

# WINTERVILLE

North Carolina



## Annual Comprehensive Financial Report

For the Fiscal Year Ending June 30th, 2022

*A Slice of the good life!*



**Annual Comprehensive Financial Report**

**of the**

**Town of Winterville, North Carolina**

**For the Fiscal Year Ended June 30, 2022**

**Jessica Manning**  
**Finance Director**

**Anthony Bowers**  
**Assistant Town Manager**



**Town of Winterville, North Carolina**  
**Table of Contents**  
**June 30, 2022**

<u>Exhibit</u>		<u>Page</u>
	<b>INTRODUCTORY SECTION:</b>	4
	Town Officials and Staff	5
	Organizational Chart	6
	Letter of Transmittal	7-11
	<b>FINANCIAL SECTION:</b>	12
	<b>Independent Auditors' Report</b>	13-16
	<b>Management's Discussion and Analysis</b>	17-29
	<b>Basic Financial Statements:</b>	30
	Government-wide Financial Statements:	
1	Statement of Net Position	31
2	Statement of Activities	32-33
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	34
3	Reconciliation of the Governmentals Fund Balance Sheet to the Statement of Net Position	35
4	Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	36
4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	37
5	Statement of Revenues, Expenditures and Changes in Fund Balances - Annual Budget and Actual - General Fund	38
6	Statement of Fund Net Position - Proprietary Funds	39
7	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	40
8	Statement of Cash Flows - Proprietary Funds	41-42
	Notes to the Financial Statements	43-88

**Town of Winterville, North Carolina**  
**Table of Contents**  
**June 30, 2022**

	<u>Page</u>
<b>Required Supplemental Financial Data:</b>	89
Other Post-Employment Benefits - Retiree Health Care-	
Schedule of Changes in the Total OPEB Liability and Related Ratios	90-91
Schedule of the Proportionate Share of Net Pension	
Liability (Asset) - Local Government Employees' Retirement System	92
Schedule of Contributions - Local Government Employees'	
Retirement System	93
Schedule of Changes in Total Pension Liability - Law	
Enforcement Officers' Special Separation Allowance	94
Schedule of Total Pension Liability as a Percentage of	
Covered Payroll - Law Enforcement Officers Special Separation	
Allowance	95
<b>Individual Fund Budgetary Schedules:</b>	96
<b>General Fund:</b>	97
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual - General Fund	98-101
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual - American Rescue Plan Fund	102
<b>Enterprise Funds:</b>	103
Schedule of Revenues, Expenditures - Budget	
and Actual (Non-GAAP):	
Electric Fund	104-105
Water Fund	106-107
Sewer Fund	108-109
Sewer Capital Project Fund	110
Church Street Capital Project Fund	111
Sewer Rehabilitation 2019 Capital Project Fund	112
Sewer Rehabilitation 2020 Capital Project Fund	113
Stormwater Fund	114-115
Chapman Street Capital Project Fund	116
<b>Other Financial Information:</b>	117
<b>Governmental Capital Assets:</b>	118
Comparative Schedule of Governmental Capital Assets -	
By Source	119
Schedule of Changes in Governmental Capital Assets -	
By Function and Activity	120
<b>Other Schedules:</b>	121
Schedule of Ad Valorem Taxes Receivable	122
Analysis of Current Tax Levy - Town-Wide Levy	123

**Town of Winterville, North Carolina**  
**Table of Contents**  
**June 30, 2022**

<u>Table</u>		<u>Page</u>
	<b>STATISTICAL SECTION:</b>	124
1	Net Position By Component	125
2	Change in Net Position	126-127
3	Fund Balances, Governmental Fund	128
4	Changes in Fund Balances, Governmental Fund	129-130
5	Governmental Activities Tax Revenues By Source	131
6	Assessed Value and Estimated Actual Value of Taxable Property	132
7	Direct and Overlapping Property Tax Rates	133
8	Principal Property Taxpayers	134
9	Property Tax Levies and Collections	135
10	Ratios of Outstanding Debt By Type	136
11	Ratios of General Bonded Debt Outstanding	137
12	Legal Debt Margin Information	138
13	Direct and Overlapping Governmental Activities Debt	139
14	Electric Rates	140
15	Water, Sewer and Stormwater Rates	141
16	Demographic and Economic Statistics	142
17	Principal Employers	143
18	Full-time Equivalent Town Government Employees By By Function/Program	144
19	Operating Indicators By Function	145
20	Capital Asset Statistics By Function	146
	<b>COMPLIANCE SECTION:</b>	147
	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	148-149
	Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Uniform Guidance and the State Single Audit Implementation Act	150-152
	Schedule of Findings and Questioned Costs	153-155
	Corrective Action Plan	156
	Summary Schedule of Prior Audit Findings	157
	Schedule of Expenditures of Federal and State Awards	158
	Notes to the Schedule of Expenditures of Federal and State Awards	159





## **INTRODUCTORY SECTION**



# **Town of Winterville, North Carolina**

## **List of Principal Officials**

### **Town Council**

#### **Mayor**

Richard E. Hines

#### **Council Members**

Mark Smith – Mayor Pro-Tem

Paul A. Rice

Johnny L. Moyer

Veronica W. Roberson

Tony P. Moore

#### **Town Manager**

Terri L. Parker

#### **Assistant Town Manager**

Anthony Bowers

#### **Finance Director**

Jessica Manning

#### **Town Clerk**

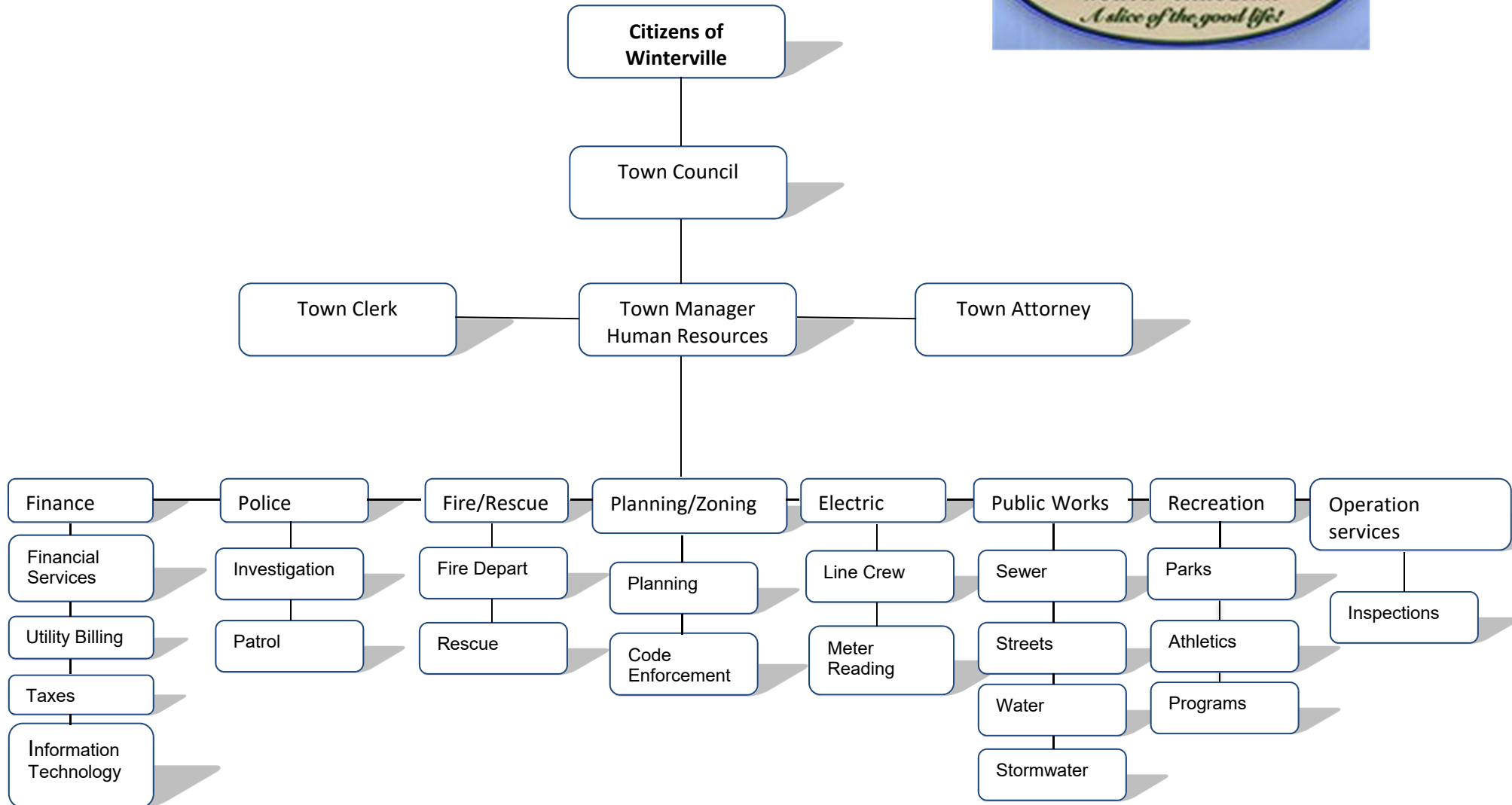
Don Harvey

#### **Town Attorney**

E. Keen Lassiter



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







2571 Railroad Street  
PO Box 1459  
Winterville, NC 28590

Phone: 252-756-2221  
Fax: (252)321-8455  
[www.wintervillenc.com](http://www.wintervillenc.com)

November 30, 2022

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 eleventh Annual Comprehensive Financial Report. This report is for the fiscal year ending June 30<sup>th</sup>, 2022. The Annual Comprehensive Financial Report 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, this document includes an introduction, a financial section, a statistical section and the compliance section.

This A.C.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 A.C.F.R. provides historical trends and presents it in an easier to read format. Finally, the A.C.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, P.L.L.C. to audit the Town's financial statements. Carr, Riggs, and Ingram, P.L.L.C. has issued an unmodified opinion of the Town of Winterville's financial statements for the year ended June 30<sup>th</sup>, 2022.

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

As a recipient of federal and state financial assistance, the Town must ensure that an adequate internal control system is in place to comply with the various laws and regulations of those financial assistance programs. As part of the Town's *Government Auditing Standards* audit, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements. The Town did expend enough grant funding to qualify for a single audit this fiscal year.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it. The information contained in this A.C.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 10,591 as of June 30<sup>th</sup>, 2022.

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 1<sup>st</sup> of each year.

## **Local Economy**

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

The close proximity to the City of Greenville and having Pitt Community College in the Town limits, brings thousands of people to Winterville to participate in commerce. Pitt Community College has over 11,000 students enrolled, and 895 full and part-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 37 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, ECU Health, Thermofisher, Mayne Pharma, NACCO Material Handling and many others. The unemployment rate for Pitt County is 4.6 percent. The population for Pitt County is 172,169.

### **Long Term Financial Planning**

The Town has begun to review all major aspects of the Town's operations. We have 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. The Town has also committed to the safety of our citizens and business by investing heavily in fire and safety. The Town has transitioned to a full-time paid fire department and purchased a new fire vehicle and a new aerial platform truck. Recreation is also a major focus as the town positions itself to construct a multi-purpose facility and a greenway to complement our robust athletics programs.

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 completed work on a 3.6 million dollar sewer system upgrade and rehabilitation system that will revamp a major portion of the towns old sewer lines. Funding for the project will be provided by North Carolina Department of Environmental Resources through low interest loans. We are also working to improve capacity with the upgrade of two pump stations and construction of a new outfall line. This project is estimated to be \$5.25 million.

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 \$16,926,000 renovation that began in 2003 Capital Improvements Program (CIP) in the prior year. Now that the 2003 CIP has been completed, CMSD had began 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 seeking new recreational opportunities.

The Town has positioned itself to focus on economic development in several different ways. We have an active 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 subdivision totaling 290 new lots, as well as; 136 new lots in expanding subdivisions. The census estimates that 99.2% 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.

The Town has recently adopted the Project Vision Zero to promote the reduction of pedestrian and bicycle accidents and deaths. This 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 workplace 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 11.40% of earnings for employees not engaged in law enforcement and 12.04% for law enforcement officers for the fiscal year ending June 30<sup>th</sup>, 2022. 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

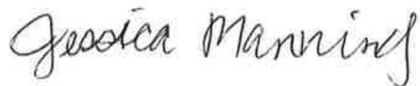
under tax deferral law. The Town has no fiduciary responsibility for this plan. The Town provides this pension plan to all full-time employees.

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, P.L.L.C. We would also like to thank the Mayor and Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jessica Manning".

Jessica Manning  
Finance Director



## **FINANCIAL SECTION**





Carr, Riggs & Ingram, P.L.L.C.  
2805 North Park Drive  
Goldsboro, NC 27534

Mailing Address:  
PO Box 10588  
Goldsboro, NC 27532

919.751.8297  
919.778.0575 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 – 29 and the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of Proportionate Share of Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 90 – 95 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying individual fund financial budgetary schedules, other schedules and schedule of expenditures of federal and state awards, 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 the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying individual fund financial budgetary schedules, other schedules and 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.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina  
November 30, 2022



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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

As management of the Town of Winterville (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. 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**

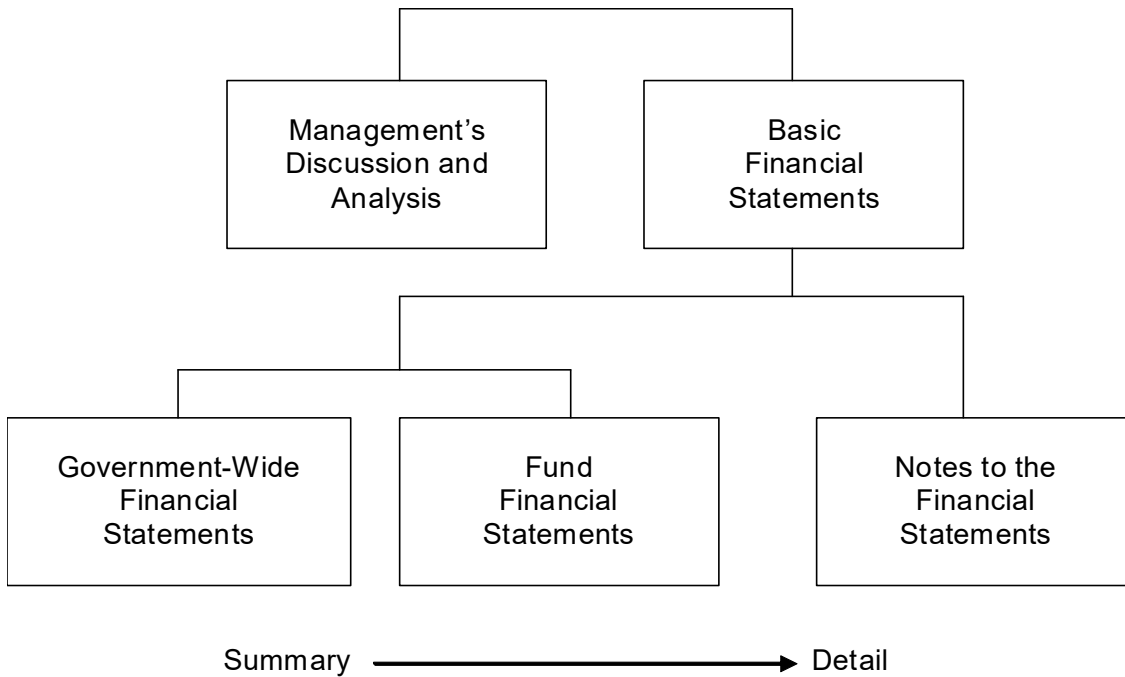
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,237,098 (net position).
- The net position increased in the amount of \$2,702,965, which was primarily due to increased General Fund revenues and revenues in excess of expenses in the proprietary funds.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,442,007, an increase of \$1,961,318 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,797,410, or 118% percent of total General Fund expenditures for the fiscal year.
- Capital asset, net of depreciation, increased at the government-wide level by \$1,783,400.
- Long-term liabilities, excluding pensions, OPEB, and compensated absences, decreased at the government-wide level by \$324,621.
- The Town borrowed \$1,256,899 during the current fiscal year for construction costs of the 2019 Sewer Rehabilitation Capital Project Fund.
- The Town received \$1,582,492 of American Rescue Plan (ARPA) funds during fiscal year 2022. The Town did not expend any ARPA funds during the current fiscal year. The Town plans to expend these funds for salaries in fiscal year 2023.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town'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 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.

# 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'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'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.

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, 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 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 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 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 43 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'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 89 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 16,702,000	\$ 12,539,186	\$ 11,584,259	\$ 13,112,991	\$ 28,286,259	\$ 25,652,177
Capital assets	24,697,635	24,907,089	16,508,564	14,515,710	41,206,199	39,422,799
Total assets	<u>41,399,635</u>	<u>37,446,275</u>	<u>28,092,823</u>	<u>27,628,701</u>	<u>69,492,458</u>	<u>65,074,976</u>
Deferred outflows of resources	<u>1,955,422</u>	<u>1,739,838</u>	<u>461,570</u>	<u>439,183</u>	<u>2,416,992</u>	<u>2,179,021</u>
Long-term liabilities outstanding	6,017,286	7,649,493	5,974,308	5,675,478	11,991,594	13,324,971
Other liabilities	3,829,543	1,835,197	1,025,421	1,332,471	4,854,964	3,167,668
Total liabilities	<u>9,846,829</u>	<u>9,484,690</u>	<u>6,999,729</u>	<u>7,007,949</u>	<u>16,846,558</u>	<u>16,492,639</u>
Deferred inflows of resources	<u>1,519,655</u>	<u>199,888</u>	<u>306,139</u>	<u>27,337</u>	<u>1,825,794</u>	<u>227,225</u>
<b>Net Position:</b>						
Net investment in capital assets	21,945,842	21,432,114	10,890,001	9,295,708	32,835,843	30,727,822
Restricted	1,970,527	1,491,884	-	-	1,970,527	1,491,884
Unrestricted	<u>8,072,204</u>	<u>6,577,537</u>	<u>10,358,524</u>	<u>11,736,890</u>	<u>18,430,728</u>	<u>18,314,427</u>
Total net position	<u>\$ 31,988,573</u>	<u>\$ 29,501,535</u>	<u>\$ 21,248,525</u>	<u>\$ 21,032,598</u>	<u>\$ 53,237,098</u>	<u>\$ 50,534,133</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 resources of the Town exceeded liabilities and deferred inflows of resources by \$53,237,098 as of June 30, 2022. However, the largest portion of net position (62%) 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's net position, which totals \$1,970,527 (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,430,728 (35%) 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 99.41% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.49%, which is a decrease from the previous year's collection percentage of 99.53%.
- Current year property tax collections increased to \$4,630,997 which is up from \$4,488,080 in 2021.
- The Town had a tax base of \$979,646,316 as of June 30, 2022.

**Governmental Activities:** Governmental activities increased the Town's net position by \$2,487,038. The key elements of this increase are increased property taxes, sales taxes and fees for building inspections and recreational activities.

**Business-Type Activities:** Business-type activities increased the Town's net position by \$215,927 accounting for 8% of the government-wide increase in net position. For the previous fiscal year, business-type activities increased net position by \$1,860,044. Key elements of this decrease of \$1,644,177 were increased in the cost of electric power purchases and decreases in utility revenues from sales for service.

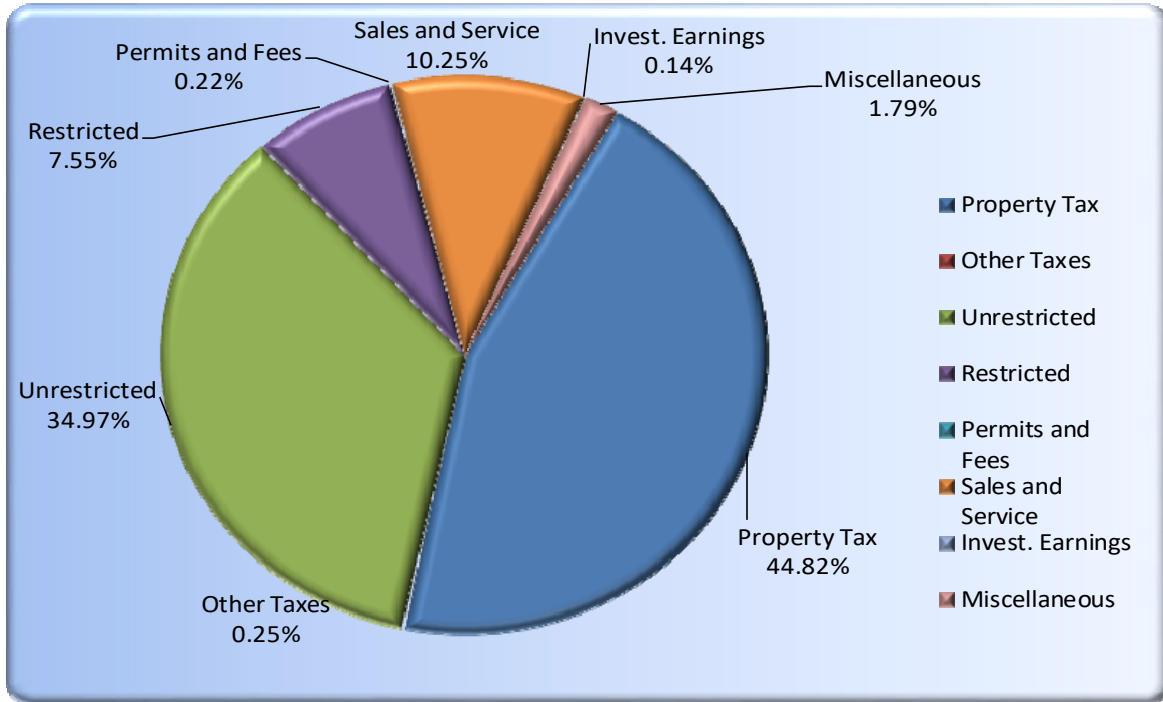
## Town of Winterville, North Carolina Management's Discussion and Analysis

**The Town of Winterville's Changes in Net Position  
Figure 3**

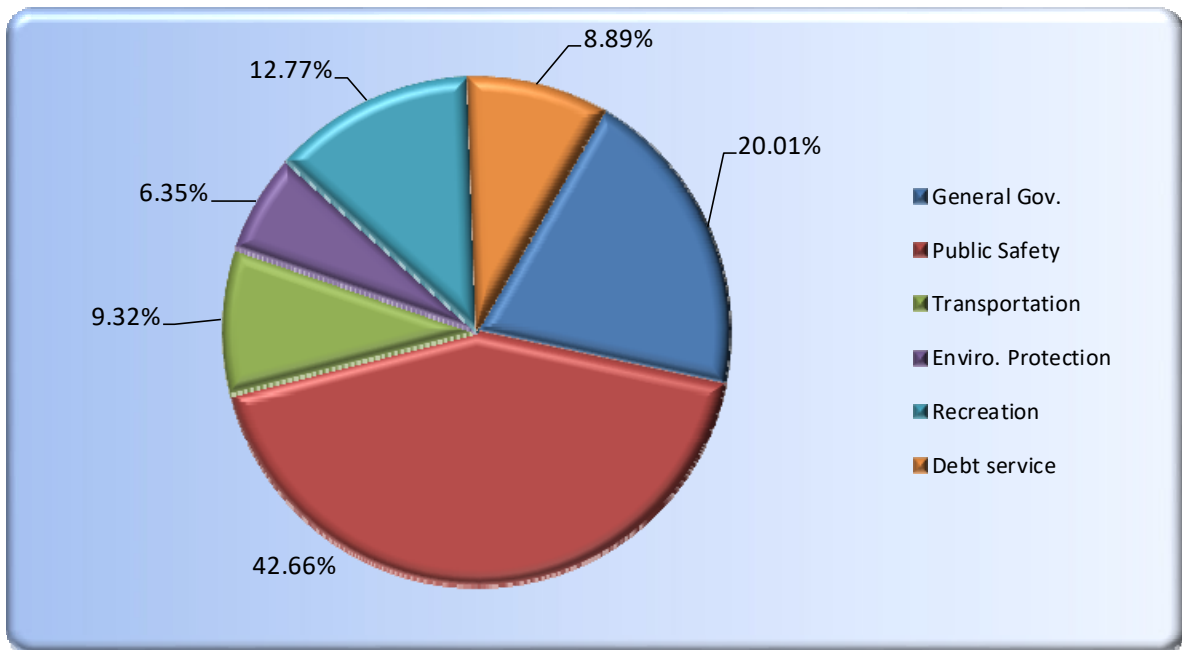
	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,085,683	\$ 923,430	\$ 11,375,117	\$ 11,667,362	\$ 12,460,800	\$ 12,590,792
Operating grants and contributions	787,449	1,129,987	23,483	48,859	810,932	1,178,846
Capital grants and contribution	751,843	1,661,369	-	170,044	751,843	1,831,413
<b>General Revenues:</b>						
Property taxes	4,688,000	4,549,911	-	-	4,688,000	4,549,911
Other taxes and licenses	26,535	26,961	-	-	26,535	26,961
Unrestricted intergovernmental	3,646,217	3,003,956	-	-	3,646,217	3,003,956
Investment earnings	14,519	643	11,197	7,004	25,716	7,647
Miscellaneous	192,666	216,625	14,750	-	207,416	216,625
<b>Total revenues</b>	<u>11,192,912</u>	<u>11,512,882</u>	<u>11,424,547</u>	<u>11,893,269</u>	<u>22,617,459</u>	<u>23,406,151</u>
<b>Expenses:</b>						
General government	2,051,515	2,487,844	-	-	2,051,515	2,487,844
Public safety	3,901,809	4,469,278	-	-	3,901,809	4,469,278
Transportation	1,559,968	1,556,265	-	-	1,559,968	1,556,265
Economic development	-	-	-	-	-	-
Environmental protection	578,678	549,593	-	-	578,678	549,593
Cultural and recreation	1,183,263	1,048,594	-	-	1,183,263	1,048,594
Interest expense	80,641	84,760	-	-	80,641	84,760
Electric	-	-	6,574,150	5,511,463	6,574,150	5,511,463
Water	-	-	1,489,090	1,436,910	1,489,090	1,436,910
Sewer	-	-	2,184,191	2,126,076	2,184,191	2,126,076
Stormwater	-	-	311,189	308,776	311,189	308,776
<b>Total expenses</b>	<u>9,355,874</u>	<u>10,196,334</u>	<u>10,558,620</u>	<u>9,383,225</u>	<u>19,914,494</u>	<u>19,579,559</u>
<b>Increase (decrease) in net position before transfers</b>	1,837,038	1,316,548	865,927	2,510,044	2,702,965	3,826,592
Transfers	650,000	650,000	(650,000)	(650,000)	-	-
<b>Increase (decrease) in net position</b>	2,487,038	1,966,548	215,927	1,860,044	2,702,965	3,826,592
<b>Net position, July 1</b>	<u>29,501,535</u>	<u>27,534,987</u>	<u>21,032,598</u>	<u>19,172,554</u>	<u>50,534,133</u>	<u>46,707,541</u>
<b>Net position, June 30</b>	<u>\$ 31,988,573</u>	<u>\$ 29,501,535</u>	<u>\$ 21,248,525</u>	<u>\$ 21,032,598</u>	<u>\$ 53,237,098</u>	<u>\$ 50,534,133</u>

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

### General Fund Revenue By Source:

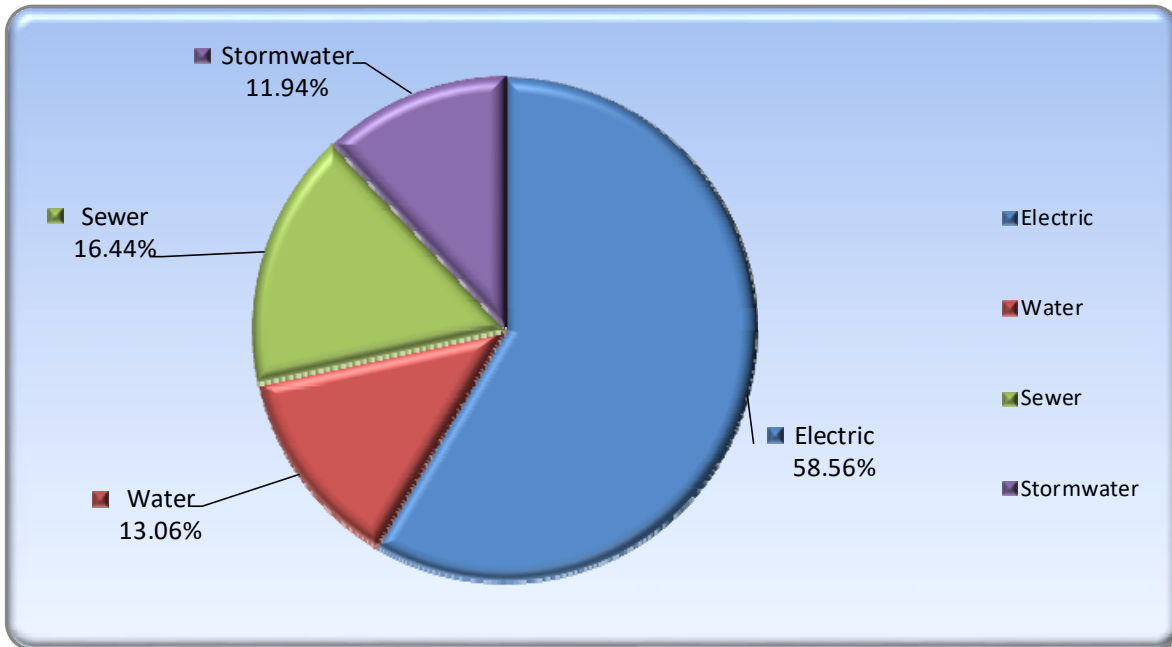


### General Fund Expenditures By Function:



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

### Net Position Business Type Activities:



### Financial Analysis of the Town's Funds

As noted earlier, the Town 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's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was \$10,797,410 while total fund balance reached \$13,442,007. The Governing Body of the Town 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 118% of general fund expenditures. Total fund balance represents 147% of the same amount. The change in Fund Balance of \$1,961,318 is primarily due from increases in property taxes, sales tax revenues, and fees for building inspections and recreational activities.

**General Fund Budgetary Highlights:** During the fiscal year, the Town 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.

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

Budgeted expenditure appropriations rose during the year by \$1,981,773 to \$13,727,560. The largest budget adjustments related to General Government due to additional Federal grants revenues and related expenditures, Transportation due to street projects, and debt service payments. Budgeted revenues in the General Fund increased by \$1,443,688 during the fiscal year. Other changes to the budget were limited to using Fund Balance to cover prior year commitments. The Town had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$3,019,625), a decrease of \$15,252 from the 2021 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 \$2,606,511. Public Safety was left with \$603,334, Transportation had a balance of \$693,599 and Cultural and Recreation funds was left with \$713,967. Environmental protection expenditures exceeded the amount budgeted by \$25,678.

**Proprietary Funds:** The Town'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 \$7,725,400 compared with the prior fiscal year of \$8,260,599, which is a decrease of \$535,199. This decrease primarily relates to higher energy costs incurred by the Town.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,970,271 compared with the prior fiscal year of \$1,885,083, which is an increase of \$85,188. This increase consists of a sustainable revenue base of customers and stable costs of water production by the Town.

Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to a deficit of (\$467,175) compared with the prior fiscal year of \$698,113, which is a decrease of \$1,165,288. This decrease primarily relates to completion and in process capital projects.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$1,130,028 compared with the prior fiscal year of \$893,095, which is an increase of \$236,933. This increase relates primarily to higher cash and cash equivalents held by the Town.

### Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022 totaled \$41,206,199 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Significant capital asset additions included continued capital projects construction in progress and vehicle and equipment acquisitions. The Town also saw increases as a result of accepting improvements to residential subdivisions.

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

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and construction in progress	\$ 5,106,849	\$ 4,989,071	\$ 3,914,008	\$ 1,218,899	\$ 9,020,857	\$ 6,207,970
Distribution and treatment systems	-	-	11,731,836	12,234,324	11,731,836	12,234,324
Buildings	3,190,170	3,347,000	36,071	40,027	3,226,241	3,387,027
Infrastructure	12,817,548	13,356,002	-	-	12,817,548	13,356,002
Software	346,392	60,101	-	-	346,392	60,101
Equipment and vehicles	<u>3,236,676</u>	<u>3,154,915</u>	<u>826,649</u>	<u>1,022,460</u>	<u>4,063,325</u>	<u>4,177,375</u>
<b>Total</b>	<u>\$ 24,697,635</u>	<u>\$ 24,907,089</u>	<u>\$ 16,508,564</u>	<u>\$ 14,515,710</u>	<u>\$ 41,206,199</u>	<u>\$ 39,422,799</u>

Additional information on the capital assets can be found in Note 3 E of the basic financial statements.

**Long-Term Debt.** As of June 30, 2022, the Town had bonded or secured debt outstanding of \$8,370,356. The Town's debt is sourced with installment purchase agreements secured by the equipment and vehicles purchased.

### The Town of Winterville's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Installment purchases and notes payable	\$ 2,751,793	\$ 3,474,975	\$ 5,618,563	\$ 5,220,002	\$ 8,370,356	\$ 8,694,977
Compensated absences	414,310	594,059	88,668	129,255	502,978	723,314
Net pension liability (LGERs)	839,754	2,182,721	177,020	527,723	1,016,774	2,710,444
Total pension liability (LEOSSA)	534,730	497,338	-	-	534,730	497,338
Total OPEB liability	<u>2,156,155</u>	<u>1,772,097</u>	<u>757,568</u>	<u>689,149</u>	<u>2,913,723</u>	<u>2,461,246</u>
<b>Total</b>	<u>\$ 6,696,742</u>	<u>\$ 8,521,190</u>	<u>\$ 6,641,819</u>	<u>\$ 6,566,129</u>	<u>\$ 13,338,561</u>	<u>\$ 15,087,319</u>

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$75,619,912.



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

Additional information regarding the Town's long-term debt can be found in Note 3 F 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:

- The tax levy for the Town's real property saw an increase due to moderate growth with estimated tax revenue of \$4,630,997, an increase of \$142,917.
- The population growth decreased from 10,462 to 10,450 from 2021 to 2022.
- The total number of utility customers has increased slightly reflecting slow to moderate growth.
- The utilities are not anticipating a rate increase to provide additional revenues.
- Fund balance appropriated in the General Fund for fiscal year 2022-2023 is \$507,102.
- Next year's budget will have to address the following issues:
  - The General Fund will address the funding of 13 new firefighter positions that are shifting from being funded by Federal SAFER grant. The Town's share of the funding the positions will increase during the fiscal year.
  - The General Fund will be subsidized with \$650,000 from the Electric Fund, and reimbursements from the enterprise funds for services in the amount of \$1,363,639.
  - Staff will receive raises this year with a COLA in the amount of 7.5%.
  - Due to the influx of federal stimulus funds the town is anticipating a continued increase in sales tax revenue.
  - The 2022-2023 budget does not include any new debt proceeds.
  - The Town has begun a new \$2 million sewer rehabilitation project that is being financed through the North Carolina Division of Environmental Quality.
  - The Town received funding from the American Rescue Plan for the current and next fiscal years. The Town has until December 2024 to spend these funds which may be used for salaries, water and sewer improvements, COVID 19 expenditures, and broadband infrastructure.

### Budget Highlights for the Fiscal Year Ending June 30, 2023

**Governmental Activities** – The annual budget for the General Fund is \$11,891,850 for the 2022-2023 fiscal year with taxable valuation of property of \$838,983,463. 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 \$936,670.

**Business-Type Activities** - The total Electric Fund budget for the 2022-2023 fiscal year is \$8,221,063. The purchase of power for resale is budgeted in the amount of \$4,500,000. Also, the Electric Department will include an appropriation of \$466,474 for services provided by the General Fund and \$650,000 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,661,847 that is up from the 2021-2022 budget, which was \$1,646,514 a difference of \$15,333. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$472,000 of water from Greenville Utilities Commission.

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

The Sewer Fund budget of \$2,643,646 represents an increase in the amount of \$153,656 from the 2021-2022 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$1,142,866 for CMSD operating and debt service expenses, and \$23,500 of appropriations for capital improvements.

The total Stormwater Fund budget for the 2022-2023 fiscal year is \$530,512, an increase of \$20,582 from the 2021-2022 budget. Appropriations address three expenses; which are salaries and wages, contracted services for ditch maintenance, and capital outlay.

### **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, Jessica Manning, P. O. Box 1459, Winterville, NC 28590. You can also call (252) 215-2348, visit our website [www.wintervillenc.com](http://www.wintervillenc.com) or by email at [jessica.manning@wintervillenc.com](mailto:jessica.manning@wintervillenc.com) for more information.



## **BASIC FINANCIAL STATEMENTS**



**Town of Winterville, North Carolina**  
**Statement of Net Position**  
**June 30, 2022**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,179,537	\$ 6,229,778	\$ 8,409,315
Investments	9,841,341	2,275,000	12,116,341
Restricted cash and cash equivalents	3,353,935	746,471	4,100,406
Taxes receivables (net)	64,224	-	64,224
Accounts receivable (net)	92,705	1,298,888	1,391,593
Note receivable - current	14,750	-	14,750
Due from other governments	1,147,595	-	1,147,595
Inventories	7,913	1,034,122	1,042,035
Total current assets	<u>16,702,000</u>	<u>11,584,259</u>	<u>28,286,259</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	5,106,849	3,914,008	9,020,857
Other capital assets, net of depreciation	19,590,786	12,594,556	32,185,342
Total capital assets	<u>24,697,635</u>	<u>16,508,564</u>	<u>41,206,199</u>
Total non-current assets	<u>24,697,635</u>	<u>16,508,564</u>	<u>41,206,199</u>
TOTAL ASSETS	<u>41,399,635</u>	<u>28,092,823</u>	<u>69,492,458</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	1,393,404	264,103	1,657,507
OPEB deferrals	562,018	197,467	759,485
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,955,422</u>	<u>461,570</u>	<u>2,416,992</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	636,267	207,702	843,969
Current portion of long-term liabilities	679,456	667,511	1,346,967
Liabilities payable from restricted assets:			
Accounts payable	931,328	-	931,328
Unearned revenues	1,582,492	-	1,582,492
Customer deposits	-	150,208	150,208
Total current liabilities	<u>3,829,543</u>	<u>1,025,421</u>	<u>4,854,964</u>
Long-term liabilities:			
Net pension liability - LGERS	839,754	177,020	1,016,774
Total pension liability - LEOWSA	534,730	-	534,730
Total OPEB liability	2,156,155	757,568	2,913,723
Due in more than one year	2,486,647	5,039,720	7,526,367
Total long-term liabilities	<u>6,017,286</u>	<u>5,974,308</u>	<u>11,991,594</u>
TOTAL LIABILITIES	<u>9,846,829</u>	<u>6,999,729</u>	<u>16,846,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	1,466,783	287,563	1,754,346
OPEB deferrals	52,872	18,576	71,448
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,519,655</u>	<u>306,139</u>	<u>1,825,794</u>
<b>NET POSITION</b>			
Net investment in capital assets	21,945,842	10,890,001	32,835,843
Restricted for:			
Stabilization by State Statute	1,170,085	-	1,170,085
Streets	488,809	-	488,809
Public safety	151,851	-	151,851
Recreation	159,782	-	159,782
Unrestricted	8,072,204	10,358,524	18,430,728
TOTAL NET POSITION	<u>\$ 31,988,573</u>	<u>\$ 21,248,525</u>	<u>\$ 53,237,098</u>

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 2,051,515	\$ 235,915	\$ -	\$ -
Public Safety	3,901,809	81,421	397,094	-
Transportation	1,559,968	-	384,299	751,843
Environmental protection	578,678	584,933	6,056	-
Cultural and recreation	1,183,263	183,414	-	-
Interest on long-term debt	80,641	-	-	-
Total governmental activities	9,355,874	1,085,683	787,449	751,843
Business-type activities:				
Electric	6,574,150	6,884,204	-	-
Water	1,489,090	1,525,942	-	-
Sewer	2,184,191	2,458,596	23,483	-
Stormwater	311,189	506,375	-	-
Total business-type activities	10,558,620	11,375,117	23,483	-
Total primary government	\$ 19,914,494	\$ 12,460,800	\$ 810,932	\$ 751,843

*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, 2022**  
**Exhibit 2**

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ (1,815,600)	\$ -	\$ (1,815,600)
Public safety	(3,423,294)	-	(3,423,294)
Transportation	(423,826)	-	(423,826)
Environmental protection	12,311	-	12,311
Cultural and recreation	(999,849)	-	(999,849)
Interest on long-term debt	(80,641)	-	(80,641)
	(6,730,899)	-	(6,730,899)
Business-type activities:			
Electric	-	310,054	310,054
Water	-	36,852	36,852
Sewer	-	297,888	297,888
Stormwater	-	195,186	195,186
Total business-type activities	-	839,980	839,980
Total primary government	(6,730,899)	839,980	(5,890,919)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	4,688,000	-	4,688,000
Other taxes	26,535	-	26,535
Grants and contributions not restricted to specific programs	3,646,217	-	3,646,217
Unrestricted investment earnings	14,519	11,197	25,716
Miscellaneous	192,666	14,750	207,416
Total general revenues not including transfers	8,567,937	25,947	8,593,884
Transfers	650,000	(650,000)	-
Total general revenues and transfers	9,217,937	(624,053)	8,593,884
Change in net position	2,487,038	215,927	2,702,965
Net position, beginning	29,501,535	21,032,598	50,534,133
Net position, ending	\$ 31,988,573	\$ 21,248,525	\$ 53,237,098

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



**Town of Winterville, North Carolina**  
**Balance Sheet – Governmental Funds**  
**June 30, 2022**  
**Exhibit 3**

	Major Funds		Total Governmental Funds
	General Fund	American Rescue Plan Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,179,537	\$ -	\$ 2,179,537
Investments	9,841,341	-	9,841,341
Restricted cash and cash equivalents	1,771,443	1,582,492	3,353,935
Receivables, net:			
Taxes	46,358	-	46,358
Accounts	92,705	-	92,705
Other receivables	-	-	-
Due from other governments	1,147,595	-	1,147,595
Note receivable - Town of Grifton	14,750	-	14,750
Inventories	7,913	-	7,913
	<u>15,101,642</u>	<u>1,582,492</u>	<u>16,684,134</u>
Total assets	<u>\$ 15,101,642</u>	<u>\$ 1,582,492</u>	<u>\$ 16,684,134</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 611,734	\$ -	\$ 611,734
Unearned revenues	-	1,582,492	1,582,492
Liabilities payable from restricted assets:			
Accounts payable	931,328	-	931,328
	<u>1,543,062</u>	<u>1,582,492</u>	<u>3,125,554</u>
Total liabilities	<u>1,543,062</u>	<u>1,582,492</u>	<u>3,125,554</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Accounts receivable, net (garbage)	70,215	-	70,215
Property taxes receivable	46,358	-	46,358
Total deferred inflows of resources	<u>116,573</u>	<u>-</u>	<u>116,573</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventories	7,913	-	7,913
Note receivable - Town of Grifton	14,750	-	14,750
Restricted			
Stabilization by State Statute	1,170,085	-	1,170,085
Streets	488,809	-	488,809
Public Safety	151,851	-	151,851
Recreation	159,782	-	159,782
Committed			
Housing	69,305	-	69,305
OPEB	75,000	-	75,000
Assigned			
Subsequent year's expenditures	507,102	-	507,102
Unassigned, General Fund	10,797,410	-	10,797,410
	<u>13,442,007</u>	<u>-</u>	<u>13,442,007</u>
Total fund balances	<u>13,442,007</u>	<u>-</u>	<u>13,442,007</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,101,642</u>	<u>\$ 1,582,492</u>	<u>\$ 16,684,134</u>

*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, 2022**  
**Exhibit 3**

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

Total Fund Balance, Governmental Funds		\$ 13,442,007
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	54,041,541	
Accumulated depreciation	<u>(29,343,906)</u>	24,697,635
Deferred outflows of resources related to pensions are not reported in the funds		
		1,393,404
Deferred outflows of resources related to OPEB are not reported in the funds		
		562,018
Earned revenues considered deferred inflows of resources in fund statements		
		116,573
Interest receivable on deferred property taxes		
		17,866
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	(2,751,793)	
Compensated absences	(414,310)	
Total pension liability - LEOSSA	(534,730)	
Net pension liability - LGERS	(839,754)	
Total OPEB liability	<u>(2,156,155)</u>	(6,696,742)
Deferred inflows of resources related to pensions are not reported in the funds		
		(1,466,783)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(52,872)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(24,533)</u>
Net position of governmental activities		<u><u>\$ 31,988,573</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 Balance – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**  
**Exhibit 4**

	Major Funds		Total Governmental Funds
	General Fund	American Rescue Plan Fund	
<b>Revenues:</b>			
Ad valorem taxes	\$ 4,673,299	\$ -	\$ 4,673,299
Other taxes and licenses	26,535	-	26,535
Unrestricted intergovernmental	3,646,217	-	3,646,217
Restricted intergovernmental	787,449	-	787,449
Permits and fees	23,275	-	23,275
Sales and services	1,068,969	-	1,068,969
Investment earnings	14,519	-	14,519
Miscellaneous	186,916	-	186,916
Total revenues	10,427,179	-	10,427,179
<b>Expenditures:</b>			
Current:			
General government	1,824,276	-	1,824,276
Public safety	3,888,564	-	3,888,564
Transportation	849,303	-	849,303
Environment protection	578,678	-	578,678
Cultural and recreation	1,164,448	-	1,164,448
Debt service:			
Principal retirement	723,182	-	723,182
Interest	87,410	-	87,410
Total expenditures	9,115,861	-	9,115,861
Excess (deficiency) of revenues over expenditures	1,311,318	-	1,311,318
<b>Other financing sources (uses):</b>			
Transfers from other funds	650,000	-	650,000
Total other financing sources (uses)	650,000	-	650,000
Net change in fund balance	1,961,318	-	1,961,318
Fund balances, beginning	11,480,689	-	11,480,689
Fund balances, ending	\$ 13,442,007	\$ -	\$ 13,442,007

*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 Balance – Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**  
**Exhibit 4**

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

Net changes in fund balances - total governmental funds		\$ 1,961,318
<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	1,025,145	
Depreciation expense for governmental assets	<u>(1,992,192)</u>	(967,047)
Gain (Loss) on disposal of capital assets		5,750
Street assets recorded from developers		751,843
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		412,845
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		6,197
OPEB benefit payments and administrative costs made in the current fiscal year are not included in the Statement of Activities		57,865
<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	14,701	
Change in unavailable revenue for garbage revenues	<u>(6,561)</u>	8,140
<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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	723,182	
Change in accrued interest payable	<u>6,769</u>	729,951
<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	179,749	
Pension expense - LEOSSA	(43,989)	
Pension expense - NCLGERS	(351,177)	
OPEB plan expense	<u>(264,407)</u>	<u>(479,824)</u>
Total changes in net position of governmental activities		<u>\$ 2,487,038</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 Balance – Annual Budget to Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2022**  
**Exhibit 5**

General Fund				
	Original	Final	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,436,432	\$ 4,516,332	\$ 4,673,299	\$ 156,967
Other taxes and licenses	-	5,100	26,535	21,435
Unrestricted intergovernmental	2,840,707	3,371,205	3,646,217	275,012
Restricted intergovernmental	738,132	869,763	787,449	(82,314)
Permits and fees	15,750	607,940	23,275	(584,665)
Sales and services	936,525	1,132,274	1,068,969	(63,305)
Investment earnings	4,120	4,120	14,519	10,399
Miscellaneous	292,581	201,201	186,916	(14,285)
Total revenues	9,264,247	10,707,935	10,427,179	(280,756)
<b>Expenditures:</b>				
Current:				
General government	3,526,380	4,430,787	1,824,276	2,606,511
Public safety	4,637,373	4,491,898	3,888,564	603,334
Transportation	1,123,460	1,542,902	849,303	693,599
Environment protection	553,000	553,000	578,678	(25,678)
Cultural and recreation	1,885,574	1,878,415	1,164,448	713,967
Economic development	20,000	20,000	-	20,000
Debt service:				
Principal retirement	-	723,182	723,182	-
Interest	-	87,376	87,410	(34)
Total expenditures	11,745,787	13,727,560	9,115,861	4,611,699
Revenues over (under) expenditures	(2,481,540)	(3,019,625)	1,311,318	4,330,943
<b>Other financing sources (uses):</b>				
Transfer from other funds	2,011,996	2,056,940	650,000	(1,406,940)
Transfer to other funds	-	(104,369)	-	104,369
Total other financing sources (uses)	2,011,996	1,952,571	650,000	(1,302,571)
Fund balance appropriated	469,544	1,067,054	-	(1,067,054)
Net change in fund balance	\$ -	\$ -	1,961,318	\$ 1,961,318
Fund balances, beginning			11,480,689	
Fund balances, ending			\$ 13,442,007	

*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, 2022**  
**Exhibit 6**

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 2,930,405	\$ 1,423,729	\$ 821,428	\$ 1,054,216	\$ 6,229,778
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	436,062	106,610	164,028	35,667	742,367
Accounts receivable (net) - unbilled	345,688	72,921	115,842	22,070	556,521
Due from other funds	1,972,705	-	-	-	1,972,705
Inventories	966,106	26,814	41,202	-	1,034,122
Restricted cash and cash equivalents	315,312	151,354	279,805	-	746,471
<b>Total current assets</b>	<b>8,366,278</b>	<b>2,241,428</b>	<b>1,777,305</b>	<b>1,171,953</b>	<b>13,556,964</b>
<b>Noncurrent Assets:</b>					
<b>Capital assets:</b>					
Land and construction in progress	146,013	8,000	3,740,170	19,825	3,914,008
Other capital assets, net of depreciation	4,904,820	2,392,868	3,910,155	1,386,713	12,594,556
<b>Capital assets</b>	<b>5,050,833</b>	<b>2,400,868</b>	<b>7,650,325</b>	<b>1,406,538</b>	<b>16,508,564</b>
<b>Total noncurrent assets</b>	<b>5,050,833</b>	<b>2,400,868</b>	<b>7,650,325</b>	<b>1,406,538</b>	<b>16,508,564</b>
<b>Total assets</b>	<b>13,417,111</b>	<b>4,642,296</b>	<b>9,427,630</b>	<b>2,578,491</b>	<b>30,065,528</b>
<b>Deferred Outflows of Resources</b>					
Pension deferrals	168,687	61,285	20,327	13,804	264,103
OPEB deferrals	98,734	53,164	37,974	7,595	197,467
<b>Total deferred outflows of resources</b>	<b>267,421</b>	<b>114,449</b>	<b>58,301</b>	<b>21,399</b>	<b>461,570</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	30,945	43,610	129,295	3,852	207,702
Due to other funds	-	-	1,972,705	-	1,972,705
Compensated absences - current	17,272	3,561	-	1,335	22,168
Installment purchase payable - current	144,107	143,206	358,030	-	645,343
Liabilities payable from restricted assets:					
Customer deposits	123,458	10,985	15,765	-	150,208
<b>Total current liabilities</b>	<b>315,782</b>	<b>201,362</b>	<b>2,475,795</b>	<b>5,187</b>	<b>2,998,126</b>
<b>Noncurrent liabilities:</b>					
Total OPEB liability	378,785	203,960	145,686	29,137	757,568
Compensated absences	51,816	10,681	-	4,003	66,500
Net pension liability	113,065	41,077	13,625	9,253	177,020
Installment purchase payable	189,104	1,452,586	3,331,530	-	4,973,220
<b>Total noncurrent liabilities</b>	<b>732,770</b>	<b>1,708,304</b>	<b>3,490,841</b>	<b>42,393</b>	<b>5,974,308</b>
<b>Total liabilities</b>	<b>1,048,552</b>	<b>1,909,666</b>	<b>5,966,636</b>	<b>47,580</b>	<b>8,972,434</b>
<b>Deferred Inflows of Resources</b>					
Pension deferrals	183,670	66,730	22,133	15,030	287,563
OPEB deferrals	9,288	5,002	3,572	714	18,576
<b>Total deferred inflows of resources</b>	<b>192,958</b>	<b>71,732</b>	<b>25,705</b>	<b>15,744</b>	<b>306,139</b>
<b>Net Position</b>					
Net investment in capital assets	4,717,622	805,076	3,960,765	1,406,538	10,890,001
Unrestricted	7,725,400	1,970,271	(467,175)	1,130,028	10,358,524
<b>Total net position</b>	<b>\$ 12,443,022</b>	<b>\$ 2,775,347</b>	<b>\$ 3,493,590</b>	<b>\$ 2,536,566</b>	<b>\$ 21,248,525</b>

*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, 2022**  
**Exhibit 7**

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
<b>Operating revenues:</b>					
Charges for services	\$ 6,645,868	\$ 1,508,093	\$ 2,458,596	\$ 506,375	\$ 11,118,932
Other operating revenues	238,336	17,849	-	-	256,185
Total operating revenues	6,884,204	1,525,942	2,458,596	506,375	11,375,117
<b>Operating expenses:</b>					
Operations	1,634,433	1,260,399	-	270,566	3,165,398
Electrical power purchases	4,496,629	-	-	-	4,496,629
Waste collection and treatment	-	-	1,816,826	-	1,816,826
Depreciation	428,281	186,189	316,486	40,623	971,579
Total operating expenses	6,559,343	1,446,588	2,133,312	311,189	10,450,432
Operating income (loss)	324,861	79,354	325,284	195,186	924,685
<b>Non-operating revenues (expenses):</b>					
Development fees	-	-	23,483	-	23,483
Investment earnings	6,677	1,927	1,469	1,124	11,197
Sale of capital assets	-	-	14,750	-	14,750
Interest expense	(14,807)	(42,502)	(50,879)	-	(108,188)
Total non-operating revenues(expenses)	(8,130)	(40,575)	(11,177)	1,124	(58,758)
Income (loss) before transfers	316,731	38,779	314,107	196,310	865,927
Transfers from other funds	-	-	9,305	12,174	21,479
Transfers to other funds	(650,000)	-	(9,305)	(12,174)	(671,479)
	(650,000)	-	-	-	(650,000)
Change in net position	(333,269)	38,779	314,107	196,310	215,927
Total net position, beginning	12,776,291	2,736,568	3,179,483	2,340,256	21,032,598
Total net position, ending	\$ 12,443,022	\$ 2,775,347	\$ 3,493,590	\$ 2,536,566	\$ 21,248,525

*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, 2022**  
**Exhibit 8**

	Major Enterprise Funds				Totals
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 6,920,844	\$ 1,532,058	\$ 2,475,678	\$ 507,784	\$ 11,436,364
Cash paid for goods and services	(5,620,890)	(995,846)	(1,765,263)	(199,022)	(8,581,021)
Cash paid to or on behalf of employees for services	(857,407)	(279,424)	(87,082)	(80,245)	(1,304,158)
Cash received (paid) for customer deposits - net	(625)	(60)	(135)	-	(820)
Net cash provided (used) by operating activities	441,922	256,728	623,198	228,517	1,550,365
<b>Cash flows from non-capital financing activities:</b>					
Transfers from other funds	-	-	9,305	12,174	21,479
Increase (decrease) in due to other funds	-	-	1,972,705	-	1,972,705
Transfers to other funds	(650,000)	-	(9,305)	(12,174)	(671,479)
(Increase) decrease in due from other funds	(1,972,705)	-	-	-	(1,972,705)
Net cash provided (used) by non-capital financing activities	(2,622,705)	-	1,972,705	-	(650,000)
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from sale of assets	-	-	14,750	-	14,750
Acquisition and construction of capital assets	(266,660)	-	(2,697,773)	-	(2,964,433)
Loan proceeds - installment purchase	-	-	1,256,899	-	1,256,899
Principal payments on long term debt	(363,551)	(139,780)	(355,007)	-	(858,338)
Interest paid on debt	(15,967)	(45,578)	(51,392)	-	(112,937)
Developers fee	-	-	23,483	-	23,483
Net cash provided (used) by capital and related financing activities	(646,178)	(185,358)	(1,809,040)	-	(2,640,576)
<b>Cash flows from investing activities:</b>					
Interest income	6,677	1,927	1,469	1,124	11,197
Net cash provided (used) by investing activities	6,677	1,927	1,469	1,124	11,197
Net increase (decrease) in cash and cash equivalents	(2,820,284)	73,297	788,332	229,641	(1,729,014)
Cash and cash equivalents balances, beginning	6,066,001	1,501,786	312,901	824,575	8,705,263
Cash and cash equivalents balances, ending	<u>\$ 3,245,717</u>	<u>\$ 1,575,083</u>	<u>\$ 1,101,233</u>	<u>\$ 1,054,216</u>	<u>\$ 6,976,249</u>
<b>Reconciliation of cash and cash equivalents balances - ending</b>					
Cash and cash equivalents	\$ 2,930,405	\$ 1,423,729	\$ 821,428	\$ 1,054,216	\$ 6,229,778
Restricted cash and cash equivalents	315,312	151,354	279,805	-	746,471
Total cash and cash equivalents	<u>\$ 3,245,717</u>	<u>\$ 1,575,083</u>	<u>\$ 1,101,233</u>	<u>\$ 1,054,216</u>	<u>\$ 6,976,249</u>

Continued

*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, 2022**  
**Exhibit 8**

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

	Major Enterprise Funds				Totals
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Operating income (loss)	\$ 324,861	\$ 79,354	\$ 325,284	\$ 195,186	\$ 924,685
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	428,281	186,189	316,486	40,623	971,579
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	36,640	6,116	17,082	1,409	61,247
(Increase) decrease in inventories	(275,666)	13,243	894	-	(261,529)
(Increase) decrease in deferred outflows of resources - pensions	14,177	(770)	(839)	8,614	21,182
(Increase) decrease in deferred outflows of resources - OPEB	(21,784)	(14,690)	(4,996)	(2,099)	(43,569)
Increase (decrease) in net pension liability	(225,198)	(70,864)	(22,424)	(32,217)	(350,703)
Increase (decrease) in deferred inflows of resources - pensions	182,127	66,219	21,969	14,841	285,156
(Increase) decrease in deferred outflows of resources - OPEB	(3,177)	(1,231)	(1,770)	(176)	(6,354)
Increase (decrease) in accounts payable and accrued liabilities	(26,975)	(28,433)	(19,104)	(3,829)	(78,341)
Increase (decrease) in customer deposits	(625)	(60)	(135)	-	(820)
Increase (decrease) in compensated absences	(24,949)	(10,018)	(7,260)	1,640	(40,587)
Increase (decrease) in accrued OPEB liability	34,210	31,673	(1,989)	4,525	68,419
Total adjustments	117,061	177,374	297,914	33,331	625,680
Net cash provided (used) by operating activities	\$ 441,922	\$ 256,728	\$ 623,198	\$ 228,517	\$ 1,550,365

*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 (the "Town") 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. Certain interfund services provided / used are not eliminated in the process of consolidation. 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 Town has no fiduciary funds to report. 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.

**American Rescue Plan Fund** - This fund accounts for the transactions related to the American Rescue Plan Funds.

The Town reports the following major enterprise funds:

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

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

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

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

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

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

levied by Pitt County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

### **E. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / 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.

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

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 fair cost, which is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

### **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, 2022, 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.

### **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. The unexpended loan proceeds of the Sewer Fund are classified as restricted assets within the Sewer Fund because their use is completely restricted to the purpose for which the loan was originally issued.

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

<u>Town of Winterville Restricted Cash</u>		
<u>Governmental Activities</u>		
General Fund		
Streets		488,809
Letter of credit		896,001
Public Safety		151,851
OPEB reserve		75,000
Recreation		159,782
American Rescue Plan Fund		1,582,492
Total Governmental Activities		<u>\$ 3,353,935</u>
 <u>Business-type Activities</u>		
Electric Fund		
Customer deposits	\$	123,458
Development fees		191,854
Water Fund		
Customer deposits		10,985
Development fees		140,369
Sewer Fund		
Customer deposits		15,765
Debt proceeds		105,119
Development fees		158,921
Total Business-type Activities		<u>\$ 746,471</u>
Total Restricted Cash		<u>\$ 4,100,406</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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2021.

**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

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

are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of 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 two items that meets the criterion, pension and OPEB deferrals for the 2022 fiscal year. In addition to liabilities, the balance sheet or statement of 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 fund balance / net position that applies to a future period and so will not be recognized as revenue until then. The Town has four items that meet the criterion for this category – property taxes receivable, garbage receivables, pension deferrals and OPEB deferrals.



## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

#### **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.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

#### **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.

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

### Reimbursements for Pandemic-related Expenditures

In the prior fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$3,164,984 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,582,492 was received in July 2021. The second installment will be received in July 2022. As of June 30, 2022, the Town has not expended any of the ARPA funds and as a result, the entire amount is shown as unearned revenues in the Statement of Net Position. Town staff and the Town Council plan on using these funds for salaries and revenue replacement in Fiscal Year 2023. The second installment will be transferred to the appropriate funds once the intended use of these funds is determined.

### 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.

Note receivable – Town of Grifton – The portion of fund balance that is not an available resource because it represents the year-end balance of a note receivable from the Town of Grifton for the sale of equipment.

**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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. 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". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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** – The 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 the housing repair program.

Committed for OPEB – The portion of fund balance that can only be used for the funding or payment of future benefits.

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

## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

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

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

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

The Town Council has also adopted a fund balance reserve policy in order to maintain the 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 Council may appropriate unrestricted fund balance that will reduce the unrestricted fund balance below 25% on a limited basis which should only occur for the purpose of a declared fiscal emergency. If this occurs, the Town Council 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's employer contributions are recognized when due and the Town 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.

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

### F. New Financial Accounting Standards

#### Future Accounting Pronouncements

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on the financial statements.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier

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

application is encouraged. The Town is currently reviewing this Statement to determine the effect on the financial statements.

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.

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

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Town is currently reviewing this Statement to determine the effect on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The Town is currently reviewing this Statement to determine the effect on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator

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

is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Town is currently reviewing this Statement to determine the effect on the financial statements.

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.



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

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic. The Town is currently reviewing this Statement to determine the effect on the financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this Statement has been extended by one year.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is currently reviewing this Statement to determine the effect on the financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

### **Accounting Pronouncements Implemented:**

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in

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

response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Town has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Town has implemented the requirements of the new standard for the year ended June 30, 2022.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

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

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement No. 53, as amended

Providing an exception to the lease modifications guidance in Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative*

## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

*Guidance*, the effective date of this statement has been extended by one year. The Town has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement was extended by one year. The Town has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement was postponed by 18 months. The Town has implemented the requirements of the new standard for the year ended June 30, 2022.

#### **Subsequent Events – Date of Management's Evaluation**

Management has evaluated subsequent events through November 30, 2022, the date which the financial statements were available to be issued.

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

**2. Stewardship. Compliance and Accountability**

**Noncompliance with North Carolina General Statutes**

The Town is in violation of N.C.G.S. 159-28(a) which states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

The Town over-expended various departments and line items in its 2021-2022 budget as outlined in the below table. Management and the Town Council will review monthly financial reports and amend the budget as necessary during the coming fiscal year.

<u>Department / Line Item</u>	<u>Over-expenditure</u>
General Fund	
Environmental Protection	\$25,678
Rescue	2,974
Debt service	34
Sewer Fund	
Transfer to other funds	7,801

**3. Detail Notes on all Funds**

**A. Assets**

**Deposits**

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

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

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, 2022, the Town's deposits had a carrying amount of \$12,508,921 and a bank balance of \$13,327,813. Of the bank balance, \$355,119 was covered by federal depository insurance and \$12,972,694 was covered by collateral held under the Pooling Method. At June 30, 2022, the Town's petty cash totaled \$800.

### B. Investments

At June 30, 2022, the Town had the following investments and maturities:

Investment Type	Valuation Measurement		Book Value	Maturity	Rating
	Method				
NCCMT - Government Portfolio	Fair Value - Level 1	\$	12,116,341	N/A	AAAm

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 are 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' benchmark quoted prices.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

*Credit risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's 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. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2022.

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

**C. Receivables - Allowance for Doubtful Accounts**

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

	Charges for Service - Accounts	Taxes	Due from other Governments	Total
<b>Governmental Activities:</b>				
General	\$ 92,705	\$ 91,367	\$ 1,147,595	\$ 1,331,667
Allowance for doubtful accounts	-	(27,143)	-	(27,143)
Total governmental activities	\$ 92,705	\$ 64,224	\$ 1,147,595	\$ 1,304,524
<b>Business-Type Activities:</b>				
	Charges for Service - Accounts	Allowance	Total	
Electric charges for service	\$ 844,561	\$ 62,811	\$ 781,750	
Water charges for service	194,982	15,451	179,531	
Sewer charges for service	303,508	23,638	279,870	
Stormwater charges for service	62,915	5,178	57,737	
Total business-type activities	\$ 1,405,966	\$ 107,078	\$ 1,298,888	

Due from other governments consists of the following:

Local option sales tax	\$ 844,040
Sales tax refund receivable	98,938
Utility franchise tax	82,425
Pitt County - property taxes motor vehicles	122,192
	\$ 1,147,595

**D. Note Receivable**

In fiscal year 2019 year, the Town entered into an agreement with the Town of Grifton for the sale of a 2007 Vac Con Sewer Truck for \$82,500. Upon approval of the agreement, the Town of Grifton paid a down-payment of \$15,500 and agreed to pay \$8,000 upon delivery of the truck. The remaining balance of \$59,000 will be paid in four installments of \$14,750 beginning July 1, 2019, with payments due on July 1, 2020, July 1, 2021, and July 1, 2022.

The following table outlines the future payments to be received:

June 30,	
2023	\$ 14,750
Total	\$ 14,750

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

**E. Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,766,629	\$ 93,228	\$ -	\$ 4,859,857
Construction in progress	222,442	24,550	-	246,992
Total capital assets not being depreciated	4,989,071	117,778	-	5,106,849
<b>Capital assets being depreciated:</b>				
Buildings	7,280,175	69,837	-	7,350,012
Infrastructure	31,488,705	692,011	-	32,180,716
Equipment	4,778,651	451,419	-	5,230,070
Software	736,974	368,012	5,750	1,110,736
Vehicles	2,985,227	77,931	-	3,063,158
Total capital assets being depreciated	47,269,732	1,659,210	5,750	48,934,692
<b>Less accumulated depreciation for:</b>				
Buildings	3,933,175	226,667	-	4,159,842
Infrastructure	18,132,703	1,230,465	-	19,363,168
Equipment	2,289,236	267,601	-	2,556,837
Software	676,873	87,471	-	764,344
Vehicles	2,319,727	179,988	-	2,499,715
Total accumulated depreciation	27,351,714	\$ 1,992,192	\$ -	29,343,906
Total capital assets being depreciated	19,918,018			19,590,786
<b>Governmental activity capital assets, net</b>	<b>\$ 24,907,089</b>			<b>\$ 24,697,635</b>

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

General government	\$ 407,606
Public safety	282,312
Transportation	1,164,254
Cultural and recreation	138,020
Total	<u>\$ 1,992,192</u>



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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
<i><b>Electric Fund</b></i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
<b>Capital assets being depreciated:</b>				
Distribution system	9,073,979	266,660	-	9,340,639
Buildings	320,655	-	-	320,655
Equipment	751,559	-	48,380	703,179
Vehicles	959,509	48,380	-	1,007,889
Total capital assets being depreciated	11,105,702	315,040	48,380	11,372,362
<b>Less accumulated depreciation for:</b>				
Distribution system	4,620,976	304,025	-	4,925,001
Buildings	280,628	3,956	-	284,584
Equipment	693,752	56,774	-	750,526
Vehicles	443,905	63,526	-	507,431
Total accumulated depreciation	6,039,261	\$ 428,281	\$ -	6,467,542
Total capital assets being depreciated, net	5,066,441			4,904,820
<b>Electric Fund capital assets, net</b>	<b>\$ 5,212,454</b>			<b>\$ 5,050,833</b>
	Beginning Balances	Increases	Decreases	Ending Balances
<i><b>Water Fund</b></i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Total capital assets not being depreciated	8,000	-	-	8,000
<b>Capital assets being depreciated:</b>				
Water system, well, tank & distribution system	4,927,539	-	-	4,927,539
Equipment and vehicles	315,805	-	-	315,805
Total capital assets being depreciated	5,243,344	-	-	5,243,344
<b>Less accumulated depreciation for:</b>				
Water system, well, tank & distribution system	2,401,486	175,475	-	2,576,961
Equipment and vehicles	262,801	10,714	-	273,515
Total accumulated depreciation	2,664,287	\$ 186,189	\$ -	2,850,476
Total capital assets being depreciated, net	2,579,057			2,392,868
<b>Water Fund capital assets, net</b>	<b>\$ 2,587,057</b>			<b>\$ 2,400,868</b>

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b><i>Sewer Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 1,056,261	\$ 2,683,909	\$ -	\$ 3,740,170
Total capital assets not being depreciated	1,056,261	2,683,909	-	3,740,170
<b>Capital assets being depreciated:</b>				
Equipment and vehicles	639,615	-	-	639,615
Sewer system	6,783,035	13,864	-	6,796,899
Sewer treatment facility	261,600	-	-	261,600
Total capital assets being depreciated	7,684,250	13,864	-	7,698,114
<b>Less accumulated depreciation for:</b>				
Equipment and vehicles	255,060	7,319	-	262,379
Sewer system	2,928,182	253,936	-	3,182,118
Sewer treatment facility	288,231	55,231	-	343,462
Total accumulated depreciation	3,471,473	\$ 316,486	\$ -	3,787,959
Total capital assets being depreciated, net	4,212,777			3,910,155
<b>Sewer Fund capital assets, net</b>	<b>\$ 5,269,038</b>			<b>\$ 7,650,325</b>
	Beginning Balances	Increases	Decreases	Ending Balances
<b><i>Stormwater Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,625	\$ -	\$ -	\$ 8,625
Construction in progress	-	11,200	-	11,200
Total capital assets not being depreciated	8,625	11,200	-	19,825
<b>Capital assets being depreciated:</b>				
Distribution	1,628,974	-	11,200	1,617,774
Equipment	60,003	-	-	60,003
Total capital assets being depreciated	1,688,977	-	11,200	1,677,777
<b>Less accumulated depreciation for:</b>				
Distribution	228,559	38,376	-	266,935
Equipment	21,882	2,247	-	24,129
Total accumulated depreciation	250,441	\$ 40,623	\$ -	291,064
Total capital assets being depreciated, net	1,438,536			1,386,713
<b>Stormwater Fund capital assets, net</b>	<b>1,447,161</b>			<b>1,406,538</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 14,515,710</b>			<b>\$ 16,508,564</b>

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

**Construction Commitments**

The Town has active construction projects as of June 30, 2022. At year-end, the Town's commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Sewer capital project	\$ 284,696	\$ 1,951,604
Sewer capital project	3,369,161	233,739
Stormwater capital projects	1,066,680	-
Total	<u>\$ 4,720,537</u>	<u>\$ 2,185,343</u>

**F. 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 Town 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://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 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

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

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, 2022, was 12.04% of compensation for law enforcement officers and 11.40% 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 \$499,268 for the year ended June 30, 2022.

*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, 2022, the Town reported a liability of \$1,016,774 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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

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

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, 2021 (measurement date), the Town's proportion was .06630% which was a decrease of .00955% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of (\$106,034). At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 323,472	\$ -
Changes of assumptions	638,794	-
Net difference between projected and actual earnings on pension plan investments	-	1,452,664
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,436	199,050
Town contributions subsequent to the measurement date	499,268	-
Total	\$ 1,516,970	\$ 1,651,714

\$499,268 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$ 57,500
2024	(70,764)
2025	(176,224)
2026	(444,524)
2027	-
Thereafter	-
	\$ (634,012)

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020 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, 2021 are summarized in the following table:

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 3,947,033	\$ 1,016,774	\$ (1,394,658)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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

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

143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Active plan members	22
Inactive members currently receiving benefits	1
Total	23

**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 No. 73.

**Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability (TPL) in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected Salary increases	3.25 to 7.75 percent, including inflation at 2.50 percent
Discount rate	2.25 percent – current period
Discount rate	1.93 percent – prior period
Cost-of-living adjustments	N/A

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees’ Retirement System for the five year period ending December 31, 2019.

**MORTALITY ASSUMPTION:** All mortality rates use Pub-2010 amount-weighted tables.

**MORTALITY PROJECTION:** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

**DEATHS AFTER RETIREMENT (Healthy):** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.



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

**DEATHS AFTER RETIREMENT (Disabled Members at Retirement):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

**DEATHS AFTER RETIREMENT (Survivors of Deceased Members):** Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

**DEATHS PRIOR TO RETIREMENT:** Mortality rates are based on the Safety Mortality Table for Employees.

**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 \$14,731 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$534,730. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$37,792.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,833	\$ 83,564
Changes of assumptions and other inputs	112,508	19,068
Town benefit payments and plan administrative expenses made subsequent to the measurement date	6,197	-
Total	\$ 140,538	\$ 102,632

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

\$6,197 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$ (6,853)
2024	(7,258)
2025	9,253
2026	20,051
2027	17,301
Thereafter	(785)
	<u>\$ 31,709</u>

*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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.25%)</u>	<u>Discount</u> <u>Rate (2.25%)</u>	<u>1% Increase</u> <u>(3.25%)</u>
Total pension liability	\$ 585,998	\$ 534,730	\$ 487,928

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

	<u>2022</u>
Beginning balance	\$ 497,338
Service cost	48,066
Interest on the total pension liability	9,456
Changes of benefit terms	-
Differences between expected and actual experience	10,508
Changes of assumptions or other inputs	(15,907)
Benefit payments	(14,731)
Other	-
Ending balance	<u>\$ 534,730</u>

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

**Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources 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	\$ (106,034)	\$ 37,792	\$ (68,242)
Pension liability	1,016,774	534,730	1,551,504
Proportionate share of the net pension liability	0.06630%	N/A	
Deferred outflows of resources:			
Differences between expected and actual experience	323,472	21,833	345,305
Changes of assumptions	638,794	112,508	751,302
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	55,436	-	55,436
Benefit payments and administrative costs paid			
Employer contributions subsequent to the measurement date	499,268	6,197	505,465
Deferred inflows of resources:			
Differences between expected and actual experience	-	83,564	83,564
Changes in assumptions	-	19,068	19,068
Net difference between projected and actual earnings on plan investments	1,452,664	-	1,452,664
Changes in proportion and differences between contributions and proportionate share of contributions	199,050	-	199,050

**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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

**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, 2022 were \$318,832, which consisted of \$215,236 from the Town and \$103,596 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, five retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2022, the Town paid healthcare premiums for retirees of \$78,197. 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 June 30, 2021, the date of the latest actuarial valuation:

	<b><u>Membership</u></b>
Inactive members currently receiving benefits	5
Active plan members	<u>72</u>
Total	<u><u>77</u></u>

**Total OPEB Liability**

The Town’s total OPEB liability of \$2,913,723 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021 for the June 30, 2022 report date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

Inflation	2.50 Percent
Real wage growth	0.75 Percent
Wage inflation	3.25 Percent
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Prior discount rate	2.21 Percent
Discount rate	2.16 Percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Dental	3.50 Percent

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)**

<b>Total OPEB Liability</b>	<b><u>2022</u></b>
Service cost at the end of the year	\$ 220,084
Interest on TOL and cash flows	57,933
Changes of benefit terms	-
Difference between expected and actual experience	16,354
Changes of assumptions or other inputs	278,606
Benefit payments	(120,500)
Other changes	-
<b>Net change in total OPEB liability</b>	<b><u>452,477</u></b>
<b>Total OPEB liability - beginning</b>	<b>2,461,246</b>
<b>Total OPEB liability - ending</b>	<b><u><u>\$ 2,913,723</u></u></b>
<b>Covered payroll</b>	<b>\$ 3,921,243</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>74.31%</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

*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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	\$ 3,309,985	\$ 2,913,723	\$ 2,566,319

*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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,460,027	\$ 2,913,723	\$ 3,473,374

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$350,138. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,389	\$ 3,803
Changes of assumptions and other inputs	523,898	67,645
Town benefit payments and plan administrative expenses made subsequent to the measurement date	78,197	-
Total	\$ 759,484	\$ 71,448

\$78,197 reported as deferred outflows of resources related to OPEB 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$	67,519
2024		67,519
2025		67,519
2026		71,999
2027		80,843
Thereafter		254,440
	\$	609,839

**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.

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

**2. Payables**

Payables at the government-wide level at June 30, 2022 were as follows:

	<u>Total</u>				
<b>Governmental Activities:</b>					
Vendors	\$ 1,190,691				
Accrued interest on long-term debt	24,533				
Accrued salaries and related items	352,371				
Total governmental activities	<u>\$ 1,567,595</u>				
<b>Business-Type Activities:</b>					
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 9,400	\$ 5,878	\$ 123,293	\$ 2,000	\$ 140,571
Accrued interest on long-term debt	1,046	32,473	6,002	-	39,521
Accrued salaries and related items	20,499	5,259	-	1,852	27,610
	<u>\$ 30,945</u>	<u>\$ 43,610</u>	<u>\$ 129,295</u>	<u>\$ 3,852</u>	<u>\$ 207,702</u>

**3. Deferred Outflows and Inflows of Resources**

**Deferred Outflows of Resources at year-end:**

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 499,268
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	6,197
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	78,197
Differences between expected and actual experience	502,694
Changes of assumptions	1,275,200
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,436
Total	<u>\$ 2,416,992</u>

**Deferred Inflows of Resources at year-end:**

<u>Source</u>	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, net (General Fund)	\$ -	\$ 46,358
Accounts receivable, net (garbage) (General Fund)	-	70,215
Differences between expected and actual experience	87,367	-
Net difference between projected and actual earnings on pension plan investments	1,452,664	-
Changes in assumptions and other inputs	86,713	-
Changes in proportion and difference between employer contribution and proportionate share of contributions	199,050	-
Total	<u>\$ 1,825,794</u>	<u>\$ 116,573</u>



## **Town of Winterville, North Carolina**

### **Notes to Financial Statements**

#### **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 \$5 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 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, 2022, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of this legal matter 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**

**Notes Payable (Direct Borrowings)**

**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	\$	930,609
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate		297,396
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025, secured by real estate		34,200
2.73% note, payable in annual installments of \$102,634, plus interest; final payment due September 2023, secured by fire truck		205,268
1.58% note, payable in annual installments of \$8,942, including interest; final payment due January 2024; secured by vehicle		17,469
1.92% note, payable in annual installments of \$94,117, including interest; final payment due January 2028; secured by vehicles and equipment		528,615
1.92% note, payable in annual installments of \$70,395, including interest; final payment due January 2028; secured by vehicles and equipment		395,379
2.73% note, payable in annual installments of \$85,714, plus interest; final payment due September 2025; secured by aerial ladder truck		342,857
<b>Total</b>	<b>\$</b>	<b><u>2,751,793</u></b>

Annual debt service payments of the notes payable as of June 30, 2022, including interest of \$232,681, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 575,878	\$ 67,311	\$ 643,189
2024	582,443	52,607	635,050
2025	477,599	37,712	515,311
2026	373,818	27,946	401,764
2027	296,331	17,380	313,711
2028-2031	445,724	29,725	475,449
	<b><u>\$ 2,751,793</u></b>	<b><u>\$ 232,681</u></b>	<b><u>\$ 2,984,474</u></b>

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

**b. Business-Type Activities**

**Notes Payable (Direct Borrowings) - Enterprise Funds**

**Notes Payable - Enterprise Funds**

**Electric**

2.50% note, payable in annual installments of \$98,112, including interest;  
final payment due June 2025; secured by real estate \$ 280,211

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

**Water**

2.97% note, payable in annual installments of \$154,632, including interest;  
final payment due August 2030, secured by real estate 1,205,668

1.53% note, payable in annual installments of \$24,383, including interest;  
final payment due May 2038, secured by real estate 390,124

**Sewer**

4.67% note, payable in annual installments of \$32,689, including interest;  
final payment due June 2025; secured by real estate 89,574

1.66% note, payable in annual installments of \$114,889, with final installment  
of \$115,842 including interest; final payment due May 2038, unsecured 1,701,033

0% note, payable in annual installments of \$161,152, with final installment  
of \$161,152; final payment due May 2041, unsecured 1,434,231

2.97% note, payable in annual installments of \$74,506, including interest;  
final payment due June 2029, secured by real estate 464,722

Total \$ 5,618,563

Annual debt service payments of the notes payable as of June 30, 2022, including interest of \$560,359, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 645,343	\$ 96,451	\$ 741,794
2024	601,284	84,263	685,547
2025	610,503	72,884	683,387
2026	489,205	61,220	550,425
2027	495,027	53,239	548,266
2028-2032	2,006,555	146,934	2,153,489
2033-2037	660,255	43,207	703,462
2038-2041	110,391	2,161	112,552
	<u>\$ 5,618,563</u>	<u>\$ 560,359</u>	<u>\$ 6,178,922</u>

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

**Changes in Long-Term Liabilities**

Compensated absences for governmental activities have typically been liquidated in the General Fund. For the notes payable outlined below, these are classified as direct borrowings.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
Notes payable	\$ 3,474,975	\$ -	\$ 723,182	\$ 2,751,793	\$ 575,878
Compensated absences	594,059	-	179,749	414,310	103,578
OPEB liability	1,772,097	384,058	-	2,156,155	-
Total pension liability (LEOSSA)	497,338	37,392	-	534,730	-
Net pension liability (LGERS)	2,182,721	-	1,342,967	839,754	-
<b>Governmental Activities long-term liabilities</b>	<b>\$ 8,521,190</b>	<b>\$ 421,450</b>	<b>\$ 2,245,898</b>	<b>\$ 6,696,742</b>	<b>\$ 679,456</b>
<b>Business-type Activities:</b>					
<b>Electric Fund</b>					
Notes payable	\$ 696,762	\$ -	\$ 363,551	\$ 333,211	\$ 144,107
OPEB liability	344,575	34,210	-	378,785	-
Compensated absences	94,037	-	24,949	69,088	17,272
Net pension liability (LGERS)	338,263	-	225,198	113,065	-
<b>Electric Fund long-term liabilities</b>	<b>\$ 1,473,637</b>	<b>\$ 34,210</b>	<b>\$ 613,698</b>	<b>\$ 894,149</b>	<b>\$ 161,379</b>
<b>Water Fund</b>					
Notes payable	\$ 1,735,572	\$ -	\$ 139,780	\$ 1,595,792	\$ 143,206
OPEB liability	172,287	31,673	-	203,960	-
Compensated absences	24,260	-	10,018	14,242	3,561
Net pension liability (LGERS)	111,941	-	70,864	41,077	-
<b>Water Fund long-term liabilities</b>	<b>\$ 2,044,060</b>	<b>\$ 31,673</b>	<b>\$ 220,662</b>	<b>\$ 1,855,071</b>	<b>\$ 146,767</b>
<b>Sewer Fund</b>					
Notes payable	\$ 2,787,668	\$ 1,256,899	\$ 355,007	\$ 3,689,560	\$ 358,030
OPEB liability	147,675	-	1,989	145,686	-
Compensated absences	7,260	-	7,260	-	-
Net pension liability (LGERS)	36,049	-	22,424	13,625	-
<b>Sewer Fund long-term liabilities</b>	<b>\$ 2,978,652</b>	<b>\$ 1,256,899</b>	<b>\$ 386,680</b>	<b>\$ 3,848,871</b>	<b>\$ 358,030</b>
<b>Stormwater Fund</b>					
OPEB liability	\$ 24,612	\$ 4,525	\$ -	\$ 29,137	\$ -
Compensated absences	3,698	1,640	-	5,338	1,335
Net pension liability (LGERS)	41,470	-	32,217	9,253	-
<b>Stormwater Fund long-term liabilities</b>	<b>\$ 69,780</b>	<b>\$ 6,165</b>	<b>\$ 32,217</b>	<b>\$ 43,728</b>	<b>\$ 1,335</b>
<b>Total Business-type Activities</b>	<b>\$ 6,566,129</b>	<b>\$ 1,328,947</b>	<b>\$ 1,253,257</b>	<b>\$ 6,641,819</b>	<b>\$ 667,511</b>

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

Per the debt agreements for the outstanding notes payable, the Town is required to make scheduled payments as outlined in the amortization schedule. For each of the outstanding notes payable, the Town has pledged the underlying asset (purchased and/or constructed) as collateral. At June 30, 2022, the Town of Winterville had a legal debt margin of \$75,619,912.

### F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2022, consist of the following:

Transfers - Fund	From	To	Purpose
Electric Fund	\$ 650,000	\$ -	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.
Water Fund	-	-	
Sewer Fund	9,305	-	
Stormwater Fund	-	12,174	
Sewer Capital Project Fund	-	1,504	
Chapman Street Capital Project	12,174	-	
Church Street Capital Project	-	7,801	
General Fund	-	650,000	
	<u>\$ 671,479</u>	<u>\$ 671,479</u>	

#### Expense Reimbursements -

Fund	From	To	Purpose
Electric Fund	\$ 439,470	\$ -	Expense reimbursement - Administrative and IT exepnses
Water Fund	388,358	-	Expense reimbursement - Administrative and IT exepnses
Sewer Fund	397,627	-	Expense reimbursement - Administrative and IT exepnses
Stormwater Fund	136,541	-	Expense reimbursement - Administrative and IT exepnses
General Fund	-	1,361,996	Expense reimbursement - Administrative and IT exepnses
Water Fund	44,750	-	Expense Reimbursement - meter reading
Sewer Fund	44,750	-	Expense Reimbursement - meter reading
Electric Fund	-	89,500	Expense Reimbursement - meter reading
	<u>\$ 1,451,496</u>	<u>\$ 1,451,496</u>	

Balances due to/from the sewer fund and related sewer capital project funds at June 30, 2022, consist of the following:

#### Due To / From Other Funds -

Fund	From	To	Purpose
Electric Fund	\$ 1,972,705	\$ -	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2019	-	1,701,225	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2020	-	271,480	Expenditures paid on behalf of other funds
	<u>\$ 1,972,705</u>	<u>\$ 1,972,705</u>	

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.

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

**G. Fund Balance**

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

<b>Total fund balance - General Fund:</b>	\$ 13,442,007
Less:	
Inventories	7,913
Note receivable - Town of Grifton	14,750
Stabilization by State Statute	1,170,085
Streets - Powell Bill	488,809
Public Safety	151,851
Recreation	159,782
Committed - Economic Development	69,305
Committed - OPEB	75,000
Appropriated Fund Balance in 2023 Budget	507,102
Working Capital/Fund Balance Policy	<u>2,278,965</u>
Remaining Fund Balance:	<u><u>\$ 8,518,445</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 \$0 at June 30, 2022.

**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, 2022 amounted to \$1,024,672.

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, 2022.

**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

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

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, 2022, 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, 2022. 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. Uncertainties**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the Town may have been affected. The ability of some customers to make payments has and may at times be impacted by the effects of the pandemic. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

## 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, 2022**

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost at the end of the year	\$ 220,084	\$ 162,824	\$ 83,481	\$ 86,037	\$ 92,496
Interest on TOL and cash flows	57,933	73,952	64,715	58,643	50,267
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	16,354	(4,749)	202,846	259	705
Changes of assumptions or other inputs	278,606	326,412	18,073	(54,650)	(92,201)
Benefit payments	(120,500)	(93,725)	(71,731)	(76,183)	(71,904)
Other changes	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>452,477</b>	<b>464,714</b>	<b>297,384</b>	<b>14,106</b>	<b>(20,637)</b>
<b>Total OPEB liability - beginning</b>	<b>2,461,246</b>	<b>1,996,532</b>	<b>1,699,148</b>	<b>1,685,042</b>	<b>1,705,679</b>
<b>Total OPEB liability - ending</b>	<b>\$ 2,913,723</b>	<b>\$ 2,461,246</b>	<b>\$ 1,996,532</b>	<b>\$ 1,699,148</b>	<b>\$ 1,685,042</b>
<b>Covered payroll</b>	<b>\$ 3,921,243</b>	<b>\$ 3,975,806</b>	<b>\$ 3,975,806</b>	<b>\$ 2,700,955</b>	<b>\$ 2,700,955</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>74.31%</b>	<b>61.91%</b>	<b>50.22%</b>	<b>62.91%</b>	<b>62.39%</b>

**Notes to Schedule:**

*Benefit changes.* There were no changes of benefit terms for the year ended June 30, 2021.

*Changes of Assumptions.* The discount rate as of June 30, 2021 was 2.21% and it decreased to 2.16 % as of June 30, 2022.

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  
 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, 2022**

Inflation	2.50 Percent
Real wage growth	0.75 Percent
Wage inflation	3.25 Percent
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Prior discount rate	2.21 Percent
Discount rate	2.16 Percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Dental	3.50 Percent

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)**  
**Local Governmental Employees' Retirement System**  
**Required Supplementary Information**  
**Last Nine Fiscal Years\***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Winterville's proportion of the net pension liability (asset) (%)	0.06630%	0.07585%	0.06629%	0.06338%	0.05582%	0.06104%	0.05167%	-0.05256%	0.04990%
Winterville's proportion of the net pension liability (asset) (\$)	\$ 1,016,774	\$ 2,710,444	\$ 1,810,328	\$ 1,503,590	\$ 852,775	\$ 1,295,473	\$ 231,891	\$ (309,970)	\$ 601,487
Winterville's covered payroll	\$ 4,395,534	\$ 4,522,411	\$ 4,010,702	\$ 3,361,774	\$ 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 payroll	23.13%	59.93%	45.14%	44.73%	25.76%	41.26%	7.95%	-11.16%	22.22%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

\*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**  
**Local Governmental Employees' Retirement System**  
**Required Supplementary Information**  
**Last Nine Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 499,268	\$ 455,240	\$ 404,281	\$ 318,718	\$ 259,810	\$ 233,090	\$ 213,693	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	499,268	455,240	404,281	318,718	259,810	233,090	213,693	205,740	201,060
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winterville's covered payroll	\$ 4,315,947	\$ 4,395,534	\$ 4,522,411	\$ 4,010,702	\$ 3,361,774	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072
Contributions as a percentage of covered payroll	11.57%	10.36%	8.94%	7.95%	7.73%	0.00%	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, 2022**

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 497,338	\$ 341,970	\$ 287,987	\$ 469,135	\$ 451,356	\$ 455,255
Service cost	48,066	31,728	25,789	23,264	20,521	23,410
Interest on the total pension liability	9,456	10,870	10,172	14,557	16,778	15,671
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	10,508	(11,346)	24,138	(190,519)	(14,777)	-
Changes of assumptions or other inputs	(15,907)	141,184	10,952	(11,478)	28,647	(10,381)
Benefit payments	(14,731)	(17,068)	(17,068)	(16,972)	(33,390)	(32,599)
Other	-	-	-	-	-	-
Ending balance	<u>\$ 534,730</u>	<u>\$ 497,338</u>	<u>\$ 341,970</u>	<u>\$ 287,987</u>	<u>\$ 469,135</u>	<u>\$ 451,356</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, 2022**

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 534,730	\$ 497,338	\$ 341,970	\$ 287,987	\$ 469,135	\$ 451,356
Covered payroll	1,249,193	1,262,427	1,086,090	957,694	884,010	945,108
Total pension liability as a percentage of covered payroll	42.81%	39.40%	31.49%	30.07%	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 BUDGETARY 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, 2022**

	Budget	Actual	Variable Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		4,654,147	
Interest		19,152	
Total	\$ 4,516,332	4,673,299	\$ 156,967
Other taxes and licenses:			
Vehicle tag fees		26,535	
Total	5,100	26,535	21,435
Unrestricted Intergovernmental:			
Local option sales tax		3,234,632	
Payment in lieu of taxes - external sources		2,609	
Utilities and telecommunications sales tax		367,502	
Beer and wine tax		41,474	
Total	3,371,205	3,646,217	275,012
Restricted Intergovernmental:			
Powell Bill allocation		310,097	
Pitt County Schools grant		70,542	
Unauthorized substance tax		3,503	
DOT reimbursement		3,660	
FEMA grant revenue		129,677	
SAFER Grant - FEMA		229,297	
Asset forfeiture		34,617	
Solid waste disposal tax		6,056	
Total	869,763	787,449	(82,314)
Permits and fees:			
Business registration fees		440	
Planning and zoning fees		22,835	
Total	607,940	23,275	(584,665)
Sales and services:			
Solid waste fees		574,514	
Community building/Rescue rent		20,580	
Fire inspections		17,336	
Building inspections		189,506	
Police event pay		43,505	
Greenville Utilities Commission		23,134	
User access fee		9,230	
Recreation		183,414	
Cemetery		7,750	
Total	1,132,274	1,068,969	(63,305)
Investment earnings	4,120	14,519	10,399
Miscellaneous:			
Rescue contribution	164,201	164,815	614
Other	37,000	22,101	(14,899)
Total	201,201	186,916	(14,285)
<b>Total revenues</b>	<b>10,707,935</b>	<b>10,427,179</b>	<b>(280,756)</b> 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, 2022**

	Budget	Actual	Variable Positive (Negative)
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Salaries and benefits		64,138	
Other operating expenditures		22,483	
Total	108,211	86,621	21,590
Administration:			
Salaries and employee benefits		1,455,880	
Maintenance and repairs		1,569	
Other operating expenditures		704,891	
Capital outlay		188,306	
Reimbursement - proprietary funds		(918,258)	
Total	3,694,178	1,432,388	2,261,790
Information Technology:			
Other operating expenditures		359,040	
Capital outlay		19,970	
Reimbursement - proprietary funds		(209,339)	
Total	472,053	169,671	302,382
Planning:			
Salaries and employee benefits		130,484	
Maintenance and repairs		63	
Other operating expenditures		5,049	
Total	156,345	135,596	20,749
Total general government	4,430,787	1,824,276	2,606,511
Public Safety:			
Police:			
Salaries and employee benefits		1,785,076	
Maintenance and repairs		23,376	
Other operating expenditures		188,031	
Noncapitalized equipment < \$5,000		4,935	
Capital outlay		76,086	
Total	2,440,337	2,077,504	362,833

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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		854	
Total	<u>23,098</u>	<u>854</u>	<u>22,244</u>
Fire:			
Salaries and employee benefits		1,407,737	
Maintenance and repairs		40,187	
Other operating expenditures		175,132	
Noncapitalized equipment < \$5,000		14,579	
Capital outlay		5,396	
Total	<u>1,864,262</u>	<u>1,643,031</u>	<u>221,231</u>
Rescue:			
Salaries and employee benefits		167,175	
Total	<u>164,201</u>	<u>167,175</u>	<u>(2,974)</u>
Total public safety	4,491,898	3,888,564	603,334
Transportation:			
Salaries and employee benefits		388,650	
Maintenance and repairs		44,697	
Other operating expenditures		65,510	
Other operating expenditures - Powell Bill		12,667	
Contracted services		72,547	
Capital outlay - Powell Bill		8,450	
Capital outlay		404,558	
Reimbursement - proprietary funds		(147,776)	
Total transportation	1,542,902	849,303	693,599
Environmental Protection:			
Sanitation:			
Other operating expenditures		578,678	
Total environmental protection	<u>553,000</u>	<u>578,678</u>	<u>(25,678)</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, 2022**

	Budget	Actual	Variable Positive (Negative)
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		344,208	
Maintenance and repairs		41,802	
Other operating expenditures		199,289	
Noncapitalized equipment <\$5,000		18,147	
Capital outlay		12,099	
Total parks and recreation	<u>996,537</u>	<u>615,545</u>	<u>380,992</u>
Library:			
Contribution to Sheppard Library	<u>165,300</u>	<u>163,500</u>	<u>1,800</u>
Public Buildings:			
Maintenance and repairs		31,103	
Capital outlay		103,234	
Other operating expenditures		337,689	
Reimbursement - proprietary funds		(86,623)	
Total public buildings	<u>716,578</u>	<u>385,403</u>	<u>331,175</u>
Total Cultural and Recreation	<u>1,878,415</u>	<u>1,164,448</u>	<u>713,967</u>
Economic Development:			
Contracted Services		-	
Total Economic Development	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Debt service:			
Principal retirement	723,182	723,182	-
Interest	87,376	87,410	(34)
Total debt service	<u>810,558</u>	<u>810,592</u>	<u>(34)</u>
Total expenditures	<u>13,727,560</u>	<u>9,115,861</u>	<u>4,611,699</u>
Revenues over (under) expenditures	(3,019,625)	1,311,318	4,330,943
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
Enterprise funds	2,011,996	650,000	(1,361,996)
General Fund to Fire Department	44,944	-	(44,944)
Transfers to other funds:			
Capital Reserve fund	<u>(104,369)</u>	<u>-</u>	<u>104,369</u>
Total other financing sources (uses)	1,952,571	650,000	(1,302,571)
Fund balance appropriated	<u>1,067,054</u>	<u>-</u>	<u>(1,067,054)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,961,318</u>	<u>\$ 1,961,318</u>
Fund balances, beginning		11,480,689	
Fund balances, ending		<u>\$ 13,442,007</u>	

**Town of Winterville, North Carolina**  
**Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental					
American Rescue Plan Funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Environmental protection	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer Out - General Fund	-	-	-	-	-
Transfer Out - Electric Fund	-	-	-	-	-
Transfer Out - Water Fund	-	-	-	-	-
Transfer Out - Sewer Fund	-	-	-	-	-
Transfer Out - Stormwater Fund	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	-	\$ -	\$ -
Fund balance - beginning			-		
Fund balance - ending			\$ -		





## 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, 2022**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sale of electricity		\$ 6,645,868	
Connection fees		60,330	
Service charges		74,203	
Miscellaneous revenue		103,803	
Total operating revenues	<u>\$ 7,061,984</u>	<u>6,884,204</u>	<u>\$ (177,780)</u>
Non-operating revenues:			
Investment earnings	<u>3,232</u>	<u>6,677</u>	<u>3,445</u>
Total revenues	7,065,216	6,890,881	(174,335)
<b>Expenditures:</b>			
Operating:			
Electrical power purchases		4,496,629	
Salaries and employee benefits		857,407	
Supplies		(143,034)	
Repairs and maintenance		17,808	
Contracted services		48,975	
Sales tax		415,591	
Other departmental expenses		75,663	
Expense reimbursement to general fund		439,470	
Expense reimbursement from water and sewer fund		(89,500)	
Total operating expenditures	<u>7,313,606</u>	<u>6,119,009</u>	<u>1,194,597</u>
Debt service:			
Principal retirement	363,551	363,551	-
Interest	15,967	15,967	-
Total debt service	<u>379,518</u>	<u>379,518</u>	<u>-</u>
Capital outlay:			
Noncapitalized equipment < \$5,000		56,647	
Capital outlay		266,660	
Total capital outlay	<u>1,770,270</u>	<u>323,307</u>	<u>1,446,963</u>
Total expenditures	<u>9,463,394</u>	<u>6,821,834</u>	<u>2,641,560</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, 2022**

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	(2,398,178)	69,047	2,467,225
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
General Fund	(650,000)	(650,000)	-
Enterprise Capital Reserve	(60,045)	-	60,045
Total other financing sources (uses)	(710,045)	(650,000)	60,045
Fund balance appropriated	3,108,223	-	(3,108,223)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	(580,953)	\$ (580,953)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		363,551	
Capital outlay		266,660	
Depreciation		(428,281)	
(Increase) decrease in accrued interest on installment purchases		1,160	
Increase (decrease) in deferred outflows of resources - pensions		(14,177)	
(Increase) decrease in deferred inflows of resources - pensions		(182,127)	
(Increase) decrease in net pension liability		225,198	
Increase (decrease) in deferred outflows of resources - OPEB		21,784	
(Increase) decrease in deferred inflows of resources - OPEB		3,177	
(Increase) decrease in accrued OPEB liability		(34,210)	
(Increase) decrease in accrued vacation pay		24,949	
Total		247,684	
Change in net position		\$ (333,269)	

**Town of Winterville, North Carolina**  
**Water Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales		\$ 1,492,343	
Tapping fees		15,750	
Other operating revenues		17,849	
Total operating revenues	1,538,872	1,525,942	(12,930)
Non-operating revenues:			
Investment earnings		1,927	
Total non-operating revenues	870	1,927	1,057
Total revenues	1,539,742	1,527,869	(11,873)
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		279,424	
Purchases for resale		393,479	
Supplies		58,549	
Repairs and maintenance		7,642	
Contracted services		30,068	
Other departmental expenses		57,810	
Expense reimbursement to general fund		388,358	
Expense reimbursement to electric fund		44,750	
Total operating expenditures	1,415,684	1,260,080	155,604
Debt service:			
Principal retirement	139,779	139,780	(1)
Interest	45,578	45,578	-
Total debt service	185,357	185,358	(1)
Capital outlay:			
Capital outlay		-	
Total capital outlay	47,000	-	47,000
Total expenditures	1,648,041	1,445,438	202,603
Revenues over (under) expenditures	(108,299)	82,431	190,730

**Town of Winterville, North Carolina**  
**Water Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Capital Reserve Fund	(13,500)	-	13,500
Total other financing sources (uses)	(13,500)	-	13,500
Fund balance appropriated	121,799	-	(121,799)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	82,431	\$ 82,431

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

Reconciling items:	
Principal retirement	139,780
Depreciation	(186,189)
(Increase) decrease in accrued interest on installment purchases	3,076
Increase (decrease) in deferred outflows of resources - pensions	770
(increase) decrease in deferred inflows of resources - pensions	(66,219)
(Increase) decrease in net pension liability	70,864
Increase (decrease) in deferred outflows of resources - OPEB	14,690
(Increase) decrease in deferred inflows of resources - OPEB	1,231
(Increase) decrease in accrued OPEB liability	(31,673)
(Increase) decrease in accrued vacation pay	10,018
Total	(43,652)
Change in net position	\$ 38,779

**Town of Winterville, North Carolina**  
**Sewer Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Sewer charges		\$ 2,452,806	
Tapping fees		5,790	
Total operating revenues	<u>\$ 2,489,610</u>	<u>2,458,596</u>	<u>\$ (31,014)</u>
Non-operating revenues:			
Investment earnings		1,469	
Development fees		23,483	
Sale of capital assets		14,750	
	<u>23,790</u>	<u>39,702</u>	<u>15,912</u>
Total revenues	2,513,400	2,498,298	(15,102)
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		87,082	
Supplies		21,868	
Repairs and maintenance		91,068	
Contracted services		94,068	
CMSD expense		1,024,672	
Other departmental expenses		73,000	
Expense reimbursement to general fund		397,627	
Expense reimbursement to electric fund		44,750	
Total operating expenditures	<u>2,127,563</u>	<u>1,834,135</u>	<u>293,428</u>
Debt service:			
Principal retirement	380,827	355,007	25,820
Interest	53,430	51,392	2,038
Total debt service	<u>434,257</u>	<u>406,399</u>	<u>27,858</u>
Capital outlay:			
Capital outlay		100,178	
Total capital outlay	<u>178,080</u>	<u>100,178</u>	<u>77,902</u>
Total expenditures	<u>2,739,900</u>	<u>2,340,712</u>	<u>399,188</u>
Revenues over (under) expenditures	(226,500)	157,586	384,086



**Town of Winterville, North Carolina**  
**Sewer Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfers from (to) other funds:			
Capital Reserve Fund	(23,500)	-	23,500
Church Street Capital Project Fund	-	(7,801)	(7,801)
Sewer Capital Projects Fund	(1,504)	(1,504)	-
Total other financing sources (uses)	(25,004)	(9,305)	15,699
 Fund balance appropriated	251,504	-	(251,504)
 Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	\$ -	148,281	\$ 148,281
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		355,007	
Capital outlay		100,178	
Depreciation		(316,486)	
(Increase) decrease in accrued interest on installment purchases		513	
Increase (decrease) in deferred outflows of resources - pensions		839	
(increase) decrease in deferred inflows of resources - pensions		(21,969)	
(increase) decrease in net pension liability		22,424	
Increase (decrease) in deferred outflows of resources - OPEB		4,996	
(Increase) decrease in deferred inflows of resources - OPEB		1,770	
(Increase) decrease in accrued OPEB liability		1,989	
(Increase) decrease in accrued vacation pay		7,260	
Capital Project Funds			
Transfer from sewer capital project fund		1,504	
Transfer from Church Street fund		7,801	
Total		165,826	
 Change in net position		\$ 314,107	

**Town of Winterville, North Carolina**  
**Sewer Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Project Authorization			Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
	June 30, 2021	Amendments	June 30, 2022				
<b>Expenditures:</b>							
Capital outlay:							
Construction	\$ 1,674,549	\$ -	\$ 1,674,549	\$ 1,829,851	\$ -	\$ 1,829,851	\$ (155,302)
Engineering	409,000	-	409,000	375,021	-	375,021	33,979
Contingency	357,169	1,504	358,673	-	-	-	358,673
Total capital outlay	<u>2,440,718</u>	<u>1,504</u>	<u>2,442,222</u>	<u>2,204,872</u>	<u>-</u>	<u>2,204,872</u>	<u>237,350</u>
Revenues over (under) expenditures	(2,440,718)	(1,504)	(2,442,222)	(2,204,872)	-	(2,204,872)	237,350
<b>Other financing sources:</b>							
Transfers from (to) other funds:							
Sewer Fund	47,857	1,504	49,361	50,000	1,504	51,504	2,143
Debt proceeds	2,392,861	-	2,392,861	2,153,368	-	2,153,368	(239,493)
Total other financing sources	<u>2,440,718</u>	<u>1,504</u>	<u>2,442,222</u>	<u>2,203,368</u>	<u>1,504</u>	<u>2,204,872</u>	<u>(237,350)</u>
Expenditures (over) under other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,504)</u>	<u>\$ 1,504</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Winterville, North Carolina**  
**Church Street Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Project Authorization			Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
	June 30, 2021	Amendments	June 30, 2022				
<b>Revenues:</b>							
Operating revenues:							
Storm Water charges	\$ 42,880	\$ -	\$ 42,880	\$ -	\$ -	\$ -	\$ (42,880)
Restricted Intergovernmental:							
FEMA Grant	87,200	-	87,200	87,200	-	87,200	-
Golden Leaf Foundation Grant	270,000	-	270,000	270,000	-	270,000	-
Total restricted intergovernmental	357,200	-	357,200	357,200	-	357,200	-
Total revenues	400,080	-	400,080	357,200	-	357,200	(42,880)
<b>Expenditures:</b>							
Capital outlay:							
Construction	438,760	-	438,760	460,528	-	460,528	(21,768)
Engineering	67,340	-	67,340	32,993	-	32,993	34,347
Contingency	22,500	-	22,500	-	-	-	22,500
Total capital outlay	528,600	-	528,600	493,521	-	493,521	35,079
Revenues over (under) expenditures	(128,520)	-	(128,520)	(136,321)	-	(136,321)	(7,801)
<b>Other financing sources:</b>							
Transfers from (to) other funds:							
Sewer Fund	128,520	-	128,520	128,520	7,801	136,321	7,801
Total other financing sources	128,520	-	128,520	128,520	7,801	136,321	7,801
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ (7,801)	\$ 7,801	\$ -	\$ -

**Town of Winterville, North Carolina**  
**Sewer Rehabilitation 2019 Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2021	Amendments	June 30, 2022		Current Year	Total to Date	
<b>Expenditures:</b>							
Capital outlay:							
Construction	\$ 2,804,700	\$ 323,947	\$ 3,128,647	\$ 526,342	\$ 2,254,940	\$ 2,781,282	\$ 347,365
Engineering	382,000	-	382,000	381,784	191,103	572,887	(190,887)
Contracted services	135,700	3,760	139,460	14,992	-	14,992	124,468
Contingency	280,500	(133,118)	147,382	-	-	-	147,382
Total capital outlay	<u>3,602,900</u>	<u>194,589</u>	<u>3,797,489</u>	<u>923,118</u>	<u>2,446,043</u>	<u>3,369,161</u>	<u>428,328</u>
Revenues over (under) expenditures	(3,602,900)	(194,589)	(3,797,489)	(923,118)	(2,446,043)	(3,369,161)	428,328
<b>Other financing sources:</b>							
Transfers from (to) other funds:							
Sewer Fund	70,700	3,760	74,460	70,700	-	70,700	(3,760)
Debt proceeds	3,532,200	190,829	3,723,029	338,484	1,256,899	1,595,383	(2,127,646)
Total other financing sources	<u>3,602,900</u>	<u>194,589</u>	<u>3,797,489</u>	<u>409,184</u>	<u>1,256,899</u>	<u>1,666,083</u>	<u>(2,131,406)</u>
Expenditures (over) under other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (513,934)</u>	<u>\$ (1,189,144)</u>	<u>\$ (1,703,078)</u>	<u>\$ (1,703,078)</u>

**Town of Winterville, North Carolina**  
**Sewer Rehabilitation 2020 Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2021	Amendments	June 30, 2022		Current Year	Total to Date	
<b>Federal Awards:</b>							
Clean Water State Grant	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
<b>Expenditures:</b>							
Capital outlay:							
Construction	1,337,200	-	1,337,200	-	-	-	1,337,200
Engineering	542,500	222,600	765,100	133,143	151,553	284,696	480,404
Contingency	134,000	-	134,000	-	-	-	134,000
Total capital outlay	<u>2,013,700</u>	<u>222,600</u>	<u>2,236,300</u>	<u>133,143</u>	<u>151,553</u>	<u>284,696</u>	<u>1,951,604</u>
Revenues over (under) expenditures	(1,513,700)	(222,600)	(1,736,300)	(133,143)	(151,553)	(284,696)	1,451,604
<b>Other financing sources:</b>							
Transfers from (to) other funds:							
Sewer Fund	39,500	-	39,500	-	-	-	(39,500)
Debt proceeds	1,474,200	222,600	1,696,800	-	-	-	(1,696,800)
Total other financing sources	<u>1,513,700</u>	<u>222,600</u>	<u>1,736,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,736,300)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (133,143)</u>	<u>\$ (151,553)</u>	<u>\$ (284,696)</u>	<u>\$ (284,696)</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, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Stormwater charges		\$ 506,375	
Total operating revenues	\$ 509,620	506,375	\$ (3,245)
Non-operating revenues:			
Investment earnings		1,124	
Total non-operating revenues	310	1,124	814
Total revenues	509,930	507,499	(2,431)
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		80,245	
Contracted services		28,549	
Supplies		1,045	
Engineering fees		13,588	
Repairs and maintenance		3,089	
Drainage district		12,381	
Expense reimbursement to general fund		136,541	
Total operating expenditures	538,638	275,438	263,200
Total expenditures	538,638	275,438	263,200
Revenues over (under) expenditures	(28,708)	232,061	260,769
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
Chapman Street Capital Project Fund	12,174	12,174	-
Total other financing sources (uses)	12,174	12,174	-
Fund balance appropriated	16,534	-	(16,534)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	\$ -	244,235	\$ 244,235

**Town of Winterville, North Carolina**  
**Stormwater Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

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

Reconciling items:

Depreciation	(40,623)
Increase (decrease) in deferred outflows of resources - pensions	(8,614)
(Increase) decrease in deferred inflows of resources - pensions	(14,841)
Increase (decrease) in deferred outflows of resources - OPEB	2,099
(Increase) decrease in deferred inflows of resources - OPEB	176
(Increase) decrease in net pension liability	32,217
(Increase) decrease in accrued OPEB liability	(4,525)
(Increase) decrease in accrued vacation pay	(1,640)
Capital Project Fund	
Transfer to Storm Water Fund	(12,174)
Total	<u>(47,925)</u>
Change in net position	<u>\$ 196,310</u>

**Town of Winterville, North Carolina**  
**Chapman Street Capital Project Fund Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2022**

	Project Authorization			Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
	June 30, 2021	Amendments	June 30, 2022				
<b>Revenues:</b>							
Restricted Intergovernmental:							
Golden Leaf Foundation Grant	\$ 1,094,000	\$ (12,174)	\$ 1,081,826	\$ 1,058,110	\$ -	\$ 1,058,110	\$ (23,716)
Total revenues	<u>1,094,000</u>	<u>(12,174)</u>	<u>1,081,826</u>	<u>1,058,110</u>	<u>-</u>	<u>1,058,110</u>	<u>(23,716)</u>
<b>Expenditures:</b>							
Capital outlay:							
Construction	911,705	-	911,705	890,338	-	890,338	21,367
Engineering	158,710	-	158,710	168,342	-	168,342	(9,632)
Contingency	23,585	(12,174)	11,411	8,000	-	8,000	3,411
Total capital outlay	<u>1,094,000</u>	<u>(12,174)</u>	<u>1,081,826</u>	<u>1,066,680</u>	<u>-</u>	<u>1,066,680</u>	<u>15,146</u>
Revenues over (under) expenditures	-	-	-	<u>(8,570)</u>	-	<u>(8,570)</u>	<u>(8,570)</u>
<b>Other financing sources:</b>							
Transfers from (to) other funds:							
General Fund	-	-	-	20,744	-	20,744	20,744
Storm Water Fund	-	(12,174)	(12,174)	-	(12,174)	(12,174)	-
Total other financing sources	<u>-</u>	<u>(12,174)</u>	<u>(12,174)</u>	<u>20,744</u>	<u>(12,174)</u>	<u>8,570</u>	<u>20,744</u>
Fund balance appropriated	-	12,174	12,174	-	-	-	(12,174)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,174</u>	<u>\$ (12,174)</u>	<u>\$ -</u>	<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 federal 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, 2022**  
**(With Comparative Actual Amounts as of June 30, 2021)**

<u>Governmental Capital Assets</u>	<u>2022</u>	<u>2021</u>
Land	\$ 4,859,857	\$ 4,766,629
Construction in process	246,992	222,442
Buildings	7,350,012	7,280,175
Infrastructure	32,180,716	31,488,705
Software	1,110,736	736,974
Vehicles and equipment	8,293,228	7,763,878
	<hr/>	<hr/>
Total	<u>\$ 54,041,541</u>	<u>\$ 52,258,803</u>

**Town of Winterville, North Carolina**  
**Schedule of Changes in Governmental Capital Assets**  
**By Function and Activity**  
**For the Fiscal Year Ended June 30, 2022**

<b>Function and Activity</b>	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>
General government	\$ 11,804,753	\$ 333,290	\$ -	\$ 12,138,043
Transportation	33,417,637	1,180,951	-	34,598,588
Public Safety	3,420,734	153,164	-	3,573,898
Cultural and recreation	3,615,679	115,333	-	3,731,012
<b>Total</b>	<b>\$ 52,258,803</b>	<b>\$ 1,782,738</b>	<b>\$ -</b>	<b>\$ 54,041,541</b>

## **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, 2022**

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 4,654,665	\$ 4,630,997	\$ 23,668
2020-2021	21,155	-	4,886	16,269
2019-2020	11,375	-	3,259	8,116
2018-2019	10,234	-	3,449	6,785
2017-2018	5,485	-	1,125	4,360
2016-2017	2,993	-	356	2,637
2015-2016	3,194	-	629	2,565
2014-2015	2,360	-	199	2,161
2013-2014	3,586	-	689	2,897
2012-2013	4,835	-	792	4,043
2011-2012	2,438	-	2,438	-
Total	<u>\$ 67,655</u>	<u>\$ 4,654,665</u>	<u>\$ 4,648,819</u>	<u>\$ 73,501</u>

Less: allowance for uncollectible accounts:  
General fund

27,143

Ad valorem taxes receivable - net

\$ 46,358

Reconcilement with Revenues:

Ad valorem taxes - General Fund

\$ 4,673,299

Reconciling items:

Interest collected

(19,152)

Taxes written off

2,438

Releases (prior years) and other adjustments

(7,766)

Subtotal

(24,480)

Total collections and credits

\$ 4,648,819

**Town of Winterville, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2022**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 946,276,211	0.475	\$ 4,494,812	\$ 3,999,048	\$ 495,764
Property taxes at prior year rate	31,899,368	0.475	151,522	-	151,522
Late listing penalties			1,345	1,345	-
Discoveries	1,917,684	0.475	9,109	9,109	-
Releases	(446,947)	0.475	(2,123)	(2,123)	-
Total property valuation	<u>\$ 979,646,316</u>				
Net levy			4,654,665	4,007,379	647,286
Uncollected taxes at June 30, 2022			<u>(23,668)</u>	<u>(23,515)</u>	<u>(153)</u>
Current year's taxes collected			<u>\$ 4,630,997</u>	<u>\$ 3,983,864</u>	<u>\$ 647,133</u>
Current levy collection percentage			<u>99.49%</u>	<u>99.41%</u>	<u>99.98%</u>

## STATISTICAL SECTION

This part of the Town of Winterville's Annual Comprehensive 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360	\$ 18,986,506	\$ 19,828,145	\$ 20,129,722	\$ 19,720,000	\$ 21,355,963	\$ 21,432,114	\$ 21,945,842
Restricted	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884	1,970,527
Unrestricted	2,695,079	3,573,881	4,634,264	4,406,677	5,427,561	3,629,707	3,498,581	4,645,350	6,577,537	8,072,204
<b>Total governmental activities net position</b>	<b>\$ 24,073,468</b>	<b>\$ 24,565,137</b>	<b>\$ 25,344,033</b>	<b>\$ 26,010,923</b>	<b>\$ 27,173,719</b>	<b>\$ 27,183,837</b>	<b>\$ 26,935,714</b>	<b>\$ 27,534,987</b>	<b>\$ 29,501,535</b>	<b>\$ 31,988,573</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711	\$ 5,294,157	\$ 5,559,549	\$ 5,680,189	\$ 8,097,786	\$ 8,710,776	\$ 9,295,708	\$ 10,890,001
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,642,021	6,784,202	7,890,408	8,474,991	9,160,180	9,717,672	9,078,339	10,461,778	11,736,890	10,358,524
<b>Total Business-type activities net position</b>	<b>\$ 11,980,044</b>	<b>\$ 12,037,688</b>	<b>\$ 13,256,119</b>	<b>\$ 13,769,148</b>	<b>\$ 14,719,729</b>	<b>\$ 15,397,861</b>	<b>\$ 17,176,125</b>	<b>\$ 19,172,554</b>	<b>\$ 21,032,598</b>	<b>\$ 21,248,525</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071	\$ 24,280,663	\$ 25,387,694	\$ 25,809,911	\$ 27,817,786	\$ 30,066,739	\$ 30,727,822	\$ 32,835,843
Restricted	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884	1,970,527
Unrestricted	9,337,100	10,358,083	12,524,672	12,881,668	14,587,741	13,347,379	12,576,920	15,107,128	18,314,427	18,430,728
<b>Total primary government net position</b>	<b>\$ 36,053,512</b>	<b>\$ 36,602,825</b>	<b>\$ 38,600,152</b>	<b>\$ 39,780,071</b>	<b>\$ 41,893,448</b>	<b>\$ 42,581,698</b>	<b>\$ 44,111,839</b>	<b>\$ 46,707,541</b>	<b>\$ 50,534,133</b>	<b>\$ 53,237,098</b>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412	\$ 2,239,443	\$ 2,166,843	\$ 2,103,977	\$ 2,469,166	\$ 2,518,487	\$ 2,487,844	\$ 2,051,515
Public Safety	1,936,031	2,020,494	1,955,444	2,238,766	2,342,745	2,570,270	3,500,759	4,544,537	4,469,278	3,901,809
Transportation	1,401,712	1,332,381	1,262,024	1,433,435	1,359,646	1,703,364	1,839,469	1,583,152	1,556,265	1,559,968
Environmental protection	420,736	423,582	449,332	460,797	479,991	496,618	515,105	532,194	549,593	578,678
Cultural and recreational	705,296	774,390	852,262	806,502	885,272	955,743	1,204,419	1,081,788	1,048,594	1,183,263
Economic and physical development	-	-	-	32,400	32,400	25,895	20,000	-	-	-
Interest on long-term debt	219,296	206,866	175,858	114,018	99,326	87,402	100,278	91,181	84,760	80,641
Reimbursements from business type activities	(202,708)	(151,682)	(59,696)	-	-	-	-	-	-	-
<b>Total governmental activities expense</b>	<b>\$ 6,638,711</b>	<b>\$ 6,749,392</b>	<b>\$ 6,747,636</b>	<b>\$ 7,325,361</b>	<b>\$ 7,366,223</b>	<b>\$ 7,943,269</b>	<b>\$ 9,649,196</b>	<b>\$ 10,351,339</b>	<b>\$ 10,196,334</b>	<b>\$ 9,355,874</b>
Business-type Activities:										
Electric	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117	\$ 5,839,943	\$ 5,940,771	\$ 6,425,988	\$ 6,179,886	\$ 5,423,306	\$ 5,511,463	\$ 6,574,150
Water	677,370	804,903	992,504	1,186,795	1,245,965	1,427,037	1,440,407	1,494,978	1,436,910	1,489,090
Sewer	1,714,303	1,780,834	1,921,325	1,962,456	1,917,535	2,034,642	1,990,784	2,147,918	2,126,076	2,184,191
Stormwater	84,597	143,314	149,477	142,812	177,186	104,125	207,907	240,969	308,776	311,189
<b>Total business-type activities expense</b>	<b>\$ 7,983,080</b>	<b>\$ 8,711,522</b>	<b>\$ 8,994,423</b>	<b>\$ 9,132,006</b>	<b>\$ 9,281,457</b>	<b>\$ 9,991,792</b>	<b>\$ 9,818,984</b>	<b>\$ 9,307,171</b>	<b>\$ 9,383,225</b>	<b>\$ 10,558,620</b>
<b>Total primary government expenses</b>	<b>\$ 14,621,791</b>	<b>\$ 15,460,914</b>	<b>\$ 15,742,059</b>	<b>\$ 16,457,367</b>	<b>\$ 16,647,680</b>	<b>\$ 17,935,061</b>	<b>\$ 19,468,180</b>	<b>\$ 19,658,510</b>	<b>\$ 19,579,559</b>	<b>\$ 19,914,494</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 53,053	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482	\$ 186,823	\$ 196,356	\$ 196,725	\$ 196,063	\$ 235,915
Public Safety	12,476	13,106	19,473	22,975	30,445	81,915	92,208	77,969	88,235	81,421
Transportation	-	-	6,914	3,660	3,660	-	-	-	-	-
Environmental protection	485,132	484,688	500,833	508,020	521,196	564,434	579,839	584,810	575,718	584,933
Cultural and recreational	186,731	145,706	147,350	148,514	160,042	132,002	128,206	105,542	63,414	183,414
Operating grants and contributions										
General government	41,833	44,786	-	5,000	28,425	308	2,878	2,274	67,175	-
Public Safety	16,605	21,464	3,850	6,923	43,138	147,146	249,594	890,387	734,876	397,094
Transportation	266,728	272,530	266,981	266,040	261,061	262,732	307,271	326,125	317,180	384,299
Environmental protection	5,881	5,282	6,201	5,979	6,306	6,224	7,017	7,243	7,256	6,056
Cultural and recreational	-	-	-	-	-	-	5,069	26,431	3,500	-
Capital grants and contributions										
Cultural and recreational	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	384,852	484,353	1,135,981	1,661,369	751,843
<b>Total governmental activities program revenues</b>	<b>\$ 1,068,439</b>	<b>\$ 1,153,544</b>	<b>\$ 1,124,953</b>	<b>\$ 1,165,827</b>	<b>\$ 1,260,755</b>	<b>\$ 1,766,436</b>	<b>\$ 2,052,791</b>	<b>\$ 3,353,487</b>	<b>\$ 3,714,786</b>	<b>\$ 2,624,975</b>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-type activities:</b>										
Charges for services										
Electric Fund	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499	\$ 6,477,361	\$ 6,796,158	\$ 7,265,794	\$ 7,110,807	\$ 6,572,224	\$ 7,095,359	\$ 6,884,204
Water Fund	718,195	743,400	1,239,032	1,237,389	1,469,305	1,509,879	1,504,858	1,514,973	1,555,607	1,525,942
Sewer Fund	1,664,340	1,682,865	1,897,528	1,893,949	1,938,108	2,008,368	2,198,603	2,193,883	2,507,015	2,458,596
Stormwater Fund	88,886	169,378	176,261	172,337	191,172	221,941	492,572	494,246	509,381	506,375
Operating grants and contributions	1,089	37,878	29,230	93,050	96,908	58,365	137,259	22,072	48,859	23,483
Capital grants and contributions	-	-	-	-	-	87,200	360,839	888,066	170,044	-
<b>Total business-type activities program revenues</b>	<b>\$ 8,828,715</b>	<b>\$ 8,987,467</b>	<b>\$ 10,028,550</b>	<b>\$ 9,874,086</b>	<b>\$ 10,491,651</b>	<b>\$ 11,151,547</b>	<b>\$ 11,804,938</b>	<b>\$ 11,685,464</b>	<b>\$ 11,886,265</b>	<b>\$ 11,398,600</b>
<b>Total primary government program revenues</b>	<b>\$ 9,897,154</b>	<b>\$ 10,141,011</b>	<b>\$ 11,153,503</b>	<b>\$ 11,039,913</b>	<b>\$ 11,752,406</b>	<b>\$ 12,917,983</b>	<b>\$ 13,857,729</b>	<b>\$ 15,038,951</b>	<b>\$ 15,601,051</b>	<b>\$ 14,023,575</b>
<b>Net Revenue (Expense):</b>										
Governmental activities	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)	\$ (6,159,534)	\$ (6,105,468)	\$ (6,176,833)	\$ (7,596,405)	\$ (6,997,852)	\$ (6,481,548)	\$ (6,730,899)
Business-type activities	845,635	275,945	1,034,127	742,080	1,210,194	1,159,755	1,985,954	2,378,293	2,503,040	839,980
<b>Total primary government net expense</b>	<b>\$ (4,724,637)</b>	<b>\$ (5,319,903)</b>	<b>\$ (4,588,556)</b>	<b>\$ (5,417,454)</b>	<b>\$ (4,895,274)</b>	<b>\$ (5,017,078)</b>	<b>\$ (5,610,451)</b>	<b>\$ (4,619,559)</b>	<b>\$ (3,978,508)</b>	<b>\$ (5,890,919)</b>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property Taxes	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055	\$ 3,633,653	\$ 3,722,789	\$ 3,788,508	\$ 3,897,507	\$ 4,068,445	\$ 4,549,911	\$ 4,688,000
Local option sales tax	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,029,698	2,176,597	2,251,108	2,609,407	3,234,632
Grants and contributions not restricted to specific programs	-	-	-	-	-	415,169	420,334	404,567	394,549	411,585
Other taxes and licenses	32,517	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961	26,535
Investment Earnings	8,580	6,869	9,623	9,816	9,160	52,769	166,081	102,824	643	14,519
Miscellaneous	196,763	268,351	503,895	630,471	1,040,275	247,608	286,727	238,474	216,625	192,666
Transfers	135,000	230,192	188,552	215,444	290,000	311,000	375,578	506,456	650,000	650,000
<b>Total governmental activities</b>	<b>\$ 5,716,077</b>	<b>\$ 6,087,517</b>	<b>\$ 6,566,958</b>	<b>\$ 6,826,424</b>	<b>\$ 7,493,635</b>	<b>\$ 6,868,320</b>	<b>\$ 7,348,282</b>	<b>\$ 7,597,125</b>	<b>\$ 8,448,096</b>	<b>\$ 9,217,937</b>
Business-type activity:										
Investment earnings, net of market adjustment	\$ 11,412	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607	\$ 52,377	\$ 167,888	\$ 124,592	\$ 7,004	\$ 11,197
Miscellaneous	-	-	-	-	-	-	-	-	-	14,750
Transfers	(135,000)	(230,192)	(188,552)	(215,444)	(290,000)	(311,000)	(375,578)	(506,456)	(650,000)	(650,000)
<b>Total business-type activity</b>	<b>\$ (123,588)</b>	<b>\$ (218,301)</b>	<b>\$ (181,444)</b>	<b>\$ (206,643)</b>	<b>\$ (279,393)</b>	<b>\$ (258,623)</b>	<b>\$ (207,690)</b>	<b>\$ (381,864)</b>	<b>\$ (642,996)</b>	<b>\$ (624,053)</b>
<b>Total primary government</b>	<b>\$ 5,592,489</b>	<b>\$ 5,869,216</b>	<b>\$ 6,385,514</b>	<b>\$ 6,619,781</b>	<b>\$ 7,214,242</b>	<b>\$ 6,609,697</b>	<b>\$ 7,140,592</b>	<b>\$ 7,215,261</b>	<b>\$ 7,805,100</b>	<b>\$ 8,593,884</b>
<b>Change in net position</b>										
Governmental activities	\$ 145,805	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167	\$ 691,487	\$ (248,123)	\$ 599,273	\$ 1,966,548	\$ 2,487,038
Business-type activities	722,047	57,644	852,683	535,437	930,801	901,132	1,778,264	1,996,429	1,860,044	215,927
<b>Total primary government</b>	<b>\$ 867,852</b>	<b>\$ 549,313</b>	<b>\$ 1,796,958</b>	<b>\$ 1,202,327</b>	<b>\$ 2,318,968</b>	<b>\$ 1,592,619</b>	<b>\$ 1,530,141</b>	<b>\$ 2,595,702</b>	<b>\$ 3,826,592</b>	<b>\$ 2,702,965</b>



**Town of Winterville, North Carolina  
Fund Balances, Governmental Fund  
(Modified Accrual Basis of Accounting)  
Table 3**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 73	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023	\$ 10,323	\$ 12,036	\$ 11,331	\$ 40,831	\$ 22,663
Restricted	2,063,859	2,022,330	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884	1,970,527
Committed	-	7,400	-	27,600	15,200	9,305	9,305	54,305	99,305	144,305
Assigned	-	-	-	-	669,683	1,296,299	418,406	130,021	469,544	507,102
Unassigned	3,289,582	4,236,207	5,413,814	5,214,955	5,913,768	4,310,558	5,337,796	7,102,605	9,379,125	10,797,410
Total General Fund	\$ 5,353,514	\$ 6,266,010	\$ 7,342,441	\$ 7,893,731	\$ 8,537,687	\$ 9,050,893	\$ 9,494,676	\$ 8,831,936	\$ 11,480,689	\$ 13,442,007
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES</b>										
Ad valorem taxes	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253	\$ 3,653,683	\$ 3,721,809	\$ 3,790,345	\$ 3,894,668	\$ 4,061,837	\$ 4,576,384	\$ 4,673,299
Other taxes and licenses	32,517	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961	26,535
Unrestricted intergovernmental	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,444,867	2,596,931	2,655,675	3,003,956	3,646,217
Restricted intergovernmental	328,652	339,925	282,550	285,844	341,621	416,410	571,829	1,252,460	1,129,987	787,449
Permits and fees	2,100	5,915	6,175	9,182	12,648	23,266	11,919	14,862	20,797	23,275
Sales and services	734,140	807,598	831,755	868,743	902,904	940,192	983,118	944,257	908,855	1,068,969
Investment earnings	10,975	11,006	11,019	11,574	10,129	52,769	166,081	102,824	643	14,519
Miscellaneous	15,053	48,351	28,365	54,054	61,592	247,608	173,921	253,224	181,547	186,916
<b>TOTAL REVENUES</b>	<b>\$ 6,454,118</b>	<b>\$ 6,816,537</b>	<b>\$ 7,066,950</b>	<b>\$ 7,220,120</b>	<b>\$ 7,482,114</b>	<b>\$ 7,939,025</b>	<b>\$ 8,423,925</b>	<b>\$ 9,310,390</b>	<b>\$ 9,849,130</b>	<b>\$ 10,427,179</b>
<b>EXPENDITURES</b>										
General Government	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649	\$ 1,915,542	\$ 1,798,530	\$ 1,839,021	\$ 2,008,322	\$ 2,098,548	\$ 2,105,270	\$ 1,824,276
Public Safety	1,838,331	2,372,543	1,939,110	2,346,423	2,197,435	2,328,056	3,912,881	5,320,092	3,826,550	3,888,564
Transportation	667,463	801,119	697,972	642,878	1,057,009	1,059,211	1,040,419	819,554	947,405	849,303
Environmental Protection	420,736	423,582	460,546	467,635	479,991	496,618	515,105	532,194	549,593	578,678
Cultural and Recreation	617,674	745,503	762,554	872,316	948,222	1,451,597	1,406,972	1,000,797	924,954	1,164,448
Riembursement - Proprietary Funds	(202,708)	(151,682)	(59,696)	-	-	-	-	-	-	-
Debt Service:										
Principal retirement	517,875	484,670	646,924	497,214	502,244	522,403	546,527	610,665	586,075	723,182
Interest and Fees	222,896	204,149	186,171	117,024	101,606	89,818	78,978	97,031	81,605	87,410
Capital Outlay	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,819,539</b>	<b>\$ 6,648,982</b>	<b>\$ 6,416,230</b>	<b>\$ 6,891,432</b>	<b>\$ 7,117,437</b>	<b>\$ 7,812,619</b>	<b>\$ 9,529,204</b>	<b>\$ 10,478,881</b>	<b>\$ 9,021,452</b>	<b>\$ 9,115,861</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 634,579</b>	<b>\$ 167,555</b>	<b>\$ 650,720</b>	<b>\$ 328,688</b>	<b>\$ 364,677</b>	<b>\$ 126,406</b>	<b>\$ (1,105,279)</b>	<b>\$ (1,168,491)</b>	<b>\$ 827,678</b>	<b>\$ 1,311,318</b>

continued

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>OTHER FINANCING SOURCES (USES)</b>										
Long Term Debt Issued	\$ -	\$ 540,800	\$ 139,500	\$ -	\$ -	\$ 86,500	\$ 1,113,171	\$ -	\$ 1,094,000	\$ -
Transfers in	135,000	230,192	188,552	215,444	290,000	311,000	375,578	527,200	650,000	650,000
Transfers out	-	-	-	-	-	-	-	(20,744)	-	-
Sale of capital assets	-	-	-	10,041	21,472	-	58,600	-	77,075	-
Total other financing sources (uses)	\$ 135,000	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472	\$ 397,500	\$ 1,547,349	\$ 506,456	\$ 1,821,075	\$ 650,000
<b>Net Change in Fund Balances</b>	<b>\$ 769,579</b>	<b>\$ 938,547</b>	<b>\$ 978,772</b>	<b>\$ 554,173</b>	<b>\$ 676,149</b>	<b>\$ 523,906</b>	<b>\$ 442,070</b>	<b>\$ (662,035)</b>	<b>\$ 2,648,753</b>	<b>\$ 1,961,318</b>
Debt Services as a percentage of noncapital expenditures	14%	11%	15%	10%	9%	9%	7%	7%	8%	10%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Beer and Wine Tax</b>	<b>Penalties/Interest</b>	<b>Total</b>
<b>2013</b>	\$ 3,371,069	\$ 1,651,989	\$ 249,038	\$ 37,771	\$ 18,429	\$ 5,328,296
<b>2014</b>	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
<b>2015</b>	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
<b>2016</b>	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
<b>2017</b>	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115
<b>2018</b>	3,769,774	2,029,698	373,318	40,575	20,571	6,233,936
<b>2019</b>	3,877,261	2,176,597	378,135	40,810	17,407	6,490,210
<b>2020</b>	4,036,209	2,251,108	362,205	41,170	25,628	6,716,320
<b>2021</b>	4,542,500	2,609,407	353,562	40,496	33,884	7,579,849
<b>2022</b>	4,654,147	3,234,632	367,502	41,474	19,152	8,316,907

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxes Levied For Fiscal Year</b>	<b>Property Valuation</b>	<b>Direct Tax Rate</b>
<b>2013</b>	\$ 3,004,730	\$ 380,663	\$ 3,385,393	\$ 712,714,316	\$ 0.475
<b>2014</b>	3,068,692	525,545	3,594,237	756,681,473	0.475
<b>2015</b>	3,097,787	432,342	3,530,129	743,185,053	0.475
<b>2016</b>	3,158,563	460,386	3,618,949	761,884,000	0.475
<b>2017</b>	3,231,495	479,943	3,711,438	781,355,368	0.475
<b>2018</b>	3,269,368	472,451	3,741,819	787,751,368	0.475
<b>2019</b>	3,248,858	656,806	3,905,664	822,041,474	0.475
<b>2020</b>	3,405,894	644,595	4,050,489	852,530,947	0.475
<b>2021</b>	3,736,698	772,537	4,509,235	949,085,684	0.475
<b>2022</b>	3,816,100	838,565	4,654,665	979,646,316	0.475

Source: Pitt County Tax Assessor

Note: Property in the county is reassessed once every four years on average. The last county-wide revaluation occurred January 1, 2020. 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**

<b>Fiscal Year</b>	<b>City Direct Rates</b>		<b>Overlapping Rates</b>			<b>Total Direct and Overlapping Rates</b>
	<b>Basic Rate</b>	<b>Total Direct Rate</b>	<b>Rescue District</b>	<b>Fire District</b>	<b>County Rate</b>	
<b>2013</b>	\$ 0.475	\$ 0.475	\$ 0.0460	\$ 0.0440	\$ 0.6800	\$ 1.2450
<b>2014</b>	0.475	0.475	0.0460	0.0440	0.6800	1.2450
<b>2015</b>	0.475	0.475	0.0460	0.0440	0.6800	1.2450
<b>2016</b>	0.475	0.475	0.0460	0.0440	0.6800	1.2450
<b>2017</b>	0.475	0.475	0.0460	0.0440	0.6960	1.2610
<b>2018</b>	0.475	0.475	0.0460	0.0440	0.6960	1.2610
<b>2019</b>	0.475	0.475	0.0460	0.0624	0.7210	1.3044
<b>2020</b>	0.475	0.475	0.0460	0.0624	0.7210	1.3044
<b>2021</b>	0.475	0.475	0.0595	0.0624	0.6797	1.2766
<b>2022</b>	0.475	0.475	0.0595	0.0870	0.6841	1.3056

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 2022			Fiscal Year 2013		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
The Roberts Co Fabrication Services Inc	Manufacturer	\$ 10,986,523	1	1.31%	\$ 5,772,649	1	0.94%
Sam's Real Estate Business Trust	Retail	7,960,324	2	0.95%	5,712,218	2	0.93%
J & S Firetower Property LLC	Warehouse	4,865,731	3	0.58%	2,518,078	6	0.41%
Winterville Machine Works, Inc	Manufacturer	4,536,207	4	0.54%	4,613,577	3	0.75%
Winter Village LLC	Retail	4,385,261	5	0.52%	3,298,085	4	0.54%
Aquatic Holdings LLC	Financial Institution	3,787,103	6	0.45%			
Regional Acceptance Corp.	Financial Institution	3,072,778	7	0.37%			
Wintergreen Commercial Park LLC	Developer	2,983,321	8	0.36%	2,415,922	7	0.39%
State Employees Credit Union	Financial Institution	2,624,398	9	0.31%	2,958,759	5	0.48%
James Hudson	Developer	2,493,767	10	0.30%	2,222,000	9	0.36%
Cole WG Greenville	Developer				2,066,672	10	0.34%
Barfield G Properties	Developer				2,359,041	8	0.38%
Totals		<u>\$ 47,695,413</u>		<u>5.68%</u>	<u>\$ 33,937,001</u>		<u>5.53%</u>
Real Property Valuation		\$ 839,677,978			\$ 613,255,232		

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

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Original Levy	Adjustments	Total Adjusted Levy	Total Amount Collected	Percentage of Original Levy	Collections for Prior Years	Total Amount Collected	Percentage of Adjusted Levy	
2013	\$ 3,386,316	\$ (923)	\$ 3,385,393	\$ 3,290,981	97.18%	\$ 89,577	\$ 3,380,558	99.86%	
2014	3,565,648	28,589	3,594,237	3,533,265	99.09%	57,386	3,590,651	99.90%	
2015	3,531,045	(916)	3,530,129	3,499,202	99.10%	28,567	3,527,769	99.93%	
2016	3,614,977	3,972	3,618,949	3,591,753	99.36%	24,002	3,615,755	99.91%	
2017	3,702,996	8,442	3,711,438	3,688,485	99.61%	19,960	3,708,445	99.92%	
2018	3,741,801	18	3,741,819	3,717,032	99.34%	19,302	3,736,334	99.85%	
2019	3,905,664	-	3,905,664	3,861,379	98.87%	-	3,861,379	98.87%	
2020	4,050,489	-	4,050,489	4,007,001	98.93%	-	4,007,001	98.93%	
2021	4,509,235	-	4,509,235	4,488,080	99.53%	-	4,488,080	99.53%	
2022	4,647,679	6,986	4,654,665	4,630,997	99.64%	-	4,630,997	99.49%	

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	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Lease	Installment Purchases	General Obligation Bonds	Notes Payable	Capital Leases			
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	3.49%	841
2019	-	3,577,715	-	5,590,073	-	9,167,788	3.89%	970
2020	-	2,967,050	-	5,573,040	-	8,540,090	3.76%	904
2021	-	3,474,975	-	5,220,002	-	8,694,977	2.32%	831
2022	-	2,751,793	-	5,618,563	-	8,370,356	2.11%	790

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**

---

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
<b>2013</b>	\$ 936,500	0.1%	\$ 99
<b>2014</b>	916,500	0.1%	96
<b>2015</b>	-	0.0%	-
<b>2016</b>	-	0.0%	-
<b>2017</b>	-	0.0%	-
<b>2018</b>	-	0.0%	-
<b>2019</b>	-	0.0%	-
<b>2020</b>	-	0.0%	-
<b>2021</b>	-	0.0%	-
<b>2022</b>	-	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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit, 8% of Assessed Value	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804	\$ 60,950,720	\$ 62,508,429	\$ 63,020,109	\$ 65,763,318	\$ 68,202,476	\$ 75,926,855	\$ 78,371,705
Total net debt applicable to limit	9,104,424	9,084,424	8,062,412	8,975,465	7,923,125	3,011,071	3,577,715	2,967,050	3,474,975	2,751,793
Legal debt Margin	\$ 47,912,721	\$ 51,450,094	\$ 51,392,392	\$ 51,975,255	\$ 54,585,304	\$ 60,009,038	\$ 62,185,603	\$ 65,235,426	\$ 72,451,880	\$ 75,619,912
Total net debt applicable to the limit as a percentage of debt limit	15.97%	15.01%	13.56%	14.73%	12.68%	4.78%	5.44%	4.35%	4.58%	3.51%

**Legal Debt Margin Calculation for Fiscal Year Ending June 30**

Assessed Property Valuation	\$ 949,085,684	\$ 979,646,316
Debt Limit (8% of assessed value)	75,926,855	78,371,705
Debt applicable to limit:		
General Obligation Bonds	-	-
Installment Notes Payable	3,474,975	2,751,793
Legal Debt Margin	<u>\$ 72,451,880</u>	<u>\$ 75,619,912</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**  
**June 30, 2022**  
**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	\$ 116,404,501	6.5%	\$ 7,534,894
<b>Subtotal, overlapping debt</b>			\$ 7,534,894
<b>Total direct debt</b>			<u>2,751,793</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 10,286,687</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		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Small General Service</b>	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
	<b>Medium General Service</b>	Facility Charge	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
<b>Large General Service</b>	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	\$11.26 per kW for all kW	\$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
<b>Large General Service Temporary</b>	Facility Charge	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	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
	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
	<b>Residential Service</b>	Facility Charge	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	
	Rate per kWh over 800 kWh	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	
<b>Outdoor Lighting</b>	70W Sodium Vapor	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
	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	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft	\$85 + \$3.00/ft
		>150 ft.	>150 ft.	>150 ft.	>150 ft.	>150 ft.	>150 ft.	>150 ft.	>150 ft.	>150 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										
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Water	Monthly Base Rate (3kG)	In	\$ 11.52	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40
		Out	\$ 23.04	\$ 23.04	\$ 38.04	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80
	Rate per 1kG for next 17 kG	In	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
		Out	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62
Rate per 1kG for over 20kG	In	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	
	Out	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	
Sewer	Monthly Base Rate (3kG)	In	\$ 23.34	\$ 23.34	\$ 26.56	\$ 26.83	\$ 26.83	\$ 26.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 34.33
		Out	\$ 54.92	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65	\$ 53.65	\$ 57.65	\$ 61.15	\$ 61.15	\$ 61.15	
	Rate per 1kG for next 17 kG	In	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57
		Out	\$ 16.97	\$ 16.97	\$ 16.97	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14
Rate per 1kG for over 20kG	In	\$ 6.94	\$ 6.94	\$ 6.94	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	
	Out	\$ 11.81	\$ 11.81	\$ 13.88	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02	\$ 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	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	
		In	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	

**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)
<b>2013</b>	9,471	\$ 66,447	\$ 27,877	23,495	9.6%
<b>2014</b>	9,506	69,437	29,132	23,852	6.9%
<b>2015</b>	9,511	57,220	26,865	23,511	5.5%
<b>2016</b>	9,464	58,801	27,309	23,348	5.5%
<b>2017</b>	9,447	59,135	28,662	23,301	4.5%
<b>2018</b>	9,368	59,135	28,662	23,255	4.9%
<b>2019</b>	9,845	63,976	34,260	23,487	5.2%
<b>2020</b>	9,931	72,584	34,246	23,343	7.3%
<b>2021</b>	10,462	74,527	35,828	23,975	5.1%
<b>2022</b>	10,591	68,525	37,436	23,235	4.5%

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

**Town of Winterville, North Carolina**  
**Principal Employers**  
**June 30, 2022**  
**Table 17**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Pitt Community College	895	1	8.85%
Roberts Company	402	2	3.97%
Pitt County Schools	191	3	1.89%
Regional Acceptance Corporation	160	4	1.58%
North Carolina Driving School	158	5	1.56%
Chick-fil-A	130	6	1.29%
Sam's Club	126	7	1.25%
Town of Winterville	100	8	0.99%
ONLINE Information Services, Inc.	71	9	0.70%
Winterville Machine Works	58	10	0.57%
<b>Total</b>	<b><u>2,291</u></b>		<b><u>22.65%</u></b>

Source: Staff contact with employers.



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

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Central government										
Administration	2	4	5	5	5	5	5	5	5	4
Finance	6	6	6	6	6	6	6.5	6.5	6.5	6.5
Town Clerk	1	1	1	1	1	1	1	1	1	1
Planning	3	1	1	1	1	1	1	1	1	1
Inspections	N/A	2	2	2	2	2	2	2	2	2
Transportation										
Streets and Highways	3.5	6	6	5	4	4	4	4	4	4
Public Safety										
Sworn Officers	18	19	19	19	19	19	19	23	23	23
Civilians	1	1	1	1	1	1	1	1	1	1
Fire	1	1	1	1	1	1	2	15	15	17
Public Works	3.5	3.5	4	4	4	3	3	4	4	4
Economic and physical development	0	0	0	1	1	1	1	1	1	1
Cultural and recreation	4	4	4	4	4	4	5	5	5	5
Operation Support / IT	2	1	1	0	0	0	0	0	0	0
Electric operations	9	10.5	9.5	9	9	10	10.5	10.5	10.5	10.5
Water	4	3	3	3	3	4	4	4	4	4
Sewer	2	2	2	2	2	2	2	2	2	2
Storm Water	0	0	0	0	1	1	2	2	2	2
Information Technology	2	2	2	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>62</b>	<b>67</b>	<b>67.5</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>69</b>	<b>87</b>	<b>87</b>	<b>88</b>

Source: Town Human Resource Department

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

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Police</b>										
Physical arrests	333	217	254	269	367	188	453	434	508	440
Traffic Violations	3,959	3,942	2,945	3,707	3,346	2,701	7,513	5,943	4,939	3,590
<b>Fire</b>										
Number of calls answered	380	360	560	600	693	794	1,253	1,379	1,463	1,590
Inspections	230	N/A	318	520	467	479	446	391	457	375
<b>Building Inspections</b>										
New construction permits	26	101	126	98	89	98	98	98	130	84
<b>Highways and Streets</b>										
Street Resurfacing	8	-	3	8	-	0.25	0.25	0.26	0.26	-
Potholes Repaired	75	50	30	50	40	150	150	37	50	42
<b>Sanitation</b>										
Refuse collected (tons/day)	7	6	6	7	8	8	8	8	8	9
Recyclables collected (tons/day)	2	2	2	2	2	2	2	2	2	3
<b>Culture and Recreation</b>										
Athletic field permits issued	-	-	-	-	-	-	-	-	-	-
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Water</b>										
New Connections	11	63	62	75	95	49	59	39	100	40
Water main breaks	-	1	1	1	1	-	-	-	-	1
Average daily consumption (hundreds of gallons)	545,666	531,679	528,227	540,595	551,661	583,332	574,918	577,382	598,726	586,939
Number of customers	3,775	3,838	3,900	3,975	4,065	4,114	4,173	4,212	4,312	4,352
<b>Wastewater</b>										
New Connections	18	62	80	79	105	55	63	42	74	33
Average daily sewage treatment (hundreds of gallons)	495,300	489,636	493,172	506,912	506,286	535,603	530,213	532,382	549,280	542,085
Number of customers	3,450	3,512	3,592	3,671	3,766	3,821	3,884	3,926	4,000	4,033

Source: Various departments

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	28
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highways and Streets										
Streets (miles)	43.66	43.66	43.92	44.35	45.1	45.45	45.82	46.65	47.74	48.12
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	N/A	3	3	3	3	3	3	4	4	4
Parks and Recreation										
Park Acreage	30	30	30	30	30	30	30	30	30	30
Tennis Court	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football	3	3	3	3	3	3	3	4	4	4
Community Centers	0	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	63.82	64	64	64	68	68	71	71	72	69.08
Fire Hydrants	384	384	395	416	424	427	428	428	448	450
Wastewater										
Sanitary sewers (miles)	61.22	61.22	61.22	62	63	63	65	65	68	68.23
Storm water pipe	33.28	38	38	38	38	38	38	39	41	41.33

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**





Carr, Riggs & Ingram, P.L.L.C.  
2805 North Park Drive  
Goldsboro, NC 27534

Mailing Address:  
PO Box 10588  
Goldsboro, NC 27532

919.751.8297  
919.778.0575 (fax)  
CRlcpa.com

**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, 2022, 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 November 30, 2022.

**Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

### **Report on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-002.

### **Town of Winterville, North Carolina's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Winterville, North Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Winterville, North Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **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, P.L.L.C.*

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina  
November 30, 2022



**Carr, Riggs & Ingram, P.L.L.C.**  
2805 North Park Drive  
Goldsboro, NC 27534

Mailing Address:  
PO Box 10588  
Goldsboro, NC 27532

919.751.8297  
919.778.0575 (fax)  
CRIcpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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 Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Winterville, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and 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's major federal programs for the year ended June 30, 2022. The Town of Winterville's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Winterville, North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Winterville's compliance with the compliance requirements referred to above.



### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Winterville, North Carolina's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Winterville, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Winterville, North Carolina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Winterville, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Winterville, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Winterville, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 federal 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 federal 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 federal 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, P.L.L.C.*

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina  
November 30, 2022

**Town of Winterville, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

---

**Section I Summary of Auditors' Results**

---

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards:

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	None noted
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Part 200.516(a)	No

Identification of major federal programs

Federal Assistance Listing Number	Name of Federal Program
66.458	Capitalization Grants for Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Town of Winterville, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

---

**SECTION II FINANCIAL STATEMENT FINDINGS**

---

**SIGNIFICANT DEFICIENCIES**

**2022-001 Account Reconciliations and Census Data for Employee Benefits**

**Criteria:** Management should have a system of internal controls over account reconciliations to assist in mitigating and reducing potential misstatements in financial reporting.

**Condition:** During our audit procedures, we noted employee benefit accounts for health insurance, retirement and other benefits were not reconciled and updated in a timely manner.

**Effect:** Insurance premiums for employees' health insurance were paid late for several months. New employees were not added to benefits or former employees removed from benefits in a timely manner. There is a possibility that employees may be denied benefits for which they are eligible and also that the Town may pay benefits for former employees who are no longer eligible for such benefits. One law enforcement officer was paid for separation allowance for 28 months after he was no longer eligible resulting in an overpayment of \$16,361. Also, errors in financial reporting could occur and not be detected and corrected in a timely manner.

**Cause:** The Town did not maintain a system of internal controls over employee benefit account reconciliations.

**Recommendation:** The Town should develop a system of internal controls over employee benefits to ensure that employee records are updated, added or deleted from employee benefit programs in a timely manner. Also, employee benefit withholdings and premiums should be reconciled to invoices on a monthly basis to ensure balances are accurate for financial reporting.

**Views of responsible officials:** The Town agrees with this finding and has set forth a corrective action plan.

**Corrective action:** The Town has begun identifying areas where reconciliations are necessary and key individuals for these processes. Management also plans to hire a Human Resources Director in the current fiscal year. Management is reviewing existing policies and procedures for updating to assist in timely and accurate account reconciliations. Implementation of new controls are being addressed and should be completed during the fiscal year ending June 30, 2023.

**Town of Winterville, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

---

**SECTION II FINANCIAL STATEMENT FINDINGS (CONTINUED)**

---

**2022-002 Noncompliance with North Carolina General State Statute –  
Budgetary Accounting for Appropriations and Annual Balanced Budget Ordinance**

**Criteria:** G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

**Condition:** The Town over-expended various departments and line items in its 2021-2022 budget.

<u>Department / Line Item</u>	<u>Over-expenditure</u>
General Fund	
Environmental protections	\$25,678
Rescue	2,974
Debt service	34
Sewer Fund	
Transfer to other funds	7,801

**Effect:** Moneys were spent that had not been obligated and appropriated.

**Cause:** The Town expended various funds that had not been budgeted for in the budget ordinance and a budget amendment was not adopted.

**Recommendation:** Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted. In addition the Town should continue to monitor its budget throughout the year.

**Views of responsible officials:** The Town agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts and the Town will monitor its budget throughout the year.

**Corrective action:** Management and the Town Council will review monthly financial reports and amend the budget as necessary during the coming fiscal year.

---

**SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

---

None reported.



2571 Railroad Street  
PO Box 1459  
Winterville, NC 28590

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

---

## SECTION II FINANCIAL STATEMENT FINDINGS

---

### SIGNIFICANT DEFICIENCIES

#### **2021-002 Account Reconciliations and Census Data for Employee Benefits**

Name of Contact Person: Terri Parker, Town Manager

Corrective Action: The Town has begun identifying areas where reconciliations are necessary and key individuals for these processes. Management plans to hire a Human Resource Director during the current fiscal year. Management is reviewing existing policies and procedures for updating to assist in timely and accurate employee benefit account reconciliations.

Proposed Completion Date: June 30, 2023.

#### **2022-002 Noncompliance with North Carolina General State Statute – Excess of Expenditures over Budget**

Name of Contact Person: Anthony Bowers, Assistant Town Manager

Corrective Action: Management and the Town Council will review monthly financial reports and amend the budget as necessary during the coming fiscal year.

Proposed Completion Date: The Town plans to begin this process immediately.

---

## SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

---

None reported.

**Town of Winterville, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2022**

---

**SECTION II FINANCIAL STATEMENT FINDINGS**

---

None reported.

---

**SECTION III FEDERAL AWARDS 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, 2022**

<i>Grantor/Pass-through Grantor/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>State/Pass-through Grantor's Number</i>	<i>Federal (Direct and Pass- through) Expenditures</i>	<i>State Expenditures</i>
<b>Federal Awards:</b>				
<b>Cash Programs:</b>				
United States Department of Homeland Security				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FF-00125	\$ 129,677	\$ -
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00130	278,419	-
Total			408,096	
United States Environmental Protection Agency				
Passed through - NC Department of Environmental Quality				
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370879-02	2,446,042	-
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370879-03	151,553	-
Total Clean Water State Revolving Fund (CWSRF) Cluster			2,597,595	-
<b>State Awards:</b>				
<b>Cash Assistance:</b>				
NC Department of Transportation:				
Powell Bill		38570	-	34,067
			\$ 3,005,691	\$ 34,067

The Town did not provide federal or state funds to sub-recipients for the fiscal year ended June 30, 2022.



**Town of Winterville, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2022**

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, 2022. 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* (Uniform Guidance) 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, 2022.

6. Federally Funded Insurance.

The Town of Winterville has no federally funded insurance.