

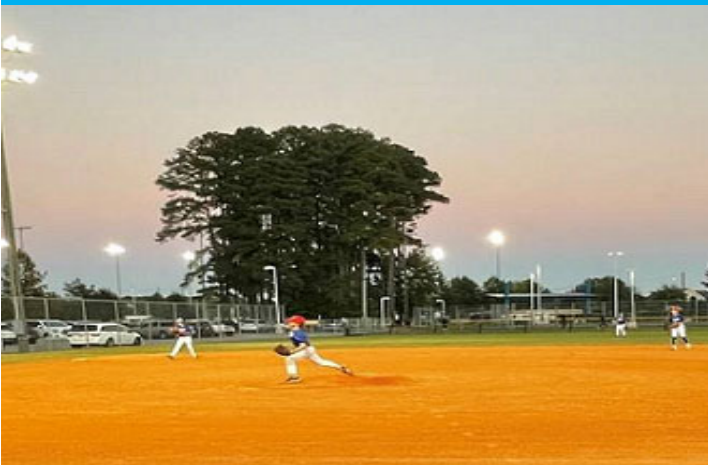
WINTERVILLE

North Carolina



Annual Comprehensive Financial Report

For the Fiscal Year Ending June 30th, 2023



A slice of the good life!



Annual Comprehensive Financial Report

of the

Town of Winterville, North Carolina

For the Fiscal Year Ended June 30, 2023

Jessica Manning
Finance Director

Anthony Bowers
Assistant Town Manager



Town of Winterville, North Carolina
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June 30, 2023

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INTRODUCTORY SECTION



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Richard E. Hines

Council Members

Johnny L Moye – Mayor Pro-Tem

Paul A. Rice

Brandy Harrell

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Assistant Town Manager

Anthony Bowers

Finance Director

Jessica Manning

Town Clerk

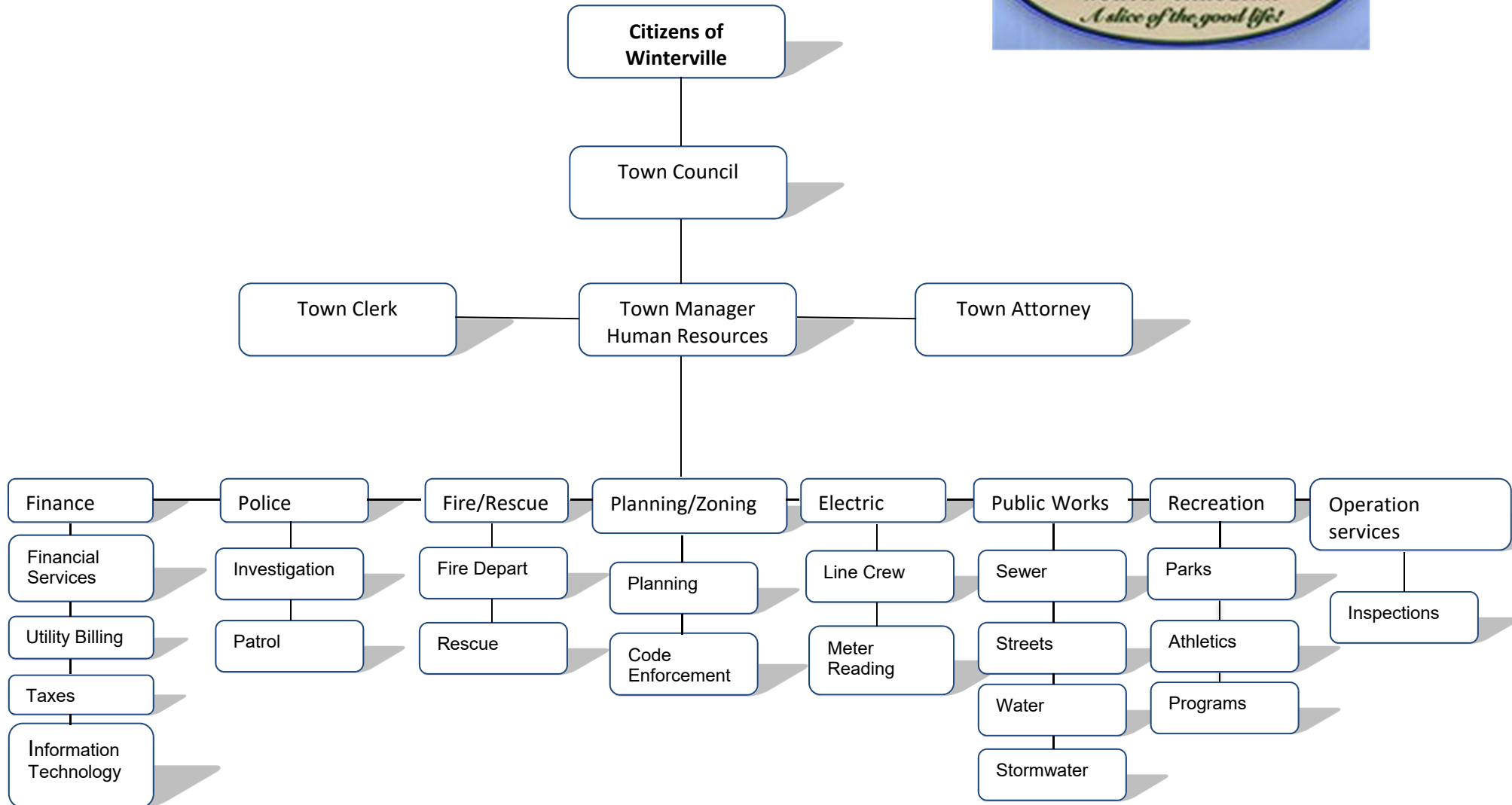
Don Harvey

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

December 12, 2023

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 twelfth Annual Comprehensive Financial Report. This report is for the fiscal year ending June 30th, 2023. 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 30th, 2023.

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 10,724 as of June 30th, 2023.

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

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

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

Local Economy

The local economy is based mostly on retail facilities that are located in close proximity to NC Highway 11. According to official NCDOT traffic counts NC 11 carries 41,000 vehicles through our town every day. Major retailers such as Sam's Club, Advance Auto, Walgreens, Chick-Fil-A, and Lowes Foods, 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 148 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 701 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 38 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 4.2 percent. The population for Pitt County is 172,542.

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, 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 squad and a new aerial platform truck. Recreation is also a major focus as the Town positions itself to construct a multi-purpose facility and has acquired land that can be used for the purpose of additional green space and parks.

With respect to the Enterprise Funds, the Town recently completed work on a 3.6-million-dollar sewer system upgrade and rehabilitation system that revamped a major portion of the Town's old sewer lines. Funding for the project was 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 \$8.25 million and will begin in 2024.

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. CMSD has begun a new phase of expansion with the addition of increased BMP that will allow for the region to continue to grow.

The Town has also recently adopted a new 10-year CIP for the Water fund that will focus on increasing water quality and water flow. The first focus of the CIP will be to improve \$3,111,000 in water looping projects.

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 for the 2023-2024 fiscal year. We had 71 residential lots final platted for the 2022-2023 fiscal year. Although there are few undeveloped residential lots due to continued growth, there are numerous neighborhoods/neighborhood expansions under way or on the verge of development. The census estimates that 97.27% of the residential units in Winterville are occupied. Commercial growth will continue as there are some large projects currently underway that will bring even more interest into the Town of Winterville.

Costs 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.

These programs 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 12.14% of earnings for employees not engaged in law enforcement and 13.04% for law enforcement officers for the fiscal year ending June 30th, 2023. All employees contribute 6.0% of their earnings to the state retirement system.

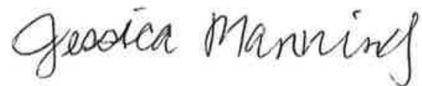
The Town is required by state statute to contribute an amount equal to 5% of participant earnings to a supplemental retirement plan (401k) for law enforcement officers. No contribution is required of the participants in this plan, but voluntary contributions are permitted up to the legally allowed maximum 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, 2023, 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, 2023, 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 of 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 87 – 92 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 December 12, 2023, 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
December 12, 2023



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, 2023. 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

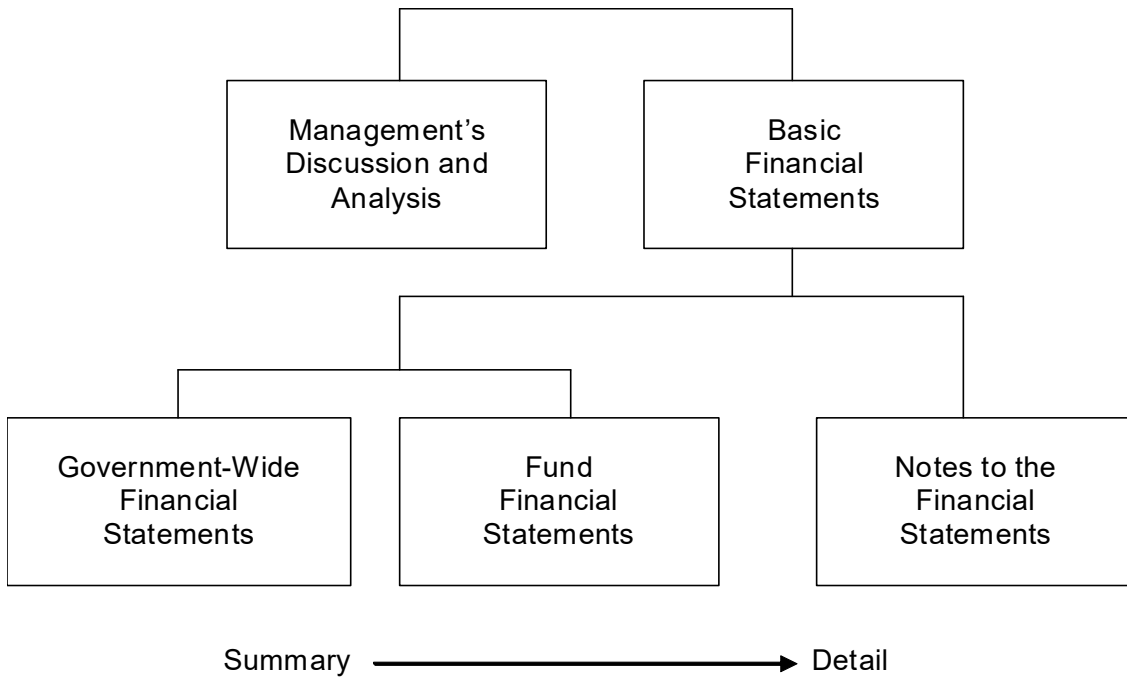
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$59,983,355 (net position).
- The net position increased in the amount of \$6,746,257, which was primarily due to increased General Fund revenues 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 \$15,431,856, an increase of \$1,989,849 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,142,151, or 124% percent of total General Fund expenditures for the fiscal year.
- Capital asset, net of depreciation, increased at the government-wide level by \$408,610.
- Long-term liabilities, excluding pensions, OPEB, and compensated absences, increased at the government-wide level by \$122,100.
- The Town borrowed \$1,189,234 during the current fiscal year for construction costs of the 2019 Sewer Rehabilitation Capital Project Fund.
- The Town received \$1,582,492 and \$1,582,492 of American Rescue Plan (ARPA) funds during fiscal years 2023 and 2022, respectively. The Town expended all \$3,164,984 of ARPA 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 for major governmental funds; 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 16,608,735	\$ 16,702,000	\$ 17,040,329	\$ 11,584,259	\$ 33,649,064	\$ 28,286,259
Capital assets	25,163,088	24,697,635	16,451,721	16,508,564	41,614,809	41,206,199
Total assets	<u>41,771,823</u>	<u>41,399,635</u>	<u>33,492,050</u>	<u>28,092,823</u>	<u>75,263,873</u>	<u>69,492,458</u>
Deferred outflows of resources	<u>2,405,874</u>	<u>1,955,422</u>	<u>633,826</u>	<u>461,570</u>	<u>3,039,700</u>	<u>2,416,992</u>
Long-term liabilities outstanding	7,167,290	6,017,286	7,113,730	5,974,308	14,281,020	11,991,594
Other liabilities	1,774,101	3,829,543	1,360,580	1,025,421	3,134,681	4,854,964
Total liabilities	<u>8,941,391</u>	<u>9,846,829</u>	<u>8,474,310</u>	<u>6,999,729</u>	<u>17,415,701</u>	<u>16,846,558</u>
Deferred inflows of resources	<u>714,120</u>	<u>1,519,655</u>	<u>190,397</u>	<u>306,139</u>	<u>904,517</u>	<u>1,825,794</u>
Net Position:						
Net investment in capital assets	22,975,773	21,945,842	10,146,580	10,890,001	33,122,353	32,835,843
Restricted	2,492,439	1,970,527	17,690	-	2,510,129	1,970,527
Unrestricted	<u>9,053,974</u>	<u>8,072,204</u>	<u>15,296,899</u>	<u>10,358,524</u>	<u>24,350,873</u>	<u>18,430,728</u>
Total net position	<u>\$ 34,522,186</u>	<u>\$ 31,988,573</u>	<u>\$ 25,461,169</u>	<u>\$ 21,248,525</u>	<u>\$ 59,983,355</u>	<u>\$ 53,237,098</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 \$59,983,355 as of June 30, 2023. However, the largest portion of net position (55%) 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 \$2,510,129 (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24,350,873 (41%) 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 99.16% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.29%, which is a decrease from the previous year's collection percentage of 99.49%.
- Current year property tax collections increased to \$4,793,997 which is up from \$4,630,997 in 2022.
- The Town had a tax base of \$1,008,979,368 as of June 30, 2023, an increase of 3% over the previous year 2022.

Governmental Activities: Governmental activities increased the Town's net position by \$2,533,613. The key elements of this increase are increased property taxes, sales taxes and investment earnings.

Business-Type Activities: Business-type activities increased the Town's net position by \$4,212,644 accounting for 62% of the government-wide increase in net position. For the previous fiscal year, business-type activities increased net position by \$215,927. Key elements of this increase of \$3,996,717 were an increase of 23% in electrical revenues combined with an increase in the cost of electric power purchases of \$454,467 (10%). The Town also transferred \$3,164,984 from the General Fund to the Storm Water Capital Project fund for the future construction of storm water and drainage improvements.

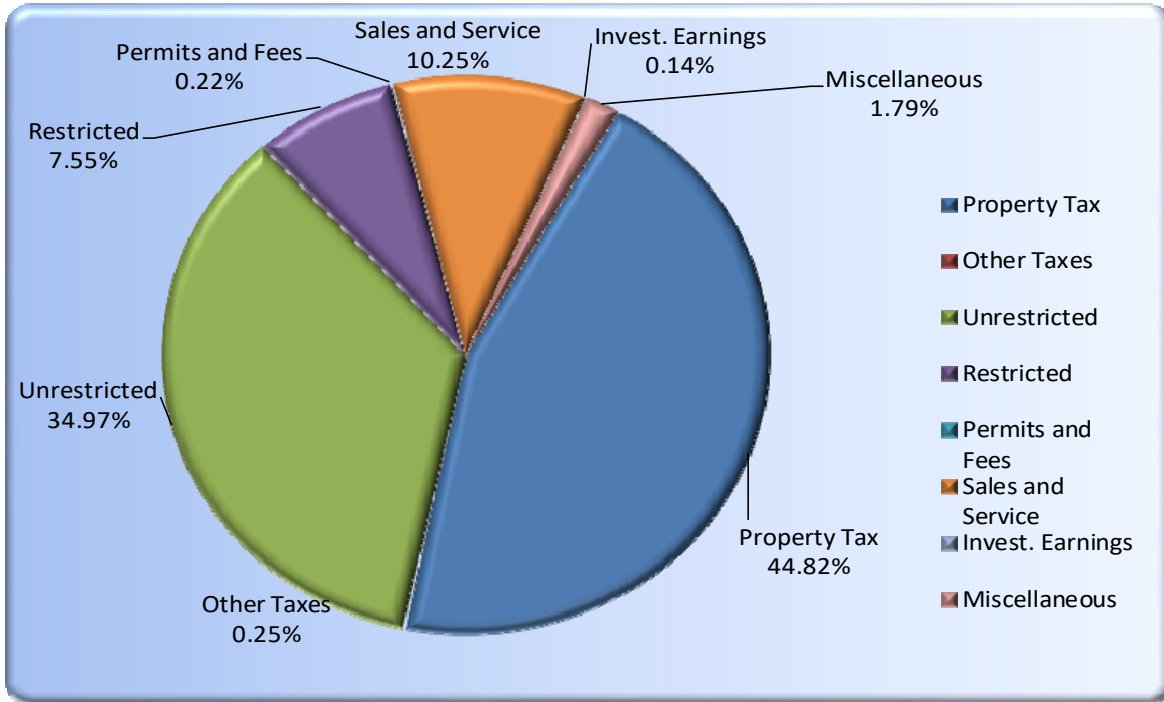
Town of Winterville, North Carolina Management's Discussion and Analysis

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

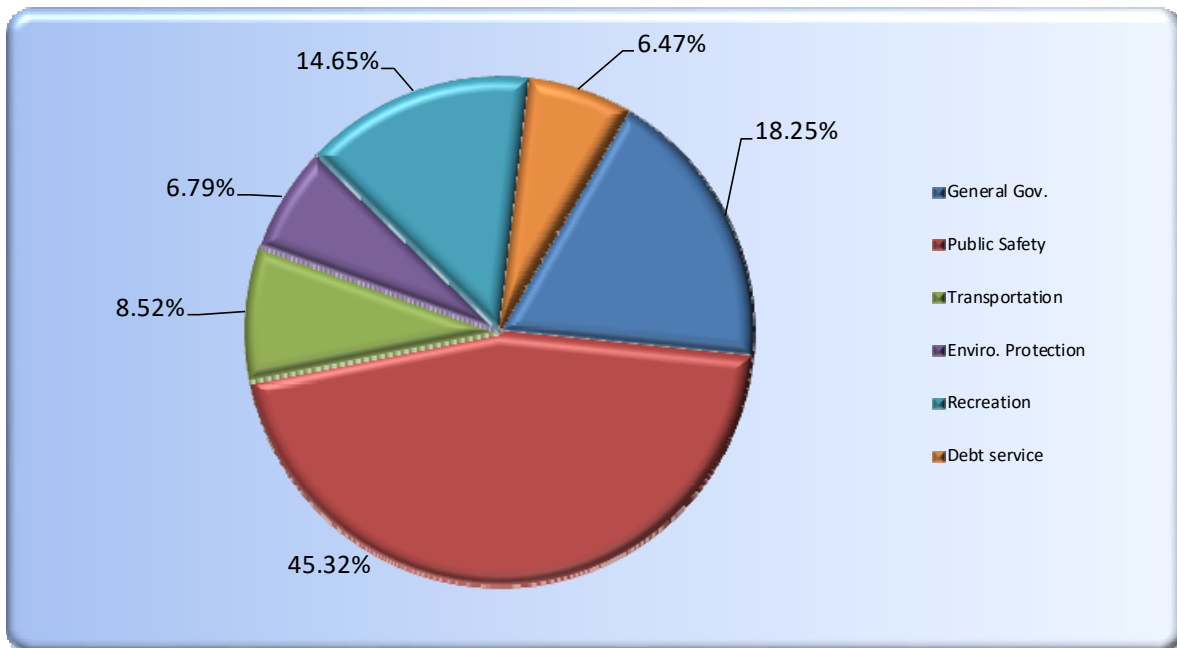
	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,129,488	\$ 1,085,683	\$ 13,114,795	\$ 11,375,117	\$ 14,244,283	\$ 12,460,800
Operating grants and contributions	3,828,597	787,449	-	23,483	3,828,597	810,932
Capital grants and contribution	1,690,891	751,843	515,000	-	2,205,891	751,843
General Revenues:						
Property taxes	4,825,100	4,688,000	-	-	4,825,100	4,688,000
Other taxes and licenses	27,030	26,535	-	-	27,030	26,535
Unrestricted intergovernmental	3,930,026	3,646,217	-	-	3,930,026	3,646,217
Investment earnings	341,481	14,519	260,073	11,197	601,554	25,716
Miscellaneous	191,672	192,666	14,750	14,750	206,422	207,416
Total revenues	<u>15,964,285</u>	<u>11,192,912</u>	<u>13,904,618</u>	<u>11,424,547</u>	<u>29,868,903</u>	<u>22,617,459</u>
Expenses:						
General government	2,331,287	2,051,515	-	-	2,331,287	2,051,515
Public safety	4,681,326	3,901,809	-	-	4,681,326	3,901,809
Transportation	1,915,674	1,559,968	-	-	1,915,674	1,559,968
Environmental protection	663,415	578,678	-	-	663,415	578,678
Cultural and recreation	1,260,849	1,183,263	-	-	1,260,849	1,183,263
Interest expense	63,137	80,641	-	-	63,137	80,641
Electric	-	-	7,898,819	6,574,150	7,898,819	6,574,150
Water	-	-	1,574,856	1,489,090	1,574,856	1,489,090
Sewer	-	-	2,369,981	2,184,191	2,369,981	2,184,191
Stormwater	-	-	363,302	311,189	363,302	311,189
Total expenses	<u>10,915,688</u>	<u>9,355,874</u>	<u>12,206,958</u>	<u>10,558,620</u>	<u>23,122,646</u>	<u>19,914,494</u>
Increase (decrease) in net position before transfers	5,048,597	1,837,038	1,697,660	865,927	6,746,257	2,702,965
Transfers	<u>(2,514,984)</u>	<u>650,000</u>	<u>2,514,984</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	2,533,613	2,487,038	4,212,644	215,927	6,746,257	2,702,965
Net position, July 1	<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>
Net position, June 30	<u>\$ 34,522,186</u>	<u>\$ 31,988,573</u>	<u>\$ 25,461,169</u>	<u>\$ 21,248,525</u>	<u>\$ 59,983,355</u>	<u>\$ 53,237,098</u>

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

General Fund Revenue By Source:

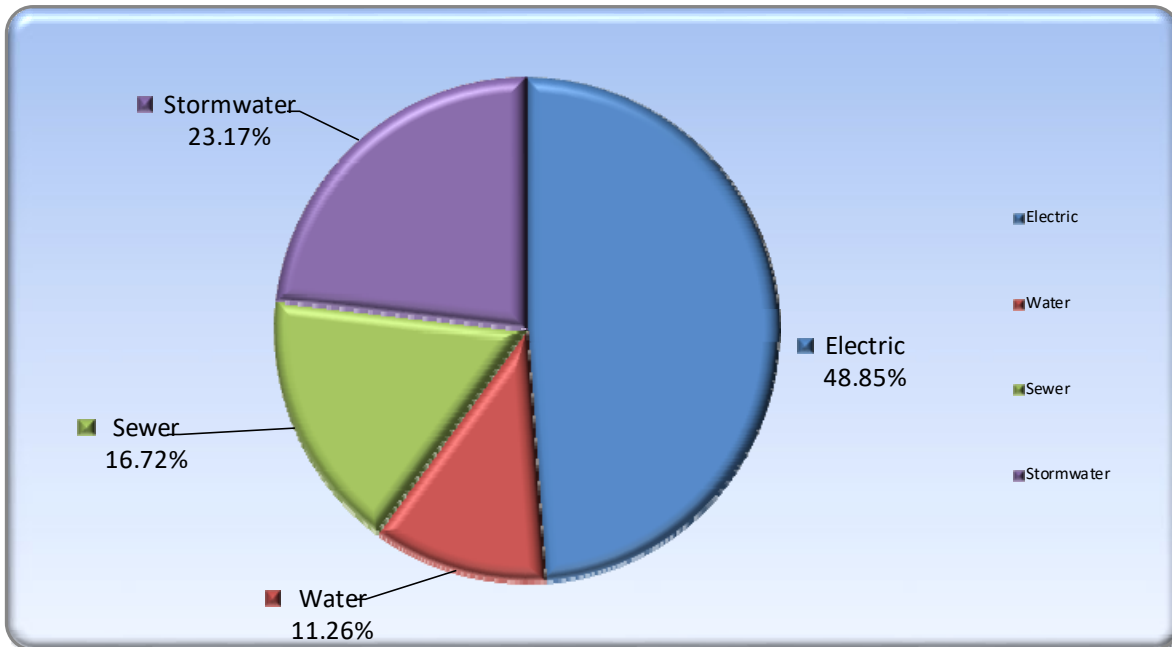


General Fund Expenditures By Function:



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 \$12,132,975 while total fund balance reached \$15,431,856. 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 124% of general fund expenditures. Total fund balance represents 158% of the same amount. The change in Fund Balance of \$1,989,849 is primarily due from increases in property taxes, sales tax revenues, and investment earnings.

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 \$2,132,280 to \$14,519,380. 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 \$1,143,512 during the fiscal year. Other changes to the budget included using Fund Balance to cover prior year commitments and a transfer from the American Rescue Plan fund of \$3,164,984 to pay for salaries. The Town had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$3,509,509), an increase of \$489,884 from the 2022 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 \$2,523,971. Public Safety was left with \$713,253, Transportation had a balance of \$640,958 and Cultural and Recreation funds was left with \$741,634. Environmental protection expenditures were less than the amount budgeted by \$113,885.

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 \$7,706,705 compared with the prior fiscal year of \$7,725,400, which is a decrease of \$18,695. 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 \$2,078,804 compared with the prior fiscal year of \$1,970,271, which is an increase of \$108,533. 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 \$978,749 compared with a deficit for the prior fiscal year of (\$467,175), which is an increase of \$1,445,924. This increase primarily relates loan proceeds and grant reimbursements for sewer capital projects.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$4,532,641 compared with the prior fiscal year of \$1,130,028, which is an increase of \$3,402,613. This increase relates primarily to the transfer of \$3,164,984 from the General Fund to the Storm Water Capital Project fund for future construction.

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, 2023 totaled \$41,614,809 (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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and construction in progress	\$ 5,473,695	\$ 5,106,849	\$ 4,050,312	\$ 3,914,008	\$ 9,524,007	\$ 9,020,857
Distribution and treatment systems	-	-	11,705,121	11,731,836	11,705,121	11,731,836
Buildings	3,089,510	3,190,170	38,111	36,071	3,127,621	3,226,241
Infrastructure	13,196,510	12,817,548	-	-	13,196,510	12,817,548
Software	303,718	346,392	-	-	303,718	346,392
Equipment and vehicles	3,099,655	3,236,676	658,177	826,649	3,757,832	4,063,325
Total	<u>\$ 25,163,088</u>	<u>\$ 24,697,635</u>	<u>\$ 16,451,721</u>	<u>\$ 16,508,564</u>	<u>\$ 41,614,809</u>	<u>\$ 41,206,199</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, 2023, the Town had bonded or secured debt outstanding of \$8,492,456. 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Installment purchases and notes payable	\$ 2,187,315	\$ 2,751,793	\$ 6,305,141	\$ 5,618,563	\$ 8,492,456	\$ 8,370,356
Compensated absences	484,629	414,310	91,981	88,668	576,610	502,978
Net pension liability (LGERS)	2,833,449	839,754	698,648	177,020	3,532,097	1,016,774
Total pension liability (LEOSSA)	477,176	534,730	-	-	477,176	534,730
Total OPEB liability	1,899,722	2,156,155	738,780	757,568	2,638,502	2,913,723
Total	<u>\$ 7,882,291</u>	<u>\$ 6,696,742</u>	<u>\$ 7,834,550</u>	<u>\$ 6,641,819</u>	<u>\$ 15,716,841</u>	<u>\$ 13,338,561</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 \$78,531,034.

Additional information regarding the Town's long-term debt can be found in Note 3 F 7 of the financial statements.

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

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 \$4,817,375, an increase of \$144,076.
- The population growth increased to 10,533 from 10,462 from 2022 to 2023.
- 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 2023-2024 is \$612,972.
- 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 will pay 100% of salaries for these positions during the fiscal year 2023-2024.
 - 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 \$1,384,606.
 - Staff will receive raises this year with a COLA in the amount of 9.0%.
 - Due to the influx of federal stimulus funds the town is anticipating a continued increase in sales tax revenue.
 - The 2023-2024 budget includes \$150,000 of new debt proceeds in the Sewer Fund.
 - The Town has begun a new \$2 million sewer rehabilitation project that is being financed through the North Carolina Division of Environmental Quality.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities – The annual budget for the General Fund is \$13,598,069 for the 2023-2024 fiscal year with taxable valuation of property of \$878,780,000. 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 2023-2024 fiscal year is \$9,147,905. 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. Fund balance appropriation for fiscal year 2023-2024 is \$1,343,905 in the Electric Fund.

The Water Fund has a budget of \$2,056,044 that is up from the 2022-2023 budget, which was \$1,661,847 a difference of \$394,147. The increase in the budget is primarily due to capital outlay. The Water Fund will loan \$260,000 to assist in balancing the Sewer Fund budget for 2024. The Town anticipates purchasing \$475,000 of water from Greenville Utilities Commission.

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

The Sewer Fund budget of \$3,067,187 represents an increase in the amount of \$393,541 from the 2022-2023 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$1,487,814 for CMSD operating and debt service expenses. The Sewer Fund will repay a loan of \$260,000 from the Water Fund in 5 annual installments of \$52,000 each.

The total Stormwater Fund budget for the 2023-2024 fiscal year is \$616,180, an increase of \$85,668 from the 2022-2023 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 or by email at jessica.manning@wintervillenc.com for more information.



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
Statement of Net Position
June 30, 2023
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,942,958	\$ 11,517,377	\$ 14,460,335
Investments	10,436,099	2,275,000	12,711,099
Restricted cash and cash equivalents	1,796,371	867,869	2,664,240
Taxes receivables (net)	71,949	-	71,949
Accounts receivable (net)	70,510	1,283,618	1,354,128
Due from other governments	1,275,859	-	1,275,859
Inventories	14,989	1,096,465	1,111,454
Total current assets	<u>16,608,735</u>	<u>17,040,329</u>	<u>33,649,064</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	5,473,695	4,050,312	9,524,007
Other capital assets, net of depreciation	19,689,393	12,401,409	32,090,802
Total capital assets	<u>25,163,088</u>	<u>16,451,721</u>	<u>41,614,809</u>
Total non-current assets	<u>25,163,088</u>	<u>16,451,721</u>	<u>41,614,809</u>
TOTAL ASSETS	<u>41,771,823</u>	<u>33,492,050</u>	<u>75,263,873</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,934,119	450,366	2,384,485
OPEB deferrals	471,755	183,460	655,215
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,405,874</u>	<u>633,826</u>	<u>3,039,700</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	574,245	472,147	1,046,392
Current portion of long-term liabilities	715,001	720,820	1,435,821
Liabilities payable from restricted assets:			
Accounts payable	484,855	-	484,855
Customer deposits	-	167,613	167,613
Total current liabilities	<u>1,774,101</u>	<u>1,360,580</u>	<u>3,134,681</u>
Long-term liabilities:			
Net pension liability - LGERS	2,833,449	698,648	3,532,097
Total pension liability - LEOSSA	477,176	-	477,176
Total OPEB liability	1,899,722	738,780	2,638,502
Due in more than one year	1,956,943	5,676,302	7,633,245
Total long-term liabilities	<u>7,167,290</u>	<u>7,113,730</u>	<u>14,281,020</u>
TOTAL LIABILITIES	<u>8,941,391</u>	<u>8,474,310</u>	<u>17,415,701</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	351,574	49,407	400,981
OPEB deferrals	362,546	140,990	503,536
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>714,120</u>	<u>190,397</u>	<u>904,517</u>
NET POSITION			
Net investment in capital assets	22,975,773	10,146,580	33,122,353
Restricted for:			
Stabilization by State Statute	1,280,924	-	1,280,924
Streets	788,947	-	788,947
Public safety	241,098	-	241,098
Recreation	181,470	-	181,470
Electric utility	-	17,690	17,690
Unrestricted	9,053,974	15,296,899	24,350,873
TOTAL NET POSITION	<u>\$ 34,522,186</u>	<u>\$ 25,461,169</u>	<u>\$ 59,983,355</u>

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 2,331,287	\$ 351,201	\$ -	\$ -
Public Safety	4,681,326	59,281	3,513,771	-
Transportation	1,915,674	-	312,714	1,690,891
Environmental protection	663,415	590,509	2,112	-
Cultural and recreation	1,260,849	128,497	-	-
Interest on long-term debt	63,137	-	-	-
Total governmental activities	10,915,688	1,129,488	3,828,597	1,690,891
Business-type activities:				
Electric	7,898,819	8,395,506	-	-
Water	1,574,856	1,619,149	-	-
Sewer	2,369,981	2,584,841	-	500,000
Stormwater	363,302	515,299	-	15,000
Total business-type activities	12,206,958	13,114,795	-	515,000
Total primary government	\$ 23,122,646	\$ 14,244,283	\$ 3,828,597	\$ 2,205,891

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, 2023
Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental Activities:			
General government	\$ (1,980,086)	\$ -	\$ (1,980,086)
Public safety	(1,108,274)	-	(1,108,274)
Transportation	87,931	-	87,931
Environmental protection	(70,794)	-	(70,794)
Cultural and recreation	(1,132,352)	-	(1,132,352)
Interest on long-term debt	(63,137)	-	(63,137)
	(4,266,712)	-	(4,266,712)
Business-type activities:			
Electric	-	496,687	496,687
Water	-	44,293	44,293
Sewer	-	714,860	714,860
Stormwater	-	166,997	166,997
Total business-type activities	-	1,422,837	1,422,837
Total primary government	(4,266,712)	1,422,837	(2,843,875)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	4,825,100	-	4,825,100
Other taxes	27,030	-	27,030
Grants and contributions not restricted to specific programs	3,930,026	-	3,930,026
Unrestricted investment earnings	341,481	260,073	601,554
Miscellaneous	191,672	14,750	206,422
Total general revenues not including transfers	9,315,309	274,823	9,590,132
Transfers	(2,514,984)	2,514,984	-
Total general revenues and transfers	6,800,325	2,789,807	9,590,132
Change in net position	2,533,613	4,212,644	6,746,257
Net position, beginning	31,988,573	21,248,525	53,237,098
Net position, ending	\$ 34,522,186	\$ 25,461,169	\$ 59,983,355

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

Town of Winterville, North Carolina
Balance Sheet – Governmental Funds
June 30, 2023
Exhibit 3

	Major Funds		Total Governmental Funds
	General Fund	American Rescue Plan Fund	
ASSETS			
Cash and cash equivalents	\$ 2,942,958	\$ -	\$ 2,942,958
Investments	10,436,099	-	10,436,099
Restricted cash and cash equivalents	1,796,371	-	1,796,371
Receivables, net:			
Taxes	57,211	-	57,211
Accounts	70,510	-	70,510
Due from other governments	1,275,859	-	1,275,859
Inventories	14,989	-	14,989
Total assets	\$ 16,593,997	\$ -	\$ 16,593,997
LIABILITIES			
Accounts payable and accrued liabilities	554,630	\$ -	\$ 554,630
Liabilities payable from restricted assets:			
Accounts payable	484,855	-	484,855
Total liabilities	1,039,485	-	1,039,485
DEFERRED INFLOWS OF RESOURCES			
Accounts receivable, net (garbage)	65,445	-	65,445
Property taxes receivable	57,211	-	57,211
Total deferred inflows of resources	122,656	-	122,656
FUND BALANCES			
Nonspendable			
Inventories	14,989	-	14,989
Restricted			
Stabilization by State Statute	1,280,924	-	1,280,924
Streets	788,947	-	788,947
Public Safety	241,098	-	241,098
Recreation	181,470	-	181,470
Committed			
Housing	69,305	-	69,305
OPEB	100,000	-	100,000
Assigned			
Subsequent year's expenditures	612,972	-	612,972
Unassigned, General Fund	12,142,151	-	12,142,151
Total fund balances	15,431,856	-	15,431,856
Total liabilities, deferred inflows of resources and fund balances	\$ 16,593,997	\$ -	\$ 16,593,997

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, 2023
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$ 15,431,856
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	56,584,402	
Accumulated depreciation	<u>(31,421,314)</u>	25,163,088
Deferred outflows of resources related to pensions are not reported in the funds		
		1,934,119
Deferred outflows of resources related to OPEB are not reported in the funds		
		471,755
Earned revenues considered deferred inflows of resources in fund statements		
		122,656
Interest receivable on deferred property taxes		
		14,738
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	(2,187,315)	
Compensated absences	(484,629)	
Total pension liability - LEOSSA	(477,176)	
Net pension liability - LGERS	(2,833,449)	
Total OPEB liability	<u>(1,899,722)</u>	(7,882,291)
Deferred inflows of resources related to pensions are not reported in the funds		
		(351,574)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(362,546)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(19,615)</u>
Net position of governmental activities		<u><u>\$ 34,522,186</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, 2023
Exhibit 4

	Major Funds		Total Governmental Funds
	General Fund	American Rescue Plan Fund	
Revenues:			
Ad valorem taxes	\$ 4,817,375	\$ -	\$ 4,817,375
Other taxes and licenses	27,030	-	27,030
Unrestricted intergovernmental	3,930,026	-	3,930,026
Restricted intergovernmental	663,613	3,164,984	3,828,597
Permits and fees	27,245	-	27,245
Sales and services	1,107,013	-	1,107,013
Investment earnings	341,481	-	341,481
Miscellaneous	191,672	-	191,672
Total revenues	11,105,455	3,164,984	14,270,439
Expenditures:			
Current:			
General government	1,783,297	-	1,783,297
Public safety	4,429,399	-	4,429,399
Transportation	832,795	-	832,795
Environment protection	663,415	-	663,415
Cultural and recreation	1,431,243	-	1,431,243
Debt service:			
Principal retirement	564,478	-	564,478
Interest	68,055	-	68,055
Total expenditures	9,772,682	-	9,772,682
Excess (deficiency) of revenues over expenditures	1,332,773	3,164,984	4,497,757
Other financing sources (uses):			
Transfers from other funds	3,814,984	-	3,814,984
Transfers to other funds	(3,164,984)	(3,164,984)	(6,329,968)
Total other financing sources (uses)	650,000	(3,164,984)	(2,514,984)
Net change in fund balance	1,982,773	-	1,982,773
Fund balances, beginning	13,442,007	-	13,442,007
Change in reserve for inventories	7,076	-	7,076
Fund balances, ending	\$ 15,431,856	\$ -	\$ 15,431,856

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, 2023
Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ 1,982,773
Change in fund balance due to change in reserve for inventories		7,076

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	867,298	
Depreciation expense for governmental assets	<u>(2,092,736)</u>	(1,225,438)
Street assets recorded from developers		1,690,891

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		464,151
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		5,028
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OPEB benefit payments and administrative costs made in the current fiscal year are not included in the Statement of Activities		43,094
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	7,725	
Change in unavailable revenue for garbage revenues	<u>(4,770)</u>	2,955

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.

Principal payments on long-term debt	564,478	
Change in accrued interest payable	<u>4,918</u>	569,396

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(70,319)	
Pension expense - LEOSSA	(28,975)	
Pension expense - NCLGERS	(720,421)	
OPEB plan expense	<u>(186,598)</u>	<u>(1,006,313)</u>

Total changes in net position of governmental activities		<u>\$ 2,533,613</u>
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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, 2023
Exhibit 5

General Fund				
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues:				
Ad valorem taxes	\$ 4,705,623	\$ 4,820,523	\$ 4,817,375	\$ (3,148)
Other taxes and licenses	-	5,100	27,030	21,930
Unrestricted intergovernmental	3,431,465	3,998,624	3,930,026	(68,598)
Restricted intergovernmental	569,249	677,249	663,613	(13,636)
Permits and fees	12,500	12,500	27,245	14,745
Sales and services	970,399	1,239,181	1,107,013	(132,168)
Investment earnings	11,812	11,812	341,481	329,669
Miscellaneous	165,311	244,882	191,672	(53,210)
Total revenues	9,866,359	11,009,871	11,105,455	95,584
Expenditures:				
Current:				
General government	3,759,384	4,307,268	1,783,297	2,523,971
Public safety	4,991,459	5,142,652	4,429,399	713,253
Transportation	1,274,640	1,473,753	832,795	640,958
Environment protection	607,300	777,300	663,415	113,885
Cultural and recreation	1,754,317	2,172,877	1,431,243	741,634
Debt service:				
Principal retirement	-	575,879	564,478	11,401
Interest	-	69,651	68,055	1,596
Total expenditures	12,387,100	14,519,380	9,772,682	4,746,698
Revenues over (under) expenditures	(2,520,741)	(3,509,509)	1,332,773	4,842,282
Other financing sources (uses):				
Transfer from other funds	2,013,639	5,178,623	3,814,984	(1,363,639)
Transfer to other funds	-	(3,226,384)	(3,164,984)	61,400
Total other financing sources (uses)	2,013,639	1,952,239	650,000	(1,302,239)
Fund balance appropriated	507,102	1,557,270	-	(1,557,270)
Net change in fund balance	\$ -	\$ -	1,982,773	\$ 1,982,773
Fund balances, beginning			13,442,007	
Change in reserve for inventories			7,076	
Fund balances, ending			\$ 15,431,856	

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, 2023
Exhibit 6

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 5,024,025	\$ 1,559,273	\$ 464,293	\$ 4,469,786	\$ 11,517,377
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	410,949	103,353	160,774	36,253	711,329
Accounts receivable (net) - unbilled	368,063	71,121	109,724	23,381	572,289
Inventories	1,021,047	31,399	44,019	-	1,096,465
Restricted cash and cash equivalents	399,542	218,067	250,260	-	867,869
Total current assets	8,623,626	2,443,213	1,384,070	4,589,420	17,040,329
Noncurrent Assets:					
Capital assets:					
Land and construction in progress	146,013	8,000	3,876,474	19,825	4,050,312
Other capital assets, net of depreciation	4,847,535	2,233,026	3,974,758	1,346,090	12,401,409
Capital assets	4,993,548	2,241,026	7,851,232	1,365,915	16,451,721
Total noncurrent assets	4,993,548	2,241,026	7,851,232	1,365,915	16,451,721
Total assets	13,617,174	4,684,239	9,235,302	5,955,335	33,492,050
Deferred Outflows of Resources					
Pension deferrals	281,194	94,946	52,596	21,630	450,366
OPEB deferrals	98,282	52,417	26,209	6,552	183,460
Total deferred outflows of resources	379,476	147,363	78,805	28,182	633,826
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	136,472	79,588	245,358	10,729	472,147
Compensated absences - current	17,928	2,616	731	1,721	22,996
Installment purchase payable - current	184,492	146,736	366,596	-	697,824
Liabilities payable from restricted assets:					
Customer deposits	132,158	12,655	22,800	-	167,613
Total current liabilities	471,050	241,595	635,485	12,450	1,360,580
Noncurrent liabilities:					
Total OPEB liability	395,775	211,080	105,540	26,385	738,780
Compensated absences	53,782	7,846	2,194	5,163	68,985
Net pension liability	436,214	147,288	81,591	33,555	698,648
Installment purchase payable	95,719	1,305,850	4,205,748	-	5,607,317
Total noncurrent liabilities	981,490	1,672,064	4,395,073	65,103	7,113,730
Total liabilities	1,452,540	1,913,659	5,030,558	77,553	8,474,310
Deferred Inflows of Resources					
Pension deferrals	30,848	10,416	5,770	2,373	49,407
OPEB deferrals	75,530	40,283	20,142	5,035	140,990
Total deferred inflows of resources	106,378	50,699	25,912	7,408	190,397
Net Position					
Net investment in capital assets	4,713,337	788,440	3,278,888	1,365,915	10,146,580
Restricted	17,690	-	-	-	17,690
Unrestricted	7,706,705	2,078,804	978,749	4,532,641	15,296,899
Total net position	\$ 12,437,732	\$ 2,867,244	\$ 4,257,637	\$ 5,898,556	\$ 25,461,169

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, 2023
Exhibit 7

	Major Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Operating revenues:					
Charges for services	\$ 8,229,122	\$ 1,583,596	\$ 2,584,841	\$ 515,299	\$ 12,912,858
Other operating revenues	166,384	35,553	-	-	201,937
Total operating revenues	<u>8,395,506</u>	<u>1,619,149</u>	<u>2,584,841</u>	<u>515,299</u>	<u>13,114,795</u>
Operating expenses:					
Operations	2,486,836	1,368,102	-	322,679	4,177,617
Electrical power purchases	4,953,096	-	-	-	4,953,096
Waste collection and treatment	-	-	1,995,748	-	1,995,748
Depreciation	451,476	168,142	328,088	40,623	988,329
Total operating expenses	<u>7,891,408</u>	<u>1,536,244</u>	<u>2,323,836</u>	<u>363,302</u>	<u>12,114,790</u>
Operating income (loss)	504,098	82,905	261,005	151,997	1,000,005
Non-operating revenues (expenses):					
NCDEQ Grant revenue	-	-	500,000	15,000	515,000
Investment earnings	148,023	47,604	34,437	30,009	260,073
Sale of capital assets	-	-	14,750	-	14,750
Interest expense	(7,411)	(38,612)	(46,145)	-	(92,168)
Total non-operating revenues(expenses)	<u>140,612</u>	<u>8,992</u>	<u>503,042</u>	<u>45,009</u>	<u>697,655</u>
Income (loss) before transfers	644,710	91,897	764,047	197,006	1,697,660
Transfers from other funds	-	-	-	3,164,984	3,164,984
Transfers to other funds	(650,000)	-	-	-	(650,000)
	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>3,164,984</u>	<u>2,514,984</u>
Change in net position	(5,290)	91,897	764,047	3,361,990	4,212,644
Total net position, beginning	<u>12,443,022</u>	<u>2,775,347</u>	<u>3,493,590</u>	<u>2,536,566</u>	<u>21,248,525</u>
Total net position, ending	<u>\$ 12,437,732</u>	<u>\$ 2,867,244</u>	<u>\$ 4,257,637</u>	<u>\$ 5,898,556</u>	<u>\$ 25,461,169</u>

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

Town of Winterville, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2023
Exhibit 8

	Major Enterprise Funds				Totals
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	
Cash flows from operating activities:					
Cash received from customers	\$ 8,398,244	\$ 1,624,206	\$ 2,594,213	\$ 513,402	\$ 13,130,065
Cash paid for goods and services	(6,231,301)	(973,207)	(1,723,003)	(219,382)	(9,146,893)
Cash paid to or on behalf of employees for services	(1,020,242)	(304,733)	(152,795)	(88,443)	(1,566,213)
Cash received (paid) for customer deposits - net	8,700	1,670	7,035	-	17,405
Net cash provided (used) by operating activities	<u>1,155,401</u>	<u>347,936</u>	<u>725,450</u>	<u>205,577</u>	<u>2,434,364</u>
Cash flows from non-capital financing activities:					
Transfers from other funds	-	-	-	3,164,984	3,164,984
Increase (decrease) in due to other funds	-	-	(1,972,705)	-	(1,972,705)
Transfers to other funds	(650,000)	-	-	-	(650,000)
(Increase) decrease in due from other funds	<u>1,972,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,972,705</u>
Net cash provided (used) by non-capital financing activities	<u>1,322,705</u>	<u>-</u>	<u>(1,972,705)</u>	<u>3,164,984</u>	<u>2,514,984</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of assets	-	-	14,750	-	14,750
Acquisition and construction of capital assets	(394,192)	(8,300)	(528,997)	-	(931,489)
Capital contributions - Federal, state, and local grants	-	-	500,000	15,000	515,000
Loan proceeds - installment purchase	-	-	1,189,234	-	1,189,234
Principal payments on long term debt	(53,000)	(143,206)	(306,450)	-	(502,656)
Interest paid on debt	<u>(1,087)</u>	<u>(41,777)</u>	<u>(42,399)</u>	<u>-</u>	<u>(85,263)</u>
Net cash provided (used) by capital and related financing activities	<u>(448,279)</u>	<u>(193,283)</u>	<u>826,138</u>	<u>15,000</u>	<u>199,576</u>
Cash flows from investing activities:					
Interest income	<u>148,023</u>	<u>47,604</u>	<u>34,437</u>	<u>30,009</u>	<u>260,073</u>
Net cash provided (used) by investing activities	<u>148,023</u>	<u>47,604</u>	<u>34,437</u>	<u>30,009</u>	<u>260,073</u>
Net increase (decrease) in cash and cash equivalents	2,177,850	202,257	(386,680)	3,415,570	5,408,997
Cash and cash equivalents balances, beginning	<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>
Cash and cash equivalents balances, ending	<u>\$ 5,423,567</u>	<u>\$ 1,777,340</u>	<u>\$ 714,553</u>	<u>\$ 4,469,786</u>	<u>\$ 12,385,246</u>
Reconciliation of cash and cash equivalents balances - ending					
Cash and cash equivalents	\$ 5,024,025	\$ 1,559,273	\$ 464,293	\$ 4,469,786	\$ 11,517,377
Restricted cash and cash equivalents	399,542	218,067	250,260	-	867,869
Total cash and cash equivalents	<u>\$ 5,423,567</u>	<u>\$ 1,777,340</u>	<u>\$ 714,553</u>	<u>\$ 4,469,786</u>	<u>\$ 12,385,246</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, 2023
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)	\$ 504,098	\$ 82,905	\$ 261,005	\$ 151,997	\$ 1,000,005
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	451,476	168,142	328,088	40,623	988,329
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	2,738	5,057	9,372	(1,897)	15,270
(Increase) decrease in inventories	(54,941)	(4,585)	(2,817)	-	(62,343)
(Increase) decrease in deferred outflows of resources - pensions	(112,507)	(33,661)	(32,269)	(7,826)	(186,263)
(Increase) decrease in deferred outflows of resources - OPEB	452	747	11,765	1,043	14,007
Increase (decrease) in net pension liability	323,149	106,211	67,966	24,302	521,628
Increase (decrease) in deferred inflows of resources - pensions	(152,822)	(56,314)	(16,363)	(12,657)	(238,156)
(Increase) decrease in deferred outflows of resources - OPEB	66,242	35,281	16,570	4,321	122,414
Increase (decrease) in accounts payable and accrued liabilities	99,204	39,143	112,319	6,877	257,543
Increase (decrease) in customer deposits	8,700	1,670	7,035	-	17,405
Increase (decrease) in compensated absences	2,622	(3,780)	2,925	1,546	3,313
Increase (decrease) in accrued OPEB liability	16,990	7,120	(40,146)	(2,752)	(18,788)
Total adjustments	651,303	265,031	464,445	53,580	1,434,359
Net cash provided (used) by operating activities	\$ 1,155,401	\$ 347,936	\$ 725,450	\$ 205,577	\$ 2,434,364

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 specific 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 specific 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, recreation 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. Stormwater Capital Projects Funds have been consolidated into the Stormwater Fund for financial reporting purposes. The budgetary comparisons for the Stormwater Capital Projects Funds have been included in the supplemental information.

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

Town of Winterville, North Carolina Notes to Financial Statements

donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Town of Winterville, North Carolina Notes to Financial Statements

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

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

Town of Winterville, North Carolina

Notes to Financial Statements

Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at 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, 2023, 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. Donations received by the Electric Fund to assist low income customers with utility bill payments are included in restricted cash. The unexpended loan proceeds

Town of Winterville, North Carolina
Notes to Financial Statements

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 Restricted Cash	
Governmental Activities	
General Fund	
Streets	789,023
Letter of credit	484,780
Public Safety	241,098
OPEB reserve	100,000
Recreation	181,470
Total Governmental Activities	\$ 1,796,371
Business-type Activities	
Electric Fund	
Customer deposits	\$ 132,158
Donations	17,690
Development fees	249,694
Water Fund	
Customer deposits	12,655
Development fees	205,412
Sewer Fund	
Customer deposits	22,800
Development fees	227,460
Total Business-type Activities	\$ 867,869
Total Restricted Cash	\$ 2,664,240

Ad Valorem Taxes Receivable

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022.

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. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental

Town of Winterville, North Carolina

Notes to Financial Statements

funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets

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

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies

Town of Winterville, North Carolina Notes to Financial Statements

when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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 net 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 2023 fiscal year. In addition to liabilities, the balance sheet or statement of net 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.

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

Town of Winterville, North Carolina

Notes to Financial Statements

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.

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 was received in July 2022. The Town has expended all of the ARPA funds for salaries and revenue replacement in the General Fund during the fiscal year ended June 30, 2023. The ARPA funds were reported as revenue in the current fiscal year and transferred from the American Rescue Plan Fund to the General Fund.

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.

Town of Winterville, North Carolina Notes to Financial Statements

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute – 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, prepaids and lease receivables in excess of deferred inflows of resources for leases, 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.

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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 revise 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.

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 and that has not been reported as nonspendable fund balance.

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.

Town of Winterville, North Carolina Notes to Financial Statements

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.

F. New Financial Accounting Standards

Recently issued and implemented accounting pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnership 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 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.

Town of Winterville, North Carolina Notes to Financial Statements

PPPs

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should

Town of Winterville, North Carolina Notes to Financial Statements

be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

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 implementation of this statement did not materially impact on the Town's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-

Town of Winterville, North Carolina Notes to Financial Statements

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. 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 capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- 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 public-private and public-public partnership (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 subscription-based information technology arrangement (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 London Interbank Offered Rate (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)

Town of Winterville, North Carolina Notes to Financial Statements

- 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*
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that 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 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- 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 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The GASB Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Future Accounting Pronouncements:

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. 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. This Statement requires disclosure in notes to financial

Town of Winterville, North Carolina Notes to Financial Statements

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). 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.

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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Town is evaluating the requirements of the above statements and the impact on reporting.

Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through December 12, 2023, the date which the financial statements were available to be issued.

2. Detail Notes on all Funds

A. Assets

Deposits

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

Town of Winterville, North Carolina Notes to Financial Statements

strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town does not have a formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$17,123,775 and a bank balance of \$17,499,830. Of the bank balance, \$250,000 was covered by federal depository insurance and \$17,249,830 was covered by collateral held under the Pooling Method. At June 30, 2023, the Town's petty cash totaled \$800.

B. Investments

At June 30, 2023, the Town had the following investments and maturities:

Investment Type	Valuation Measurement		Book Value	Maturity	Rating
	Method				
NCCMT - Government Portfolio	Fair Value - Level 1	\$	12,711,099	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 AAA-mf by Moody's Investors Service as of June 30, 2023.

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
Governmental Activities:				
General	\$ 70,510	\$ 90,743	\$ 1,275,859	\$ 1,437,112
Allowance for doubtful accounts	-	(18,794)	-	(18,794)
Total governmental activities	<u>\$ 70,510</u>	<u>\$ 71,949</u>	<u>\$ 1,275,859</u>	<u>\$ 1,418,318</u>
	Charges for Service - Accounts	Allowance	Total	
Business-Type Activities:				
Electric charges for service	\$ 844,050	\$ 65,038	\$ 779,012	
Water charges for service	190,442	15,968	174,474	
Sewer charges for service	294,975	24,477	270,498	
Stormwater charges for service	64,995	5,361	59,634	
Total business-type activities	<u>\$ 1,394,462</u>	<u>\$ 110,844</u>	<u>\$ 1,283,618</u>	

Due from other governments consists of the following:

Local option sales tax	\$ 923,635
Sales tax refund receivable	127,324
Utility franchise tax	82,967
Solid waste tax	2,112
Pitt County - property taxes motor vehicles	139,821
	<u>\$ 1,275,859</u>

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. This note receivable was paid in full during the current fiscal year.

E. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2023 was as follows:

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,859,857	\$ 358,671	\$ -	\$ 5,218,528
Construction in progress	246,992	23,475	(15,300)	255,167
	<u>5,106,849</u>	<u>382,146</u>	<u>(15,300)</u>	<u>5,473,695</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings	7,350,012	134,111	-	7,484,123
Infrastructure	32,180,716	1,641,747	-	33,822,463
Equipment	5,230,070	191,544	-	5,421,614
Software	1,110,736	59,729	-	1,170,465
Vehicles	3,063,158	164,212	(15,328)	3,212,042
	<u>48,934,692</u>	<u>2,191,343</u>	<u>(15,328)</u>	<u>51,110,707</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings	4,159,842	234,771	-	4,394,613
Infrastructure	19,363,168	1,262,785	-	20,625,953
Equipment	2,556,837	275,516	-	2,832,353
Software	764,344	102,403	-	866,747
Vehicles	2,499,715	217,261	(15,328)	2,701,648
	<u>29,343,906</u>	<u>\$ 2,092,736</u>	<u>\$ (15,328)</u>	<u>31,421,314</u>
Total accumulated depreciation				
Total capital assets being depreciated	<u>19,590,786</u>			<u>19,689,393</u>
Governmental activity capital assets, net	<u>\$ 24,697,635</u>			<u>\$25,163,088</u>

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

General government	\$ 434,854
Public safety	321,932
Transportation	1,197,749
Cultural and recreation	138,201
Total	<u>\$ 2,092,736</u>

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Business-type Activities				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
Capital assets being depreciated:				
Distribution system	9,340,639	333,256	-	9,673,895
Buildings	320,655	-	-	320,655
Equipment	1,007,889	31,826	-	1,039,715
Vehicles	703,179	29,110	-	732,289
Total capital assets being depreciated	11,372,362	394,192	-	11,766,554
Less accumulated depreciation for:				
Distribution system	4,925,001	322,394	(14,956)	5,232,439
Buildings	284,584	3,657	(5,697)	282,544
Equipment	750,526	57,533	8,152	816,211
Vehicles	507,431	67,892	12,502	587,825
Total accumulated depreciation	6,467,542	\$ 451,476	\$ 1	6,919,019
Total capital assets being depreciated, net	4,904,820			4,847,535
Electric Fund capital assets, net	\$ 5,050,833			\$ 4,993,548
	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<i>Water Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Total capital assets not being depreciated	8,000	-	-	8,000
Capital assets being depreciated:				
Water system, well, tank & distribution system	4,927,539	8,300	-	4,935,839
Equipment and vehicles	315,805	-	-	315,805
Total capital assets being depreciated	5,243,344	8,300	-	5,251,644
Less accumulated depreciation for:				
Water system, well, tank & distribution system	2,576,961	157,684	256	2,734,901
Equipment and vehicles	273,515	10,458	(256)	283,717
Total accumulated depreciation	2,850,476	\$ 168,142	\$ -	3,018,618
Total capital assets being depreciated, net	2,392,868			2,233,026
Water Fund capital assets, net	\$ 2,400,868			\$ 2,241,026

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<i>Sewer Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 3,740,170	\$ 181,534	\$ (86,314)	\$ 3,835,390
Land	-	41,084	-	41,084
Total capital assets not being depreciated	3,740,170	222,618	(86,314)	3,876,474
Capital assets being depreciated:				
Equipment and vehicles	639,615	35,108	(2)	674,721
Sewer system	6,796,899	271,271	86,314	7,154,484
Sewer treatment facility	261,600	-	-	261,600
Total capital assets being depreciated	7,698,114	306,379	86,312	8,090,805
Less accumulated depreciation for:				
Equipment and vehicles	262,379	62,115	150,281	474,775
Sewer system	3,182,118	265,973	(43,871)	3,404,220
Sewer treatment facility	343,462	-	(106,410)	237,052
Total accumulated depreciation	3,787,959	\$ 328,088	\$ -	4,116,047
Total capital assets being depreciated, net	3,910,155			3,974,758
Sewer Fund capital assets, net	\$ 7,650,325			\$ 7,851,232
	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<i>Stormwater Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,625	\$ -	\$ -	\$ 8,625
Construction in progress	11,200	-	-	11,200
Total capital assets not being depreciated	19,825	-	-	19,825
Capital assets being depreciated:				
Distribution	1,617,774	-	-	1,617,774
Equipment	60,003	-	-	60,003
Total capital assets being depreciated	1,677,777	-	-	1,677,777
Less accumulated depreciation for:				
Distribution	266,935	38,376	-	305,311
Equipment	24,129	2,247	-	26,376
Total accumulated depreciation	291,064	\$ 40,623	\$ -	331,687
Total capital assets being depreciated, net	1,386,713			1,346,090
Stormwater Fund capital assets, net	1,406,538			1,365,915
Business-type activities capital assets, net	\$ 16,508,564			\$ 16,451,721

Town of Winterville, North Carolina
Notes to Financial Statements

Construction Commitments

The Town has active construction projects as of June 30, 2023. At year-end, the Town's commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Sewer capital project	\$ 452,782	\$ 1,869,918
Sewer capital project	3,382,609	414,880
Total	<u>\$ 3,835,391</u>	<u>\$ 2,284,798</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.

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 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

Town of Winterville, North Carolina Notes to Financial Statements

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, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 \$578,598 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$3,532,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30,

Town of Winterville, North Carolina
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2022 (measurement date), the Town's proportion was .06261% which was a decrease of .00369% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$353,479. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,195	\$ 14,922
Changes of assumptions	352,424	-
Net difference between projected and actual earnings on pension plan investments	1,167,395	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	26,266	234,857
Town contributions subsequent to the measurement date	578,598	-
Total	\$ 2,276,878	\$ 249,779

\$578,598 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, 2024. 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:

2024	\$ 448,026
2025	347,000
2026	97,309
2027	556,166
2028	-
Thereafter	-
	\$ 1,448,501

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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.

Town of Winterville, North Carolina Notes to Financial Statements

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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2022 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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.

Town of Winterville, North Carolina
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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)	\$ 6,374,982	\$ 3,532,097	\$ 1,189,397

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 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, 2021, the Separation Allowance’s membership consisted of:

Town of Winterville, North Carolina
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Active plan members	19	
Inactive members currently receiving benefits	1	
Total	20	

Summary of Significant Accounting Policies:

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability (TPL) in the December 31, 2021 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	4.31 percent – current period	
Discount rate	2.25 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, 2021 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.

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.

Town of Winterville, North Carolina
Notes to Financial Statements

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 \$10,056 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, 2023, the Town reported a total pension liability of \$477,176. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$23,947.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,564	\$ 60,448
Changes of assumptions and other inputs	86,015	90,754
Town benefit payments and plan administrative expenses made subsequent to the measurement date	5,028	-
Total	\$ 107,607	\$ 151,202

\$5,028 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Town of Winterville, North Carolina
Notes to Financial Statements

Year ended June 30:

2024	\$ (22,341)
2025	(5,830)
2026	4,968
2027	2,218
2028	(15,852)
Thereafter	(11,786)
	<u>\$ (48,623)</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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<u>1% Decrease</u> <u>(3.31%)</u>	<u>Discount</u> <u>Rate (4.31%)</u>	<u>1% Increase</u> <u>(5.31%)</u>
Total pension liability	\$ 518,799	\$ 477,176	\$ 439,283

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

	<u>2023</u>
Beginning balance	\$ 534,730
Service cost	42,852
Interest on the total pension liability	11,918
Changes of benefit terms	-
Differences between expected and actual experience	(12,180)
Changes of assumptions or other inputs	(90,088)
Benefit payments	(10,056)
Other	-
Ending balance	<u>\$ 477,176</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	\$ 353,479	\$ 23,947	\$ 377,426
Pension liability	3,532,098	477,176	4,009,274
Proportionate share of the net pension liability	0.06261%	N/A	
Deferred outflows of resources:			
Differences between expected and actual experience	152,195	16,564	168,759
Changes of assumptions	352,424	86,015	438,439
Net difference between projected and actual earnings on plan investments	1,167,395	-	1,167,395
Changes in proportion and differences between contributions and proportionate share of contributions	26,266	-	26,266
Benefit payments and administrative costs paid			
Employer contributions subsequent to the measurement date	578,598	5,028	583,626
Deferred inflows of resources:			
Differences between expected and actual experience	14,922	60,448	75,370
Changes in assumptions	-	90,754	90,754
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	234,857	-	234,857

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, 2023 were \$316,054, which consisted of \$231,676 from the Town and \$84,378 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, 2023, the Town paid healthcare premiums for retirees of \$43,094. 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:

	<u>Membership</u>
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 \$2,638,502 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021 for the June 30, 2023 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	2.16 Percent
Discount rate	3.54 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)

Total OPEB Liability	<u>2023</u>
Service cost at the end of the year	\$ 222,086
Interest on TOL and cash flows	66,870
Changes of benefit terms	-
Difference between expected and actual experience	17,782
Changes of assumptions or other inputs	(501,602)
Benefit payments	(80,357)
Other changes	-
Net change in total OPEB liability	<u>(275,221)</u>
Total OPEB liability - beginning	2,913,723
Total OPEB liability - ending	<u>\$ 2,638,502</u>
 Covered payroll	 \$ 3,921,243
Total OPEB liability as a percentage of covered-employee payroll	 67.29%

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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.

Town of Winterville, North Carolina
Notes to Financial Statements

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 2,992,730	\$ 2,638,502	\$ 2,328,996

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:

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 2,225,892	\$ 2,638,502	\$ 3,146,830

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$261,136. At June 30, 2023, 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	\$ 151,341	\$ 3,330
Changes of assumptions and other inputs	460,780	500,206
Town benefit payments and plan administrative expenses made subsequent to the measurement date	43,094	-
Total	\$ 655,215	\$ 503,536

\$43,094 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, 2024.

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:

2024	\$	17,434
2025		17,434
2026		21,914
2027		30,758
2028		34,437
Thereafter		(13,392)
	\$	108,585

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, 2023 were as follows:

	<u>Total</u>				
Governmental Activities:					
Vendors	\$ 757,418				
Accrued interest on long-term debt	19,615				
Accrued salaries and related items	282,067				
Total governmental activities	<u>\$ 1,059,100</u>				
Business-Type Activities:					
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Vendors	\$ 94,029	\$ 37,137	\$ 232,977	\$ 8,554	\$ 372,697
Accrued interest on long-term debt	7,370	29,308	9,748	-	46,426
Accrued salaries and related items	35,073	13,143	2,633	2,175	53,024
	<u>\$ 136,472</u>	<u>\$ 79,588</u>	<u>\$ 245,358</u>	<u>\$ 10,729</u>	<u>\$ 472,147</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	\$ 578,598
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	5,028
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	43,094
Differences between expected and actual experience	320,100
Changes of assumptions	899,219
Net difference between projected and actual earnings on pension plan investments	1,167,395
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,266
Total	<u>\$ 3,039,700</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)	\$ -	\$ 57,211
Accounts receivable, net (garbage) (General Fund)	-	65,445
Differences between expected and actual experience	78,700	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in assumptions and other inputs	590,960	-
Changes in proportion and difference between employer contribution and proportionate share of contributions	234,857	-
Total	<u>\$ 904,517</u>	<u>\$ 122,656</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 insurance 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, 2023, 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	\$	809,048
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate		198,264
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		102,634
1.58% note, payable in annual installments of \$8,942, including interest; final payment due January 2024; secured by vehicle		8,803
1.92% note, payable in annual installments of \$94,117, including interest; final payment due January 2028; secured by vehicles and equipment		444,647
1.92% note, payable in annual installments of \$70,395, including interest; final payment due January 2028; secured by vehicles and equipment		332,576
2.73% note, payable in annual installments of \$85,714, plus interest; final payment due September 2025; secured by aerial ladder truck		257,143
Total	\$	<u>2,187,315</u>

Annual debt service principal and interest payments of the notes payable as of June 30, 2023, including interest of \$159,096, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 593,844	\$ 56,530	\$ 650,374
2025	477,596	40,052	517,648
2026	373,819	27,947	401,766
2027	295,030	18,681	313,711
2028	302,130	11,582	313,712
2029-2031	144,896	4,304	149,200
	<u>\$ 2,187,315</u>	<u>\$ 159,096</u>	<u>\$ 2,346,411</u>

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

Water

2.97% note, payable in annual installments of \$154,632, including interest;
final payment due August 2030, secured by real estate 1,086,845

1.53% note, payable in annual installments of \$24,383, including interest;
final payment due May 2038, secured by real estate 365,741

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 1,593,365

0% note, payable in annual installments of \$161,152, with final installment
of \$161,152; final payment due May 2041, unsecured 2,485,388

2.97% note, payable in annual installments of \$74,506, including interest;
final payment due June 2029, secured by real estate 404,017

Total \$ 6,305,141

Annual debt service principal and interest payments of the notes payable as of June 30, 2023, including interest of \$475,095, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 697,824	\$ 95,451	\$ 793,275
2025	587,429	72,884	660,313
2026	466,132	61,220	527,352
2027	471,953	53,238	525,191
2028	477,947	45,084	523,031
2029-2033	1,860,645	114,813	1,975,458
2034-2038	1,328,980	32,405	1,361,385
2039-2041	414,231	-	414,231
	<u>\$ 6,305,141</u>	<u>\$ 475,095</u>	<u>\$ 6,780,236</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
Governmental Activities:					
Notes payable	\$ 2,751,793	\$ -	\$ 564,478	\$ 2,187,315	\$ 593,844
Compensated absences	414,310	83,790	13,471	484,629	121,157
OPEB liability	2,156,155	-	256,433	1,899,722	-
Total pension liability (LEOSSA)	534,730	-	57,554	477,176	-
Net pension liability (LGERS)	839,754	1,993,695	-	2,833,449	-
Governmental Activities long-term liabilities	\$ 6,696,742	\$ 2,077,485	\$ 891,936	\$ 7,882,291	\$ 715,001
Business-type Activities:					
Electric Fund					
Notes payable	\$ 333,211	\$ -	\$ 53,000	\$ 280,211	\$ 184,492
OPEB liability	378,785	16,990	-	395,775	-
Compensated absences	69,088	2,622	-	71,710	17,928
Net pension liability (LGERS)	113,065	323,149	-	436,214	-
Electric Fund long-term liabilities	\$ 894,149	\$ 342,761	\$ 53,000	\$ 1,183,910	\$ 202,420
Water Fund					
Notes payable	\$ 1,595,792	\$ -	\$ 143,206	\$ 1,452,586	\$ 146,736
OPEB liability	203,960	7,120	-	211,080	-
Compensated absences	14,242	-	3,780	10,462	2,616
Net pension liability (LGERS)	41,077	106,211	-	147,288	-
Water Fund long-term liabilities	\$ 1,855,071	\$ 113,331	\$ 146,986	\$ 1,821,416	\$ 149,352
Sewer Fund					
Notes payable	\$ 3,689,560	\$ 1,189,234	\$ 306,450	\$ 4,572,344	\$ 366,596
OPEB liability	145,686	-	40,146	105,540	-
Compensated absences	-	2,925	-	2,925	731
Net pension liability (LGERS)	13,625	67,966	-	81,591	-
Sewer Fund long-term liabilities	\$ 3,848,871	\$ 1,260,125	\$ 346,596	\$ 4,762,400	\$ 367,327
Stormwater Fund					
OPEB liability	\$ 29,137	\$ -	\$ 2,752	\$ 26,385	\$ -
Compensated absences	5,338	1,546	-	6,884	1,721
Net pension liability (LGERS)	9,253	24,302	-	33,555	-
Stormwater Fund long-term liabilities	\$ 43,728	\$ 25,848	\$ 2,752	\$ 66,824	\$ 1,721
Total Business-type Activities	\$ 6,641,819	\$ 1,742,065	\$ 549,334	\$ 7,834,550	\$ 720,820

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, 2023, the Town of Winterville had a legal debt margin of \$78,531,034.

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2023, consist of the following:

<u>Transfers - Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
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.
Stormwater Fund Capital Project	-	3,164,984	
Sewer Capital Project Fund	-	-	
Chapman Street Capital Project	-	-	
American Rescue Plan	3,164,984	-	
General Fund	3,164,984	3,814,984	
	<u>\$ 6,979,968</u>	<u>\$ 6,979,968</u>	

Expense Reimbursements -

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Electric Fund	\$ 443,076	\$ -	Expense reimbursement - Administrative and IT exepnses
Water Fund	391,159	-	Expense reimbursement - Administrative and IT exepnses
Sewer Fund	400,295	-	Expense reimbursement - Administrative and IT exepnses
Stormwater Fund	129,109	-	Expense reimbursement - Administrative and IT exepnses
General Fund	-	1,363,639	Expense reimbursement - Administrative and IT exepnses
Water Fund	63,500	-	Expense Reimbursement - meter reading
Sewer Fund	63,500	-	Expense Reimbursement - meter reading
Electric Fund	-	127,000	Expense Reimbursement - meter reading
	<u>\$ 1,490,639</u>	<u>\$ 1,490,639</u>	

Balances due to/from the sewer fund and related sewer capital project funds at June 30, 2023, consist of the following:

Due To / From Other Funds -

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Sewer Fund	\$ 480,074	\$ -	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2019	-	27,292	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2020	-	452,782	Expenditures paid on behalf of other funds
	<u>\$ 480,074</u>	<u>\$ 480,074</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:

Total fund balance - General Fund:	\$ 15,431,856
Less:	
Inventories	14,989
Stabilization by State Statute	1,280,924
Streets - Powell Bill	788,947
Public Safety	241,098
Recreation	181,470
Committed - Housing	69,305
Committed - OPEB	100,000
Appropriated Fund Balance in 2024 Budget	612,972
Working Capital/Fund Balance Policy	2,443,171
Remaining Fund Balance:	\$ 9,698,980

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, 2023.

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, 2023 amounted to \$1,142,866.

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 \$3,434 to the Commission during the fiscal year ended June 30, 2023.

Town of Winterville, North Carolina Notes to Financial Statements

4. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these funds to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. During the fiscal year ended June 30, 2023, 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, 2023. 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.

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, 2023

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost at the end of the year	\$ 222,086	\$ 220,084	\$ 162,824	\$ 83,481	\$ 86,037	\$ 92,496
Interest on TOL and cash flows	66,870	57,933	73,952	64,715	58,643	50,267
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	17,782	16,354	(4,749)	202,846	259	705
Changes of assumptions or other inputs	(501,602)	278,606	326,412	18,073	(54,650)	(92,201)
Benefit payments	(80,357)	(120,500)	(93,725)	(71,731)	(76,183)	(71,904)
Other changes	-	-	-	-	-	-
Net change in total OPEB liability	(275,221)	452,477	464,714	297,384	14,106	(20,637)
Total OPEB liability - beginning	2,913,723	2,461,246	1,996,532	1,699,148	1,685,042	1,705,679
Total OPEB liability - ending	\$ 2,638,502	\$ 2,913,723	\$ 2,461,246	\$ 1,996,532	\$ 1,699,148	\$ 1,685,042
Covered payroll	\$ 3,921,243	\$ 3,921,243	\$ 3,975,806	\$ 3,975,806	\$ 2,700,955	\$ 2,700,955
Total OPEB liability as a percentage of covered-employee payroll	67.29%	74.31%	61.91%	50.22%	62.91%	62.39%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms for the year ended June 30, 2022.

Changes of Assumptions. The discount rate as of June 30, 2022 was 2.16% and it increased to 3.54 % as of June 30, 2023.

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, 2023**

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	2.16 Percent
Discount rate	3.54 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 Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Winterville's proportion of the net pension liability (asset) (%)	0.06261%	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) (\$)	\$ 3,532,097	\$ 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	\$ 4,315,947	\$ 4,395,534	\$ 4,522,411	\$ 4,010,702	\$ 3,361,774	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072	\$ 2,707,500
Winterville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	81.84%	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**	84.14%	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.

Town of Winterville, North Carolina
Schedule of Contributions
Local Governmental Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 578,598	\$ 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	578,598	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	\$ 4,664,195	\$ 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	12.41%	11.57%	10.36%	8.94%	7.95%	7.73%	0.00%	6.81%	7.05%	7.24%

Town of Winterville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2023

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

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 534,730	\$ 497,338	\$ 341,970	\$ 287,987	\$ 469,135	\$ 451,356	\$ 455,255
Service cost	42,852	48,066	31,728	25,789	23,264	20,521	23,410
Interest on the total pension liability	11,918	9,456	10,870	10,172	14,557	16,778	15,671
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(12,180)	10,508	(11,346)	24,138	(190,519)	(14,777)	-
Changes of assumptions or other inputs	(90,088)	(15,907)	141,184	10,952	(11,478)	28,647	(10,381)
Benefit payments	(10,056)	(14,731)	(17,068)	(17,068)	(16,972)	(33,390)	(32,599)
Other	-	-	-	-	-	-	-
Ending balance	<u>\$ 477,176</u>	<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 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, 2023

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

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 477,176	\$ 534,730	\$ 497,338	\$ 341,970	\$ 287,987	\$ 469,135	\$ 451,356
Covered payroll	1,187,057	1,249,193	1,262,427	1,086,090	957,694	884,010	945,108
Total pension liability as a percentage of covered payroll	40.20%	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 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.

American Rescue Plan Fund

The American Rescue Plan Fund (ARP) accounts for grant awards received and expended by the Town.



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, 2023

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 4,796,958	
Interest		20,417	
Total	\$ 4,820,523	4,817,375	\$ (3,148)
Other taxes and licenses:			
Vehicle tag fees		27,030	
Total	5,100	27,030	21,930
Unrestricted Intergovernmental:			
Local option sales tax		3,496,242	
Payment in lieu of taxes - external sources		2,221	
Utilities and telecommunications sales tax		383,824	
Beer and wine tax		47,739	
Total	3,998,624	3,930,026	(68,598)
Restricted Intergovernmental:			
Powell Bill allocation		309,054	
Pitt County Schools grant		169,214	
Unauthorized substance tax		2,324	
DOT reimbursement		3,660	
FEMA grant revenue		41,802	
Miscellaneous grant revenue ICAC		48,525	
Asset forfeiture		86,922	
Solid waste disposal tax		2,112	
Total	677,249	663,613	(13,636)
Permits and fees:			
Business registration fees		440	
Planning and zoning fees		26,805	
Total	12,500	27,245	14,745
Sales and services:			
Solid waste fees		580,410	
Community building/Rescue rent		3,550	
Fire inspections		8,700	
Building inspections		300,359	
Police event pay		47,031	
Greenville Utilities Commission		23,597	
User access fee		8,369	
Recreation		128,497	
Cemetery		6,500	
Total	1,239,181	1,107,013	(132,168)
Investment earnings	11,812	341,481	329,669
Miscellaneous:			
Rescue contribution	180,388	178,800	(1,588)
Other	64,494	12,872	(51,622)
Total	244,882	191,672	(53,210)
 Total revenues	 11,009,871	 11,105,455	 95,584

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, 2023**

	Budget	Actual	Variable Positive (Negative)
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		63,026	
Other operating expenditures		46,561	
Total	123,108	109,587	13,521
Administration:			
Salaries and employee benefits		1,398,399	
Maintenance and repairs		2,653	
Other operating expenditures		807,533	
Capital outlay		88,840	
Reimbursement - proprietary funds		(919,365)	
Total	3,444,611	1,378,060	2,066,551
Information Technology:			
Other operating expenditures		349,604	
Reimbursement - proprietary funds		(209,591)	
Total	564,639	140,013	424,626
Planning:			
Salaries and employee benefits		145,735	
Maintenance and repairs		151	
Other operating expenditures		9,751	
Total	174,910	155,637	19,273
Total general government	4,307,268	1,783,297	2,523,971
Public Safety:			
Police:			
Salaries and employee benefits		2,112,712	
Maintenance and repairs		43,541	
Other operating expenditures		155,425	
ICAC grant		48,502	
Noncapitalized equipment < \$5,000		6,379	
Capital outlay		84,508	
Total	2,805,394	2,451,067	354,327 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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Public Safety (continued):			
Animal Control:			
Other operating expenditures		7,371	
Total	<u>13,968</u>	<u>7,371</u>	<u>6,597</u>
Fire:			
Salaries and employee benefits		1,270,154	
Maintenance and repairs		72,944	
Other operating expenditures		167,330	
Noncapitalized equipment < \$5,000		56,882	
Capital outlay		223,719	
Total	<u>2,140,082</u>	<u>1,791,029</u>	<u>349,053</u>
Rescue:			
Salaries and employee benefits		179,932	
Total	<u>183,208</u>	<u>179,932</u>	<u>3,276</u>
Total public safety	5,142,652	4,429,399	713,253
Transportation:			
Salaries and employee benefits		593,191	
Maintenance and repairs		47,038	
Other operating expenditures		93,406	
Other operating expenditures - Powell Bill		557	
Contracted services		85,956	
Capital outlay - Powell Bill		75	
Capital outlay		160,527	
Reimbursement - proprietary funds		(147,955)	
Total transportation	1,473,753	832,795	640,958
Environmental Protection:			
Sanitation:			
Other operating expenditures		663,415	
Total environmental protection	<u>777,300</u>	<u>663,415</u>	<u>113,885</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, 2023

	Budget	Actual	Variable Positive (Negative)
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		378,660	
Maintenance and repairs		53,847	
Other operating expenditures		203,742	
Noncapitalized equipment <\$5,000		17,994	
Capital outlay		42,192	
Total parks and recreation	<u>1,160,006</u>	<u>696,435</u>	<u>463,571</u>
Library:			
Contribution to Sheppard Library	<u>168,400</u>	<u>168,400</u>	<u>-</u>
Public Buildings:			
Maintenance and repairs		28,331	
Capital outlay		269,855	
Other operating expenditures		354,950	
Reimbursement - proprietary funds		(86,728)	
Total public buildings	<u>844,471</u>	<u>566,408</u>	<u>278,063</u>
Total Cultural and Recreation	<u>2,172,877</u>	<u>1,431,243</u>	<u>741,634</u>
Debt service:			
Principal retirement	575,879	564,478	11,401
Interest	69,651	68,055	1,596
Total debt service	<u>645,530</u>	<u>632,533</u>	<u>12,997</u>
Total expenditures	<u>14,519,380</u>	<u>9,772,682</u>	<u>4,746,698</u>
Revenues over (under) expenditures	(3,509,509)	1,332,773	4,842,282
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds	2,013,639	650,000	(1,363,639)
American Rescue Plan Fund	3,164,984	3,164,984	-
Transfers to other funds:			
Storm Water Capital Project Fund	(3,164,984)	(3,164,984)	-
Capital Reserve fund	(61,400)	-	61,400
Total other financing sources (uses)	<u>1,952,239</u>	<u>650,000</u>	<u>(1,302,239)</u>
Fund balance appropriated	<u>1,557,270</u>	<u>-</u>	<u>(1,557,270)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,982,773</u>	<u>\$ 1,982,773</u>
Fund balances, beginning		13,442,007	
Change in reserve for inventories		7,076	
Fund balances, ending		<u>\$ 15,431,856</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, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental American Rescue Plan Funds	\$ 3,164,984	\$ -	\$ 3,164,984	\$ 3,164,984	\$ -
Total revenues	3,164,984	-	3,164,984	3,164,984	-
EXPENDITURES					
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	3,164,984	-	3,164,984	3,164,984	-
OTHER FINANCING SOURCES (USES)					
Transfer Out - General Fund	(3,164,984)	-	(3,164,984)	(3,164,984)	-
Total other financing sources (uses)	(3,164,984)	-	(3,164,984)	(3,164,984)	-
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.

Sewer Rehabilitation Capital Project Fund 2019

Sewer Rehabilitation Capital Project Fund 2020

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

Stormwater Capital Project Fund



Town of Winterville, North Carolina
Electric Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sale of electricity		\$ 8,229,122	
Connection fees		57,840	
Service charges		75,511	
Miscellaneous revenue		33,033	
Total operating revenues	<u>\$ 8,350,695</u>	<u>8,395,506</u>	<u>\$ 44,811</u>
Non-operating revenues:			
Investment earnings	<u>3,000</u>	<u>148,023</u>	<u>145,023</u>
Total revenues	<u>8,353,695</u>	<u>8,543,529</u>	<u>189,834</u>
Expenditures:			
Operating:			
Electrical power purchases		4,953,096	
Salaries and employee benefits		1,020,242	
Supplies		197,023	
Repairs and maintenance		34,836	
Contracted services		79,615	
Sales tax		506,562	
Other departmental expenses		101,661	
Expense reimbursement to general fund		443,076	
Expense reimbursement from water and sewer fund		(127,000)	
Total operating expenditures	<u>8,212,570</u>	<u>7,209,111</u>	<u>1,003,459</u>
Debt service:			
Principal retirement	144,107	53,000	91,107
Interest	8,092	1,087	7,005
Total debt service	<u>152,199</u>	<u>54,087</u>	<u>98,112</u>
Capital outlay:			
Noncapitalized equipment < \$5,000		86,695	
Capital outlay		394,192	
Total capital outlay	<u>1,713,982</u>	<u>480,887</u>	<u>1,233,095</u>
Total expenditures	<u>10,078,751</u>	<u>7,744,085</u>	<u>2,334,666</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	(1,725,056)	799,444	2,524,500
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(650,000)	(650,000)	-
Enterprise Capital Reserve	(23,300)	-	23,300
Total other financing sources (uses)	(673,300)	(650,000)	23,300
Fund balance appropriated	2,398,356	-	(2,398,356)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	149,444	\$ 149,444
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		53,000	
Capital outlay		394,192	
Depreciation		(451,476)	
(Increase) decrease in accrued interest on installment purchases		(6,324)	
Increase (decrease) in deferred outflows of resources - pensions		112,507	
(Increase) decrease in deferred inflows of resources - pensions		152,822	
(Increase) decrease in net pension liability		(323,149)	
Increase (decrease) in deferred outflows of resources - OPEB		(452)	
(Increase) decrease in deferred inflows of resources - OPEB		(66,242)	
(Increase) decrease in accrued OPEB liability		(16,990)	
(Increase) decrease in accrued vacation pay		(2,622)	
Total		(154,734)	
Change in net position		\$ (5,290)	

Town of Winterville, North Carolina
Water Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 1,518,552	
Tapping fees		35,100	
System development fees		29,944	
Other operating revenues		35,553	
Total operating revenues	<u>\$ 1,632,479</u>	<u>1,619,149</u>	<u>\$ (13,330)</u>
Non-operating revenues:			
Investment earnings		47,604	
Total non-operating revenues	<u>-</u>	<u>47,604</u>	<u>47,604</u>
Total revenues	1,632,479	1,666,753	34,274
Expenditures:			
Operating:			
Salaries and employee benefits		304,733	
Purchases for resale		387,540	
Supplies		48,777	
Repairs and maintenance		10,885	
Contracted services		50,034	
Other departmental expenses		74,470	
Expense reimbursement to general fund		391,159	
Expense reimbursement to electric fund		63,500	
Expense reimbursement from sewer fund		(18,600)	
Total operating expenditures	<u>1,478,677</u>	<u>1,312,498</u>	<u>166,179</u>
Debt service:			
Principal retirement	143,206	143,206	-
Interest	41,777	41,777	-
Total debt service	<u>184,983</u>	<u>184,983</u>	<u>-</u>
Capital outlay:			
Capital outlay		8,300	
Total capital outlay	<u>54,678</u>	<u>8,300</u>	<u>46,378</u>
Total expenditures	<u>1,718,338</u>	<u>1,505,781</u>	<u>212,557</u>
Revenues over (under) expenditures	<u>(85,859)</u>	<u>160,972</u>	<u>246,831</u>

Town of Winterville, North Carolina
Water Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	(36,500)	-	36,500
Total other financing sources (uses)	(36,500)	-	36,500
 Fund balance appropriated	 122,359	 -	 (122,359)
 Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	 \$ -	 160,972	 \$ 160,972
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		143,206	
Capital outlay		8,300	
Depreciation		(168,142)	
(Increase) decrease in accrued interest on installment purchases		3,165	
Increase (decrease) in deferred outflows of resources - pensions		33,661	
(Increase) decrease in deferred inflows of resources - pensions		56,314	
(Increase) decrease in net pension liability		(106,211)	
Increase (decrease) in deferred outflows of resources - OPEB		(747)	
(Increase) decrease in deferred inflows of resources - OPEB		(35,281)	
(Increase) decrease in accrued OPEB liability		(7,120)	
(Increase) decrease in accrued vacation pay		3,780	
Total		(69,075)	
 Change in net position		 \$ 91,897	

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges		\$ 2,515,352	
System development fees		68,539	
Tapping fees		950	
Total operating revenues	<u>\$ 2,571,154</u>	<u>2,584,841</u>	<u>\$ 13,687</u>
Non-operating revenues:			
Investment earnings		34,437	
Sale of capital assets		14,750	
	<u>-</u>	<u>49,187</u>	<u>49,187</u>
 Total revenues	 2,571,154	 2,634,028	 62,874
Expenditures:			
Operating:			
Salaries and employee benefits		152,795	
Supplies		26,110	
Repairs and maintenance		36,505	
Contracted services		60,514	
CMSD expense		1,142,866	
Other departmental expenses		84,115	
Expense reimbursement to general fund		400,295	
Expense reimbursement to water fund		18,600	
Expense reimbursement to electric fund		63,500	
Total operating expenditures	<u>2,118,219</u>	<u>1,985,300</u>	<u>132,919</u>
Debt service:			
Principal retirement	387,700	306,450	81,250
Interest	49,070	42,399	6,671
Total debt service	<u>436,770</u>	<u>348,849</u>	<u>87,921</u>
Capital outlay:			
Capital outlay		347,463	
Total capital outlay	<u>486,365</u>	<u>347,463</u>	<u>138,902</u>
 Total expenditures	 <u>3,041,354</u>	 <u>2,681,612</u>	 <u>359,742</u>
Revenues over (under) expenditures	(470,200)	(47,584)	422,616

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	(68,800)	-	68,800
Total other financing sources (uses)	(68,800)	-	68,800
 Fund balance appropriated	539,000	-	(539,000)
 Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	\$ -	(47,584)	\$ (47,584)

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

Reconciling items:	
Principal retirement	306,450
Capital outlay	347,463
Depreciation	(328,088)
(Increase) decrease in accrued interest on installment purchases	(3,746)
Increase (decrease) in deferred outflows of resources - pensions	32,269
(increase) decrease in deferred inflows of resources - pensions	16,363
(increase) decrease in net pension liability	(67,966)
Increase (decrease) in deferred outflows of resources - OPEB	(11,765)
(Increase) decrease in deferred inflows of resources - OPEB	(16,570)
(Increase) decrease in accrued OPEB liability	40,146
(Increase) decrease in accrued vacation pay	(2,925)
Capital Project Funds	
NCDEQ Grant	500,000
Total	811,631
 Change in net position	\$ 764,047

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, 2023

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2022	Amendments	June 30, 2023		Current Year	Total to Date	
Federal Awards:							
NC DEQ grant	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ (500,000)
Expenditures:							
Capital outlay:							
Construction	\$ 3,128,647	\$ -	\$ 3,128,647	\$ 2,781,282	\$ -	\$ 2,781,282	\$ 347,365
Engineering	382,000	-	382,000	572,887	13,448	586,335	(204,335)
Contracted services	139,460	-	139,460	14,992	-	14,992	124,468
Contingency	147,382	-	147,382	-	-	-	147,382
Total capital outlay	<u>3,797,489</u>	<u>-</u>	<u>3,797,489</u>	<u>3,369,161</u>	<u>13,448</u>	<u>3,382,609</u>	<u>414,880</u>
Revenues over (under) expenditures	(3,797,489)	-	(3,797,489)	(3,369,161)	486,552	(2,882,609)	914,880
Other financing sources:							
Transfers from (to) other funds:							
Sewer Fund	74,460	-	74,460	70,700	-	70,700	(3,760)
Debt proceeds	3,723,029	-	3,723,029	1,595,383	1,189,234	2,784,617	(938,412)
Total other financing sources	<u>3,797,489</u>	<u>-</u>	<u>3,797,489</u>	<u>1,666,083</u>	<u>1,189,234</u>	<u>2,855,317</u>	<u>(942,172)</u>
Expenditures (over) under other financing sources	\$ -	\$ -	\$ -	\$ (1,703,078)	\$ 1,675,786	\$ (27,292)	\$ (27,292)

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, 2023

	Project Authorization			Prior Years	Actual		Variance Positive (Negative)
	June 30, 2022	Amendments	June 30, 2023		Current Year	Total to Date	
Federal Awards:							
Clean Water State Grant	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Expenditures:							
Capital outlay:							
Construction	1,337,200	-	1,337,200	-	-	-	1,337,200
Engineering	765,100	86,400	851,500	284,696	168,086	452,782	398,718
Contingency	134,000	-	134,000	-	-	-	134,000
Total capital outlay	<u>2,236,300</u>	<u>86,400</u>	<u>2,322,700</u>	<u>284,696</u>	<u>168,086</u>	<u>452,782</u>	<u>1,869,918</u>
Revenues over (under) expenditures	(1,736,300)	(86,400)	(1,822,700)	(284,696)	(168,086)	(452,782)	1,369,918
Other financing sources:							
Transfers from (to) other funds:							
Sewer Fund	39,500	-	39,500	-	-	-	(39,500)
Debt proceeds	1,696,800	86,400	1,783,200	-	-	-	(1,783,200)
Total other financing sources	<u>1,736,300</u>	<u>86,400</u>	<u>1,822,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,822,700)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (284,696)</u>	<u>\$ (168,086)</u>	<u>\$ (452,782)</u>	<u>\$ (452,782)</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater charges		\$ 515,299	
Total operating revenues	\$ 520,347	515,299	\$ (5,048)
Non-operating revenues:			
Investment earnings	-	30,009	30,009
Federal and state grants	15,000	15,000	-
Total non-operating revenues	15,000	45,009	30,009
Total revenues	535,347	560,308	24,961
Expenditures:			
Operating:			
Salaries and employee benefits		88,443	
Contracted services		78,657	
Supplies		1,395	
Engineering fees		1,116	
Repairs and maintenance		2,741	
Drainage district		12,381	
Phase II compliance		860	
Expense reimbursement to general fund		129,109	
Total operating expenditures	572,408	314,702	257,706
Total expenditures	572,408	314,702	257,706
Revenues over (under) expenditures	(37,061)	245,606	282,667
Fund balance appropriated	37,061	-	(37,061)
Revenues and appropriated fund balance over (under) expenditures	\$ -	245,606	\$ 245,606

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023

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

Reconciling items:

Depreciation	(40,623)
Increase (decrease) in deferred outflows of resources - pensions	7,826
(Increase) decrease in deferred inflows of resources - pensions	12,657
Increase (decrease) in deferred outflows of resources - OPEB	(1,043)
(Increase) decrease in deferred inflows of resources - OPEB	(4,321)
(Increase) decrease in net pension liability	(24,302)
(Increase) decrease in accrued OPEB liability	2,752
(Increase) decrease in accrued vacation pay	(1,546)
Capital Project Fund	
Transfer from General Fund	3,164,984
Total	3,116,384
Change in net position	\$ 3,361,990

**Town of Winterville, North Carolina
Storm Water Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2023**

	Project Authorization <u>June 30, 2023</u>	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay:					
Construction	\$ 3,164,984	\$ -	\$ -	\$ -	\$ 3,164,984
Total capital outlay	<u>3,164,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,164,984</u>
Revenues over (under) expenditures	<u>(3,164,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,164,984</u>
Other financing sources:					
Transfers from (to) other funds:					
General Fund	3,164,984	-	3,164,984	3,164,984	-
Total other financing sources	<u>3,164,984</u>	<u>-</u>	<u>3,164,984</u>	<u>3,164,984</u>	<u>-</u>
Other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,164,984</u>	<u>\$ 3,164,984</u>	<u>\$ 3,164,984</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, 2023
(With Comparative Actual Amounts as of June 30, 2022)

<u>Governmental Capital Assets</u>	<u>2023</u>	<u>2022</u>
Land	\$ 5,218,528	\$ 4,859,857
Construction in process	255,167	246,992
Buildings	7,484,123	7,350,012
Infrastructure	33,822,463	32,180,716
Software	1,170,465	1,110,736
Vehicles and equipment	8,633,656	8,293,228
	<hr/>	<hr/>
Total	<u>\$ 56,584,402</u>	<u>\$ 54,041,541</u>

Town of Winterville, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Fiscal Year Ended June 30, 2023

<u>Function and Activity</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
General government	\$ 12,138,043	\$ 88,840	\$ -	\$ 12,226,883
Transportation	34,598,588	1,851,418	15,328	36,434,678
Public Safety	3,573,898	305,884	-	3,879,782
Cultural and recreation	3,731,012	312,047	-	4,043,059
 Total	 <u>\$ 54,041,541</u>	 <u>\$ 2,558,189</u>	 <u>\$ 15,328</u>	 <u>\$ 56,584,402</u>

OTHER SCHEDULES

This section contains additional information on property taxes.

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



Town of Winterville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections And Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 4,793,997	\$ 4,759,789	\$ 34,208
2021-2022	23,668	-	10,309	13,359
2020-2021	16,269	-	6,568	9,701
2019-2020	8,116	-	3,294	4,822
2018-2019	6,785	-	3,476	3,309
2017-2018	4,360	-	1,792	2,568
2016-2017	2,637	-	924	1,713
2015-2016	2,565	-	323	2,242
2014-2015	2,161	-	460	1,701
2013-2014	2,897	-	515	2,382
2012-2013	4,043	-	4,043	-
Total	<u>\$ 73,501</u>	<u>\$ 4,793,997</u>	<u>\$ 4,791,493</u>	<u>\$ 76,005</u>

Less: allowance for uncollectible accounts:
General fund

18,794

Ad valorem taxes receivable - net

\$ 57,211

Reconciliation with Revenues:

Ad valorem taxes - General Fund

\$ 4,817,375

Reconciling items:

Interest collected

(20,417)

Taxes written off

4,043

Releases (prior years) and other adjustments

(9,508)

Subtotal

(25,882)

Total collections and credits

\$ 4,791,493

Town of Winterville, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 971,337,684	0.475	\$ 4,613,854	\$ 4,078,465	\$ 535,389
Property taxes at prior year rate	38,390,316	0.475	182,354	-	182,354
Late listing penalties			1,345	1,345	-
Discoveries	462,947	0.475	2,199	2,084	115
Releases	<u>(1,211,579)</u>	0.475	<u>(5,755)</u>	<u>(3,151)</u>	<u>(2,604)</u>
Total property valuation	<u><u>\$1,008,979,368</u></u>				
Net levy			4,793,997	4,078,743	715,254
Uncollected taxes at June 30, 2023			<u>(34,208)</u>	<u>(34,208)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 4,759,789</u></u>	<u><u>\$ 4,044,535</u></u>	<u><u>\$ 715,254</u></u>
Current levy collection percentage			<u><u>99.29%</u></u>	<u><u>99.16%</u></u>	<u><u>100.00%</u></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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 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	\$ 22,975,773
Restricted	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	2,492,439
Unrestricted	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	9,053,974
Total governmental activities net position	\$ 24,565,137	\$ 25,344,033	\$ 26,010,923	\$ 27,173,719	\$ 27,183,837	\$ 26,935,714	\$ 27,534,987	\$ 29,501,535	\$ 31,988,573	\$ 34,522,186
Business-type activities										
Net investment in capital assets	\$ 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	\$ 10,146,580
Restricted	-	-	-	-	-	-	-	-	-	17,690
Unrestricted	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	15,296,899
Total Business-type activities net position	\$ 12,037,688	\$ 13,256,119	\$ 13,769,148	\$ 14,719,729	\$ 15,397,861	\$ 17,176,125	\$ 19,172,554	\$ 21,032,598	\$ 21,248,525	\$ 25,461,169
Primary government										
Net investment in capital assets	\$ 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	\$ 33,122,353
Restricted	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	2,510,129
Unrestricted	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	24,350,873
Total primary government net position	\$ 36,602,825	\$ 38,600,152	\$ 39,780,071	\$ 41,893,448	\$ 42,581,698	\$ 44,111,839	\$ 46,707,541	\$ 50,534,133	\$ 53,237,098	\$ 59,983,355

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,331,287
Public Safety	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	4,681,326
Transportation	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	1,915,674
Environmental protection	423,582	449,332	460,797	479,991	496,618	515,105	532,194	549,593	578,678	663,415
Cultural and recreational	774,390	852,262	806,502	885,272	955,743	1,204,419	1,081,788	1,048,594	1,183,263	1,260,849
Economic and physical development	-	-	32,400	32,400	25,895	20,000	-	-	-	-
Interest on long-term debt	206,866	175,858	114,018	99,326	87,402	100,278	91,181	84,760	80,641	63,137
Reimbursements from business type activities	(151,682)	(59,696)	-	-	-	-	-	-	-	-
Total governmental activities expense	\$ 6,749,392	\$ 6,747,636	\$ 7,325,361	\$ 7,366,223	\$ 7,943,269	\$ 9,649,196	\$ 10,351,339	\$ 10,196,334	\$ 9,355,874	\$ 10,915,688
Business-type Activities:										
Electric	\$ 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	\$ 7,898,819
Water	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	1,574,856
Sewer	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	2,369,981
Stormwater	143,314	149,477	142,812	177,186	104,125	207,907	240,969	308,776	311,189	363,302
Total business-type activities expense	\$ 8,711,522	\$ 8,994,423	\$ 9,132,006	\$ 9,281,457	\$ 9,991,792	\$ 9,818,984	\$ 9,307,171	\$ 9,383,225	\$ 10,558,620	\$ 12,206,958
Total primary government expenses	\$ 15,460,914	\$ 15,742,059	\$ 16,457,367	\$ 16,647,680	\$ 17,935,061	\$ 19,468,180	\$ 19,658,510	\$ 19,579,559	\$ 19,914,494	\$ 23,122,646
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482	\$ 186,823	\$ 196,356	\$ 196,725	\$ 196,063	\$ 235,915	\$ 351,201
Public Safety	13,106	19,473	22,975	30,445	81,915	92,208	77,969	88,235	81,421	59,281
Transportation	-	6,914	3,660	3,660	-	-	-	-	-	-
Environmental protection	484,688	500,833	508,020	521,196	564,434	579,839	584,810	575,718	584,933	590,509
Cultural and recreational	145,706	147,350	148,514	160,042	132,002	128,206	105,542	63,414	183,414	128,497
Operating grants and contributions										
General government	44,786	-	5,000	28,425	308	2,878	2,274	67,175	-	-
Public Safety	21,464	3,850	6,923	43,138	147,146	249,594	890,387	734,876	397,094	3,513,771
Transportation	272,530	266,981	266,040	261,061	262,732	307,271	326,125	317,180	384,299	312,714
Environmental protection	5,282	6,201	5,979	6,306	6,224	7,017	7,243	7,256	6,056	2,112
Cultural and recreational	-	-	-	-	-	5,069	26,431	3,500	-	-
Capital grants and contributions										
Transportation	-	-	-	-	384,852	484,353	1,135,981	1,661,369	751,843	1,690,891
Total governmental activities program revenues	\$ 1,153,544	\$ 1,124,953	\$ 1,165,827	\$ 1,260,755	\$ 1,766,436	\$ 2,052,791	\$ 3,353,487	\$ 3,714,786	\$ 2,624,975	\$ 6,648,976

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services										
Electric Fund	\$ 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	\$ 8,395,506
Water Fund	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	1,619,149
Sewer Fund	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	2,584,841
Stormwater Fund	169,378	176,261	172,337	191,172	221,941	492,572	494,246	509,381	506,375	515,299
Operating grants and contributions	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	-	515,000
Total business-type activities program revenues	\$ 8,987,467	\$ 10,028,550	\$ 9,874,086	\$ 10,491,651	\$ 11,151,547	\$ 11,804,938	\$ 11,685,464	\$ 11,886,265	\$ 11,398,600	\$ 13,629,795
Total primary government program revenues	\$ 10,141,011	\$ 11,153,503	\$ 11,039,913	\$ 11,752,406	\$ 12,917,983	\$ 13,857,729	\$ 15,038,951	\$ 15,601,051	\$ 14,023,575	\$ 20,278,771
Net Revenue (Expense):										
Governmental activities	\$ (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)	\$ (4,266,712)
Business-type activities	275,945	1,034,127	742,080	1,210,194	1,159,755	1,985,954	2,378,293	2,503,040	839,980	1,422,837
Total primary government net expense	\$ (5,319,903)	\$ (4,588,556)	\$ (5,417,454)	\$ (4,895,274)	\$ (5,017,078)	\$ (5,610,451)	\$ (4,619,559)	\$ (3,978,508)	\$ (5,890,919)	\$ (2,843,875)
General revenues and other changes in net position										
Governmental activities:										
Property Taxes	\$ 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	\$ 4,825,100
Local option sales tax	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	3,496,242
Grants and contributions not restricted to specific programs	-	-	-	-	415,169	420,334	404,567	394,549	411,585	433,784
Other taxes and licenses	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961	26,535	27,030
Investment Earnings	6,869	9,623	9,816	9,160	52,769	166,081	102,824	643	14,519	341,481
Miscellaneous	268,351	503,895	630,471	1,040,275	247,608	286,727	238,474	216,625	192,666	191,672
Transfers	230,192	188,552	215,444	290,000	311,000	375,578	506,456	650,000	650,000	(2,514,984)
Total governmental activities	\$ 6,087,517	\$ 6,566,958	\$ 6,826,424	\$ 7,493,635	\$ 6,868,320	\$ 7,348,282	\$ 7,597,125	\$ 8,448,096	\$ 9,217,937	\$ 6,800,325
Business-type activity:										
Investment earnings, net of market adjustment	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607	\$ 52,377	\$ 167,888	\$ 124,592	\$ 7,004	\$ 11,197	\$ 260,073
Miscellaneous	-	-	-	-	-	-	-	-	14,750	14,750
Transfers	(230,192)	(188,552)	(215,444)	(290,000)	(311,000)	(375,578)	(506,456)	(650,000)	(650,000)	2,514,984
Total business-type activity	\$ (218,301)	\$ (181,444)	\$ (206,643)	\$ (279,393)	\$ (258,623)	\$ (207,690)	\$ (381,864)	\$ (642,996)	\$ (624,053)	\$ 2,789,807
Total primary government	\$ 5,869,216	\$ 6,385,514	\$ 6,619,781	\$ 7,214,242	\$ 6,609,697	\$ 7,140,592	\$ 7,215,261	\$ 7,805,100	\$ 8,593,884	\$ 9,590,132
Change in net position										
Governmental activities	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167	\$ 691,487	\$ (248,123)	\$ 599,273	\$ 1,966,548	\$ 2,487,038	\$ 2,533,613
Business-type activities	57,644	852,683	535,437	930,801	901,132	1,778,264	1,996,429	1,860,044	215,927	4,212,644
Total primary government	\$ 549,313	\$ 1,796,958	\$ 1,202,327	\$ 2,318,968	\$ 1,592,619	\$ 1,530,141	\$ 2,595,702	\$ 3,826,592	\$ 2,702,965	\$ 6,746,257

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023	\$ 10,323	\$ 12,036	\$ 11,331	\$ 40,831	\$ 22,663	\$ 14,989
Restricted	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	2,492,439
Committed	7,400	-	27,600	15,200	9,305	9,305	54,305	99,305	144,305	169,305
Assigned	-	-	-	669,683	1,296,299	418,406	130,021	469,544	507,102	612,972
Unassigned	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	12,142,151
Total General Fund	\$ 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	\$ 15,431,856
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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad valorem taxes	\$ 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	\$ 4,817,375
Other taxes and licenses	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961	26,535	27,030
Unrestricted intergovernmental	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	3,930,026
Restricted intergovernmental	339,925	282,550	285,844	341,621	416,410	571,829	1,252,460	1,129,987	787,449	663,613
Permits and fees	5,915	6,175	9,182	12,648	23,266	11,919	14,862	20,797	23,275	27,245
Sales and services	807,598	831,755	868,743	902,904	940,192	983,118	944,257	908,855	1,068,969	1,107,013
Investment earnings	11,006	11,019	11,574	10,129	52,769	166,081	102,824	643	14,519	341,481
Miscellaneous	48,351	28,365	54,054	61,592	247,608	173,921	253,224	181,547	186,916	191,672
TOTAL REVENUES	\$ 6,816,537	\$ 7,066,950	\$ 7,220,120	\$ 7,482,114	\$ 7,939,025	\$ 8,423,925	\$ 9,310,390	\$ 9,849,130	\$ 10,427,179	\$ 11,105,455
EXPENDITURES										
General Government	\$ 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	\$ 1,783,297
Public Safety	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	4,429,399
Transportation	801,119	697,972	642,878	1,057,009	1,059,211	1,040,419	819,554	947,405	849,303	832,795
Environmental Protection	423,582	460,546	467,635	479,991	496,618	515,105	532,194	549,593	578,678	663,415
Cultural and Recreation	745,503	762,554	872,316	948,222	1,451,597	1,406,972	1,000,797	924,954	1,164,448	1,431,243
Riembursement - Proprietary Funds	(151,682)	(59,696)	-	-	-	-	-	-	-	-
Debt Service:										
Principal retirement	484,670	646,924	497,214	502,244	522,403	546,527	610,665	586,075	723,182	564,478
Interest and Fees	204,149	186,171	117,024	101,606	89,818	78,978	97,031	81,605	87,410	68,055
Capital Outlay	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 6,648,982	\$ 6,416,230	\$ 6,891,432	\$ 7,117,437	\$ 7,812,619	\$ 9,529,204	\$ 10,478,881	\$ 9,021,452	\$ 9,115,861	\$ 9,772,682
REVENUES OVER (UNDER) EXPENDITURES	\$ 167,555	\$ 650,720	\$ 328,688	\$ 364,677	\$ 126,406	\$ (1,105,279)	\$ (1,168,491)	\$ 827,678	\$ 1,311,318	\$ 1,332,773

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OTHER FINANCING SOURCES (USES)										
Long Term Debt Issued	\$ 540,800	\$ 139,500	\$ -	\$ -	\$ 86,500	\$ 1,113,171	\$ -	\$ 1,094,000	\$ -	\$ -
Transfers in	230,192	188,552	215,444	290,000	311,000	375,578	527,200	650,000	650,000	3,814,984
Transfers out	-	-	-	-	-	-	(20,744)	-	-	(3,164,984)
Sale of capital assets	-	-	10,041	21,472	-	58,600	-	77,075	-	-
Total other financing sources (uses)	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472	\$ 397,500	\$ 1,547,349	\$ 506,456	\$ 1,821,075	\$ 650,000	\$ 650,000
Net Change in Fund Balances	\$ 938,547	\$ 978,772	\$ 554,173	\$ 676,149	\$ 523,906	\$ 442,070	\$ (662,035)	\$ 2,648,753	\$ 1,961,318	\$ 1,982,773
Debt Services as a percentage of noncapital expenditures	11%	15%	10%	9%	9%	7%	7%	8%	10%	7%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Beer and Wine Tax	Penalties/ Interest	Total
2014	\$ 3,612,768	\$ 1,630,305	\$ 254,607	\$ 41,132	\$ 27,716	\$ 5,566,528
2015	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
2016	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
2017	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115
2018	3,769,774	2,029,698	373,318	40,575	20,571	6,233,936
2019	3,877,261	2,176,597	378,135	40,810	17,407	6,490,210
2020	4,036,209	2,251,108	362,205	41,170	25,628	6,716,320
2021	4,542,500	2,609,407	353,562	40,496	33,884	7,579,849
2022	4,654,147	3,234,632	367,502	41,474	19,152	8,316,907
2023	4,796,958	3,496,242	383,824	47,739	20,147	8,744,910

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

Fiscal Year	Real Property	Personal Property	Total Taxes Levied For Fiscal Year	Property Valuation	Direct Tax Rate
2014	\$ 3,068,692	\$ 525,545	\$ 3,594,237	\$ 756,681,473	\$ 0.475
2015	3,097,787	432,342	3,530,129	743,185,053	0.475
2016	3,158,563	460,386	3,618,949	761,884,000	0.475
2017	3,231,495	479,943	3,711,438	781,355,368	0.475
2018	3,269,368	472,451	3,741,819	787,751,368	0.475
2019	3,248,858	656,806	3,905,664	822,041,474	0.475
2020	3,405,894	644,595	4,050,489	852,530,947	0.475
2021	3,736,698	772,537	4,509,235	949,085,684	0.475
2022	3,816,100	838,565	4,654,665	979,646,316	0.475
2023	3,895,947	898,050	4,793,997	1,008,979,368	0.475

Source: Pitt County Tax Assessor

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

Fiscal Year	City Direct Rates		Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Total Direct Rate	Rescue District	Fire District	County Rate	
2014	\$ 0.475	\$ 0.475	\$ 0.0460	\$ 0.0440	\$ 0.6800	\$ 1.2450
2015	0.475	0.475	0.0460	0.0440	0.6800	1.2450
2016	0.475	0.475	0.0460	0.0440	0.6800	1.2450
2017	0.475	0.475	0.0460	0.0440	0.6960	1.2610
2018	0.475	0.475	0.0460	0.0440	0.6960	1.2610
2019	0.475	0.475	0.0460	0.0624	0.7210	1.3044
2020	0.475	0.475	0.0460	0.0624	0.7210	1.3044
2021	0.475	0.475	0.0595	0.0624	0.6797	1.2766
2022	0.475	0.475	0.0595	0.0870	0.6841	1.3056
2023	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 2023			Fiscal Year 2014		
		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	1.10%	\$ 7,446,611	1	1.21%
Sam's Real Estate Business Trust	Retail	7,960,324	2	0.80%	6,193,197	2	1.01%
J & S Firetower Property LLC	Warehouse	4,865,731	3	0.49%	2,792,150	6	0.46%
Winterville Machine Works, Inc	Manufacturer	4,536,207	4	0.46%	5,976,796	3	0.97%
Winter Village LLC	Retail	4,385,261	5	0.44%	3,298,085	4	0.54%
Aquatic Holdings LLC	Financial Institution	3,787,103	6	0.38%			
Regional Acceptance Corp.	Financial Institution	3,072,778	7	0.31%			
Wintergreen Commercial Park LLC	Developer	2,983,321	8	0.30%	2,415,922	7	0.39%
State Employees Credit Union	Financial Institution	2,624,398	9	0.26%	2,958,769	5	0.48%
James Hudson	Developer	2,493,767	10	0.25%	2,222,020	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>4.79%</u>	<u>\$ 37,729,263</u>		<u>6.15%</u>
Real Property Valuation		\$ 995,640,154			\$ 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	
2014	\$ 3,565,648	\$ 28,589	\$ 3,594,237	\$ 3,533,265	99.09%	\$ 58,590	\$ 3,591,855	99.93%	
2015	3,531,045	(916)	3,530,129	3,499,202	99.10%	29,226	3,528,428	99.95%	
2016	3,614,977	3,972	3,618,949	3,591,753	99.36%	24,954	3,616,707	99.94%	
2017	3,702,996	8,442	3,711,438	3,688,485	99.61%	21,240	3,709,725	99.95%	
2018	3,741,801	18	3,741,819	3,717,032	99.34%	22,219	3,739,251	99.93%	
2019	3,905,664	-	3,905,664	3,861,379	98.87%	40,976	3,902,355	99.92%	
2020	4,050,489	-	4,050,489	4,007,001	98.93%	38,666	4,045,667	99.88%	
2021	4,509,235	-	4,509,235	4,488,080	99.53%	11,454	4,499,534	99.78%	
2022	4,647,679	6,986	4,654,665	4,630,997	99.64%	10,309	4,641,306	99.71%	
2023	4,797,553	(3,556)	4,793,997	4,759,789	99.21%	-	4,759,789	99.29%	

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			
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
2023	-	2,187,315	-	6,305,141	-	8,492,456	2.12%	792

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2014	\$ 916,500	0.1%	96
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-
2018	-	0.0%	-
2019	-	0.0%	-
2020	-	0.0%	-
2021	-	0.0%	-
2022	-	0.0%	-
2023	-	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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit, 8% of Assessed Value	\$ 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	\$ 80,718,349
Total net debt applicable to limit	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	2,187,315
Legal debt Margin	\$ 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	\$ 78,531,034
Total net debt applicable to the limit as a percentage of debt limit	15.01%	13.56%	14.73%	12.68%	4.78%	5.44%	4.35%	4.58%	3.51%	2.71%

Legal Debt Margin Calculation for Fiscal Year Ending June 30

Assessed Property Valuation								\$ 949,085,684	\$ 979,646,316	\$ 1,008,979,368
Debt Limit (8% of assessed value)								75,926,855	78,371,705	80,718,349
Debt applicable to limit:										
General Obligation Bonds								-	-	-
Installment Notes Payable								3,474,975	2,751,793	2,187,315
Legal Debt Margin								\$ 72,451,880	\$ 75,619,912	\$ 78,531,034

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, 2023
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	\$ 121,113,369	6.0%	\$ 7,283,963
Subtotal, overlapping debt			\$ 7,283,963
Total direct debt			<u>2,187,315</u>
Total direct and overlapping debt			<u><u>\$ 9,471,278</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		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Small General Service	Facility Charge	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	0	0	0	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	0	0	0	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Large General Service	Facility Charge	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$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
Large General Service Temporary	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
Residential Service	Facility Charge	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	Rate per kWh first 800 kWh	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151	0.1151
	Rate per kWh over 800 kWh	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074	0.1074
Outdoor Lighting	70W Sodium Vapor	14.50	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
	Underground Service >150 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											
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Water	Monthly Base Rate (3kG)	In	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	
		Out	\$ 23.04	\$ 38.04	\$ 44.80	\$ 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	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
		Out	\$ 3.60	\$ 6.62	\$ 6.62	\$ 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	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
		Out	\$ 3.60	\$ 6.62	\$ 6.62	\$ 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	\$ 26.56	\$ 26.83	\$ 26.83	\$ 26.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 34.33	\$ 34.33	
		Out	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65	\$ 53.65	\$ 57.65	\$ 61.15	\$ 61.15	\$ 61.15	\$ 61.15	\$ 61.15	
	Rate per 1kG for next 17 kG	In	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	
		Out	\$ 16.97	\$ 16.97	\$ 17.14	\$ 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	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	
		Out	\$ 11.81	\$ 13.88	\$ 14.02	\$ 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	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	
		Out	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 4.00	\$ 4.00	\$ 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)
2014	9,506	\$ 69,437	\$ 29,132	23,852	6.9%
2015	9,511	57,220	26,865	23,511	5.5%
2016	9,464	58,801	27,309	23,348	5.5%
2017	9,447	59,135	28,662	23,301	4.5%
2018	9,368	59,135	28,662	23,255	4.9%
2019	9,845	63,976	34,260	23,487	5.2%
2020	9,931	72,584	34,246	23,343	7.3%
2021	10,462	74,527	35,828	23,975	5.1%
2022	10,591	68,525	37,436	23,235	4.5%
2023	10,724	80,199	38,356	23,456	4.2%

- 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, 2023
Table 17

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Pitt Community College	701	1	6.82%
Roberts Company	402	2	3.91%
Pitt County Schools	204	3	1.99%
Regional Acceptance Corporation	199	4	1.94%
North Carolina Driving School	185	5	1.80%
Sam's Club	150	6	1.46%
Chick-fil-A	137	7	1.33%
Town of Winterville	103	8	1.00%
ONLINE Information Services, Inc.	75	9	0.73%
Winterville Machine Works	62	10	0.60%
Total	<u>2,218</u>		<u>21.59%</u>

Source: Staff contact with employers.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Central government										
Administration	4	5	5	5	5	5	5	5	4	3
Finance	6	6	6	6	6	6.5	6.5	6.5	6.5	6
Town Clerk	1	1	1	1	1	1	1	1	1	1
Planning	1	1	1	1	1	1	1	1	1	1
Inspections	2	2	2	2	2	2	2	2	2	3
Transportation										
Streets and Highways	6	6	5	4	4	4	4	4	4	4
Public Safety										
Sworn Officers	19	19	19	19	19	19	23	23	23	27
Civilians	1	1	1	1	1	1	1	1	1	1
Fire	1	1	1	1	1	2	15	15	17	11
Public Works	3.5	4	4	4	3	3	4	4	4	5
Economic and physical development	0	0	1	1	1	1	1	1	1	1
Cultural and recreation	4	4	4	4	4	5	5	5	5	4
Operation Support / IT	1	1	0	0	0	0	0	0	0	0
Electric operations	10.5	9.5	9	9	10	10.5	10.5	10.5	10.5	12
Water	3	3	3	3	4	4	4	4	4	3
Sewer	2	2	2	2	2	2	2	2	2	2
Storm Water	0	0	0	1	1	2	2	2	2	1
Information Technology	2	2	0	0	0	0	0	0	0	0
TOTAL	67	67.5	64	64	65	69	87	87	88	85

Source: Town Human Resource Department

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	217	254	269	367	188	453	434	508	440	186
Traffic Violations	3,942	2,945	3,707	3,346	2,701	7,513	5,943	4,939	3,590	1,157
Fire										
Number of calls answered	360	560	600	693	794	1,253	1,379	1,463	1,590	1,339
Inspections	N/A	318	520	467	479	446	391	457	375	348
Building Inspections										
New construction permits	101	126	98	89	98	98	98	130	84	160
Highways and Streets										
Street Resurfacing	-	3	8	-	0.25	0.25	0.26	0.26	-	-
Potholes Repaired	50	30	50	40	150	150	37	50	42	63
Sanitation										
Refuse collected (tons/day)	6	6	7	8	8	8	8	8	9	9
Recyclables collected (tons/day)	2	2	2	2	2	2	2	2	3	3
Culture and Recreation										
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
Water										
New Connections	63	62	75	95	49	59	39	100	40	105
Water main breaks	1	1	1	1	-	-	-	-	1	1
Average daily consumption (hundreds of gallons)	531,679	528,227	540,595	551,661	583,332	574,918	577,382	598,726	586,939	595,500
Number of customers	3,838	3,900	3,975	4,065	4,114	4,173	4,212	4,312	4,352	4,457
Wastewater										
New Connections	62	80	79	105	55	63	42	74	33	89
Average daily sewage treatment (hundreds of gallons)	489,636	493,172	506,912	506,286	535,603	530,213	532,382	549,280	542,085	552,138
Number of customers	3,512	3,592	3,671	3,766	3,821	3,884	3,926	4,000	4,033	4,122

Source: Various departments

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	19	19	19	19	19	19	19	28	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	43.92	44.35	45.1	45.45	45.82	46.65	47.74	48.12	48.845
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	3	3	3	3	3	3	4	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	4	4	4	4
Community Centers	0	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	64	64	64	68	68	71	71	72	69.08	70.49
Fire Hydrants	384	395	416	424	427	428	428	448	450	463
Wastewater										
Sanitary sewers (miles)	61.22	61.22	62	63	63	65	65	68	68.23	68.81
Storm water pipe	38	38	38	38	38	38	39	41	41.33	41.82

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
Goldboro, NC 27534

Mailing Address:
PO Box 10588
Goldboro, 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, 2023, 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 December 12, 2023.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
December 12, 2023



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, North Carolina’s major federal programs for the year ended June 30, 2023. The Town of Winterville, North Carolina’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, 2023.

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

December 12, 2023

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

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?	No

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
21.027	COVID -19 Coronavirus State and Local Fiscal Recovery Fund

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, 2023**

SECTION II FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

2023-001 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, 2024.

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

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

2023-001 (Repeat) 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 has hired 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, 2024.

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, 2023**

SECTION II FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

2022-001 (Repeat) Account Reconciliations and Census Data for Employee Benefits

Status:

The Town has begun identifying areas where reconciliations are necessary and key individuals for these processes. Management has hired 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.

Name of Contact Person: Terri Parker, Town Manager

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

Status: Corrected

Name of Contact Person: Jessica Manning, Finance Director

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, 2023

<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>
Federal Awards:				
Cash Programs:				
United States Department of Homeland Security Passed through - NC Department of Public Safety Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 15,196	\$ -
United States Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00130	37,369	-
United States Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		3,164,984	-
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	13,448	-
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370879-03	168,086	-
Total Clean Water State Revolving Fund (CWSRF) Cluster			<u>181,534</u>	-
Total assistance - federal programs			3,399,083	-
State Awards:				
Cash Assistance:				
NC Department of Agriculture Division of Soil & Water Conservation Stream Debris Removal - Disaster Recovery Act of 2016			-	15,000
NC Department of Transportation: Powell Bill		38570	-	25,632
NC Department of Public Safety Governor's Crime Commission Internet Crimes Against Children Grant		PROJ012085	-	<u>48,502</u>
Total assistance - State programs			-	<u>89,134</u>
Total assistance			<u>\$ 3,399,083</u>	<u>\$ 89,134</u>

The Town did not provide federal or state funds to sub-recipients for the fiscal year ended June 30, 2023.

Town of Winterville, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2023

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, 2023. 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, 2023.

6. Federally Funded Insurance.

The Town of Winterville has no federally funded insurance.