

WINTERVILLE

North Carolina



Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30th, 2018

A Slice of the good life!



Comprehensive Annual Financial Report

of the

Town of Winterville, North Carolina

For the Fiscal Year Ended June 30, 2018

Anthony Bowers
Finance Director



Town of Winterville, North Carolina
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June 30, 2018

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INTRODUCTORY SECTION





Government Finance Officers Association

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

Presented to

Town of Winterville

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Mark Smith – Mayor Pro-Tem

Ricky Hines

Johnny L. Moye

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Finance Director

Anthony Bowers

Town Clerk

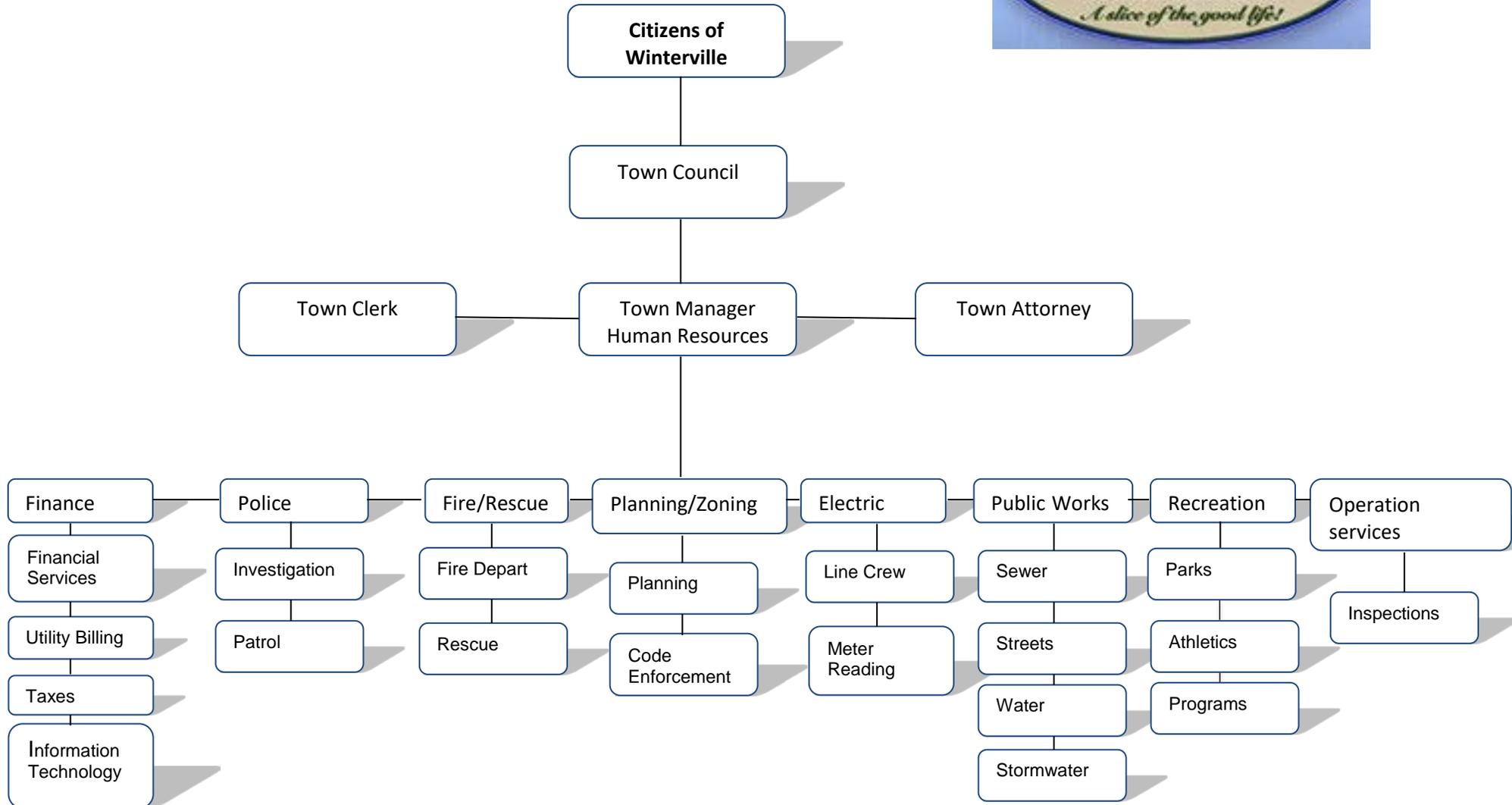
Don Harvey

Town Attorney

E. Keen Lassiter



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







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January 31, 2019

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

It is my pleasure to submit to you the Town of Winterville's eighth Comprehensive Annual Financial Report. This report is for the fiscal year ending June 30th, 2018. The Comprehensive Annual Financial Report (C.A.F.R.) is a document that includes the annual financial statements; as well as, a considerable amount of additional information. This includes historical data, the Management Discussion and Analysis, and commentary about the Town. Specifically the C.A.F.R. includes an introduction, a financial section, a statistical section and the compliance section.

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

The Town of Winterville has engaged the audit firm of Carr, Riggs, & Ingram, LLC to audit the Town's financial statements. Carr, Riggs, and Ingram, LLC has issued an unmodified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2018.

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

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

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

Profile of the Town of Winterville

The Town of Winterville was established in 1897. Located in Pitt County, Winterville is the second largest municipality in the county. The Town is geographically located in the center of the Coastal Plains of Eastern North Carolina. The Town's northern boundary is shared with the southern boundary of the City of Greenville. Winterville is conveniently located one hour east of Raleigh, and one hour west of the coast. The Town consists of 4.5 square miles, and has a population of 9,368 as of June 30th, 2018.

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

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

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

Local Economy

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

The close proximity to the City of Greenville and having Pitt Community College in the Town limits, brings thousands of people to Winterville to participate in commerce. Pitt Community College has over 8,902 students enrolled, and 474 full-time staff and faculty members.

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

One of the many popular events that take place annually is the Winterville Watermelon Festival. This festival brings in over 25,000 people to participate in concerts, parades, and rides. The Watermelon Festival has been an important part of the Town for 33 years and is the largest festival in the region. The Town works in conjunction with the nonprofit Winterville Watermelon Festival Committee to produce a spectacular event.

Pitt County has seen stable growth in the past 5 years due to several economic drivers. Examples include, East Carolina University, Vident Healthcare, Patheon, Mayne Pharma USA, NACCO Material Handling and many others. The unemployment rate for Pitt County is 4.9 percent. The population for Pitt County is 179,042.

Long Term Financial Planning

The Town has begun to review to review all major aspects of the Town's operations. We recently concluded several studies that will allow the governing board and staff to make long range plans for the Town's future. Some of those studies include evaluations of the following areas: Recreation, Fire, Finance, Urban Planning Land Use Plan, Electric Utilities, Water Utilities, Sewer Utilities and Storm Water Utilities.

With respect to the Enterprise Funds, the Town has installed a new \$2,177,000 sewer regional pump station and expansion that will provide opportunity for growth on the southeast side of Town. We have recently began work on a 3.6 million dollar system upgrade and rehabilitation system that will revamp a major portion of the Town's old sewer lines. Funding for this project will be provided by North Carolina Department of Environmental Resources through low interest loans.

The Town currently has a relationship with the Contentnea Metropolitan Sewage District, (CMSD). This district consists of three municipalities, the Town of Winterville, the Town of Ayden, and the Town of Grifton. Plant development and construction for CMSD has completed a \$16,926,000 renovation that began in 2003 Capital Improvements Program. Now that the 2003 CIP has been completed, CMSD has begun a new study that will provide us with a new long-range plan. The new CIP is expected to cost CMSD \$12,550,000 with funding coming from various sources and debt issuance.

Major Initiatives

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

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

The Town will be positioned for continued growth with the addition of 426 new residential lots. This is derived from two new subdivisions totaling 290 new lots, as well as, 136 new lots in expanding subdivisions. The census estimates that 99.5% of the residential units in Winterville are occupied. Commercial investment appears to be heading in the right directions with large scale developers entering into contracts on some of our most prime real estate.

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

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

Relevant Financial Policies

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

Risk Management

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

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

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

Pension Plans

The permanent full-time employees of the Town participate in the statewide North Carolina Local Government Employees' Retirement System (NCLGERS), a cost-sharing multi-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the Town that equal to 7.75% of earnings for employees not engaged in law enforcement and 8.5% for law enforcement officers for the fiscal year ending June 30th, 2018. All employees contribute 6.0% of their earnings to the state retirement system.

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

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

Acknowledgement

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

Respectfully submitted,



Anthony Bowers
Finance Director



FINANCIAL SECTION





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 6 to the financial statements, the Town of Winterville, North Carolina adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which results in an effect of (\$681,369) and (\$223,000) on the June 30, 2017 net position of governmental activities and business-type activities, respectively. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 17 through 30, the Other Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios page 84, respectively, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 85 and 86, respectively and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 87 and 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of Town of Winterville, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Winterville, North Carolina's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
January 31, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS



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

As management of the Town of Winterville, we offer readers of the Town of Winterville's financial statements this narrative overview and analysis of the financial activities of the Town of Winterville for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Winterville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$42,581,698 (net position).
- The net position increased in the amount of \$688,250, after restatement, was primarily due to revenues exceeding expectations and savings in the business-type activities related to project postponement, as well as vacant and frozen positions in the workforce.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,050,893 an increase of \$523,906 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,310,558, or 55% percent of total General Fund expenditures for the fiscal year.
- Capital asset additions for the Town totaled \$2,642,021.
- Long-term debt was reduced in the net amount of \$435,903 in the Governmental Activities.
- Business-type activities saw a net debt increase in the amount of \$457,080.

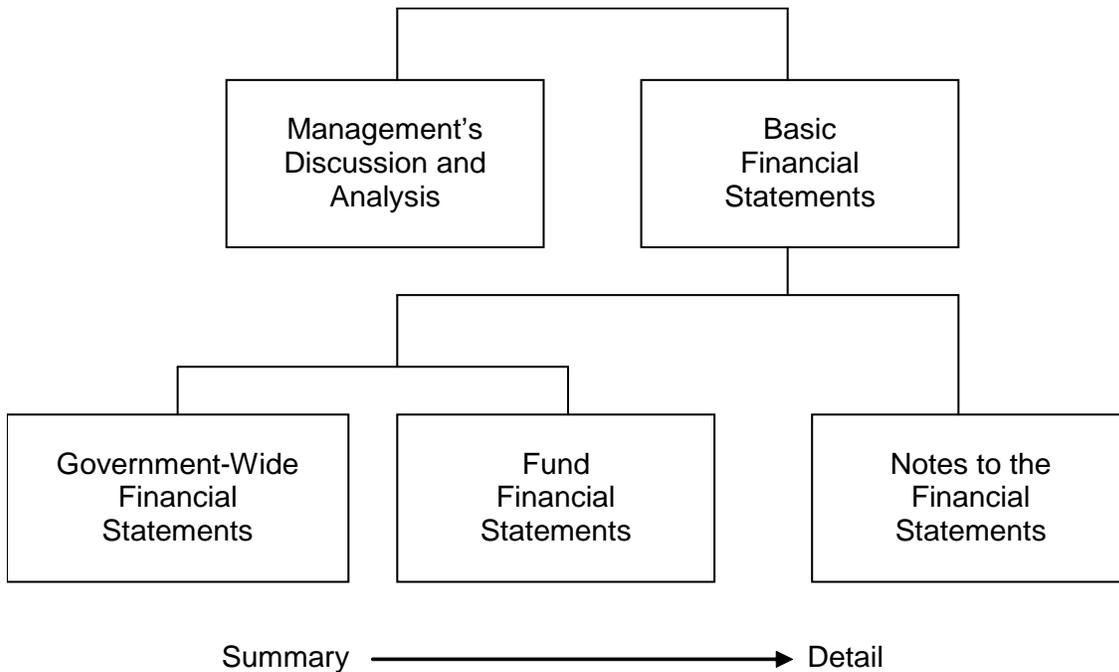
Overview of the Financial Statements

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

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** provides information on the Town of Winterville's proportionate share of the LGERS pension liability, the total LEOSA pension liability and the total OPEB liability. Supplemental Information is provided to show details about the Town of Winterville's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Winterville's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 83 of this report.

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

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

Government-Wide Financial Analysis

The Town of Winterville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 10,057,065	\$ 9,311,145	\$ 10,762,707	\$ 9,904,207	\$ 20,819,772	\$ 19,215,352
Capital assets	23,140,793	23,275,229	10,613,310	10,035,590	33,754,103	33,310,819
Total assets	<u>33,197,858</u>	<u>32,586,374</u>	<u>21,376,017</u>	<u>19,939,797</u>	<u>54,573,875</u>	<u>52,526,171</u>
Deferred outflows of resources	<u>593,104</u>	<u>867,374</u>	<u>147,025</u>	<u>241,448</u>	<u>740,129</u>	<u>1,108,822</u>
Long-term liabilities outstanding	5,020,861	5,023,559	4,993,390	4,581,183	10,014,251	9,604,742
Other liabilities	1,487,845	1,245,690	1,057,266	830,147	2,545,111	2,075,837
Total liabilities	<u>6,508,706</u>	<u>6,269,249</u>	<u>6,050,656</u>	<u>5,411,330</u>	<u>12,559,362</u>	<u>11,680,579</u>
Deferred inflows of resources	<u>98,419</u>	<u>10,780</u>	<u>74,525</u>	<u>50,186</u>	<u>172,944</u>	<u>60,966</u>
Net Position:						
Net investment in capital assets	20,129,722	19,828,145	5,680,189	5,559,549	25,809,911	25,387,694
Restricted	3,424,408	1,918,013	-	-	3,424,408	1,918,013
Unrestricted	<u>3,629,707</u>	<u>5,427,561</u>	<u>9,717,672</u>	<u>9,160,180</u>	<u>13,347,379</u>	<u>14,587,741</u>
Total net position	<u>\$ 27,183,837</u>	<u>\$ 27,173,719</u>	<u>\$ 15,397,861</u>	<u>\$ 14,719,729</u>	<u>\$ 42,581,698</u>	<u>\$ 41,893,448</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Winterville exceeded liabilities and deferred inflows by \$42,581,698 as of June 30, 2018. The Town's net position increased by \$688,250, after restatement for the fiscal year ended June 30, 2018. However, the largest portion of net position (61%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Winterville's net position, which totals \$3,424,408, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,347,379 is unrestricted.

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

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

- The Town's continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.24% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.34%, which is a slight decrease from the previous year's collection percentage of 99.38%.
- Current year property tax collections and credits increased to \$3,717,032 which is up from \$3,688,485 in 2017.
- The Town of Winterville had a tax base of \$787,751,368 as of June 30, 2018.

Governmental Activities: Governmental activities increased the Town's net position by \$10,118 thereby accounting for 1.47% of the total growth in the net position of the Town of Winterville. The key elements of this increase are contributed to contributions from the enterprise funds and increased property and intergovernmental taxes.

Business-Type Activities: Business-type activities increased the Town's net position by \$678,132 accounting for 98.53% of the total growth in the government's net position. Key elements of this increase are due to sales for service and a reduction in spending.

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

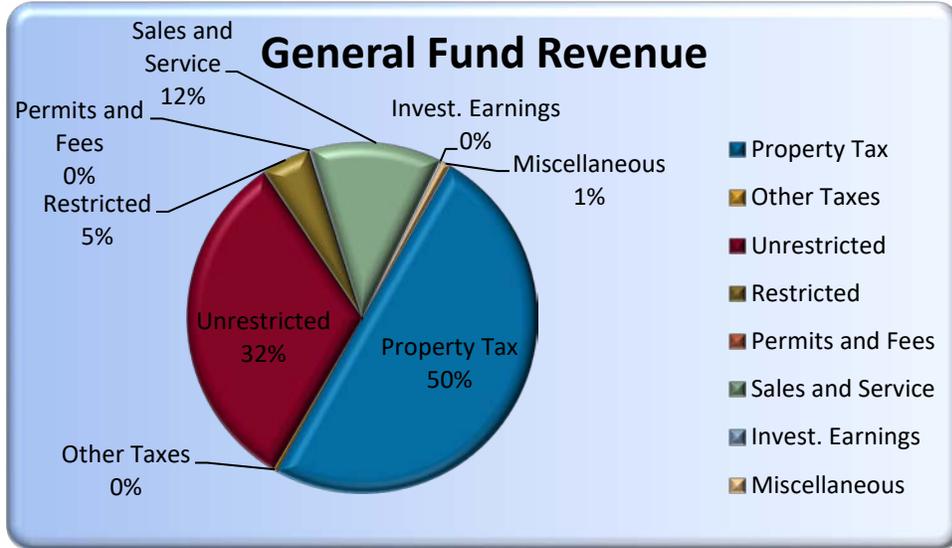
The Town of Winterville's Changes in Net Position

Figure 3

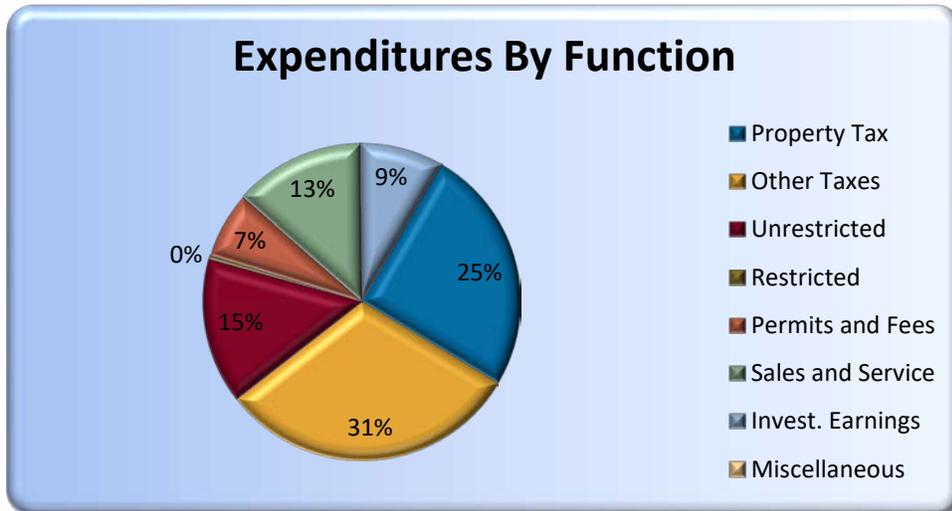
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 965,174	\$ 921,825	\$ 11,005,982	\$ 10,394,743	\$ 11,971,156	\$ 11,316,568
Operating grants and contributions	416,410	338,930	58,365	96,908	474,775	435,838
Capital grants and contribution	384,852	-	87,200	-	472,052	-
General Revenues:						
Property taxes	3,788,508	3,722,789	-	-	3,788,508	3,722,789
Other taxes and licenses	23,568	30,821	-	-	23,568	30,821
Unrestricted intergovernmental	2,444,867	2,400,590	-	-	2,444,867	2,400,590
Investment earnings	52,769	9,160	52,377	10,607	105,146	19,767
Other	247,608	1,040,275	-	-	247,608	1,040,275
Total revenues	<u>8,323,756</u>	<u>8,464,390</u>	<u>11,203,924</u>	<u>10,502,258</u>	<u>19,527,680</u>	<u>18,966,648</u>
Expenses:						
General government	2,103,977	2,166,843	-	-	2,103,977	2,166,843
Public safety	2,570,270	2,342,745	-	-	2,570,270	2,342,745
Transportation	1,703,364	1,359,646	-	-	1,703,364	1,359,646
Environmental protection	25,895	479,991	-	-	25,895	479,991
Economic development	496,618	32,400	-	-	496,618	32,400
Cultural and recreation	955,743	885,272	-	-	955,743	885,272
Interest expense	87,402	99,326	-	-	87,402	99,326
Electric	-	-	6,425,988	5,940,771	6,425,988	5,940,771
Water	-	-	1,427,037	1,245,965	1,427,037	1,245,965
Sewer	-	-	2,034,642	1,917,535	2,034,642	1,917,535
Stormwater	-	-	104,125	177,186	104,125	177,186
Total expenses	<u>7,943,269</u>	<u>7,366,223</u>	<u>9,991,792</u>	<u>9,281,457</u>	<u>17,935,061</u>	<u>16,647,680</u>
Increase (decrease) in net position before transfers	380,487	1,098,167	1,212,132	1,220,801	1,592,619	2,318,968
Transfers	311,000	290,000	(311,000)	(290,000)	-	-
Increase (decrease) in net position	691,487	1,388,167	901,132	930,801	1,592,619	2,318,968
Net position, July 1 as previously reported	27,173,719	26,010,923	14,719,729	13,769,148	41,893,448	39,780,071
Change in accounting principle	(681,369)	(225,371)	(223,000)	19,780	(904,369)	(205,591)
Net position, July 1 as restated	<u>26,492,350</u>	<u>25,785,552</u>	<u>14,496,729</u>	<u>13,788,928</u>	<u>40,989,079</u>	<u>39,574,480</u>
Net position, June 30	<u>\$ 27,183,837</u>	<u>\$ 27,173,719</u>	<u>\$ 15,397,861</u>	<u>\$ 14,719,729</u>	<u>\$ 42,581,698</u>	<u>\$ 41,893,448</u>

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

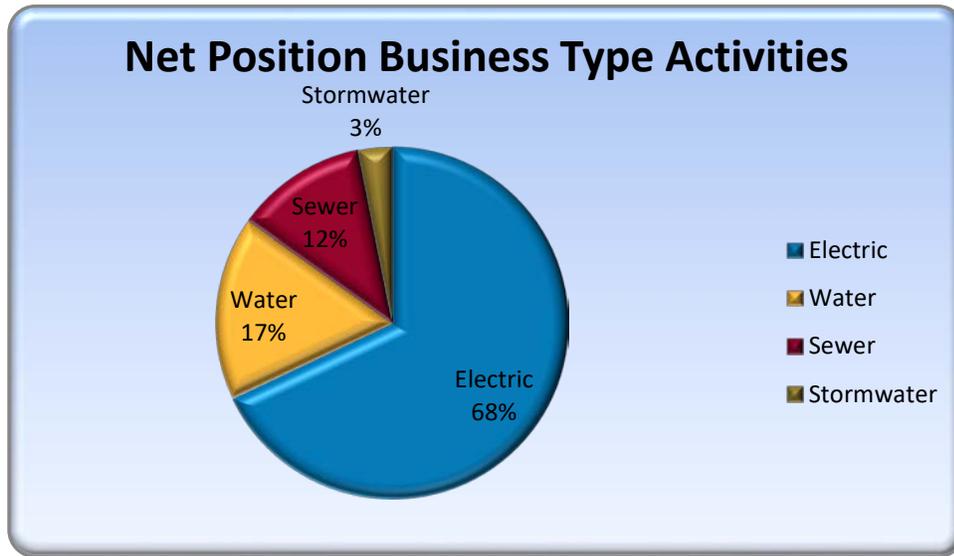
General Fund Revenue By Source:



General Fund Expenditures By Function:



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



Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Winterville. At the end of the current fiscal year, Town of Winterville's unassigned fund balance in the General Fund was \$4,310,558, while total fund balance reached \$9,050,893. The Governing Body of the Town of Winterville has determined that the Town should maintain a minimum available fund balance of 25% of general fund expenditures. This policy will allow for the Town to position itself for unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an unassigned fund balance of 55% of general fund expenditures. Total fund balance represents 116% of the same amount. This change in Fund Balance is due to the fact that revenues exceeded expenditures in the amount of \$126,406, before other financing sources.

General Fund Budgetary Highlights: During the fiscal year, the Town of Winterville revised the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Budgeted expenditure appropriations rose during the year by \$4,091,664 to \$11,572,701. One of the largest budget amendments was for \$636,920, which primarily relates to a contract for a large paving project. The funds were allocated from fund balance for the project. Budgeted revenues in the General Fund increased by \$384,547 during the fiscal year. Other changes to the budget were limited to using

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

Fund Balance to cover prior year commitments. The Town of Winterville had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$3,922,117), an increase of \$2,645,085 from the 2017 fiscal year.

The General Fund had four items of significant variance related to budget to actual. The four significant items were, General Government, Public Safety, Transportation and Cultural and Recreation. Regarding Ad Valorem Taxes, the Town determines the budget on calculations from the tax assessor's office. These estimates are typically very conservative and create a situation where actual revenue is typically higher than the budgeted estimate. General Government did not spend all of the allocation budgeted by \$3,760,082. This was caused by several factors which include vacant positions, and the postponement of projects. Public Safety was left with \$742,589 as a result of reimbursements from Winterville EMS. Transportation funds remaining at year-end were \$679,001. Cultural and recreation funds remaining at year-end were \$701,671. This was the result of funds that were not fully spent as a result of projects being postponed.

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

Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$7,143,123 compared with the prior fiscal year of \$6,554,801, which is an increase of \$588,322.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,380,010 compared with the prior fiscal year of \$1,571,623, which is a decrease of \$191,613.

Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$981,214 compared with the prior fiscal year of \$920,453, which is an increase of \$60,761.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$213,325 compared with the prior fiscal year of \$113,303, which is an increase of \$100,022.

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

Capital Asset and Debt Administration

Capital Assets. The Town of Winterville's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totaled \$33,754,103 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

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

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and construction						
in progress	\$ 4,218,490	\$ 4,031,051	\$ 3,026,612	\$ 2,201,565	\$ 7,245,102	\$ 6,232,616
Distribution and treatment systems	-	-	7,352,116	7,635,979	7,352,116	7,635,979
Buildings	4,016,275	3,867,115	63,057	76,538	4,079,332	3,943,653
Infrastructure	13,175,771	13,629,260	-	-	13,175,771	13,629,260
Software	10,596	36,492	-	-	10,596	36,492
Equipment and vehicles	<u>1,719,661</u>	<u>1,711,311</u>	<u>171,525</u>	<u>121,508</u>	<u>1,891,186</u>	<u>1,832,819</u>
Total	<u>\$ 23,140,793</u>	<u>\$ 23,275,229</u>	<u>\$ 10,613,310</u>	<u>\$ 10,035,590</u>	<u>\$ 33,754,103</u>	<u>\$ 33,310,819</u>

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

Long-Term Debt. As of June 30, 2018, the Town of Winterville had bonded or secured debt outstanding of \$7,944,192. The Town's debt is sourced with installment purchase agreements secured by the equipment and vehicles purchased.

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

The Town of Winterville's Outstanding Debt Installment Purchases

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Installment purchases	\$ 3,011,071	\$ 3,447,084	\$ 4,933,121	\$ 4,476,041	\$ 7,944,192

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 \$60,009,038.

Additional information regarding the Town of Winterville's long-term debt can be found in Note 2 E 7 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The tax levy for the Town of Winterville's real property saw a slight increase due to tax revaluation with estimated tax revenue of \$3,320,828, an increase of \$111,205.
- The population decreased from 9,447 to 9,368 from 2017 to 2018.
- The total number of utility customers has remained constant reflecting the lack of current growth.
- Next year's budget will have to address the following issues:
 - The General Fund will have capital purchases of vehicles for Recreation and playground equipment, Firetruck as well as a new Public Works garage. The purchase of this equipment be included in the operating budget and will be financed with installment purchase agreements.
 - The General Fund will be subsidized by with \$375,578 from the Electric Fund, and reimbursements from the enterprise funds in the amount of 1,106,645.
 - The Electric and Water utilities are not anticipating a rate increase to provide needed revenues.
 - The Sewer and Stormwater utilities include monthly increases of \$4 and \$2, respectively.
 - The Town will not add any new positions and will have 2 positions remain frozen.
 - Town staff will see salary increases or cost of living raises in the amount of 1.5% and the reinstatement of a merit system.
 - There are no new significant capital projects beginning in the 2018-2019 FY.
 - Fund balance appropriation in the General Fund for fiscal year 2019 is \$1,296,299.

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

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities – The annual budget for the General Fund is \$10,533,610 for the 2018-2019 fiscal year. The taxable property value of \$708,694,697. The tax rate will remain the same at 47.5 cents per 100 dollars of valuation. Major appropriations include contributions to the Recreation Fund in the amount of \$873,724.

Business-Type Activities - The total Electric Fund budget for the 2017-2018 fiscal year is \$8,030,830. The purchase of power from Duke Energy and NTE is budgeted in the amount of \$3,467,000. Also, the Electric Department will include an appropriation of \$421,110 for services provided by the General Fund and \$375,578 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,610,796 that is up from the 2017-2018 budget, which was \$1,512,014 a difference of \$98,782. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$442,000 of water from Greenville Utilities Commission.

The Sewer Fund budget of \$2,512,909 represents an increase in the amount of \$309,918 from the 2017-2018 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$1,023,374 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2018-2019 Stormwater budget of \$486,832 will have an increase in the amount of \$306,832. The total budget for the 2017-2018 fiscal year was \$180,000. Appropriations address two expenses; which are Salaries and Wages, and contracted services for ditch maintenance.

Requests for Information

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



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
Statement of Net Position
June 30, 2018
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,931	\$ 2,125,749	\$ 2,127,680
Investments	11,766,305	2,275,000	14,041,305
Restricted cash and cash equivalents	1,282,671	382,862	1,665,533
Taxes receivables (net)	66,549	-	66,549
Accounts receivable (net)	79,178	1,406,067	1,485,245
Other receivables	25,506	2,278	27,784
Due from other governments	810,008	-	810,008
Internal balances	(3,985,406)	3,985,406	-
Inventories	10,323	585,345	595,668
Total current assets	<u>10,057,065</u>	<u>10,762,707</u>	<u>20,819,772</u>
Non-current assets:			
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	4,218,490	3,026,612	7,245,102
Other capital assets, net of depreciation	18,922,303	7,586,698	26,509,001
Total capital assets	<u>23,140,793</u>	<u>10,613,310</u>	<u>33,754,103</u>
Total non-current assets	<u>23,140,793</u>	<u>10,613,310</u>	<u>33,754,103</u>
TOTAL ASSETS	<u>33,197,858</u>	<u>21,376,017</u>	<u>54,573,875</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	555,479	135,145	690,624
OPEB deferrals	37,625	11,880	49,505
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>593,104</u>	<u>147,025</u>	<u>740,129</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	231,812	266,090	497,902
Current portion of long-term liabilities	611,024	661,893	1,272,917
Liabilities payable from restricted assets:			
Accounts payable	645,009	-	645,009
Customer deposits	-	129,283	129,283
Total current liabilities	<u>1,487,845</u>	<u>1,057,266</u>	<u>2,545,111</u>
Long-term liabilities:			
Net pension liability - LGERS	613,059	239,716	852,775
Total pension liability - LEOSSA	469,135	-	469,135
Total OPEB liability	1,280,633	404,409	1,685,042
Due in more than one year	2,658,034	4,349,265	7,007,299
TOTAL LIABILITIES	<u>6,508,706</u>	<u>6,050,656</u>	<u>12,559,362</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	36,514	54,975	91,489
OPEB deferrals	61,905	19,550	81,455
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>98,419</u>	<u>74,525</u>	<u>172,944</u>
NET POSITION			
Net investment in capital assets	20,129,722	5,680,189	25,809,911
Restricted for:			
Stabilization by State Statute	2,786,746	-	2,786,746
Streets	506,239	-	506,239
Public safety	95,910	-	95,910
Recreation	35,513	-	35,513
Unrestricted	<u>3,629,707</u>	<u>9,717,672</u>	<u>13,347,379</u>
TOTAL NET POSITION	<u>\$ 27,183,837</u>	<u>\$ 15,397,861</u>	<u>\$ 42,581,698</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 2,103,977	\$ 186,823	\$ 308	\$ -
Public safety	2,570,270	81,915	147,146	-
Transportation	1,703,364	-	262,732	384,852
Economic development	25,895	-	-	-
Environmental protection	496,618	564,434	6,224	-
Cultural and recreation	955,743	132,002	-	-
Interest on long-term debt	87,402	-	-	-
Total governmental activities (See Note 1)	7,943,269	965,174	416,410	384,852
Business-type activities:				
Electric	6,425,988	7,265,794	-	-
Water	1,427,037	1,509,879	-	-
Sewer	2,034,642	2,008,368	24,065	87,200
Stormwater	104,125	221,941	34,300	-
Total business-type activities	9,991,792	11,005,982	58,365	87,200
Total primary government	\$ 17,935,061	\$ 11,971,156	\$ 474,775	\$ 472,052

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

Town of Winterville, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2018
Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental Activities:			
General government	\$ (1,916,846)	\$ -	\$ (1,916,846)
Public safety	(2,341,209)	-	(2,341,209)
Transportation	(1,055,780)	-	(1,055,780)
Economic development	(25,895)	-	(25,895)
Environmental protection	74,040	-	74,040
Cultural and recreation	(823,741)	-	(823,741)
Interest on long-term debt	(87,402)	-	(87,402)
Total governmental activities	(6,176,833)	-	(6,176,833)
(See Note 1)	(6,176,833)	-	(6,176,833)
Business-type activities:			
Electric	-	839,806	839,806
Water	-	82,842	82,842
Sewer	-	84,991	84,991
Stormwater	-	152,116	152,116
Total business-type activities	-	1,159,755	1,159,755
Total primary government	(6,176,833)	1,159,755	(5,017,078)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	3,788,508	-	3,788,508
Other taxes	23,568	-	23,568
Grants and contributions not restricted to specific programs	2,444,867	-	2,444,867
Unrestricted investment earnings	52,769	52,377	105,146
Miscellaneous	247,608	-	247,608
Total general revenues not including transfers	6,557,320	52,377	6,609,697
Transfers	311,000	(311,000)	-
Total general revenues and transfers	6,868,320	(258,623)	6,609,697
Change in net position	691,487	901,132	1,592,619
Net position, beginning as previously reported	27,173,719	14,719,729	41,893,448
Cumulative effect of change in accounting principle	(681,369)	(223,000)	(904,369)
Net position, beginning as restated	26,492,350	14,496,729	40,989,079
Net position, ending	\$ 27,183,837	\$ 15,397,861	\$ 42,581,698

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

Town of Winterville, North Carolina
Balance Sheet – Governmental Funds
June 30, 2018
Exhibit 3

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,931	\$ 1,931
Investments	11,766,305	11,766,305
Restricted cash and cash equivalents	1,282,671	1,282,671
Receivables, net:		
Taxes	66,549	66,549
Accounts	79,178	79,178
Other receivables	25,506	25,506
Due from other governments	810,008	810,008
Inventories	10,323	10,323
 Total assets	 \$ 14,042,471	 \$ 14,042,471
LIABILITIES		
Accounts payable and accrued liabilities	\$ 219,115	\$ 219,115
Due to other funds	3,985,406	3,985,406
Liabilities payable from restricted assets:		
Accounts payable	645,009	645,009
 Total liabilities	 4,849,530	 4,849,530
DEFERRED INFLOWS OF RESOURCES		
Accounts receivable, net (garbage)	75,499	75,499
Property taxes receivable	66,549	66,549
 Total deferred inflows of resources	 142,048	 142,048
FUND BALANCES		
Nonspendable		
Inventories	10,323	10,323
Restricted		
Stabilization by State Statute	2,786,746	2,786,746
Streets	506,239	506,239
Public Safety	95,910	95,910
Recreation	35,513	35,513
Committed		
Housing	9,305	9,305
Assigned		
Subsequent year's expenditures	1,296,299	1,296,299
Unassigned, General Fund	4,310,558	4,310,558
 Total fund balances	 9,050,893	 9,050,893
 Total liabilities, deferred inflows of resources and fund balances	 \$ 14,042,471	

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

Town of Winterville, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$ 9,050,893
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 45,304,956	
Accumulated depreciation	<u>(22,164,163)</u>	23,140,793
Deferred outflows of resources related to pensions are not report in the funds		
		555,479
Deferred outflows of resources related to OPEB are not report in the funds		
		37,625
Earned revenues considered deferred inflows of resources in fund statements		
		142,048
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	\$ (3,011,071)	
Compensated absences	(257,987)	
Total pension liability - LEOSSA	(469,135)	
Net pension liability - LGERS	(613,059)	
Total OPEB liability	<u>(1,280,633)</u>	(5,631,885)
Deferred inflows of resources related to pensions are not reported in the funds		
		(36,514)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(61,905)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(12,697)</u>
Net position of governmental activities		<u><u>\$ 27,183,837</u></u>

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

Town of Winterville, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 4

	General Fund	Total Governmental Funds
Revenues:		
Ad valorem taxes	\$ 3,790,345	\$ 3,790,345
Other taxes and licenses	23,568	23,568
Unrestricted intergovernmental	2,444,867	2,444,867
Restricted intergovernmental	416,410	416,410
Permits and fees	23,266	23,266
Sales and services	940,192	940,192
Investment earnings	52,769	52,769
Miscellaneous	247,608	247,608
Total revenues	7,939,025	7,939,025
Expenditures:		
Current:		
General government	1,839,021	1,839,021
Public safety	2,328,056	2,328,056
Transportation	1,059,211	1,059,211
Environmental protection	496,618	496,618
Cultural and recreation	1,451,597	1,451,597
Economic development	25,895	25,895
Debt service:		
Principal retirement	522,403	522,403
Interest	89,818	89,818
Total expenditures	7,812,619	7,812,619
Excess (deficiency) of revenues over expenditures	126,406	126,406
Other financing sources (uses):		
Loan proceeds - installment purchases	86,500	86,500
Transfers from other funds	311,000	311,000
Total other financing sources (uses)	397,500	397,500
Net change in fund balance	523,906	523,906
Fund balances, beginning	8,537,687	8,537,687
Change in reserve for inventories	(10,700)	(10,700)
Fund balances, ending	\$ 9,050,893	\$ 9,050,893

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

Town of Winterville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018
Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	523,906
Change in fund balance due to change in reserve for inventories		(10,700)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 1,148,537	
Depreciation expense for governmental assets	<u>(1,667,825)</u>	(519,288)
Street assets recorded from developers		384,852
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		196,428
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		8,952
OPEB benefit payments and administrative costs made in the current fiscal year are not included in the Statement of Activities		37,151
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues	(1,837)	
Change in unavailable revenue for garbage revenues	<u>1,716</u>	(121)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(86,500)	
Principal payments on long-term debt	522,403	
Change in accrued interest payable	<u>2,416</u>	438,319
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(41,571)	
Pension expense	(226,046)	
OPEB plan expense	<u>(100,395)</u>	(368,012)
Total changes in net position of governmental activities		<u>\$ 691,487</u>

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

Town of Winterville, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Annual Budget to Actual – General Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 5

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,586,433	\$ 3,694,926	\$ 3,790,345	\$ 95,419
Other taxes and licenses	31,000	23,838	23,568	(270)
Unrestricted intergovernmental	2,354,929	2,420,835	2,444,867	24,032
Restricted intergovernmental	273,900	322,783	416,410	93,627
Permits and fees	4,100	23,350	23,266	(84)
Sales and services	869,842	1,001,854	940,192	(61,662)
Investment earnings	7,000	9,500	52,769	43,269
Miscellaneous	138,833	153,498	247,608	94,110
Total revenues	<u>7,266,037</u>	<u>7,650,584</u>	<u>7,939,025</u>	<u>288,441</u>
Expenditures:				
Current:				
General government	2,083,762	3,471,442	1,839,021	1,632,421
Public safety	2,456,954	3,070,645	2,328,056	742,589
Transportation	871,202	1,738,212	1,059,211	679,001
Environment protection	475,000	501,000	496,618	4,382
Cultural and recreation	970,258	2,153,268	1,451,597	701,671
Economic development	20,000	25,900	25,895	5
Debt service:				
Principal retirement	502,246	522,403	522,403	-
Interest	101,615	89,831	89,818	13
Total expenditures	<u>7,481,037</u>	<u>11,572,701</u>	<u>7,812,619</u>	<u>3,760,082</u>
Revenues over (under) expenditures	(215,000)	(3,922,117)	126,406	4,048,523
Other financing sources (uses):				
Loan proceeds - installment purchases	-	556,500	86,500	(470,000)
Transfer from other funds	215,000	1,563,945	311,000	(1,252,945)
Transfer to other funds	-	(96,874)	-	96,874
Total other financing sources (uses)	<u>215,000</u>	<u>2,023,571</u>	<u>397,500</u>	<u>(1,626,071)</u>
Fund balance appropriated	-	1,898,546	-	(1,898,546)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	523,906	<u>\$ 523,906</u>
Fund balances, beginning			8,537,687	
Change in reserve for inventories			(10,700)	
Fund balances, ending			<u>\$ 9,050,893</u>	

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

Town of Winterville, North Carolina
Statement of Fund Net Position – Proprietary Funds
June 30, 2018
Exhibit 6

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 681,060	\$ 943,525	362,863	\$ 138,301	\$ 2,125,749
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	576,452	109,773	156,543	18,734	861,502
Accounts receivable (net) - unbilled	361,105	68,058	94,970	20,432	544,565
Miscellaneous receivable	-	-	2,278	-	2,278
Due from other funds	3,985,406	-	-	-	3,985,406
Inventories	493,982	30,923	60,440	-	585,345
Restricted cash and cash equivalents	185,637	92,544	104,681	-	382,862
Total current assets	<u>7,683,642</u>	<u>1,704,823</u>	<u>1,136,775</u>	<u>237,467</u>	<u>10,762,707</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress	146,013	2,062,298	807,101	11,200	3,026,612
Other capital assets, net of depreciation	4,888,698	735,812	1,578,446	383,742	7,586,698
Capital assets	<u>5,034,711</u>	<u>2,798,110</u>	<u>2,385,547</u>	<u>394,942</u>	<u>10,613,310</u>
Total noncurrent assets	<u>5,034,711</u>	<u>2,798,110</u>	<u>2,385,547</u>	<u>394,942</u>	<u>10,613,310</u>
Total assets	<u>12,718,353</u>	<u>4,502,933</u>	<u>3,522,322</u>	<u>632,409</u>	<u>21,376,017</u>
Deferred Outflows of Resources					
Pension deferrals	93,373	29,330	6,040	6,216	134,959
OPEB deferrals	7,425	2,475	1,485	495	11,880
Total deferred outflows of resources	<u>100,798</u>	<u>31,805</u>	<u>7,525</u>	<u>6,711</u>	<u>146,839</u>
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	58,505	158,622	43,492	5,471	266,090
Compensated absences - current	14,521	3,558	1,430	-	19,509
Installment purchase payable - current	344,052	105,696	192,636	-	642,384
Liabilities payable from restricted assets:					
Customer deposits	106,543	9,375	13,365	-	129,283
Total current liabilities	<u>523,621</u>	<u>277,251</u>	<u>250,923</u>	<u>5,471</u>	<u>1,057,266</u>
Noncurrent liabilities:					
Total OPEB liability	252,756	84,252	50,551	16,850	404,409
Compensated absences	43,563	10,675	4,290	-	58,528
Net pension liability	120,490	72,027	39,482	7,717	239,716
Installment purchase payable	1,404,081	1,541,969	1,344,687	-	4,290,737
Total noncurrent liabilities	<u>1,820,890</u>	<u>1,708,923</u>	<u>1,439,010</u>	<u>24,567</u>	<u>4,993,390</u>
Total liabilities	<u>2,344,511</u>	<u>1,986,174</u>	<u>1,689,933</u>	<u>30,038</u>	<u>6,050,656</u>
Deferred Inflows of Resources					
Pension deferrals	32,721	14,036	8,032	-	54,789
OPEB deferrals	12,218	4,073	2,444	815	19,550
Total deferred inflows of resources	<u>44,939</u>	<u>18,109</u>	<u>10,476</u>	<u>815</u>	<u>74,339</u>
Net Position					
Net investment in capital assets	3,286,578	1,150,445	848,224	394,942	5,680,189
Unrestricted	7,143,123	1,380,010	981,214	213,325	9,717,672
Total net position	<u>\$ 10,429,701</u>	<u>\$ 2,530,455</u>	<u>\$ 1,829,438</u>	<u>\$ 608,267</u>	<u>\$ 15,397,861</u>

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

Town of Winterville, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 7

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Operating revenues:					
Charges for services	\$ 6,758,976	\$ 1,499,930	\$ 2,008,368	\$ 221,941	\$ 10,489,215
Other operating revenues	506,818	9,949	-	-	516,767
Total operating revenues	<u>7,265,794</u>	<u>1,509,879</u>	<u>2,008,368</u>	<u>221,941</u>	<u>11,005,982</u>
Operating expenses:					
Operations	2,251,325	1,309,958	-	91,443	3,652,726
Electrical power purchases	3,815,522	-	-	-	3,815,522
Waste collection and treatment	-	-	1,871,105	-	1,871,105
Depreciation	318,210	69,912	130,108	12,682	530,912
Total operating expenses	<u>6,385,057</u>	<u>1,379,870</u>	<u>2,001,213</u>	<u>104,125</u>	<u>9,870,265</u>
Operating income (loss)	880,737	130,009	7,155	117,816	1,135,717
Non-operating revenues (expenses):					
Development fees	-	-	24,065	-	24,065
Grant revenue	-	-	87,200	34,300	121,500
Investment earnings	39,031	8,941	3,276	1,129	52,377
Interest expense	(40,931)	(47,167)	(33,429)	-	(121,527)
Total non-operating revenues(expenses)	<u>(1,900)</u>	<u>(38,226)</u>	<u>81,112</u>	<u>35,429</u>	<u>76,415</u>
Income (loss) before transfers	878,837	91,783	88,267	153,245	1,212,132
Transfers to other funds	(311,000)	-	-	-	(311,000)
	<u>(311,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(311,000)</u>
Change in net position	567,837	91,783	88,267	153,245	901,132
Total net position, beginning as previously reported	10,005,441	2,489,851	1,760,229	464,208	14,719,729
Cummulative effect of change in accounting principle	(143,577)	(51,179)	(19,058)	(9,186)	(223,000)
Total net position, beginning as restated	<u>9,861,864</u>	<u>2,438,672</u>	<u>1,741,171</u>	<u>455,022</u>	<u>14,496,729</u>
Total net position, ending	<u>\$ 10,429,701</u>	<u>\$ 2,530,455</u>	<u>\$ 1,829,438</u>	<u>\$ 608,267</u>	<u>\$ 15,397,861</u>

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

Town of Winterville, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 8

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 7,222,818	\$ 1,511,408	\$ 2,018,772	\$ 204,507	\$ 10,957,505
Cash paid for goods and services	(5,351,717)	(997,333)	(1,717,639)	(43,460)	(8,110,149)
Cash paid to or on behalf of employees for services	(778,634)	(300,483)	(152,727)	(49,744)	(1,281,588)
Cash received (paid) for customer deposits - net	2,250	260	375	-	2,885
Net cash provided (used) by operating activities	1,094,717	213,852	148,781	111,303	1,568,653
Cash flows from non-capital financing activities:					
Grant revenue	-	-	59,211	34,300	93,511
Increase (decrease) in due from other funds	(3,985,406)	-	-	-	(3,985,406)
Transfers to other funds	(311,000)	-	-	-	(311,000)
Net cash provided (used) by non-capital financing activities	(4,296,406)	-	59,211	34,300	(4,202,895)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(133,644)	(199,481)	(718,788)	(56,719)	(1,108,632)
Capital contributions - Federal, state, and local grants			87,200	-	87,200
Loan proceeds - installment purchase	265,000	-	655,361	-	920,361
Principal payments on long term debt	(285,504)	(102,648)	(75,130)	-	(463,282)
Interest paid on debt	(38,842)	(51,984)	(32,066)	-	(122,892)
Developers fee	-	-	24,065	-	24,065
Net cash provided (used) by capital and related financing activities	(192,990)	(354,113)	(59,358)	(56,719)	(663,180)
Cash flows from investing activities:					
Interest income	39,031	8,941	3,276	1,129	52,377
Purchase of short-term cash investments	(1,400,000)	(460,000)	(355,000)	(60,000)	(2,275,000)
Net cash provided (used) by investing activities	(1,360,969)	(451,059)	(351,724)	(58,871)	(2,222,623)
Net increase (decrease) in cash & cash equivalents	(4,755,648)	(591,320)	(203,090)	30,013	(5,520,045)
Cash balances, beginning	5,622,345	1,627,389	670,634	108,288	8,028,656
Cash balances, ending	\$ 866,697	\$ 1,036,069	\$ 467,544	\$ 138,301	\$ 2,508,611
Reconciliation of cash balances - ending					
Cash	\$ 681,060	\$ 943,525	\$ 362,863	\$ 138,301	\$ 2,125,749
Restricted cash	185,637	92,544	104,681	-	382,862
Total cash	\$ 866,697	\$ 1,036,069	\$ 467,544	\$ 138,301	\$ 2,508,611

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

Town of Winterville, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 8

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

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating income (loss)	\$ 880,737	\$ 130,009	\$ 7,155	\$ 117,816	\$ 1,135,717
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	318,210	69,912	130,108	12,682	530,912
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	(42,976)	1,529	10,404	(17,434)	(48,477)
(Increase) decrease in inventories	(114,653)	(2,939)	(11,281)	-	(128,873)
(Increase) decrease in deferred outflows of resources - pensions	66,165	24,306	11,699	4,133	106,303
(Increase) decrease in deferred outflows of resources - OPEB	(7,425)	(2,475)	(1,485)	(495)	(11,880)
Increase (decrease) in net pension liability	(67,220)	(24,694)	(11,886)	(4,199)	(107,999)
Increase (decrease) in deferred inflows of resources - pensions	2,981	1,095	527	186	4,789
Increase (decrease) in deferred inflows of resources - OPEB	12,218	4,073	2,444	815	19,550
Increase (decrease) in accounts payable and accrued liabilities	27,153	10,543	11,569	(2,303)	46,962
Increase (decrease) in customer deposits	2,250	260	375	-	2,885
Increase (decrease) in accrued vacation pay	9,587	(330)	(2,387)	(410)	6,460
Increase (decrease) in accrued OPEB liability	7,690	2,563	1,539	512	12,304
Total adjustments	213,980	83,843	141,626	(6,513)	432,936
Net cash provided (used) by operating activities	\$ 1,094,717	\$ 213,852	\$ 148,781	\$ 111,303	\$ 1,568,653

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

Town of Winterville, North Carolina Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

Town of Winterville, North Carolina Notes to Financial Statements

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

Water Fund - The Water Fund accounts for the Town's sewer operations. Water Capital Projects Funds have been consolidated into the Water Fund for financial reporting purposes. The budgetary comparisons for the Water Capital Projects Funds have been included in the supplemental information.

Sewer Fund - The Sewer Fund accounts for the Town's sewer operations. Sewer Capital Projects Funds have been consolidated into the Sewer Fund for financial reporting purposes. The budgetary comparisons for the Sewer Capital Projects Funds have been included in the supplemental information.

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

Town of Winterville, North Carolina Notes to Financial Statements

resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utility franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Pitt County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including

Town of Winterville, North Carolina

Notes to Financial Statements

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

D. Budgetary Data

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

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

Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at

Town of Winterville, North Carolina Notes to Financial Statements

amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

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. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

Short-Term Cash Investments

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

Restricted Assets

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

Town of Winterville, North Carolina
Notes to Financial Statements

<u>Town of Winterville Restricted Cash</u>		
<u>Governmental Activities</u>		
General Fund		
Streets	\$	964,355
Letter of credit		186,893
Public Safety		95,910
Recreation		35,513
Total Governmental Activities	<u>\$</u>	<u>1,282,671</u>
Business-type Activities		
Electric Fund		
Customer deposits	\$	106,543
Development fees		79,094
Water Fund		
Customer deposits		9,375
Development fees		83,169
Sewer Fund		
Customer deposits		13,365
Development fees		91,316
Total Business-type Activities	<u>\$</u>	<u>382,862</u>
Total Restricted Cash	<u>\$</u>	<u>1,665,533</u>

Ad Valorem Taxes Receivable

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

Town of Winterville, North Carolina Notes to Financial Statements

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. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets the criterion, pension and OPEB deferrals for the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Revenues*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only three items that meet the criterion for this category – property taxes receivable, garbage receivables and pension and OPEB deferrals.

Long-Term Obligations

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

Town of Winterville, North Carolina Notes to Financial Statements

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Town of Winterville, North Carolina Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

Town of Winterville, North Carolina Notes to Financial Statements

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

Defined Benefit Cost-Sharing Plans

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

Use of Estimates

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

Adoption of New Financial Accounting Standards

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

The Town implemented GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet

Town of Winterville, North Carolina Notes to Financial Statements

the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Town has implemented this provision for the year ended June 30, 2018. The implementation of this statement resulted in a decrease of beginning net position of the governmental activities and business-type activities of the Town in the amount of \$681,369 and \$223,000, respectively.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. Currently, this new standard has no effect on the Town’s financial statements.

GASB Statement No. 85, *Omnibus 2017* (“GASB 85”), seeks to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town’s financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has no effect on the Town’s financial statements.

Future Accounting Pronouncements

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

GASB Statement No. 83, *Certain Asset Retirement Obligations* (“GASB 83”), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

Town of Winterville, North Carolina

Notes to Financial Statements

GASB Statement No. 87, *Leases* (“GASB 87”), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt* (“GASB 88”), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

Use of Estimates

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

Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through January 31, 2019, the date which the financial statements were available to be issued.

Town of Winterville, North Carolina
Notes to Financial Statements

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

At June 30, 2018, the Town’s deposits had a carrying amount of \$3,792,413 and a bank balance of \$4,360,992. Of the bank balance, \$353,512 was covered by federal depository insurance and \$4,007,480 was covered by collateral held under the Pooling Method. At June 30, 2018, the Town’s petty cash totaled \$800.

B. Investments

At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Valuation Measurement		Less than 6		6-12 Months
	Method	Value	Months		
Term Portfolio *	Fair Value - Level 1	\$ 14,041,305	\$ 14,041,305	\$	-

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

Town of Winterville, North Carolina Notes to Financial Statements

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

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

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

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Town had no formal policy on managing credit risk. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

Town of Winterville, North Carolina
Notes to Financial Statements

C. Receivables - Allowance for Doubtful Accounts

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

	Accounts	Taxes	Due from other		Total
			Governments	Other	
Governmental Activities:					
General	\$ 79,178	\$ 96,276	\$ 810,008	\$ 25,506	\$ 1,010,968
Allowance for doubtful accounts	-	(29,727)	-	-	(29,727)
Total governmental activities	<u>\$ 79,178</u>	<u>\$ 66,549</u>	<u>\$ 810,008</u>	<u>\$ 25,506</u>	<u>\$ 981,241</u>
Business-Type Activities:					
Electric	\$ 1,026,442	\$ -	\$ -	\$ -	\$ 1,026,442
Water	200,615	-	-	-	200,615
Sewer	275,563	-	-	2,278	277,841
Stormwater	41,979	-	-	-	41,979
Allowance for doubtful accounts	(138,532)	-	-	-	(138,532)
Total business-type activities	<u>\$ 1,406,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278</u>	<u>\$ 1,408,345</u>

Due from other governments consists of the following:

Local option sales tax	\$ 486,994
Sales tax refund receivable	153,238
Electric sales tax	82,482
Solid waste tax	1,331
County-property taxes	85,963
	<u>\$ 810,008</u>

Town of Winterville, North Carolina
Notes to Financial Statements

D. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,031,051	\$ 187,439	\$ -	\$ 4,218,490
Total capital assets not being depreciated	4,031,051	187,439	-	4,218,490
Capital assets being depreciated:				
Buildings	6,905,331	365,694	-	7,271,025
Infrastructure	27,325,170	614,730	-	27,939,900
Equipment	2,284,440	254,277	-	2,538,717
Software	601,410	-	-	601,410
Vehicles	2,639,664	111,249	15,499	2,735,414
Total capital assets being depreciated	39,756,015	1,345,950	15,499	41,086,466
Less accumulated depreciation for:				
Buildings	3,038,216	216,534	-	3,254,750
Infrastructure	13,695,910	1,068,219	-	14,764,129
Equipment	1,731,946	117,050	-	1,848,996
Software	564,918	25,896	-	590,814
Vehicles	1,480,847	240,126	15,499	1,705,474
Total accumulated depreciation	20,511,837	\$ 1,667,825	\$ 15,499	22,164,163
Total capital assets being depreciated, net	19,244,178			18,922,303
Governmental activity capital assets, net	<u>\$ 23,275,229</u>			<u>\$ 23,140,793</u>

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

General government	\$ 325,929
Public safety	251,301
Transportation	974,190
Cultural and recreation	116,405
Total	<u>\$ 1,667,825</u>

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
Capital assets being depreciated:				
Distribution system	8,413,471	117,330	-	8,530,801
Buildings	320,655	-	-	320,655
Equipment	615,010	16,314	-	631,324
Vehicles	329,271	-	-	329,271
Total capital assets being depreciated	9,678,407	133,644	-	9,812,051
Less accumulated depreciation for:				
Distribution system	3,458,077	294,022	-	3,752,099
Buildings	244,117	13,481	-	257,598
Equipment	607,545	3,147	-	610,692
Vehicles	295,404	7,560	-	302,964
Total accumulated depreciation	4,605,143	\$ 318,210	\$ -	4,923,353
Total capital assets being depreciated, net	5,073,264			4,888,698
Electric Fund capital assets, net	<u>\$ 5,219,277</u>			<u>\$ 5,034,711</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Water Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Construction in progress	1,894,205	160,093	-	2,054,298
Total capital assets not being depreciated	1,902,205	160,093	-	2,062,298
Capital assets being depreciated:				
Water system, well, tank and distribution system	2,585,363	7,108	-	2,592,471
Equipment and vehicles	241,313	32,280	-	273,593
Total capital assets being depreciated	2,826,676	39,388	-	2,866,064
Less accumulated depreciation for:				
Water system, well, tank and distribution system	1,828,943	62,728	-	1,891,671
Equipment and vehicles	231,397	7,184	-	238,581
Total accumulated depreciation	2,060,340	\$ 69,912	\$ -	2,130,252
Total capital assets being depreciated, net	766,336			735,812
Water Fund capital assets, net	<u>\$ 2,668,541</u>			<u>\$ 2,798,110</u>

Town of Winterville, North Carolina
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	Beginning Balances	Increases	Decreases	Ending Balances
<i>Sewer Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 142,147	\$ 664,954	\$ -	\$ 807,101
Total capital assets not being depreciated	142,147	664,954	-	807,101
Capital assets being depreciated:				
Equipment and vehicles	245,159	-	-	245,159
Sewer system	3,711,333	25,234	-	3,736,567
Sewer treatment facility	233,000	28,600	-	261,600
Total capital assets being depreciated	4,189,492	53,834	-	4,243,326
Less accumulated depreciation for:				
Equipment and vehicles	175,861	8,324	-	184,185
Sewer system	2,125,911	121,784	-	2,247,695
Sewer treatment facility	233,000	-	-	233,000
Total accumulated depreciation	2,534,772	\$ 130,108	\$ -	2,664,880
Total capital assets being depreciated, net	1,654,720			1,578,446
Sewer Fund capital assets, net	\$ 1,796,867			\$ 2,385,547
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Stormwater Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 11,200	\$ -	\$ -	\$ 11,200
Total capital assets not being depreciated	11,200	-	-	11,200
Capital assets being depreciated:				
Distribution	494,375	56,719	-	551,094
Equipment	17,388	-	-	17,388
Total capital assets being depreciated	511,763	56,719	-	568,482
Less accumulated depreciation for:				
Distribution	155,632	11,720	-	167,352
Equipment	16,426	962	-	17,388
Total accumulated depreciation	172,058	\$ 12,682	\$ -	184,740
Total capital assets being depreciated, net	339,705			383,742
Stormwater Fund capital assets, net	350,905			394,942
Business-type activities capital assets, net	\$ 10,035,590			\$ 10,613,310

Town of Winterville, North Carolina
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Construction Commitments

The government has active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Water facilities	\$ 1,995,107	\$ 726,643
Sewer facilities	807,101	2,162,217
Total	<u>\$ 2,802,208</u>	<u>\$ 2,888,860</u>

On June 1, 2017, the Town was awarded two critical needs infrastructure grants from the North Carolina Department of Commerce: one for \$1,094,000 to replace an inadequate stormwater culvert and one for \$270,000 to elevate and rebuild the control system for one of their sewer lift stations. No grant monies have been received and expenditures were made in the amount of \$55,940 as of June 30, 2018.

E. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of

Town of Winterville, North Carolina Notes to Financial Statements

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Winterville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Winterville's contractually required contribution rate for the year ended June 30, 2018, was 8.25 % of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Winterville were \$259,810 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Town reported a liability of \$852,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled

Town of Winterville, North Carolina
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forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was .05582% which was a decrease of .00522% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$284,614. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,128	\$ 24,139
Changes of assumptions	121,788	-
Net difference between projected and actual earnings on pension plan investments	207,055	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	19,770	47,630
Town contributions subsequent to the measurement date	259,810	-
Total	\$ 657,551	\$ 71,769

\$259,810 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 42,544
2020	239,850
2021	118,086
2022	(74,508)
2023	-
Thereafter	-
	\$ 325,972

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

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

Town of Winterville, North Carolina Notes to Financial Statements

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

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset (liability) calculated using the discount rate of 7.20 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 2,560,050	\$ 852,775	\$ (572,260)

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

b. Law Enforcement Officers’ Special Separation Allowance

Plan Description

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

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

Active plan members	17
Inactive members currently receiving benefits	2
Total	19

Summary of Significant Accounting Policies:

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$33,390 as benefits came due for the reporting period.

Town of Winterville, North Carolina
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a total pension liability of \$469,135. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$38,357.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,443
Changes of assumptions and other inputs	24,121	7,277
Town benefit payments and plan administrative expenses made subsequent to the measurement date	8,952	-
Total	\$ 33,073	\$ 19,720

\$8,952 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 640
2020	640
2021	640
2022	640
2023	1,123
Thereafter	718
	\$ 4,401

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

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

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	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 507,259	\$ 469,135	\$ 434,514

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

	2018
Beginning balance	\$ 451,356
Service cost	20,521
Interest on the total pension liability	16,778
Changes of benefit terms	-
Differences between expected and actual experience	(14,777)
Changes of assumptions or other inputs	28,647
Benefit payments	(33,390)
Other changes	-
Ending balance of the total pension liability	\$ 469,135

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Winterville, North Carolina
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Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 284,614	\$ 38,357	\$ 322,971
Pension liability	852,775	469,135	1,321,910
Proportionate share of the net pension liability	0.055820%	N/A	
Deferred outflows of resources:			
Differences between expected and actual experience	49,128	-	49,128
Changes in assumptions	121,788	24,121	145,909
Net difference between projected and actual earnings on plan investments	207,055	-	207,055
Changes in proportion and differences between contributions and proportionate share of contributions	19,770	-	19,770
Benefit payments and administrative costs paid subsequent to the measurement period	259,810	8,952	268,762
Deferred inflows of resources:			
Differences between expected and actual experience	24,139	12,443	36,582
Changes in assumptions	-	7,277	7,277
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,630	-	47,630

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.

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Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town has elected to contribute five percent to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2018 were \$230,331, which consisted of \$166,728 from the Town and \$63,603 from law enforcement officers and general employees. No amounts were forfeited.

d. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the Town administers a single-employer defined benefit healthcare benefits plan for retirees of the Town who have at least thirty years of service with the North Carolina Local Governmental Employees’ Retirement System (System) or the North Carolina Law Enforcement Officers’ Local Governmental Employees’ Retirement System (LE System); and have twenty years of total service with the Town and their five most recent years of continuous service were with the Town, at the time of retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town’s group rates until the retiree reaches age sixty-five. Currently, four retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2018, the Town paid healthcare premiums for retirees of \$48,882. The Town purchases healthcare coverage through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	Membership
Retirees and dependents receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	55
Total	61

Total OPEB Liability

The Town’s total OPEB liability of \$1,685,042 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date for the June 30, 2018 report date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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Inflation	2.5 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	3.56 Percent
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	<u>2018</u>
Service cost at the end of the year	\$ 92,496
Interest on TOL and cash flows	50,267
Changes of benefit terms	-
Differences between expected and actual experience	705
Changes of assumptions or other inputs	(92,201)
Benefit payments	(71,904)
Other changes	-
Net change in total OPEB liability	<u>(20,637)</u>
Total OPEB liability - beginning	1,705,679
Total OPEB liability - ending	<u><u>\$ 1,685,042</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS.

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Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 1,856,933	\$ 1,685,042	\$ 1,531,357

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 1,492,387	\$ 1,685,042	\$ 1,915,512

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$132,099. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 623	\$ -
Changes of assumptions and other inputs	-	81,455
Town benefit payments and plan administrative expenses made subsequent to the measurement date	48,882	-
Total	\$ 49,505	\$ 81,455

\$48,882 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 10,664
2020	10,664
2021	10,664
2022	10,664
2023	10,664
Thereafter	27,512
	\$ 80,832

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e. Other Employment Benefits

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

2. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	<u>Total</u>					
Governmental Activities:						
Vendors	805,424					
Accrued interest on long-term debt	12,697					
Accrued salaries and related items	58,700					
Total governmental activities	<u>\$ 876,821</u>					
Business-Type Activities:		<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 36,895	\$ 109,694	\$ 36,676	\$ 5,471	\$ 188,736	
Accrued interest on long-term debt	5,180	43,037	3,883	-	52,100	
Accrued salaries and related items	16,430	5,891	2,933	-	25,254	
Total business-type activities	<u>\$ 58,505</u>	<u>\$ 158,622</u>	<u>\$ 43,492</u>	<u>\$ 5,471</u>	<u>\$ 266,090</u>	

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

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 259,810
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	8,952
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	48,882
Differences between expected and actual experience	49,751
Changes of assumptions	145,909
Net difference between projected and actual earnings on pension plan investments	207,055
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,770
Total	<u>\$ 740,129</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, net (General Fund)	\$ -	\$ 66,549
Accounts receivable, net (garbage) (General Fund)	-	75,499
Differences between expected and actual experience	36,582	-
Changes in assumptions and other inputs	88,732	-
Changes in proportion and difference between employer contribution and proportionate share of contributions	47,630	-
Total	<u>\$ 172,944</u>	<u>\$ 142,048</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited

Town of Winterville, North Carolina

Notes to Financial Statements

annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance through the NFIP. In accordance with G.S 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$225,000 and the tax collector is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Commitments

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

6. Claims, Judgements and Contingent Liabilities

At June 30, 2018, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Town of Winterville, North Carolina
Notes to Financial Statements

7. Long-Term Obligations

a. Governmental Activities

Installment Purchases

Installment Purchases - Governmental Activities

2.97% note, payable in annual installments of \$149,200 including interest; final payment due June 2029; secured by real estate	\$ 1,382,786
2.06% note, payable in annual installments of \$153,710 plus interest; final payment due June 2022; secured by real estate	614,840
1.60% note, payable in annual installments of \$27,900, plus interest; final payment due March 2020; secured by vehicles	55,800
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate	693,924
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025, secured by real estate	79,800
0.0% note, payable in annual installment of \$15,000, plus interest; final payment due January 2019, secured by real estate	15,000
2.05% note, payable in annual installments of \$18,833, plus interest; final payment due November 2020; secured by vehicles	56,500
1.97% note, payable in annual installments of \$29,845, including interest; final payment due March 2019; secured by vehicle	29,269
1.97% note, payable in annual installments of \$84,789, including interest; final payment due March 2019, secured by vehicle	83,152
Total installment purchases	\$ 3,011,071

Annual debt service payments of the installment purchases as of June 30, 2018, including interest of \$380,149, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 546,527	\$ 78,978	\$ 625,505
2020	422,318	66,640	488,958
2021	397,725	56,323	454,048
2022	382,296	46,354	428,650
2023	232,093	36,671	268,764
2024-2028	885,216	90,879	976,095
2029	144,896	4,304	149,200
	\$ 3,011,071	\$ 380,149	\$ 3,391,220

Town of Winterville, North Carolina
Notes to Financial Statements

b. Business-Type Activities

Installment Purchases - Enterprise Funds

Electric

2.06% note, payable in annual installments of \$226,233 including interest;
final payment due June 2022; secured by equipment \$ 860,180

2.50% note, payable in annual installments of \$98,112, including interest;
final payment due June 2025; secured by real estate 622,953

2.05% note, payable in annual installments of \$53,000, including interest;
final payment due November 2022; secured by vehicle 265,000

Water

2.97% note, payable in annual installments of \$154,632, including interest;
final payment due August 2030, secured by real estate 1,647,665

Sewer

4.67% note, payable in annual installments of \$32,689, including interest;
final payment due June 2025; secured by real estate 191,434

1.66% note, payable in annual installments of \$114,889, with final installment
of \$80,915 including interest; final payment due May 2024, unsecured 655,361

2.97% note, payable in annual installments of \$74,506, including interest;
final payment due June 2029, secured by real estate 690,528

Total installment purchases \$ 4,933,121

Annual debt service payments of the installment purchases as of June 30, 2018, including interest of \$706,029, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 642,384	\$ 123,036	\$ 765,420
2020	654,594	114,148	768,742
2021	667,138	99,974	767,112
2022	680,024	85,458	765,482
2023	467,030	70,589	537,619
2024-2028	1,311,947	184,425	1,496,372
2029-2033	510,004	28,399	538,403
	<u>\$ 4,933,121</u>	<u>\$ 706,029</u>	<u>\$ 5,639,150</u>

Town of Winterville, North Carolina Notes to Financial Statements

c. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 3,446,974	\$ 86,500	\$ 522,403	\$ 3,011,071	\$ 546,527
Compensated absences	216,416	46,107	4,536	257,987	64,497
OPEB liability	1,241,669	38,964	-	1,280,633	-
Total pension liability (LEO)	451,356	51,169	33,390	469,135	-
Net pension liability (LGERS)	947,758	-	334,699	613,059	-
Governmental Activities long-term liabilities	\$ 6,304,173	\$ 222,740	\$ 895,028	\$ 5,631,885	\$ 611,024
Business-type Activities:					
Electric Fund					
Installment purchases	\$ 1,768,637	\$ 265,000	\$ 285,504	\$ 1,748,133	\$ 344,052
OPEB liability	245,066	7,690	-	252,756	-
Compensated absences	48,497	9,587	-	58,084	14,521
Net pension liability (LGERS)	187,710	-	67,220	120,490	-
Electric Fund long-term liabilities	\$ 2,249,910	\$ 282,277	\$ 352,724	\$ 2,179,463	\$ 358,573
Water Fund					
Installment purchases	\$ 1,750,313	\$ -	\$ 102,648	\$ 1,647,665	\$ 105,696
OPEB liability	81,689	2,563	-	84,252	-
Compensated absences	14,563	-	330	14,233	3,558
Net pension liability (LGERS)	96,721	-	24,694	72,027	-
Water Fund long-term liabilities	\$ 1,943,286	\$ 2,563	\$ 127,672	\$ 1,818,177	\$ 109,254
Sewer Fund					
Installment purchases	\$ 957,092	\$ 655,361	\$ 75,130	\$ 1,537,323	\$ 192,636
OPEB liability	49,012	1,539	-	50,551	-
Compensated absences	8,107	-	2,387	5,720	1,430
Net pension liability (LGERS)	51,368	-	11,886	39,482	-
Sewer Fund long-term liabilities	\$ 1,065,579	\$ 656,900	\$ 89,403	\$ 1,633,076	\$ 194,066
Stormwater Fund					
OPEB liability	\$ 16,338	\$ 512	\$ -	\$ 16,850	\$ -
Compensated absences	410	-	410	-	-
Net pension liability (LGERS)	11,916	-	4,199	7,717	-
Stormwater Fund long-term liabilities	\$ 28,664	\$ 512	\$ 4,609	\$ 24,567	\$ -
Total Business-type Activities	\$ 5,287,439	\$ 942,252	\$ 574,408	\$ 5,655,283	\$ 661,893

At June 30, 2018, the Town of Winterville had notes payable authorized but unissued of \$2,130,071 and a legal debt margin of \$60,009,038.

Town of Winterville, North Carolina
Notes to Financial Statements

d. Operating Leases

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

Year ending June 30,	Amount
2019	\$ 6,429
2020	536
Total	\$ 6,965

Total rent expense for the June 30, 2018 fiscal year on the copier lease and vehicle was \$16,005.

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2018, consist of the following:

Fund	From	To	Purpose
Electric Fund	\$ 311,000	\$ -	Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.
General Fund	-	311,000	
	\$ 311,000	\$ 311,000	

Expense Reimbursements

Fund	From	To	Purpose
Electric Fund	406,519		Expense reimbursement - Administrative and IT exepnses
Water Fund	409,192		Expense reimbursement - Administrative and IT exepnses
Sewer Fund	419,173		Expense reimbursement - Administrative and IT exepnses
Stormwater Fund	18,060		Expense reimbursement - Administrative and IT exepnses
General Fund		1,252,944	Expense reimbursement - Administrative and IT exepnses
Water Fund	30,750		Expense Reimbursement - meter reading
Sewer Fund	30,750		Expense Reimbursement - meter reading
Electric Fund		61,500	Expense Reimbursement - meter reading
Sewer Fund	55,206		Expense Reimbursement
Water Fund		55,206	Expense Reimbursement
	\$ 1,369,650	\$ 1,369,650	

Balances due to/from other funds at June 30, 2018, consist of the following:

Fund	From	To	Purpose
General Fund	3,985,406		Expenditures paid on behalf of other funds
Electric Fund		3,985,406	Expenditures paid on behalf of other funds

Town of Winterville, North Carolina
Notes to Financial Statements

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

G. 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:	\$ 9,050,893
Less:	
Inventories	10,323
Stabilization by State Statute	2,786,746
Streets - Powell Bill	506,239
Public Safety	95,910
Recreation	35,513
Committed	9,305
Appropriated Fund Balance in 2019 Budget	1,296,299
Working Capital/Fund Balance Policy	<u>1,953,155</u>
Remaining Fund Balance:	<u><u>\$ 2,357,403</u></u>

The Town of Winterville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had encumbrances outstanding of \$1,947,553 at June 30, 2018.

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, 2018 amounted to \$947,604.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,989 to the Commission during the fiscal year ended June 30, 2018.

Town of Winterville, North Carolina Notes to Financial Statements

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. During the fiscal year ended June 30, 2018, 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, 2018. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. That report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

5. Summary Disclosures of Significant Contingencies

Federal and State Assisted Programs

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

6. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$681,369 and \$223,000 for the business – type activities.



REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Changes in Total OPEB Liability and Related Ratios for Other Post-Employment Benefits.
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance



Town of Winterville, North Carolina
Other Post-Employment Benefits – Retiree Health Care
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	<u>2018</u>
Service cost at the end of the year	\$ 92,496
Interest on TOL and cash flows	50,267
Changes of benefit terms	-
Differences between expected and actual experience	705
Changes of assumptions or other inputs	(92,201)
Benefit payments	(71,904)
Other changes	-
Net change in total OPEB liability	<u>(20,637)</u>
Total OPEB liability - beginning	1,705,679
Total OPEB liability - ending	<u><u>\$ 1,685,042</u></u>
 Covered payroll	 \$ 2,700,955
Total OPEB liability as a percentage of covered-employee payroll	62.39%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. The discount rate as of June 30, 2017 was 3.01% and it increased to 3.56 % as of June 30, 2018.

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

Inflation	2.5 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	3.56 Percent
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

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

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Winterville's proportion of the net pension liability (asset) (%)	0.05582%	0.06104%	0.05167%	-0.05256%	0.04990%
Winterville's proportion of the net pension liability (asset) (\$)	\$ 852,775	\$ 1,295,473	\$ 231,891	\$ (309,970)	\$ 601,487
Winterville's covered payroll	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072	\$ 2,707,500
Winterville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.76%	41.26%	7.95%	-11.16%	22.22%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 259,810	\$ 233,090	\$ 213,693	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	259,810	233,090	213,693	205,740	201,060
Contribution deficiency (excess)	<u>\$ -</u>				
Winterville's covered payroll	\$ 3,361,774	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072
Contributions as a percentage of covered payroll	7.73%	7.04%	6.81%	7.05%	7.24%

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

Town of Winterville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2018

Law Enforcement Officers' Special Separation Allowance

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 451,356	\$ 455,255
Service cost	20,521	23,410
Interest on the total pension liability	16,778	15,671
Changes of benefit terms	-	-
Differences between expected and actual experience	(14,777)	-
Changes of assumptions or other inputs	28,647	(10,381)
Benefit payments	(33,390)	(32,599)
Other changes	-	-
Ending balance of the total pension liability	<u><u>\$ 469,135</u></u>	<u><u>\$ 451,356</u></u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

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

Town of Winterville, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2018

Law Enforcement Officers' Special Separation Allowance

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 469,135	\$ 451,356
Covered payroll	884,010	945,108
Total pension liability as a percentage of covered payroll	53.07%	47.76%

Notes to the schedules:

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

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



INDIVIDUAL FUND STATEMENTS AND SCHEDULES



MAJOR GOVERNMENTAL FUND

General Fund

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



Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,769,774	
Interest		20,571	
Total	\$ 3,694,926	3,790,345	\$ 95,419
Other taxes and licenses:			
Heavy equipment tax		23,568	
Total	23,838	23,568	(270)
Unrestricted Intergovernmental:			
Local option sales tax		2,029,698	
Payment in lieu of taxes - external sources		1,276	
Utilities and telecommunications sales tax		373,318	
Beer and wine tax		40,575	
Total	2,420,835	2,444,867	24,032
Restricted Intergovernmental:			
Powell Bill allocation		259,072	
Unauthorized substance tax		4,432	
DOT reimbursement		3,660	
FEMA grant revenue		142,714	
Miscellaneous grant revenue		308	
Solid waste disposal tax		6,224	
Total	322,783	416,410	93,627
Permits and fees:			
Business registration fees		275	
Subdivision recreation fees		9,997	
Planning and zoning		12,994	
Total	23,350	23,266	(84)
Sales and services:			
Solid waste fees		531,235	
Community building/Rescue rent		31,330	
Fire inspections		23,971	
Building inspections		163,557	
Police event pay		26,614	
User access fee		15,554	
Utility service charges		3,429	
Recreation		132,002	
Cemetery		12,500	
Total	1,001,854	940,192	(61,662)
Investment earnings	9,500	52,769	43,269
Miscellaneous:			
Rescue contribution	109,878	140,206	30,328
Other	43,620	107,402	63,782
Total	153,498	247,608	94,110
 Total revenues	 7,650,584	 7,939,025	 288,441

continued

**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variable Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		42,073	
Other operating expenditures		26,187	
Total	77,893	68,260	9,633
Administration:			
Salaries and employee benefits		1,253,003	
Maintenance and repairs		1,096	
Other operating expenditures		971,529	
Capital outlay		124,134	
Reimbursement - proprietary funds		(844,569)	
Total	2,830,067	1,505,193	1,324,874
Information Technology:			
Other operating expenditures		350,791	
Reimbursement - proprietary funds		(192,628)	
Total	434,989	158,163	276,826
Planning:			
Salaries and employee benefits		70,036	
Other operating expenditures		11,249	
Capital outlay		26,120	
Total	128,493	107,405	21,088
Total general government	3,471,442	1,839,021	1,632,421
Public Safety:			
Police:			
Salaries and employee benefits		1,328,111	
Maintenance and repairs		35,184	
Other operating expenditures		97,440	
Noncapitalized equipment < \$5,000		47,244	
Capital outlay		35,199	
Total	1,715,035	1,543,178	171,857 continued

**Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		9,758	
Total	<u>14,750</u>	<u>9,758</u>	<u>4,992</u>
Fire:			
Salaries and employee benefits		302,617	
Maintenance and repairs		43,233	
Other operating expenditures		173,830	
Noncapitalized equipment < \$5,000		109,739	
Capital outlay		5,495	
Total	<u>1,228,065</u>	<u>634,914</u>	<u>593,151</u>
Rescue:			
Salaries and employee benefits		140,206	
Total	<u>112,795</u>	<u>140,206</u>	<u>(27,411)</u>
Total public safety	3,070,645	2,328,056	742,589
Transportation:			
Salaries and employee benefits		465,743	
Maintenance and repairs		41,315	
Other operating expenditures		93,780	
Other operating expenditures - Powell Bill		267,850	
Capital outlay - Powell Bill		293,182	
Capital outlay		33,344	
Reimbursement - proprietary funds		(136,003)	
Total transportation	1,738,212	1,059,211	679,001
Environmental Protection:			
Sanitation:			
Other operating expenditures		496,618	
Total	<u>501,000</u>	<u>496,618</u>	<u>4,382</u>

continued

Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		255,306	
Maintenance and repairs		34,719	
Other operating expenditures		196,451	
Noncapitalized equipment <\$5,000		40,131	
Capital outlay		285,422	
Total parks and recreation	<u>1,390,268</u>	<u>812,029</u>	<u>578,239</u>
Public Buildings:			
Maintenance and repairs		89,212	
Capital outlay		349,515	
Other operating expenditures		280,585	
Reimbursement - proprietary funds		(79,744)	
Total public buildings	<u>763,000</u>	<u>639,568</u>	<u>123,432</u>
Total Cultural and Recreation	2,153,268	1,451,597	701,671
Economic Development:			
Contracted Services		25,895	
Total Economic Development	<u>25,900</u>	<u>25,895</u>	<u>5</u>
Debt service:			
Principal retirement	522,403	522,403	-
Interest	89,831	89,818	13
Total debt service	<u>612,234</u>	<u>612,221</u>	<u>13</u>
Total expenditures	<u>11,572,701</u>	<u>7,812,619</u>	<u>3,760,082</u>
Revenues over (under) expenditures	(3,922,117)	126,406	4,048,523
Other financing sources (uses):			
Loan proceeds - installment purchases	556,500	86,500	(470,000)
Transfers from other funds:			
Enterprise funds	1,563,945	311,000	(1,252,945)
Transfers to other funds:			
Capital Reserve fund	(96,874)	-	96,874
Total other financing sources (uses)	2,023,571	397,500	(1,626,071)
Fund balance appropriated	<u>1,898,546</u>	-	<u>(1,898,546)</u>
Net change in fund balance	<u>\$ -</u>	523,906	<u>\$ 523,906</u>
Fund balances, beginning		8,537,687	
Change in reserve for inventories		(10,700)	
Fund balances, ending		<u>\$ 9,050,893</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, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sale of electricity		\$ 6,758,976	
Connection fees		25,435	
Service charges		44,559	
Miscellaneous revenue		436,824	
Total operating revenues	<u>\$ 7,249,793</u>	<u>7,265,794</u>	<u>\$ 16,001</u>
Non-operating revenues:			
Investment earnings	-	39,031	39,031
Total revenues	7,249,793	7,304,825	55,032
Expenditures:			
Operating:			
Electrical power purchases		3,815,522	
Salaries and employee benefits		778,634	
Supplies		81,843	
Repairs and maintenance		28,800	
Contracted services		107,041	
Other departmental expenses		808,099	
Expense reimbursement to general fund		406,519	
Expense reimbursement from water and sewer fund		(61,500)	
Total operating expenditures	<u>6,592,789</u>	<u>5,964,958</u>	<u>627,831</u>
Debt service:			
Principal retirement		285,504	
Interest		38,842	
Total debt service	<u>324,346</u>	<u>324,346</u>	-
Capital outlay:			
Noncapitalized equipment < \$5,000		77,893	
Capital outlay		133,644	
Total capital outlay	<u>494,439</u>	<u>211,537</u>	<u>282,902</u>
Total expenditures	<u>7,411,574</u>	<u>6,500,841</u>	<u>910,733</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues over (under) expenditures	(161,781)	803,984	965,765
Other financing sources (uses):			
Proceeds from the issuance of debt	265,000	265,000	-
Transfers to other funds:			
General Fund	(311,000)	(311,000)	-
Total other financing sources (uses)	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>
Fund balance appropriated	<u>207,781</u>	<u>-</u>	<u>(207,781)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	757,984	<u>\$ 757,984</u>

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

Reconciling items:		
Principal retirement		285,504
Capital outlay		133,644
Loan proceeds - installment purchase		(265,000)
Depreciation		(318,210)
Increase in accrued interest on installment purchases		(2,089)
Decrease in deferred outflows of resources - pensions		(66,165)
Increase in deferred inflows of resources - pensions		(2,981)
Decrease in net pension liability		67,220
Increase in deferred outflows of resources - OPEB		7,425
Increase in deferred inflows of resources - OPEB		(12,218)
Increase in accrued vacation pay		(9,587)
Increase in accrued OPEB liability		(7,690)
Total		<u>(190,147)</u>
Change in net position		<u>\$ 567,837</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, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 1,499,930	
Other operating revenues		9,949	
Total operating revenues	\$ 1,483,286	1,509,879	\$ 26,593
Non-operating revenues:			
Investment earnings		8,941	
Total non-operating revenues	205,206	8,941	(196,265)
Total revenues	1,688,492	1,518,820	(169,672)
Expenditures:			
Operating:			
Salaries and employee benefits		300,483	
Purchases for resale		378,749	
Supplies		41,187	
Repairs and maintenance		13,208	
Contracted services		33,635	
Other departmental expenses		70,097	
AIA expenditures		83,325	
Expense reimbursement to general fund		409,192	
Expense reimbursement to electric fund		30,750	
Expense reimbursement from sewer fund		(55,206)	
Total operating expenditures	1,534,360	1,305,420	228,940
Debt service:			
Principal retirement		102,648	-
Interest		51,984	-
Total debt service	154,632	154,632	-
Capital outlay:			
Noncapitalized equipment < \$5,000		-	
Capital outlay		39,388	
Total capital outlay	34,000	39,388	(5,388)
Total expenditures	1,722,992	1,499,440	223,552
Revenues over (under) expenditures	(34,500)	19,380	53,880

Town of Winterville, North Carolina
Water Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	34,500	-	(34,500)
Revenues and fund balance appropriated over (under) expenditures	\$ -	19,380	\$ 19,380

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

Reconciling items:	
Principal retirement	102,648
Capital outlay	39,388
Depreciation	(69,912)
Decrease in accrued interest on installment purchases	4,817
Decrease in deferred outflows of resources - pensions	(24,306)
Increase in deferred inflows of resources - pensions	(1,095)
Decrease in net pension liability	24,694
Increase in deferred outflows of resources - OPEB	2,475
Increase in deferred inflows of resources - OPEB	(4,073)
Decrease in accrued vacation pay	330
Increase in accrued OPEB liability	(2,563)
Total	72,403
Change in net position	\$ 91,783

Town of Winterville, North Carolina
Water Capital Projects Fund (Water Interconnectivity) Schedule of
Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Developer Contribution	\$ 115,000	\$ 95,900	\$ -	\$ 95,900	\$ (19,100)
	<u>115,000</u>	<u>95,900</u>	<u>-</u>	<u>95,900</u>	<u>(19,100)</u>
Expenditures:					
Capital outlay:					
Construction	1,553,050	1,492,381	60,215	1,552,596	454
Engineering	348,650	324,456	24,166	348,622	28
Contingency	28,300	-	-	-	28,300
Total capital outlay	<u>1,930,000</u>	<u>1,816,837</u>	<u>84,381</u>	<u>1,901,218</u>	<u>28,782</u>
Revenues under expenditures	(1,815,000)	(1,720,937)	(84,381)	(1,805,318)	9,682
Other financing sources:					
Transfers from other funds:					
Water Fund	22,055	22,055	-	22,055	-
Installment purchase - loan proceeds	1,792,945	1,850,000	-	1,850,000	57,055
Total other financing sources	<u>1,815,000</u>	<u>1,872,055</u>	<u>-</u>	<u>1,872,055</u>	<u>57,055</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 151,118</u>	<u>\$ (84,381)</u>	<u>\$ 66,737</u>	<u>\$ 66,737</u>

Town of Winterville, North Carolina
Water Capital Projects Fund (Water Tank) Schedule of Revenues and
Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay:					
Construction	\$ 650,000	\$ -	\$ 34,780	\$ 34,780	\$ 615,220
Engineering	76,750	18,177	40,932	59,109	17,641
Contingency	65,000	-	-	-	65,000
Total capital outlay	<u>791,750</u>	<u>18,177</u>	<u>75,712</u>	<u>93,889</u>	<u>697,861</u>
Revenues under expenditures	(791,750)	(18,177)	(75,712)	(93,889)	697,861
Other financing sources:					
Transfers from other funds:					
Water Fund	68,450	68,450	-	68,450	-
Installment purchase - loan proceeds	723,300	-	-	-	(723,300)
Total other financing sources	<u>791,750</u>	<u>68,450</u>	<u>-</u>	<u>68,450</u>	<u>(723,300)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 50,273</u>	<u>\$ (75,712)</u>	<u>\$ (25,439)</u>	<u>\$ (25,439)</u>

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Sewer charges		\$ 2,007,918	
Tapping fees		450	
Total operating revenues	<u>\$ 1,975,865</u>	<u>2,008,368</u>	<u>\$ 32,503</u>
Non-operating revenues:			
Investment earnings		3,276	
Development fees		24,065	
Total non-operating revenues	<u>22,944</u>	<u>27,341</u>	<u>4,397</u>
Total revenues	1,998,809	2,035,709	36,900
Expenditures:			
Operating:			
Salaries and employee benefits		152,727	
Supplies		21,779	
Repairs and maintenance		35,896	
Contracted services		34,361	
CMSD expense		947,604	
Other departmental expenses		83,899	
AIA expenditures		89,250	
Expense reimbursement to general fund		419,173	
Expense reimbursement to water fund		55,206	
Expense reimbursement to electric fund		30,750	
Total operating expenditures	<u>2,010,519</u>	<u>1,870,645</u>	<u>139,874</u>
Debt service:			
Principal retirement		75,130	-
Interest		32,066	(1)
Total debt service	<u>107,195</u>	<u>107,196</u>	<u>(1)</u>
Capital outlay:			
Noncapitalized equipment <\$5,000		9	
Capital outlay		53,834	
Total capital outlay	<u>503,889</u>	<u>53,843</u>	<u>450,046</u>
Total expenditures	<u>2,621,603</u>	<u>2,031,684</u>	<u>589,919</u>
Revenues over (under) expenditures	(622,794)	4,025	626,819

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to other funds:			
Sewer Capital Projects Fund		(135,600)	1,000
Total other financing sources (uses)	(136,600)	(135,600)	1,000
Fund balance appropriated	759,394	-	(759,394)
Revenues and fund balance appropriated over (under) expenditures and other uses	\$ -	(131,575)	\$ (131,575)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		75,130	
Capital outlay		53,834	
Loan proceeds - installment purchase		-	
Depreciation		(130,108)	
Decrease in accrued interest on installment purchases		(1,363)	
Decrease in deferred outflows of resources - pensions		(11,699)	
Increase in deferred inflows of resources - pensions		(527)	
Decrease in net pension liability		11,886	
Increase in deferred outflows of resources - OPEB		1,485	
Increase in deferred inflows of resources - OPEB		(2,444)	
Decrease in accrued vacation pay		2,387	
Increase in accrued OPEB liability		(1,539)	
Capital Project Funds			
Capital contributions		87,200	
Transfer to sewer capital project fund		135,600	
Total		219,842	
Change in net position		\$ 88,267	

Town of Winterville, North Carolina
Sewer Capital Projects Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2017	Amendments	June 30, 2018		Current Year	Total to Date	
Expenditures:							
Capital outlay:							
Construction	\$ 1,669,020	\$ 232,672	\$ 1,901,692	\$ -	\$ 470,114	\$ 470,114	\$ 1,431,578
Engineering	341,190	7,667	348,857	142,147	138,900	281,047	67,810
Contingency	167,000	23,169	190,169	-	-	-	190,169
Total capital outlay	<u>2,177,210</u>	<u>263,508</u>	<u>2,440,718</u>	<u>142,147</u>	<u>609,014</u>	<u>751,161</u>	<u>1,689,557</u>
Revenues under expenditures	(2,177,210)	(263,508)	(2,440,718)	(142,147)	(609,014)	(751,161)	1,689,557
Other financing sources:							
Transfers from other funds:							
Sewer Fund	50,190	(2,333)	47,857	50,000	-	50,000	2,143
Debt proceeds	2,127,020	265,841	2,392,861	-	655,361	655,361	(1,737,500)
Total other financing sources	<u>2,177,210</u>	<u>263,508</u>	<u>2,440,718</u>	<u>50,000</u>	<u>655,361</u>	<u>705,361</u>	<u>(1,735,357)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (92,147)</u>	<u>\$ 46,347</u>	<u>\$ (45,800)</u>	<u>\$ (45,800)</u>

Town of Winterville, North Carolina
Church Street Capital Projects Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Project Authorization June 30, 2018	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
FEMA Grant	\$ 123,000	\$ -	87,200	\$ 87,200	\$ (35,800)
Golden Leaf Foundation Grant	270,000	-	-	-	(270,000)
Total revenues	<u>393,000</u>	<u>-</u>	<u>87,200</u>	<u>87,200</u>	<u>(305,800)</u>
Expenditures:					
Capital outlay:					
Construction	471,000	-	30,580	30,580	440,420
Engineering	46,350	-	25,360	25,360	20,990
Contingency	11,250	-	-	-	11,250
Total capital outlay	<u>528,600</u>	<u>-</u>	<u>55,940</u>	<u>55,940</u>	<u>472,660</u>
Revenues under expenditures	(135,600)	-	31,260	31,260	166,860
Other financing sources:					
Transfers from other funds:					
Sewer Fund	135,600	-	135,600	135,600	-
Total other financing sources	<u>135,600</u>	<u>-</u>	<u>135,600</u>	<u>135,600</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,860</u>	<u>\$ 166,860</u>	<u>\$ 166,860</u>

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater charges		\$ 221,941	
Total operating revenues	\$ 207,845	221,941	\$ 14,096
Non-operating revenues:			
Investment earnings		1,129	
Federal and state grants		34,300	
Total non-operating revenues	-	35,429	35,429
Total revenues	207,845	257,370	49,525
Expenditures:			
Operating:			
Salaries and employee benefits		49,744	
Contracted services		8,030	
Supplies		5,017	
Engineering fees		2,905	
Repairs and maintenance		115	
Departmental improvements		3,000	
Drainage district		4,030	
Expense reimbursement to general fund		18,060	
Total operating expenditures	158,990	90,901	68,089
Capital outlay:			
Capital outlay		56,719	
Total capital outlay	124,035	56,719	67,316
Total expenditures	283,025	147,620	135,405
Revenues over (under) expenditures	(75,180)	109,750	184,930
Fund balance appropriated	75,180	-	(75,180)
Revenues and fund balance appropriated over (under) expenditures	\$ -	109,750	\$ 109,750

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

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

Reconciling items:

Capital outlay	56,719
Depreciation	(12,682)
Decrease in deferred outflows of resources - pensions	(4,319)
Decrease in deferred inflows of resources - pensions	-
Increase in deferred outflows of resources - OPEB	495
Increase in deferred inflows of resources - OPEB	(815)
Decrease in net pension liability	4,199
Decrease in accrued vacation pay	410
Increase in accrued OPEB liability	(512)
Total	<u>43,495</u>
Change in net position	<u><u>\$ 153,245</u></u>

OTHER FINANCIAL INFORMATION

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

Governmental Capital Assets

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

Other Schedules

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

Statistical Information

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

Compliance Section

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



GOVERNMENTAL CAPITAL ASSETS



Town of Winterville, North Carolina
Comparative Schedule of Governmental Capital Assets
By Source
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amounts as of June 30, 2017)

<u>Governmental Capital Assets</u>	<u>2018</u>	<u>2017</u>
Land	\$ 4,218,490	\$ 4,031,051
Construction in process	-	-
Buildings	7,271,025	6,905,331
Infrastructure	27,939,900	27,325,170
Software	601,410	601,410
Vehicles and equipment	5,274,131	4,924,104
	<hr/>	<hr/>
Total	<u>\$ 45,304,956</u>	<u>\$ 43,787,066</u>

Town of Winterville, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Fiscal Year Ended June 30, 2018

<u>Function and Activity</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
General government	\$ 9,518,905	\$ 529,239	\$ 15,499	\$ 10,032,645
Transportation	28,494,891	678,034		29,172,925
Public Safety	2,746,078	40,694		2,786,772
Cultural and recreation	3,027,192	285,422		3,312,614
 Total	 <u>\$ 43,787,066</u>	 <u>\$ 1,533,389</u>	 <u>\$ 15,499</u>	 <u>\$ 45,304,956</u>

OTHER SCHEDULES

This section contains additional information on property taxes.

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



Town of Winterville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 3,741,819	\$ 3,717,032	\$ 24,787
2016-2017	22,953	-	10,100	12,853
2015-2016	16,610	-	6,820	9,790
2014-2015	8,820	-	2,179	6,641
2013-2014	8,493	-	937	7,556
2012-2013	10,474	-	1,591	8,883
2011-2012	6,502	-	1,733	4,769
2010-2011	9,191	-	1,289	7,902
2009-2010	11,299	-	1,286	10,013
2008-2009	4,414	-	1,332	3,082
2007-2008	6,199	-	6,199	-
Total	<u>\$ 104,955</u>	<u>\$ 3,741,819</u>	<u>\$ 3,750,498</u>	<u>\$ 96,276</u>

Less: allowance for uncollectible accounts:
General fund

29,727

Ad valorem taxes receivable - net

\$ 66,549

Reconciliation with Revenues:

Ad valorem taxes - General Fund

\$ 3,790,345

Reconciling items:

Interest collected

(20,571)

Taxes written off

11,111

Releases (prior years) and other adjustments

(30,387)

Subtotal

(39,847)

Total collections and credits

\$ 3,750,498

Town of Winterville, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2018

	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	\$ 787,747,579	0.475	\$ 3,741,801	\$ 3,269,350	\$ 472,451
Discoveries	2,839,789	0.475	13,489	13,489	-
Releases	(2,836,000)	0.475	(13,471)	(13,471)	-
Total property valuation	<u>\$ 787,751,368</u>				
Net levy			3,741,819	3,269,368	472,451
Unpaid (by taxpayer) taxes at June 30, 2018			<u>(24,787)</u>	<u>(24,787)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,717,032</u>	<u>\$ 3,244,581</u>	<u>\$ 472,451</u>
Current levy collection percentage			<u>99.34%</u>	<u>99.24%</u>	<u>100.00%</u>

STATISTICAL SECTION

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

CONTENTS:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 19,033,329	\$ 19,743,897	\$ 20,131,928	\$ 19,819,840	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360	\$ 18,986,506	\$ 19,828,145	\$ 20,129,722
Restricted	509,458	524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408
Unrestricted	2,756,908	2,602,666	2,117,242	2,517,321	2,695,079	3,573,881	4,634,264	4,406,677	5,427,561	3,629,707
Total governmental activities net position	\$ 22,299,695	\$ 22,870,757	\$ 23,593,292	\$ 23,927,663	\$ 24,073,468	\$ 24,565,137	\$ 25,344,033	\$ 26,010,923	\$ 27,173,719	\$ 27,183,837
Business-type activities										
Net investment in capital assets	\$ 5,773,808	\$ 5,531,666	\$ 5,795,169	\$ 5,548,709	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711	\$ 5,294,157	\$ 5,559,549	\$ 5,680,189
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,202,970	4,775,714	4,975,318	5,709,288	6,642,021	6,784,202	7,890,408	8,474,991	9,160,180	9,717,672
Total Business-type activities net position	\$ 9,976,778	\$ 10,307,380	\$ 10,770,487	\$ 11,257,997	\$ 11,980,044	\$ 12,037,688	\$ 13,256,119	\$ 13,769,148	\$ 14,719,729	\$ 15,397,861
Primary government										
Net investment in capital assets	\$ 24,807,137	\$ 25,275,563	\$ 25,927,097	\$ 25,368,549	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071	\$ 24,280,663	\$ 25,387,694	\$ 25,809,911
Restricted	509,458	524,194	1,344,122	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408
Unrestricted	6,959,878	7,378,380	7,092,560	8,226,609	9,337,100	10,358,083	12,524,672	12,881,668	14,587,741	13,347,379
Total primary government net position	\$ 32,276,473	\$ 33,178,137	\$ 34,363,779	\$ 35,185,660	\$ 36,053,512	\$ 36,602,825	\$ 38,600,152	\$ 39,780,071	\$ 41,893,448	\$ 42,581,698

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 2,456,603	\$ 2,687,929	\$ 2,552,572	\$ 2,605,647	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412	\$ 2,239,443	\$ 2,166,843	\$ 2,103,977
Public Safety	1,753,660	1,883,985	1,794,701	1,822,713	1,936,031	2,020,494	1,955,444	2,238,766	2,342,745	2,570,270
Transportation	1,596,862	1,381,524	1,299,618	1,404,474	1,401,712	1,332,381	1,262,024	1,433,435	1,359,646	1,703,364
Environmental protection	375,894	402,902	444,724	425,607	420,736	423,582	449,332	460,797	479,991	496,618
Cultural and recreational	843,293	896,397	961,253	831,698	705,296	774,390	852,262	806,502	885,272	955,743
Economic and physical development	-	-	-	-	-	-	-	32,400	32,400	25,895
Interest on long-term debt	222,427	207,454	304,775	245,853	219,296	206,866	175,858	114,018	99,326	87,402
Reimbursements from business type activities	-	-	-	-	(202,708)	(151,682)	(59,696)	-	-	-
Total governmental activities expense	\$ 7,248,739	\$ 7,460,191	\$ 7,357,643	\$ 7,335,992	\$ 6,638,711	\$ 6,749,392	\$ 6,747,636	\$ 7,325,361	\$ 7,366,223	\$ 7,943,269
Business-type Activities:										
Electric	\$ 5,305,020	\$ 5,232,429	\$ 5,366,691	\$ 5,240,409	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117	\$ 5,839,943	\$ 5,940,771	\$ 6,425,988
Water	693,124	778,832	556,616	532,540	677,370	804,903	992,504	1,186,795	1,245,965	1,427,037
Sewer	1,305,034	1,804,362	1,439,662	1,391,511	1,714,303	1,780,834	1,921,325	1,962,456	1,917,535	2,034,642
Stormwater	27,072	69,718	116,318	113,301	84,597	143,314	149,477	142,812	177,186	104,125
Total business-type activities expense	\$ 7,330,250	\$ 7,885,341	\$ 7,479,287	\$ 7,277,761	\$ 7,983,080	\$ 8,711,522	\$ 8,994,423	\$ 9,132,006	\$ 9,281,457	\$ 9,991,792
Total primary government expenses	\$ 14,578,989	\$ 15,345,532	\$ 14,836,930	\$ 14,613,753	\$ 14,621,791	\$ 15,460,914	\$ 15,742,059	\$ 16,457,367	\$ 16,647,680	\$ 17,935,061
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 131,618	\$ 69,550	\$ 68,488	\$ 31,174	\$ 53,053	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482	\$ 186,823
Public Safety	156,151	-	1,100	9,475	12,476	13,106	19,473	22,975	30,445	81,915
Transportation	-	328	-	-	-	-	6,914	3,660	3,660	-
Environmental protection	377,406	410,186	481,343	484,983	485,132	484,688	500,833	508,020	521,196	564,434
Cultural and recreational	227,367	184,439	258,113	205,150	186,731	145,706	147,350	148,514	160,042	132,002
Operating grants and contributions										
General government	-	-	-	202,617	41,833	44,786	-	5,000	28,425	308
Public Safety	-	142,449	21,394	17,961	16,605	21,464	3,850	6,923	43,138	147,146
Transportation	-	264,041	345,935	284,827	266,728	272,530	266,981	266,040	261,061	262,732
Environmental protection	-	6,150	6,115	6,363	5,881	5,282	6,201	5,979	6,306	6,224
Capital grants and contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	500,000	-	-	-	-	-	-	-	-
Transportation	276,512	-	-	-	-	-	-	-	-	384,852
Total governmental activities program revenues	\$ 1,169,054	\$ 1,577,143	\$ 1,182,488	\$ 1,242,550	\$ 1,068,439	\$ 1,153,544	\$ 1,124,953	\$ 1,165,827	\$ 1,260,755	\$ 1,766,436

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Electric Fund	\$ 5,782,977	\$ 5,842,314	\$ 6,569,449	\$ 6,433,135	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499	\$ 6,477,361	\$ 6,796,158	\$ 7,265,794
Water Fund	740,300	743,907	735,593	720,550	718,195	743,400	1,239,032	1,237,389	1,469,305	1,509,879
Sewer Fund	1,646,000	1,644,394	1,710,000	1,628,236	1,664,340	1,682,865	1,897,528	1,893,949	1,938,108	2,008,368
Stormwater Fund	192,948	125,363	758	-	88,886	169,378	176,261	172,337	191,172	221,941
Operating grants and contributions	-	80,884	33,099	15,533	1,089	37,878	29,230	93,050	96,908	58,365
Capital grants and contributions	126,992	500,000	-	-	-	-	-	-	-	87,200
Total business-type activities program revenues	\$ 8,489,217	\$ 8,936,862	\$ 9,048,899	\$ 8,797,454	\$ 8,828,715	\$ 8,987,467	\$ 10,028,550	\$ 9,874,086	\$ 10,491,651	\$ 11,151,547
Total primary government program revenues	\$ 9,658,271	\$ 10,514,005	\$ 10,231,387	\$ 10,040,004	\$ 9,897,154	\$ 10,141,011	\$ 11,153,503	\$ 11,039,913	\$ 11,752,406	\$ 12,917,983
Net Revenue (Expense):										
Governmental activities	\$ (6,079,685)	\$ (5,883,048)	\$ (6,175,155)	\$ (6,093,442)	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)	\$ (6,159,534)	\$ (6,105,468)	\$ (6,176,833)
Business-type activities	1,158,967	1,051,521	1,569,612	1,519,693	845,635	275,945	1,034,127	742,080	1,210,194	1,159,755
Total primary government net expense	\$ (4,920,718)	\$ (4,831,527)	\$ (4,605,543)	\$ (4,573,749)	\$ (4,724,637)	\$ (5,319,903)	\$ (4,588,556)	\$ (5,417,454)	\$ (4,895,274)	\$ (5,017,078)
General revenues and other changes in net position										
Governmental activities:										
Property Taxes	\$ 3,105,163	\$ 3,093,542	\$ 3,157,673	\$ 3,233,735	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055	\$ 3,633,653	\$ 3,722,789	\$ 3,788,508
Local option sales tax, etc.	1,445,534	1,447,137	1,502,894	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,444,867
Grants and contributions not restricted to specific programs	-	273,805	299,708	-	-	-	-	-	-	-
Other taxes and licenses	344,671	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821	23,568
Investment Earnings	53,082	11,967	17,851	12,146	8,580	6,869	9,623	9,816	9,160	52,769
Miscellaneous	-	721,519	758,425	276,508	196,763	268,351	503,895	630,471	1,040,275	247,608
Transfers	408,458	736,599	1,130,094	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000
Total governmental activities	\$ 5,356,908	\$ 6,323,255	\$ 6,897,690	\$ 6,525,505	\$ 5,716,077	\$ 6,087,517	\$ 6,566,958	\$ 6,826,424	\$ 7,493,635	\$ 6,868,320
Business-type activity:										
Investment earnings, net of market adjustment	\$ 63,585	\$ 15,680	\$ 23,589	\$ 16,593	\$ 11,412	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607	\$ 52,377
Transfers	(408,458)	(736,599)	(1,130,094)	(1,048,776)	(135,000)	(230,192)	(188,552)	(215,444)	(290,000)	(311,000)
Total business-type activity	\$ (344,873)	\$ (720,919)	\$ (1,106,505)	\$ (1,032,183)	\$ (123,588)	\$ (218,301)	\$ (181,444)	\$ (206,643)	\$ (279,393)	\$ (258,623)
Total primary government	\$ 5,012,035	\$ 5,602,336	\$ 5,791,185	\$ 5,493,322	\$ 5,592,489	\$ 5,869,216	\$ 6,385,514	\$ 6,619,781	\$ 7,214,242	\$ 6,609,697
Change in net position										
Governmental activities	\$ (722,777)	\$ 440,207	\$ 722,535	\$ 432,063	\$ 145,805	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167	\$ 691,487
Business-type activities	814,094	330,602	463,107	487,510	722,047	57,644	852,683	535,437	930,801	901,132
Total primary government	\$ 91,317	\$ 770,809	\$ 1,185,642	\$ 919,573	\$ 867,852	\$ 549,313	\$ 1,796,958	\$ 1,202,327	\$ 2,318,968	\$ 1,592,619

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

	2009	2010
General Fund		
Reserved	\$ 1,675,977	\$ 1,148,964
Unreserved	1,459,018	1,474,100
Total General Fund	\$ 3,134,995	\$ 2,623,064
All Other Governmental Funds		
Reserved	\$ -	\$ -
Unreserved, reported in:		
Special revenue funds	16,206	-
Capital projects funds	200,603	688,253
Total all other governmental funds	\$ 216,809	\$ 688,253

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

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

	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable	\$ 33,133	\$ 36,403	\$ 73	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023	\$ 10,323
Restricted	1,336,722	1,583,102	2,063,859	2,022,330	1,834,409	2,617,740	1,918,013	3,424,408
Committed	7,400	7,400	-	7,400	-	27,600	15,200	9,305
Assigned	67,680	18,000	-	-	-	-	669,683	1,296,299
Unassigned	2,287,824	2,978,107	3,289,582	4,236,207	5,413,814	5,214,955	5,913,768	4,310,558
Total General Fund	\$ 3,732,759	\$ 4,623,012	\$ 5,353,514	\$ 6,266,010	\$ 7,342,441	\$ 7,893,731	\$ 8,537,687	\$ 9,050,893
All Other Governmental Funds								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -							

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Ad valorem taxes	\$ 3,066,447	\$ 3,086,185	\$ 3,115,699	\$ 3,275,421	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253	\$ 3,653,683	\$ 3,721,809	\$ 3,790,345
Other taxes and licenses	1,478,844	38,686	31,045	34,332	32,517	35,859	24,107	30,878	30,821	23,568
Unrestricted intergovernmental	311,361	1,720,942	1,802,602	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,444,867
Restricted intergovernmental	276,512	797,691	370,376	484,987	328,652	339,925	282,550	285,844	341,621	416,410
Permits and fees	7,770	3,730	4,488	2,899	2,100	5,915	6,175	9,182	12,648	23,266
Sales and services	544,782	666,741	804,929	724,513	734,140	807,598	831,755	868,743	902,904	940,192
Investment earnings	53,082	13,676	20,919	14,927	10,975	11,006	11,019	11,574	10,129	52,769
Miscellaneous	349,561	173,828	10,989	55,872	15,053	48,351	28,365	54,054	61,592	247,608
TOTAL REVENUES	\$ 6,088,359	\$ 6,501,479	\$ 6,161,047	\$ 6,512,959	\$ 6,454,118	\$ 6,816,537	\$ 7,066,950	\$ 7,220,120	\$ 7,482,114	\$ 7,939,025
EXPENDITURES										
General Government	\$ 4,130,732	\$ 2,573,280	\$ 2,302,452	\$ 2,246,240	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649	\$ 1,915,542	\$ 1,798,530	\$ 1,839,021
Public Safety	1,713,040	2,354,913	1,595,926	1,678,150	1,838,331	2,372,543	1,939,110	2,346,423	2,197,435	2,328,056
Transportation	778,185	772,378	654,379	600,556	667,463	801,119	697,972	642,878	1,057,009	1,059,211
Environmental Protection	375,894	402,902	444,724	425,607	420,736	423,582	460,546	467,635	479,991	496,618
Cultural and Recreation	1,652,918	797,599	894,595	766,076	617,674	745,503	762,554	872,316	948,222	1,451,597
Economic and Physical Development	-	-	-	-	-	-	-	32,400	32,400	25,895
Public Works	-	-	-	-	-	-	-	-	-	-
Vehicle Replacement	-	307,117	-	-	-	-	-	-	-	-
Riembursement - Proprietary Funds	-	-	-	-	(202,708)	(151,682)	(59,696)	-	-	-
Debt Service:										
Principal retirement	712,724	791,985	723,690	675,881	517,875	484,670	646,924	497,214	502,244	522,403
Interest and Fees	222,427	207,454	272,692	246,408	222,896	204,149	186,171	117,024	101,606	89,818
Capital Outlay	71,124	1,579,010	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 9,657,044	\$ 9,786,638	\$ 6,888,458	\$ 6,638,918	\$ 5,819,539	\$ 6,648,982	\$ 6,416,230	\$ 6,891,432	\$ 7,117,437	\$ 7,812,619
REVENUES OVER (UNDER) EXPENDITURES	\$ (3,568,685)	\$ (3,285,159)	\$ (727,411)	\$ (125,959)	\$ 634,579	\$ 167,555	\$ 650,720	\$ 328,688	\$ 364,677	\$ 126,406

continued

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING SOURCES (USES)										
Long Term Debt Issued	\$ 232,000	\$ 2,310,990	\$ -	\$ -	\$ -	\$ 540,800	\$ 139,500	\$ -	\$ -	\$ 86,500
Transfers in	1,098,716	2,819,465	1,878,079	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000
Transfers out	(690,258)	(2,082,866)	(747,985)	-	-	-	-	-	-	-
Sale of capital assets	-	66,693	18,759	-	-	-	-	10,041	21,472	-
Total other financing sources (uses)	\$ 640,458	\$ 3,114,282	\$ 1,148,853	\$ 1,048,776	\$ 135,000	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472	\$ 397,500
Net Change in Fund Balances	\$ (2,928,227)	\$ (170,877)	\$ 421,442	\$ 922,817	\$ 769,579	\$ 938,547	\$ 978,772	\$ 554,173	\$ 676,149	\$ 523,906
Debt Services as a percentage of noncapital expenditures	11%	14%	17%	16%	14%	11%	15%	10%	9%	9%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Beer and Wine Tax	Penalties/Interest	Total
2009	\$ 3,055,047	\$ 1,445,534	\$ 270,492	\$ 38,560	\$ 11,400	\$ 4,821,033
2010	3,069,850	1,447,137	258,488	12,764	16,335	4,804,574
2011	3,099,199	1,502,894	257,852	40,345	16,500	4,916,790
2012	3,255,662	1,619,870	258,177	40,463	19,759	5,193,931
2013	3,371,069	1,651,989	249,038	37,771	18,429	5,328,296
2014	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
2015	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
2016	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
2017	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115
2018	3,769,774	2,029,698	373,318	40,575	20,571	6,233,936

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

Fiscal Year Ended June 30	Real Property	Personal Property	Total Taxes Levied For Fiscal Year	Property Valuation	Direct Tax Rate
2009	\$ 2,776,854	\$ 300,052	\$ 3,076,906	\$ 683,117,334	\$ 0.450
2010	2,810,386	279,384	3,089,770	686,615,556	0.450
2011	2,855,107	293,766	3,148,873	699,749,556	0.450
2012	2,895,892	344,019	3,239,911	719,980,222	0.450
2013	3,004,730	380,663	3,385,393	712,714,316	0.475
2014	3,068,692	525,545	3,594,237	756,681,473	0.475
2015	3,097,787	432,342	3,530,129	743,185,053	0.475
2016	3,158,563	460,386	3,618,949	761,884,000	0.475
2017	3,231,495	479,943	3,711,438	781,355,368	0.475
2018	3,269,368	472,451	3,741,819	787,751,368	0.475

Source: Pitt County Tax Assessor

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

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

Fiscal Year Ended June 30,	City Direct Rates		Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Total Direct Rate	Rescue District	Fire District	County Rate	
2009	\$ 0.450	\$ 0.450	\$ 0.044	\$ 0.025	\$ 0.665	\$ 1.184
2010	0.450	0.450	0.044	0.025	0.665	1.184
2011	0.450	0.450	0.044	0.025	0.665	1.184
2012	0.450	0.450	0.046	0.044	0.680	1.220
2013	0.475	0.475	0.046	0.044	0.680	1.245
2014	0.475	0.475	0.046	0.044	0.680	1.245
2015	0.475	0.475	0.046	0.044	0.680	1.245
2016	0.475	0.475	0.046	0.044	0.680	1.245
2017	0.475	0.475	0.046	0.044	0.696	1.261
2018	0.475	0.475	0.046	0.044	0.696	1.261

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

Source: Pitt County Tax Assessor

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

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2008		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Sam's Real Estate Business Trust	Retail	\$ 7,679,912	1	0.97%	\$ 7,716,136	1	1.62%
J & S Firetower Property LLC	Warehouse	4,667,318	2	0.59%			
Winterville Machine Works, Inc	Manufacturer	3,843,244	3	0.49%	3,094,525	4	0.65%
The Roberts Co Fabrication Services Inc	Manufacturer	3,750,638	4	0.48%	2,256,010	6	0.47%
Winter Village LLC	Retail	3,430,940	5	0.44%	3,535,841	3	0.74%
State Employees Credit Union	Financial Institution	3,132,062	6	0.40%	2,019,161	9	0.42%
Regional Acceptance Corp.	Financial Institution	2,958,651	7	0.38%			
Wintergreen Commercial Park LLC	Developer	2,889,025	8	0.37%	2,180,064	8	0.46%
The Roberts Company	Manufacturer	2,510,423	9	0.32%	2,211,880	7	0.46%
James Hudson	Developer	2,372,341	10	0.30%			
Simclair	Developer				3,748,637	2	0.79%
Maxine Speight	Developer				2,538,906	5	0.53%
Blaire Properties	Developer				1,871,210	10	0.39%
Totals		\$ 37,234,554		4.73%	\$ 31,172,370		6.54%
Real Property Valuation		\$ 787,751,368			\$ 476,808,769		

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

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Total Collections to Date		
	(Original Levy)	Adjustments	Total Adjusted Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy
2009	\$ 3,076,906	\$ (2,878)	\$ 3,074,028	\$ 2,967,451	96.44%	\$ 103,089	\$ 3,070,540	99.89%
2010	3,072,771	16,999	3,089,770	2,996,993	97.53%	81,926	3,078,919	99.65%
2011	3,158,640	(9,767)	3,148,873	3,039,049	96.21%	101,849	3,140,898	99.75%
2012	3,232,937	6,974	3,239,911	3,140,640	97.15%	93,410	3,234,050	99.82%
2013	3,386,316	(923)	3,385,393	3,290,981	97.18%	85,081	3,376,062	99.72%
2014	3,565,648	28,589	3,594,237	3,533,265	99.09%	50,890	3,584,155	99.72%
2015	3,531,045	(916)	3,530,129	3,499,202	99.10%	21,931	3,521,133	99.75%
2016	3,614,977	3,972	3,618,949	3,591,753	99.36%	51,770	3,643,523	100.68%
2017	3,702,996	8,442	3,711,438	3,688,485	99.61%	10,100	3,698,585	99.65%
2018	3,741,801	18	3,741,819	3,717,032	99.34%	-	3,717,032	99.34%

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			
2009	\$ -	\$ 5,296,276	\$ 1,032,500	\$ 2,821,213	\$ -	\$ 9,149,989	3.25%	\$ 1,022
2010	-	6,815,282	1,004,500	3,952,505	-	11,772,287	3.98%	1,286
2011	-	6,091,592	975,500	3,622,545	-	10,689,637	3.47%	1,145
2012	-	5,415,711	955,500	3,535,142	-	9,906,353	4.34%	1,059
2013	-	4,897,836	936,500	3,270,088	-	9,104,424	3.73%	961
2014	-	4,953,966	916,500	2,995,176	-	8,865,642	3.46%	930
2015	-	4,446,542	-	3,615,870	-	8,062,412	3.55%	848
2016	-	3,949,328	-	5,026,137	-	8,975,465	3.95%	948
2017	-	3,447,084	-	4,476,041	-	7,923,125	3.48%	839
2018	-	3,011,071	-	4,933,121	-	7,944,192	3.52%	841

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

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

Fiscal Year Ending	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2009	\$ 1,032,500	0.2%	\$ 115
2010	1,004,500	0.1%	110
2011	975,500	0.1%	104
2012	955,500	0.1%	102
2013	936,500	0.1%	99
2014	916,500	0.1%	96
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-
2018	-	0.0%	-

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit, 8% of Assessed Value	\$ 54,649,387	\$ 54,929,244	\$ 55,979,964	\$ 57,598,418	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804	\$ 60,950,720	\$ 62,508,429	\$ 63,020,109
Total net debt applicable to limit	9,149,990	11,772,287	10,689,637	9,906,353	9,104,424	9,084,424	8,062,412	8,975,465	7,923,125	3,011,071
Legal debt Margin	\$ 45,499,397	\$ 43,156,957	\$ 45,290,327	\$ 47,692,065	\$ 47,912,721	\$ 51,450,094	\$ 51,392,392	\$ 51,975,255	\$ 54,585,304	\$ 60,009,038
Total net debt applicable to the limit as a percentage of debt limit	16.74%	21.43%	19.10%	17.20%	15.97%	15.01%	13.56%	14.73%	12.68%	4.78%

Legal Debt Margin Calculation for Fiscal Year Ending 2018

Assessed Value	\$ 787,751,368
Debt Limit (8% of assessed value)	63,020,109
Debt applicable to limit:	
General Obligation Bonds	-
Installment Notes Payable	<u>3,011,071</u>
Legal Debt Margin	<u><u>\$ 60,009,038</u></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, 2018
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	\$ 169,991,933	6.3%	\$ 10,753,048
Subtotal, overlapping debt			\$ 10,753,048
Total direct debt			<u>3,011,071</u>
Total direct and overlapping debt			<u><u>\$ 13,764,119</u></u>

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

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

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

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

Type of Customer		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Small General Service	Facility Charge	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	0	0	0	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	0	0	0	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Large General Service	Facility Charge	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW
	Energy Rate per kWh	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788
Large General Service Temporary	Facility Charge	0	0	0	0	34.5	34.5	34.5	34.5	34.5	34.5
	Rate per kWh first 3,000 kWh	0	0	0	0	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Rate per kWh over 3,000 kWh	0	0	0	0	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Residential Service	Facility Charge	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151
	Rate per kWh over 800 kWh	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074
Outdoor Lighting	70W Sodium Vapor	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
	100W Sodium Vapor	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56	16.56
	150W Sodium Vapor	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96
	250W Sodium Vapor	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58	23.58
	400W Sodium Vapor	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79	35.79
	1000W Sodium Vapor	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94	57.94
	Wood Pole	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Underground Service <150 ft.	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
	Underground Service >150 ft.	\$85 + \$3.00/ft >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.	\$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
(kG=1000 gallons)
Last Ten Fiscal Years
Table 15

Type of Customer			Fiscal Year Ending										
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Water	Monthly Base Rate (3kG)	In	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40	\$ 22.40	
		Out	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 23.04	\$ 38.04	\$ 44.80	\$ 44.80	\$ 44.80	
	Rate per 1kG for next 17 kG	In	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	
		Out	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	
	Rate per 1kG for over 20kG	In	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.58	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	
		Out	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	
Sewer	Monthly Base Rate (3kG)	In	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 23.34	\$ 26.56	\$ 26.83	\$ 26.83	\$ 26.83	
		Out	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65	\$ 53.65	
	Rate per 1kG for next 17 kG	In	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57	\$ 8.57	
		Out	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 17.14	\$ 17.14	\$ 17.14	
	Rate per 1kG for over 20kG	In	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 7.01	\$ 7.01	\$ 7.01	
		Out	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 11.81	\$ 13.88	\$ 14.02	\$ 14.02	\$ 14.02	
Stormwater	Monthly Base Rate (Rate Per ERU)	In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	
		In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	

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

Fiscal Year	Population (1)	Median Household income (1)	Per Capita Personal Income (2)	County School Enrollment (3)	County Unemployment Rate Percentage (4)
2009	8,949	63,322	31,439	23,235	10.3%
2010	9,154	64,942	32,294	23,022	10.1%
2011	9,339	66,306	32,972	23,267	10.8%
2012	9,355	62,923	26,399	23,386	10.6%
2013	9,471	66,447	27,877	23,495	9.6%
2014	9,506	69,437	29,132	23,852	6.9%
2015	9,511	57,220	26,865	23,511	5.5%
2016	9,464	58,801	27,309	23,348	5.5%
2017	9,447	59,135	28,662	23,301	4.5%
2018	9,368	59,135	28,662	23,255	4.9%

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

Town of Winterville, North Carolina
Principal Employers
June 30, 2018
Table 17

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Roberts Company	796	1	8.93%
Pitt Community College	477	2	5.35%
Pitt County Schools	283	3	3.18%
North Carolina Driving School	196	4	2.20%
Sam's Club	186	5	2.09%
Regional Acceptance Corporation	150	6	1.68%
Chik-fil-A	100	7	1.12%
ONLINE Information Services, Inc.	95	8	1.07%
Winterville Machine Works	68	9	0.76%
Town of Winterville	<u>65</u>	10	<u>0.73%</u>
 Total	 <u><u>2,416</u></u>		 <u><u>27.12%</u></u>

Source: Staff contact with employers.

Note: Information regarding principal employers nine years ago was not available.

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Central government										
Administration	2	3	2	1	2	4	5	5	5	5
Finance	6	6	6	6	6	6	6	6	6	6
Town Clerk	1	1	0	1	1	1	1	1	1	1
Planning	4	4	3	2	3	1	1	1	1	1
Inspections	N/A	N/A	N/A	N/A	N/A	2	2	2	2	2
Transportation										
Streets and Highways	4	4.5	3.5	3.5	3.5	6	6	5	4	4
Public Safety										
Sworn Officers	19	20	19	18	18	19	19	19	19	19
Civilians	1.5	1	1.5	1.5	1	1	1	1	1	1
Fire	0	0	0	0	1	1	1	1	1	1
Public Works	4	4.5	3.5	3.5	3.5	3.5	4	4	4	3
Economic and physical development	0	0	0	0	0	0	0	1	1	1
Cultural and recreation	4	5	5	3	4	4	4	4	4	4
Operation Support / IT	3	3	2	2	2	1	1	0	0	0
Electric operations	13	11	10	8.5	9	10.5	9.5	9	9	10
Water	5	5	4	3	4	3	3	3	3	4
Sewer	3	3	3	3	2	2	2	2	2	2
Storm Water	0	0	0	0	0	0	0	0	1	1
Information Technology	1	2	2	2	2	2	2	0	0	0
TOTAL	70.5	73	64.5	58	62	67	67.5	64	64	65

Source: Town Human Resource Department

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	N/A	223	363	330	333	217	254	269	367	188
Traffic Violations	N/A	4,761	3,313	4,407	3,959	3,942	2,945	3,707	3,346	2,701
Fire										
Number of calls answered	N/A	512	426	384	380	360	560	600	693	693
Inspections	N/A	N/A	N/A	382	230	N/A	318	520	467	467
Building Inspections										
New construction permits	N/A	39	29	30	26	101	126	98	89	89
Highways and Streets										
Street Resurfacing	N/A	1	4	-	8	-	3	8	-	-
Potholes Repaired	N/A	57	65	12	75	50	30	50	40	40
Sanitation										
Refuse collected (tons/day)	N/A	7	10	7	7	6	6	7	8	8
Recyclables collected (tons/day)	N/A	2	3	2	2	2	2	2	2	2
Culture and Recreation										
Athletic field permits issued	N/A	47	3	-	-	-	-	-	-	-
Community center admissions	N/A	52	N/A							
Water										
New Connections	N/A	23	25	27	11	63	62	75	95	49
Water main breaks	N/A	2	-	-	-	1	1	1	1	-
Average daily consumption (millions of gallons)	N/A	601,524	605,429	581,787	545,666	531,679	528,227	540,595	551,661	583,332
Number of customers	N/A	3,753	3,778	3,764	3,775	3,838	3,900	3,975	4,065	4,114
Wastewater										
New Connections	N/A	23	23	23	18	62	80	79	105	55
Average daily sewage treatment (millions of gallons)	N/A	536,067	538,832	558,949	495,300	489,636	493,172	506,912	506,286	535,603
Number of customers	N/A	3,413	3,436	3,432	3,450	3,512	3,592	3,671	3,766	3,821

Source: Various departments

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	19	19	19	19	19	19	19	19	19
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	N/A									
Highways and Streets										
Streets (miles)	41.77	42.23	42.91	42.24	43.66	43.66	43.92	44.35	45.1	45.45
Highways (miles)	N/A									
Streetlights	N/A									
Traffic signals	N/A	N/A	N/A	N/A	N/A	3	3	3	3	3
Parks and Recreation										
Park Acreage	24	30	30	30	30	30	30	30	30	30
Tennis Court	0	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	4	5	6	6	6	6	6	6	6	6
Soccer/football	3	3	3	3	3	3	3	3	3	3
Community Centers	0	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	59	59	63.63	63.82	63.82	64	64	64	68	68
Fire Hydrants	305	305	383	384	384	384	395	416	424	427
Wastewater										
Sanitary sewers (miles)	55	55	60.74	61.22	61.22	61.22	61.22	62	63	63
Storm water pipe	33.3	33.3	33	33.28	33.28	38	38	38	38	38

Source: Various Town Departments.

Notes: (1) The Town of Winterville does not treat its own Waste water; it is sent to CMSD which has a capacity of 3.5 million gallons per day.



COMPLIANCE SECTION





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Winterville, North Carolina's basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
January 31, 2019



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

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

Report on Compliance for Each Major State Program

We have audited the Town of Winterville, North Carolina's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Winterville, North Carolina's major state programs for the year ended June 30, 2018. The Town of Winterville, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Winterville, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

Town of Winterville, North Carolina
Page 3

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

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

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
January 31, 2019

**Town of Winterville, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018**

Section I: Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

State Awards

Internal control over major State programs:

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

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

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

Yes No

Identification of major state program:

Program Name
 Powell Bill

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018**

Section II: Financial Statement Findings

None reported

Section II: State Award Findings and Questioned Costs

None reported

**Town of Winterville, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018**

Section II: Financial Statement Findings

None reported

Section II: State Award Findings and Questioned Costs

None reported

Town of Winterville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

<i>Federal and State Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>State/Pass-through Grantor's Number</i>	<i>Federal (Direct and Pass through Expenditures(\$)</i>	<i>State Expenditures</i>
Federal Grants:				
Cash Programs:				
United States Department of Homeland Security Passed through - NC Department of Public Safety Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters	97.036		\$ 22,935	\$ -
United States Environmental Protection Agency Passed through - NC Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370879-01	609,014	
State Grants:				
Cash Assistance:				
NC Department of Transportation: Powell Bill		38570	-	561,032
NC Department of Environmental Quality Division of Water Resources Water Resources Project Development Grant		536990 4T17		34,300
NC Department of Public Safety Division of Emergency Management				5,734
			<u>\$ 631,949</u>	<u>\$ 601,066</u>

The Town did not provide federal or state funds to sub-recipients for the fiscal year ended June 30, 2018.

Town of Winterville, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Winterville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Winterville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Winterville.

2. Summary of Significant Accounting Policies

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

3. Federal Pass-Through Funds

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

4. Contingencies

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

5. Noncash Assistance

The Town of Winterville did not receive any federal noncash assistance for the fiscal year ended June 30, 2018.

6. Federal Funded Insurance.

The Town of Winterville has no federally funded insurance.

Town of Winterville, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

7. Loans and Loan Guarantees

The Town of Winterville has a loan balance outstanding at June 30, 2018 relating to the Clean Water State Revolving Fund. The grantor has not imposed continuing compliance requirements other than repayment of the loan. As prescribed by Uniform Guidance, the Town of Winterville shall consider current year amounts expended under this loan for inclusion within the schedule of expenditures of federal and state awards. Therefore, the amount presented within the schedule of expenditures of federal and state awards represents current year expenditures whereas the following table consists of the loan outstanding at June 30, 2018:

<u>Description</u>	<u>CFDA Number</u>	<u>Balance Outstanding</u>
Clean Water State Revolving Fund Loan	66.458	\$655,361

