

WINTERVILLE

North Carolina



Annual Comprehensive Financial Report

For the Fiscal Year Ending June 30th, 2021

A Slice of the good life!



Annual Comprehensive Financial Report

of the

Town of Winterville, North Carolina

For the Fiscal Year Ended June 30, 2021

Anthony Bowers
Finance Director



Town of Winterville, North Carolina
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June 30, 2021

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INTRODUCTORY SECTION



Town of Winterville, North Carolina

List of Principal Officials

Town Council

Mayor

Douglas A. Jackson

Council Members

Ricky Hines – Mayor Pro-Tem

Mark Smith

Johnny L. Moya

Veronica W. Roberson

Tony P. Moore

Town Manager

Terri L. Parker

Finance Director

Anthony Bowers

Town Clerk

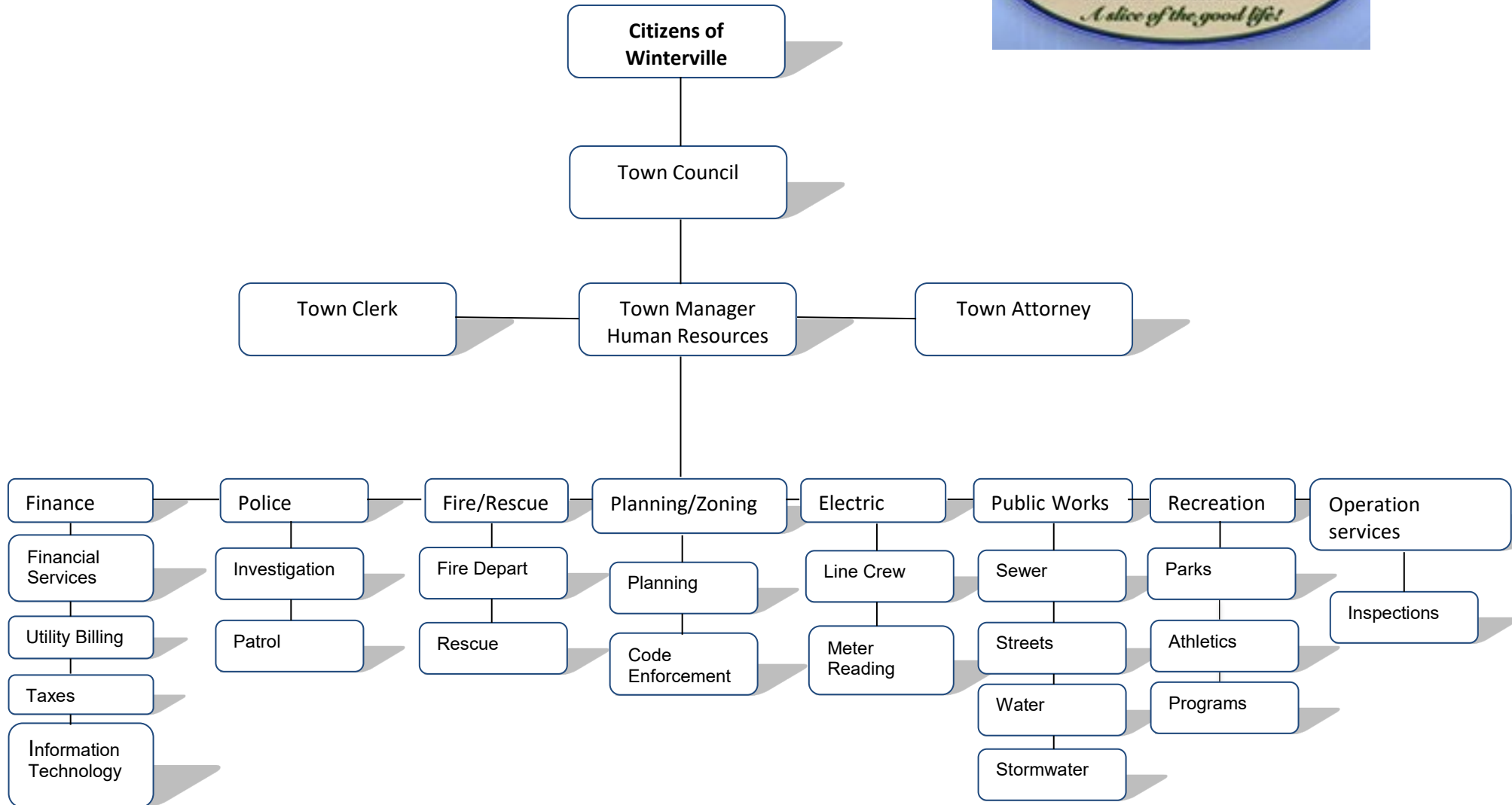
Don Harvey

Town Attorney

E. Keen Lassiter



Town of Winterville, North Carolina Organizational Chart







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Winterville, NC 28590

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Fax: (252) 215-2450
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_____, 2021

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 tenth Annual Comprehensive Financial Report. This report is for the fiscal year ending June 30th, 2021. 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, LLC to audit the Town's financial statements. Carr, Riggs, and Ingram, LLC has issued an unqualified opinion of the Town of Winterville's financial statements for the year ended June 30th, 2021.

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

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

The Management Discussion and Analysis (MD&A) immediately follows the independent auditors' 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 10,462 as of June 30th, 2021.

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

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

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

Local Economy

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

The close proximity to the City of Greenville and having Pitt Community College in the Town limits, brings thousands of people to Winterville to participate in commerce. Pitt Community College has over 9,000 students enrolled, and 479 Full-time staff and faculty members.

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

One of the many popular events that take place annually is the Winterville Watermelon Festival. This festival brings in over 25,000 people to participate in concerts, parades, and rides. The Watermelon Festival has been an important part of the Town for 35 years and is the largest festival in the region. The Town works in conjunction with the nonprofit Winterville Watermelon Festival Committee to produce a spectacular event.

Pitt County has seen stable growth in the past 5 years due to several economic drivers. Examples include, East Carolina University, Vident Healthcare, Patheon, Mayne Pharma, NACCO Material Handling and many others. The unemployment rate for Pitt County is 5.1 percent. The population for Pitt County is 180,742.

Long Term Financial Planning

The Town has begun to review all major aspects of the Town's operations. We have recently concluded several studies that will allow the governing board and staff to make long range plans for the Town's future. Some of those studies include evaluations of the following areas. Recreation, Fire, Finance, Urban Planning Land Use Plan, Electric Utilities, Water Utilities, Sewer Utilities and Storm Water Utilities. The Town has also committed to the safety of our citizens and business by investing heavily in fire and safety. The Town has transitioned to a full-time paid fire department and purchased a new fire 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 a greenway to complement our robust athletics programs.

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

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

Major Initiatives

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

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

The Town will be positioned for continued growth with the addition of 426 new residential lots. This is derived from two new subdivision totaling 290 new lots, as well as; 136 new lots in expanding subdivisions. The census estimates that 99.2% of the residential units in Winterville are occupied. Commercial investment appears to be heading in the right directions with large scale developers entering into contracts on some of our most prime real estate.

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

“Walkable Winterville” is a pedestrian program that is a joint effort between the Town of Winterville, the North Carolina Department of Transportation, and the Division of Bicycle and Pedestrian Transportation.

The program will allow the Town to preserve its small-town character while promoting economic development, and providing residents with a better quality of life; as well as, a safer community.

Relevant Financial Policies

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

Risk Management

The Town of Winterville emphasizes risk control and 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 10.20% of earnings for employees not engaged in law enforcement and 10.84% for law enforcement officers for the fiscal year ending June 30th, 2021. 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.

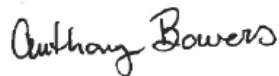
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Winterville for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual comprehensive Financial Report that conforms to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is the highest form of recognition in the field of governmental financial reporting.

A Certificate of Achievement is valid for a period of one year only. The Town submitted the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020 to the Government Finance Officers Association. However, the Town has not yet received notification if the A.C.F.R. for 2020 is eligible for a Certificate of Achievement for Excellence in Financial Reporting. We believe that our current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements and we plan to submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgement

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

Respectfully submitted,

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

Anthony Bowers
Finance Director



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Winterville, North Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of Town of Winterville, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Town of Winterville, North Carolina'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 of Winterville, North Carolina's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
November 24, 2021



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, 2021. 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 \$50,534,133 (net position).
- The net position increased in the amount of \$3,826,592, 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 \$11,480,689, an increase of \$2,648,753 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,379,125, or 104% percent of total General Fund expenditures for the fiscal year.
- Capital asset, net of depreciation, increased at the government-wide level by \$815,970.
- Long-term liabilities, excluding pensions, OPEB, and compensated absences, decreased at the government-wide level by \$154,887.
- The Town borrowed \$1,432,484 during the current fiscal year to purchase vehicles, equipment, new accounting software and capital project.

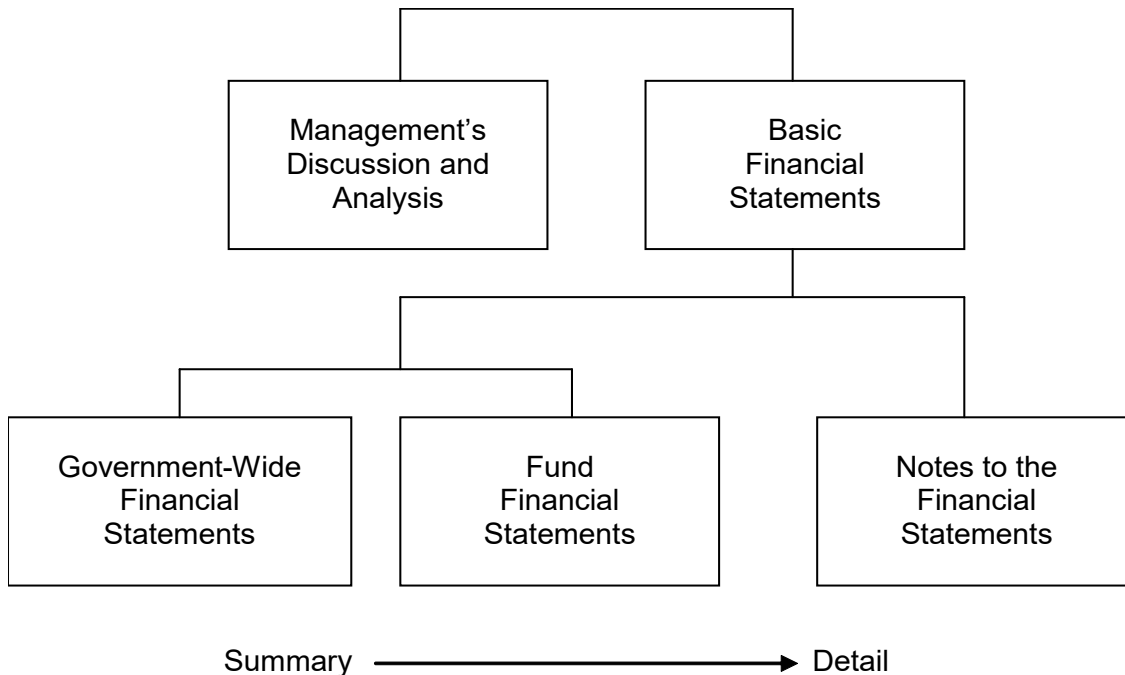
Overview of the Financial Statements

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

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 43 of this report.

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

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 12,539,186	\$ 9,758,196	\$ 13,112,991	\$ 11,678,976	\$ 25,652,177	\$ 21,437,172
Capital assets	24,907,089	24,323,013	14,515,710	14,283,816	39,422,799	38,606,829
Total assets	<u>37,446,275</u>	<u>34,081,209</u>	<u>27,628,701</u>	<u>25,962,792</u>	<u>65,074,976</u>	<u>60,044,001</u>
Deferred outflows of resources	<u>1,739,838</u>	<u>1,094,393</u>	<u>439,183</u>	<u>291,990</u>	<u>2,179,021</u>	<u>1,386,383</u>
Long-term liabilities outstanding	7,649,493	5,834,180	5,675,478	5,899,537	13,324,971	11,733,717
Other liabilities	1,835,197	1,556,308	1,332,471	1,149,274	3,167,668	2,705,582
Total liabilities	<u>9,484,690</u>	<u>7,390,488</u>	<u>7,007,949</u>	<u>7,048,811</u>	<u>16,492,639</u>	<u>14,439,299</u>
Deferred inflows of resources	<u>199,888</u>	<u>250,127</u>	<u>27,337</u>	<u>33,417</u>	<u>227,225</u>	<u>283,544</u>
Net Position:						
Net investment in						
capital assets	21,432,114	21,355,963	9,295,708	8,710,776	30,727,822	30,066,739
Restricted	1,491,884	1,533,674	-	-	1,491,884	1,533,674
Unrestricted	<u>6,577,537</u>	<u>4,645,350</u>	<u>11,736,890</u>	<u>10,461,778</u>	<u>18,314,427</u>	<u>15,107,128</u>
Total net position	<u>\$ 29,501,535</u>	<u>\$ 27,534,987</u>	<u>\$ 21,032,598</u>	<u>\$ 19,172,554</u>	<u>\$ 50,534,133</u>	<u>\$ 46,707,541</u>

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 \$50,534,133 as of June 30, 2021. However, the largest portion of net position (61%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, which totals \$1,491,884, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,314,427 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 99.46% on real property and 100% on motor vehicle tax, respectively. The combined real and motor vehicle tax collection rate is 99.53%, which is an increase from the previous year's collection percentage of 98.93%.
- Current year property tax collections and credits increased to \$4,488,080 which is up from \$4,007,001 in 2020.
- The Town had a tax base of \$949,085,684 as of June 30, 2021.

Governmental Activities: Governmental activities increased the Town's net position by \$1,966,548. The key elements of this increase are increased property taxes, sales taxes and operating and capital grants.

Business-Type Activities: Business-type activities increased the Town's net position by \$1,860,044 accounting for 49% of the government-wide increase in net position. Key elements of this increase are revenues from sales for service and controlled spending.

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

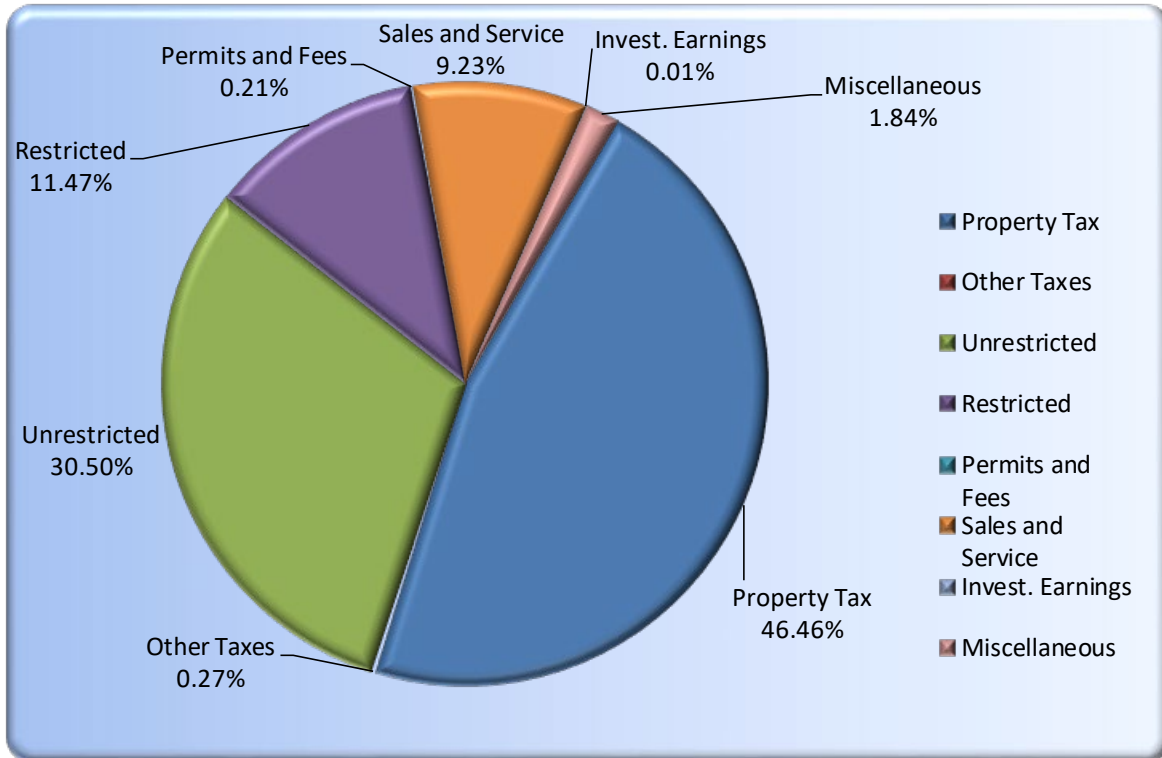
The Town of Winterville's Changes in Net Position

Figure 3

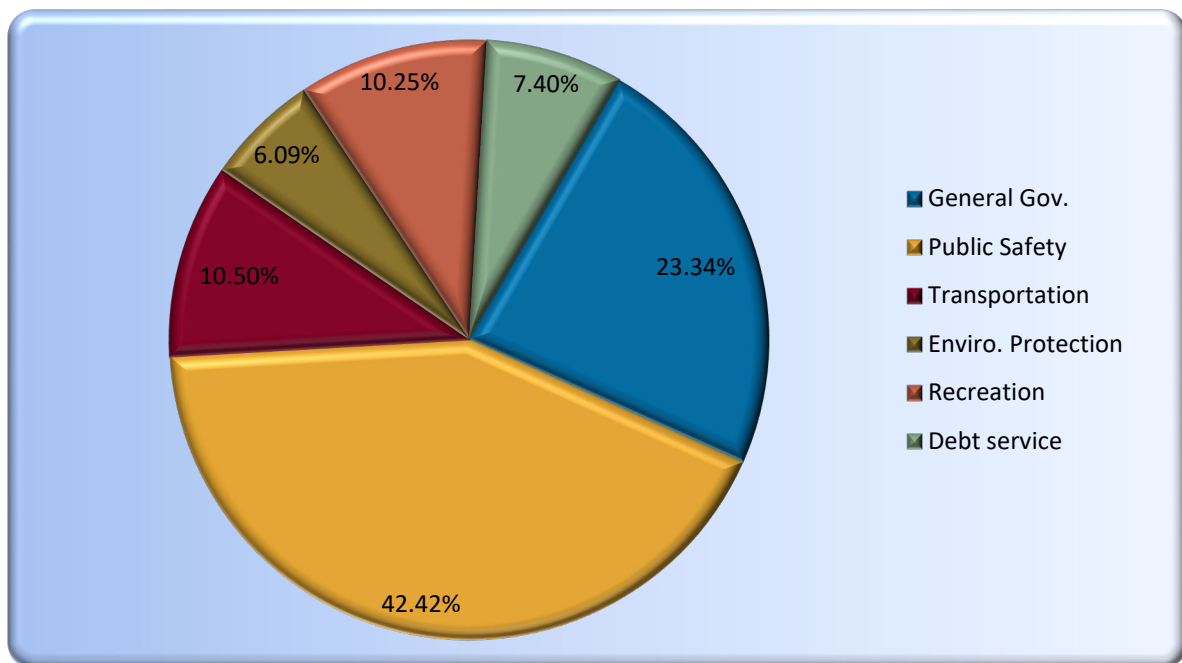
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 923,430	\$ 965,046	\$ 11,667,362	\$ 10,775,326	\$ 12,590,792	\$ 11,740,372
Operating grants and contributions	1,129,987	1,252,460	48,859	22,072	1,178,846	1,274,532
Capital grants and contribution	1,661,369	1,135,981	170,044	888,066	1,831,413	2,024,047
General Revenues:						
Property taxes	4,549,911	4,068,445	-	-	4,549,911	4,068,445
Other taxes and licenses	26,961	25,251	-	-	26,961	25,251
Unrestricted intergovernmental	3,003,956	2,655,675	-	-	3,003,956	2,655,675
Investment earnings	643	102,824	7,004	124,592	7,647	227,416
Miscellaneous	216,625	238,474	-	-	216,625	238,474
Total revenues	<u>11,512,882</u>	<u>10,444,156</u>	<u>11,893,269</u>	<u>11,810,056</u>	<u>23,406,151</u>	<u>22,254,212</u>
Expenses:						
General government	2,487,844	2,518,487	-	-	2,487,844	2,518,487
Public safety	4,469,278	4,544,537	-	-	4,469,278	4,544,537
Transportation	1,556,265	1,583,152	-	-	1,556,265	1,583,152
Economic development	-	-	-	-	-	-
Environmental protection	549,593	532,194	-	-	549,593	532,194
Cultural and recreation	1,048,594	1,081,788	-	-	1,048,594	1,081,788
Interest expense	84,760	91,181	-	-	84,760	91,181
Electric	-	-	5,511,463	5,423,306	5,511,463	5,423,306
Water	-	-	1,436,910	1,494,978	1,436,910	1,494,978
Sewer	-	-	2,126,076	2,147,918	2,126,076	2,147,918
Stormwater	-	-	308,776	240,969	308,776	240,969
Total expenses	<u>10,196,334</u>	<u>10,351,339</u>	<u>9,383,225</u>	<u>9,307,171</u>	<u>19,579,559</u>	<u>19,658,510</u>
Increase (decrease) in net position before transfers	1,316,548	92,817	2,510,044	2,502,885	3,826,592	2,595,702
Transfers	<u>650,000</u>	<u>506,456</u>	<u>(650,000)</u>	<u>(506,456)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,966,548	599,273	1,860,044	1,996,429	3,826,592	2,595,702
Net position, July 1	<u>27,534,987</u>	<u>26,935,714</u>	<u>19,172,554</u>	<u>17,176,125</u>	<u>46,707,541</u>	<u>44,111,839</u>
Net position, June 30	<u>\$ 29,501,535</u>	<u>\$ 27,534,987</u>	<u>\$ 21,032,598</u>	<u>\$ 19,172,554</u>	<u>\$ 50,534,133</u>	<u>\$ 46,707,541</u>

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

General Fund Revenue By Source:

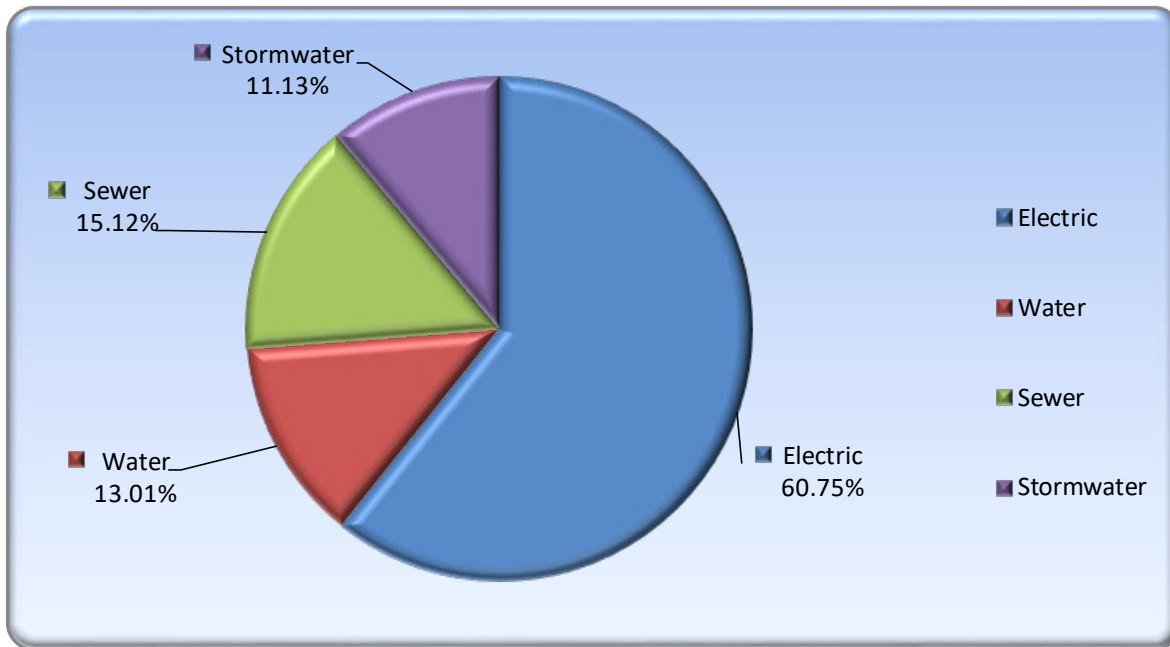


General Fund Expenditures By Function:



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.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, Town's unassigned fund balance in the General Fund was \$9,379,125 while total fund balance reached \$11,480,689. 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 104% of general fund expenditures. Total fund balance represents 127% of the same amount. The change in Fund Balance of \$2,648,753 is primarily due from increases in property taxes, sales tax revenues, and federal grants and decreases in public safety capital outlay expenditures. The Town also received \$1,094,000 of loan proceeds for the purchase of vehicles, equipment and accounting software.

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

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.

Budgeted expenditure appropriations rose during the year by \$743,513 to \$12,765,992. The largest budget adjustments related to General Government due to additional Federal grants revenues and related expenditures and Transportation due to street projects. Budgeted revenues in the General Fund increased by \$731,869 during the fiscal year. Other changes to the budget were limited to using Fund Balance to cover prior year commitments. The Town had budgeted expenditures in excess of revenues before other financing sources (uses) in the amount of (\$3,034,877), a decrease of \$1,242,519 from the 2020 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 \$1,963,261. Public Safety was left with \$312,774, Transportation had a balance of \$858,754 and Cultural and Recreation funds was left with \$586,314.

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 \$8,260,599 compared with the prior fiscal year of \$7,424,873, which is an increase of \$835,726.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,885,083 compared with the prior fiscal year of \$1,807,462, which is an increase of \$77,621.

Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$698,113 compared with the prior fiscal year of \$637,928, which is an increase of \$60,185.

Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$893,095 compared with the prior fiscal year of \$591,515, which is an increase of \$301,580.

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, 2021 totaled \$39,422,799 (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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and construction in progress	\$ 4,989,071	\$ 4,549,498	\$ 1,218,899	\$ 1,434,491	\$ 6,207,970	\$ 5,983,989
Distribution and treatment systems	-	-	12,234,324	11,592,809	12,234,324	11,592,809
Buildings	3,347,000	3,563,443	40,027	43,983	3,387,027	3,607,426
Infrastructure	13,356,002	12,856,932	-	-	13,356,002	12,856,932
Software	60,101	80,165	-	-	60,101	80,165
Equipment and vehicles	<u>3,154,915</u>	<u>3,272,975</u>	<u>1,022,460</u>	<u>1,212,533</u>	<u>4,177,375</u>	<u>4,485,508</u>
Total	<u>\$ 24,907,089</u>	<u>\$ 24,323,013</u>	<u>\$ 14,515,710</u>	<u>\$ 14,283,816</u>	<u>\$ 39,422,799</u>	<u>\$ 38,606,829</u>

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

Long-Term Debt. As of June 30, 2021, the Town had bonded or secured debt outstanding of \$8,694,977. The Town's debt is sourced with installment purchase agreements secured by the equipment and vehicles purchased.

The Town of Winterville's Outstanding Debt Installment Purchases

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Installment purchases and notes payable	<u>\$ 3,474,975</u>	<u>\$ 2,967,050</u>	<u>\$ 5,220,002</u>	<u>\$ 5,573,040</u>	<u>\$ 8,694,977</u>	<u>\$ 8,540,090</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 \$72,451,880.

Additional information regarding the Town's long-term debt can be found in Note 2 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 \$4,436,432, an increase of \$123,643.
- The population growth increased from 9,572 to 10,462 from 2020-2021.
- 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 2021-2022 is \$469,544.
- 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 funded by Federal SAFER grant. The Town's share of the funding the position will increase during the fiscal year.
 - The General Fund will be subsidized with \$650,000 from the Electric Fund, and reimbursements from the enterprise funds for services in the amount of \$1,361,996.
 - Staff will receive raises this year with a COLA in the amount of 2.5%.
 - Due to the influx of federal stimulus funds the town is anticipating a continued increase in sales tax revenue.
 - General Fund projects and equipment will be financed in the amount of \$1,162,673
 - The 2021-2022 budget does not include any new debt proceeds.
 - The Town has begun a new \$2 million sewer rehabilitation project that is being financed through the North Carolina Division of Environmental Quality.
 - The Town will receive funding from the American Rescue Plan for the next 2 fiscal years. The Town has until December 2024 to spend these funds which may be used for water and sewer improvements, COVID 19 expenditures, and broadband infrastructure.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities – The annual budget for the General Fund is \$10,899,010 for the 2021-2022 fiscal year. The taxable property value of \$787,066,676. 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 \$967,243.

Business-Type Activities - The total Electric Fund budget for the 2021-2022 fiscal year is \$7,321,586. The purchase of power for resale is budgeted in the amount of \$3,525,000. Also, the Electric Department will include an appropriation of \$439,470 for services provided by the General Fund and \$650,000 as a straight contribution to the General Fund.

The Water Fund has a budget of \$1,646,514 that is up from the 2020-2021 budget, which was \$1,573,198 a difference of \$76,316. The Water Fund is void of any capital appropriations. The Town anticipates purchasing \$400,000 of water from Greenville Utilities Commission.

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

The Sewer Fund budget of \$2,489,900 represents a slight decrease in the amount of \$22,924 from the 2020-2021 budget. The budget does not include contributions from the sewer acreage fee account. Appropriations include \$1,075,431 for CMSD operating and debt service expenses, and no appropriations for capital improvements.

The 2021-2022 Storm Water budget will remain flat. The total budget for the 2021-2022 fiscal year is \$509,930. Appropriations address three expenses; which are Salaries and Wages, and 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, Anthony Bowers, P. O. Box 1459, Winterville, NC 28590. You can also call (252) 215-2348, visit our website www.wintervillenc.com or by email at anthony.bowers@wintervillenc.com for more information.



BASIC FINANCIAL STATEMENTS



Town of Winterville, North Carolina
Statement of Net Position
June 30, 2021
Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 776,508	\$ 8,162,654	\$ 8,939,162
Investments	9,822,244	2,275,000	12,097,244
Restricted cash and cash equivalents	714,715	542,609	1,257,324
Taxes receivables (net)	49,523	-	49,523
Accounts receivable (net)	117,490	1,360,135	1,477,625
Note receivable - current	14,750	-	14,750
Due from other governments	1,017,875	-	1,017,875
Inventories	11,331	772,593	783,924
Total current assets	12,524,436	13,112,991	25,637,427
Non-current assets:			
Note Receivable - Town of Grifton	14,750	-	14,750
Capital assets:			
Land, non-depreciable improvements, and construction in progress	4,989,071	1,218,899	6,207,970
Other capital assets, net of depreciation	19,918,018	13,296,811	33,214,829
Total capital assets	24,907,089	14,515,710	39,422,799
Total non-current assets	24,921,839	14,515,710	39,437,549
TOTAL ASSETS	37,446,275	27,628,701	65,074,976
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,344,102	285,285	1,629,387
OPEB deferrals	395,736	153,898	549,634
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,739,838	439,183	2,179,021
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	702,019	290,792	992,811
Current portion of long-term liabilities	871,697	890,651	1,762,348
Liabilities payable from restricted assets:			
Accounts payable	261,481	-	261,481
Customer deposits	-	151,028	151,028
Total current liabilities	1,835,197	1,332,471	3,167,668
Long-term liabilities:			
Net pension liability - LGERS	2,182,721	527,723	2,710,444
Total pension liability - LEOSA	497,338	-	497,338
Total OPEB liability	1,772,097	689,149	2,461,246
Due in more than one year	3,197,337	4,458,606	7,655,943
Total long-term liabilities	7,649,493	5,675,478	13,324,971
TOTAL LIABILITIES	9,484,690	7,007,949	16,492,639
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	135,782	2,407	138,189
OPEB deferrals	64,106	24,930	89,036
TOTAL DEFERRED INFLOWS OF RESOURCES	199,888	27,337	227,225
NET POSITION			
Net investment in capital assets	21,432,114	9,295,708	30,727,822
Restricted for:			
Stabilization by State Statute	1,058,589	-	1,058,589
Streets	203,036	-	203,036
Public safety	134,847	-	134,847
Recreation	95,412	-	95,412
Unrestricted	6,577,537	11,736,890	18,314,427
TOTAL NET POSITION	\$ 29,501,535	\$ 21,032,598	\$ 50,534,133

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 2,487,844	\$ 196,063	\$ 67,175	\$ -
Public Safety	4,469,278	88,235	734,876	-
Transportation	1,556,265	-	317,180	1,661,369
Environmental protection	549,593	575,718	7,256	-
Cultural and recreation	1,048,594	63,414	3,500	-
Interest on long-term debt	84,760	-	-	-
Total governmental activities	10,196,334	923,430	1,129,987	1,661,369
Business-type activities:				
Electric	5,511,463	7,095,359	-	-
Water	1,436,910	1,555,607	-	-
Sewer	2,126,076	2,507,015	48,859	-
Stormwater	308,776	509,381	-	170,044
Total business-type activities	9,383,225	11,667,362	48,859	170,044
Total primary government	\$ 19,579,559	\$ 12,590,792	\$ 1,178,846	\$ 1,831,413

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, 2021
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	\$ (2,224,606)	\$ -	\$ (2,224,606)
Public safety	(3,646,167)	-	(3,646,167)
Transportation	422,284	-	422,284
Environmental protection	33,381	-	33,381
Cultural and recreation	(981,680)	-	(981,680)
Interest on long-term debt	(84,760)	-	(84,760)
Total governmental activities	(6,481,548)	-	(6,481,548)
Business-type activities:			
Electric	-	1,583,896	1,583,896
Water	-	118,697	118,697
Sewer	-	429,798	429,798
Stormwater	-	370,649	370,649
Total business-type activities	-	2,503,040	2,503,040
Total primary government	(6,481,548)	2,503,040	(3,978,508)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	4,549,911	-	4,549,911
Other taxes	26,961	-	26,961
Grants and contributions not restricted to specific programs	3,003,956	-	3,003,956
Unrestricted investment earnings	643	7,004	7,647
Miscellaneous	216,625	-	216,625
Total general revenues not including transfers	7,798,096	7,004	7,805,100
Transfers	650,000	(650,000)	-
Total general revenues and transfers	8,448,096	(642,996)	7,805,100
Change in net position	1,966,548	1,860,044	3,826,592
Net position, beginning	27,534,987	19,172,554	46,707,541
Net position, ending	\$ 29,501,535	\$ 21,032,598	\$ 50,534,133

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

Town of Winterville, North Carolina
Balance Sheet – Governmental Funds
June 30, 2021
Exhibit 3

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 776,508	\$ 776,508
Investments	9,822,244	9,822,244
Restricted cash and cash equivalents	714,715	714,715
Receivables, net:		
Taxes	31,024	31,024
Accounts	117,490	117,490
Due from other governments	1,017,875	1,017,875
Note receivable - Town of Grifton	29,500	29,500
Inventories	11,331	11,331
	<hr/>	<hr/>
Total assets	\$ 12,520,687	\$ 12,520,687
	<hr/>	<hr/>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 670,717	\$ 670,717
Liabilities payable from restricted assets:		
Accounts payable	261,481	261,481
	<hr/>	<hr/>
Total liabilities	932,198	932,198
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Accounts receivable, net (garbage)	76,776	76,776
Property taxes receivable	31,024	31,024
Total deferred inflows of resources	107,800	107,800
	<hr/>	<hr/>
FUND BALANCES		
Nonspendable		
Inventories	11,331	11,331
Note receivable - Town of Grifton	29,500	29,500
Restricted		
Stabilization by State Statute	1,058,589	1,058,589
Streets	203,036	203,036
Public Safety	134,847	134,847
Recreation	95,412	95,412
Committed		
Housing	49,305	49,305
OPEB	50,000	50,000
Assigned		
Subsequent year's expenditures	469,544	469,544
Unassigned, General Fund	9,379,125	9,379,125
	<hr/>	<hr/>
Total fund balances	11,480,689	11,480,689
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 12,520,687	\$ 12,520,687
	<hr/>	<hr/>

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, 2021
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$ 11,480,689
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	52,258,803	
Accumulated depreciation	<u>(27,351,714)</u>	24,907,089
Deferred outflows of resources related to pensions are not report in the funds		1,344,102
Deferred outflows of resources related to OPEB are not reported in the funds		395,736
Earned revenues considered deferred inflows of resources in fund statements		107,800
Interest receivable on deferred property taxes		18,499
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in funds.		
Installment purchases	(3,474,975)	
Compensated absences	(594,059)	
Total pension liability - LEOSSA	(497,338)	
Net pension liability - LGERS	(2,182,721)	
Total OPEB liability	<u>(1,772,097)</u>	(8,521,190)
Deferred inflows of resources related to pensions are not reported in the funds		(135,782)
Deferred inflows of resources related to OPEB are not reported in the funds		(64,106)
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		<u>(31,302)</u>
Net position of governmental activities		<u><u>\$ 29,501,535</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, 2021
Exhibit 4

	General Fund	Total Governmental Funds
Revenues:		
Ad valorem taxes	\$ 4,576,384	\$ 4,576,384
Other taxes and licenses	26,961	26,961
Unrestricted intergovernmental	3,003,956	3,003,956
Restricted intergovernmental	1,129,987	1,129,987
Permits and fees	20,797	20,797
Sales and services	908,855	908,855
Investment earnings	643	643
Miscellaneous	181,547	181,547
Total revenues	<u>9,849,130</u>	<u>9,849,130</u>
Expenditures:		
Current:		
General government	2,105,270	2,105,270
Public safety	3,826,550	3,826,550
Transportation	947,405	947,405
Environment protection	549,593	549,593
Cultural and recreation	924,954	924,954
Debt service:		
Principal retirement	586,075	586,075
Interest	81,605	81,605
Total expenditures	<u>9,021,452</u>	<u>9,021,452</u>
Excess (deficiency) of revenues over expenditures	827,678	827,678
Other financing sources (uses):		
Issuance of debt	1,094,000	1,094,000
Transfers from other funds	650,000	650,000
Sale of capital assets	77,075	77,075
Total other financing sources (uses)	<u>1,821,075</u>	<u>1,821,075</u>
Net change in fund balance	2,648,753	2,648,753
Fund balances, beginning	8,831,936	8,831,936
Fund balances, ending	<u>\$ 11,480,689</u>	<u>\$ 11,480,689</u>

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, 2021
Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ 2,648,753
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	740,830	
Depreciation expense for governmental assets	<u>(1,820,376)</u>	(1,079,546)
Gain (Loss) on disposal of capital assets		(27,247)
Collection on Note receivable Town of Grifton		(14,750)
Street assets recorded from developers		1,661,369
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		369,262
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		8,534
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	(26,473)	
Change in unavailable revenue for garbage revenues	<u>(6,222)</u>	(32,695)
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.		
New long-term debt issued	(1,094,000)	
Principal payments on long-term debt	586,075	
Change in accrued interest payable	<u>(3,155)</u>	(511,080)
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	(139,563)	
Pension expense - LEOSSA	(27,497)	
Pension expense - NCLGERS	(772,166)	
OPEB plan expense	<u>(116,826)</u>	(1,056,052)
Total changes in net position of governmental activities		<u><u>\$ 1,966,548</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 – Annual Budget to Actual – General Fund
For the Fiscal Year Ended June 30, 2021
Exhibit 5

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues:				
Ad valorem taxes	\$ 4,164,406	\$ 4,312,789	\$ 4,576,384	\$ 263,595
Other taxes and licenses	-	-	26,961	26,961
Unrestricted intergovernmental	2,410,439	2,803,228	3,003,956	200,728
Restricted intergovernmental	1,092,786	1,325,277	1,129,987	(195,290)
Permits and fees	12,250	9,750	20,797	11,047
Sales and services	896,329	1,051,173	908,855	(142,318)
Investment earnings	84,716	4,716	643	(4,073)
Miscellaneous	338,320	224,182	181,547	(42,635)
Total revenues	<u>8,999,246</u>	<u>9,731,115</u>	<u>9,849,130</u>	<u>118,015</u>
Expenditures:				
Current:				
General government	3,435,569	4,068,531	2,105,270	1,963,261
Public safety	4,366,501	4,139,324	3,826,550	312,774
Transportation	1,560,499	1,806,159	947,405	858,754
Environment protection	553,000	553,000	549,593	3,407
Cultural and recreation	1,419,200	1,511,268	924,954	586,314
Economic development	20,000	20,000	-	20,000
Debt service:				
Principal retirement	586,072	586,072	586,075	(3)
Interest	81,638	81,638	81,605	33
Total expenditures	<u>12,022,479</u>	<u>12,765,992</u>	<u>9,021,452</u>	<u>3,744,540</u>
Revenues over (under) expenditures	(3,023,233)	(3,034,877)	827,678	3,862,555
Other financing sources (uses):				
Issuance of debt	1,163,673	1,163,673	1,094,000	(69,673)
Transfer from other funds	1,803,139	1,803,139	650,000	(1,153,139)
Transfer to other funds	(73,600)	(92,701)	-	92,701
Sale of capital assets	-	-	77,075	77,075
Total other financing sources (uses)	<u>2,893,212</u>	<u>2,874,111</u>	<u>1,821,075</u>	<u>(1,053,036)</u>
Fund balance appropriated	<u>130,021</u>	<u>160,766</u>	<u>-</u>	<u>(160,766)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,648,753</u>	<u>\$ 2,648,753</u>
Fund balances, beginning			8,831,936	
Fund balances, ending			<u>\$ 11,480,689</u>	

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

Town of Winterville, North Carolina
Statement of Fund Net Position – Proprietary Funds
June 30, 2021
Exhibit 6

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 5,810,394	\$ 1,366,122	\$ 161,563	\$ 824,575	\$ 8,162,654
Investments	1,400,000	460,000	355,000	60,000	2,275,000
Accounts receivable (net) - billed	457,285	117,589	201,982	38,714	815,570
Accounts receivable (net) - unbilled	361,105	68,058	94,970	20,432	544,565
Inventories	690,440	40,057	42,096	-	772,593
Restricted cash and cash equivalents	255,607	135,664	151,338	-	542,609
Total current assets	8,974,831	2,187,490	1,006,949	943,721	13,112,991
Noncurrent Assets:					
Capital assets:					
Land and construction in progress	146,013	8,000	1,056,261	8,625	1,218,899
Other capital assets, net of depreciation	5,066,441	2,579,057	4,212,777	1,438,536	13,296,811
Capital assets	5,212,454	2,587,057	5,269,038	1,447,161	14,515,710
Total noncurrent assets	5,212,454	2,587,057	5,269,038	1,447,161	14,515,710
Total assets	14,187,285	4,774,547	6,275,987	2,390,882	27,628,701
Deferred Outflows of Resources					
Pension deferrals	182,864	60,515	19,488	22,418	285,285
OPEB deferrals	76,950	38,474	32,978	5,496	153,898
Total deferred outflows of resources	259,814	98,989	52,466	27,914	439,183
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	59,080	75,119	148,912	7,681	290,792
Compensated absences - current	23,509	6,065	1,815	925	32,314
Installment purchase payable - current	363,551	139,779	355,007	-	858,337
Liabilities payable from restricted assets:					
Customer deposits	124,083	11,045	15,900	-	151,028
Total current liabilities	570,223	232,008	521,634	8,606	1,332,471
Noncurrent liabilities:					
Total OPEB liability	344,575	172,287	147,675	24,612	689,149
Compensated absences	70,528	18,195	5,445	2,773	96,941
Net pension liability	338,263	111,941	36,049	41,470	527,723
Installment purchase payable	333,211	1,595,793	2,432,661	-	4,361,665
Total noncurrent liabilities	1,086,577	1,898,216	2,621,830	68,855	5,675,478
Total liabilities	1,656,800	2,130,224	3,143,464	77,461	7,007,949
Deferred Inflows of Resources					
Pension deferrals	1,543	511	164	189	2,407
OPEB deferrals	12,465	6,233	5,342	890	24,930
Total deferred inflows of resources	14,008	6,744	5,506	1,079	27,337
Net Position					
Net investment in capital assets	4,515,692	851,485	2,481,370	1,447,161	9,295,708
Unrestricted	8,260,599	1,885,083	698,113	893,095	11,736,890
Total net position	\$ 12,776,291	\$ 2,736,568	\$ 3,179,483	\$ 2,340,256	\$ 21,032,598

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, 2021
Exhibit 7

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Operating revenues:					
Charges for services	\$ 7,024,537	\$ 1,544,608	\$ 2,507,015	\$ 509,381	\$ 11,585,541
Other operating revenues	70,822	10,999	-	-	81,821
Total operating revenues	7,095,359	1,555,607	2,507,015	509,381	11,667,362
Operating expenses:					
Operations	1,930,241	1,203,333	-	270,376	3,403,950
Electrical power purchases	3,139,723	-	-	-	3,139,723
Waste collection and treatment	-	-	1,748,329	-	1,748,329
Depreciation	418,686	187,287	320,349	38,400	964,722
Total operating expenses	5,488,650	1,390,620	2,068,678	308,776	9,256,724
Operating income (loss)	1,606,709	164,987	438,337	200,605	2,410,638
Non-operating revenues (expenses):					
Development fees	-	-	48,859	-	48,859
Grant revenue	-	-	-	170,044	170,044
Investment earnings	4,656	1,088	625	635	7,004
Interest expense	(22,813)	(46,290)	(57,398)	-	(126,501)
Total non-operating revenues(expenses)	(18,157)	(45,202)	(7,914)	170,679	99,406
Income (loss) before transfers	1,588,552	119,785	430,423	371,284	2,510,044
Transfers from other funds	-	-	93,000	-	93,000
Transfers to other funds	(650,000)	(93,000)	-	-	(743,000)
	(650,000)	(93,000)	93,000	-	(650,000)
Change in net position	938,552	26,785	523,423	371,284	1,860,044
Total net position, beginning	11,837,739	2,709,783	2,656,060	1,968,972	19,172,554
Total net position, ending	\$ 12,776,291	\$ 2,736,568	\$ 3,179,483	\$ 2,340,256	\$ 21,032,598

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, 2021
Exhibit 8

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 7,110,679	\$ 1,551,960	\$ 2,482,891	\$ 505,970	\$ 11,651,500
Cash paid for goods and services	(4,142,522)	(861,037)	(1,494,717)	(191,448)	(6,689,724)
Cash paid to or on behalf of employees for services	(898,935)	(307,058)	(95,575)	(124,027)	(1,425,595)
Cash received (paid) for customer deposits - net	9,451	730	1,230	-	11,411
Net cash provided (used) by operating activities	2,078,673	384,595	893,829	190,495	3,547,592
Cash flows from non-capital financing activities:					
Grant revenue	-	-	-	170,044	170,044
Transfers from other funds	-	-	93,000	-	93,000
Increase (decrease) in due to other funds	-	-	364,817	-	364,817
Transfers to other funds	(650,000)	(93,000)	-	-	(743,000)
(Increase) decrease in due from other funds	2,941,181	229,307	(594,124)	-	2,576,364
Net cash provided (used) by non-capital financing activities	2,291,181	136,307	(136,307)	170,044	2,461,225
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(164,602)	-	(923,910)	(108,104)	(1,196,616)
Loan proceeds - installment purchase	-	-	338,484	-	338,484
Principal payments on long term debt	(356,910)	(136,451)	(198,161)	-	(691,522)
Interest paid on debt	(23,695)	(49,279)	(58,252)	-	(131,226)
Developers fee	-	-	48,859	-	48,859
Net cash provided (used) by capital and related financing activities	(545,207)	(185,730)	(792,980)	(108,104)	(1,632,021)
Cash flows from investing activities:					
Interest income	4,656	1,088	625	635	7,004
Net cash provided (used) by investing activities	4,656	1,088	625	635	7,004
Net increase (decrease) in cash and cash equivalents	3,829,303	336,260	(34,833)	253,070	4,383,800
Cash and cash equivalents balances, beginning	2,236,698	1,165,526	347,734	571,505	4,321,463
Cash and cash equivalents balances, ending	\$ 6,066,001	\$ 1,501,786	\$ 312,901	\$ 824,575	\$ 8,705,263
Reconciliation of cash and cash equivalents balances - ending					
Cash and cash equivalents	\$ 5,810,394	\$ 1,366,122	\$ 161,563	\$ 824,575	\$ 8,162,654
Restricted cash and cash equivalents	255,607	135,664	151,338	-	542,609
Total cash and cash equivalents	\$ 6,066,001	\$ 1,501,786	\$ 312,901	\$ 824,575	\$ 8,705,263

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, 2021
Exhibit 8

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

	Major Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating income (loss)	\$ 1,606,709	\$ 164,987	\$ 438,337	\$ 200,605	\$ 2,410,638
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	418,686	187,287	320,349	38,400	964,722
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	15,320	(3,647)	(24,124)	(3,411)	(15,862)
(Increase) decrease in inventories	8,624	(2,183)	18,025	-	24,466
(Increase) decrease in deferred outflows of resources - pensions	(31,408)	(12,945)	(9,675)	(12,073)	(66,101)
(Increase) decrease in deferred outflows of resources - OPEB	(40,547)	(20,272)	(17,377)	(2,896)	(81,092)
Increase (decrease) in net pension liability	81,196	31,200	19,394	23,910	155,700
Increase (decrease) in deferred inflows of resources - pensions	(1,836)	(551)	(55)	(42)	(2,484)
(Increase) decrease in deferred outflows of resources - OPEB	(1,798)	(898)	(771)	(129)	(3,596)
Increase (decrease) in accounts payable and accrued liabilities	(56,752)	(3,340)	125,112	(58,648)	6,372
Increase (decrease) in customer deposits	9,451	730	1,230	-	11,411
Increase (decrease) in compensated absences	5,967	11,697	(4,499)	132	13,297
Increase (decrease) in accrued OPEB liability	65,061	32,530	27,883	4,647	130,121
Total adjustments	471,964	219,608	455,492	(10,110)	1,136,954
Net cash provided (used) by operating activities	\$ 2,078,673	\$ 384,595	\$ 893,829	\$ 190,495	\$ 3,547,592

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

Town of Winterville, North Carolina

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Certain interfund services provided / used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental* and *proprietary* - are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

Town of Winterville, North Carolina

Notes to Financial Statements

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

Town of Winterville, North Carolina

Notes to Financial Statements

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

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

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

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

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

D. Budgetary Data

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

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

Deposits and Investments

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

Town of Winterville, North Carolina

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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, 2021, 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.

Town of Winterville, North Carolina

Notes to Financial Statements

Town of Winterville Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 203,445
Letter of credit	231,011
Public Safety	134,847
OPEB	50,000
Recreation	95,412
Total Governmental Activities	<u>\$ 714,715</u>
Business-type Activities	
Electric Fund	
Customer deposits	\$ 124,083
Development fees	131,524
Water Fund	
Customer deposits	11,045
Development fees	124,619
Sewer Fund	
Customer deposits	15,900
Development fees	135,438
Total Business-type Activities	<u>\$ 542,609</u>
Total Restricted Cash	<u>\$ 1,257,324</u>

Ad Valorem Taxes Receivable

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

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Notes to Financial Statements

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of fund balance / 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 2021 fiscal year. In addition to liabilities, the balance sheet or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Revenues*, represents an acquisition of fund balance / net position that applies to a future period and so will not be recognized as revenue until then. The Town has only five items that meet the criterion for this category – property taxes receivable, garbage receivables, note receivable, 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.

Town of Winterville, North Carolina

Notes to Financial Statements

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

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

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

Town of Winterville, North Carolina

Notes to Financial Statements

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 and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

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

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

Committed Fund Balance – 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

Town of Winterville, North Carolina

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limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or reverse the limitation.

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

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

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

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

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

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

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

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

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Notes to Financial Statements

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.

New Financial Accounting Standards

GASB Statement No. 83, *Certain Asset Retirement Obligations*

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 84, *Fiduciary Activities*

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

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In October 2021, the GASB issued Statement no. 98, the Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instance of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of the Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 87, *Leases*

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been postponed by 18 months.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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

Town of Winterville, North Carolina

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The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the

Town of Winterville, North Carolina

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government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 91, *Conduit Debt Obligations*

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 92, *Omnibus 2020*

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment*

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Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

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

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

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

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purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing

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hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Town is currently reviewing this statement to determine the effect on its financial statements.

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The Town is currently reviewing this statement to determine the effect on its financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially

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accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Town does not anticipate this Statement affecting its financial reporting or financial operations.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The Town implemented this statement for the year ended June 30, 2021.

Subsequent Events – Date of Management's Evaluation

Management has evaluated subsequent events through November 24, 2021, the date which the financial statements were available to be issued.

North Carolina Department of Environmental Quality Loan / Grant

In August 2021, The Town received approval for a loan of \$1,474,200 and a grant of \$500,000 from the North Carolina Department of Environmental Quality. The loan is payable in 20 annual installments of \$73,710 (without any interest). Loan and grant proceeds will be used to fund the 2020 Sewer Rehabilitation Capital Project. The estimated cost of the project is \$2,013,700.

American Rescue Plan Grant

The Town received \$1,582,492 from the United States Department of the Treasury from the American Rescue Plan in fiscal year 2022. The Town will receive an equal additional grant in fiscal year 2023. American Rescue Plan grant funds must be obligated by December 31, 2024 and expended by December 31, 2026. Grant funds can be expended for the following purposes:

Town of Winterville, North Carolina

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- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

2. Detail Notes on all Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town does not have a formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$10,195,686 and a bank balance of \$10,334,830. Of the bank balance, \$500,000 was covered by federal depository insurance and \$9,834,830 was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash totaled \$800.

Town of Winterville, North Carolina

Notes to Financial Statements

B. Investments

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Valuation Measurement		Book Value	Maturity	Rating
	Method				
NCCMT - Government Portfolio	Fair Value - Level 1	\$	12,097,244	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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

Credit risk. The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

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	\$ 117,490	\$ 86,154	\$ 1,017,875	\$ 1,221,519
Allowance for doubtful accounts	-	(36,631)	-	(36,631)
Total governmental activities	<u>\$ 117,490</u>	<u>\$ 49,523</u>	<u>\$ 1,017,875</u>	<u>\$ 1,184,888</u>
	Charges for Service - Accounts	Allowance	Total	
Business-Type Activities:				
Electric charges for service	\$ 902,459	\$ 84,069	\$ 818,390	
Water charges for service	206,041	20,394	185,647	
Sewer charges for service	328,695	31,743	296,952	
Stormwater charges for service	65,381	6,235	59,146	
Total business-type activities	<u>\$ 1,502,576</u>	<u>\$ 142,441</u>	<u>\$ 1,360,135</u>	

Due from other governments consists of the following:

Local option sales tax	\$ 689,596
Sales tax refund receivable	96,003
Electric sales tax	75,805
Solid waste tax	1,799
SAFER Grant - NC Department of Public Safety	49,121
Pitt County - property taxes motor vehicles	105,551
	<u>\$ 1,017,875</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. The following table outlines the future payments to be received:

June 30,	
2022	\$ 14,750
2023	14,750
Total	<u>\$ 29,500</u>

Town of Winterville, North Carolina
Notes to Financial Statements

E. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,531,458	\$ 235,171	\$ -	\$ 4,766,629
Construction in progress	18,040	204,402	-	222,442
Total capital assets not being depreciated	4,549,498	439,573	-	4,989,071
Capital assets being depreciated:				
Buildings	7,271,025	9,150	-	7,280,175
Infrastructure	29,827,336	1,661,369	-	31,488,705
Equipment	3,406,388	235,879	1,136,384	4,778,651
Software	736,974	-	-	736,974
Vehicles	4,197,958	56,228	(1,268,959)	2,985,227
Total capital assets being depreciated	45,439,681	1,962,626	(132,575)	47,269,732
Less accumulated depreciation for:				
Buildings	3,707,582	225,593	-	3,933,175
Infrastructure	16,970,404	1,164,556	(2,257)	18,132,703
Equipment	2,127,236	214,338	(52,338)	2,289,236
Software	656,809	20,064	-	676,873
Vehicles	2,204,135	195,825	(80,233)	2,319,727
Total accumulated depreciation	25,666,166	\$ 1,820,376	\$ (134,828)	27,351,714
Total capital assets being depreciated	19,773,515			19,918,018
Governmental activity capital assets, net	<u>\$ 24,323,013</u>			<u>\$ 24,907,089</u>

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

General government	\$ 292,514
Public safety	329,103
Transportation	1,064,787
Cultural and recreation	133,972
Total	<u>\$ 1,820,376</u>

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 146,013	\$ -	\$ -	\$ 146,013
Total capital assets not being depreciated	146,013	-	-	146,013
Capital assets being depreciated:				
Distribution system	8,915,115	158,864	-	9,073,979
Buildings	320,655	-	-	320,655
Equipment	745,821	5,738	-	751,559
Vehicles	959,509	-	-	959,509
Total capital assets being depreciated	10,941,100	164,602	-	11,105,702
Less accumulated depreciation for:				
Distribution system	4,326,546	294,430	-	4,620,976
Buildings	276,672	3,956	-	280,628
Equipment	636,978	56,774	-	693,752
Vehicles	380,379	63,526	-	443,905
Total accumulated depreciation	5,620,575	\$ 418,686	\$ -	6,039,261
Total capital assets being depreciated, net	5,320,525			5,066,441
Electric Fund capital assets, net	<u>\$ 5,466,538</u>			<u>\$ 5,212,454</u>
	Beginning Balances	Increases	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	-	-	4,927,539
Equipment and vehicles	315,805	-	-	315,805
Total capital assets being depreciated	5,243,344	-	-	5,243,344
Less accumulated depreciation for:				
Water system, well, tank & distribution system	2,224,913	176,573	-	2,401,486
Equipment and vehicles	252,087	10,714	-	262,801
Total accumulated depreciation	2,477,000	\$ 187,287	\$ -	2,664,287
Total capital assets being depreciated, net	2,766,344			2,579,057
Water Fund capital assets, net	<u>\$ 2,774,344</u>			<u>\$ 2,587,057</u>

Town of Winterville, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Sewer Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 302,077	\$ 754,184	\$ -	\$ 1,056,261
Total capital assets not being depreciated	302,077	754,184	-	1,056,261
Capital assets being depreciated:				
Equipment and vehicles	639,615	-	-	639,615
Sewer system	6,613,309	169,726		6,783,035
Sewer treatment facility	261,600	-	-	261,600
Total capital assets being depreciated	7,514,524	169,726	-	7,684,250
Less accumulated depreciation for:				
Equipment and vehicles	247,741	7,319	-	255,060
Sewer system	2,670,383	257,799	-	2,928,182
Sewer treatment facility	233,000	55,231	-	288,231
Total accumulated depreciation	3,151,124	\$ 320,349	\$ -	3,471,473
Total capital assets being depreciated, net	4,363,400			4,212,777
Sewer Fund capital assets, net	<u>\$ 4,665,477</u>			<u>\$ 5,269,038</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<i>Stormwater Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,625	\$ -	\$ -	\$ 8,625
Construction in progress	969,776	108,104	1,077,880	-
Total capital assets not being depreciated	978,401	108,104	1,077,880	8,625
Capital assets being depreciated:				
Distribution	551,094	1,077,880	-	1,628,974
Equipment	60,003	-	-	60,003
Total capital assets being depreciated	611,097	1,077,880	-	1,688,977
Less accumulated depreciation for:				
Distribution	192,406	36,153	-	228,559
Equipment	19,635	2,247	-	21,882
Total accumulated depreciation	212,041	\$ 38,400	\$ -	250,441
Total capital assets being depreciated, net	399,056			1,438,536
Stormwater Fund capital assets, net	<u>1,377,457</u>			<u>1,447,161</u>
Business-type activities capital assets, net	<u>\$ 14,283,816</u>			<u>\$ 14,515,710</u>

Town of Winterville, North Carolina

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Construction Commitments

The Town has active construction projects as of June 30, 2021. At year-end, the Town's commitments with contractors and engineers are as follows:

Project	Spent-to-date	Remaining Commitment
Sewer capital project	\$ 133,143	\$ 1,880,557
Sewer capital project	923,118	2,874,371
Stormwater capital projects	1,066,680	27,320
Total	\$ 2,122,941	\$ 4,782,248

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

Town of Winterville, North Carolina

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age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Winterville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Winterville's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$445,240 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$2,710,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll

Town of Winterville, North Carolina

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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, 2020 (measurement date), the Town's proportion was .07585% which was an increase of .00956% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,257,551. At June 30, 2021, 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	\$ 342,281	\$ -
Changes of assumptions	201,710	-
Net difference between projected and actual earnings on pension plan investments	381,422	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	84,605	12,366
Town contributions subsequent to the measurement date	455,240	-
Total	<u>\$ 1,465,258</u>	<u>\$ 12,366</u>

\$455,240 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 278,821
2023	376,137
2024	229,815
2025	112,879
2026	-
Thereafter	-
	<u>\$ 997,652</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation.

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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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 3.00%. 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 5,499,195	\$ 2,710,444	\$ 392,795

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, 2019, the Separation Allowance's membership consisted of:

Town of Winterville, North Carolina

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Active plan members	23
Inactive members currently receiving benefits	1
Total	<u>24</u>

Summary of Significant Accounting Policies:

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 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	1.93 percent – current period
Discount rate	3.26 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, 2019 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.

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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 \$17,068 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, 2021, the Town reported a total pension liability of \$497,338. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$18,963.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,594	\$ 117,064
Changes of assumptions and other inputs	139,001	8,759
Town benefit payments and plan administrative expenses made subsequent to the measurement date	8,534	-
Total	<u>\$ 164,129</u>	<u>\$ 125,823</u>

\$8,534 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2022	\$ (6,567)
2023	(6,084)
2024	(6,489)
2025	10,022
2026	20,820
Thereafter	18,070
	<u>\$ 29,772</u>

\$8,534 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 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 (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease</u> <u>(0.93%)</u>	<u>Discount</u> <u>Rate (1.93%)</u>	<u>1% Increase</u> <u>(2.93%)</u>
Total pension liability	\$ 546,338	\$ 497,338	\$ 452,623

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

	<u>2021</u>
Beginning balance	\$ 341,970
Service cost	31,728
Interest on the total pension liability	10,870
Changes of benefit terms	-
Differences between expected and actual experience	(11,346)
Changes of assumptions or other inputs	141,184
Benefit payments	(17,068)
Other	-
Ending balance	<u>\$ 497,338</u>

Town of Winterville, North Carolina

Notes to Financial Statements

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 1,257,551	\$ 18,963	\$ 1,276,514
Pension liability	2,710,444	497,338	3,207,782
Proportionate share of the net pension liability	0.075850%	N/A	
Deferred outflows of resources:			
Differences between expected and actual experience	342,281	16,594	358,875
Changes of assumptions	201,710	139,001	340,711
Net difference between projected and actual earnings on plan investments	381,422	-	381,422
Changes in proportion and differences between contributions and proportionate share of contributions	84,605	-	84,605
Benefit payments and administrative costs paid			
Employer contributions subsequent to the measurement date	455,240	8,534	463,774
Deferred inflows of resources:			
Differences between expected and actual experience	-	117,064	117,064
Changes in assumptions	-	8,759	8,759
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,366	-	12,366

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, 2021 were \$304,488, which consisted of \$218,262 from the Town and \$86,226 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, six retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2021, the Town paid healthcare premiums for retirees of \$78,200. The Town purchases healthcare coverage through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. Membership of the plan consisted of the following at December 31, 2019, the date of the latest actuarial valuation:

	<u>Membership</u>
Inactive members currently receiving benefits	6
Active plan members	<u>81</u>
Total	<u><u>87</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$2,461,246 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019 for the June 30, 2021 report date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	1.00 Percent
Wage inflation	3.50 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Prior discount rate	3.50 Percent
Discount rate	2.21 Percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare Medical and prescription Drug	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021
Dental	4.00 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>2021</u>
Service cost at the end of the year	\$ 162,824
Interest on TOL and cash flows	73,952
Changes of benefit terms	-
Difference between expected and actual experience	(4,749)
Changes of assumptions or other inputs	326,412
Benefit payments	(93,725)
Other changes	-
Net change in total OPEB liability	<u>464,714</u>
Total OPEB liability - beginning	1,996,532
Total OPEB liability - ending	<u><u>\$ 2,461,246</u></u>
 Covered payroll	 \$ 3,975,806
Total OPEB liability as a percentage of covered-employee payroll	 61.91%

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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 RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, 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, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 2,748,616	\$ 2,461,246	\$ 2,204,047

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 2,092,369	\$ 2,461,246	\$ 2,915,066

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$278,246. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,024	\$ 4,276
Changes of assumptions and other inputs	308,410	84,760
Town benefit payments and plan administrative expenses made subsequent to the measurement date	78,200	-
Total	<u>\$ 549,634</u>	<u>\$ 89,036</u>

Town of Winterville, North Carolina

Notes to Financial Statements

\$78,200 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	36,985
2023		36,985
2024		36,985
2025		36,985
2026		41,465
Thereafter		192,993
	<u>\$</u>	<u>382,398</u>

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, 2021 were as follows:

	<u>Total</u>				
Governmental Activities:					
Vendors	\$ 622,341				
Accrued interest on long-term debt	31,302				
Accrued salaries and related items	309,857				
Total governmental activities	<u>\$ 963,500</u>				
Business-Type Activities:	Electric	Water	Sewer	Stormwater	Total
Vendors	\$ 30,222	\$ 30,677	\$ 139,955	\$ 5,204	\$ 206,058
Accrued interest on long-term debt	2,206	35,548	6,515	-	44,269
Accrued salaries and related items	26,652	8,894	2,442	2,477	40,465
	<u>\$ 59,080</u>	<u>\$ 75,119</u>	<u>\$ 148,912</u>	<u>\$ 7,681</u>	<u>\$ 290,792</u>

3. Deferred Outflows and Inflows of Resources

Deferred Outflows Inflows of Resources at year-end:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 455,240
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	8,534
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	78,200
Differences between expected and actual experience	521,899
Changes of assumptions	649,121
Net difference between projected and actual earnings on pension plan investments	381,422
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,605
Total	<u>\$ 2,179,021</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)	\$ -	\$ 31,024
Accounts receivable, net (garbage) (General Fund)	-	76,776
Differences between expected and actual experience	121,340	-
Changes in assumptions and other inputs	93,519	-
Changes in proportion and difference between employer contribution and proportionate share of contributions	12,366	-
Total	<u>\$ 227,225</u>	<u>\$ 107,800</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 \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

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

5. Commitments

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

6. Claims, Judgements and Contingent Liabilities

At June 30, 2021, the Town was a defendant to a lawsuit. 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	\$ 1,048,663
2.06% note, payable in annual installments of \$153,710 plus interest; final payment due June 2022; secured by real estate	153,710
2.50% note, payable in annual installments of \$99,132, plus interest; final payment due February 2025, secured by real estate	396,528
4.67% note, payable in annual installments of \$11,400, plus interest; final payment due June 2025, secured by real estate	45,600
2.73% note, payable in annual installments of \$102,634, plus interest; final payment due September 2023, secured by fire truck	307,903
1.58% note, payable in annual installments of \$8,942, including interest; final payment due January 2024; secured by vehicle	26,000
1.92% note, payable in annual installments of \$94,117, including interest; final payment due January 2028; secured by vehicles and equipment	611,000
1.92% note, payable in annual installments of \$70,395, including interest; final payment due January 2028; secured by vehicles and equipment	457,000
2.73% note, payable in annual installments of \$85,714, plus interest; final payment due September 2025; secured by aerial ladder truck	428,571
Total	<u>\$ 3,474,975</u>

Annual debt service payments of the notes payable as of June 30, 2021, including interest of \$305,178, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 723,182	\$ 85,036	\$ 808,218
2023	575,878	67,311	643,189
2024	582,444	52,607	635,051
2025	477,599	37,712	515,311
2026	373,818	27,946	401,764
2027-2031	742,054	34,566	776,620
	<u>\$ 3,474,975</u>	<u>\$ 305,178</u>	<u>\$ 3,780,153</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

2.06% note, payable in annual installments of \$226,233 including interest;
final payment due June 2022; secured by equipment \$ 221,666

2.50% note, payable in annual installments of \$98,112, including interest;
final payment due June 2025; secured by real estate 369,096

2.05% note, payable in annual installments of \$53,000, including interest;
final payment due November 2022; secured by vehicle 106,000

Water

2.97% note, payable in annual installments of \$154,632, including interest;
final payment due August 2030, secured by real estate 1,321,065

1.53% note, payable in annual installments of \$24,383, including interest;
final payment due May 2038, secured by real estate 414,507

Sewer

4.67% note, payable in annual installments of \$32,689, including interest;
final payment due June 2025; secured by real estate 116,808

1.66% note, payable in annual installments of \$114,889, with final installment
of \$115,842 including interest; final payment due May 2038, unsecured 1,808,701

0% note, payable in annual installments of \$161,152, with final installment
of \$161,152; final payment due May 2041, unsecured 338,484

2.97% note, payable in annual installments of \$74,506, including interest;
final payment due June 2029, secured by real estate 523,675

Total \$ 5,220,002

Annual debt service payments of the notes payable as of June 30, 2021, including interest of \$658,103, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 858,337	\$ 112,042	\$ 970,379
2023	645,343	95,557	740,900
2024	456,315	83,370	539,685
2025	449,352	71,990	521,342
2026	1,345,235	153,026	1,498,261
2027-2031	660,255	96,089	756,344
2032-2036	611,484	42,454	653,938
2037-2041	193,681	3,575	197,256
	<u>\$ 5,220,002</u>	<u>\$ 658,103</u>	<u>\$ 5,878,105</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	\$ 2,967,050	\$ 1,094,000	\$ 586,075	\$ 3,474,975	\$ 723,182
Compensated absences	454,496	480,435	340,872	594,059	148,515
OPEB liability	1,437,504	405,107	70,514	1,772,097	-
Total pension liability (LEO)	341,970	183,782	28,414	497,338	-
Net pension liability (LGERS)	1,438,305	744,416	-	2,182,721	-
Governmental Activities long-term liabilities	\$ 6,639,325	\$ 2,907,740	\$ 1,025,875	\$ 8,521,190	\$ 871,697
Electric Fund					
Notes payable	\$ 1,053,672	\$ -	\$ 356,910	\$ 696,762	\$ 363,551
OPEB liability	279,514	78,771	13,710	344,575	-
Compensated absences	88,070	72,020	66,053	94,037	23,509
Net pension liability (LGERS)	257,067	112,334	31,138	338,263	-
Electric Fund long-term liabilities	\$ 1,678,323	\$ 263,125	\$ 467,811	\$ 1,473,637	\$ 387,060
Water Fund					
Notes payable	\$ 1,872,023	\$ -	\$ 136,451	\$ 1,735,572	\$ 139,779
OPEB liability	139,757	39,385	6,855	172,287	-
Compensated absences	12,563	21,119	9,422	24,260	6,065
Net pension liability (LGERS)	80,741	37,175	5,975	111,941	-
Water Fund long-term liabilities	\$ 2,105,084	\$ 97,679	\$ 158,703	\$ 2,044,060	\$ 145,844
Sewer Fund					
Notes payable	\$ 2,647,345	\$ 338,484	\$ 198,161	\$ 2,787,668	\$ 355,007
OPEB liability	119,792	33,759	5,876	147,675	-
Compensated absences	11,759	4,320	8,819	7,260	1,815
Net pension liability (LGERS)	16,655	19,394	-	36,049	-
Sewer Fund long-term liabilities	\$ 2,795,551	\$ 395,957	\$ 212,856	\$ 2,978,652	\$ 356,822
Stormwater Fund					
OPEB liability	\$ 19,965	\$ 5,626	\$ 979	\$ 24,612	\$ -
Compensated absences	3,566	2,807	2,675	3,698	925
Net pension liability (LGERS)	17,560	23,910	-	41,470	-
Stormwater Fund long-term liabilities	\$ 41,091	\$ 32,343	\$ 3,654	\$ 69,780	\$ 925
Total Business-type Activities	\$ 6,620,049	\$ 789,104	\$ 843,024	\$ 6,566,129	\$ 890,651

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, 2021, the Town of Winterville had a legal debt margin of \$72,451,880.

Town of Winterville, North Carolina

Notes to Financial Statements

F. Interfund Balances and Transfers

Transfers to/from other funds at June 30, 2021, consist of the following:

<u>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.
Water Fund	93,000	-	
Sewer Fund	-	93,000	
General Fund	-	650,000	
	<u>\$ 743,000</u>	<u>\$ 743,000</u>	

Expense Reimbursements

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Electric Fund	\$ 388,341	\$ -	Expense reimbursement - Administrative and IT exepnses
Water Fund	326,703	-	Expense reimbursement - Administrative and IT exepnses
Sewer Fund	342,156	-	Expense reimbursement - Administrative and IT exepnses
Stormwater Fund	95,939	-	Expense reimbursement - Administrative and IT exepnses
General Fund	-	1,153,139	Expense reimbursement - Administrative and IT exepnses
Water Fund	44,750	-	Expense Reimbursement - meter reading
Sewer Fund	44,750	-	Expense Reimbursement - meter reading
Electric Fund	-	89,500	Expense Reimbursement - meter reading
	<u>\$ 1,242,639</u>	<u>\$ 1,242,639</u>	Expense Reimbursement

Balances due to/from the sewer fund and related sewer capital project funds at June 30, 2021, consist of the following:

Due To / From Other Funds

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Sewer Fund	\$ 601,924	\$ -	Expenditures paid on behalf of other funds
Sewer Capital Project Fund	-	1,504	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2019	-	482,798	Expenditures paid on behalf of other funds
Sewer Rehab Capital Project 2020	-	109,821	Expenditures paid on behalf of other funds
Church Street Capital Project	-	7,801	Expenditures paid on behalf of other funds
	<u>\$ 601,924</u>	<u>\$ 601,924</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:	\$ 11,480,689
Less:	
Inventories	11,331
Note receivable - Town of Grifton	29,500
Stabilization by State Statute	1,058,589
Streets - Powell Bill	203,036
Public Safety	134,847
Recreation	95,412
Committed - Economic Development	49,305
Committed - OPEB	50,000
Appropriated Fund Balance in 2022 Budget	469,544
Working Capital/Fund Balance Policy	<u>2,255,363</u>
Remaining Fund Balance:	<u><u>\$ 7,123,762</u></u>

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

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had encumbrances outstanding of \$0 at June 30, 2021.

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, 2021 amounted to \$1,071,082.

The Town is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$2,989 to the Commission during the fiscal year ended June 30, 2021.

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, 2021, 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, 2021. 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, 2021

Schedule of Changes in Total OPEB Liability (TOL)

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

Changes of Assumptions. The discount rate as of June 30, 2020 was 3.50% and it increased to 2.21 % as of June 30, 2021.

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, 2021

Inflation	2.50 Percent
Real wage growth	1.00 Percent
Wage inflation	3.50 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Prior discount rate	3.50 Percent
Discount rate	2.21 Percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare Medical and prescription Drug	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021
Dental	4.00 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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Winterville's proportion of the net pension liability (asset) (%)	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) (\$)	\$ 2,710,444	\$ 1,810,328	\$ 1,503,590	\$ 852,775	\$ 1,295,473	\$ 231,891	\$ (309,970)	\$ 601,487
Winterville's covered payroll	\$ 4,522,411	\$ 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	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**	91.63%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 455,240	\$ 404,281	\$ 318,718	\$ 259,810	\$ 233,090	\$ 213,693	\$ 205,740	\$ 201,060
Contributions in relation to the contractually required contribution	455,240	404,281	318,718	259,810	233,090	213,693	205,740	201,060
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Winterville's covered payroll	\$ 4,395,534	\$ 4,522,411	\$ 4,010,702	\$ 3,361,774	\$ 3,310,692	\$ 3,139,861	\$ 2,917,373	\$ 2,777,072
Contributions as a percentage of covered payroll	10.36%	8.94%	7.95%	7.73%	0.00%	6.81%	7.05%	7.24%

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

Town of Winterville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2021

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

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

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

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

Town of Winterville, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2021

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

	2021	2020	2019	2018	2017
Total pension liability	\$ 497,338	\$ 341,970	\$ 287,987	\$ 469,135	\$ 451,356
Covered payroll	1,262,427	1,086,090	957,694	884,010	945,108
Total pension liability as a percentage of covered pay	39.40%	31.49%	30.07%	53.07%	47.76%

Notes to the schedules:

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

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

INDIVIDUAL FUND BUDGETARY SCHEDULES



MAJOR GOVERNMENTAL FUND

General Fund

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



Town of Winterville, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 4,542,500	
Interest		33,884	
Total	\$ 4,312,789	4,576,384	\$ 263,595
Other taxes and licenses:			
Vehicle tag fees		26,961	
Total	-	26,961	26,961
Unrestricted Intergovernmental:			
Local option sales tax		2,609,407	
Payment in lieu of taxes - external sources		491	
Utilities and telecommunications sales tax		353,562	
Beer and wine tax		40,496	
Total	2,803,228	3,003,956	200,728
Restricted Intergovernmental:			
Powell Bill allocation		248,179	
Pitt County Schools grant		65,341	
Unauthorized substance tax		2,992	
DOT reimbursement		3,660	
FEMA grant revenue		264,683	
Miscellaneous grant revenue		67,175	
SAFER Grant - FEMA		323,297	
Recreation grants		3,500	
Asset forfeiture		3,725	
CARES Act		140,179	
Solid waste disposal tax		7,256	
Total	1,325,277	1,129,987	(195,290)
Permits and fees:			
Business registration fees		380	
Planning and zoning fees		20,417	
Total	9,750	20,797	11,047
Sales and services:			
Solid waste fees		572,458	
Community building/Rescue rent		20,580	
Fire inspections		31,413	
Building inspections		152,585	
Police event pay		36,242	
Greenville Utilities Commission		22,681	
User access fee		1,957	
Utility service charges		625	
Recreation		63,414	
Cemetery		6,900	
Total	1,051,173	908,855	(142,318)
Investment earnings	4,716	643	(4,073)
Miscellaneous:			
Rescue contribution	151,961	140,990	(10,971)
Other	72,221	40,557	(31,664)
Total	224,182	181,547	(42,635)
Total revenues	9,731,115	9,849,130	118,015

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variable Positive (Negative)</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		65,544	
Other operating expenditures		24,564	
Total	<u>105,823</u>	<u>90,108</u>	<u>15,715</u>
Administration:			
Salaries and employee benefits		1,429,638	
Maintenance and repairs		562	
Other operating expenditures		858,700	
Capital outlay		221,803	
Reimbursement - proprietary funds		(777,446)	
Total	<u>3,349,480</u>	<u>1,733,257</u>	<u>1,616,223</u>
Information Technology:			
Other operating expenditures		317,465	
Reimbursement - proprietary funds		(177,237)	
Total	<u>457,594</u>	<u>140,228</u>	<u>317,366</u>
Planning:			
Salaries and employee benefits		128,174	
Maintenance and repairs		56	
Other operating expenditures		13,447	
Total	<u>155,634</u>	<u>141,677</u>	<u>13,957</u>
Total general government	4,068,531	2,105,270	1,963,261
Public Safety:			
Police:			
Salaries and employee benefits		1,907,323	
Maintenance and repairs		40,491	
Other operating expenditures		155,032	
Noncapitalized equipment < \$5,000		9,075	
Total	<u>2,199,191</u>	<u>2,111,921</u>	<u>87,270</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, 2021

	Budget	Actual	Variable Positive (Negative)
Public Safety (continued):			
Animal Control:			
Other operating expenditures		1,584	
Total	21,700	1,584	20,116
Fire:			
Salaries and employee benefits		1,294,587	
Maintenance and repairs		41,693	
Other operating expenditures		194,800	
Noncapitalized equipment < \$5,000		30,382	
Capital outlay		5,646	
Total	1,767,287	1,567,108	200,179
Rescue:			
Salaries and employee benefits		145,937	
Total	151,146	145,937	5,209
Total public safety	4,139,324	3,826,550	312,774
Transportation:			
Salaries and employee benefits		396,284	
Maintenance and repairs		70,014	
Other operating expenditures		101,986	
Other operating expenditures - Powell Bill		2,161	
Contracted services		14,253	
Capital outlay - Powell Bill		270,862	
Capital outlay		216,961	
Reimbursement - proprietary funds		(125,116)	
Total transportation	1,806,159	947,405	858,754
Environmental Protection:			
Sanitation:			
Other operating expenditures		549,593	
Total environmental protection	553,000	549,593	3,407

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, 2021

	Budget	Actual	Variable Positive (Negative)
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		405,161	
Maintenance and repairs		51,205	
Other operating expenditures		129,818	
Noncapitalized equipment <\$5,000		15,092	
Capital outlay		36,799	
Total parks and recreation	939,645	638,075	301,570
Public Buildings:			
Maintenance and repairs		26,999	
Capital outlay		24,450	
Other operating expenditures		308,770	
Reimbursement - proprietary funds		(73,340)	
Total public buildings	571,623	286,879	284,744
Total Cultural and Recreation	1,511,268	924,954	586,314
Economic Development:			
Contracted Services		-	
Total Economic Development	20,000	-	20,000
Debt service:			
Principal retirement	586,072	586,075	(3)
Interest	81,638	81,605	33
Total debt service	667,710	667,680	30
Total expenditures	12,765,992	9,021,452	3,744,540
Revenues over (under) expenditures	(3,034,877)	827,678	3,862,555
Other financing sources (uses):			
Issuance of debt	1,163,673	1,094,000	(69,673)
Transfers from other funds:			
Enterprise funds	1,803,139	650,000	(1,153,139)
Transfers to other funds:			
Capital Reserve fund	(92,701)	-	92,701
Sale of capital assets	-	77,075	77,075
Total other financing sources (uses)	2,874,111	1,821,075	(1,053,036)
Fund balance appropriated	160,766	-	(160,766)
Net change in fund balance	\$ -	2,648,753	\$ 2,648,753
Fund balances, beginning		8,831,936	
Fund balances, ending		<u>\$ 11,480,689</u>	

ENTERPRISE FUNDS

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

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

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

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

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



Town of Winterville, North Carolina
Electric Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sale of electricity		\$ 7,024,537	
Connection fees		25,475	
Service charges		45,347	
Total operating revenues	<u>\$ 7,051,700</u>	<u>7,095,359</u>	<u>\$ 43,659</u>
Non-operating revenues:			
Investment earnings	<u>1,600</u>	<u>4,656</u>	<u>3,056</u>
Total revenues	7,053,300	7,100,015	46,715
Expenditures:			
Operating:			
Electrical power purchases		3,139,723	
Salaries and employee benefits		898,935	
Supplies		93,648	
Repairs and maintenance		13,441	
Contracted services		15,258	
Other departmental expenses		491,704	
Expense reimbursement to general fund		388,341	
Expense reimbursement from water and sewer fund		(89,500)	
Total operating expenditures	<u>6,045,177</u>	<u>4,951,550</u>	<u>1,093,627</u>
Debt service:			
Principal retirement	356,909	356,910	(1)
Interest	<u>23,695</u>	<u>23,695</u>	<u>-</u>
Total debt service	380,604	380,605	(1)
Capital outlay:			
Noncapitalized equipment < \$5,000		41,779	
Capital outlay		164,602	
Total capital outlay	<u>528,151</u>	<u>206,381</u>	<u>321,770</u>
Total expenditures	<u>6,953,932</u>	<u>5,538,536</u>	<u>1,415,396</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, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	99,368	1,561,479	1,462,111
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(650,000)	(650,000)	-
Enterprise Capital Reserve	(27,000)	-	27,000
Total other financing sources (uses)	<u>(677,000)</u>	<u>(650,000)</u>	<u>27,000</u>
Fund balance appropriated	<u>577,632</u>	<u>-</u>	<u>(577,632)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	911,479	<u>\$ 911,479</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		356,910	
Capital outlay		164,602	
Depreciation		(418,686)	
(Increase) decrease in accrued interest on installment purchases		882	
Increase (decrease) in deferred outflows of resources - pensions		31,408	
(Increase) decrease in deferred inflows of resources - pensions		1,836	
(Increase) decrease in net pension liability		(81,196)	
Increase (decrease) in deferred outflows of resources - OPEB		40,547	
(Increase) decrease in deferred inflows of resources - OPEB		1,798	
(Increase) decrease in accrued OPEB liability		(65,061)	
(Increase) decrease in accrued vacation pay		(5,967)	
Total		<u>27,073</u>	
Change in net position		<u>\$ 938,552</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water sales		\$ 1,530,108	
Tapping fees		14,500	
Other operating revenues		10,999	
Total operating revenues	<u>\$ 1,510,752</u>	<u>1,555,607</u>	<u>\$ 44,855</u>
Non-operating revenues:			
Investment earnings		1,088	
Total non-operating revenues	<u>291</u>	<u>1,088</u>	<u>797</u>
Total revenues	1,511,043	1,556,695	45,652
Expenditures:			
Operating:			
Salaries and employee benefits		307,057	
Purchases for resale		334,393	
Supplies		44,335	
Repairs and maintenance		18,294	
Contracted services		27,556	
Other departmental expenses		59,483	
Expense reimbursement to general fund		326,703	
Expense reimbursement to electric fund		44,750	
Total operating expenditures	1,294,468	1,162,571	131,897
Debt service:			
Principal retirement	136,451	136,451	-
Interest	49,279	49,279	-
Total debt service	<u>185,730</u>	<u>185,730</u>	<u>-</u>
Total expenditures	<u>1,480,198</u>	<u>1,348,301</u>	<u>131,897</u>
Revenues over (under) expenditures	<u>30,845</u>	<u>208,394</u>	<u>177,549</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, 2021

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Debt proceeds	18,600	-	18,600
Transfers from (to) other funds:			
Sewer Fund	(93,000)	(93,000)	-
Capital Reserve Fund	(13,750)	-	13,750
Total other financing sources (uses)	(88,150)	(93,000)	13,750
Fund balance appropriated	57,305	-	(57,305)
Revenues and fund balance appropriated over (under) expenditures	\$ -	115,393	\$ 133,993

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

Reconciling items:	
Principal retirement	136,451
Depreciation	(187,287)
(Increase) decrease in accrued interest on installment purchases	2,989
Increase (decrease) in deferred outflows of resources - pensions	12,945
(increase) decrease in deferred inflows of resources - pensions	551
(Increase) decrease in net pension liability	(31,200)
Increase (decrease) in deferred outflows of resources - OPEB	20,272
(Increase) decrease in deferred inflows of resources - OPEB	898
(Increase) decrease in accrued OPEB liability	(32,530)
(Increase) decrease in accrued vacation pay	(11,697)
Total	(88,608)
Change in net position	\$ 26,785

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges		\$ 2,506,115	
Tapping fees		900	
Total operating revenues	<u>\$ 2,419,144</u>	<u>2,507,015</u>	<u>\$ 87,871</u>
Non-operating revenues:			
Investment earnings		625	
Development fees		48,859	
	<u>49,549</u>	<u>49,484</u>	<u>(65)</u>
Total revenues	2,468,693	2,556,499	87,806
Expenditures:			
Operating:			
Salaries and employee benefits		95,575	
Supplies		26,856	
Repairs and maintenance		38,616	
Contracted services		35,945	
CMSD expense		1,071,082	
Other departmental expenses		78,449	
Expense reimbursement to general fund		342,156	
Expense reimbursement to electric fund		44,750	
Total operating expenditures	<u>1,928,595</u>	<u>1,733,429</u>	<u>195,166</u>
Debt service:			
Principal retirement	368,261	198,161	170,100
Interest	<u>58,279</u>	<u>58,252</u>	<u>27</u>
Total debt service	426,540	256,413	170,127
Capital outlay:			
Capital outlay		169,726	
Total capital outlay	<u>457,478</u>	<u>169,726</u>	<u>287,752</u>
Total expenditures	<u>2,812,613</u>	<u>2,159,568</u>	<u>653,045</u>
Revenues over (under) expenditures	(343,920)	396,931	740,851

Town of Winterville, North Carolina
Sewer Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	(48,859)	-	48,859
Water Fund	93,000	93,000	-
Total other financing sources (uses)	44,141	93,000	48,859
Fund balance appropriated	299,779	-	(299,779)
Revenues and fund balance appropriated	\$ -	489,931	\$ 489,931
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		198,161	
Capital outlay		169,726	
Depreciation		(320,349)	
(Increase) decrease in accrued interest on installment purchases		854	
Increase (decrease) in deferred outflows of resources - pensions		9,675	
(Increase) decrease in deferred inflows of resources - pensions		55	
(Increase) decrease in net pension liability		(19,394)	
Increase (decrease) in deferred outflows of resources - OPEB		17,377	
(Increase) decrease in deferred inflows of resources - OPEB		771	
(Increase) decrease in accrued OPEB liability		(27,883)	
(Increase) decrease in accrued vacation pay		4,499	
Total		33,492	
Change in net position		\$ 523,423	

Town of Winterville, North Carolina
Sewer Capital Project Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization				Actual		Variance
	June 30, 2020	Amendments	June 30, 2021	Prior Years	Current Year	Total to Date	Positive (Negative)
Expenditures:							
Capital outlay:							
Construction	\$ 1,674,549	\$ -	\$ 1,674,549	\$ 1,829,851	\$ -	\$ 1,829,851	\$ (155,302)
Engineering	409,000	-	409,000	375,021	-	375,021	33,979
Contingency	357,169	-	357,169	-	-	-	357,169
Total capital outlay	<u>2,440,718</u>	<u>-</u>	<u>2,440,718</u>	<u>2,204,872</u>	<u>-</u>	<u>2,204,872</u>	<u>235,846</u>
Revenues over (under) expenditures	(2,440,718)	-	(2,440,718)	(2,204,872)	-	(2,204,872)	235,846
Other financing sources:							
Transfers from (to) other funds:							
Sewer Fund	47,857	-	47,857	50,000	-	50,000	2,143
Debt proceeds	<u>2,392,861</u>	<u>-</u>	<u>2,392,861</u>	<u>2,153,368</u>	<u>-</u>	<u>2,153,368</u>	<u>(239,493)</u>
Total other financing sources	<u>2,440,718</u>	<u>-</u>	<u>2,440,718</u>	<u>2,203,368</u>	<u>-</u>	<u>2,203,368</u>	<u>(237,350)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,504)</u>	<u>\$ -</u>	<u>\$ (1,504)</u>	<u>\$ (1,504)</u>

Town of Winterville, North Carolina
Church Street Capital Project Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization			Actual		Variance Positive (Negative)
	June 30, 2020	Amendments	June 30, 2021	Prior Years	Current Year	
Revenues:						
Operating revenues:						
Storm Water charges	\$ 42,880	\$ -	\$ 42,880	\$ -	\$ -	\$ (42,880)
Restricted Intergovernmental:						
FEMA Grant	87,200	-	87,200	87,200	-	-
Golden Leaf Foundation Grant	270,000	-	270,000	270,000	-	-
Total restricted intergovernmental	357,200	-	357,200	357,200	-	-
Total revenues	400,080	-	400,080	357,200	-	(42,880)
Expenditures:						
Capital outlay:						
Construction	438,760	-	438,760	460,528	-	(21,768)
Engineering	67,340	-	67,340	32,993	-	34,347
Contingency	22,500	-	22,500	-	-	22,500
Total capital outlay	528,600	-	528,600	493,521	-	35,079
Revenues over (under) expenditures	(128,520)	-	(128,520)	(136,321)	-	(7,801)
Other financing sources:						
Transfers from (to) other funds:						
Sewer Fund	128,520	-	128,520	128,520	-	-
Total other financing sources	128,520	-	128,520	128,520	-	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ (7,801)	\$ -	\$ (7,801)

Town of Winterville, North Carolina
Sewer Rehabilitation 2019 Capital Project Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization				Actual		Variance
	June 30, 2020	Amendments	June 30, 2021	Prior Years	Current Year	Total to Date	Positive (Negative)
Expenditures:							
Capital outlay:							
Construction	\$ 2,804,700	\$ 323,947	\$ 3,128,647	\$ 59,468	\$ 466,874	\$ 526,342	\$ 2,602,305
Engineering	382,000	-	382,000	242,609	139,175	381,784	216
Contracted services	135,700	3,760	139,460	-	14,992	14,992	124,468
Contingency	280,500	(133,118)	147,382	-	-	-	147,382
Total capital outlay	<u>3,602,900</u>	<u>194,589</u>	<u>3,797,489</u>	<u>302,077</u>	<u>621,041</u>	<u>923,118</u>	<u>2,874,371</u>
Revenues over (under) expenditures	(3,602,900)	(194,589)	(3,797,489)	(302,077)	(621,041)	(923,118)	2,874,371
Other financing sources:							
Transfers from (to) other funds:							
Sewer Fund	70,700	3,760	74,460	70,700	-	70,700	(3,760)
Debt proceeds	<u>3,532,200</u>	<u>190,829</u>	<u>3,723,029</u>	<u>-</u>	<u>338,484</u>	<u>338,484</u>	<u>(3,384,545)</u>
Total other financing sources	<u>3,602,900</u>	<u>194,589</u>	<u>3,797,489</u>	<u>70,700</u>	<u>338,484</u>	<u>409,184</u>	<u>(3,388,305)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (231,377)</u>	<u>\$ (282,557)</u>	<u>\$ (513,934)</u>	<u>\$ (513,934)</u>

Town of Winterville, North Carolina
Sewer Rehabilitation 2020 Capital Project Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization			Prior	Actual	Total to	Variance
	July 1, 2020	Amendments	June 30, 2021	Years	Current Year	Date	Positive (Negative)
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	542,500	-	542,500	-	133,143	133,143	409,357
Contingency	134,000	-	134,000	-	-	-	134,000
Total capital outlay	2,013,700	-	2,013,700	-	133,143	133,143	1,880,557
Revenues over (under) expenditures	(1,513,700)	-	(1,513,700)	-	(133,143)	(133,143)	1,380,557
Other financing sources:							
Transfers from (to) other funds:							
Sewer Fund	39,500	-	39,500	-	-	-	(39,500)
Debt proceeds	1,474,200	-	1,474,200	-	-	-	(1,474,200)
Total other financing sources	1,513,700	-	1,513,700	-	-	-	(1,513,700)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (133,143)	\$ (133,143)	\$ (133,143)

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater charges		\$ 509,381	
Total operating revenues	\$ 546,468	509,381	\$ (37,087)
Non-operating revenues:			
Investment earnings		635	
Total non-operating revenues	3,502	635	(2,867)
Total revenues	549,970	510,016	(39,954)
Expenditures:			
Operating:			
Salaries and employee benefits		124,027	
Contracted services		14,257	
Supplies		4,085	
Engineering fees		6,148	
Repairs and maintenance		1,023	
Drainage district		10,488	
Phase II compliance		860	
Expense reimbursement to general fund		95,939	
Total operating expenditures	524,894	256,827	268,067
Revenues over (under) expenditures	25,076	253,189	228,113
Fund balance appropriated	17,804	-	(17,804)
Revenues and other financing sources over (under) expenditures and other uses	\$ 42,880	253,189	\$ 210,309

Town of Winterville, North Carolina
Stormwater Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

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

Reconciling items:

Depreciation	(38,400)
Increase (decrease) in deferred outflows of resources - pensions	12,073
(Increase) decrease in deferred inflows of resources - pensions	42
Increase (decrease) in deferred outflows of resources - OPEB	2,896
(Increase) decrease in deferred inflows of resources - OPEB	129
(Increase) decrease in net pension liability	(23,910)
(Increase) decrease in accrued OPEB liability	(4,647)
(Increase) decrease in accrued vacation pay	(132)
Capital Project Fund	
Golden Leaf Foundation Grant	170,044
Total	<u>118,095</u>
Change in net position	<u><u>\$ 371,284</u></u>

Town of Winterville, North Carolina
Chapman Street Capital Project Fund Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization				Actual		Variance
	June 30, 2020	Amendments	June 30, 2021	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:							
Restricted Intergovernmental:							
Golden Leaf Foundation Grant	\$ 1,094,000	\$ -	\$ 1,094,000	\$ 888,066	\$ 170,044	\$ 1,058,110	\$ (35,890)
Total revenues	<u>1,094,000</u>	<u>-</u>	<u>1,094,000</u>	<u>888,066</u>	<u>170,044</u>	<u>1,058,110</u>	<u>(35,890)</u>
Expenditures:							
Capital outlay:							
Construction	911,705	-	911,705	791,332	99,006	890,338	21,367
Engineering	158,710	-	158,710	159,244	9,098	168,342	(9,632)
Contingency	23,585	-	23,585	8,000	-	8,000	15,585
Total capital outlay	<u>1,094,000</u>	<u>-</u>	<u>1,094,000</u>	<u>958,576</u>	<u>108,104</u>	<u>1,066,680</u>	<u>27,320</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,510)</u>	<u>61,940</u>	<u>(8,570)</u>	<u>(8,570)</u>
Other financing sources:							
Transfers from (to) other funds:							
General Fund	-	-	-	20,744	-	20,744	20,744
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,744</u>	<u>-</u>	<u>20,744</u>	<u>20,744</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,766)</u>	<u>\$ 61,940</u>	<u>\$ 12,174</u>	<u>\$ 12,174</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, 2021
(With Comparative Actual Amounts as of June 30, 2020)

<u>Governmental Capital Assets</u>	<u>2021</u>	<u>2020</u>
Land	\$ 4,766,629	\$ 4,531,458
Construction in process	222,442	18,040
Buildings	7,280,175	7,271,025
Infrastructure	31,488,705	29,827,336
Software	736,974	736,974
Vehicles and equipment	7,763,878	7,604,346
Total	<u>\$ 52,258,803</u>	<u>\$ 49,989,179</u>

Town of Winterville, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Fiscal Year Ended June 30, 2021

Function and Activity	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
General government	\$ 11,619,415	\$ 210,562	\$ 25,224	\$ 11,804,753
Transportation	31,288,051	2,149,192	19,606	33,417,637
Public Safety	3,502,833	5,646	87,745	3,420,734
Cultural and recreation	3,578,880	36,799	-	3,615,679
Total	<u>\$ 49,989,179</u>	<u>\$ 2,402,199</u>	<u>\$ 132,575</u>	<u>\$ 52,258,803</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, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 4,509,235	\$ 4,488,080	\$ 21,155
2019-2020	43,488	-	32,113	11,375
2018-2019	15,117	-	4,883	10,234
2017-2018	8,422	-	2,937	5,485
2016-2017	5,534	-	2,541	2,993
2015-2016	4,755	-	1,561	3,194
2014-2015	3,106	-	746	2,360
2013-2014	4,338	-	752	3,586
2012-2013	5,636	-	801	4,835
2011-2012	2,983	-	545	2,438
2010-2011	4,097	-	4,097	-
Total	<u>\$ 97,476</u>	<u>\$ 4,509,235</u>	<u>\$ 4,539,056</u>	<u>\$ 67,655</u>

Less: allowance for uncollectible accounts:
General fund

36,631

Ad valorem taxes receivable - net

\$ 31,024

Reconcilement with Revenues:

Ad valorem taxes - General Fund

\$ 4,576,384

Reconciling items:

Interest collected

(33,884)

Taxes written off

4,097

Releases (prior years) and other adjustments

(7,541)

Subtotal

(37,328)

Total collections and credits

\$ 4,539,056

Town of Winterville, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 944,819,579	0.475	\$ 4,487,893	\$ 3,895,164	\$ 592,729
Property taxes at prior year rate	-	0.475	-	-	-
Late listing penalties			1,078	1,078	-
Discoveries	4,825,263	0.475	22,920	22,920	-
Releases	(559,158)	0.475	(2,656)	(2,656)	-
Total property valuation	<u>\$ 949,085,684</u>				
Net levy			4,509,235	3,916,506	592,729
Uncollected taxes at June 30, 2021			(21,155)	(21,155)	-
Current year's taxes collected			<u>\$ 4,488,080</u>	<u>\$ 3,895,351</u>	<u>\$ 592,729</u>
Current levy collection percentage			<u>99.53%</u>	<u>99.46%</u>	<u>100.00%</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 19,819,840	\$ 19,314,530	\$ 18,961,526	\$ 18,875,360	\$ 18,986,506	\$ 19,828,145	\$ 20,129,722	\$ 19,720,000	\$ 21,355,963	\$ 21,432,114
Restricted	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884
Unrestricted	2,517,321	2,695,079	3,573,881	4,634,264	4,406,677	5,427,561	3,629,707	3,498,581	4,645,350	6,577,537
Total governmental activities net position	<u>\$ 23,927,663</u>	<u>\$ 24,073,468</u>	<u>\$ 24,565,137</u>	<u>\$ 25,344,033</u>	<u>\$ 26,010,923</u>	<u>\$ 27,173,719</u>	<u>\$ 27,183,837</u>	<u>\$ 26,935,714</u>	<u>\$ 27,534,987</u>	<u>\$ 29,501,535</u>
Business-type activities										
Net investment in capital assets	\$ 5,548,709	\$ 5,338,023	\$ 5,253,486	\$ 5,365,711	\$ 5,294,157	\$ 5,559,549	\$ 5,680,189	\$ 8,097,786	\$ 8,710,776	\$ 9,295,708
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,709,288	6,642,021	6,784,202	7,890,408	8,474,991	9,160,180	9,717,672	9,078,339	10,461,778	11,736,890
Total Business-type activities net position	<u>\$ 11,257,997</u>	<u>\$ 11,980,044</u>	<u>\$ 12,037,688</u>	<u>\$ 13,256,119</u>	<u>\$ 13,769,148</u>	<u>\$ 14,719,729</u>	<u>\$ 15,397,861</u>	<u>\$ 17,176,125</u>	<u>\$ 19,172,554</u>	<u>\$ 21,032,598</u>
Primary government										
Net investment in capital assets	\$ 25,368,549	\$ 24,652,553	\$ 24,215,012	\$ 24,241,071	\$ 24,280,663	\$ 25,387,694	\$ 25,809,911	\$ 27,817,786	\$ 30,066,739	\$ 30,727,822
Restricted	1,590,502	2,063,859	2,029,730	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884
Unrestricted	8,226,609	9,337,100	10,358,083	12,524,672	12,881,668	14,587,741	13,347,379	12,576,920	15,107,128	18,314,427
Total primary government net position	<u>\$ 35,185,660</u>	<u>\$ 36,053,512</u>	<u>\$ 36,602,825</u>	<u>\$ 38,600,152</u>	<u>\$ 39,780,071</u>	<u>\$ 41,893,448</u>	<u>\$ 42,581,698</u>	<u>\$ 44,111,839</u>	<u>\$ 46,707,541</u>	<u>\$ 50,534,133</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,605,647	\$ 2,158,348	\$ 2,143,361	\$ 2,112,412	\$ 2,239,443	\$ 2,166,843	\$ 2,103,977	\$ 2,469,166	\$ 2,518,487	\$ 2,487,844
Public Safety	1,822,713	1,936,031	2,020,494	1,955,444	2,238,766	2,342,745	2,570,270	3,500,759	4,544,537	4,469,278
Transportation	1,404,474	1,401,712	1,332,381	1,262,024	1,433,435	1,359,646	1,703,364	1,839,469	1,583,152	1,556,265
Environmental protection	425,607	420,736	423,582	449,332	460,797	479,991	496,618	515,105	532,194	549,593
Cultural and recreational	831,698	705,296	774,390	852,262	806,502	885,272	955,743	1,204,419	1,081,788	1,048,594
Economic and physical development	-	-	-	-	32,400	32,400	25,895	20,000	-	-
Interest on long-term debt	245,853	219,296	206,866	175,858	114,018	99,326	87,402	100,278	91,181	84,760
Reimbursements from business type activities	-	(202,708)	(151,682)	(59,696)	-	-	-	-	-	-
Total governmental activities expense	\$ 7,335,992	\$ 6,638,711	\$ 6,749,392	\$ 6,747,636	\$ 7,325,361	\$ 7,366,223	\$ 7,943,269	\$ 9,649,196	\$ 10,351,339	\$ 10,196,334
Business-type Activities:										
Electric	\$ 5,240,409	\$ 5,506,810	\$ 5,982,471	\$ 5,931,117	\$ 5,839,943	\$ 5,940,771	\$ 6,425,988	\$ 6,179,886	\$ 5,423,306	\$ 5,511,463
Water	532,540	677,370	804,903	992,504	1,186,795	1,245,965	1,427,037	1,440,407	1,494,978	1,436,910
Sewer	1,391,511	1,714,303	1,780,834	1,921,325	1,962,456	1,917,535	2,034,642	1,990,784	2,147,918	2,126,076
Stormwater	113,301	84,597	143,314	149,477	142,812	177,186	104,125	207,907	240,969	308,776
Total business-type activities expense	\$ 7,277,761	\$ 7,983,080	\$ 8,711,522	\$ 8,994,423	\$ 9,132,006	\$ 9,281,457	\$ 9,991,792	\$ 9,818,984	\$ 9,307,171	\$ 9,383,225
Total primary government expenses	\$ 14,613,753	\$ 14,621,791	\$ 15,460,914	\$ 15,742,059	\$ 16,457,367	\$ 16,647,680	\$ 17,935,061	\$ 19,468,180	\$ 19,658,510	\$ 19,579,559
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 31,174	\$ 53,053	\$ 165,982	\$ 173,351	\$ 198,716	\$ 206,482	\$ 186,823	\$ 196,356	\$ 196,725	\$ 196,063
Public Safety	9,475	12,476	13,106	19,473	22,975	30,445	81,915	92,208	77,969	88,235
Transportation	-	-	-	6,914	3,660	3,660	-	-	-	-
Environmental protection	484,983	485,132	484,688	500,833	508,020	521,196	564,434	579,839	584,810	575,718
Cultural and recreational	205,150	186,731	145,706	147,350	148,514	160,042	132,002	128,206	105,542	63,414
Operating grants and contributions										
General government	202,617	41,833	44,786	-	5,000	28,425	308	2,878	2,274	67,175
Public Safety	17,961	16,605	21,464	3,850	6,923	43,138	147,146	249,594	890,387	734,876
Transportation	284,827	266,728	272,530	266,981	266,040	261,061	262,732	307,271	326,125	317,180
Environmental protection	6,363	5,881	5,282	6,201	5,979	6,306	6,224	7,017	7,243	7,256
Cultural and recreational	-	-	-	-	-	-	-	5,069	26,431	3,500
Capital grants and contributions										
Cultural and recreational	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	384,852	484,353	1,135,981	1,661,369
Total governmental activities program revenues	\$ 1,242,550	\$ 1,068,439	\$ 1,153,544	\$ 1,124,953	\$ 1,165,827	\$ 1,260,755	\$ 1,766,436	\$ 2,052,791	\$ 3,353,487	\$ 3,714,786

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services										
Electric Fund	\$ 6,433,135	\$ 6,356,205	\$ 6,353,946	\$ 6,686,499	\$ 6,477,361	\$ 6,796,158	\$ 7,265,794	\$ 7,110,807	\$ 6,572,224	\$ 7,095,359
Water Fund	720,550	718,195	743,400	1,239,032	1,237,389	1,469,305	1,509,879	1,504,858	1,514,973	1,555,607
Sewer Fund	1,628,236	1,664,340	1,682,865	1,897,528	1,893,949	1,938,108	2,008,368	2,198,603	2,193,883	2,507,015
Stormwater Fund	-	88,886	169,378	176,261	172,337	191,172	221,941	492,572	494,246	509,381
Operating grants and contributions	15,533	1,089	37,878	29,230	93,050	96,908	58,365	137,259	22,072	48,859
Capital grants and contributions	-	-	-	-	-	-	87,200	360,839	888,066	170,044
Total business-type activities program revenues	\$ 8,797,454	\$ 8,828,715	\$ 8,987,467	\$ 10,028,550	\$ 9,874,086	\$ 10,491,651	\$ 11,151,547	\$ 11,804,938	\$ 11,685,464	\$ 11,886,265
Total primary government program revenues	\$ 10,040,004	\$ 9,897,154	\$ 10,141,011	\$ 11,153,503	\$ 11,039,913	\$ 11,752,406	\$ 12,917,983	\$ 13,857,729	\$ 15,038,951	\$ 15,601,051
Net Revenue (Expense):										
Governmental activities	\$ (6,093,442)	\$ (5,570,272)	\$ (5,595,848)	\$ (5,622,683)	\$ (6,159,534)	\$ (6,105,468)	\$ (6,176,833)	\$ (7,596,405)	\$ (6,997,852)	\$ (6,481,548)
Business-type activities	1,519,693	845,635	275,945	1,034,127	742,080	1,210,194	1,159,755	1,985,954	2,378,293	2,503,040
Total primary government net expense	\$ (4,573,749)	\$ (4,724,637)	\$ (5,319,903)	\$ (4,588,556)	\$ (5,417,454)	\$ (4,895,274)	\$ (5,017,078)	\$ (5,610,451)	\$ (4,619,559)	\$ (3,978,508)
General revenues and other changes in net position										
Governmental activities:										
Property Taxes	\$ 3,233,735	\$ 3,402,034	\$ 3,618,847	\$ 3,553,055	\$ 3,633,653	\$ 3,722,789	\$ 3,788,508	\$ 3,897,507	\$ 4,068,445	\$ 4,549,911
Local option sales tax, etc.	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,029,698	2,176,597	2,655,675	3,003,956
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	415,169	420,334	-	-
Other taxes and licenses	34,332	32,517	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961
Investment Earnings	12,146	8,580	6,869	9,623	9,816	9,160	52,769	166,081	102,824	643
Miscellaneous	276,508	196,763	268,351	503,895	630,471	1,040,275	247,608	286,727	238,474	216,625
Transfers	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000	375,578	506,456	650,000
Total governmental activities	\$ 6,525,505	\$ 5,716,077	\$ 6,087,517	\$ 6,566,958	\$ 6,826,424	\$ 7,493,635	\$ 6,868,320	\$ 7,348,282	\$ 7,597,125	\$ 8,448,096
Business-type activity:										
Investment earnings, net of market adjustment	\$ 16,593	\$ 11,412	\$ 11,891	\$ 7,108	\$ 8,801	\$ 10,607	\$ 52,377	\$ 167,888	\$ 124,592	\$ 7,004
Transfers	(1,048,776)	(135,000)	(230,192)	(188,552)	(215,444)	(290,000)	(311,000)	(375,578)	(506,456)	(650,000)
Total business-type activity	\$ (1,032,183)	\$ (123,588)	\$ (218,301)	\$ (181,444)	\$ (206,643)	\$ (279,393)	\$ (258,623)	\$ (207,690)	\$ (381,864)	\$ (642,996)
Total primary government	\$ 5,493,322	\$ 5,592,489	\$ 5,869,216	\$ 6,385,514	\$ 6,619,781	\$ 7,214,242	\$ 6,609,697	\$ 7,140,592	\$ 7,215,261	\$ 7,805,100
Change in net position										
Governmental activities	\$ 432,063	\$ 145,805	\$ 491,669	\$ 944,275	\$ 666,890	\$ 1,388,167	\$ 691,487	\$ (248,123)	\$ 599,273	\$ 1,966,548
Business-type activities	487,510	722,047	57,644	852,683	535,437	930,801	901,132	1,778,264	1,996,429	1,860,044
Total primary government	\$ 919,573	\$ 867,852	\$ 549,313	\$ 1,796,958	\$ 1,202,327	\$ 2,318,968	\$ 1,592,619	\$ 1,530,141	\$ 2,595,702	\$ 3,826,592

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 36,403	\$ 73	\$ 73	\$ 94,218	\$ 33,436	\$ 21,023	\$ 10,323	\$ 12,036	\$ 11,331	\$ 40,831
Restricted	1,583,102	2,063,859	2,022,330	1,834,409	2,617,740	1,918,013	3,424,408	3,717,133	1,533,674	1,491,884
Committed	7,400	-	7,400	-	27,600	15,200	9,305	9,305	54,305	99,305
Assigned	18,000	-	-	-	-	669,683	1,296,299	418,406	130,021	469,544
Unassigned	2,978,107	3,289,582	4,236,207	5,413,814	5,214,955	5,913,768	4,310,558	5,337,796	7,102,605	9,379,125
Total General Fund	<u>\$ 4,623,012</u>	<u>\$ 5,353,514</u>	<u>\$ 6,266,010</u>	<u>\$ 7,342,441</u>	<u>\$ 7,893,731</u>	<u>\$ 8,537,687</u>	<u>\$ 9,050,893</u>	<u>\$ 9,494,676</u>	<u>\$ 8,831,936</u>	<u>\$ 11,480,689</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad valorem taxes	\$ 3,275,421	\$ 3,389,498	\$ 3,640,484	\$ 3,595,253	\$ 3,653,683	\$ 3,721,809	\$ 3,790,345	\$ 3,894,668	\$ 4,061,837	\$ 4,576,384
Other taxes and licenses	34,332	32,517	35,859	24,107	30,878	30,821	23,568	25,458	25,251	26,961
Unrestricted intergovernmental	1,920,008	1,941,183	1,927,399	2,287,726	2,306,162	2,400,590	2,444,867	2,596,931	2,655,675	3,003,956
Restricted intergovernmental	484,987	328,652	339,925	282,550	285,844	341,621	416,410	571,829	1,252,460	1,129,987
Permits and fees	2,899	2,100	5,915	6,175	9,182	12,648	23,266	11,919	14,862	20,797
Sales and services	724,513	734,140	807,598	831,755	868,743	902,904	940,192	983,118	944,257	908,855
Investment earnings	14,927	10,975	11,006	11,019	11,574	10,129	52,769	166,081	102,824	643
Miscellaneous	55,872	15,053	48,351	28,365	54,054	61,592	247,608	173,921	253,224	181,547
TOTAL REVENUES	\$ 6,512,959	\$ 6,454,118	\$ 6,816,537	\$ 7,066,950	\$ 7,220,120	\$ 7,482,114	\$ 7,939,025	\$ 8,423,925	\$ 9,310,390	\$ 9,849,130
EXPENDITURES										
General Government	\$ 2,246,240	\$ 1,737,272	\$ 1,769,098	\$ 1,782,649	\$ 1,915,542	\$ 1,798,530	\$ 1,839,021	\$ 2,008,322	\$ 2,098,548	\$ 2,105,270
Public Safety	1,678,150	1,838,331	2,372,543	1,939,110	2,346,423	2,197,435	2,328,056	3,912,881	5,320,092	3,826,550
Transportation	600,556	667,463	801,119	697,972	642,878	1,057,009	1,059,211	1,040,419	819,554	947,405
Environmental Protection	425,607	420,736	423,582	460,546	467,635	479,991	496,618	515,105	532,194	549,593
Cultural and Recreation	766,076	617,674	745,503	762,554	872,316	948,222	1,451,597	1,406,972	1,000,797	924,954
Economic and Physical Development	-	-	-	-	32,400	32,400	25,895	20,000	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Vehicle Replacement	-	-	-	-	-	-	-	-	-	-
Riembursement - Proprietary Funds	-	(202,708)	(151,682)	(59,696)	-	-	-	-	-	-
Debt Service:										
Principal retirement	675,881	517,875	484,670	646,924	497,214	502,244	522,403	546,527	610,665	586,075
Interest and Fees	246,408	222,896	204,149	186,171	117,024	101,606	89,818	78,978	97,031	81,605
Capital Outlay	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 6,638,918	\$ 5,819,539	\$ 6,648,982	\$ 6,416,230	\$ 6,891,432	\$ 7,117,437	\$ 7,812,619	\$ 9,529,204	\$ 10,478,881	\$ 9,021,452
REVENUES OVER (UNDER) EXPENDITURES	\$ (125,959)	\$ 634,579	\$ 167,555	\$ 650,720	\$ 328,688	\$ 364,677	\$ 126,406	\$ (1,105,279)	\$ (1,168,491)	\$ 827,678

continued

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OTHER FINANCING SOURCES (USES)										
Long Term Debt Issued	\$ -	\$ -	\$ 540,800	\$ 139,500	\$ -	\$ -	\$ 86,500	\$ 1,113,171	\$ -	\$ 1,094,000
Transfers in	1,048,776	135,000	230,192	188,552	215,444	290,000	311,000	375,578	527,200	650,000
Transfers out	-	-	-	-	-	-	-	-	(20,744)	-
Sale of capital assets	-	-	-	-	10,041	21,472	-	58,600	-	77,075
Total other financing sources (uses)	\$ 1,048,776	\$ 135,000	\$ 770,992	\$ 328,052	\$ 225,485	\$ 311,472	\$ 397,500	\$ 1,547,349	\$ 506,456	\$ 1,821,075
Net Change in Fund Balances	\$ 922,817	\$ 769,579	\$ 938,547	\$ 978,772	\$ 554,173	\$ 676,149	\$ 523,906	\$ 442,070	\$ (662,035)	\$ 2,648,753
Debt Services as a percentage of noncapital expenditures	16%	14%	11%	15%	10%	9%	9%	7%	7%	8%

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
2012	\$ 3,255,662	\$ 1,619,870	\$ 258,177	\$ 40,463	\$ 19,759	\$ 5,193,931
2013	3,371,069	1,651,989	249,038	37,771	18,429	5,328,296
2014	3,612,768	1,630,305	254,607	41,132	27,716	5,566,528
2015	3,568,313	1,859,505	381,874	45,056	26,940	5,881,688
2016	3,636,065	1,873,780	390,251	41,504	17,618	5,959,218
2017	3,707,824	1,981,553	375,257	42,496	13,985	6,121,115
2018	3,769,774	2,029,698	373,318	40,575	20,571	6,233,936
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

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
2012	\$ 2,895,892	\$ 344,019	\$ 3,239,911	\$ 719,980,222	\$ 0.450
2013	3,004,730	380,663	3,385,393	712,714,316	0.475
2014	3,068,692	525,545	3,594,237	756,681,473	0.475
2015	3,097,787	432,342	3,530,129	743,185,053	0.475
2016	3,158,563	460,386	3,618,949	761,884,000	0.475
2017	3,231,495	479,943	3,711,438	781,355,368	0.475
2018	3,269,368	472,451	3,741,819	787,751,368	0.475
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

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	
2012	0.450	0.450	0.0460	0.0440	0.6800	1.2200
2013	0.475	0.475	0.0460	0.0440	0.6800	1.2450
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

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

		Fiscal Year 2021			Fiscal Year 2012		
Taxpayer	Type of Business	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
The Roberts Co Fabrication Services Inc	Manufacturer	\$ 13,111,921	1	1.66%	\$ 2,211,880	4	0.35%
Sam's Real Estate Business Trust	Retail	9,813,780	2	1.25%	7,716,136	1	1.21%
J & S Firetower Property LLC	Warehouse	4,865,731	3	0.62%	2,063,134	7	0.32%
Winterville Machine Works, Inc	Manufacturer	4,486,095	4	0.57%			
Winter Village LLC	Retail	4,385,261	5	0.56%	3,535,841	2	0.55%
Aquatic Holdings LLC	Financial Institution	4,123,346	6	0.52%			
Regional Acceptance Corp.	Financial Institution	3,072,778	7	0.39%			
Wintergreen Commercial Park LLC	Developer	2,983,321	8	0.38%			
State Employees Credit Union	Financial Institution	2,624,398	9	0.33%	2,019,161	8	0.32%
James Hudson	Developer	2,493,767	10	0.32%	2,316,740	6	0.33%
Cole WG Greenville	Developer						
Winterville Business Park	Developer				1,842,860	10	0.29%
Simclair	Developer						
Maxine Speight	Developer				2,538,906	3	0.40%
Blaire Properties	Developer				1,871,210	9	0.29%
Barfield G Properties	Developer				2,180,064	5	0.34%
Totals		\$ 51,960,398		6.60%	\$ 28,295,932		4.40%
Real Property Valuation		\$ 787,751,368			\$ 476,808,769		

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

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections for Prior Years	Total Collections to Date	
				Total Amount Collected	Percentage of Original Levy		Total Amount Collected	Percentage of Adjusted Levy
2012	\$ 3,232,937	\$ 6,974	\$ 3,239,911	\$ 3,140,640	97.15%	\$ 96,833	\$ 3,237,473	99.92%
2013	3,386,316	(923)	3,385,393	3,290,981	97.18%	89,577	3,380,558	99.86%
2014	3,565,648	28,589	3,594,237	3,533,265	99.09%	57,386	3,590,651	99.90%
2015	3,531,045	(916)	3,530,129	3,499,202	99.10%	28,567	3,527,769	99.93%
2016	3,614,977	3,972	3,618,949	3,591,753	99.36%	24,002	3,615,755	99.91%
2017	3,702,996	8,442	3,711,438	3,688,485	99.61%	19,960	3,708,445	99.92%
2018	3,741,801	18	3,741,819	3,717,032	99.34%	19,302	3,736,334	99.85%
2019	3,905,664	-	3,905,664	3,861,379	98.87%	-	3,861,379	98.87%
2020	4,050,489	-	4,050,489	4,007,001	98.93%	-	4,007,001	98.93%
2021	4,509,235	-	4,509,235	4,488,080	99.53%	-	4,488,080	99.53%

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			
2012	\$ -	\$ 5,415,711	\$ 955,500	\$ 3,535,142	\$ -	\$ 9,906,353	4.34%	\$ 1,059
2013	-	4,897,836	936,500	3,270,088	-	9,104,424	3.73%	961
2014	-	4,953,966	916,500	2,995,176	-	8,865,642	3.46%	930
2015	-	4,446,542	-	3,615,870	-	8,062,412	3.55%	848
2016	-	3,949,328	-	5,026,137	-	8,975,465	3.95%	948
2017	-	3,447,084	-	4,476,041	-	7,923,125	3.48%	839
2018	-	3,011,071	-	4,933,121	-	7,944,192	3.49%	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

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
2012	\$ 955,500	0.1%	\$ 102
2013	936,500	0.1%	99
2014	916,500	0.1%	96
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-
2018	-	0.0%	-
2019	-	0.0%	-
2020	-	0.0%	-
2021	-	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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit, 8% of Assessed Value	\$ 57,598,418	\$ 57,017,145	\$ 60,534,518	\$ 59,454,804	\$ 60,950,720	\$ 62,508,429	\$ 63,020,109	\$ 65,763,318	\$ 68,202,476	\$ 75,926,855
Total net debt applicable to limit	9,906,353	9,104,424	9,084,424	8,062,412	8,975,465	7,923,125	3,011,071	3,577,715	2,967,050	3,474,975
Legal debt Margin	\$ 47,692,065	\$ 47,912,721	\$ 51,450,094	\$ 51,392,392	\$ 51,975,255	\$ 54,585,304	\$ 60,009,038	\$ 62,185,603	\$ 65,235,426	\$ 72,451,880
Total net debt applicable to the limit as a percentage of debt limit	17.20%	15.97%	15.01%	13.56%	14.73%	12.68%	4.78%	5.44%	4.35%	4.58%

Property Valuation	\$ 949,085,684
8% Limit	75,926,855
General Obligation Bonds	-
Installment Notes Payable	3,474,975
Legal Debt Margin	\$ 72,451,880

Note: NC Statute GS 159-55 limits the amount of outstanding debt to 8% of the appraised value of property subject to taxation.

Town of Winterville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021
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	\$ 130,394,639	6.5%	\$ 8,500,547
Subtotal, overlapping debt			\$ 8,500,547
Total direct debt			<u>3,474,975</u>
Total direct and overlapping debt			<u><u>\$ 11,975,522</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		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Small General Service	Facility Charge	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Demand Rate per kW first 10kW	0	0	0	0	0	0	0	0	0	0
	Demand Rate per kW over 10 kW	0	0	0	0	0	0	0	0	0	0
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Medium General Service	Facility Charge	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43	18.43
	Demand Rate per kW first 10kW	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
	Demand Rate per kW over 10 kW	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83	5.83
	Energy Rate per kWh first 3,000 kWh	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153	0.1153
	Energy Rate per kWh over 3,000 kWh	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042	0.1042
Large General Service	Facility Charge	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00	345.00
	Demand Rate per kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$250/mo + \$11.26 per kW for all kW	\$11.26 per kW for all kW
	Energy Rate per kWh	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788	0.0788
Large General Service Temporary	Facility Charge	0	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	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	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

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									
				2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water	Monthly Base Rate (3kG)	In		\$ 11.52	\$ 11.52	\$ 11.52	\$ 19.02	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.40
		Out		\$ 23.04	\$ 23.04	\$ 23.04	\$ 38.04	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80	\$ 44.80
	Rate per 1kG for next 17 kG	In		\$ 1.80	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
		Out		\$ 3.60	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62
	Rate per 1kG for over 20kG	In		\$ 1.58	\$ 1.80	\$ 1.80	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
		Out		\$ 3.17	\$ 3.60	\$ 3.60	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62
Sewer	Monthly Base Rate (3kG)	In		\$ 23.34	\$ 23.34	\$ 23.34	\$ 26.56	\$ 26.83	\$ 26.83	\$ 26.83	\$ 30.83	\$ 30.83	\$ 30.83
		Out		\$ 54.92	\$ 54.92	\$ 54.92	\$ 53.12	\$ 53.65	\$ 53.65	\$ 53.65	\$ 57.65	\$ 57.65	\$ 57.65
	Rate per 1kG for next 17 kG	In		\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57	\$ 8.57
		Out		\$ 16.97	\$ 16.97	\$ 16.97	\$ 16.97	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14	\$ 17.14
	Rate per 1kG for over 20kG	In		\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01
		Out		\$ 11.81	\$ 11.81	\$ 11.81	\$ 13.88	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02	\$ 14.02
Stormwater	Monthly Base Rate (Rate Per ERU)	In		\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 4.00	\$ 4.00	\$ 4.00
		In		\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 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)
2012	9,355	\$ 62,923	\$ 26,399	23,386	10.6%
2013	9,471	66,447	27,877	23,495	9.6%
2014	9,506	69,437	29,132	23,852	6.9%
2015	9,511	57,220	26,865	23,511	5.5%
2016	9,464	58,801	27,309	23,348	5.5%
2017	9,447	59,135	28,662	23,301	4.5%
2018	9,368	59,135	28,662	23,255	4.9%
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%

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, 2021
Table 17

Employer	Employees	Rank	Percentage of Total Town Employment
Pitt Community College	498	1	5.02%
Roberts Company	449	2	4.52%
Pitt County Schools	201	3	2.02%
North Carolina Driving School	154	4	1.55%
Sam's Club	130	5	1.31%
Regional Acceptance Corporation	160	6	1.61%
Chik-fil-A	120	7	1.21%
ONLINE Information Services, Inc.	71	8	0.72%
Town of Winterville	73	9	0.74%
Winterville Machine Works	63	10	0.63%
Total	<u>1,919</u>		<u>19.33%</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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Central government										
Administration	1	2	4	5	5	5	5	5	5	5
Finance	6	6	6	6	6	6	6	6.5	6.5	6.5
Town Clerk	1	1	1	1	1	1	1	1	1	1
Planning	2	3	1	1	1	1	1	1	1	1
Inspections	N/A	N/A	2	2	2	2	2	2	2	2
Transportation										
Streets and Highways	3.5	3.5	6	6	5	4	4	4	4	4
Public Safety										
Sworn Officers	18	18	19	19	19	19	19	19	23	23
Civilians	1.5	1	1	1	1	1	1	1	1	1
Fire	0	1	1	1	1	1	1	2	15	15
Public Works	3.5	3.5	3.5	4	4	4	3	3	4	4
Economic and physical development	0	0	0	0	1	1	1	1	1	1
Cultural and recreation	3	4	4	4	4	4	4	5	5	5
Operation Support / IT	2	2	1	1	0	0	0	0	0	0
Electric operations	8.5	9	10.5	9.5	9	9	10	10.5	10.5	10.5
Water	3	4	3	3	3	3	4	4	4	4
Sewer	3	2	2	2	2	2	2	2	2	2
Storm Water	0	0	0	0	0	1	1	2	2	2
Information Technology	2	2	2	2	0	0	0	0	0	0
TOTAL	58	62	67	67.5	64	64	65	69	87	87

Source: Town Human Resource Department

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	330	333	217	254	269	367	188	453	434	508
Traffic Violations	4,407	3,959	3,942	2,945	3,707	3,346	2,701	7,513	5,943	4,939
Fire										
Number of calls answered	384	380	360	560	600	693	794	1,253	1,379	1,463
Inspections	382	230	N/A	318	520	467	479	446	391	457
Building Inspections										
New construction permits	30	26	101	126	98	89	98	98	98	130
Highways and Streets										
Street Resurfacing	-	8	-	3	8	-	0.25	0.25	0.26	0.26
Potholes Repaired	12	75	50	30	50	40	150	150	37	50
Sanitation										
Refuse collected (tons/day)	7	7	6	6	7	8	8	8	8	8
Recyclables collected (tons/day)	2	2	2	2	2	2	2	2	2	2
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	27	11	63	62	75	95	49	59	39	100
Water main breaks	-	-	1	1	1	1	-	-	-	-
Average daily consumption (millions of gallons)	581,787	545,666	531,679	528,227	540,595	551,661	583,332	574,918	577,382	598,726
Number of customers	3,764	3,775	3,838	3,900	3,975	4,065	4,114	4,173	4,212	4,312
Wastewater										
New Connections	23	18	62	80	79	105	55	63	42	74
Average daily sewage treatment (millions of gallons)	558,949	495,300	489,636	493,172	506,912	506,286	535,603	530,213	532,382	549,280
Number of customers	3,432	3,450	3,512	3,592	3,671	3,766	3,821	3,884	3,926	4,000

Source: Various departments

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	19	19	19	19	19	19	19	19	19
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highways and Streets										
Streets (miles)	42.24	43.66	43.66	43.92	44.35	45.1	45.45	45.82	46.65	47.74
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	N/A	N/A	3	3	3	3	3	3	4	4
Parks and Recreation										
Park Acreage	30	30	30	30	30	30	30	30	30	30
Tennis Court	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football	3	3	3	3	3	3	3	3	4	4
Community Centers	0	0	0	0	0	0	0	0	0	0
Water										
Water Mains (miles)	63.82	63.82	64	64	64	68	68	71	71	72
Fire Hydrants	384	384	384	395	416	424	427	428	428	448
Wastewater										
Sanitary sewers (miles)	61.22	61.22	61.22	61.22	62	63	63	65	65	68
Storm water pipe	33.28	33.28	38	38	38	38	38	38	39	41

Source: Various Town Departments.

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

COMPLIANCE SECTION





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winterville, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Winterville, North Carolina's basic financial statements, and have issued our report thereon dated November 24, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winterville, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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, LLC

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
November 24, 2021

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

We have audited the Town of Winterville, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Winterville's major federal programs for the year ended June 30, 2021. The Town of Winterville's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Winterville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Winterville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Winterville 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, 2021.

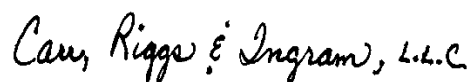
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, LLC
Goldsboro, North Carolina
November 24, 2021

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

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? None noted

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**Town of Winterville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section II Financial Statement Findings

None Reported

Section III Federal Awards Findings and Questioned Costs

None Reported

**Town of Winterville, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021**

Section II Financial Statement Findings

None Reported

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, 2021**

Section II Financial Statement Findings

None Reported

Section III Federal Awards Findings and Questioned Costs

None Reported

Town of Winterville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2021

<i>Grantor/Pass-through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>State/Pass-through Grantor's Number</i>	<i>Federal (Direct and Pass- through) Expenditures</i>	<i>State Expenditures</i>
Federal 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		\$ 56,867	\$ 18,955
United States Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		146,070	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		435,240	-
Total United States Department of Homeland Security			581,310	-
United States Department of the Treasury Passed through Pitt County, North Carolina COVID-19 Coronavirus Relief Fund	21.019		140,179	-
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	621,041	-
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370879-03	133,143	-
Total Clean Water State Revolving Fund Cluster			754,184	-
State Awards:				
Cash Assistance:				
NC Department of Transportation: Powell Bill		38570	-	287,275
NC Department of Commerce: Disaster Recovery Act of 2017, House Bill 2, Disaster Recovery Funds			-	108,104
NC Department of Environmental Quality: Division of Water Resources Water Resources Project Development Grant		536990 4T17	-	3,500
			\$ 1,532,540	\$ 417,834

The Town did not provide federal or state funds to sub-recipients for the fiscal year ended June 30, 2021.

Town of Winterville, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2021

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, 2021. 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, 2021.

6. Federally Funded Insurance.

The Town of Winterville has no federally funded insurance.