payable and accrued liabilities	(21,013)	2,488	(10,556)	(9,915)	(38,996)
Increase (decrease) in customer deposits	3,202	557	697	-	4,456
Increase (decrease) in accrued vacation pay	1,584	(4,742)	675	6,952	4,469
Increase (decrease) in accrued OPEB liability	11,932	3,671	4,589	1,836	22,028
Total adjustments	<u>343,405</u>	<u>85,942</u>	<u>179,255</u>	<u>44,688</u>	<u>653,290</u>
Net cash provided (used) by operating activities	<u>\$ 1,682,450</u>	<u>\$ 265,619</u>	<u>\$ 520,224</u>	<u>\$ (70,872)</u>	<u>\$ 2,397,421</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, 2011

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

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

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

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

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

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

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

The Town reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

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

E. Assets, Liabilities and Fund Equity

Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G. S. 159-31]. The Town may designate as an official depository any bank or savings 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 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, 2010.

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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

Long-Term Obligations

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

Compensated Absences

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

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

Net Assets/Fund Balances

Net Assets

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

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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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)].

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.

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.

Committed for Recreation – portion of fund balance assigned by the Board for Recreation expenditures.

Assigned Fund Balance – portion of fund balance that Town of Winterville intends to use for specific purposes.

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. 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.

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 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 annual appropriation. 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 October 27, 2011, the date which the financial statements were available to be issued. See Note 2.D and Note 6.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

2. Detail Notes on all Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact 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 monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for non-interest bearing transactions accounts through December 31, 2012. At June 30, 2011, the Town's deposits had a carrying amount of \$6,775,186 and a bank balance of \$6,892,436. Of the bank balance, \$836,950 was covered by federal depository insurance and \$6,055,486 was covered by collateral held under the Pooling Method.

B. Investments

At June 30, 2011, the Town had \$721,741 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

C. Receivables - Allowance for Doubtful Accounts

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

	Accounts	Taxes	Due from other Governments	Street Assessments	Other	Total
Governmental Activities:						
General	\$ 74,078	\$ 222,297	\$ 454,868	\$ 21,891	\$ 14,914	\$ 788,048
Allowance for doubtful accounts	-	(41,876)	-	-	-	(41,876)
Total governmental activities	<u>\$ 74,078</u>	<u>\$ 180,421</u>	<u>\$ 454,868</u>	<u>\$ 21,891</u>	<u>\$ 14,914</u>	<u>\$ 746,172</u>
Business-Type Activities:						
Electric	\$ 1,046,935	\$ -	\$ -	\$ -	\$ -	\$ 1,046,935
Water	137,693	-	-	-	-	137,693
Sewer	345,004	-	-	-	-	345,004
Stormwater	23,136	-	-	-	-	23,136
Allowance for doubtful accounts	(294,756)	-	-	-	-	(294,756)
Total business-type activities	<u>\$ 1,258,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,258,012</u>

Due from other governments consists of the following:

Local option sales tax	\$ 362,560
Sales tax receivable	64,460
Other	27,848
	<u>\$ 454,868</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

D. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,392,359	\$ 115,935	\$ -	\$ 3,508,294
Total capital assets not being depreciated	3,392,359	115,935	-	3,508,294
Capital assets being depreciated:				
Buildings	6,676,944	-	-	6,676,944
Infrastructure	22,992,397	858,886	-	23,851,283
Equipment	1,543,232	108,276	-	1,651,508
Software	323,860	98,201	-	422,061
Vehicles	1,858,280	-	(132,123)	1,726,157
Total capital assets being depreciated	33,394,713	1,065,363	(132,123)	34,327,953
Less accumulated depreciation for:				
Buildings	1,469,571	222,848	-	1,692,419
Infrastructure	6,998,722	902,962	-	7,901,684
Equipment	706,236	186,182	-	892,418
Software	115,969	56,764	-	172,733
Vehicles	937,395	148,201	(132,123)	953,473
Total accumulated depreciation	10,227,893	\$ 1,516,957	\$ (132,123)	11,612,727
Total capital assets being depreciated, net	23,166,820			22,715,226
Governmental activity capital assets, net	<u>\$ 26,559,179</u>			<u>\$ 26,223,520</u>

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

General government	\$ 416,499
Public safety	165,047
Transportation	850,924
Cultural and recreation	84,487
Total	<u>\$ 1,516,957</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

	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	7,581,669	433,968	-	8,015,637
Buildings	297,459	17,956	-	315,415
Equipment	616,350	-	(29,363)	586,987
Vehicles	313,416	-	-	313,416
Total capital assets being depreciated	8,808,894	451,924	(29,363)	9,231,455
Less accumulated depreciation for:				
Distribution system	1,341,171	296,989	-	1,638,160
Buildings	104,112	23,301	-	127,413
Equipment	590,990	7,420	(29,363)	569,047
Vehicles	309,339	2,132	-	311,471
Total accumulated depreciation	2,345,612	329,842	(29,363)	2,646,091
Total capital assets being depreciated, net	6,463,282			6,585,364
Electric Fund capital assets, net	6,609,295			6,731,377

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
Capital assets not being depreciated:				
Land	8,000	-	-	8,000
Construction in progress	-	39,585	-	39,585
Total capital assets not being depreciated	8,000	39,585	-	47,585
Capital assets being depreciated:				
Water system, well, tank and distribution system	2,249,114	26,869	-	2,275,983
Equipment and vehicles	228,213	-	-	228,213
Total capital assets being depreciated	2,477,327	26,869	-	2,504,196
Less accumulated depreciation for:				
Water system, well, tank and distribution system	1,303,123	78,961	-	1,382,084
Equipment and vehicles	193,194	6,649	-	199,843
Total accumulated depreciation	1,496,317	85,610	-	1,581,927
Total capital assets being depreciated, net	981,010			922,269
Water Fund capital assets, net	989,010			969,854

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Fund				
Capital assets being depreciated:				
Equipment and vehicles	159,390	-	-	159,390
Sewer system	3,584,187	16,668	-	3,600,855
Sewer treatment facility	233,000	-	-	233,000
Total capital assets being depreciated	3,976,577	16,668	-	3,993,245
Less accumulated depreciation for:				
Equipment and vehicles	133,148	8,523	-	141,671
Sewer system	1,120,216	175,432	-	1,295,648
Sewer treatment facility	212,030	4,660	-	216,690
Total accumulated depreciation	1,465,394	188,615	-	1,654,009
Total capital assets being depreciated, net	2,511,183			2,339,236
Sewer Fund capital assets, net	2,511,183			2,339,236
	Beginning Balances	Increases	Decreases	Ending Balances
Stormwater Fund				
Capital assets being depreciated:				
Distribution	388,331	5,108	-	393,439
Equipment	8,400	8,988	-	17,388
Total capital assets being depreciated	396,731	14,096	-	410,827
Less accumulated depreciation for:				
Distribution	17,546	39,038	-	56,584
Equipment	1	1,495	-	1,496
Total accumulated depreciation	17,547	40,533	-	58,080
Total capital assets being depreciated, net	379,184			352,747
Stormwater Fund capital assets, net	379,184			352,747
Business-type activities capital assets, net	\$ 10,488,672			\$ 10,393,214

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Construction commitments

Subsequent to June 30, 2011, the Town entered into a contract to install Ammonia Feed Systems. The contract was in the amount of \$187,513.

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 6.35% and 6.82%, 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, 2011, 2010 and 2009 were \$181,981, \$148,014, and \$137,913, 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, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	21
Total	21

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, 2011

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, 2010 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, 2010 was 20 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	\$ 31,391
Interest on net pension obligation	4,825
Adjustment to annual required contribution	<u>(5,166)</u>
Annual pension cost	31,050
Contributions made	<u>-</u>
Increase in net pension obligation	31,050
Net pension obligation, beginning of year	<u>96,498</u>
Net pension obligation, end of year	<u><u>\$ 127,548</u></u>

Three Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 17,641	0.00%	\$ 74,548
2010	21,950	0.00%	96,498
2011	31,050	0.00%	127,548

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Funded Status and Funding Progress

As of December 31, 2010, 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 \$249,110. The covered payroll (annual payroll of active employees covered by the plan) was \$778,252, and the ratio of the UAAL to the covered payroll was 32.01 percent.

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

c. Supplemental Retirement Income Plan

Plan Description

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

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, 2011 were \$50,620, which consisted of \$41,528 from the Town and \$9,092 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, 2011 were \$125,031, which consisted of \$99,783 from the Town and \$25,248 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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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.

e. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town has elected to provide healthcare benefits to retirees of the Town who have at least thirty years service with the North Carolina Local Governmental Employees' Retirement System (System) or the North Carolina Law Enforcement Officers' Local Governmental Employees' Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provide hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town's group rates until the retiree reaches age sixty-five. Currently, three retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2011, the Town paid healthcare premiums for retirees of \$26,154. The Town purchases healthcare coverage through private insurers. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	3	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	48	23
Total	51	23

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 4.26% of annual covered payroll. For the current year, the Town contributed \$26,154 or 0.95% 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, 2011

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	\$ 117,625
Interest on net OPEB obligation	6,949
Adjustment to annual required contribution	<u>(6,639)</u>
Annual OPEB cost	117,935
Contributions made	<u>(26,154)</u>
Increase (decrease) in net OPEB obligation	91,781
Net OPEB obligation, beginning of year	<u>173,735</u>
Net OPEB obligation, end of year	<u><u>\$ 265,516</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010, and 2009 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>
2009	\$ 82,339	9.35%	\$ 74,639
2010	117,625	15.75%	173,735
2011	117,935	22.18%	265,516

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,145,215. The covered payroll (annual payroll of active employees covered by the plan) was \$2,756,229, and the ratio of the UAAL to the covered payroll was 41.6 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, 2011

In the December 31, 2008, 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 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, 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, 2011 were as follows:

Governmental Activities:	Total
Vendors	\$ 202,340
Accrued salaries and related items	76,079
Total governmental activities	<u>\$ 278,419</u>

Business-Type Activities:	Electric	Water	Sewer	Stormwater	Total
Vendors	\$ 13,407	\$ 11,075	\$ 5,921	\$ 397	\$ 30,800
Accrued salaries and related items	10,827	4,024	4,048	1,086	19,985
Total business-type activities	<u>\$ 24,234</u>	<u>\$ 15,099</u>	<u>\$ 9,969</u>	<u>\$ 1,483</u>	<u>\$ 50,785</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

3. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes receivable, net	\$ 180,421	\$ -
Accounts receivable, net	65,903	-
Street and special assessments, net	21,891	-
Prepaid taxes	-	124
Total	\$ 268,215	\$ 124

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.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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	\$ 1,999,308
3.64% note, payable in annual installments of \$100,507, including interest; final payment due July 2012; secured by vehicles and equipment	96,977
3.64% note, payable in annual installments of \$68,487, including interest; final payment due July 2012; secured by vehicles and equipment	66,082
2.90% note, payable in annual installments of \$38,974, including interest; final payment due June 2013; secured by vehicles and equipment	74,684
3.62% note, payable in annual installments of \$136,645 plus interest; final payment due June 2023; secured by real estate	1,639,744
3.05% note, payable in annual installments of \$50,731, including interest; final payment due June, 2014; secured by vehicles and equipment	143,359
2.80% note, payable in annual installments of \$99,826, plus interest; final payment due December 2014; secured by vehicles and equipment	399,306
4.77% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025; secured by real estate	1,387,848
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025; secured by real estate	159,600
2.64% note, payable in annual installments of \$33,255, including interest; final payment due June 2015; secured by vehicles and equipment	<u>124,684</u>
Total installment purchases	<u><u>\$ 6,091,592</u></u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Annual debt service payments of the installment purchases as of June 30, 2011, including interest of \$2,204,143, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 675,356	\$ 247,429	\$ 922,785
2013	517,852	222,959	740,811
2014	484,627	204,184	688,811
2015	438,717	186,361	625,078
2016	309,086	169,908	478,994
2017-2021	1,588,506	653,348	2,241,854
2022-2026	1,152,225	328,813	1,481,038
2027-2031	541,093	157,077	698,170
2032-2034	384,130	34,064	418,194
Total	<u>\$ 6,091,592</u>	<u>\$ 2,204,143</u>	<u>\$ 8,295,735</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, 2011 are comprised of the following individual issues:

Serviced by the Water Fund:

\$220,000 1975 Water serial bonds due in annual installments of \$5,000 to \$12,000 plus interest at 5.00%; final installment due June 2012	\$ 2,000
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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>973,500</u>
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Total general obligation bonds	<u>\$ 975,500</u>
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Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

Year Ending June 30,	Principal	Interest	Total
2012	\$ 20,000	\$ 47,458	\$ 67,458
2013	19,000	46,581	65,581
2014	20,000	45,654	65,654
2015	21,000	44,679	65,679
2016	22,000	43,656	65,656
2017-2021	120,500	201,703	322,203
2022-2026	154,000	169,260	323,260
2027-2031	191,000	128,066	319,066
2032-2036	224,000	78,098	302,098
2037-2040	184,000	22,425	206,425
Total	<u>\$ 975,500</u>	<u>\$ 827,580</u>	<u>\$ 1,803,080</u>

Installment Purchases - Enterprise Funds

Electric

3.62% note, payable in annual installments of \$222,487 including interest;
final payment due June 2023; secured by equipment \$ 2,138,321

4.67% note, payable in annual installments of \$108,524, including interest;
final payment due June 2025; secured by real estate 1,097,274

Sewer

3.64% note, payable in annual installments of \$58,481, including interest;
final payment due July 2012; secured by equipment 56,436

4.67% note, payable in annual installments of \$32,689 , including interest;
final payment due June 2025; secured by real estate 330,514

Total installment purchases \$ 3,622,545

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

Year Ending June 30,	Principal	Interest	Total
2012	\$ 276,413	\$ 146,139	\$ 422,552
2013	228,722	135,339	364,061
2014	237,821	126,240	364,061
2015	247,287	116,774	364,061
2016	257,136	106,924	364,060
2017-2021	1,447,956	372,349	1,820,305
2022-2025	927,210	83,339	1,010,549
Total	<u>\$ 3,622,545</u>	<u>\$ 1,087,104</u>	<u>\$ 4,709,649</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

c. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 6,815,282	\$ -	\$ (723,690)	\$ 6,091,592	\$ 675,355
Compensated absences	180,540	176,193	(180,540)	176,193	176,193
Unfunded OPEB obligation	134,033	69,753	-	203,786	-
Net pension obligation	96,498	31,050	-	127,548	-
Total Governmental Activities	\$ 7,226,353	\$ 276,996	\$ (904,230)	\$ 6,599,119	\$ 851,548
Business-type Activities:					
<u>Electric Fund</u>					
Installment purchases	\$ 3,430,680	\$ -	\$ (195,085)	\$ 3,235,595	\$ 202,723
Unfunded OPEB obligation	25,069	11,932	-	37,001	-
Compensated absences	56,916	58,500	(56,916)	58,500	58,500
Electric Fund long-term liabilities	<u>\$ 3,512,665</u>	<u>\$ 70,432</u>	<u>\$ (252,001)</u>	<u>\$ 3,331,096</u>	<u>\$ 261,223</u>
<u>Water Fund</u>					
Bonds payable	\$ 14,000	\$ -	\$ (12,000)	\$ 2,000	\$ 2,000
Unfunded OPEB obligation	8,185	3,671	-	11,856	-
Compensated absences	10,130	5,388	(10,130)	5,388	5,388
Water Fund long-term liabilities	<u>\$ 32,315</u>	<u>\$ 9,059</u>	<u>\$ (22,130)</u>	<u>\$ 19,244</u>	<u>\$ 7,388</u>
<u>Sewer Fund</u>					
Installment purchases	\$ 521,825	\$ -	\$ (134,875)	\$ 386,950	\$ 73,690
Bonds payable	990,500	-	(17,000)	973,500	18,000
Unfunded OPEB obligation	6,448	4,589	-	11,037	-
Compensated absences	15,537	16,212	(15,537)	16,212	16,212
Sewer Fund long-term liabilities	<u>\$ 1,534,310</u>	<u>\$ 20,801</u>	<u>\$ (167,412)</u>	<u>\$ 1,387,699</u>	<u>\$ 107,902</u>
<u>Stormwater Fund</u>					
Unfunded OPEB obligation	\$ -	\$ 1,836	\$ -	\$ 1,836	\$ -
Compensated absences	-	6,952	-	6,952	6,952
Stormwater Fund long-term liabilities	<u>\$ -</u>	<u>\$ 8,788</u>	<u>\$ -</u>	<u>\$ 8,788</u>	<u>\$ 6,952</u>
Total Business-type Activities	\$ 5,079,290	\$ 109,080	\$ (441,543)	\$ 4,746,827	\$ 383,465

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, 2011 was \$45,290,327.

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.

2012	\$ 27,000
2013	27,000
2014	22,500
Total minimum payments:	<u>\$ 76,500</u>

Total rent expense for the June 30, 2011 fiscal year on the copier lease was \$29,435.

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2011, consist of the following:

Fund	From	To	Purpose
General Fund	\$ 29,866		
Building Imp. Cap. Projects		\$ 15,613	
Recreation Cap. Project Fund		14,253	To close out Capital Projects Funds with deficit fund balances.
Water Fund	45,500		
Electric Fund		45,500	Reimbursements among enterprise funds for capital activities.
Sewer Fund	92,932		
Water Fund		92,932	Reimbursements among enterprise funds for operations.
Electric Fund	644,079		
Water Fund	211,109		
Sewer Fund	224,069		
Stormwater Fund	50,837		
General Fund		1,130,094	Reimbursements among funds for operations.
General Capital Imp. Fund	718,119		
General Fund		718,119	To close out General Improvements Capital Project Fund.
	<u>\$ 2,016,511</u>	<u>\$ 2,016,511</u>	

G. On-Behalf Payments for Fringe Benefits

For the fiscal year ended June 30, 2011, the Town of Winterville has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$15,714 for the sixty 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:	\$ 3,732,759
Less:	
Prepaid items	33,133
Stabilization by State Statute	564,239
Streets - Powell Bill	632,027
Appropriated Fund Balance in 2012 budget	67,680
Public Safety	42,639
Debt covenants	97,817
Recreation	7,400
Working Capital/Fund Balance Policy	<u>1,729,581</u>
Remaining Fund Balance:	<u>\$ 558,243</u>

Town of Winterville, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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
	\$ 86,282	\$ -

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, 2011 amounted to \$828,437.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,130 to the Commission during the fiscal year ended June 30, 2011.

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, 2011, 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, 2011. 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.

Claims, Judgments, and Contingent Liabilities

At June 30, 2011, the Town had received correspondence threatening litigation claiming wrongful arrest and detention by a Winterville police officer. The Town will defend itself against any action filed regarding this issue. At this time, the possibility of an unfavorable outcome can not be determined; however, the Town believes the detention and arrest was lawful.

Subsequent to year end, a part-time Town employee was accused of sexual battery. The Town has suspended the employee pending the outcome of the criminal investigation. A criminal trial is pending and no contact has been made with the Town regarding this matter.

6. Subsequent Event – Hurricane Irene

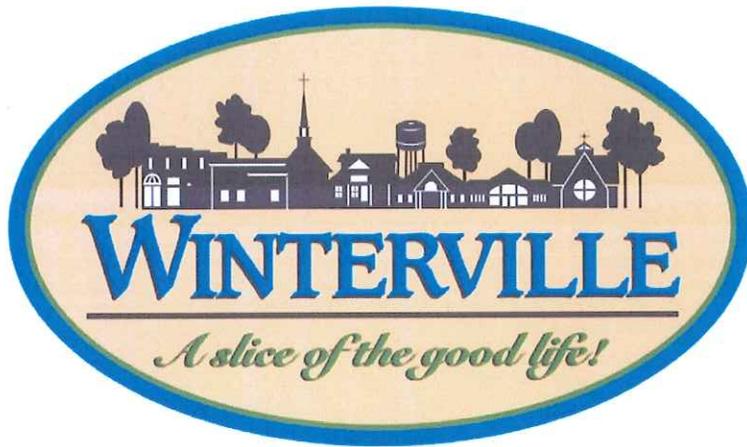
Hurricane Irene hit eastern North Carolina on August 27, 2011. Preliminary clean-up costs from the damage caused by the hurricane are \$300,000. Of this amount, the Town expects approximately \$245,000 to be reimbursed by federal and state agencies.



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, 2011

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)		
12/31/04	\$	-	\$ 38,688	\$	38,688	0.00%	\$ 431,302	8.97%
12/31/05		-	52,623		52,623	0.00%	548,109	9.60%
12/31/06		-	65,425		65,425	0.00%	639,784	10.23%
12/31/07		-	102,020		102,020	0.00%	796,882	12.80%
12/31/08		-	143,903		143,903	0.00%	804,614	17.88%
12/31/09		-	230,568		230,568	0.00%	770,457	29.93%
12/31/10		-	249,110		249,110	0.00%	778,252	32.01%

Town of Winterville, North Carolina
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2011

Schedule of Employer Contributions		
Year Ended June 30,	Annual Required Contribution	Annual Percentage Contributed
2005	\$ 5,875	0.0%
2006	8,217	0.0%
2007	9,777	0.0%
2008	10,243	0.0%
2009	12,411	0.0%
2010	21,241	0.0%
2011	31,391	0.0%

Notes to the Required Schedules

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

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	20 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, 2011

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%

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, 2011

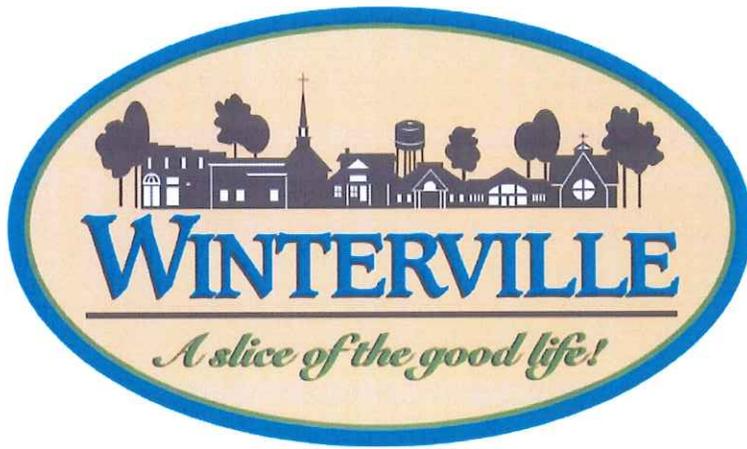
<u>Schedule of Employer Contributions</u>		
<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Annual</u> <u>Percentage</u> <u>Contributed</u>
2009	\$ 82,339	9.35%
2010	117,625	15.75%
2011	117,625	22.24%

Notes to the Required Schedules

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

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of ultimate trend rate	2016
*Includes inflation at	3.75%

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, 2011

Page 1 of 4

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,099,199	
Interest		16,500	
Total	\$ 3,092,821	3,115,699	\$ 22,878
Other taxes and licenses:			
Privilege licenses		16,809	
Heavy equipment tax		14,236	
Total	28,300	31,045	2,745
Unrestricted Intergovernmental:			
Local option sales tax		1,502,894	
Payment in lieu of taxes - outside sources		1,511	
Utility franchise tax/Telecommunications sales tax		257,852	
Beer and wine tax		40,345	
Total	1,660,780	1,802,602	141,822
Restricted Intergovernmental:			
Powell Bill allocation		244,180	
DOT reimbursement		3,660	
Sidewalk Grant revenue		95,027	
JAG Program Grant revenue		5,680	
On-behalf of payments - Fire		15,714	
Solid waste disposal tax		6,115	
Total	418,750	370,376	(48,374)
Permits and fees:			
Subdivision recreation fees		857	
Planning and zoning		3,631	
Total	5,550	4,488	(1,062)
Sales and services:			
Special assessments		5,341	
Solid waste fees		476,375	
Community building/Rescue rent		28,530	
Fire inspections		1,100	
Utility service charges		1,500	
Recreation		229,583	
Cemetery		62,500	
Total	808,323	804,929	(3,394)
Investment earnings	38,119	20,919	(17,200)
Miscellaneous:			
Other		10,989	
Total	104,101	10,989	(93,112)
Total revenues	6,156,744	6,161,047	4,303

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, 2011

Page 2 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		42,774	
Other operating expenditures		15,462	
Total	60,733	58,236	2,497
Administration:			
Salaries and employee benefits		762,068	
Maintenance and repairs		196	
Other operating expenditures		707,263	
Capital outlay		40,114	
Total	1,762,282	1,509,641	252,641
Information Technology:			
Salaries and employee benefits		134,511	
Maintenance and repairs		7,010	
Other operating expenditures		177,576	
Noncapitalized equipment < \$5,000 (computer)		13,710	
Departmental improvements		12,792	
Capital outlay		157,557	
Total	521,466	503,156	18,310
Planning:			
Salaries and employee benefits		200,545	
Maintenance and repairs		1,398	
Other operating expenditures		29,476	
Total	256,170	231,419	24,751
Total general government	2,600,651	2,302,452	298,199
Public Safety:			
Police:			
Salaries and employee benefits		1,141,906	
Maintenance and repairs		54,089	
Other operating expenditures		106,886	
Noncapitalized equipment < \$5,000		11,226	
Total	1,373,236	1,314,107	59,129

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, 2011

Page 3 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Salaries and employee benefits		6,181	
Other operating expenditures		4,236	
Noncapitalized equipment < \$5,000		497	
Total	<u>26,220</u>	<u>10,914</u>	<u>15,306</u>
Fire:			
Salaries and employee benefits		142,960	
Maintenance and repairs		12,637	
Other operating expenditures		66,791	
Noncapitalized equipment < \$5,000		21,110	
Capital outlay		27,407	
Total	<u>258,851</u>	<u>270,905</u>	<u>(12,054)</u>
Rescue:			
Total	<u>68,180</u>	<u>-</u>	<u>68,180</u>
Total public safety	1,726,487	1,595,926	130,561
Transportation:			
Salaries and employee benefits		329,712	
Maintenance and repairs		37,358	
Other operating expenditures		52,067	
Other operating expenditures - Powell Bill		30,307	
Noncapitalized equipment < \$5,000		801	
Capital outlay - Powell Bill		109,107	
Capital outlay - sidewalks		95,027	
Total transportation	<u>862,007</u>	<u>654,379</u>	<u>207,628</u>
Environmental Protection:			
Sanitation:			
Other operating expenditures		444,724	
Total	<u>450,554</u>	<u>444,724</u>	<u>5,830</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, 2011

Page 4 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		272,860	
Maintenance and repairs		21,069	
Other operating expenditures		254,487	
Noncapitalized equipment <\$5,000		45,929	
Capital outlay		23,410	
Total parks and recreation	<u>681,726</u>	<u>617,755</u>	<u>63,971</u>
Public Buildings:			
Maintenance and repairs		22,232	
Other operating expenditures		254,608	
Total community building	<u>281,159</u>	<u>276,840</u>	<u>4,319</u>
Total Cultural and Recreation	962,885	894,595	68,290
Debt service:			
Principal retirement	751,721	723,690	28,031
Interest	<u>292,839</u>	<u>272,692</u>	<u>20,147</u>
Total debt service	<u>1,044,560</u>	<u>996,382</u>	<u>48,178</u>
Total expenditures	<u>7,647,144</u>	<u>6,888,458</u>	<u>758,686</u>
Revenues over (under) expenditures	(1,490,400)	(727,411)	762,989
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds	1,133,265	1,130,094	(3,171)
Capital Projects funds	-	718,119	718,119
Transfers to other funds:			
Capital Projects funds	(53,276)	(29,866)	23,410
Sale of capital assets	<u>-</u>	<u>18,759</u>	<u>18,759</u>
Total other financing sources (uses)	1,079,989	1,837,106	757,117
Fund balance appropriated	<u>410,411</u>	-	<u>(410,411)</u>
Net change in fund balance	<u>\$ -</u>	1,109,695	<u>\$ 1,109,695</u>
Fund balances, beginning		<u>2,623,064</u>	
Fund balances, ending		<u>\$ 3,732,759</u>	

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Building Improvements Project Fund

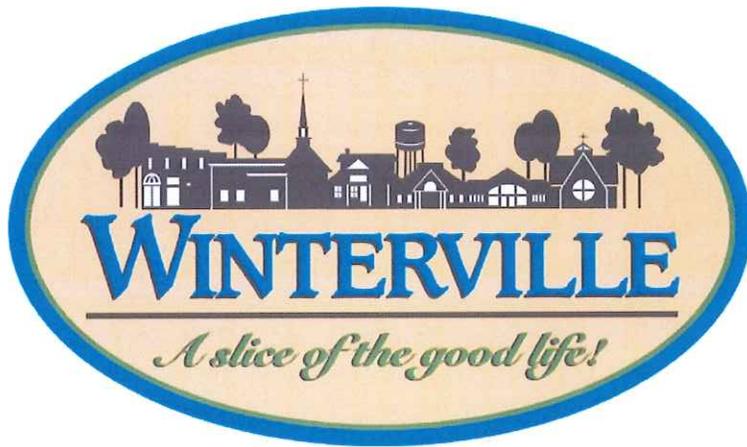
The Building Improvements Project Fund is used to account for funds accumulated for the expansion and improvement of the Town Hall Building.

General Capital Improvements Fund

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

Recreation Capital Project Fund

This fund is used to account for funds accumulated for capital projects and acquisition of capital outlays within the recreation department.



Town of Winterville, North Carolina
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Capital Projects Funds			Total
	Building Improvements Project	General Capital Improvements Project	Recreation Capital Project	
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Total assets	-	-	-	-
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Unreserved:				
Undesignated	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -

Town of Winterville, North Carolina
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	<u>Capital Project Funds</u>			<u>Total</u>
	<u>Building Improvements Project</u>	<u>General Capital Improvements Project</u>	<u>Recreation Capital Project</u>	
Expenditures:				
General government	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	-	-	-	-
Other Financing Sources:				
Transfers (to) from General Fund	15,613	(718,119)	14,253	(688,253)
Net change in fund balance	15,613	(718,119)	14,253	(688,253)
Fund balance, beginning	(15,613)	718,119	(14,253)	688,253
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Winterville, North Carolina
CAPITAL PROJECTS FUND - BUILDING IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay:					
Building improvements	\$ 2,626,200	\$ 2,510,413	\$ -	\$ 2,510,413	\$ 115,787
Total capital outlay	<u>2,626,200</u>	<u>2,510,413</u>	<u>-</u>	<u>2,510,413</u>	<u>115,787</u>
Other financing sources:					
Transfers from other funds:					
General Fund	2,626,200	2,494,800	15,613	2,494,800	(131,400)
Total other financing sources	<u>2,626,200</u>	<u>2,494,800</u>	<u>15,613</u>	<u>2,494,800</u>	<u>(131,400)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (15,613)</u>	15,613	<u>\$ (15,613)</u>	<u>\$ (15,613)</u>
Fund balance, beginning			(15,613)		
Fund balance, ending			<u>\$ -</u>		

Town of Winterville, North Carolina
CAPITAL PROJECTS FUND - GENERAL CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ -	\$ 21,875	\$ -	\$ 21,875	\$ 21,875
Total revenues	-	21,875	-	21,875	21,875
Expenditures:					
Capital outlay:					
General government	848,433	412,179	-	412,179	436,254
Public Safety	507,500	103,245	-	103,245	404,255
Culture and recreation	56,000	60,123	-	60,123	(4,123)
Public works	27,000	23,128	-	23,128	3,872
Total capital outlay	1,438,933	598,675	-	598,675	840,258
Revenues over (under) expenditures	(1,438,933)	(576,800)	-	(576,800)	862,133
Other financing sources:					
Long term debt issued	804,800	804,800	-	804,800	-
Transfers to other funds	-	-	(718,119)	(718,119)	(718,119)
Transfers from other funds	634,133	490,119	-	490,119	(144,014)
Total other financing sources	1,438,933	1,294,919	(718,119)	576,800	(862,133)
Net change in fund balance	\$ -	\$ 718,119	(718,119)	\$ -	\$ -
Fund balance, beginning			718,119		
Fund balance, ending			\$ -		

Town of Winterville, North Carolina
CAPITAL PROJECTS FUND - RECREATION CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Capital outlay:					
Culture and recreation	\$ 2,640,456	\$ 2,350,413	\$ -	\$ 2,350,413	\$ 290,043
Total capital outlay	<u>2,640,456</u>	<u>2,350,413</u>	<u>-</u>	<u>2,350,413</u>	<u>290,043</u>
Other financing sources:					
Transfers from other funds:					
General Fund	2,640,456	2,336,160	14,253	2,350,413	(290,043)
Total other financing sources	<u>2,640,456</u>	<u>2,336,160</u>	<u>14,253</u>	<u>2,350,413</u>	<u>(290,043)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (14,253)</u>	14,253	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(14,253)		
Fund balance, ending			<u>\$ -</u>		



ENTERPRISE FUNDS

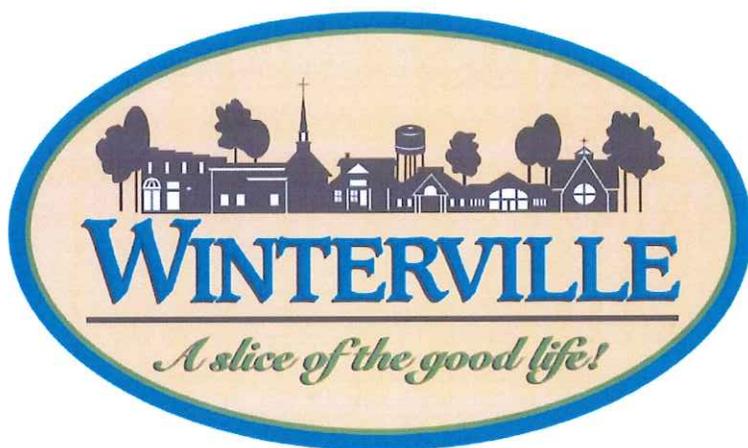
The Enterprise Funds are established to account for services provided to the general public and the related costs of such services. Although General Statutes and generally accepted accounting principles do not require an annual balanced budget for Enterprise Funds, the Town does adopt a balanced budget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

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

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

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

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



Town of Winterville, North Carolina
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Sale of electricity		\$ 6,298,601	
Connection fees		25,760	
Service charges		44,722	
Miscellaneous revenue		200,366	
Total operating revenues	<u>\$ 6,459,540</u>	<u>6,569,449</u>	<u>\$ 109,909</u>
Non-operating revenues:			
Interest earned		13,773	
Total non-operating revenues	<u>62,695</u>	<u>13,773</u>	<u>(48,922)</u>
Total revenues	6,522,235	6,583,222	60,987
Expenditures:			
Operating:			
Electrical power purchases		3,807,395	
Salaries and employee benefits		520,153	
Supplies		83,590	
Repairs and maintenance		21,022	
Contracted services		172,676	
Other departmental expenses		231,155	
Total operating expenditures	<u>5,479,240</u>	<u>4,835,991</u>	<u>643,249</u>
Debt service:			
Principal retirement	209,382	195,085	14,297
Interest	136,127	136,287	(160)
Total debt service	<u>345,509</u>	<u>331,372</u>	<u>14,137</u>
Capital outlay:			
Noncapitalized equipment < \$5,000		51,055	
Capital outlay		451,924	
Total capital outlay	<u>686,910</u>	<u>502,979</u>	<u>183,931</u>
Total expenditures	<u>6,511,659</u>	<u>5,670,342</u>	<u>841,317</u>

Town of Winterville, North Carolina
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	10,576	912,880	902,304
Other financing sources (uses):			
Transfers from other funds:			
Water Fund	45,500	45,500	-
Transfers to other funds:			
General Fund	(644,079)	(644,079)	-
Total other financing sources (uses)	(598,579)	(598,579)	-
Fund balance appropriated	588,003	-	(588,003)
Revenues and other sources over (under) expenditures and other uses	\$ -	314,301	\$ 314,301
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		195,085	
Capital outlay		451,924	
Depreciation		(329,842)	
Increase in accrued vacation pay		(1,584)	
Increase in accrued OPEB liability		(11,932)	
Total		303,651	
Change in net assets		\$ 617,952	

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 733,427	
Other operating revenues		2,166	
Total operating revenues	<u>\$ 742,755</u>	<u>735,593</u>	<u>\$ (7,162)</u>
Non-operating revenues:			
Investment earnings		4,575	
Total non-operating revenues	<u>22,083</u>	<u>4,575</u>	<u>(17,508)</u>
Total revenues	764,838	740,168	(24,670)
Expenditures:			
Operating:			
Purchases for resale		88,656	
Salaries and employee benefits		207,979	
Supplies		30,016	
Repairs and maintenance		5,179	
Contracted services		21,507	
Other departmental expenses		111,706	
Total operating expenditures	<u>529,491</u>	<u>465,043</u>	<u>64,448</u>
Debt service:			
Principal retirement	12,000	12,000	-
Interest	<u>1,000</u>	<u>700</u>	<u>300</u>
Total debt service	13,000	12,700	300
Capital outlay:			
Noncapitalized equipment < \$5,000		6,334	
Capital outlay		66,454	
Total capital outlay	<u>111,915</u>	<u>72,788</u>	<u>39,127</u>
Total expenditures	<u>654,406</u>	<u>550,531</u>	<u>103,875</u>
Revenues over (under) expenditures	<u>110,432</u>	<u>189,637</u>	<u>79,205</u>

Town of Winterville, North Carolina
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from other funds:			
Sewer Fund	92,932	92,932	-
Transfers to other funds:			
General Fund	(211,109)	(211,109)	-
Electric Fund	(45,500)	(45,500)	-
	(163,677)	(163,677)	-
 Fund balance appropriated	 53,245	 -	 (53,245)
 Revenues and other sources over (under) expenditures and other uses	 \$ -	 25,960	 \$ 25,960

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

Reconciling items:			
Principal retirement		12,000	
Capital outlay		66,454	
Decrease in accrued vacation pay		4,742	
Increase in accrued OPEB liability		(3,671)	
Depreciation		(85,610)	
Total		(6,085)	
Change in net assets		\$ 19,875	

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Sewer charges		\$ 1,709,549	
Tapping fees		451	
Total operating revenues	<u>\$ 1,581,418</u>	<u>1,710,000</u>	<u>\$ 128,582</u>
Non-operating revenues:			
Investment earnings		3,845	
Development fees		33,099	
Total non-operating revenues	<u>115,548</u>	<u>36,944</u>	<u>(78,604)</u>
 Total revenues	 1,696,966	 1,746,944	 49,978
Expenditures:			
Operating:			
Salaries and employee benefits		179,039	
Supplies		23,801	
Repairs and maintenance		27,265	
Contracted services		17,658	
CMSD expense		828,437	
Other departmental expenses		97,521	
Total operating expenditures	<u>1,222,286</u>	<u>1,173,721</u>	<u>48,565</u>
Debt service:			
Principal retirement	151,895	151,875	20
Interest	<u>70,614</u>	<u>70,631</u>	<u>(17)</u>
Total debt service	222,509	222,506	3
Capital outlay:			
Noncapitalized equipment <\$5,000		1,431	
Capital outlay		16,668	
Total capital outlay	<u>43,431</u>	<u>18,099</u>	<u>25,332</u>
 Total expenditures	 1,488,226	 1,414,326	 73,900
 Revenues over (under) expenditures	 208,740	 332,618	 123,878

Town of Winterville, North Carolina
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(224,069)	(224,069)	-
Water Fund	(92,932)	(92,932)	-
Total other financing sources (uses)	(317,001)	(317,001)	-
 Fund balance appropriated	 108,261	 -	 (108,261)
 Revenues and other sources over (under) expenditures and other uses	 \$ -	 15,617	 \$ 15,617
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		151,875	
Capital outlay		16,668	
Depreciation		(188,615)	
Increase in accrued vacation pay		(675)	
Increase in accrued OPEB liability		(4,589)	
Total		(25,336)	
Change in net assets		\$ (9,719)	

Town of Winterville, North Carolina
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2011

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater charges		\$ 758	
Total operating revenues	\$ -	758	\$ 758
Non-operating revenues:			
Investment earnings		1,396	
Total non-operating revenues	5,732	1,396	(4,336)
Total revenues	5,732	2,154	(3,578)
Expenditures:			
Operating:			
Salaries and employee benefits		36,965	
Contracted services		4,431	
Other departmental expenses		19,957	
Total operating expenditures	91,515	61,353	30,162
Capital outlay:			
Capital outlay		14,096	
Total capital outlay	53,572	14,096	39,476
Total expenditures	145,087	75,449	69,638
Revenues over (under) expenditures	(139,355)	(73,295)	66,060
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(50,837)	(50,837)	-
Total other financing sources (uses)	(50,837)	(50,837)	-
Fund balance appropriated	190,192	-	(190,192)
Revenues and other sources over (under) expenditures and other uses	\$ -	(124,132)	\$ (124,132)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		14,096	
Depreciation		(40,533)	
Bad debt expense		(5,644)	
Increase in accrued vacation pay		(6,952)	
Increase in accrued OPEB liability		(1,836)	
Total		(40,869)	
Change in net assets		\$ (165,001)	



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

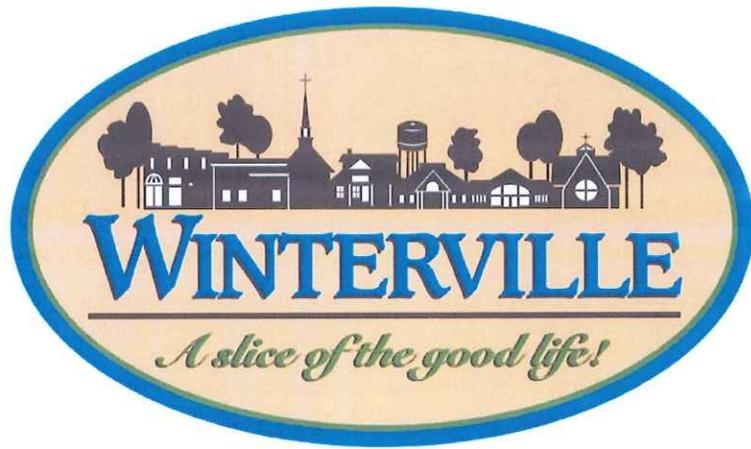
The statistical section includes ten year comparison data on various aspects of Town finances as well as other information to enhance understanding of Town operations.

Compliance Section

The compliance section includes auditors reports on federal and state compliance matters and details on the expenditures of federal and state awards.



GOVERNMENTAL CAPITAL ASSETS



Town of Winterville, North Carolina
COMPARATIVE SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 For the Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts As of June 30, 2010)

Governmental Capital Assets	2011	2010
Land and improvements	\$ 3,508,294	\$ 3,392,359
Buildings	6,676,944	6,676,944
Streets and infrastructure	23,851,283	22,992,397
Software	422,061	323,860
Vehicles and equipment	3,377,665	3,401,512
Total	\$ 37,836,247	\$ 36,787,072

Town of Winterville, North Carolina
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2011

<u>Function and Activity</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
General government	\$ 8,620,774	\$ 226,870	\$ -	\$ 8,847,644
Transportation	23,705,255	903,611	33,500	24,575,366
Public Safety	1,820,823	27,407	98,623	1,749,607
Cultural and recreation	2,640,220	23,410	-	2,663,630
 Total	 <u>\$ 36,787,072</u>	 <u>\$ 1,181,298</u>	 <u>\$ 132,123</u>	 <u>\$ 37,836,247</u>

OTHER SCHEDULES

This section contains additional information on property taxes.

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



WINTERVILLE

A slice of the good life!

Town of Winterville, North Carolina
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2011

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections And Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 3,148,873	\$ 3,039,049	\$ 109,824
2009-2010	92,777	-	52,298	40,479
2008-2009	44,225	-	7,911	36,314
2007-2008	14,673	-	4,485	10,188
2006-2007	9,959	-	1,197	8,762
2005-2006	4,744	-	48	4,696
2004-2005	3,461	-	116	3,345
2003-2004	2,907	-	41	2,866
2002-2003	3,665	-	-	3,665
2001-2002	2,174	-	16	2,158
2000-2001	2,345	-	2,345	-
Total	<u>\$ 180,930</u>	<u>\$ 3,148,873</u>	<u>\$ 3,107,506</u>	<u>222,297</u>

Less: allowance for uncollectible accounts:

General fund 41,876

Ad valorem taxes receivable - net \$ 180,421

Reconcilement with Revenues:

Ad valorem taxes - General Fund \$ 3,115,699

Reconciling items:

Interest collected (16,500)

Taxes written off 2,345

Releases and other adjustments 5,962

Subtotal (8,193)

Total collections and credits \$ 3,107,506

Town of Winterville, North Carolina
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2011

	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	\$ 701,920,000	0.45	\$ 3,158,640	\$ 2,860,753	\$ 297,887
Discoveries	486,889		2,191	2,191	-
Abatements	(2,657,333)		(11,958)	(7,837)	(4,121)
Total property valuation	<u>\$ 699,749,556</u>				
Net levy			3,148,873	2,855,107	293,766
Uncollected taxes at June 30, 2011			<u>(109,824)</u>	<u>(59,755)</u>	<u>(50,069)</u>
Current year's taxes collected			<u>\$ 3,039,049</u>	<u>\$ 2,795,352</u>	<u>\$ 243,697</u>
Current levy collection percentage			<u>96.51%</u>	<u>97.91%</u>	<u>82.96%</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 ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)

Table 1

	2005	2006	2007	2008	2009	2010	2011
Governmental activities							
Invested in capital assets, net of related debt	\$ 17,498,023	\$ 17,015,395	\$ 18,107,145	\$ 18,883,210	\$ 19,033,329	\$ 19,743,897	\$ 20,131,928
Restricted	99,573	64,181	118,662	297,722	509,458	524,194	1,344,122
Unrestricted	2,309,790	3,806,332	3,865,762	3,841,539	2,756,908	2,602,666	2,117,242
Total governmental activities net assets	\$ 19,907,386	\$ 20,885,908	\$ 22,091,569	\$ 23,022,471	\$ 22,299,695	\$ 22,870,757	\$ 23,593,292
Business-type activities							
Invested in capital assets, net of related debt	\$ 4,051,159	\$ 4,471,007	\$ 4,304,371	\$ 2,981,588	\$ 5,773,808	\$ 5,531,666	\$ 5,795,169
Restricted	-	-	-	-	-	-	-
Unrestricted	2,735,379	2,881,715	3,992,871	6,181,096	4,202,970	4,775,714	4,975,318
Total Business-type activities net assets	\$ 6,786,538	\$ 7,352,722	\$ 8,297,242	\$ 9,162,684	\$ 9,976,778	\$ 10,307,380	\$ 10,770,487
Primary government							
Invested in capital assets, net of related debt	\$ 21,549,182	\$ 21,486,402	\$ 22,411,516	\$ 21,864,798	\$ 24,807,137	\$ 25,275,563	\$ 25,927,097
Restricted	99,573	64,181	118,662	297,722	509,458	524,194	1,344,122
Unrestricted	5,045,169	6,688,047	7,858,633	10,022,635	6,959,878	7,378,380	7,092,560
Total primary government net assets	\$ 26,693,924	\$ 28,238,630	\$ 30,388,811	\$ 32,185,155	\$ 32,276,473	\$ 33,178,137	\$ 34,363,779

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

Table 2

	2005	2006	2007	2008	2009	2010	2011
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
Public Safety	1,042,633	1,601,482	1,780,041	1,588,821	1,753,660	1,883,985	1,794,701
Transportation	1,330,973	1,453,211	1,478,672	1,496,651	1,596,862	1,381,524	1,299,618
Environmental protection	278,343	265,869	323,910	344,757	375,894	402,902	444,724
Cultural and recreational	393,494	706,594	891,387	895,246	843,293	896,397	961,253
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
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
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
Water	396,926	469,614	495,483	636,679	693,124	778,832	556,616
Sewer	913,054	1,083,201	1,119,390	1,540,475	1,305,034	1,804,362	1,439,662
Stormwater	8,039	24,134	21,291	39,355	27,072	69,718	116,318
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
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
Program Revenues							
Governmental activities:							
Charges for services							
General government	\$ 122,166	\$ 63,022	\$ 49,050	\$ 72,162	\$ 131,618	\$ 69,550	\$ 68,488
Public Safety	61,960	93,552	-	-	156,151	-	1,100
Transportation	-	-	-	-	-	328	-
Environmental protection	232,815	-	355,810	364,709	377,406	410,186	481,343
Cultural and recreational	122,783	331,373	113,106	159,179	227,367	184,439	258,113

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

Table 2

	2005	2006	2007	2008	2009	2010	2011
Operating grants and contributions							
General governmental	-	70,209	36,426	120,372	-	-	-
Public Safety	-	250,643	71,925	86,905	-	142,449	21,394
Transportation	195,593	233,826	244,662	340,213	-	264,041	345,935
Environmental protection	-	-	-	-	-	6,150	6,115
Cultural and recreational	-	-	-	-	-	-	-
Capital grants and contributions							
General Government	534,695	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	500,000	-
Transportation	4,652,377	802,166	1,429,511	733,570	276,512	-	-
Total governmental activities program revenue	\$ 5,922,389	\$ 1,844,791	\$ 2,300,490	\$ 1,877,110	\$ 1,169,054	\$ 1,577,143	\$ 1,182,488
Business-type activities:							
Charges for services							
Electric Fund	\$ 4,284,432	\$ 4,740,155	\$ 4,645,162	\$ 5,088,797	\$ 5,782,977	\$ 5,842,314	\$ 6,569,449
Water Fund	509,622	553,868	583,834	643,967	740,300	743,907	735,593
Sewer Fund	786,018	1,116,274	1,203,587	1,485,481	1,646,000	1,644,394	1,710,000
Stormwater Fund	-	-	28,080	159,821	192,948	125,363	758
Operating grants and contributions	-	-	-	-	-	80,884	33,099
Capital grants and contributions	74,127	52,368	99,794	101,113	126,992	500,000	-
Total business-type activities program revenue	\$ 5,654,199	\$ 6,462,665	\$ 6,560,457	\$ 7,479,179	\$ 8,489,217	\$ 8,936,862	\$ 9,048,899
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
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)
Business-type activities	599,030	663,845	765,458	1,064,906	1,158,967	1,051,521	1,569,612
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)

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

Table 2

	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets							
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
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
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
Investment Earnings	29,757	349,180	256,525	267,674	53,082	11,967	17,851
Miscellaneous	-	128,090	244,646	103,642	-	721,519	758,425
Transfers	205,732	184,529	(43,884)	478,389	408,458	736,599	1,130,094
Total governmental activities	\$ 3,424,531	\$ 4,248,732	\$ 4,442,539	\$ 5,163,919	\$ 5,356,908	\$ 6,323,255	\$ 6,897,690
Business-type activity:							
Investment earnings, net of market adjustment	\$ 60,614	\$ 87,869	\$ 138,178	\$ 275,925	\$ 63,585	\$ 15,680	\$ 23,589
Transfers	(205,732)	(184,529)	43,884	(478,389)	(408,458)	(736,599)	(1,130,094)
Total business-type activity	\$ (145,118)	\$ (96,660)	\$ 182,062	\$ (202,464)	\$ (344,873)	\$ (720,919)	\$ (1,106,505)
Total primary government	\$ 3,279,413	\$ 4,152,072	\$ 4,624,601	\$ 4,961,455	\$ 5,012,035	\$ 5,602,336	\$ 5,791,185
Change in net assets							
Governmental activities	\$ 4,890,307	\$ 978,522	\$ 1,205,661	\$ 930,902	\$ (722,777)	\$ 440,672	\$ 722,535
Business-type activities	453,912	566,185	947,520	862,442	814,094	330,602	463,107
Total primary government	\$ 5,344,219	\$ 1,544,707	\$ 2,153,181	\$ 1,793,344	\$ 91,317	\$ 771,274	\$ 1,185,642

Note: Information for 2001-2004 was not readily available at 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 2001-2004 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
General Fund	
Nonspendable	\$ 33,133
Restricted	1,336,722
Committed	7,400
Assigned	67,680
Unassigned	2,287,824
Total General Fund	\$ 3,732,759
 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 BALANCE, GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(modified accrual basis of accounting)

Table 4

	2005	2006	2007	2008	2009	2010	2011
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
Other taxes and licenses	1,095,704	1,351,006	1,612,127	1,703,377	1,478,844	38,686	31,045
Unrestricted intergovernmental	247,514	349,180	256,525	267,674	311,361	1,720,942	1,802,602
Restricted intergovernmental	730,288	554,678	244,662	371,097	276,512	797,691	370,376
Permits and Fees	37,794	61,595	10,545	8,308	7,770	3,730	4,488
Sales and Services	419,017	421,105	544,019	587,743	544,782	666,741	804,929
Investment Earnings	36,618	128,090	244,646	103,642	53,082	13,676	20,919
Miscellaneous	173,642	178,340	162,928	274,456	349,561	173,828	10,989
TOTAL REVENUES	\$ 4,617,657	\$ 5,279,903	\$ 5,446,034	\$ 5,901,733	\$ 6,088,359	\$ 6,501,479	\$ 6,161,047
EXPENDITURES							
General Government	\$ 1,122,694	\$ 1,329,062	\$ 1,369,073	\$ 2,006,059	\$ 4,130,732	\$ 2,573,280	\$ 2,302,452
Public Safety	900,240	1,571,043	1,662,237	1,541,222	1,713,040	2,354,913	1,595,926
Transportation	645,180	751,172	727,838	706,317	778,185	772,378	654,379
Environmental Protection	278,343	265,869	323,910	344,757	375,894	402,902	444,724
Cultural and Recreation	386,169	692,333	873,251	927,663	1,652,918	797,599	894,595
Economic and Physical Development	96,871	44,300	7,071	981	-	-	-
Public Works	-	23,128	-	-	-	-	-
Vehicle Replacement	-	-	-	-	-	307,117	-
Debt Service:							
Principal retirement	196,122	120,190	380,812	524,203	712,724	791,985	723,690
Interest and Fees	113,690	108,076	146,660	166,629	222,427	207,454	272,692
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

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

Table 4

	2005	2006	2007	2008	2009	2010	2011
REVENUES OVER (UNDER) EXPENDITURES	\$ 55,323	\$ 129,905	\$ (486,431)	\$ (460,313)	\$ (3,568,685)	\$ (3,285,159)	\$ (727,411)
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
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
Net Change in Fund Balances	\$ 799,257	\$ 1,533,371	\$ 229,685	\$ 2,247,306	\$ (2,928,227)	\$ (170,877)	\$ 421,442
Debt Services as a percentage of noncapital expenditures	9%	5%	11%	12%	14%	15%	15%

Note: Information for 2001-2004 was not readily available at statement preparation.

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

Table 5

Fiscal Year	Property	Sales	Franchise	Penalties/	Total
	Tax	Tax	Tax	Interest	
2005	\$ 1,866,823	\$ 1,032,120	\$ 136,804	\$ 10,257	\$ 3,046,004
2006	2,227,012	1,298,889	223,461	8,897	3,758,259
2007	2,364,856	1,539,690	218,311	5,726	4,128,583
2008	2,576,874	1,669,969	227,675	8,562	4,483,080
2009	3,055,047	1,445,534	270,492	11,400	4,782,473
2010	3,069,850	1,447,137	258,488	16,335	4,791,810
2011	3,099,199	1,502,894	257,852	16,500	4,876,445

Note: Information for 2001-2004 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	Total Taxes				Direct Tax Rate
	Real Property	Personal Property	Levied For Fiscal Year	Property Valuation	
2002	\$ 766,354	\$ 144,951	\$ 911,305	\$ 227,826,250	0.40
2003	976,915	173,801	1,150,716	255,714,667	0.45
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

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every eight years on average. The last county-wide revaluation occurred January 1, 2008. 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	
2002	0.40	0.40	-	0.025	0.68	1.11
2003	0.45	0.45	0.04	0.025	0.68	1.20
2004	0.45	0.45	0.04	0.025	0.68	1.20
2005	0.45	0.45	0.04	0.025	0.7	1.22
2006	0.45	0.45	0.04	0.025	0.7	1.22
2007	0.45	0.45	0.04	0.025	0.71	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

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 Tax Payers
Current Year and Nine Years Ago

Table 8

	Fiscal Year 2011				Fiscal Year 2002			
	Type of Business	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	
Sam's Real Estate Business Trust	Retail	\$ 7,716,136.00	1	1.21%	\$ 4,239,860.00	1	0.68%	
Winter Village LLC	Apartments	3,535,841.00	2	0.55%	2,326,380.00	3	0.37%	
Speight, Maxine A	Developer	2,538,906.00	3	0.40%				
The Roberts Company	Manufacturer	2,211,880.00	4	0.35%	1,596,270.00	5	0.25%	
Barfield G Properties LLC	Developer	2,180,064.00	5	0.34%				
Hudson, James H	Developer	2,136,740.00	6	0.33%				
J & S Firetower Property LLC	Retail	2,063,134.00	7	0.32%				
State Employees Credit Union	Financial Institution	2,019,161.00	8	0.32%				
Blair Development Group LLC	Developer	1,871,210.00	9	0.29%				
Winterville Business Park LLC	Developer	1,842,860.00	10	0.29%				
Cornerstone of Greenville	Contractor				2,453,890.00	2		
Ajax Magnethermic Corporation	Developer				1,754,650.00	4	0.28%	
Pinewood Village Associates	Apartments				1,591,760.00	6		
Colice Moore & J Tilmon Keel	Developer				1,150,840.00	7	0.18%	
Winterville Associates	Developer				1,118,060.00	8	0.18%	
MCB, Limited	Developer				1,114,640.00	9		
Harkit, LLC	Developer				1,005,050.00	10		
Totals		\$ 28,115,932.00		4.40%	\$ 18,351,400.00		1.94%	

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			Collected within the			Total Collections to Date		
	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Fiscal Year of the Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy
2002	\$ 911,305	\$ 8,758	\$ 920,063		\$ 864,526	94.87%	\$ 53,378	\$ 917,904	99.77%
2003	1,150,716	6,181	1,156,897		1,073,612	93.30%	79,620	1,153,232	99.68%
2004	1,275,493	16,674	1,292,167		1,254,253	98.33%	35,048	1,289,301	99.78%
2005	1,829,403	6,809	1,836,212		1,787,712	97.72%	45,155	1,832,867	99.82%
2006	2,191,730	6,427	2,198,157		2,142,254	97.74%	51,207	2,193,461	99.79%
2007	2,359,362	70,055	2,429,417		2,353,266	99.74%	67,389	2,420,655	99.64%
2008	2,562,502	23,542	2,586,044		2,513,791	98.10%	62,065	2,575,856	99.61%
2009	3,076,906	(2,878)	3,074,028		2,967,451	96.44%	70,263	3,037,714	98.82%
2010	3,072,771	16,999	3,089,770		2,996,993	97.53%	52,297	3,049,290	98.69%
2011	3,158,640	(9,767)	3,148,873		3,039,049	96.21%	-	3,039,049	96.51%

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				
2002	\$ 111,487	\$ 117,386	\$ 2,019,499	\$ 37,070	\$ 83,393	\$ 2,368,835	5.65%	464		
2003	75,569	79,781	1,810,011	25,194	57,121	2,047,676	4.70%	379		
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		

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
2002	\$ 2,019,499	0.9%	396
2003	1,810,011	0.7%	335
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

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit, 8% of Assessed Value	\$ 18,401,260	\$ 20,567,058	\$ 22,971,858	\$ 32,643,769	\$ 39,078,337	\$ 43,189,636	\$ 45,974,116	\$ 54,649,387	\$ 54,929,244	\$ 55,979,964
Total net debt applicable to limit	2,019,499	1,969,573	3,835,754	3,956,847	5,389,905	5,899,699	9,955,487	9,149,990	11,772,287	10,689,637
Legal debt Margin	<u>\$ 16,431,687</u>	<u>\$ 18,597,485</u>	<u>\$ 19,136,104</u>	<u>\$ 28,686,922</u>	<u>\$ 33,688,432</u>	<u>\$ 37,289,937</u>	<u>\$ 36,018,629</u>	<u>\$ 45,499,397</u>	<u>\$ 43,156,957</u>	<u>\$ 45,290,327</u>
Total net debt applicable to the limit as a percentage of debt limit	10.70%	9.58%	16.70%	12.12%	13.79%	13.66%	21.65%	16.74%	21.43%	19.10%

Legal Debt Margin Calculation for Fiscal Year Ending 2011

Assessed Value	\$ 699,749,556
Debt Limit (8% of assessed value)	55,979,964
Debt applicable to limit:	
General Obligation Bonds	975,500
Installment Notes Payable	9,714,137
Legal Debt Margin	<u>\$ 45,290,327</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, 2011

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	\$ 175,071,678	5.9%	\$ 10,297,480
Subtotal, overlapping debt			10,297,480
Total direct debt			<u>6,091,592</u>
Total direct and overlapping debt			<u><u>\$ 16,389,072</u></u>

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

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

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

TOWN OF WINTERVILLE, NORTH CAROLINA
ELECTRIC RATES
 Last Seven Fiscal Years
 (kG=1000 gallons)

Table 14

Type of Customer	Fiscal Year Ending							
	2005	2006	2007	2008	2009	2010	2011	
Small General Service	Facility Charge	13.36	25.00	25.00	28.75	34.50	34.50	34.5
	Demand Rate per kW first 10kW	1.53	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	4.23	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
	Energy Rate per kWh over 3,000 kWh	0.0755	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	0	13.36	13.36	15.36	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
	Demand Rate per kW over 10 kW	0	4.23	4.23	4.86	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
	Energy Rate per kWh over 3,000 kWh	0	0.0755	0.0755	0.0868	0.1042	0.1042	0.1042
Large General Service	Facility Charge	255	250	250	287.5	345	345	345
	Demand Rate per 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
	Energy Rate per kWh	0.0571	0.0571	0.0571	0.0657	0.0788	0.0788	0.0788
Large General Service Temporary	Facility Charge	0	0	0	0	0	0	0
	Rate per kWh first 3,000 kWh	0	0	0	0	0	0	0
	Rate per kWh over 3,000 kWh	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
	Rate per kWh first 800 kWh	0.0834	0.0834	0.0834	0.0959	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
	70W Sodium Vapor	8.97	10.5	10.5	12.08	14.5	14.5	14.5
Outdoor Lighting	100W Sodium Vapor	12	12	12	13.8	16.56	16.56	16.56
	150W Sodium Vapor	13.02	13.02	13.02	14.97	17.96	17.96	17.96
	250W Sodium Vapor	17.09	17.09	17.09	19.65	23.58	23.58	23.58
	400W Sodium Vapor	25.9	25.9	25.9	29.79	35.79	35.79	35.79
	1000W Sodium Vapor	41.98	41.98	41.98	48.28	57.94	57.94	57.94
	Wood Pole	0	2	2	2	2	2	2
	Underground Service <150 ft.	0	85	85	85	85	85	85
	Underground Service >150 ft.	0	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.	\$85 + \$3.00/ft >150 ft.

**TOWN OF WINTERVILLE, NORTH CAROLINA
WATER, SEWER AND STORMWATER RATES**

Last Seven Fiscal Years
(kG=1000 gallons)

Table 15

Type of Customer		Fiscal Year Ending													
		2005		2006		2007		2008		2009		2010		2011	
Water	Monthly Base Rate (3kG)	In	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 9.60	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52
		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
	Rate per 1kG for next 17 kG	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
		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
	Rate per 1kG for over 20kG	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
		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
Sewer	Monthly Base Rate (3kG)	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
		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
	Rate per 1kG for next 17 kG	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
		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
	Rate per 1kG for over 20kG	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
		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
Stormwater	Monthly Base Rate (3kG)	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
		Out	\$ -	\$ -	\$ 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 for next 17 kG	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
		Out	\$ -	\$ -	\$ 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 for over 20kG	In	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
		Out	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

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

Table 16

Fiscal Year	Population (1)	County Personal Income (2) (in thousands)	Per Capita Personal Income (2)	County School Enrollment (3)	County Unemployment Rate Percentage (4)
2002	5,101	\$ 41,894	\$ 26,425	20,286	6.6
2003	5,402	\$ 43,612	\$ 27,053	20,688	6.5
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 *	*	*	23,267	10.8

* 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, 2011

Table 17

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Roberts Company	450	1	5.40%
Pitt Community College	408	2	4.90%
Pitt County Schools	325	3	3.90%
Sam's Club	180	4	2.16%
North Carolina Driving School	164	5	1.97%
Regional Acceptance Corporation	125	6	1.50%
ONLINE Information Services, Inc.	83	7	1.00%
Town of Winterville	67	8	0.80%
Winterville Machine Works	57	9	0.68%
Mayflower	30	10	0.36%
Food Lion	25	11	0.30%
 Total	 <u>1,914</u>		 <u>22.98%</u>

Source: Staff contact with employers.

Note: Information for 2002 was not readily available for statement preparation.

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

Table 18

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

Source: Town Finance Department

Note: Information for 2001-2004 was not readily available at statement preparation.

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

Table 19

Function	2004	2005	2006	2007	2008	2009	2010	2011
Police								
Physical arrests	N/A	N/A	N/A	N/A	N/A	N/A	223	363
Traffic Violations	N/A	N/A	N/A	N/A	N/A	N/A	4,761	3,313
Fire								
Number of calls answered	N/A	N/A	N/A	N/A	N/A	N/A	512	426
Inspections	N/A	N/A						
Building Inspections								
New construction permits	N/A	N/A	N/A	N/A	N/A	N/A	39	29
Highways and Streets								
Street Resurfacing	N/A	N/A	N/A	N/A	N/A	N/A	1	4
Potholes Repaired	N/A	N/A	N/A	N/A	N/A	N/A	57	65
Sanitation								
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	7	10
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	2	3
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
Water								
New Connections	N/A	N/A	N/A	N/A	N/A	N/A	23	25
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	2	-
Average daily consumption (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	601,524	605,429
Number of customers	N/A	N/A	N/A	N/A	N/A	N/A	3,753	3,778
Wastewater								
New Connections	N/A	N/A	N/A	N/A	N/A	N/A	23	23
Average daily sewage treatment	N/A	N/A	N/A	N/A	N/A	N/A	536,067	538,832
Number of customers	N/A	N/A	N/A	N/A	N/A	N/A	3,413	3,436

Source: Various departments
Note: Operating indicators by function for 2001-2009 were not readily available for statement purposes.

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

Table 20

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety								
Police								
Stations	1	1	1	1	1	1	1	1
Patrol Units	N/A	N/A	N/A	N/A	N/A	19	19	19
Fire Stations	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
Highways and Streets								
Streets (miles)						41.77	42.23	42.91
Highways (miles)						N/A	N/A	N/A
Streetlights						N/A	N/A	N/A
Traffic signals	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
Tennis Court	N/A	N/A	N/A	N/A	N/A	0	2	2
Playgrounds	N/A	N/A	N/A	N/A	N/A	3	3	3
Baseball/Softball Diamonds	N/A	N/A	N/A	N/A	N/A	4	5	6
Soccer/football	N/A	N/A	N/A	N/A	N/A	3	3	3
Community Centers	N/A	N/A	N/A	N/A	N/A	0	0	0
Water								
Water Mains (miles)	N/A	N/A	N/A	N/A	N/A	59	59	63.63
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	305	305	380
Wastewater								
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	55	55	60.74
Storm water pipe	N/A	N/A	N/A	N/A	N/A	33.3	33.3	33

Source: Various Town Departments.

Notes: (1) Capital Asset indicators for 2001-2008 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



**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 the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winterville, North Carolina as of and for the year ended June 30, 2011, which collectively comprise the Town of Winterville's basic financial statements, and have issued our report thereon dated October 27, 2011. 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.

Internal Control Over Financial Reporting

Management of Town of Winterville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Winterville's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winterville's financial statements are free of 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*.

Member: North Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants

We noted certain matters that we reported to management of the Town of Winterville, in a separate letter dated October 27, 2011.

This report is intended solely for the information and use of management, others within the entity, members of the Town Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pittard Perry + Crone, Inc.

Williamston, North Carolina
October 27, 2011

Town of Winterville, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

Finding: 10-1

Status: Corrected.

Finding: 10-2

Status: Corrected.

Finding: 10-3

Status: Corrected.

Finding: 10-4

Status: Corrected.

Finding: 10-5

Status: Corrected.

Finding: 10-6

Status: Corrected.

Finding: 10-7

Status: Corrected.

Finding: 10-8

Status: Corrected.