

# **CITY OF WASHINGTON**

## **NORTH CAROLINA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

**PREPARED BY THE FINANCE DEPARTMENT**

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**CITY OF WASHINGTON, NORTH CAROLINA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2010**

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## **Introductory Section**

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October 25, 2010

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Washington:

State Law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Martin Starnes & Associates, CPAs, P.A., have issued an unqualified (“clean”) opinion on the City of Washington’s financial statements for the year ended June 30, 2010. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Washington, incorporated in 1782, is located in the eastern part of North Carolina on the northern banks of the Pamlico River. It has been the county seat of Beaufort County since 1785. It has a land area of 7.663 square miles and a population of 10,176. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City has operated under the Council-Manager form of government since May 7, 1952. The City Council is comprised of five (5) council members, elected at large, non-partisan, for a two-year term and a Mayor without voting powers elected for a two-year term. Council members hold policy making and legislative authority. They are responsible, among other things, for passing ordinances, adopting the annual budget, appointing Board members, Commission members, City Manager, City Clerk and City Attorney. The City Manager is the Chief Executive Officer and is responsible, among other things, for implementing and enforcing policies and ordinances of the City of Washington, for managing daily operations of the government, for appointing all employees including department directors, and for budget development.

The City of Washington provides a full range of services for its citizens. These services include: planning and zoning, the construction and maintenance of streets, curbs, gutters and sidewalks, parks and recreational activities, library services, police, and fire protection. In addition to these general government activities, the City also provides and maintains airport operations, cemeteries, water, sewer, stormwater, solid waste and recycling, and electrical utilities for its citizens and the surrounding areas of Beaufort, Martin, and Pitt counties. These utilities are included in the reporting entity. This report includes all of the City's activities in delivering and administering these services.

The City Council is required to adopt an annual budget by no later than the close of the prior fiscal year. This annual budget serves as the foundation for the City of Washington's financial planning and control. The annual budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may request of the Finance Director or City Manager transfer of resources within a department (intradepartmental transfers). Transfers between departments (interdepartmental transfers) may be approved by the City Manager; however, he must report the approved transfers to the City Council at their next regular meeting.

## **Local Economy**

The City of Washington continues to serve as the economic, service, and retail center for Beaufort County. The economy is based on medical services, small-scale diverse manufacturing, retail sales, agriculture, service, and eco-tourism. The County has an employed labor force of approximately 21,108, leaving around 2,284 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 10.8%, which is a decrease of 0.2% from a rate of 11.0%, a year ago. This compares unfavorably to the State's average unemployment of 10.2% and the national average of 9.6%. During the past fiscal year, Washington's local economy continued to feel the effects of the economic slowdown, similar to other cities and towns in the country. This is evidenced by decreased revenues in areas of sales tax, interest earnings, and certain state shared revenues. On a positive note, the unemployment rate for Beaufort County fell by 0.2% from this time last year and the City has begun to see a slow recovery. This is evidenced by a 48% increase in issued building permits during the past fiscal year as compared to FY 08/09. Due to an extremely conservative approach in revenue budgeting, the City does not anticipate any budget shortfalls for 2010-2011 at this time.

The City is currently partnering with Martin County Community Action Agency, Inc. to distribute \$800,000 of federal stimulus money for weatherizing low-income homes throughout Washington Electric's service. The grant will assist over 200 homeowners and renters with HVAC efficiency, weather-stripping threshold doors, insulating attics and hot water heaters, and installing smoke and carbon dioxide detectors.

The Beaufort County Economic Development Commission's mission is to expand the economic activity, broaden the tax base, and increase job opportunities for the citizens of Beaufort County. 2010 was a transition year. The recession which affected all of America, but particularly eastern North Carolina, appeared to bottom out in job losses, particularly in the boating industries in Beaufort County, such as Fountain Powerboats. The remaining manufacturers had slight losses but are now recovering. Within the city limits of Washington, PAS, formerly Prettl, has expanded from 75 to over 240 jobs. Additional job increases are anticipated there in the near future. Flanders Filters has also experienced significant growth due to the contract with the Savannah River nuclear facility in Aiken, South Carolina. The remaining manufacturers are stable.

Retail sales have been negatively impacted because of the completion of the US 17 bypass. Ironically, a four lane interstate quality highway running through the eastern part of the state has been a major objective for Beaufort County and other eastern counties for many years. However, the fact that the corridor is not completely four laned has not increased the overall traffic while the local traffic which did support restaurants and hotels in Washington has been routed around the town by an extremely efficient bypass. It will take a significant development downtown, such as a waterfront hotel or several waterfront restaurants to change things.

The quality and the quantity of manufacturing prospects has increased substantially and the Economic Development Commission is currently courting two wood pellet plants, two major call centers, the sale of a 50,000 square foot speculative building in the Industrial Park to a European company, and the potential relocation of two major boating companies to the Fountain Powerboat facility in Chocowinity.

Beaufort County, like many counties in eastern North Carolina, has seen jobs disappearing by the thousands and being replaced by companies employing only hundreds. This is consistent with the introduction of China and Japan as major players in the assembly market. To combat that, the Beaufort County Economic Development Commission has been involved with activities that might take advantage of the unique historic development opportunities in Beaufort County. Foremost among these are the recreation of Blackbeard's ship, the *Adventure*, which could be built and berthed on the Washington waterfront. As a tourist attraction, it should be singularly effective given the fact that Blackbeard was from Beaufort County. He is the most famous pirate in the world, and Disney is coming out with another movie next year in which Captain Jack Sparrow and Blackbeard team up. A second major tourist initiative underway involves archaeology on the tract of land near Bath to rediscover the village of Secotan, the famous Indian village immortalized by John White in a series of watercolors in 1585. The only known watercolors or paintings of an Indian village in America at that time or, for that matter, 200 hundred years after that, the paintings are utilized throughout the world including Jamestown, all major history museums, and in re-creations of the village throughout the United States as far away as Michigan.

The Washington Tourism Development Authority continues to enhance the economy of Washington and Beaufort County by promoting the area as a destination for leisure and business travel. A new, more user friendly, website has been developed to allow potential visitors to personalize travel itineraries and learn about events and activities in the area. The website was recognized with a Destination Marketing Achievement Award. The WTDA continues to follow the recommendations made by Randall Travel Marketing in FY08-09 to develop the community as a tourism destination.

### **Long-Term Financial Planning**

The City has plans to begin construction on a \$4 million dollar police facility during FY 2010-2011 to replace the out dated and significantly undersized police station that is located in the 100 year flood zone. A site has been selected on the corner of North Market Street and Airport Road. Engineering has begun and completion is expected within two years. A \$1,000,000 transfer was made from the Public Safety Capital Reserve Fund to a Police Station Capital Project Fund to start the project. The remaining funds needed to construct the facility will be obtained from a short term installment note loan with a financial institution. The City has received a \$3,000,000 loan award notification from the United States Department of Agricultural Rural Development (USDA) and signed the USDA's Letter of Intent to Meet Conditions for long term financing. The City anticipates paying the \$3 million dollars back over 30 years at an approximate rate of 4.375%. The City continues to pursue grant opportunities for the construction of the police station.

During fiscal year 2010-2011 the City anticipates borrowing \$1,256,050 through installment note financing for the purchase of two police vehicles, a new phone system, electric equipment, vehicles, system upgrades, and a refuse truck in the solid waste fund.

The City was awarded a \$5,977,984 allocation of Recovery Zone Economic Development Bonds (RZEDB's) by the North Carolina Tax Reform Allocation committee in April 2010. The primary project is for storm water drainage improvements to reduce the frequency and duration of roadway and personal property flooding during significant rain events in the Jacks Creek, Cherry Run, and Runyon Creek drainage basins. The improvements proposed in the Jack's Creek basin serve the area south of the Kingswood sub-division, east of Hackney Avenue, north of Second Street, and west of Hudnell Street. The improvements proposed in the Cherry Run basin serve the area west of the old Kmart property to Whispering Pines Road. The improvements proposed in the Runyon Creek basin serve the Smallwood sub-division area. These projects were included in the five year Capital Improvement Plan and can be undertaken now with the availability of RZEDB's and the Storm Water Funds net revenue improvement. The project is the first major capital improvement for which the Storm Water fund was established in 2002/2003 other than the culverts installed in the Jack's Creek basin at Park Drive and Main Street in 2004. Bonds will be issued in December 2010 and the project completed in April 2012.

### **Major Initiatives**

The North Carolina Department of Transportation completed construction on the north-south highway corridor of US Highway 17 by-pass on the west side of the City. Two major interchanges resulted inside the corporate limits of the City and retail expansion in the area is



anticipated. Existing zoning regulations have been amended in order to manage development along the new corridor.

The North Carolina Department of Transportation completed replacement of the Runyon Creek bridge along NC 32 (Park Drive/River Road). The project raised the vertical clearance under the bridge by approximately 2' with two 12' travel lanes, 6' bike paths and 5.5' sidewalks on both sides of the road. A pedestrian walkway under the bridge to connect north and south components of Havens Gardens Park has begun and is expected completion in 2011.

The City replaced two transformers at the main electric substation at an estimated cost of \$1.5 million dollars. Replacing the transformers will improve reliability and efficiency of service for Washington Electric Utility customers by increasing the capacity to accommodate system load requirements.

The City is launching an aggressive load management switch installation program to reduce residential energy cost. 1,500 switches will be installed during next fiscal year saving residential customers \$65,000 per year on their electric bills and all retail customers \$150,000 in net wholesale purchases. City Council appropriated \$300,000 for the first phase of what is expected to be a multiyear initiative.

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City was awarded a \$200,000 Boating Infrastructure Grant (BIG) through the North Carolina Department of Environment and Natural Resources for the construction of 8-12 new boat docks with planned completion of July, 2011. The City was also awarded a \$295,125 Parks and Recreation Trust Fund grant (PARTF) with a \$295,125 match for improvements in the Festival Park area of the downtown waterfront to include a covered events stage, picnic shelter, children's playground, and bathroom facilities. The City has also applied for CAMA and Boating Infrastructure Grant (BIG) grants to help fund restrooms, boaters facilities, and Dock Master quarters on the east end of Stewart Parkway.

A bicycle and pedestrian greenway is being planned to connect Washington to Greenville and Chocowinity. Planning assistance is being provided by East Carolina University. The project includes removal of a flood prone former county owned building which has been acquired and a FEMA repetitive loss demolition grant applied for. A \$75,000 NC Recreation Trails Program grant was awarded to construct a walkway along Jack's Creek scheduled for completion by November 2011.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Washington for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year (fiscal years ended 1996-2009) that the City has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our

current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We would also like to thank our independent auditors, Martin Starnes & Associates, CPAs, P.A., for their extensive assistance provided. Credit must also be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully Submitted,

  
James C. Smith  
City Manager  
Matthew J. Rauschenbach  
Chief Financial Officer



**CITY OF WASHINGTON, NORTH CAROLINA  
PRINCIPAL OFFICERS  
JUNE 30, 2010**

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**ELECTED OFFICIALS**

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<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Term Expires</u>
Mayor	N. Archie Jennings	5 years	December, 2011
Mayor Pro-Tem	Bobby E. Roberson	1 year	December, 2011
Councilperson	Edward Moultrie, Jr.	1 year	December, 2011
Councilperson	William H. Pitt	1 year	December, 2011
Councilperson	Douglas G. Mercer	3 years	December, 2011
Councilperson	Gilbert P. Davis, Jr.	3 years	December, 2011

The Mayor and Council serve 2 year terms.

**APPOINTED OFFICIALS**

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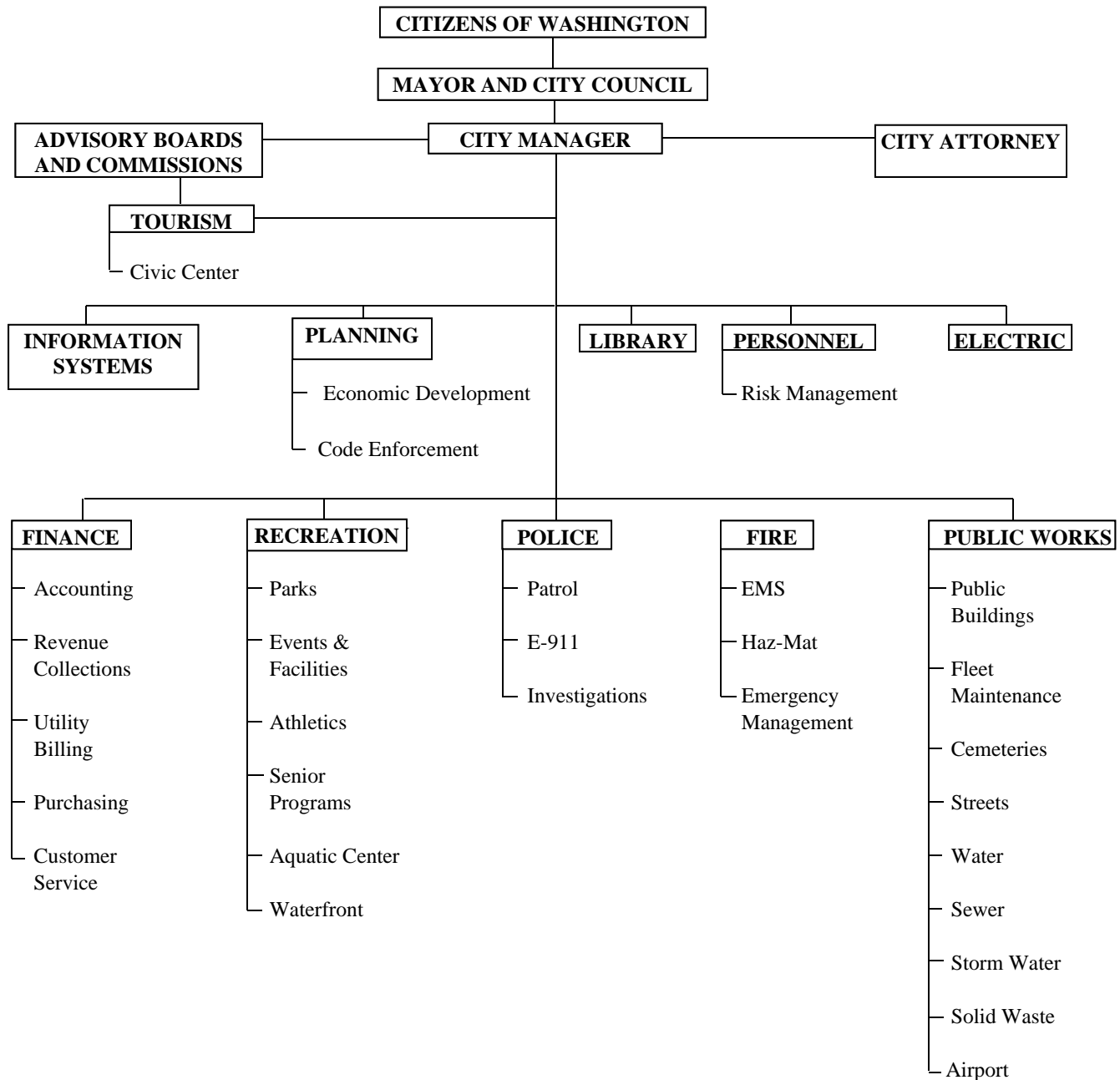
<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Length of Employment with the City of Washington</u>
City Attorney	Franz Holscher	4 years	4 years
City Clerk	Cynthia Bennett	2 years	11 years
City Manager	James C. Smith	4.5 years	4.5 years

**DEPARTMENT HEADS**

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<u>Title</u>	<u>Name</u>	<u>Total Length Of Service</u>	<u>Length of Employment with the City of Washington</u>
Planning Director	John D. Rodman	1 year	9 years
Electric Director	Keith A. Hardt	13 years	14 years
Chief Financial Officer	Matthew J. Raschenbach	1 year	1 year
Fire Chief	Robert C. Rose	1 year	21 years
Library Director	Gloria J. Moore	3 years	20 years
Human Resources Director	Susan C. Hodges	7 years	7 years
Police Chief	Glen M. Reed	3 years	3 years
Public Works Director	R. Allen Lewis, III	7 years	7 years
Recreation & Parks Director	Phillip W. Mobley	33 years	35 years
Tourism Director	Lynn W. Lewis	7 years	7 years

**CITY OF WASHINGTON**  
**ORGANIZATIONAL CHART**  
2009-2010



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Washington  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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## **Financial Section**

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and  
Members of the City Council  
City of Washington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Washington, North Carolina as of and for the year ended June 30, 2010 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Washington Tourism Development Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington Tourism Development Authority, is based solely on the report of the other auditors.

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 basic financial statements are free of material misstatement. The financial statements of Washington TDA Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Washington, North Carolina as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 25, 2010 on our consideration of City of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of City of Washington, North Carolina taken as a whole. The introductory information, combining and individual fund financial statements, budgetary schedules and other schedules, the statistical tables, additional financial data, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, additional financial data, and the accompanying Schedule of Expenditures of Federal and State Awards have been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Martin Starnes & Associates, CPAs, P.A." The signature is written in a cursive, flowing style.

Martin Starnes & Associates, CPAs, P.A.  
October 25, 2010



## Management's Discussion and Analysis

As management of the City of Washington, we offer readers of the City of Washington's financial statements this narrative overview and analysis of the financial activities of the City of Washington for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

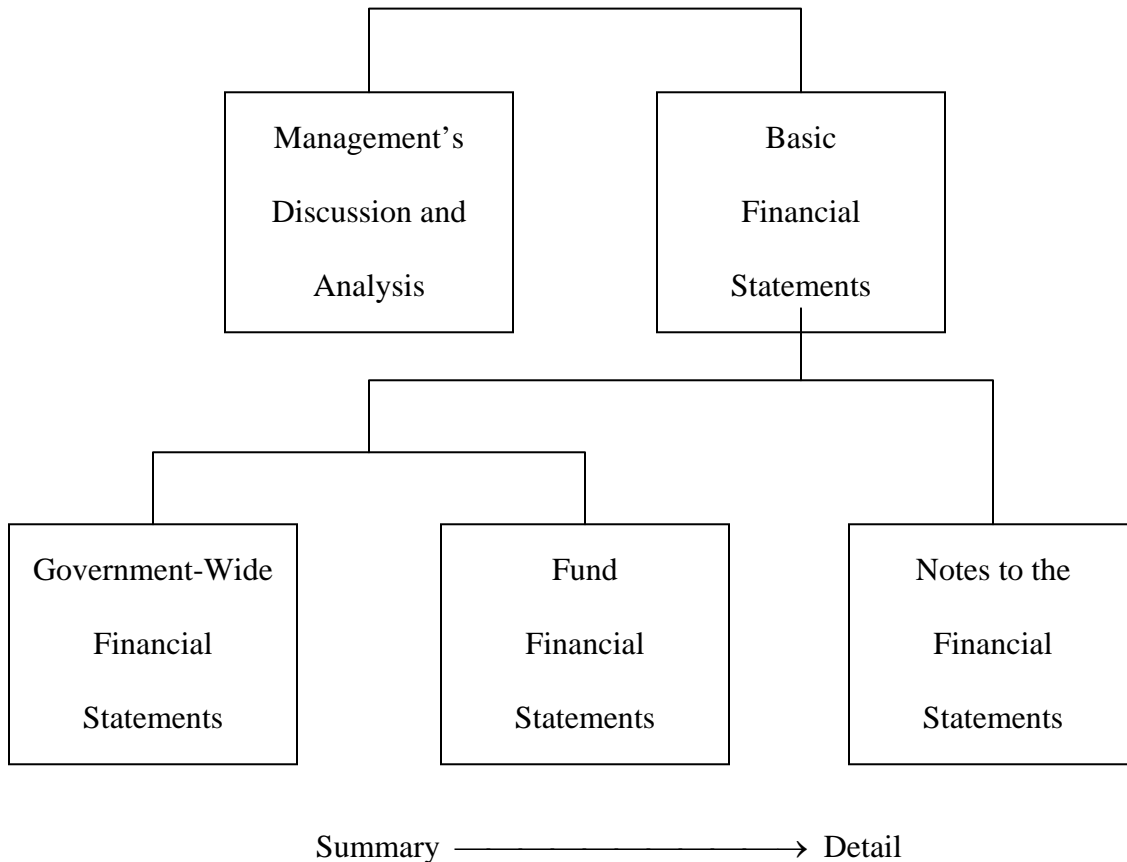
- The assets of the City of Washington exceeded its liabilities at the close of the most recent fiscal year by \$97,994,972 (*net assets*). Of this amount, \$19,961,656 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,383,158. This is an increase of 2.49%.
- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$10,226,345, a decrease of \$163,842, in comparison with the prior year. Approximately 69.75% of this total amount, or \$7,132,979, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,763,532 or 52.69% of total General Fund expenditures for the fiscal year.
- The City of Washington's total debt decreased by \$1,476,187, or 12.90%, during the current fiscal year.
- The City maintains a "Baa1" rating from Moody's Investor Services and was recently upgraded to an "AA+ with a stable outlook" rating by Standard & Poors' Corporation. The North Carolina Municipal Council rates the City at 79 points.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Washington's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplementary information, in addition to the basic financial statements, that will enhance the reader's understanding of the financial condition of the City of Washington.

## Required Components of Annual Financial Report

**Figure 1**



**Basic Financial Statements.** The first two statements in the basic financial statements are the *Government-Wide Financial Statements*. They provide both short and long-term information about the City's financial status.

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

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, *supplemental information* is provided to show details about the City's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Washington’s finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City’s financial status as a whole. The statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units.

The *Statement of Net Assets* presents information on all of the City of Washington’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Washington is improving or deteriorating.

The *Statement of Activities* presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Washington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Washington include general government, public safety, transportation, economic and physical development, environmental protection, cultural and recreational, special revenues and capital projects. The business-type activities of the City of Washington include water, sewer, electric, stormwater utilities, solid waste, and airport operations.

The government-wide financial statements include not only the City of Washington itself (known as the *primary government*), but also a legally separate entity, the Washington Tourism Development Authority, for which the City is financially accountable. The Washington Tourism Development Authority is considered a component unit of the City, because the City exercises control over the Board by appointing its members and because the Board is required to expend the local occupancy taxes promoting travel and tourism for the City. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund Financial Statements.** The fund financial statements provide a more detail look at the City’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 City of Washington, like other State and local governments in North Carolina, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the City’s budget ordinance. All of the funds of the City of Washington can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Washington maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the other governmental funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Washington adopts an annual appropriated budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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 City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balance in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the difference in the reported activities is shown at the end of the budgetary statement.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

**Proprietary Funds.** The City of Washington maintains seven different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Washington uses enterprise funds to account for its water utilities, sewer utilities, stormwater utilities, electric utilities, airport operations, solid waste utilities, and cemetery operations.

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and electric utilities, which are considered to be major funds of the City of Washington. The airport operations, solid waste utility, and stormwater utility are considered to be nonmajor proprietary funds.

The basic proprietary fund financial statements can be found on pages 23-25 this report.

**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 can be found on pages 26-59 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Washington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 60-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-120 of this report.

## Government-Wide Financial Analysis

**Figure 2**

### City of Washington's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 12,984,847	\$ 12,646,092	\$ 15,929,075	\$ 15,554,931	\$ 28,913,922	\$ 28,201,023
Capital assets, net	21,365,683	21,843,987	64,588,354	63,392,721	85,954,037	85,236,708
Total assets	<u>34,350,530</u>	<u>34,490,079</u>	<u>80,517,429</u>	<u>78,947,652</u>	<u>114,867,959</u>	<u>113,437,731</u>
Long-term liabilities outstanding	4,809,432	5,019,797	7,362,046	8,328,389	12,171,478	13,348,186
Other liabilities	556,022	458,174	4,145,487	4,019,557	4,701,509	4,477,731
Total liabilities	<u>5,365,454</u>	<u>5,477,971</u>	<u>11,507,533</u>	<u>12,347,946</u>	<u>16,872,987</u>	<u>17,825,917</u>
Net assets:						
Invested in capital assets, net of related debt	19,346,037	18,447,771	57,884,865	56,442,379	77,230,902	74,890,150
Restricted	802,414	749,958	-	-	802,414	749,958
Unrestricted	<u>8,836,625</u>	<u>9,814,379</u>	<u>11,125,031</u>	<u>10,157,327</u>	<u>19,961,656</u>	<u>19,971,706</u>
Total net assets	<u>\$ 28,985,076</u>	<u>\$ 29,012,108</u>	<u>\$ 69,009,896</u>	<u>\$ 66,599,706</u>	<u>\$ 97,994,972</u>	<u>\$ 95,611,814</u>

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The assets of the City of Washington exceeded liabilities by \$97,994,972 as of June 30, 2010. This is an increase in the City's net assets of \$2,383,158 for the fiscal year. By far, the largest portion of the City of Washington's net assets (78.81%) reflects its investment in capital assets (e.g., land, buildings, systems, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Washington's net assets (.82%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$19,961,656 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets increased by \$717,329 during the fiscal year. This increase of .36% is attributable to continued capital investments in the City utility systems.

**Figure 3****City of Washington's Change in Net Assets**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for service	\$ 1,045,803	\$ 2,755,400	45,453,087	44,334,713	46,498,890	\$ 47,090,113
Operating grants and contributions	546,195	1,438,589	16,000	(13,002)	562,195	1,425,587
Capital grants and contributions	1,048,611	54,122	899,817	659,756	1,948,428	713,878
General revenues:						-
Property taxes	4,017,112	3,862,728	-	-	4,017,112	3,862,728
Other taxes	2,062,546	1,968,844	-	-	2,062,546	1,968,844
Unrestricted intergovernmental	1,690,181	1,601,893	-	-	1,690,181	1,601,893
Other	497,665	748,056	15,609	112,932	513,274	860,988
Total revenues	10,908,113	12,429,632	46,384,513	45,094,399	57,292,626	57,524,031
<b>Expenses:</b>						
General government	2,289,052	1,213,174	-	-	2,289,052	1,213,174
Public safety	5,819,057	6,288,971	-	-	5,819,057	6,288,971
Transportation	858,877	733,196	-	-	858,877	733,196
Environmental protection	6,307	614,650	-	-	6,307	614,650
Cultural and recreation	2,160,070	2,605,246	-	-	2,160,070	2,605,246
Economic and physical development	560,332	564,134	-	-	560,332	564,134
Interest	146,573	152,570	-	-	146,573	152,570
Water	-	-	2,862,429	2,731,579	2,862,429	2,731,579
Sewer	-	-	2,679,730	2,741,838	2,679,730	2,741,838
Electric	-	-	35,174,520	34,295,374	35,174,520	34,295,374
Stormwater	-	-	567,190	530,868	567,190	530,868
Airport	-	-	364,180	409,650	364,180	409,650
Solid waste	-	-	1,156,281	1,160,196	1,156,281	1,160,196
Cemetery	-	-	264,870	-	-	-
Total expenses	11,840,268	12,171,941	43,069,200	41,869,505	54,644,598	54,041,446
Increase in net assets before transfers	(932,155)	257,691	3,315,313	3,224,894	2,383,158	3,482,585
Transfers	905,123	265,641	(905,123)	(265,641)	-	-
Increase (decrease) in net assets	(27,032)	523,332	2,410,190	2,959,253	2,383,158	3,482,585
<b>Net Assets:</b>						
Beginning of year - July 1	29,012,108	28,488,776	66,599,706	63,640,453	95,611,814	92,129,229
End of year - June 30	\$ 28,985,076	\$ 29,012,108	\$ 69,009,896	\$ 66,599,706	\$ 97,994,972	\$ 95,611,814

**Governmental Activities.** Governmental Fund activities decreased the City's net assets by \$27,032 after transfers. Non-customary, one-time transfers, out of the General Fund in the amount of \$1,000,000 to the Police Station Capital Project Fund and \$600,000 to the Worker's Compensation Capital Reserve Fund explained the loss. General Fund balance in the amount of \$2,508,281 was anticipated to be needed; however, \$1,007,271 was required to be used.

**Business-Type Activities.** Business-type activities increased the City of Washington's net assets by \$2,410,190, accounting for all of the growth in the government's net assets. Revenues exceeded expenses by \$3,315,313 before transfers. The net transfers out of the business-type activities were \$(905,123) for the year.

## **Financial Analysis of the Government's Funds**

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

**Governmental Funds.** The focus of the City of Washington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Washington's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$10,226,345 a decrease of \$163,842, in comparison with the prior year. Approximately 69.75% of this total amount (\$7,132,979) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. As a result of a \$1,000,000 transfer to the Police Station Capital Project Fund, the government no longer has any portion of the unreserved fund balance designated for future spending. The remainder of fund balance is *reserved* to indicate that it is not available for new spending, because it has already been committed 1) to honor contracts and purchase orders of the prior period (\$778,893), 2) for dedicated expenditures in certain areas of the government, such as the Cemetery and Library Non-Expendable Trust Funds (\$436,575), 3) due to outside restrictions from grantors and contributors (\$458,076), and 4) because it is reserved by State statute (\$1,419,822).

The General Fund is the chief operating fund of the City of Washington. Its fund balance decreased by \$1,007,271 during the current fiscal year. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,763,532, while total fund balance declined to \$8,407,407. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 52.69% of total General Fund expenditures, while total fund balance represents 76.92% of that same amount.

**Proprietary Funds.** The City of Washington's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

The City was able to forego rate increases for all of its utility customers during the fiscal year, with the exception of a 5.7% electric rate increase, which became effective with billing beginning after July 1, 2009. Subsequently, in October, 2009, City Council voted to decrease the electric rates by 3.2%, making the net increase for the remainder of the year. 2.5%.

As of July 1, 2009, the Cemetery operations began being accounted for as an enterprise fund as opposed to a division in the General Fund. It was anticipated that a \$19,341 transfer from the General Fund would be a sufficient subsidy to allow the Cemetery to break even for them. However, the Cemetery Fund finished the fiscal year with a loss of \$32,132 before the general fund transfer.



## **General Fund Budgetary Highlights**

Differences between the original budgeted revenues and the final amended budgeted revenues for the General Fund amounted to a \$444,261 increase and are summarized as follows:

- \$25,000 increase for other taxes and licenses
- \$29,524 decrease in unrestricted intergovernmental revenues
- \$432,770 increase of restricted intergovernmental revenues
- \$3,000 increase of sales and service revenue
- \$13,015 increase in miscellaneous revenues

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund was \$1,137,816 and is summarized as:

- \$314,424 in increases allocated to general government activity
- \$90,635 in increases allocated to public safety
- \$274,993 in increases allocated to transportation
- \$2,380 in increases allocated to environmental protection
- \$480,206 in increases allocated to cultural and recreational
- \$24,822 in decreases allocated to debt service

Transfers from other funds and the appropriation of fund balance rebalanced the budget.

During the year, actual revenues came in 2.28%, or \$229,270, higher than budgetary estimates; expenditures were 10.08%, or \$1,226,740, less than budgetary appropriations, thus, reducing the level of existing fund balance that needed to be drawn (\$1,007,271) when compared to what was budgeted to be used (\$2,508,281). The reason for the use of General Fund balance was to fund the transfers to the Police Station Capital Project Fund (\$1,000,000) and the Worker's Compensation Internal Service Fund (\$600,000).

## **Capital Asset and Debt Administration**

**Capital Assets.** The City of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$85,954,037 (net of accumulated depreciation). This investment in capital assets includes land, buildings, distribution systems, substations, infrastructure, improvements, office furniture and machines, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$717,329, or .84% overall. This is represented by a 2.19% decrease for governmental activities and a 1.89% increase for business-type activities.

Major capital asset events during the current fiscal year included the following:

- The installation of two new electric transformers continued during the fiscal year with expenses for 09/10 amounting to \$1,233,671 for the project.
- Ongoing projects at Warren Field Airport included land acquisition and runway clearing. These project expenses totaled \$51,493 during the year. Construction was completed for the fueling system at Warren Field Airport with the total project costing \$205,128. These projects are funded by federal grants passed through the State to the City along with a small local contribution transferred from the General Fund.
- Construction for the sewer line for Pennsylvania Avenue continued through the year. Fiscal year expenses for 09/10 totaled \$321,354. This project is anticipated to be completed in the fall of 2010.
- Construction of the water lines to the Industrial Park was completed during the year. The total cost of this project was \$757,933.
- Highway 92 electrical circuit upgrades were ongoing through the year. The cost during the year for this project totaled \$241,025.
- Engineering services continued throughout the year planning the construction of 12 boating docks along the Stewart Parkway waterfront, funded by a federal Boating and Infrastructure Grant and City funds.

**Figure 4**  
**City of Washington Capital Assets**  
**(net of accumulated depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
Land	\$ 4,926,202	\$ 4,692,103	\$ 1,469,713	\$ 1,432,597	\$ 6,395,915	\$ 6,124,700
Buildings	8,668,542	8,895,831	5,218,365	5,456,616	13,886,907	14,352,447
Infrastructure	5,626,576	5,881,033	-	-	5,626,576	5,881,033
Plant, substations, lines, distribution, and runways	-	-	50,459,326	50,054,527	50,459,326	50,054,527
General and mobile equipment	1,771,273	2,017,153	5,345,989	5,271,251	7,117,262	7,288,404
Furniture and office equipment	316,328	321,717	73,612	105,370	389,940	427,087
Construction in progress	56,762	36,150	2,021,349	1,072,360	2,078,111	1,108,510
Total	\$ 21,365,683	\$ 21,843,987	\$ 64,588,354	\$ 63,392,721	\$ 85,954,037	\$ 85,236,708

Additional information on the City's capital assets can be found in note 6 beginning on page 37 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City of Washington had total debt outstanding of \$9,970,911. Of this amount, \$2,075,000 comprises water, sewer, and electric utility general obligation bonded debt backed by the full faith and credit of the government. The balance consists of installment notes in the amount of \$3,149,096, a loan from the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Loan Fund in the amount of \$1,977,078, and a 30 year loan from the United States Department of Agriculture (USDA) with an outstanding balance of \$2,769,736.

**Figure 5**  
**City of Washington's Outstanding Debt**  
**General Obligation and Installment Notes**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
General obligation bonds	\$ -	\$ -	\$ 2,075,000	\$ 3,190,000	\$ 2,075,000	\$ 3,190,000
Installment notes	494,245	844,231	2,654,851	2,485,614	3,149,096	2,485,614
USDA Loan	2,769,736	2,818,368	-	-	2,769,736	2,818,368
Revolving loan fund	-	-	1,977,079	2,108,885	1,977,079	2,108,885
Total	\$ 3,263,981	\$ 3,662,599	\$ 6,706,930	\$ 7,784,499	\$ 9,970,911	\$ 11,447,098

The City's total debt decreased by \$1,476,187, or 12.90%, during the current fiscal year. During the current fiscal year, the government issued one 59-month installment note to a financial institution in the amount of \$2,154,500 at a rate of 3.59%. Of these proceeds, \$195,000 was used to purchase electric vehicles, \$394,500 was used to rebuild electric lines, and \$1,565,000 was borrowed to finance the replacement of two electric system transformers and a vacuum breaker.

The North Carolina Department of Commerce Tax Reform Allocation Committee ( the "TRAC") awarded the City \$5,977,984 of Recovery Zone Economic Development Bond capacity on April 23, 2010. The bonds will be issued to a private financial institution in December 2010, and the proceeds will finance significant stormwater drainage improvements and replace the roof on Fire Station #1.

In June 2010, the Council authorized the Mayor to sign a letter of conditions from the USDA for the construction of a police station with the loan amount not to exceed \$3,000,000. The City has already contributed \$1,000,000 to the Capital Project Fund in fiscal year 09/10.

\$1,256,050 of 59 month installment purchases are budgeted in 2010-2011 for the purchase of information systems, telephone system, vehicles, electric substation maintenance, and electric power line construction.

The City of Washington maintains a "Baa1" rating from Moody's Investor Services and was recently upgraded to an "AA+ with a stable outlook" rating by Standard & Poors' Corporation. The North Carolina Municipal Council rates the City at 79 points.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation. The current debt limitation for the City of Washington is \$52,165,225, which is significantly in excess of the City of Washington's outstanding general obligation debt. The City's legal debt margin is \$43,070,633.

Additional information on the City of Washington's long-term debt can be found in note 12 beginning on page 55

### **Economic Factors and Next Year's Budgets and Rates**

Due to current economic factors, many General Fund revenues such as sales tax, privilege license, and occupancy tax, Powell Bill, and building permits, are expected to remain relatively flat for FY 10/11. As a result, the original General Fund budget for FY 10/11 was decreased by 12.89% from the previous year. This reduction in expenditures was achieved largely by changes made in the employee healthcare program, cutting operating and capital expenses, and the financing of certain capital expenditures instead of cash outlay. No cost-of-living raises were included in the 10/11 budget; however, merit and job maturity were funded. General Fund contingency in the amount of \$213,363 is available for any emergency items that arise during the year.

The following factors were also considered when preparing the City of Washington's budget for the 10/11 fiscal year:

- The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 10.6%, a decrease from a rate of 11.6% in 2009. This compares unfavorably to the State's average unemployment rate of 9.7% and the national average rate of 9.5%.
- The per capita income for the City of Washington is \$32,399, or 5.96% below North Carolina's per capita income average.
- Ad valorem tax collections are expected to remain around 94%.
- Retail sales are expected to increase slightly FY 10/11, compared to FY 09/10.

The property tax rate was reduced to a revenue neutral rate of \$0.50 per \$100 valuation following a County-wide revaluation. \$0.02 of this rate continues to be allocated toward public safety debt.

The water, sewer, stormwater, and solid waste utility rates remained the same for FY 10/11. The electric utility rates were increased by 5.7% on July 1, 2009 in order to recover wholesale power increases that the City received from North Carolina Eastern Municipal Power Agency (NCEMPA) in August 2008 and February 2009. Council then voted to decrease the rate increase to a 2.5% increase instead of 5.7%. This rate change was effective with the November, 2009 billing.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Washington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1988, Washington, North Carolina 27889.

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## **Basic Financial Statements**

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## CITY OF WASHINGTON, NORTH CAROLINA

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
<b>Assets:</b>				
Cash and investments	\$ 9,391,957	\$ 8,615,991	\$ 18,007,948	\$ 193,979
Taxes receivable, net	479,716	-	479,716	-
Accounts receivable, net	2,131,794	5,582,172	7,713,966	27,891
Notes receivable	188,000	226,078	414,078	-
Inventories	55,407	995,031	1,050,438	-
Internal balances	(506,362)	506,362	-	-
Restricted cash and investments	1,244,335	3,441	1,247,776	-
Capital assets:				
Non-depreciable	4,982,964	3,491,062	8,474,026	-
Depreciable, net	16,382,719	61,097,292	77,480,011	-
Total assets	<u>34,350,530</u>	<u>80,517,429</u>	<u>114,867,959</u>	<u>221,870</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	538,789	3,363,162	3,901,951	30,733
Unearned revenues	17,233	-	17,233	-
Customer deposits	-	782,325	782,325	-
Long-term liabilities:				
Due within one year	790,446	1,833,992	2,624,438	-
Due in more than one year	4,018,986	5,528,054	9,547,040	-
Total liabilities	<u>5,365,454</u>	<u>11,507,533</u>	<u>16,872,987</u>	<u>30,733</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	19,346,037	57,884,865	77,230,902	-
Restricted for:				
Library care - permanent	341,200	-	341,200	-
Cemetery care - permanent	95,375	-	95,375	-
Transportation - temporary	331,119	-	331,119	-
Public safety - temporary	34,720	-	34,720	-
Unrestricted	8,836,625	11,125,031	19,961,656	191,137
Total net assets	<u>\$ 28,985,076</u>	<u>\$ 69,009,896</u>	<u>\$ 97,994,972</u>	<u>\$ 191,137</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF WASHINGTON, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:	Expenses			
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,289,052	\$ 619,682	\$ -	\$ 21,794
Public safety	5,819,057	-	448,897	209,086
Transportation	858,877	9,073	-	284,260
Environmental protection	6,307	-	-	-
Cultural and recreation	2,160,070	293,512	50,680	49,782
Economic and physical development	560,332	123,536	46,618	483,689
Interest on long-term debt	146,573	-	-	-
Total governmental activities	<u>11,840,268</u>	<u>1,045,803</u>	<u>546,195</u>	<u>1,048,611</u>
<b>Business-Type Activities:</b>				
Water	2,862,429	3,037,783	-	164,933
Sewer	2,679,730	2,965,673	-	445,639
Electric	35,174,520	37,264,771	-	-
Stormwater Utility	567,190	517,930	-	-
Warren Field Airport	364,180	169,329	-	289,245
Solid Waste	1,156,281	1,283,968	16,000	-
Cemetery	264,870	213,633	-	-
Total business-type activities	<u>43,069,200</u>	<u>45,453,087</u>	<u>16,000</u>	<u>899,817</u>
Total primary government	<u>\$ 54,909,468</u>	<u>\$ 46,498,890</u>	<u>\$ 562,195</u>	<u>\$ 1,948,428</u>
<b>Component Unit:</b>				
Tourism Development Authority	386,560	90,760	73,115	-
Total component unit	<u>\$ 386,560</u>	<u>\$ 90,760</u>	<u>\$ 73,115</u>	<u>\$ -</u>

### General Revenues:

Taxes:  
 Ad valorem taxes  
 Local option sales tax  
 Utility franchise tax  
 Local occupancy tax  
 Other taxes and licenses  
 Interest earnings  
 Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

### Net Assets:

Beginning of year - July 1

End of year - June 30

The accompanying notes are an integral part of the financial statements.

**Exhibit B**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Tourism Development Authority
Governmental Activities	Business-Type Activities	Total	
\$ (1,647,576)	\$ -	\$ (1,647,576)	\$ -
(5,161,074)	-	(5,161,074)	-
(565,544)	-	(565,544)	-
(6,307)	-	(6,307)	-
(1,766,096)	-	(1,766,096)	-
93,511	-	93,511	-
(146,573)	-	(146,573)	-
(9,199,659)	-	(9,199,659)	-
-	340,287	340,287	-
-	731,582	731,582	-
-	2,090,251	2,090,251	-
-	(49,260)	(49,260)	-
-	94,394	94,394	-
-	143,687	143,687	-
-	(51,237)	(51,237)	-
-	3,299,704	3,299,704	-
(9,199,659)	3,299,704	(5,899,955)	-
-	-	-	(222,685)
-	-	-	(222,685)
4,017,112	-	4,017,112	-
2,309,644	-	2,309,644	-
1,198,455	-	1,198,455	-
244,628	-	244,628	237,289
427,889	-	427,889	-
69,776	15,609	85,385	675
8,267,504	15,609	8,283,113	237,964
905,123	(905,123)	-	-
9,172,627	(889,514)	8,283,113	237,964
(27,032)	2,410,190	2,383,158	15,279
29,012,108	66,599,706	95,611,814	175,858
\$ 28,985,076	\$ 69,009,896	\$ 97,994,972	\$ 191,137

The accompanying notes are an integral part of the financial statements.

## CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and investments	\$ 7,799,401	\$ 835,771	\$ 8,635,172
Taxes receivable, net	479,716	-	479,716
Accounts receivable, net	2,067,577	64,217	2,131,794
Notes receivable, net	-	188,000	188,000
Due from other funds	163,047	-	163,047
Inventories	55,407	-	55,407
Restricted cash and investments	255,245	989,090	1,244,335
Total assets	<u>\$ 10,820,393</u>	<u>\$ 2,077,078</u>	<u>\$ 12,897,471</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 458,187	\$ 21,297	\$ 479,484
Due to other funds	633,882	35,526	669,408
Deferred revenues	1,320,667	201,317	1,521,984
Customer deposits	250	-	250
Total liabilities	<u>2,412,986</u>	<u>258,140</u>	<u>2,671,126</u>
<b>Fund Balances:</b>			
Reserved by State statute	1,406,906	12,916	1,419,822
Reserved for inventories	55,407	-	55,407
Reserved for encumbrances	778,893	-	778,893
Reserved for surety bond	3,100	-	3,100
Reserved for library care	-	95,375	95,375
Reserved for cemetery care	-	341,200	341,200
Reserved for Powell Bill	331,119	-	331,119
Reserved for controlled substance tax	23,559	-	23,559
Reserved for seized funds - local and federal	11,161	-	11,161
Reserved for Veteran's Park contributions	616	-	616
Reserved for Recreation land	9,941	-	9,941
Reserved for PEG Channel	23,173	-	23,173
Unreserved:			
Undesignated	5,763,532	-	5,763,532
Unreserved, undesignated, reported in nonmajor:			
Special revenue funds	-	384,279	384,279
Capital project funds	-	985,168	985,168
Total fund balances	<u>8,407,407</u>	<u>1,818,938</u>	<u>10,226,345</u>
Total liabilities and fund balances	<u>\$ 10,820,393</u>	<u>\$ 2,077,078</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	21,365,683
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the funds.	1,504,751
Assets and liabilities of the internal service fund used by management to account for workers' compensation claims are included in governmental activities in the Statement of Net Assets.	697,730
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,809,433)
Net assets of governmental activities, per Exhibit A	<u>\$ 28,985,076</u>

The accompanying notes are an integral part of the financial statements.

## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,876,605	\$ -	\$ 3,876,605
Other taxes and licenses	2,490,435	-	2,490,435
Unrestricted intergovernmental	1,690,181	-	1,690,181
Restricted intergovernmental	910,665	684,141	1,594,806
Permits and fees	89,417	-	89,417
Sales and services	1,077,213	123,536	1,200,749
Investment earnings	60,968	7,384	68,352
Miscellaneous	71,222	21,600	92,822
Total revenues	<u>10,266,706</u>	<u>836,661</u>	<u>11,103,367</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,772,149	21,794	1,793,943
Public safety	5,626,770	215,957	5,842,727
Transportation	857,848	-	857,848
Environmental protection	77,782	2,683	80,465
Cultural and recreation	2,059,712	800	2,060,512
Economic and physical development	-	560,332	560,332
<b>Debt service:</b>			
Principal retirement	398,618	-	398,618
Interest and fees	146,573	-	146,573
Total expenditures	<u>10,939,452</u>	<u>801,566</u>	<u>11,741,018</u>
Revenues over (under) expenditures	<u>(672,746)</u>	<u>35,095</u>	<u>(637,651)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	1,518,150	1,115,000	2,633,150
Transfers in - General Fund	-	118,334	118,334
Transfers to other funds	(1,852,675)	(425,000)	(2,277,675)
Total other financing sources (uses)	<u>(334,525)</u>	<u>808,334</u>	<u>473,809</u>
Net change in fund balances	(1,007,271)	843,429	(163,842)
<b>Fund Balance:</b>			
Beginning of year - July 1	<u>9,414,678</u>	<u>975,509</u>	<u>10,390,187</u>
End of year - June 30	<u>\$ 8,407,407</u>	<u>\$ 1,818,938</u>	<u>\$ 10,226,345</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF WASHINGTON, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Amounts reported for governmental activities in the Statement of Activities (Exhibit B)  
are different due to the following items:

Total net change in fund balances - governmental funds (Exhibit D)	\$ (163,842)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase to capital assets.	842,370
Transfers of capital assets from governmental to business type activities are not reflected as transfers in the governmental fund financials as they are not outflows of current financial resources.	(168,686)
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(1,133,343)
In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(41,634)
Donated capital assets are not reported as an increase in financial resources in the fund statements.	22,989
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues to the "availability" criteria.	(292,980)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Assets.	398,618
Internal Service Fund	697,730
Expenses related to the increase in vacation and sick pay and the increase in the net pension obligation in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.	<u>(188,254)</u>
Changes in net assets of governmental activities	<u>\$ (27,032)</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF WASHINGTON, NORTH CAROLINA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive/(Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,751,588	\$ 3,751,588	\$ 3,876,605	\$ 125,017
Other taxes and licenses	2,393,310	2,418,310	2,490,435	72,125
Unrestricted intergovernmental	1,511,300	1,481,776	1,690,181	208,405
Restricted intergovernmental	796,684	1,229,454	910,665	(318,789)
Permits and fees	82,500	82,500	89,417	6,917
Sales and services	941,193	944,193	1,077,213	133,020
Investment earnings	75,000	75,000	60,968	(14,032)
Miscellaneous	41,600	54,615	71,222	16,607
Total revenues	<u>9,593,175</u>	<u>10,037,436</u>	<u>10,266,706</u>	<u>229,270</u>
<b>Expenditures:</b>				
General government	1,574,602	1,889,026	1,772,149	116,877
Public safety	5,799,968	5,890,603	5,626,770	263,833
Transportation	1,014,645	1,289,638	857,848	431,790
Environmental protection	77,328	79,708	77,782	1,926
Cultural and recreation	1,977,571	2,457,777	2,059,712	398,065
Debt service:				
Principal retirement	436,499	411,677	398,618	13,059
Interest and fees	147,763	147,763	146,573	1,190
Total expenditures	<u>11,028,376</u>	<u>12,166,192</u>	<u>10,939,452</u>	<u>1,226,740</u>
Revenues over (under) expenditures	<u>(1,435,201)</u>	<u>(2,128,756)</u>	<u>(672,746)</u>	<u>1,456,010</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	1,473,150	1,473,150	1,518,150	45,000
Transfers to other funds	(1,664,769)	(1,852,675)	(1,852,675)	-
Long-term debt issued	108,000	-	-	-
Appropriated fund balance	1,518,820	2,508,281	-	(2,508,281)
Total other financing sources (uses)	<u>1,435,201</u>	<u>2,128,756</u>	<u>(334,525)</u>	<u>(2,463,281)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,007,271)</u>	<u>\$ (1,007,271)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>9,414,678</u>	
End of year - June 30			<u>\$ 8,407,407</u>	

*The accompanying notes are an integral part of the financial statements.*

## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Major Enterprise Funds			Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund			
<b>Assets:</b>						
Current assets:						
Cash and investments	\$ 780,666	\$ 1,704,416	\$ 4,938,316	\$ 1,192,593	\$ 8,615,991	\$ 756,785
Accounts receivable, net	478,873	417,541	4,429,444	256,314	5,582,172	-
Notes receivable	-	226,078	-	-	226,078	-
Due from other funds	-	-	633,882	-	633,882	-
Inventories	110,186	57,772	794,197	32,876	995,031	-
Restricted cash and investments	-	1,849	-	1,592	3,441	-
Total current assets	<u>1,369,725</u>	<u>2,407,656</u>	<u>10,795,839</u>	<u>1,483,375</u>	<u>16,056,595</u>	<u>756,785</u>
Non-current assets:						
Non-depreciable capital assets	117,538	436,476	1,539,473	1,397,575	3,491,062	-
Capital assets, net of accumulated depreciation	<u>15,479,650</u>	<u>18,883,489</u>	<u>21,438,024</u>	<u>5,296,129</u>	<u>61,097,292</u>	<u>-</u>
Total capital assets, net	<u>15,597,188</u>	<u>19,319,965</u>	<u>22,977,497</u>	<u>6,693,704</u>	<u>64,588,354</u>	<u>-</u>
Total assets	<u>16,966,913</u>	<u>21,727,621</u>	<u>33,773,336</u>	<u>8,177,079</u>	<u>80,644,949</u>	<u>756,785</u>
<b>Liabilities and Net Assets:</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	61,762	77,013	3,155,684	68,703	3,363,162	59,055
Due to other funds	95,079	-	-	32,441	127,520	-
Customer deposits	39,352	-	742,973	-	782,325	-
Current portion of installment notes	37,479	100,049	656,555	140,508	934,591	-
Current portion of general obligation bonds	227,642	274,145	23,213	-	525,000	-
Current portion of revolving loan	-	131,805	-	-	131,805	-
Current portion of compensated absences	50,622	45,928	94,691	51,355	242,596	-
Total current liabilities	<u>511,936</u>	<u>628,940</u>	<u>4,673,116</u>	<u>293,007</u>	<u>6,106,999</u>	<u>59,055</u>
Non-current liabilities:						
Non-current portion of installment notes	-	53,327	1,584,190	82,743	1,720,260	-
Non-current portion of general obligation bonds	567,586	924,537	57,877	-	1,550,000	-
Non-current portion of revolving loan	-	1,845,274	-	-	1,845,274	-
Non-current portion of compensated absences	48,637	44,127	90,978	49,341	233,083	-
Non-current portion of OPEB liability	33,441	41,064	56,464	48,468	179,437	-
Total non-current liabilities	<u>649,664</u>	<u>2,908,329</u>	<u>1,789,509</u>	<u>180,552</u>	<u>5,528,054</u>	<u>-</u>
Total liabilities	<u>1,161,600</u>	<u>3,537,269</u>	<u>6,462,625</u>	<u>473,559</u>	<u>11,635,053</u>	<u>59,055</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	14,764,481	15,992,677	20,655,662	6,472,045	57,884,865	-
Unrestricted	<u>1,040,832</u>	<u>2,197,675</u>	<u>6,655,049</u>	<u>1,231,475</u>	<u>11,125,031</u>	<u>697,730</u>
Total net assets	<u>\$ 15,805,313</u>	<u>\$ 18,190,352</u>	<u>\$ 27,310,711</u>	<u>\$ 7,703,520</u>	<u>\$ 69,009,896</u>	<u>\$ 697,730</u>

The accompanying notes are an integral part of the financial statements.



## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Major Enterprise Funds			Nonmajor		Governmental
	Water	Sewer	Electric	Enterprise	Total	Internal
	Fund	Fund	Fund	Funds		Service Fund
<b>Operating Revenues:</b>						
Charges for sales and services	2,915,003	2,925,861	\$ 36,691,798	\$ 2,166,996	\$ 44,699,658	\$ 223,670
Late penalty charges	16,883	22,533	236,509	3,292	279,217	-
Impact fees	964	-	-	-	964	-
Other	71,426	6,939	226,977	10,784	316,126	-
Total operating revenues	<u>3,004,276</u>	<u>2,955,333</u>	<u>37,155,284</u>	<u>2,181,072</u>	<u>45,295,965</u>	<u>223,670</u>
<b>Operating Expenses:</b>						
Administration	573,242	503,373	2,236,599	1,791,649	5,104,863	-
Wastewater treatment and collection	-	1,400,909	-	-	1,400,909	-
Water treatment and distribution	1,492,109	-	-	-	1,492,109	-
Electrical operations	-	-	2,484,430	-	2,484,430	-
Electric power purchases	-	-	29,091,386	-	29,091,386	-
Warren Field Airport operations	-	-	-	236,596	236,596	-
DOT reimbursement	-	-	(297,587)	-	(297,587)	-
Depreciation	728,375	633,363	1,459,926	316,300	3,137,964	-
Insurance claims	-	-	-	-	-	127,364
Total operating expenses	<u>2,793,726</u>	<u>2,537,645</u>	<u>34,974,754</u>	<u>2,344,545</u>	<u>42,650,670</u>	<u>127,364</u>
Operating income (loss)	<u>210,550</u>	<u>417,688</u>	<u>2,180,530</u>	<u>(163,473)</u>	<u>2,645,295</u>	<u>96,306</u>
<b>Non-Operating Revenues (Expenses):</b>						
Rents	30,223	-	-	-	30,223	-
Recovery of doubtful accounts	774	-	-	-	774	-
Investment earnings	194	8,214	1,919	5,282	15,609	1,424
Sale of surplus and scrap	2,510	-	33,144	-	35,654	-
Loss on disposal of capital asset	(3,077)	(9,302)	(86,074)	-	(98,453)	-
Assessments	-	9,090	-	-	9,090	-
Fines and meters	-	-	11,225	-	11,225	-
Solid waste disposal tax	-	-	-	3,788	3,788	-
Interest expense	(63,326)	(132,783)	(113,692)	(7,976)	(317,777)	-
Miscellaneous	(2,300)	1,250	65,118	-	64,068	-
Total non-operating revenues (expenses)	<u>(35,002)</u>	<u>(123,531)</u>	<u>(88,360)</u>	<u>1,094</u>	<u>(245,799)</u>	<u>1,424</u>
Income (loss) before capital contributions and transfers	<u>175,548</u>	<u>294,157</u>	<u>2,092,170</u>	<u>(162,379)</u>	<u>2,399,496</u>	<u>97,730</u>
<b>Capital Contributions and Transfers:</b>						
Capital contributions	19,325	179,135	-	300,940	499,400	-
Grant funds	164,933	405,639	-	16,000	586,572	-
Transfers in	-	80,000	-	119,341	199,341	600,000
Transfers out	-	-	(1,274,619)	-	(1,274,619)	-
Total contributions and transfers	<u>184,258</u>	<u>664,774</u>	<u>(1,274,619)</u>	<u>436,281</u>	<u>10,694</u>	<u>600,000</u>
Change in net assets	<u>359,806</u>	<u>958,931</u>	<u>817,551</u>	<u>273,902</u>	<u>2,410,190</u>	<u>697,730</u>
<b>Net Assets:</b>						
Beginning of year - July 1	<u>15,445,507</u>	<u>17,231,421</u>	<u>26,493,160</u>	<u>7,429,618</u>	<u>66,599,706</u>	<u>-</u>
End of year - June 30	<u>\$ 15,805,313</u>	<u>\$ 18,190,352</u>	<u>\$ 27,310,711</u>	<u>\$ 7,703,520</u>	<u>\$ 69,009,896</u>	<u>\$ 697,730</u>

The accompanying notes are an integral part of the financial statements.

## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Major Enterprise Funds			Nonmajor		Governmental
	Water	Sewer	Electric	Enterprise	Total	Internal
	Fund	Fund	Fund	Funds		Service Fund
<b>Cash Flows From Operating Activities:</b>						
Cash received from customers	\$ 3,383,537	\$ 2,944,566	#####	\$ 2,106,246	\$ 45,131,314	223,670
Cash paid to employees for services	(735,361)	(673,337)	(1,627,504)	(994,320)	(4,030,522)	(68,309)
Cash paid to suppliers	(1,508,943)	(1,235,193)	#####	(985,944)	(35,050,042)	-
Net cash provided (used) by operating activities	1,139,233	1,036,036	3,749,499	125,982	6,050,750	155,361
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Repayments to other funds	95,079	-	(633,882)	32,441	(506,362)	-
Transfers from other funds	-	80,000	-	119,341	199,341	600,000
Transfers to other funds	-	-	(1,273,150)	-	(1,273,150)	-
Net cash provided (used) by non-capital financing activities	95,079	80,000	(1,907,032)	151,782	(1,580,171)	600,000
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Interest paid on notes, bonds, and loans	(63,326)	(271,918)	(113,692)	(7,976)	(456,912)	-
Acquisition of capital assets	(291,336)	(492,386)	(2,847,187)	(632,456)	(4,263,365)	-
Capital contributions	164,933	584,774	-	305,245	1,054,952	-
Principal collected on note receivable	-	16,342	-	-	16,342	-
Other non-operating revenues	33,507	10,340	109,487	3,788	157,122	-
Other non-operating expenses	(2,300)	-	-	-	(2,300)	-
Proceeds from issuance of debt	-	-	2,154,500	-	2,154,500	-
Principal payments on long-term debt	(654,514)	(676,487)	(1,825,063)	(76,003)	(3,232,067)	-
Net cash provided (used) by capital and related financing activities	(813,036)	(829,335)	(2,521,955)	(407,402)	(4,571,728)	-
<b>Cash Flows From Investing Activities:</b>						
Investment earnings	194	8,214	1,919	5,282	15,609	1,424
Net cash provided (used) by investing activities	194	8,214	1,919	5,282	15,609	1,424
Net increase (decrease) in cash and cash equivalents/investments	421,470	294,915	(677,569)	(124,356)	(85,540)	756,785
<b>Cash and Cash Equivalents/Investments:</b>						
Beginning of year - July 1	359,196	1,411,350	5,615,885	1,318,541	8,704,972	-
End of year - June 30	\$ 780,666	\$ 1,706,265	\$ 4,938,316	\$ 1,194,185	\$ 8,619,432	\$ 756,785
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 210,550	\$ 417,688	\$ 2,180,530	\$ (163,473)	\$ 2,645,295	\$ 96,306
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Depreciation	728,375	633,363	1,459,926	316,300	3,137,964	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	376,221	(10,767)	(400,810)	(73,926)	(109,282)	-
(Increase) decrease in inventories	1,899	2,598	139,907	(4,788)	139,616	-
Increase (decrease) in accounts payable and accrued liabilities	(210,310)	(11,063)	385,491	16,281	180,399	59,055
Increase (decrease) in customer deposits	3,040	-	(57,509)	-	(54,469)	-
Increase (decrease) in compensated absences payable	12,961	(16,652)	10,980	11,354	18,643	-
Increase (decrease) in OPEB liability	16,497	20,869	30,984	24,234	92,584	-
Net cash provided (used) by operating activities	\$ 1,139,233	\$ 1,036,036	\$ 3,749,499	\$ 125,982	\$ 6,050,750	\$ 155,361
<b>Non-Cash Investing, Capital, and Financing Activities:</b>						
Transfer-in of assets	\$ 19,325	\$ 139,135	\$ -	\$ 11,695	\$ 170,155	\$ -
Transfer-out of assets	-	-	(1,469)	-	(1,469)	-
Total non-cash investing, capital, and financing activities:	\$ 19,325	\$ 139,135	\$ (1,469)	\$ 11,695	\$ 168,686	\$ -

The accompanying notes are an integral part of the financial statements.

## **Notes to Basic Financial Statements**

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# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 1. Summary of Significant Accounting Policies

The accounting policies of the City of Washington (the City) and its discretely presented component unit conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The City is a municipal corporation that operates under the mayor-council-manager form of government. Services include economic and physical development, public safety (police and fire), transportation, public works, cultural/recreation, environmental protection, electric, water, sewer, stormwater, airport, general, and administrative services.

As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

#### City of Washington Tourism Development Authority

The City of Washington Tourism Development Authority (TDA) is governed by members appointed by the City Council of the City. The City is financially accountable for the TDA, as the TDA derives its revenues through a special room tax authorized and collected by the City. The TDA has a June 30 year-end. Complete financial statements for the TDA may be obtained at Post Office Box 1765, Washington, North Carolina 27889.

#### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental fund:

### **General Fund**

The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, transportation, environmental protection, cultural and recreation, and general governmental services.

The City reports the following nonmajor governmental funds:

### **Special Revenue Funds**

The Special revenue funds account for specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. The City maintains twelve special revenue funds: the CDBG Program Income Fund, the FACADE PROGRAM Fund, the Emergency 911 Fund, the Economic Development Capital Reserve Fund, the Public Safety Capital Reserve Fund, the Water Capital Reserve Fund, the Sewer Capital Reserve Fund, CDBG 6<sup>th</sup> and 7<sup>th</sup> Street Revitalization Fund, Pacific Seacraft, the Capacity Grant Fund, the Gang/Drug Investigator Fund, and the CDBG Affordable Housing Fund.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Capital Project Funds**

The City maintains two capital project funds. The CDBG Keyesville Road Subdivision Fund is used to account for infrastructure construction. The New Police Station Capital Project Fund is used to account for the construction of a new police station.

### **Permanent Funds**

The permanent funds account for the assets held by the City in a Trustee capacity. The interest earned on the investments is used to support the perpetual care and upkeep for the City's two permanent funds: the Library Trust Fund and the Cemetery Trust Fund.

The City reports the following major enterprise funds:

#### **Water Fund**

This fund accounts for the operations of the City's water system.

#### **Sewer Fund**

This fund accounts for the operations of the City's waste water system.

#### **Electric Fund**

This fund accounts for the operations of the City's electric system.

For financial reporting purposes, the Cherry Road Water Extension Water Capital Project Fund has been consolidated with the Water Fund and Pennsylvania Avenue Sewer Extension project has been consolidated with the Sewer Fund.

The City reports the following nonmajor enterprise funds:

The City has four nonmajor enterprise funds: the Stormwater Utility Fund, the Warren Field Airport Fund, the Solid Waste Fund, and the Cemetery Fund.

### **Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The Workers' Compensation Reserve Fund is used to finance and account for the City's Workers' Compensation Insurance Program.

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

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

*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 City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 City's enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City. For those motor vehicles registered, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010.

Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year end apply to the 2010-2010 fiscal year and are not shown as receivables at June 30, 2010.



# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the government are recognized as revenue. Intergovernmental revenues, sales and services, and fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Licenses, fines, permits, and other revenue are not susceptible to accrual because they are generally not measurable until received in cash.

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

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

### **C. Budgetary Data**

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, certain special revenue funds, permanent funds and enterprise funds. Special revenue funds that have legally adopted annual budgets are the CDBG Program Income Fund, FACADE PROGRAM Fund, Emergency 911 Fund, Economic Development Capital Reserve Fund, Public Safety Capital Reserve Fund, Water Capital Reserve Fund, and the Sewer Capital Reserve Fund. All appropriations lapse at the fiscal year-end. Project ordinances are adopted for certain special revenue funds and the enterprise capital project subfunds which are combined with the enterprise funds in the accompanying financial statements. Special revenue funds that have legally adopted project budgets are the CDBG 6<sup>th</sup> and 7<sup>th</sup> Street Revitalization Fund, Pacific Seacraft Fund, Capacity Grant Fund, Gang/Drug Investigator Fund, and CDBG Affordable Housing Fund. The City's Workers' Compensation Reserve Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, permanent funds, and proprietary funds, and at the object level for the enterprise capital project subfunds. The City Manager is authorized by budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund or that change functional appropriations must be approved by the governing board at its next regular meeting. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget 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.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **D. Assets, Liabilities, and Fund Equity**

#### **Deposits**

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

#### **Investments**

State law [G. S. 159-30 (c)] authorizes the City and the TDA to invest in obligations of the United States or obligations fully guaranteed 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"), an SEC-registered (2a-7) money market mutual fund.

The City's and TDA's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The TDA considers demand deposits and investments purchased with an original maturity of three months or less, which are, not limited as to use, to be cash and cash equivalents.

#### **Restricted Assets**

Restricted assets presented in the accompanying financial statements represent the amounts from installment purchase proceeds that are held in escrow for expenditure in the acquisition and construction of noncurrent assets. For the purposes of reporting cash flows, the City's restricted assets are considered to be cash and/or cash equivalents.

#### **Ad Valorem Taxes Receivable**

In accordance with State law [G. S. 105-347 and G. S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Allowance for Uncollectible Accounts

Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

### Inventories

All fund-type inventories are valued at cost, which approximates market, using the moving average cost method. The costs of these inventories are expensed when consumed rather than when purchased.

### Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City's capital assets are recorded at original cost or at estimated historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole. Donated assets are listed at the fair market value at the time of donation.

General infrastructure assets consist of roads, curbs and gutters, streets and sidewalks, bridges, drainage systems, and lighting systems and are reported at estimated historical cost using deflated replacement costs. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The City's capital assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The major classifications of depreciable assets are as follows:

<b>Assets</b>	<b>Estimated Useful Lives</b>
Buildings	45 years
Other improvements	45 years
General equipment	5 to 10 years
Office machines	5 to 19 years
Furniture	5 to 19 years
Infrastructure	45 years
Plant and distribution systems	45 to 67 years
Substations, lines and equipment	45 years
Vehicles	10 years

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.

In the 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the 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 City's sick leave policy provides for an unlimited accumulation of earned sick leave. Any unused sick leave accumulated at the time of retirement is used in the determination of length of service for retirement benefit purposes. Upon termination of employment for other than retirement, an employee hired prior to July 1, 1994 is paid for 25% of unused sick leave. For employees hired on or after July 1, 1994, there is no payment for unused sick leave.

The City 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.

### **Net Assets/Fund Balances**

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

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. State law [G. S. 159-13 (b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

The governmental fund types classify fund balances as follows:

### **Reserved**

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and inventories, which is not available for appropriation under State law. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year-end.

Reserved for surety bond - portion of fund balance not available for appropriation but designated as a bond for a mining permit.

Reserved for library care; Reserved for cemetery care; Reserved for controlled substance tax; Reserved for seized funds (local and federal); Reserved for Veteran's Park contributions; Reserved for Recreation land; and Reserved for PEG Channel - portions of fund balance which have been designated by external entities for specific purposes.

Reserved for Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

### **Unreserved**

Designated for senior functions - portion of the total fund balance which has been designated by the City Council for senior citizen activities and programs in the recreation department. The amount of the designation is the cumulative of unspent contributions received for senior activities or programs in prior fiscal years.

Designated for public safety complex - portion of the total fund balance which has been designated by the City Council for the construction of a public safety facility.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

## **2. Stewardship, Compliance, and Accountability**

### **A. Deficit in Fund Balance or Net Assets of Individual Funds**

The City has a fund balance deficit in the Cemetery Enterprise Fund in 2010 of \$20,287. The deficit is expected to be funded by operations in 2011.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2010, total expenditures in the Workers' Compensation Reserve Internal Service Fund exceeded authorized appropriations made by the governing board by \$58,496. Debt service expenditures in the Electric Fund exceeded authorized appropriations made by the governing board by \$405,978. The excessive debt service expenditures occurred due to capital projects coming in under budget, therefore, the City applied unspent escrow balance toward the outstanding debt. The City will closely monitor these activities in the future to ensure that expenditures will be properly authorized.

### 3. Deposits and Investments

#### Deposits

All of the City's and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's and the TDA's agents in these units' names. 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 City and the TDA, these deposits are considered to be held by the agent in the entities' 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 City and the TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the TDA have no 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2010, the City's deposits had a carrying amount of \$19,139,057 and a bank balance of \$19,204,088. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$18,204,088 was covered by collateral held under the Pooling Method. The City also had \$960 in petty cash on hand at June 30, 2010.

#### Investments

At June 30, 2010, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	\$ 115,707	N/A	AAAm

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

*Interest Rate Risk.* The City has no formal investment policy regarding interest rate risk.

*Credit Risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the revisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard and Poor's.

### 4. Accounts Receivable - Allowance for Doubtful Accounts

The receivables shown in the Balance Sheet and the Statement of Net Assets at June 30, 2010, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2010</u>
<b>Governmental Activities:</b>	
<b>General Fund:</b>	
Taxes receivable	\$ 39,368
EMS charges receivable	2,089,498
Miscellaneous	<u>124,330</u>
Total governmental activities	<u>\$ 2,253,196</u>
<b>Business-Type Activities:</b>	
<b>Enterprise Funds:</b>	
Water Fund - accounts receivable	\$ 45,775
Sewer Fund - accounts receivable	59,013
Sewer Fund - assessments receivable	25,679
Electric Fund - accounts receivable	523,243
Stormwater Utility Fund - accounts receivable	9,319
Solid Waste Fund - accounts receivable	<u>21,038</u>
Total business-type activities	<u>\$ 684,067</u>

### 5. Notes Receivable

The City issued a note receivable on July 12, 1999 in the amount of \$188,000 in the CDBG Program Income Fund, of which the total principal is due on August 1, 2019. Interest is calculated at 1% and is due monthly. The amount outstanding at June 30, 2010 is \$188,000.

The City issued a note receivable on December 12, 1994 in the amount of \$400,000 in the Sewer Fund. Interest is calculated at 5.6%. Principal and interest is due annually through January 2020. The amount outstanding at June 30, 2010 is \$226,078.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 6. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2010 was as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 4,692,103	\$ 385,874	\$ -	\$ (151,775)	\$ 4,926,202
Construction in progress	<u>36,150</u>	<u>20,612</u>	<u>-</u>	<u>-</u>	<u>56,762</u>
Total capital assets not being depreciated	<u>4,728,253</u>	<u>406,486</u>	<u>-</u>	<u>(151,775)</u>	<u>4,982,964</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings	14,307,716	155,540	-	-	14,463,256
Streets	9,033,283	24,090	-	-	9,057,373
General equipment	1,405,478	7,368	-	-	1,412,846
Office machines	1,044,871	95,869	-	-	1,140,740
Furniture	101,405	-	-	-	101,405
Vehicles	<u>3,568,506</u>	<u>176,006</u>	<u>(297,401)</u>	<u>(91,009)</u>	<u>3,356,102</u>
Total capital assets being depreciated	<u>29,461,259</u>	<u>458,873</u>	<u>(297,401)</u>	<u>(91,009)</u>	<u>29,531,722</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	5,411,885	382,829	-	-	5,794,714
Streets	3,152,250	278,547	-	-	3,430,797
General equipment	906,578	96,628	-	-	1,003,206
Office machines	730,694	99,225	-	-	829,919
Furniture	93,865	2,033	-	-	95,898
Vehicles	<u>2,050,253</u>	<u>274,081</u>	<u>(255,767)</u>	<u>(74,098)</u>	<u>1,994,469</u>
Total accumulated depreciation	<u>12,345,525</u>	<u>\$ 1,133,343</u>	<u>\$ (255,767)</u>	<u>\$ (74,098)</u>	<u>13,149,003</u>
Total capital assets being depreciated, net	<u>17,115,734</u>				<u>16,382,719</u>
Governmental activities capital assets, net	<u>\$ 21,843,987</u>				<u>\$ 21,365,683</u>

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

<b>Governmental Activities:</b>	
General government	\$ 580,713
Public safety	141,267
Transportation	311,716
Environmental protection	1,029
Cultural and recreational	<u>98,618</u>
Total	<u>\$ 1,133,343</u>



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Capital asset activity for the business-type activities for the year ended June 30, 2010 was as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
<b>Water Fund:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 117,538	\$ -	\$ -	\$ -	\$ 117,538
Construction in progress	618,928	182,144	-	(801,072)	-
Total capital assets not being depreciated	<u>736,466</u>	<u>182,144</u>	<u>-</u>	<u>(801,072)</u>	<u>117,538</u>
<b>Capital Assets Being Depreciated:</b>					
Plant, substations, lines, and distribution system	14,437,624	109,192	-	813,712	15,360,528
Buildings	7,157,297	-	-	-	7,157,297
Furniture and office equipment	761,132	-	-	-	761,132
General and mobile equipment	4,511,858	-	(30,846)	21,690	4,502,702
Total capital assets being depreciated	<u>26,867,911</u>	<u>109,192</u>	<u>(30,846)</u>	<u>835,402</u>	<u>27,781,659</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	6,309,219	359,430	-	-	6,668,649
Buildings	2,371,677	196,549	-	-	2,568,226
Furniture and office equipment	705,985	15,320	-	-	721,305
General and mobile equipment	2,199,517	157,076	(27,769)	15,005	2,343,829
Total accumulated depreciation	<u>11,586,398</u>	<u>\$ 728,375</u>	<u>\$ (27,769)</u>	<u>\$ 15,005</u>	<u>12,302,009</u>
Total capital assets being depreciated, net	<u>15,281,513</u>				<u>15,479,650</u>
Water Fund capital assets, net	<u>\$ 16,017,979</u>				<u>\$ 15,597,188</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
<b>Sewer Fund:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 25,481	\$ -	\$ -	\$ -	\$ 25,481
Construction in progress	<u>223,910</u>	<u>321,354</u>	<u>-</u>	<u>(134,269)</u>	<u>410,995</u>
Total capital assets not being depreciated	<u>249,391</u>	<u>321,354</u>	<u>-</u>	<u>(134,269)</u>	<u>436,476</u>
<b>Capital Assets Being Depreciated:</b>					
Plant, substations, lines, and distribution system	33,954,897	147,845	-	273,404	34,376,146
Buildings	2,693,808	-	-	-	2,693,808
Furniture and office equipment	76,877	-	-	-	76,877
General and mobile equipment	<u>1,063,033</u>	<u>23,187</u>	<u>(24,936)</u>	<u>-</u>	<u>1,061,284</u>
Total capital assets being depreciated	<u>37,788,615</u>	<u>171,032</u>	<u>(24,936)</u>	<u>273,404</u>	<u>38,208,115</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	15,781,504	522,958	-	-	16,304,462
Buildings	2,325,441	18,759	-	-	2,344,200
Furniture and office equipment	60,793	10,103	-	-	70,896
General and mobile equipment	<u>539,158</u>	<u>81,543</u>	<u>(15,633)</u>	<u>-</u>	<u>605,068</u>
Total accumulated depreciation	<u>18,706,896</u>	<u>\$ 633,363</u>	<u>\$ (15,633)</u>	<u>\$ -</u>	<u>19,324,626</u>
Total capital assets being depreciated, net	<u>\$ 19,081,719</u>				<u>\$ 18,883,489</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
<b>Electric Fund:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 64,777	\$ -	\$ -	\$ -	\$ 64,777
Construction in progress	-	1,474,696	-	-	1,474,696
Total capital assets not being depreciated	<u>64,777</u>	<u>1,474,696</u>	<u>-</u>	<u>-</u>	<u>1,539,473</u>
<b>Capital Assets Being Depreciated:</b>					
Plant, substations, lines, and distribution system	44,372,807	1,169,186	-	-	45,541,993
Buildings	612,204	-	-	-	612,204
Furniture and office equipment	608,229	8,370	-	-	616,599
General and mobile equipment	<u>7,602,987</u>	<u>194,935</u>	<u>(461,963)</u>	<u>(11,539)</u>	<u>7,324,420</u>
Total capital assets being depreciated	<u>53,196,227</u>	<u>1,372,491</u>	<u>(461,963)</u>	<u>(11,539)</u>	<u>54,095,216</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	25,213,197	1,089,744	-	-	26,302,941
Buildings	340,272	13,837	-	-	354,109
Furniture and office equipment	574,090	14,705	-	-	588,795
General and mobile equipment	<u>5,455,666</u>	<u>341,640</u>	<u>(375,889)</u>	<u>(10,070)</u>	<u>5,411,347</u>
Total accumulated depreciation	<u>31,583,225</u>	<u>\$ 1,459,926</u>	<u>\$ (375,889)</u>	<u>\$ (10,070)</u>	<u>32,657,192</u>
Total capital assets being depreciated, net	<u>21,613,002</u>				<u>21,438,024</u>
Sewer Fund capital assets, net	<u>\$ 21,677,779</u>				<u>\$ 22,977,497</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
<b>Nonmajor Enterprise Funds:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 1,224,801	\$ -	\$ -	\$ 37,116	\$ 1,261,917
Construction in progress	<u>229,522</u>	<u>247,692</u>	<u>-</u>	<u>(341,556)</u>	<u>135,658</u>
Total capital assets not being depreciated	<u>1,454,323</u>	<u>247,692</u>	<u>-</u>	<u>(304,440)</u>	<u>1,397,575</u>
<b>Capital Assets Being Depreciated:</b>					
Plant, substations, lines, distribution system, and runways	8,903,236	-	-	99,312	9,002,548
Buildings	481,445	-	-	-	481,445
General and mobile equipment	<u>1,989,389</u>	<u>384,764</u>	<u>(301,380)</u>	<u>285,986</u>	<u>2,358,759</u>
Total capital assets being depreciated	<u>11,374,070</u>	<u>384,764</u>	<u>(301,380)</u>	<u>385,298</u>	<u>11,842,752</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, distribution system and runways	4,310,117	235,720	-	-	4,545,837
Buildings	450,748	9,106	-	-	459,854
General and mobile equipment	<u>1,701,675</u>	<u>71,474</u>	<u>(301,380)</u>	<u>69,163</u>	<u>1,540,932</u>
Total accumulated depreciation	<u>6,462,540</u>	<u>\$ 316,300</u>	<u>\$ (301,380)</u>	<u>\$ 69,163</u>	<u>6,546,623</u>
Total capital assets being depreciated, net	<u>\$ 4,911,530</u>				<u>\$ 5,296,129</u>
Nonmajor enterprise funds capital assets, net	<u>\$ 6,365,853</u>				<u>\$ 6,693,704</u>

Depreciation for the nonmajor enterprise funds was charged as follows:

Stormwater Utility Fund	\$ 128,230
Warren Field Airport Fund	127,584
Solid Waste Fund	57,858
Cemetery Fund	<u>2,628</u>
Total depreciation expense	<u>\$ 316,300</u>

### 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2010 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and vouchers	\$ 201,347	\$ 3,993,577	\$ 4,194,924
Accrued payroll and related liabilities	278,387	138,098	416,485
Accrued interest payable	<u>59,055</u>	<u>13,812</u>	<u>72,867</u>
Total accounts payable and accrued liabilities	<u>\$ 538,789</u>	<u>\$ 4,145,487</u>	<u>\$ 4,684,276</u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **8. Pension Plan Obligations**

#### **Local Government Employees' Retirement System**

**Plan Description.** The City contributes to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$485,014, \$468,222, and \$459,003, respectively.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Law Enforcement Officers Special Separation Allowance

**Plan Description.** The City administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% 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. A stand-alone financial report is not issued for this plan. All full-time law enforcement officers of the City are covered by the Separation Allowance.

At December 31, 2009, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	38
Total	39

**Basis of Accounting.** The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

**Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The City is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the fiscal year ended June 30, 2010 was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of the assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

**Annual Pension Cost and Net Pension Obligation.** The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 58,862
Interest on net pension obligation	26,364
Adjustment to annual required contribution	<u>(22,907)</u>
Annual pension cost	62,319
Contributions made	<u>9,541</u>
Increase in net pension obligation	52,778
Net pension obligation:	
Beginning of year - July 1	<u>363,641</u>
End of year - June 30	<u>\$ 416,419</u>

### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of of APC Contributed	Net Pension Obligation
2008	\$ 48,446	29.50%	\$ 318,531
2009	55,443	18.64%	363,641
2010	62,319	15.31%	416,419

*Funded Status and Funding Progress.* As of December 31, 2009 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$653,483. The covered payroll (annual payroll of active employees covered by the plan) was \$1,656,991, and the ratio of the UAAL to the covered payroll was 39.44 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### **Supplemental Retirement Income Plans for Law Enforcement Officers and Others**

**Plan Description.** The City contributes to Supplemental Retirement Income Plans (“Plans”), defined contribution pension plans administered by the Department of State Treasurer and a Board of Trustees. The Plans provide retirement benefits to law enforcement officers (Law Enforcement Plan) and others employed by the City. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Law Enforcement Plan is included in the Comprehensive Annual Financial Report (“CAFR”) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for Law Enforcement Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to 5% of covered payroll for law enforcement officers. Also, the law enforcement officers may make voluntary contributions to their plan. Contributions for the year ended June 30, 2010 were \$107,564, which consisted of \$83,025 from the City and \$24,539 from the law enforcement officers. In addition, the City has elected to contribute \$50 bi-weekly for other employees. Other employees may also make voluntary contributions to their plan. Contributions to this plan for other employees for the year ended June 30, 2010 were \$430,312, which consisted of \$257,900 from the City and \$162,412 from the employees.

### **Other Employment Benefits**

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (the “Death Benefit Plan”), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan 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. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the City made contributions to the State for death benefits of \$11,383.

The City’s required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Other Post-Employment Benefits

According to a City resolution, the City provides post-employment health care benefits to retirees with thirty years of credible service as recognized by the North Carolina Local Governmental Employees' Retirement System, a single-employer defined benefit plan, and have at least ten years of creditable service with the City. The City pays the full cost of coverage for these benefits until such employees become covered by Medicare. Medical insurance will be continued for a maximum of two years for an employee who retires on disability through the system but does not qualify for or pursue Social Security benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently, 19 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2010, the City made payments for post-employment health benefit premiums of \$83,052. The City obtains healthcare coverage through Blue Cross Blue Shield directly. The City Council may amend the benefit provisions.

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	16	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>227</u>	<u>38</u>
Total	<u>243</u>	<u>38</u>

**Funding Policy.** The City's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 3.39% of annual covered payroll. For the current year, the City contributed \$83,052, or .86% of annual covered payroll. The City purchases insurance from a private carrier for healthcare coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.39% and 3.39% of covered payroll, respectively. Employee paid premiums in the amount of \$246,867 for their share and dependent coverage. The City's obligation to contribute to the Plan is established and may be amended by the City Council. A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund and enterprise funds, which are maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Annual OPEB Cost and Net Obligation

The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 204,647	\$ 121,172	\$ 325,819
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	204,647	121,172	325,819
Contributions made	54,464	28,588	83,052
Increase (decrease) in net OPEB obligation	150,183	92,584	242,767
Net OPEB obligation:			
Beginning of year - July 1	165,400	86,853	252,253
End of year - June 30	<u>\$ 315,583</u>	<u>\$ 179,437</u>	<u>\$ 495,020</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 325,819	22.6%	\$ 252,254
2010	325,819	25.5%	495,020

### Fund Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,409,735. The covered payroll (annual payroll of active employees covered by the plan) was \$9,613,000, and the ratio of the UAAL to the covered payroll was 35.5 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

estimates are made about the future. The schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 5.00 to 10.50 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

As of June 30, 2010, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

### 9. Deferred/Unearned Revenues

The balance in deferred revenues in the governmental fund financial statements and unearned revenues in the government-wide financial statements (governmental activities and business-type activities) at year-end is composed of the following elements:

	<b>Deferred Revenues</b>	<b>Unearned Revenues</b>
Taxes receivable (General Fund)	\$ 479,716	\$ -
EMS charges receivable (General Fund)	793,464	-
Paving assessments receivable and others (General Fund)	30,254	-
Notes receivable (other governmental funds)	201,317	-
Prepaid items (General Fund)	17,233	17,233
Total	<u>\$ 1,521,984</u>	<u>\$ 17,233</u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **10. Commitments**

#### **Construction**

The City had outstanding commitments at June 30, 2010 of approximately \$287,635 for street paving, \$341,513 for electric line and substation improvements, and \$117,382 for airport improvements. A portion of these improvements are being financed with installment notes and federal airport grants as well as reimbursements from the NCDOT.

#### **Purchases**

The City participates in the North Carolina Eastern Municipal Power Agency (Agency). Under the contracts executed by the City with the Agency, the Agency became the “all requirements” power supplier to the City. The City is obligated to pay for this power at rates set by the Agency and to set rates at a level such that sufficient electrical revenue is generated to meet obligations to the Agency. The Agency furnishes power to the City by purchasing an undivided interest in some of Progress Energy’s generating capacity and by contracting with Progress Energy to furnish all of the Agency’s requirements. Under the terms of the agreement with the Agency, the City is obligated to pay a proportionate share of the Agency’s obligation to Progress Energy for the purpose of generating capacity whether or not the generator produces power. This is commonly referred to as a “take or pay” contract in the electric industry.

### **11. Risk Management**

The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$2 million per occurrence and property coverage on a scheduled basis. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of \$500,000. Settlements have not exceeded coverages for each of the past three years. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City’s Workers’ Compensation Reserve Internal Service Fund was established in 2010 to account for a limited risk, self-insurance program to provide workers’ compensation benefits to City employees. Premiums are paid in to the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon the claims experience of the insured funds. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An excess coverage insurance policy provides for individual claims in excess of \$600,000. A total of \$127,364 in claims was incurred for benefits during fiscal year 2010.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Claims Liability

	<u>June 30, 2010</u>
Unpaid claims, beginning of year	\$ -
Incurred claims (including claims incurred, but not reported as of fiscal year-end)	127,364
Payments and reduction in claims estimates	<u>(68,309)</u>
Unpaid claims, end of year	<u>\$ 59,055</u>

The City carries additional commercial coverage for flood, marina operator's legal liability, and airport owner/operators general liability.

In accordance with G.S. 159-29, City employees that have access to \$100 or more of City funds at any given time are performance bonded through a commercial surety bond. The Director of Finance is bonded individually for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$75,000.

The City follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or estimable in amount. Management estimates that potential liabilities resulting from litigation would not have a material adverse effect on the financial position of the City at June 30, 2010.

### 12. Long-Term Obligations

#### Revolving Loan Payable

On November 17, 2003, the City was approved for a maximum loan amount of \$2,986,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the City of Washington Waste Water Treatment Plant - Phase II. The loan is repayable at 2.42% for 20 years beginning six months after the completion of the project. The City began repayment of the loan in the fiscal year ending June 30, 2006. The loan repayment schedule based on a loan amount of \$2,636,105 calls for equal principal repayments of \$131,805 annually for 20 years. The total amount outstanding at June 30, 2010 was \$1,977,079.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The annual debt service requirements of the revolving loan payable are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2011	\$ 131,805	\$ 47,845	\$ 179,650
2012	131,805	44,656	176,461
2013	131,805	41,466	173,271
2014	131,805	38,276	170,081
2015	131,805	35,087	166,892
2016-2020	659,027	127,587	786,614
2020-2025	659,027	47,845	706,872
Total	<u>\$ 1,977,079</u>	<u>\$ 382,762</u>	<u>\$ 2,359,841</u>

### Revolving Loan Payable

On May 12, 2008, the City executed loan agreements with United States Department of Agriculture (USDA) in the amounts of \$1,530,000 and \$1,337,000 for a total of \$2,867,000 for the purpose of constructing a fire station. The stated interest rate was 4.125% and 4.50%, respectively. The annual payments including interest were \$89,842 and \$82,092, respectively. The notes mature May 2038. The balance in the two notes combined as of June 30, 2010 was \$2,769,736.

The annual debt service requirements of the USDA loan payable are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 52,925	\$ 119,009	\$ 171,934
2012	55,198	116,736	171,934
2013	57,569	114,365	171,934
2014	60,041	111,893	171,934
2015	62,613	109,321	171,934
2016-2020	392,823	466,847	859,670
2021-2025	438,944	420,726	859,670
2026-2030	541,773	317,897	859,670
2031-2035	668,745	190,925	859,670
2036-2038	466,105	49,697	515,802
Total	<u>\$ 2,796,736</u>	<u>\$ 2,017,416</u>	<u>\$ 4,814,152</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Installment Notes Payable

Detail of installment notes payable for all fund types are as follows:

<u>Purpose and Collateral</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Balance June 30, 2010</u>
<b>Governmental Activities:</b>			
Equipment	2011	3.48%	\$ 20,068
Equipment	2011	3.89%	153,706
Equipment	2014	2.91%	235,829
Equipment	2011	4.06%	84,642
Total governmental activities			<u>\$ 494,245</u>
<b>Business-Type Activities:</b>			
<b>Water:</b>			
Equipment	2011	3.48%	\$ 8,903
Equipment	2012	4.06%	28,576
			<u>37,479</u>
<b>Sewer:</b>			
Equipment	2011	3.48%	14,187
Equipment	2012	3.67%	22,213
Equipment	2014	2.91%	116,975
			<u>153,375</u>
<b>Electric:</b>			
Equipment	2011	3.52%	63,384
Equipment	2012	3.67%	160,513
Equipment	2015	3.59%	1,781,070
Equipment	2013	2.80%	235,779
			<u>2,240,746</u>
<b>Nonmajor Enterprise:</b>			
Equipment- Stormwater	2011	3.48%	908
Equipment- Stormwater	2014	2.91%	43,762
Equipment- Stormwater	2012	3.67%	18,847
			<u>63,517</u>
Equipment- Solid Waste	2014	2.91%	155,985
Equipment - Solid Waste	2011	3.48%	3,749
			<u>159,734</u>
Total business-type activities			<u>\$ 2,654,851</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The annual debt service requirements of these installment notes are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 321,777	\$ 11,120	\$ 332,897
2012	65,230	4,153	69,383
2013	61,154	2,230	63,384
2014	46,084	389	46,473
	<u>\$ 494,245</u>	<u>\$ 17,892</u>	<u>\$ 512,137</u>

### Major Enterprise Funds

Year Ending June 30	Water			Sewer			Electric		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 37,479	\$ 697	\$ 38,176	\$ 100,049	\$ 2,509	\$ 102,558	\$ 656,555	\$ 67,558	\$ 724,113
2012	-	-	-	26,201	1,200	27,401	590,452	46,002	636,454
2013	-	-	-	16,994	564	17,558	524,253	26,629	550,882
2014	-	-	-	10,131	94	10,225	469,486	9,180	478,666
	<u>\$ 37,479</u>	<u>\$ 697</u>	<u>\$ 38,176</u>	<u>\$ 153,375</u>	<u>\$ 4,367</u>	<u>\$ 157,742</u>	<u>\$ 2,240,746</u>	<u>\$ 149,369</u>	<u>\$ 2,390,115</u>

### Nonmajor Enterprise Fund:

Year Ending June 30	Stormwater			Solid Waste		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 38,965	\$ 1,194	\$ 40,159	\$ 101,543	\$ 2,426	\$ 103,969
2012	14,398	519	14,917	22,009	1,401	23,410
2013	6,355	211	6,566	22,657	753	23,410
2014	3,799	39	3,838	13,525	134	13,659
Total	<u>\$ 63,517</u>	<u>\$ 1,963</u>	<u>\$ 65,480</u>	<u>\$ 159,734</u>	<u>\$ 4,714</u>	<u>\$ 164,448</u>

### General Obligation Bonds

The City issues general obligation bonds to finance the construction of facilities utilized in the operation of the water, sewer, and electric systems, and are reported as long-term debt in the water, sewer, and electric funds. All general obligation bonds are collateralized by the faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Bonds payable at June 30, 2010 are comprised of the following individual issues:

	Serviced by			Total
	Water Fund	Sewer Fund	Electric Fund	
\$12,045,000 Refunding Series 2002, bonds due on and June 1 in varying semi-annual installments, through June 1, 2014; interest ranging 4.0% - 4.7%	\$ 795,229	\$ 433,681	\$ 81,090	\$ 1,310,000
\$2,065,000 Sanitary Sewer, Series 1997 bonds due on December 1 and June 1 in varying semi-annual installments, through June 1, 2015; interest ranging 5.0% - 5.2%	-	765,000	-	765,000
	<u>\$ 795,229</u>	<u>\$ 1,198,681</u>	<u>\$ 81,090</u>	<u>\$ 2,075,000</u>

Annual debt service requirements to maturity for the City's general obligations bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2011	\$ 525,000	\$ 49,167
2012	550,000	36,906
2013	570,000	24,080
2014	290,000	10,805
2015	140,000	3,640
Total	<u>\$ 2,075,000</u>	<u>\$ 124,598</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Liabilities</u>
<b>Governmental Activities:</b>					
Installment notes payable	\$ 844,231	\$ -	\$ (349,986)	\$ 494,245	\$ 321,777
USDA loan payable	2,818,368	-	(48,632)	2,769,736	52,925
Compensated absences	828,157	401,036	(415,744)	813,449	415,744
Pension obligation	363,641	62,319	(9,541)	416,419	-
OPEB accrued liability	165,400	204,647	(54,464)	315,583	-
Total governmental activities	<u>\$ 5,019,797</u>	<u>\$ 668,002</u>	<u>\$ (878,367)</u>	<u>\$ 4,809,432</u>	<u>\$ 790,446</u>
<b>Business-Type Activities:</b>					
General obligations bonds	\$ 3,190,000	\$ -	\$ (1,115,000)	\$ 2,075,000	\$ 525,000
Installment notes payable	2,485,614	2,154,500	(1,985,263)	2,654,851	934,591
Revolving loan payable	2,108,885	-	(131,806)	1,977,079	131,805
Compensated absences	457,036	269,675	(251,032)	475,679	242,596
OPEB accrued liability	86,854	121,171	(28,588)	179,437	-
Total business-type activities	<u>\$ 8,328,389</u>	<u>\$ 2,545,346</u>	<u>\$ (3,511,689)</u>	<u>\$ 7,362,046</u>	<u>\$ 1,833,992</u>

Compensated absences, net pension obligation, and OPEB have been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

At June 30, 2010, the City has a legal debt margin of approximately \$43,070,633.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Capital Assets, Net of Related Debt

Capital assets, net of related debt at June 30, 2010, are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 21,365,683	\$ 64,588,355
Less: capital debt		
Gross debt	3,263,981	6,706,930
Less: unspent debt proceeds	<u>(1,244,335)</u>	<u>(3,441)</u>
Net capital debt	<u>2,019,646</u>	<u>6,703,489</u>
Capital assets, net of related debt	<u><u>\$ 19,346,037</u></u>	<u><u>\$ 57,884,866</u></u>

### 13. Interfund Balances and Activity

#### Due To/From Other Funds

The composition of interfund balances as of June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
<b>General Fund</b>	<b>Special Revenue Funds:</b>		
	Gang Investigator Grant	\$ 13,139	Advances of grant expenditures
	CDBG Capacity Grant	15,466	Advances of grant expenditures
	Façade Program Fund	2,000	Advances for program expenditures
	<b>Governmental Capital Project Fund:</b>		
	CDBG Keyesville Road Subdivision	4,921	Advances of grant expenditures
	<b>Enterprise Funds:</b>		
	Solid Waste Fund	15,687	Advance of funds until investment matures
	Cemetery Fund	16,754	Advance of funds until investment matures
	Water Fund	<u>95,080</u>	
		<u><u>\$ 163,047</u></u>	
<b>Electric Fund</b>	<b>General Fund</b>	<u><u>\$ 633,882</u></u>	

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Transfers To/From Other Funds

The composition of interfund transfers for the year ending June 30, 2010 are as follows:

Fund	To	From	Purpose
<b>General Fund:</b>			
Electric Fund		\$ 1,173,150	Dividend from Electric Fund
Public Safety Capital Reserve	\$ 118,334	200,000	Support public safety debt service
Economic Development Capital Reserve		100,000	Support for Turnage Theatre improvements
CDBG 6th & 7th Stree Revitalization		45,000	Residual Equity Transfer from Capital Project Fund
Airport Fund	100,000		Annual subsidy payment
Cemetery Fund	19,341		Subsidy payment to balance the fund
Façade Program	15,000		City sponsorship for Façade Program
Police Station Capital Project Fund	1,000,000		Funding to begin new police station
Worker's Comp Internal Service Fund	600,000		Funding to cover exposure up to stop loss
<b>Water Fund:</b>			
Cherry Run Road Capital Project Fund	17,211		City's contribution to the project
<b>Sewer Fund:</b>			
Sewer Capital Reserve Fund		80,000	To pay for capital item
Pennsylvania Avenue Capital Project Fund	40,000		City's contribution to the project
<b>Electric Fund:</b>			
General Fund	1,173,150		Dividend to taxpayers
Economic Development Capital Reserve	100,000		Support for Turnage Theatre improvements
<b>Airport Fund:</b>			
General Fund		100,000	Annual subsidy payment
<b>Cemetery Fund:</b>			
General Fund		19,341	Subsidy from G/F to balance the fund
<b>Public Safety Capital Reserve Fund:</b>			
General Fund	200,000		Support debt service
General Fund		118,334	\$.02 on the tax rate

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Fund	To	From	Purpose
<b>Economic Development Capital Reserve:</b>			
Electric		\$ 100,000	Support for Turnage Theatre improvements
General Fund	\$ 100,000		Support for Turnage Theatre improvements
<b>CDBG 6th &amp; 7th Stree Revitalization:</b>			
General	45,000		Transfer of residual equity
<b>Sewer Capital Reserve Fund:</b>			
Sewer Fund	80,000		Purchase of capital item
<b>Façade Program Fund:</b>			
General Fund		15,000	City sponsorship for Façade Program
<b>Police Station Capital Project Fund:</b>			
General Fund		1,000,000	Funding to begin project
<b>Water &amp; Sewer Capital Project Funds:</b>			
Water Fund		17,211	City contribution to the project
Sewer Fund		40,000	City contribution to the project
<b>Workers' Compensation Internal Service Fund:</b>			
General Fund		600,000	Funding to cover exposure up to stop loss
Governmental activities	1,469		
Electric Fund		1,469	Asset transfer

### 14. Jointly Governed Organizations

#### Mid-East Commission

The City, in conjunction with five counties and twenty-eight other municipalities, established 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 City paid membership fees of \$2,583 to the Commission during the fiscal year ended June 30, 2010.

#### North Carolina Eastern Municipal Power Agency

The City, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency ("Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

commissioner to the Agency's governing board. The thirty-two members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligations, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2010 was \$28,873,682.

### **15. Joint Ventures**

The City and the members of the City'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 monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees.

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, 2010. 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 Fireman's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

### **16. Related Organization**

The Board of the City of Washington Housing Authority is appointed by the City of Washington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority.

### **17. Significant Contingencies**

#### **Federal and State-Assisted Programs**

The City 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 monies 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 monies.

The Department of Transportation, as part of a Highway 17 expansion project, has moved water and sewer lines in the City of Washington at a cost of \$1,687,430 and determined that the City is responsible for the cost of these relocations. The City is contesting this responsibility. As a result, the State reduced the City's Powell Bill grant allocation for fiscal year 2011 by \$112,495 which represents one fifth tenth of the utility relocation cost. No additional liability has been booked for this relocation cost.

## **Required Supplemental Financial Data**

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officer's Special Separation Allowance
- Notes to the Required Schedules
- Schedule of Funding Progress for Other Postemployment Benefits (OPEB)
- Schedule of Employer Contributions for the Other Postemployment Benefits (OPEB)
- Notes to the Required Schedules for the Other Postemployment Benefits (OPEB)

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## CITY OF WASHINGTON, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010**

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2004	\$ -	\$ 346,513	\$ 346,513	0.00%	\$ 1,336,841	25.92%
12/31/2005	-	328,994	328,994	0.00%	1,466,924	22.43%
12/31/2006	-	344,434	344,434	0.00%	1,509,413	22.82%
12/31/2007	-	416,526	416,526	0.00%	1,443,578	28.85%
12/31/2008	-	454,487	454,487	0.00%	1,682,967	27.01%
12/31/2009	-	653,483	653,483	0.00%	1,656,991	39.44%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2004	\$ 40,745	11.65%
2005	46,263	10.26%
2006	49,426	9.61%
2007	47,081	11.77%
2008	51,824	27.57%
2009	51,824	17.55%
2010	58,862	15.31%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 years
Asset valuation method	Market value
<b>Actuarial Assumptions:</b>	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
Cost of living adjustments	None
* Includes inflation at 3.75%	

## CITY OF WASHINGTON, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010**

## Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2008	\$ -	\$ 3,409,735	\$ 3,409,735	0.00%	\$ 9,613,000	35.50%

## Schedule of Employer Contributions

<b>Year Ended June 30</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
2009	\$ 325,819	22.60%
2010	325,819	25.50%

**Notes to the Required Schedules:**

The information presented above was determined as part of the actuarial valuation at the dates indicated.  
Additional information as of the latest valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00% * Includes inflation at 3.75%
Medical cost trend rate	5% - 10.50%
Year of Ultimate trend rate	2016

## **Major Governmental Fund**

### **General Fund**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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## CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

## COMPARATIVE BALANCE SHEETS-GENERAL FUND

JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Cash and investments	\$ 7,799,401	\$ 8,280,129
Taxes receivable, net	479,716	339,209
Accounts receivable, net	2,067,577	2,363,094
Due from other funds	163,047	120,619
Inventories	55,407	68,374
Restricted cash and investments	255,245	266,383
Total assets	<u>\$ 10,820,393</u>	<u>\$ 11,437,808</u>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 458,187	\$ 404,752
Due to other funds	633,882	-
Deferred revenues	1,320,667	1,613,649
Customer deposits	250	4,729
Total liabilities	<u>2,412,986</u>	<u>2,023,130</u>
<b>Fund Balances:</b>		
Reserved by State statute	1,406,906	1,226,803
Reserved for inventories	55,407	68,374
Reserved for encumbrances	778,893	1,060,104
Reserved for surety bond	3,100	3,100
Reserved for Powell Bill	331,119	304,137
Reserved for controlled substance tax	23,559	22,359
Reserved for seized funds - local and federal	11,161	8,487
Reserved for Veteran's Park contributions	616	4,365
Reserved for Dog Park contributions	-	1,392
Reserved for Recreation land	9,941	145,200
Reserved for PEG Channel	23,173	22,774
Unreserved:		
Designated for senior functions	-	11,153
Designated for public safety complex	-	1,000,000
Undesignated	5,763,532	5,536,430
Total fund balances	<u>8,407,407</u>	<u>9,414,678</u>
Total liabilities and fund balances	<u>\$ 10,820,393</u>	<u>\$ 11,437,808</u>

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 3,711,588	\$ 3,839,047	\$ 127,459	\$ 3,795,247
Penalties and interest	40,000	37,558	(2,442)	41,121
Total	3,751,588	3,876,605	125,017	3,836,368
<b>Other Taxes and Licenses:</b>				
Local option sales tax	1,905,000	2,006,883	101,883	2,096,285
Local occupancy tax	250,310	244,628	(5,682)	255,280
Automotive licenses	40,000	39,009	(991)	39,914
Rental vehicle tax	12,500	13,194	694	12,636
Privilege licenses	180,000	168,029	(11,971)	164,867
Cable TV franchise tax	500	-	(500)	416
Heavy duty vehicle tax	10,000	-	(10,000)	-
PEG Channel tax	20,000	18,692	(1,308)	15,464
Total	2,418,310	2,490,435	72,125	2,584,862
<b>Unrestricted Intergovernmental:</b>				
Payment in lieu of taxes	132,300	132,300	-	129,247
Franchise tax	1,090,000	1,198,455	108,455	1,186,166
Utility sales tax	225,000	302,761	77,761	222,493
Beer and wine tax	15,476	14,571	(905)	44,286
Court costs and fines	6,000	8,203	2,203	6,713
ABC board distributions	-	30,535	30,535	-
Public housing payment	13,000	3,356	(9,644)	12,988
Total	1,481,776	1,690,181	208,405	1,601,893
<b>Restricted Intergovernmental:</b>				
Local forfeiture	-	2,674	2,674	2,763
Powell Bill	292,000	284,260	(7,740)	314,031
Beaufort County - library	7,800	7,800	-	7,800
Beaufort County-recreation	15,732	15,732	-	15,732
Controlled substance tax	10,000	4,938	(5,062)	9,909
Beaufort County- rescue squad	124,261	124,261	-	124,261
Washington Park - fire-fighting	27,496	27,496	-	25,042
State reimbursement for Medicaid EMS	50,000	16,686	(33,314)	11,593
State aid to public libraries	10,192	10,548	356	24,105
Mid-East Commission - recreation	36,653	36,282	(371)	36,066
Beaufort County Schools - crime control	75,676	75,675	(1)	75,676
Fire Grant	48,384	46,796	(1,588)	50,713
Federal grant - bulletproof vests	-	-	-	3,400
North Carolina Archives and History Grant	13,900	13,900	-	4,600
Rural Center Grant	-	-	-	37,654
NCLM - Safety Grant	-	-	-	2,500

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
Byrne Jag Grant	40,234	36,442	(3,792)	-
CWMTF Land Acquisition Grant	-	-	-	(52,561)
Domestic Violence Grant	-	-	-	43,540
Waterfront Docks Grant	200,000	18,000	(182,000)	-
Governor's Crime Commission Grant	80,318	47,127	(33,191)	154,641
Recreation Trail Grant	74,206	-	(74,206)	-
Other grants	122,602	142,048	19,446	97,555
Total	1,229,454	910,665	(318,789)	989,020
<b>Permits and Fees:</b>				
Fire permit and inspection fees	2,500	1,455	(1,045)	1,815
Building permits	80,000	87,962	7,962	70,421
Total	82,500	89,417	6,917	72,236
<b>Sales and Services:</b>				
Rents	214,368	388,590	174,222	267,518
Fire contracts	2,000	1,639	(361)	1,887
Public works fees	4,000	4,000	-	2,950
Administrative charges -gas	8,700	9,831	1,131	10,091
Sale of cemetery plots	-	-	-	102,200
Cemetery grave openings	-	-	-	117,675
Police escort	-	38	38	20
Recreation fees and assessments	180,700	157,331	(23,369)	168,456
Sale of materials and property	10,200	6,050	(4,150)	6,680
Municipal citations	3,000	4,905	1,905	3,150
Grass mowing and lot cleaning	2,800	4,436	1,636	4,720
Rescue squad	365,000	342,949	(22,051)	355,905
Library fees and fines	14,300	18,181	3,881	17,123
Development filing fees	500	800	300	1,025
Sale of capital assets	15,000	19,981	4,981	161,509
Aquatic Center	98,600	98,091	(509)	90,743
Contracted police services	25,000	15,282	(9,718)	6,109
Paving assessments	-	5,073	5,073	-
Other	25	36	11	25
Total	944,193	1,077,213	133,020	1,317,786
<b>Investment Earnings:</b>				
Interest	75,000	60,968	(14,032)	115,850
<b>Miscellaneous:</b>				
Contributions	14,015	23,387	9,372	22,443
Other	40,600	47,835	7,235	583,783
Total	54,615	71,222	16,607	606,226
Total revenues	10,037,436	10,266,706	229,270	11,124,241

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>City Council:</b>				
Salaries and employee benefits	33,042	33,033	9	31,967
Professional services	17,524	9,226	8,298	2,671
Other operating expenditures	21,561	19,157	2,404	12,753
Election expenses	6,100	6,100	-	-
Total	78,227	67,516	10,711	47,391
<b>Mayor's Office:</b>				
Salaries and employee benefits	12,129	12,121	8	11,189
Other operating expenditures	2,350	1,830	520	2,004
Election expenses	1,250	972	278	-
Total	15,729	14,923	806	13,193
<b>City Manager:</b>				
Salaries and employee benefits	264,520	263,922	598	247,119
Professional services	800	149	651	14,171
Other operating expenditures	14,460	14,840	(380)	16,659
Capital outlay	-	-	-	23,064
Total	279,780	278,911	869	301,013
<b>Human Resources:</b>				
Salaries and employee benefits	207,345	206,382	963	203,363
Professional services	3,500	3,455	45	3,390
Other operating expenditures	34,095	32,460	1,635	34,451
Maintenance and repairs	700	489	211	790
Contracted services	25,000	25,000	-	25,000
Total	270,640	267,786	2,854	266,994
<b>Tourism Director:</b>				
Salaries and employee benefits	103,856	101,883	1,973	101,685
Professional services	355	354	1	117
Other operating expenditures	6,350	2,852	3,498	3,565
Total	110,561	105,089	5,472	105,367
<b>Finance Director:</b>				
Salaries and employee benefits	355,811	355,019	792	278,211
Professional services	53,713	46,099	7,614	84,477
Other operating expenditures	16,300	14,850	1,450	27,386
Maintenance and repairs	1,400	614	786	808
Total	427,224	416,582	10,642	390,882



**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Purchasing and Supply:</b>				
Salaries and employee benefits	110,681	108,306	2,375	112,233
Professional services	35	35	-	-
Other operating expenditures	16,139	14,372	1,767	42,093
Maintenance and repairs	9,046	6,480	2,566	6,821
Capital outlay	-	-	-	22,514
Total	135,901	129,193	6,708	183,661
<b>Revenue Collections:</b>				
Salaries and employee benefits	156,791	154,926	1,865	152,557
Professional services	19,055	18,263	792	14,084
Other operating expenditures	183,483	170,285	13,198	152,623
Maintenance and repairs	1,500	1,495	5	1,360
Total	360,829	344,969	15,860	320,624
<b>Customer Service:</b>				
Salaries and employee benefits	236,310	232,564	3,746	235,989
Professional services	41,149	39,003	2,146	28,932
Other operating expenditures	39,851	37,135	2,716	42,857
Maintenance and repairs	8,650	7,356	1,294	8,490
Capital outlay	14,460	14,237	223	23,911
Total	340,420	330,295	10,125	340,179
<b>Billing Department:</b>				
Salaries and employee benefits	73,491	73,433	58	71,952
Other operating expenditures	87,912	81,117	6,795	73,724
Total	161,403	154,550	6,853	145,676
<b>Information Services:</b>				
Salaries and employee benefits	137,059	136,642	417	132,429
Contract services	83,196	78,750	4,446	75,645
Other operating expenditures	76,920	46,531	30,389	16,404
Maintenance and repairs	25,718	25,702	16	19,257
Capital outlay	7,447	7,368	79	113,985
Total	330,340	294,993	35,347	357,720
<b>Municipal Building:</b>				
Salaries and employee benefits	41,248	40,574	674	41,743
Contracted services	6,600	6,556	44	5,699
Other operating expenditures	74,110	73,276	834	64,739
Maintenance and repairs	29,814	28,981	833	15,316
Capital outlay	155,598	155,540	58	-
Total	307,370	304,927	2,443	127,497

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Legal Services:</b>				
Professional services	260,000	255,572	4,428	238,235
<b>Non-Departmental:</b>				
Other operating expenditures	642,207	632,681	9,526	428,542
Maintenance and repairs	1,000	794	206	794
Capital outlay	135,309	135,809	(500)	10,523
Total	778,516	769,284	9,232	439,859
<b>Economic Development:</b>				
Operating expenditures	128,755	128,755	-	177,081
<b>Reimbursement:</b>				
Enterprise funds	(1,986,108)	(1,986,108)	-	(2,145,307)
Tourism Authority	(110,561)	(105,088)	5,473	(105,252)
Total	(2,096,669)	(2,091,196)	5,473	(2,250,559)
<b>Total general government</b>	<b>1,889,026</b>	<b>1,772,149</b>	<b>127,823</b>	<b>1,204,813</b>
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and employee benefits	2,433,927	2,373,618	60,309	2,329,171
Professional services	3,600	3,606	(6)	6,582
Other operating expenditures	193,328	169,555	23,773	160,968
Maintenance and repairs	146,250	140,715	5,535	117,895
Contracted services	41,812	41,316	496	45,542
Capital outlay	84,750	84,289	461	257,036
Total	2,903,667	2,813,099	90,568	2,917,194
<b>E-911 Communication:</b>				
Salaries and employee benefits	292,579	284,563	8,016	283,211
Other operating expenditures.	29,166	6,342	22,824	28,183
Maintenance and repairs	12,650	12,550	100	11,943
Capital outlay	-	-	-	15,490
Total	334,395	303,455	30,940	338,827
<b>Fire:</b>				
Salaries and employee benefits	1,358,535	1,330,042	28,493	1,512,718
Professional services	13,203	11,971	1,232	13,615
Contracted services	840	840	-	17,682
Other operating expenditures	151,686	147,203	4,483	105,296
Maintenance and repairs	59,486	56,610	2,876	59,214
Contribution to Fireman's Association	2,850	2,043	807	8,000
Contribution to rural fire departments	1,125	-	1,125	-
Total	1,587,725	1,548,709	39,016	1,716,525

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Rescue:</b>				
Salaries and employee benefits	539,553	528,420	11,133	572,816
Professional services	1,149	4,061	(2,912)	8,149
Other operating expenditures	44,027	42,041	1,986	60,159
Maintenance and repairs	19,800	18,656	1,144	14,271
Capital outlay	15,068	15,049	19	118,152
Total	619,597	608,227	11,370	773,547
<b>Planning/Zoning:</b>				
Salaries and employee benefits	199,987	149,992	49,995	225,306
Professional services	21,297	17,169	4,128	13,873
Contract services	22,386	22,386	-	66,614
Other operating expenditures	58,815	30,700	28,115	17,031
Maintenance and repairs	200	189	11	524
Capital outlay	3,000	-	3,000	2,285
Total	305,685	220,436	85,249	325,633
<b>Code Enforcement/Inspections:</b>				
Salaries and employee benefits	168,030	167,220	810	-
Contract services	9,000	4,725	4,275	-
Other operating expenditures	6,130	5,127	1,003	-
Maintenance and repairs	3,300	2,698	602	-
Total	186,460	179,770	6,690	-
<b>Reimbursement:</b>				
Enterprise funds	(46,926)	(46,926)	-	(43,782)
<b>Total public safety</b>	<b>5,890,603</b>	<b>5,626,770</b>	<b>263,833</b>	<b>6,027,944</b>
<b>Transportation:</b>				
<b>Street Maintenance:</b>				
Salaries and employee benefits	366,515	363,828	2,687	365,065
Professional services	180	180	-	305
Other operating expenditures	22,250	21,890	360	129,605
Maintenance and repairs	37,826	37,072	754	48,309
Capital outlay	-	-	-	1,283
Total	426,771	422,970	3,801	544,567
<b>Street Construction - Powell Bill:</b>				
Salaries and employee benefits	96,638	88,477	8,161	89,258
Professional services	18,500	18,500	-	-
Other operating expenditures	76,149	44,412	31,737	38,622
Maintenance and repairs	149,200	140,851	8,349	27,285
Contracted services	336,580	48,400	288,180	-
Capital outlay	100,000	38,032	61,968	134,716
Total	777,067	378,672	398,395	289,881

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Equipment Services:</b>				
Salaries and employee benefits	121,405	114,463	6,942	107,123
Professional services	500	188	312	340
Other operating expenditures	36,215	16,129	20,086	(2,828)
Maintenance and repairs	7,135	4,881	2,254	2,927
Capital outlay	-	-	-	6,713
Total	<u>165,255</u>	<u>135,661</u>	<u>29,594</u>	<u>114,275</u>
<b>Reimbursement:</b>				
Enterprise funds	<u>(79,455)</u>	<u>(79,455)</u>	<u>-</u>	<u>(79,454)</u>
<b>Total transportation</b>	<u>1,289,638</u>	<u>857,848</u>	<u>431,790</u>	<u>869,269</u>
<b>Environmental Protection:</b>				
<b>Cemetery:</b>				
Salaries and employee benefits	-	-	-	215,432
Other operating expenditures	-	-	-	10,488
Maintenance and repairs	-	-	-	29,858
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,778</u>
<b>Public Works Director:</b>				
Salaries and employee benefits	73,223	73,004	219	71,718
Professional services	35	35	-	65
Other operating expenditures	3,550	2,744	806	6,961
Maintenance and repairs	<u>2,900</u>	<u>1,999</u>	<u>901</u>	<u>3,725</u>
Total	<u>79,708</u>	<u>77,782</u>	<u>1,926</u>	<u>82,469</u>
<b>Reimbursement:</b>				
Cemetery Trust Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,422)</u>
<b>Total environmental protection</b>	<u>79,708</u>	<u>77,782</u>	<u>1,926</u>	<u>330,825</u>
<b>Cultural and Recreation:</b>				
<b>Recreation Centers:</b>				
Salaries and employee benefits	99,694	99,599	95	100,977
Professional services	200	200	-	233
Other operating expenditures	26,209	24,634	1,575	28,376
Maintenance and repairs	4,900	3,515	1,385	4,829
Programs	<u>19,322</u>	<u>18,649</u>	<u>673</u>	<u>15,641</u>
Total	<u>150,325</u>	<u>146,597</u>	<u>3,728</u>	<u>150,056</u>

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Athletics and Programs:</b>				
Salaries and employee benefits	16,032	13,605	2,427	14,125
Other operating expenditures	18,383	16,227	2,156	16,928
Maintenance and repairs	1,929	1,395	534	1,728
Total	36,344	31,227	5,117	32,781
<b>Senior Citizens Programs:</b>				
Salaries and employee benefits	114,999	112,799	2,200	108,252
Professional services	-	-	-	47
Other operating expenditures	33,585	32,385	1,200	39,840
Programs	26,003	23,119	2,884	34,278
Maintenance and repairs	21,971	20,617	1,354	16,253
Total	196,558	188,920	7,638	198,670
<b>Recreation Administration:</b>				
Salaries and employee benefits	156,473	156,319	154	153,403
Professional services	9,649	9,640	9	10,008
Other operating expenditures	10,425	9,182	1,243	8,015
Maintenance and repairs	3,135	2,141	994	2,522
Capital outlay	1,500	1,235	265	1,283
Total	181,182	178,517	2,665	175,231
<b>Library:</b>				
Salaries and employee benefits	242,025	239,769	2,256	239,987
Contract services	24,130	14,128	10,002	1,574
Professional services	400	323	77	1,660
Other operating expenditures	104,872	99,773	5,099	110,274
Maintenance and repairs	9,015	7,018	1,997	6,718
Capital outlay	17,374	(1,687)	19,061	69,829
Total	397,816	359,324	38,492	430,042
<b>Parks and Grounds Maintenance:</b>				
Salaries and employee benefits	266,407	259,891	6,516	260,704
Contracted services	11,850	11,025	825	23,925
Other operating expenditures	72,921	72,898	23	62,484
Maintenance and repairs	95,266	79,943	15,323	78,974
Capital outlay	153,587	32,867	120,720	115,002
Total	600,031	456,624	143,407	541,089
<b>Waterfront Docks:</b>				
Salaries and employee benefits	55,915	50,560	5,355	48,205
Other operating expenditures	47,140	41,764	5,376	35,818
Maintenance and repairs	4,118	3,782	336	1,363
Capital outlay	191,551	20,612	170,939	33,750
Total	298,724	116,718	182,006	119,136

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Contributions to Outside Agencies:</b>				
Arts Council	28,100	28,100	-	31,900
Tourism Development Authority	-	-	-	247,622
Zion Shelter	10,500	10,500	-	10,500
BHM Library	-	-	-	7,800
Boys and Girls Club	23,250	23,250	-	25,000
Washington Historic Foundation/Christmas Parade	2,325	2,325	-	2,500
The Blind Center	2,800	2,800	-	3,000
Human Relations Council	1,265	1,265	-	925
Turnage Theater	100,000	100,000	-	160,248
Highway 17 Association	-	-	-	7,500
Purpose of God	1,800	1,800	-	2,000
Right Flight	-	-	-	5,000
Wildlife Arts Festival	8,750	8,743	7	1,900
Vietnam Moving Wall	11,760	11,757	3	-
Eagle Wings	2,000	2,000	-	2,000
Total	192,550	192,540	10	507,895
<b>Civic Center:</b>				
Salaries and employee benefits	72,348	72,170	178	69,873
Other operating expenditures	6,100	5,787	313	5,118
Maintenance and repairs	7,790	7,787	3	238
Contracted services	73,115	73,115	-	50,000
Professional services	200	190	10	35
Capital outlay	-	-	-	16,409
Total	159,553	159,049	504	141,673
<b>Aquatic Center:</b>				
Salaries and employee benefits	182,192	177,596	4,596	198,169
Professional services	400	389	11	734
Other operating expenditures	118,916	114,858	4,058	90,654
Maintenance and repairs	19,475	13,506	5,969	41,476
Printing and publishing	3,050	3,017	33	1,540
Capital outlay	184	-	184	-
Total	324,217	309,366	14,851	332,573
<b>Reimbursement:</b>				
Civic Center	(78,523)	(78,370)	153	(75,367)
Library Trust Fund	(1,000)	(800)	(200)	(2,208)
Total	(79,523)	(79,170)	(47)	(77,575)
<b>Total cultural and recreation</b>	<b>2,457,777</b>	<b>2,059,712</b>	<b>398,371</b>	<b>2,551,571</b>

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Debt Service:</b>				
Principal retirement	411,677	398,618	13,059	411,612
Interest and fees	147,763	146,573	1,190	152,570
Total debt service	559,440	545,191	14,249	564,182
 Total expenditures	 12,166,192	 10,939,452	 1,226,740	 11,548,604
 Revenues over (under) expenditures	 (2,128,756)	 (672,746)	 1,456,010	 (424,363)
 <b>Other Financing Sources (Uses):</b>				
<b>Transfer From:</b>				
From Economic Development Capital Reserve Fund	100,000	100,000	-	100,000
From Electric Fund	1,173,150	1,173,150	-	680,000
From Public Safety Capital Reserve Fund	200,000	200,000	-	149,989
From CDBG 6th & 7th Street Revitalization Fund	-	45,000	-	-
From CPF	-	-	-	375,893
<b>Transfer To:</b>				
To 2002 CDBG Concentrated Needs Grant Fund	-	-	-	(82,500)
To Public Safety Capital Reserve Fund	(118,334)	(118,334)	-	(150,893)
To Airport Fund	(100,000)	(100,000)	-	(105,000)
To Workers' Compensation Fund	(600,000)	(600,000)	-	-
To Façade Program Fund	(15,000)	(15,000)	-	(15,000)
To Cemetery Fund	(19,341)	(19,341)	-	-
To Police Station CPF	(1,000,000)	(1,000,000)	-	-
Long-term debt issued	-	-	-	317,500
Appropriated fund balance	2,508,281	-	(2,508,281)	-
Total other financing sources (uses)	2,128,756	(334,525)	(2,508,281)	1,269,989
 <b>Net change in fund balance</b>	 <b>\$ -</b>	 <b>(1,007,271)</b>	 <b>\$ (1,007,271)</b>	 <b>845,626</b>
 <b>Fund Balance:</b>				
Beginning of year - July 1		9,414,678		8,569,052
 End of year - June 30		<u><u>\$ 8,407,407</u></u>		<u><u>\$ 9,414,678</u></u>

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- CDBG Program Income Fund
- FACADE PROGRAM Fund
- Emergency 911 Fund
- Economic Development Capital Reserve Fund
- Public Safety Capital Reserve Fund
- Water Capital Reserve Fund
- Sewer Capital Reserve Fund
- CDBG 6th and 7th Street Revitalization Fund
- Pacific Seacraft
- Capacity Grant Fund
- Gang/Drug Investigator Fund
- CDBG Affordable Housing Fund

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 399,196	\$ -	\$ 436,575	\$ 835,771
Accounts receivable, net	55,936	7,881	400	64,217
Notes receivable, net	188,000	-	-	188,000
Restricted cash and investments	-	989,090	-	989,090
Total assets	<u>\$ 643,132</u>	<u>\$ 996,971</u>	<u>\$ 436,975</u>	<u>\$ 2,077,078</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 14,415	\$ 6,882	\$ -	\$ 21,297
Due to other funds	30,605	4,921	-	35,526
Deferred revenues	200,917	-	400	201,317
Total liabilities	<u>245,937</u>	<u>11,803</u>	<u>400</u>	<u>258,140</u>
<b>Fund Balances:</b>				
Reserved by State statute	12,916	-	-	12,916
Reserved for library care	-	-	95,375	95,375
Reserved for cemetery care	-	-	341,200	341,200
<b>Unreserved fund balance:</b>				
Undesignated	384,279	985,168	-	1,369,447
Total fund balances	<u>397,195</u>	<u>985,168</u>	<u>436,575</u>	<u>1,818,938</u>
Total liabilities and fund balances	<u>\$ 643,132</u>	<u>\$ 996,971</u>	<u>\$ 436,975</u>	<u>\$ 2,077,078</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 662,347	\$ 21,794	\$ -	\$ 684,141
Water/Sewer impact fees	23,536	-	-	23,536
Water/Sewer assessments	100,000	-	-	100,000
Perpetual Care fees	-	-	21,600	21,600
Investment earnings	2,272	1,629	3,483	7,384
Total revenues	<u>788,155</u>	<u>23,423</u>	<u>25,083</u>	<u>836,661</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	199,496	16,461	-	215,957
Environmental protection	-	-	2,683	2,683
Cultural and recreation	-	-	800	800
Economic and physical development	560,332	-	-	560,332
General government	-	21,794	-	21,794
Total expenditures	<u>759,828</u>	<u>38,255</u>	<u>3,483</u>	<u>801,566</u>
<b>Revenues over (under) expenditures</b>	<u>28,327</u>	<u>(14,832)</u>	<u>21,600</u>	<u>35,095</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	115,000	1,000,000	-	1,115,000
Transfers out	(425,000)	-	-	(425,000)
Transfers in - General Fund	118,334	-	-	118,334
Total other financing sources (uses)	<u>(191,666)</u>	<u>1,000,000</u>	<u>-</u>	<u>808,334</u>
<b>Net change in fund balances</b>	<u>(163,339)</u>	<u>985,168</u>	<u>21,600</u>	<u>843,429</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>560,534</u>	<u>-</u>	<u>414,975</u>	<u>975,509</u>
End of year - June 30	<u>\$ 397,195</u>	<u>\$ 985,168</u>	<u>\$ 436,575</u>	<u>\$ 1,818,938</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	<b>CDBG Program Income</b>	<b>Façade Program</b>	<b>Emergency 911</b>	<b>Economic Development Capital Reserve</b>	<b>Public Safety Capital Reserve</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 6,334	\$ 12,506	\$ 23,310	\$ 109,576	\$ 55,853
Accounts receivable, net	12,916	-	-	-	-
Notes receivable, net	188,000	-	-	-	-
Total assets	<u>\$ 207,250</u>	<u>\$ 12,506</u>	<u>\$ 23,310</u>	<u>\$ 109,576</u>	<u>\$ 55,853</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,000	-	-	-
Deferred revenue	200,917	-	-	-	-
Total liabilities	<u>200,917</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Reserved by State statute	12,916	-	-	-	-
Unreserved fund balance:					
Undesignated	(6,583)	10,506	23,310	109,576	55,853
Total fund balances (deficit)	<u>6,333</u>	<u>10,506</u>	<u>23,310</u>	<u>109,576</u>	<u>55,853</u>
Total liabilities and fund balances	<u>\$ 207,250</u>	<u>\$ 12,506</u>	<u>\$ 23,310</u>	<u>\$ 109,576</u>	<u>\$ 55,853</u>

**Schedule 5**

<b>Water Capital Reserve</b>	<b>Sewer Capital Reserve</b>	<b>CDBG 6th &amp; 7th Street Revitalization</b>	<b>Capacity Grant</b>	<b>Gang/Drug Investigator Fund</b>	<b>CDBG Affordable Housing</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 71,134	\$ 120,483	\$ -	\$ -	\$ -	\$ -	\$ 399,196
-	-	-	27,871	15,149	83	55,936
-	-	-	-	-	-	188,000
<u>\$ 71,134</u>	<u>\$ 120,483</u>	<u>\$ -</u>	<u>\$ 27,871</u>	<u>\$ 15,149</u>	<u>\$ 83</u>	<u>\$ 643,132</u>
\$ -	\$ -	\$ -	\$ 12,405	\$ 2,010	\$ 83	\$ 14,415
-	-	-	15,466	13,139	-	30,605
-	-	-	-	-	-	200,917
<u>-</u>	<u>-</u>	<u>-</u>	<u>27,871</u>	<u>15,149</u>	<u>83</u>	<u>245,937</u>
-	-	-	-	-	-	12,916
<u>71,134</u>	<u>120,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,279</u>
<u>71,134</u>	<u>120,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,195</u>
<u>\$ 71,134</u>	<u>\$ 120,483</u>	<u>\$ -</u>	<u>\$ 27,871</u>	<u>\$ 15,149</u>	<u>\$ 83</u>	<u>\$ 643,132</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2010

	<b>CDBG Program Income</b>	<b>Façade Program</b>	<b>Emergency 911</b>	<b>Economic Development Capital Reserve</b>	<b>Public Safety Capital Reserve</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 2,574	\$ -	\$ 74,374	\$ -	\$ -
Water/Sewer impact fees	-	-	-	-	-
Water/Sewer assessments	-	-	-	-	-
Investment earnings	-	106	-	637	656
Total revenues	<u>2,574</u>	<u>106</u>	<u>74,374</u>	<u>637</u>	<u>656</u>
<b>Expenditures:</b>					
Public safety	-	-	123,830	-	-
Economic and physical development	<u>1,001</u>	<u>12,098</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,001</u>	<u>12,098</u>	<u>123,830</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>1,573</u>	<u>(11,992)</u>	<u>(49,456)</u>	<u>637</u>	<u>656</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	15,000	-	100,000	-
Transfers to other funds	-	-	-	(100,000)	(200,000)
Transfers in - General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,334</u>
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>(81,666)</u>
<b>Net change in fund balances</b>	1,573	3,008	(49,456)	637	(81,010)
<b>Fund Balance:</b>					
Beginning of year - July 1	<u>4,760</u>	<u>7,498</u>	<u>72,766</u>	<u>108,939</u>	<u>136,863</u>
End of year - June 30	<u>\$ 6,333</u>	<u>\$ 10,506</u>	<u>\$ 23,310</u>	<u>\$ 109,576</u>	<u>\$ 55,853</u>

Schedule 6

<b>Water Capital Reserve</b>	<b>Sewer Capital Reserve</b>	<b>CDBG 6th &amp; 7th Street Revitalization</b>	<b>Capacity Grant Fund</b>	<b>Gang/Drug Investigator Fund</b>	<b>CDBG Affordable Housing</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ 465,689	\$ 43,961	\$ 75,666	\$ 83	\$ 662,347
10,191	13,345	-	-	-	-	23,536
-	100,000	-	-	-	-	100,000
347	526	-	-	-	-	2,272
<u>10,538</u>	<u>113,871</u>	<u>465,689</u>	<u>43,961</u>	<u>75,666</u>	<u>83</u>	<u>788,155</u>
-	-	-	-	75,666	-	199,496
-	-	503,189	43,961	-	83	560,332
-	-	503,189	43,961	75,666	83	759,828
<u>10,538</u>	<u>113,871</u>	<u>(37,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,327</u>
-	-	-	-	-	-	115,000
-	(80,000)	(45,000)	-	-	-	(425,000)
-	-	-	-	-	-	118,334
-	<u>(80,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,666)</u>
10,538	33,871	(82,500)	-	-	-	(163,339)
<u>60,596</u>	<u>86,612</u>	<u>82,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,534</u>
<u>\$ 71,134</u>	<u>\$ 120,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,195</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## SPECIAL REVENUE FUND - CDBG PROGRAM INCOME FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
Economic development loan repayments	\$ -	\$ 2,574	\$ 2,574	\$ 2,728
Miscellaneous revenues	-	-	-	9,792
Total revenues	-	2,574	2,574	12,520
<b>Expenditures:</b>				
<b>Economic Development:</b>				
Other expenses	1,200	1,001	199	-
Total expenditures	1,200	1,001	199	-
<b>Revenues over (under) expenditures</b>	(1,200)	1,573	2,773	12,520
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	1,200	-	(1,200)	-
Transfer to Sewer Capital Reserve Fund	-	-	-	(3,455)
Total other financing sources (uses)	1,200	-	(1,200)	(3,455)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>1,573</u>	<u>\$ 1,573</u>	<u>9,065</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,760</u>		<u>(4,305)</u>
End of year - June 30		<u>\$ 6,333</u>		<u>\$ 4,760</u>



## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - FAÇADE PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 106	\$ 106	\$ 135
Total revenues	-	106	106	135
<b>Expenditures:</b>				
<b>Economic Development:</b>				
Facade grants	22,364	12,098	10,266	14,086
Total expenditures	22,364	12,098	10,266	14,086
<b>Revenues over (under) expenditures</b>	(22,364)	(11,992)	10,372	(13,951)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	7,364	-	(7,364)	-
Transfer from General Fund	15,000	15,000	-	15,000
Total other financing sources (uses)	22,364	15,000	(7,364)	15,000
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>3,008</u>	<u>\$ 3,008</u>	<u>1,049</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>7,498</u>		<u>6,449</u>
End of year - June 30		<u>\$ 10,506</u>		<u>\$ 7,498</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - EMERGENCY 911 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Emergency 911 surcharge	\$ 74,374	\$ 74,374	\$ -	\$ 105,364
Total revenues	<u>74,374</u>	<u>74,374</u>	<u>-</u>	<u>105,364</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Contract services	43,298	35,328	7,970	32,598
Equipment purchases	<u>88,502</u>	<u>88,502</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>131,800</u>	<u>123,830</u>	<u>7,970</u>	<u>32,598</u>
<b>Revenues over (under) expenditures</b>	<u>(57,426)</u>	<u>(49,456)</u>	<u>7,970</u>	<u>72,766</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>57,426</u>	<u>-</u>	<u>(57,426)</u>	<u>-</u>
Total other financing sources (uses)	<u>57,426</u>	<u>-</u>	<u>(57,426)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(49,456)</u>	<u>\$ (49,456)</u>	<u>72,766</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>72,766</u>		<u>-</u>
End of year - June 30		<u>\$ 23,310</u>		<u>\$ 72,766</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 637	\$ 637	\$ 1,914
Total revenues	-	637	637	1,914
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	(100,000)	(100,000)	-	(100,000)
Transfers from Electric Fund	100,000	100,000	-	100,000
Total other financing sources (uses)	-	-	-	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>637</u>	<u>\$ 637</u>	<u>1,914</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>108,939</u>		<u>107,025</u>
End of year - June 30		<u>\$ 109,576</u>		<u>\$ 108,939</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - PUBLIC SAFETY CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Investment earnings	\$ -	\$ 656	\$ 656	\$ 2,398
Total revenues	-	656	656	2,398
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	118,334	118,334	-	150,893
Transfers to General Fund	(200,000)	(200,000)	-	(149,989)
Appropriated fund balance	81,666	-	(81,666)	-
Total other financing sources (uses)	-	(81,666)	(81,666)	904
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(81,010)</u>	<u>\$ (81,010)</u>	3,302
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>136,863</u>		<u>133,561</u>
End of year - June 30		<u>\$ 55,853</u>		<u>\$ 136,863</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## SPECIAL REVENUE FUND - WATER CAPITAL RESERVE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
Water impact fees	\$ -	\$ 10,191	\$ 10,191	\$ 16,747
Investment earnings	-	347	347	872
Total revenues	-	10,538	10,538	17,619
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>10,538</u>	<u>\$ 10,538</u>	17,619
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>60,596</u>		<u>42,977</u>
End of year - June 30		<u>\$ 71,134</u>		<u>\$ 60,596</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## SPECIAL REVENUE FUND - SEWER CAPITAL RESERVE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
Sewer impact fees	\$ -	\$ 13,345	\$ 13,345	\$ 21,530
Sewer assessments	-	100,000	100,000	-
Investment earnings	-	526	526	1,239
Total revenues	-	113,871	113,871	22,769
<b>Other Financing Sources (Uses):</b>				
Transfer to Sewer Fund	(80,000)	(80,000)	-	-
Transfer from Special Revenue Fund	-	-	-	3,455
Appropriated fund balance	80,000	-	(80,000)	-
Total other financing sources (uses)	-	(80,000)	(80,000)	3,455
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>33,871</u>	<u>\$ 33,871</u>	26,224
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>86,612</u>		<u>60,388</u>
End of year - June 30		<u>\$ 120,483</u>		<u>\$ 86,612</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CDBG 6TH & 7TH STREET REVITALIZATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Positive/(Negative)</b>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Community Development Grant	\$ 850,000	\$ 384,260	\$ 465,689	\$ 849,949	\$ (51)
Total revenues	<u>850,000</u>	<u>384,260</u>	<u>465,689</u>	<u>849,949</u>	<u>(51)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration	54,600	45,887	8,712	54,599	1
Rehabilitation	151,200	78,470	72,730	151,200	-
Relocation assistance	183,089	104,806	78,283	183,089	-
Clearance activities	47,411	1,216	46,193	47,409	2
New residential construction	45,000	-	-	-	45,000
Acquisition	159,500	13,972	145,496	159,468	32
Water improvements	55,795	43,140	12,640	55,780	15
Sewer improvements	<u>273,405</u>	<u>134,269</u>	<u>139,135</u>	<u>273,404</u>	<u>1</u>
Total expenditures	<u>970,000</u>	<u>421,760</u>	<u>503,189</u>	<u>924,949</u>	<u>45,051</u>
<b>Revenues over (under) expenditures</b>	<u>(120,000)</u>	<u>(37,500)</u>	<u>(37,500)</u>	<u>(75,000)</u>	<u>(45,000)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	120,000	120,000	-	120,000	-
Transfer to General Fund	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>45,000</u>
Total other financing sources (uses)	<u>120,000</u>	<u>120,000</u>	<u>(45,000)</u>	<u>75,000</u>	<u>45,000</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 82,500</u>	<u>(82,500)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>82,500</u>		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - PACIFIC SEACRAFT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Positive/(Negative)</b>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Rural Center Grant	\$ 200,000	\$ 119,094	\$ -	\$ 119,094	\$ (80,906)
Total revenues	<u>200,000</u>	<u>119,094</u>	<u>-</u>	<u>119,094</u>	<u>(80,906)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Warehouse renovations	<u>200,000</u>	<u>119,094</u>	<u>-</u>	<u>119,094</u>	<u>80,906</u>
Total expenditures	<u>200,000</u>	<u>119,094</u>	<u>-</u>	<u>119,094</u>	<u>80,906</u>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		



## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CAPACITY GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Positive/(Negative)</b>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Community Development Grant	\$ 75,000	\$ 23,582	\$ 43,961	\$ 67,543	\$ (7,457)
Total revenues	<u>75,000</u>	<u>23,582</u>	<u>43,961</u>	<u>67,543</u>	<u>(7,457)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration	7,500	3,500	-	3,500	4,000
Planning	<u>67,500</u>	<u>20,082</u>	<u>43,961</u>	<u>64,043</u>	<u>3,457</u>
Total expenditures	<u>75,000</u>	<u>23,582</u>	<u>43,961</u>	<u>67,543</u>	<u>7,457</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - GANG/DRUG INVESTIGATOR**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive/(Negative)</u>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Grant funds	\$ 191,308	\$ -	\$ 75,666	\$ 75,666	\$ (115,642)
Total revenues	<u>191,308</u>	<u>-</u>	<u>75,666</u>	<u>75,666</u>	<u>(115,642)</u>
<b>Expenditures:</b>					
<b>Public Safety:</b>					
Salaries and employee benefits	122,208	-	26,331	26,331	95,877
Materials	21,565	-	2,395	2,395	19,170
Capital outlay	<u>47,535</u>	<u>-</u>	<u>46,940</u>	<u>46,940</u>	<u>595</u>
Total expenditures	<u>191,308</u>	<u>-</u>	<u>75,666</u>	<u>75,666</u>	<u>115,642</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u><u>\$ -</u></u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND -CDBG AFFORDABLE HOUSING  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Positive/(Negative)</u>
		<u>Years</u>	<u>Years</u>	<u>to Date</u>	
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Grant funds	\$ 227,700	\$ -	\$ 83	\$ 83	\$ (227,617)
Total revenues	<u>227,700</u>	<u>-</u>	<u>83</u>	<u>83</u>	<u>(227,617)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration and planning	80,700	-	83	83	80,617
Acquisitions	<u>147,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,000</u>
Total expenditures	<u>227,700</u>	<u>-</u>	<u>83</u>	<u>83</u>	<u>227,617</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

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## **Nonmajor Governmental Funds**

### **Capital Project Funds**

Capital Project Funds account for funds to be used for the acquisition or construction of major capital facilities.

- CDBG Keyesville Road Subdivision – This fund is used to account for funds to be used for infrastructure construction.
- New Police Station – This fund is used to account for funds to be used for the construction of a new police station.

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## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2010

	<b>CDBG Keyesville Road Subdivision Fund</b>	<b>New Police Station</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Assets:</b>			
Restricted cash and investments	\$ -	\$ 989,090	\$ 989,090
Accounts receivable, net	7,881	-	7,881
Total assets	<u>\$ 7,881</u>	<u>\$ 989,090</u>	<u>\$ 996,971</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,960	\$ 3,922	\$ 6,882
Due to General Fund	4,921	-	4,921
Total liabilities	<u>7,881</u>	<u>3,922</u>	<u>11,803</u>
<b>Fund Balances:</b>			
Unreserved	-	985,168	985,168
Total fund balances	<u>-</u>	<u>985,168</u>	<u>985,168</u>
Total liabilities and fund balances	<u>\$ 7,881</u>	<u>\$ 989,090</u>	<u>\$ 996,971</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>CDBG Keyesville Road Subdivision Fund</b>	<b>New Police Station</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>			
Federal grant funds	\$ 21,794	\$ -	\$ 21,794
Investment earnings	-	1,629	1,629
Total revenues	21,794	1,629	23,423
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	-	16,461	16,461
General government	21,794	-	21,794
Total expenditures	21,794	16,461	38,255
<b>Revenues over (under) expenditures</b>	-	(14,832)	(14,832)
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	1,000,000	1,000,000
Total other financing sources (uses)	-	1,000,000	1,000,000
<b>Net change in fund balances</b>	-	985,168	985,168
<b>Fund Balances:</b>			
Beginning of year - July 1	-	-	-
End of year - June 30	\$ -	\$ 985,168	\$ 985,168



## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - CDBG KEYESVILLE ROAD SUBDIVISION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Positive/(Negative)</b>
<b>Revenues:</b>					
Federal grant funds	\$ 250,000	\$ 100,543	\$ 21,794	\$ 122,337	\$ (127,663)
Total revenues	250,000	100,543	21,794	122,337	(127,663)
<b>Expenditures:</b>					
<b>General Government:</b>					
Grant administration	20,000	20,184	(1,238)	18,946	1,054
Acquisitions	69,976	69,976	-	69,976	-
Street improvements	92,671	10,383	20,073	30,456	62,215
Water improvements	24,665	-	-	-	24,665
Sewer improvements	42,688	-	2,959	2,959	39,729
Total expenditures	250,000	100,543	21,794	122,337	127,663
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - NEW POLICE STATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive/(Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 1,629	\$ 1,629	\$ 1,629
Total revenues	-	-	1,629	1,629	1,629
<b>Expenditures:</b>					
<b>Public Safety:</b>					
Legal fees	5,000	-	4,857	4,857	143
Engineering fees	325,000	-	10,854	10,854	314,146
Contingency	460,000	-	-	-	460,000
Land acquisition	210,000	-	750	750	209,250
Total expenditures	1,000,000	-	16,461	16,461	983,539
<b>Revenues over (under) expenditures</b>	(1,000,000)	-	(14,832)	(14,832)	985,168
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	1,000,000	-	1,000,000	1,000,000	-
Total other financing sources (uses)	1,000,000	-	1,000,000	1,000,000	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	985,168	<u>\$ 985,168</u>	<u>\$ 985,168</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 985,168</u>		

## **Nonmajor Governmental Funds**

### **Permanent Funds**

Permanent Funds are used to account for the fiduciary relationship in which the trust corpus may not be expended but must be kept intact.

- Library Trust Fund - This fund is used to account for the corpus of the George H. and Laura E. Brown Trust which was transferred to the City for the benefit of the Brown Library. Interest earned on the corpus is paid to the General Fund to help defray a portion of the costs associated with the upkeep of the library.
- Cemetery Trust Fund - This fund is used to account for payments which have been received for the continued upkeep of certain lots within the City's two cemeteries. Interest earned on the corpus is paid to the General Fund to help defray a portion of the costs associated with the upkeep of the cemeteries.

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## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR PERMANENT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 95,375	\$ 341,200	\$ 436,575
Accounts receivable, net	-	400	400
Total assets	<u>\$ 95,375</u>	<u>\$ 341,600</u>	<u>\$ 436,975</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Deferred revenue	\$ -	\$ 400	\$ 400
Total liabilities	<u>-</u>	<u>400</u>	<u>400</u>
<b>Fund Balances:</b>			
Reserved for library care	95,375	-	95,375
Reserved for cemetery care	<u>-</u>	<u>341,200</u>	<u>341,200</u>
Total fund balances	<u>95,375</u>	<u>341,200</u>	<u>436,575</u>
Total liabilities and fund balances	<u>\$ 95,375</u>	<u>\$ 341,600</u>	<u>\$ 436,975</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR PERMANENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Revenues:</b>			
Perpetual Care fees	\$ -	\$ 21,600	\$ 21,600
Interest earnings	800	2,683	3,483
Total revenues	800	24,283	25,083
<b>Expenditures:</b>			
<b>Current:</b>			
Environmental protection	-	2,683	2,683
Cultural and recreation	800	-	800
Total expenditures	800	2,683	3,483
<b>Net change in fund balances</b>	-	21,600	21,600
<b>Fund Balances:</b>			
Beginning of year - July 1	95,375	319,600	414,975
End of year - June 30	<u>\$ 95,375</u>	<u>\$ 341,200</u>	<u>\$ 436,575</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR PERMANENT FUND - LIBRARY FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
Interest earnings	\$ 1,000	\$ 800	\$ (200)	\$ 2,208
Total revenues	<u>1,000</u>	<u>800</u>	<u>(200)</u>	<u>2,208</u>
<b>Expenditures:</b>				
Administration	<u>1,000</u>	<u>800</u>	<u>200</u>	<u>2,208</u>
Total expenditures	<u>1,000</u>	<u>800</u>	<u>200</u>	<u>2,208</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>95,375</u>		<u>95,375</u>
End of year - June 30		<u>\$ 95,375</u>		<u>\$ 95,375</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR PERMANENT FUND - CEMETERY FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Revenues:</b>				
Perpetual Care fees	\$ -	\$ 21,600	\$ 21,600	\$ -
Interest earnings	3,700	2,683	(1,017)	7,422
Total revenues	3,700	24,283	20,583	7,422
<b>Expenditures:</b>				
Administration	3,700	2,683	1,017	7,422
Total expenditures	3,700	2,683	1,017	7,422
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>21,600</u>	<u>\$ 21,600</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>319,600</u>		<u>319,600</u>
End of year - June 30		<u>\$ 341,200</u>		<u>\$ 319,600</u>



## **Major Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the government's council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

- Water Fund - This fund is used to account for the City's water utility operations.
- Sewer Fund - This fund is used to account for the City's sewer utility operations.
- Electric Fund - This fund is used to account for the City's electric utility operations.
- Cherry Road Water Extension Capital Project Fund - This fund is used to account for the construction of the Cherry Road water extension.
- Pennsylvania Avenue Sewer Extension Capital Project Fund - This fund is used to account for the construction of the Pennsylvania Avenue sewer extension.

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CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Operating Revenues:</b>				
Water sales	\$ 2,843,000	\$ 2,926,974	\$ 83,974	\$ 2,804,691
<b>Other Operating Revenues:</b>				
Connection and reconnection fees	40,000	36,348	(3,652)	41,652
Water taps	25,000	23,255	(1,745)	25,416
Water assessments	-	-	-	(1,072)
Fire hydrants	10,500	10,500	-	10,500
Sales of services and materials	-	1,323	1,323	66
Total operating revenues	2,918,500	2,998,400	79,900	2,881,253
<b>Non-Operating Revenues:</b>				
Rents	34,207	30,223	(3,984)	32,500
Recovery of doubtful accounts	500	774	274	619
Late penalty charges	12,600	16,883	4,283	11,467
Interest earnings	5,000	194	(4,806)	10,513
Capital investment fees	4,562	964	(3,598)	2,697
Sale of surplus and scrap	-	2,510	2,510	2,789
FEMA assistance	-	-	-	4,834
Miscellaneous	6,300	(2,300)	(8,600)	29,789
Total non-operating revenues	63,169	49,248	(13,921)	95,208
<b>Total revenues</b>	2,981,669	3,047,648	65,979	2,976,461
<b>Operating Expenditures:</b>				
<b>Water Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	78,793	78,005	788	76,412
Supplies	750	302	448	66
Employee development	249	-	249	-
Telephone	575	528	47	514
Maintenance	-	-	-	500
Total Public Works Director	80,367	78,835	1,532	77,492
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	25,812	22,055	3,757	9,424
Unemployment wages	230	-	230	-
Insurance and bonds	81,677	81,661	16	27,410
Printing and publishing	4,120	3,246	874	3,481
Utility service fee - General Fund	274,290	274,290	-	278,043
Utility service fee - Electric Fund	82,208	82,208	-	82,528
Maintenance	500	397	103	397
Inventory reimbursement	1,100	1,092	8	169
Contingency	7,664	-	7,664	-
Total miscellaneous - non-departmental	477,601	464,949	12,652	401,452
<b>Total water administration</b>	557,968	543,784	14,184	478,944

**CITY OF WASHINGTON, NORTH CAROLINA**

**ENTERPRISE FUND - WATER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/(Negative)</b>	<b>Actual</b>
<b>Water Treatment and Distribution:</b>				
<b>Water Meter Services:</b>				
Salaries and employee benefits	125,664	123,495	2,169	122,144
Telephone	750	782	(32)	584
Employee development	450	391	59	707
Maintenance	103,890	103,662	228	3,833
Supplies	595	592	3	512
Materials	2,865	2,855	10	3,337
OSHA safety mandates	100	14	86	72
Professional services	750	747	3	5,376
Total water meter services	235,064	232,538	2,526	136,565
<b>Water Treatment Plant:</b>				
Salaries and employee benefits	460,728	459,019	1,709	442,480
OSHA safety mandates	1,200	1,146	54	483
Employee development	2,420	1,938	482	1,481
Telephone	4,000	2,864	1,136	2,526
Printing and publishing	2,500	2,115	385	2,095
Water and electric services	235,245	234,436	809	226,220
Maintenance	63,923	57,629	6,294	60,072
Supplies	5,700	4,977	723	3,900
Chemicals and lab supplies	310,493	268,761	41,732	210,878
Dues and subscriptions	6,270	4,455	1,815	4,470
Professional services	4,285	851	3,434	1,726
Contract services	9,394	4,896	4,498	4,265
Employee advertisement	100	41	59	91
Total water treatment plant	1,106,258	1,043,128	63,130	960,687
<b>Water Distribution Maintenance:</b>				
Salaries and employee benefits	105,915	104,300	1,615	103,752
Contract services	86,077	86,077	-	106,827
Water and electric services	6,360	5,692	668	6,310
Employee advertising	60	-	60	-
Maintenance	8,195	6,342	1,853	50,135
Supplies	595	540	55	1,695
Materials	20,000	19,791	209	16,066
Insurance	40	40	-	-
Total water distribution maintenance	227,242	222,782	4,460	284,785
<b>Total water treatment and distribution</b>	<b>1,568,564</b>	<b>1,498,448</b>	<b>70,116</b>	<b>1,382,037</b>
Capital outlay	111,613	109,192	2,421	207,446

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	600,975	600,973	2	795,227
Interest	62,970	60,752	2,218	95,821
<b>Installment Notes:</b>				
Principal retirement	53,542	53,541	1	53,624
Interest	2,575	2,574	1	4,733
Total debt service	720,062	717,840	2,222	949,405
<b>Total operating expenditures</b>	2,958,207	2,869,264	88,943	3,017,832
<b>Revenues over (under) expenditures</b>	23,462	178,384	154,922	(41,371)
<b>Other Financing Sources (Uses):</b>				
<b>Transfers to:</b>				
Capital Project Fund	(23,462)	(17,211)	6,251	-
Total other financing sources (uses)	(23,462)	(17,211)	6,251	-
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	\$ -	\$ 161,173	\$ 161,173	\$ (41,371)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 161,173		\$ (41,371)
Capital outlay		109,192		207,446
Principal retirement		654,514		848,851
Increase in accrued vacation and sick pay		(12,961)		(6,950)
Change in OPEB liability		(16,497)		(16,944)
Depreciation		(728,375)		(745,419)
Bad debt provision		(11,971)		274
Inventory adjustment		6,339		(731)
Loss on disposal of capital assets		(3,077)		-
Capital contributions		19,325		43,140
Transfer out		-		(8,520)
Transfer to Water Capital Project		17,211		-
Capital contributions, grant revenue from: Cherry Road Water Extension project		164,933		564,689
Change in net assets		\$ 359,806		\$ 844,465

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
Sewer sales	\$ 2,900,000	\$ 2,937,486	\$ 37,486	\$ 2,910,493
<b>Other Operating Revenues:</b>				
Sewer taps	11,600	6,939	(4,661)	9,765
Total operating revenues	2,911,600	2,944,425	32,825	2,920,258
<b>Non-Operating Revenues:</b>				
Rural Center grant	-	40,000	40,000	-
Recovery of doubtful accounts	450	1,417	967	636
Late penalty charges	15,000	22,533	7,533	14,403
Interest earnings	15,000	8,214	(6,786)	30,930
Sewer assessments	30,111	9,090	(21,021)	6,233
FEMA assistance	-	-	-	4,834
Miscellaneous	-	1,250	1,250	1,340
Total non-operating revenues	60,561	82,504	21,943	58,376
<b>Total revenues</b>	<b>2,972,161</b>	<b>3,026,929</b>	<b>54,768</b>	<b>2,978,634</b>
<b>Operating Expenditures:</b>				
<b>Sewer Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	78,793	78,005	788	76,412
Supplies	300	294	6	22
Employee development	75	-	75	-
Dues and subscriptions	-	-	-	295
Telephone	600	564	36	486
Total Public Works Director	79,768	78,863	905	77,215
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	16,687	16,331	356	26,809
Printing and publishing	4,120	3,246	874	3,481
Insurance and bonds	76,446	67,273	9,173	69,250
Utility service fee - General Fund	283,376	283,376	-	286,177
Maintenance	480	397	83	397
Inventory reimbursement	100	-	100	55
Other expenses	4,000	-	4,000	308
Utility service fee - Electric Fund	49,675	49,675	-	40,494
Total miscellaneous - non-departmental	434,884	420,298	14,586	426,971
<b>Total sewer administration</b>	<b>514,652</b>	<b>499,161</b>	<b>15,491</b>	<b>504,186</b>
<b>Waste Collection and Treatment:</b>				
<b>Wastewater Treatment:</b>				
Salaries and employee benefits	443,610	421,597	22,013	414,672
Employee advertising	100	-	100	73
Employee development	3,031	3,027	4	1,039
Telephone	600	416	184	475
Printing and publishing	1,000	185	815	90

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
Water and electric service	296,600	295,837	763	273,544
Maintenance	81,965	53,051	28,914	95,034
Supplies	89,411	68,500	20,911	68,767
Dues	5,730	4,800	930	4,345
Professional services	36,984	27,745	9,239	58,667
Contract services	100,412	98,758	1,654	96,502
Licenses and permits	6,960	6,910	50	7,060
OSHA safety mandates	1,820	1,636	184	633
Total wastewater treatment	1,068,223	982,462	85,761	1,020,901
<b>Wastewater Collection Maintenance:</b>				
Salaries and employee benefits	123,960	123,259	701	119,265
OSHA safety mandates	500	231	269	118
Employee development	750	238	512	118
Telephone	3,000	2,689	311	2,621
Printing and publishing	26	-	26	115
Maintenance	13,721	12,700	1,021	12,552
Supplies	2,500	1,490	1,010	2,088
Materials	13,000	12,321	679	10,930
Contract services	114,260	34,669	79,591	32,233
Insurance	625	612	13	1,516
Professional services	203	203	-	144
Total wastewater collection maintenance	272,545	188,412	84,133	181,700
<b>Sewer Pumping Station:</b>				
Salaries and employee benefits	54,802	54,693	109	52,995
Water and electrical service	111,500	111,486	14	100,399
Maintenance	64,737	61,645	3,092	45,495
Supplies	2,130	1,905	225	1,299
Chemicals	-	-	-	23
Professional services	10,000	306	9,694	32,969
Total sewer pumping station	243,169	230,035	13,134	233,180
<b>Total waste collection and treatment</b>	<b>1,583,937</b>	<b>1,400,909</b>	<b>183,028</b>	<b>1,435,781</b>
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	452,744	452,743	1	558,681
Interest	79,871	78,138	1,733	103,638
<b>Installment Notes:</b>				
Principal retirement	91,825	91,939	(114)	74,106
Interest	6,465	6,225	240	6,371
<b>State Loan:</b>				
Principal retirement	131,806	131,805	1	131,805
Interest	51,035	48,420	2,615	57,275
Total debt service	813,746	809,270	4,476	931,876
Capital outlay	314,330	171,032	143,298	427,408

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
Total operating expenditures	3,226,665	2,880,372	346,293	3,299,251
Revenues over (under) expenditures	(254,504)	146,557	(291,525)	(320,617)
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	157,500
Appropriated fund balance	214,504	-	(214,504)	-
Transfers from:				
Sewer Capital Reserve Fund	80,000	80,000	-	-
Transfer to:				
Sewer Capital Project Fund	(40,000)	(40,000)	-	-
Total other financing sources (uses)	254,504	40,000	(214,504)	157,500
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 186,557	\$ 186,557	\$ (163,117)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 186,557		\$ (163,117)
Capital outlay		171,032		427,408
Principal retirement		676,487		764,592
Installment note proceeds		-		(157,500)
Increase in accrued vacation and sick pay		16,652		(8,284)
Change in OPEB liability		(20,869)		(20,195)
Depreciation		(633,363)		(606,294)
Bad debt (provision) recovery		(13,042)		(420)
Inventory adjustment		5		186
Loss on disposal of capital assets		(9,302)		-
Capital contributions, grant revenue from:				
Pennsylvania Avenue Sewer Extension Project		405,639		-
Transfer to Sewer Capital Project Fund		40,000		-
Capital contributions		139,135		142,789
Change in net assets		\$ 958,931		\$ 379,165



# CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - ELECTRIC FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2010

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
Electric sales	\$ 37,267,542	\$ 36,685,361	\$ (582,181)	\$ 35,996,622
<b>Other Operating Revenues:</b>				
Underground services	130,000	44,899	(85,101)	38,880
Reconnection fees	90,000	90,123	123	83,655
Facility connection fees	6,000	4,991	(1,009)	5,123
Pole attachment fees - cable TV	22,500	30,093	7,593	14,640
Connection fees	40,000	48,421	8,421	36,547
New construction fee	10,000	8,450	(1,550)	9,107
Total operating revenues	<u>37,566,042</u>	<u>36,912,338</u>	<u>(653,704)</u>	<u>36,184,574</u>
<b>Non-Operating Revenues:</b>				
Recovery of doubtful accounts	5,000	6,437	1,437	4,064
Late penalty charges	160,000	236,509	76,509	164,894
Interest earnings	50,000	1,919	(48,081)	59,077
Sale of surplus and scrap	18,000	33,144	15,144	50,153
Fines and meters	10,000	11,225	1,225	8,867
DOT reimbursement	1,891,614	297,587	(1,594,027)	824,839
FEMA assistance	-	-	-	61,472
Miscellaneous	80,240	65,118	(15,122)	48,003
Total non-operating revenues	<u>2,214,854</u>	<u>651,939</u>	<u>(1,562,915)</u>	<u>1,221,369</u>
<b>Total revenues</b>	<u>39,780,896</u>	<u>37,564,277</u>	<u>(2,216,619)</u>	<u>37,405,943</u>
<b>Operating Expenditures:</b>				
<b>Administration:</b>				
<b>Office of Electric Director:</b>				
Salaries and employee benefits	272,822	248,754	24,068	273,137
Employee development	8,800	2,375	6,425	13,769
Professional services	1,911,614	319,610	1,592,004	819,062
Telephone	4,000	3,292	708	3,411
Printing and publishing	100	7	93	83
Maintenance	5,750	4,340	1,410	2,134
Supplies	3,000	1,623	1,377	1,739
Dues and subscriptions	1,000	919	81	1,058
Total Office of Electric Director	<u>2,207,086</u>	<u>580,920</u>	<u>1,626,166</u>	<u>1,114,393</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - ELECTRIC FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2010

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Miscellaneous - Non-Departmental:</b>				
Printing and publishing	5,900	5,888	12	6,107
Dues and subscriptions	270	270	-	-
Insurance and bonds	136,683	136,683	-	91,040
Workers' compensation	36,695	36,694	1	53,789
Inventory reimbursement	800	791	9	5,351
Rents	18,000	18,000	-	71,150
Maintenance	795	794	1	794
Utility service fee - General Fund	1,287,046	1,287,046	-	1,435,342
Other expenses	132,300	132,300	-	165,791
Total miscellaneous - non-departmental	1,618,489	1,618,466	23	1,829,364
<b>Total administration</b>	3,825,575	2,199,386	1,626,189	2,943,757
<b>Utility Communications:</b>				
Salaries and employee benefits	232,141	225,072	7,069	182,940
Employee development	400	78	322	-
Professional services	530	277	253	3,405
Telephone	10,600	10,193	407	13,623
Water and electric services	2,950	2,918	32	2,509
Rents	17,320	17,320	-	17,320
Maintenance	7,000	6,090	910	3,728
Supplies	1,500	1,169	331	1,717
Total load management	272,441	263,117	9,324	225,242
<b>Meter Services:</b>				
Salaries and employee benefits	296,387	270,670	25,717	280,737
Employee advertising	200	-	200	-
Employee development	1,750	1,726	24	1,870
Telephone	4,000	2,752	1,248	4,117
Water and electric service	7,000	7,409	(409)	6,631
Maintenance	78,496	62,871	15,625	58,188
Supplies	3,000	2,358	642	1,915
Materials	15,607	7,493	8,114	7,558
Professional services	100	1,346	(1,246)	72
Other expenses	400	334	66	382
Insurance	-	-	-	375
Contract services	30,000	-	30,000	-
Reimbursement from other funds	(131,883)	(131,883)	-	(123,022)
Total meter services	305,057	225,076	79,981	238,823

# CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Power Line Maintenance:</b>				
Salaries and employee benefits	750,416	727,105	23,311	711,608
Employee advertising	-	-	-	141
Employee development	14,000	11,229	2,771	13,114
Telephone	3,000	2,705	295	2,765
Water and electric service	12,500	11,731	769	11,086
Printing and publishing	36	37	(1)	60
Maintenance	132,798	128,071	4,727	154,839
Supplies	37,100	31,319	5,781	37,588
Materials	182,662	179,923	2,739	115,788
Contract services	203,682	197,567	6,115	169,125
Professional services	4,769	4,904	(135)	2,699
Insurance	13,560	13,624	(64)	5,186
Other expenses	4,594	4,541	53	613
Total power line maintenance	1,359,117	1,312,756	46,361	1,224,612
<b>Substation Maintenance:</b>				
Salaries and employee benefits	239,591	197,867	41,724	209,095
Employee advertisement	200	-	200	-
Employee development	4,250	2,278	1,972	1,369
Professional services	12,000	8,468	3,532	14,057
Telephone	2,000	1,744	256	1,759
Water and electric service	32,000	27,826	4,174	26,648
Maintenance	237,394	140,375	97,019	271,374
Supplies	2,500	1,544	956	1,317
Contract services	15,700	5,280	10,420	6,990
Gasoline purchases	270,571	191,956	78,615	163,796
Insurance	-	-	-	161
Other expenses	373,276	72,476	300,800	22,535
Total substation maintenance	1,189,482	649,814	539,668	719,101
<b>Total electric operations</b>	<b>3,126,097</b>	<b>2,450,763</b>	<b>675,334</b>	<b>2,407,778</b>
Electric power purchases	29,105,589	29,091,386	14,203	28,257,019
Capital outlay	4,150,551	2,847,187	1,303,364	2,493,254

# CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - ELECTRIC FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2010

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	61,285	61,285	-	81,092
Interest	6,422	6,195	227	9,771
<b>Installment Notes:</b>				
Principal retirement	1,323,349	1,763,778	(440,429)	986,897
Interest	141,721	107,497	34,224	75,892
Total debt service	1,532,777	1,938,755	(405,978)	1,153,652
<b>Total operating expenditures</b>	<u>41,740,589</u>	<u>38,527,477</u>	<u>3,213,112</u>	<u>37,255,460</u>
<b>Revenues over (under) expenditures</b>	<u>(1,959,693)</u>	<u>(963,200)</u>	<u>996,493</u>	<u>150,483</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	2,154,500	2,154,500	-
Fund balance appropriated	3,232,843	-	(3,232,843)	-
<b>Transfers to:</b>				
General Fund	(1,173,150)	(1,173,150)	-	(680,000)
Economic Development Capital Reserve Fund	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	<u>1,959,693</u>	<u>882,819</u>	<u>(1,076,874)</u>	<u>(780,000)</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ (80,381)</u>	<u>\$ (80,381)</u>	<u>\$ (629,517)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (80,381)		\$ (629,517)
Capital outlay		2,847,187		2,493,254
Principal retirement		1,825,063		1,067,989
Installment note proceeds		(2,154,500)		-
Change in accrued vacation and sick pay		(10,980)		12,899
Change in OPEB liability		(30,984)		(25,480)
Depreciation		(1,459,926)		(1,430,491)
Bad debt provision		4,751		(17,923)
Inventory adjustment		(35,136)		17,073
Transfer out		(1,469)		231,950
Loss on disposal of capital assets		<u>(86,074)</u>		<u>-</u>
Change in net assets		<u>\$ 817,551</u>		<u>\$ 1,719,754</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - CHERRY ROAD WATER EXTENSION

## WATER CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Federal grant funds	\$ 836,600	\$ 575,788	\$ 144,248	\$ 720,036	\$ (116,564)
Local contributions	20,570	-	20,685	20,685	115
Total revenues	<u>857,170</u>	<u>575,788</u>	<u>164,933</u>	<u>740,721</u>	<u>(116,449)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	151,323	100,089	51,233	151,322	1
Grant administration	40,000	10,000	30,000	40,000	-
Construction costs	566,611	465,699	100,911	566,610	1
Contingency	122,698	-	-	-	122,698
Total expenditures	<u>880,632</u>	<u>575,788</u>	<u>182,144</u>	<u>757,932</u>	<u>122,700</u>
<b>Revenues over (under) expenditures</b>	<u>(23,462)</u>	<u>-</u>	<u>(17,211)</u>	<u>(17,211)</u>	<u>6,251</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from Water Fund	23,462	-	17,211	17,211	(6,251)
Total other financing sources (uses)	<u>23,462</u>	<u>-</u>	<u>17,211</u>	<u>17,211</u>	<u>(6,251)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This fund is consolidated into the Water Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - PENNSYLVANIA AVENUE SEWER EXTENSION  
 SEWER CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Federal grant funds	\$ 500,000	\$ -	\$ 405,639	\$ 405,639	\$ (94,361)
Total revenues	<u>500,000</u>	<u>-</u>	<u>405,639</u>	<u>405,639</u>	<u>(94,361)</u>
<b>Expenditures:</b>					
Economic and physical development					
Engineering	170,000	79,974	56,137	136,111	33,889
Construction	366,377	9,667	265,217	274,884	91,493
Contingency	<u>3,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,623</u>
Total expenditures	<u>540,000</u>	<u>89,641</u>	<u>321,354</u>	<u>410,995</u>	<u>129,005</u>
<b>Revenues over (under) expenditures</b>	<u>(40,000)</u>	<u>(89,641)</u>	<u>84,285</u>	<u>(5,356)</u>	<u>34,644</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from Sewer Fund	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing sources (uses)	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (89,641)</u>	<u>\$ 124,285</u>	<u>\$ 34,644</u>	<u>\$ 34,644</u>

This fund is consolidated into the Sewer Fund.

## **Nonmajor Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the government's council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

- Stormwater Utility Fund - This fund is used to account for the City's stormwater operations.
- Warren Field Airport Fund - This fund is used to account for the operations of the City's airfield operations.
- Solid Waste Fund - This fund is used to account for the operations of the City's solid waste operations.
- Cemetery Fund - This fund is used to account for the operations of the City's cemetery operations.

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## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUNDS

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Stormwater Utility Fund</u>	<u>Warren Field Airport</u>	<u>Solid Waste Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and investments	\$ 523,791	\$ 359,121	\$ 309,031	\$ 650	\$ 1,192,593
Accounts receivable, net	56,755	41,163	148,287	10,109	256,314
Inventory	-	32,876	-	-	32,876
Restricted cash and investments	-	-	1,592	-	1,592
Total current assets	<u>580,546</u>	<u>433,160</u>	<u>458,910</u>	<u>10,759</u>	<u>1,483,375</u>
<b>Capital Assets:</b>					
Non-depreciable capital assets	-	1,397,575	-	-	1,397,575
Other capital assets, net of accumulated depreciation	<u>3,959,063</u>	<u>852,064</u>	<u>475,935</u>	<u>9,067</u>	<u>5,296,129</u>
Total capital assets	<u>3,959,063</u>	<u>2,249,639</u>	<u>475,935</u>	<u>9,067</u>	<u>6,693,704</u>
Total assets	<u>\$ 4,539,609</u>	<u>\$ 2,682,799</u>	<u>\$ 934,845</u>	<u>\$ 19,826</u>	<u>\$ 8,177,079</u>
<b>Liabilities and Net Assets:</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 9,947	\$ 17,668	\$ 34,292	\$ 6,796	\$ 68,703
Due to other funds	-	-	15,687	16,754	32,441
Current portion of installment notes	38,965	-	101,543	-	140,508
Current portion of compensated absences	<u>15,230</u>	<u>-</u>	<u>27,678</u>	<u>8,447</u>	<u>51,355</u>
Total current liabilities	<u>64,142</u>	<u>17,668</u>	<u>179,200</u>	<u>31,997</u>	<u>293,007</u>
<b>Non-Current Liabilities:</b>					
Non-current portion of installment notes	24,552	-	58,191	-	82,743
Non-current portion of compensated absences	14,633	-	26,592	8,116	49,341
Non-current portion of OPEB liability	<u>16,156</u>	<u>-</u>	<u>32,312</u>	<u>-</u>	<u>48,468</u>
Total non-current liabilities	<u>55,341</u>	<u>-</u>	<u>117,095</u>	<u>8,116</u>	<u>180,552</u>
Total liabilities	<u>119,483</u>	<u>17,668</u>	<u>296,295</u>	<u>40,113</u>	<u>473,559</u>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	3,895,546	2,249,639	317,793	9,067	6,472,045
Unrestricted	<u>524,580</u>	<u>415,492</u>	<u>320,757</u>	<u>(29,354)</u>	<u>1,231,475</u>
Total net assets	<u>4,420,126</u>	<u>2,665,131</u>	<u>638,550</u>	<u>(20,287)</u>	<u>7,703,520</u>
Total liabilities and net assets	<u>\$ 4,539,609</u>	<u>\$ 2,682,799</u>	<u>\$ 934,845</u>	<u>\$ 19,826</u>	<u>\$ 8,177,079</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Stormwater Utility Fund</b>	<b>Warren Field Airport</b>	<b>Solid Waste Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating Revenues:</b>					
Charges for sales and services	\$ 506,463	\$ 170,721	\$ 1,279,679	\$ 210,133	\$ 2,166,996
Late penalty charges	3,292	-	-	-	3,292
Permit fees	3,000	-	-	-	3,000
Miscellaneous	5,175	(1,392)	501	3,500	7,784
Total operating revenues	<u>517,930</u>	<u>169,329</u>	<u>1,280,180</u>	<u>213,633</u>	<u>2,181,072</u>
<b>Operating Expenditures:</b>					
Administration	436,510	-	1,092,897	262,242	1,791,649
Warren Field Airport operations	-	236,596	-	-	236,596
Depreciation	128,230	127,584	57,858	2,628	316,300
Total operating expenditures	<u>564,740</u>	<u>364,180</u>	<u>1,150,755</u>	<u>264,870</u>	<u>2,344,545</u>
<b>Operating income (loss)</b>	<u>(46,810)</u>	<u>(194,851)</u>	<u>129,425</u>	<u>(51,237)</u>	<u>(163,473)</u>
<b>Non-Operating Revenues (Expenditures):</b>					
Investment earnings	3,178	1,441	749	(86)	5,282
Solid waste disposal tax	-	-	3,788	-	3,788
Grant funds	-	-	16,000	-	16,000
Interest expense	(2,450)	-	(5,526)	-	(7,976)
Total non-operating revenues (expenditures)	<u>728</u>	<u>1,441</u>	<u>15,011</u>	<u>(86)</u>	<u>17,094</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(46,082)</u>	<u>(193,410)</u>	<u>144,436</u>	<u>(51,323)</u>	<u>(146,379)</u>
<b>Capital Contributions and Transfers:</b>					
Capital contributions	-	289,245	-	11,695	300,940
Transfers in	-	100,000	-	19,341	119,341
Total capital contributions and transfers	<u>-</u>	<u>389,245</u>	<u>-</u>	<u>31,036</u>	<u>420,281</u>
Change in net assets	(46,082)	195,835	144,436	(20,287)	273,902
<b>Net Assets:</b>					
Beginning of year - July 1	<u>4,466,208</u>	<u>2,469,296</u>	<u>494,114</u>	<u>-</u>	<u>7,429,618</u>
End of year - June 30	<u>\$ 4,420,126</u>	<u>\$ 2,665,131</u>	<u>\$ 638,550</u>	<u>\$ (20,287)</u>	<u>\$ 7,703,520</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Stormwater Utility Fund</b>	<b>Warren Field Airport</b>	<b>Solid Waste Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 511,438	\$ 130,835	\$ 1,260,449	\$ 203,524	\$ 2,106,246
Cash paid to employees	(257,331)	(45,302)	(491,971)	(199,716)	(994,320)
Cash paid to suppliers	(166,099)	(187,635)	(593,043)	(39,167)	(985,944)
Net cash provided (used) by operating activities	<u>88,008</u>	<u>(102,102)</u>	<u>175,435</u>	<u>(35,359)</u>	<u>125,982</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Payments from other funds	-	-	15,687	16,754	32,441
Transfers from other funds	-	100,000	-	19,341	119,341
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>100,000</u>	<u>15,687</u>	<u>36,095</u>	<u>151,782</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Interest expense	(2,450)	-	(5,526)	-	(7,976)
Acquisition of capital assets	(1,500)	(305,159)	(325,797)	-	(632,456)
Other non-operating revenues	-	-	3,788	-	3,788
Principal payments on long-term debt	(24,308)	-	(51,695)	-	(76,003)
Capital contributions	-	289,245	16,000	-	305,245
Net cash provided (used) by capital and related financing activities	<u>(28,258)</u>	<u>(15,914)</u>	<u>(363,230)</u>	<u>-</u>	<u>(407,402)</u>
<b>Cash Flows from Investing Activities:</b>					
Investment earnings	<u>3,178</u>	<u>1,441</u>	<u>749</u>	<u>(86)</u>	<u>5,282</u>
Net cash provided (used) by investing activities	<u>3,178</u>	<u>1,441</u>	<u>749</u>	<u>(86)</u>	<u>5,282</u>
Net increase (decrease) in cash and cash equivalents/investments	62,928	(16,575)	(171,359)	650	(124,356)
<b>Cash and Cash Equivalents/Investments:</b>					
Beginning of year - July 1	<u>460,863</u>	<u>375,696</u>	<u>481,982</u>	<u>-</u>	<u>1,318,541</u>
End of year - June 30	<u>\$ 523,791</u>	<u>\$ 359,121</u>	<u>\$ 310,623</u>	<u>\$ 650</u>	<u>\$ 1,194,185</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (46,810)	\$ (194,851)	\$ 129,425	\$ (51,237)	\$ (163,473)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation	128,230	127,584	57,858	2,628	316,300
<b>Change in Assets and Liabilities:</b>					
(Increase) decrease in accounts receivable	(6,492)	(37,594)	(19,731)	(10,109)	(73,926)
(Increase) decrease in inventory	-	(4,788)	-	-	(4,788)
Increase (decrease) in accounts payable and accrued liabilities	1,141	7,547	797	6,796	16,281
Increase (decrease) in compensated absences payable	3,861	-	(9,070)	16,563	11,354
Increase (decrease) in OPEB liability	8,078	-	16,156	-	24,234
Net cash provided (used) by operating activities	<u>\$ 88,008</u>	<u>\$ (102,102)</u>	<u>\$ 175,435</u>	<u>\$ (35,359)</u>	<u>\$ 125,982</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Transfer-in of assets	\$ -	\$ -	\$ -	\$ 11,695	\$ 11,695
Total non-cash investing, capital, and financing activities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695</u>	<u>\$ 11,695</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - STORMWATER UTILITY FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2010

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Public works fees	\$ 490,000	\$ 509,812	\$ 19,812	\$ 495,520
Total operating revenues	490,000	509,812	19,812	495,520
<b>Non-Operating Revenues:</b>				
Interest earnings	3,000	3,178	178	6,003
Miscellaneous revenue	-	5,175	5,175	1,151
Late penalty charges	2,050	3,292	1,242	2,137
Permit fees	7,000	3,000	(4,000)	1,142
Total non-operating revenues	12,050	14,645	2,595	10,433
<b>Total revenues</b>	<b>502,050</b>	<b>524,457</b>	<b>22,407</b>	<b>505,953</b>
<b>Operating Expenditures:</b>				
Salaries and employee benefits	272,119	269,270	2,849	260,437
Professional services	7,500	3,475	4,025	2,163
Employee development	334	250	84	245
Water and electric service	24,600	25,451	(851)	17,393
Maintenance and repairs	90,111	17,145	72,966	11,822
Supplies	2,050	1,239	811	932
Contracted services	7,400	6,862	538	6,672
Materials	8,898	5,581	3,317	7,887
Insurance	2,860	2,856	4	11,265
Contingency	17,451	-	17,451	-
Utility service fee - General Fund	81,941	81,941	-	91,880
CAMA Stormwater management planning	-	-	-	13,002
Workers' compensation	10,310	10,310	-	-
Miscellaneous	816	191	625	136
Total operating expenditures	526,390	424,571	101,819	423,834
<b>Debt Service:</b>				
Principal	24,324	24,308	16	16,388
Interest	2,435	2,450	(15)	2,014
Total debt service	26,759	26,758	1	18,402
Capital outlay	2,189	1,500	689	71,757
<b>Total expenditures</b>	<b>555,338</b>	<b>452,829</b>	<b>102,509</b>	<b>513,993</b>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - STORMWATER UTILITY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues over (under) expenditures	(53,288)	71,628	124,916	(8,040)
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	58,900
Appropriated fund balance	53,288	-	(53,288)	-
Total other financing sources (uses)	53,288	-	(53,288)	58,900
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 71,628	\$ 71,628	\$ 50,860
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 71,628		\$ 50,860
Depreciation		(128,230)		(122,706)
Capital outlay		1,500		71,757
Installment note proceeds		-		(58,900)
Principal retirement		24,308		16,388
Decrease in accrued vacation and sick pay		(3,861)		12,943
Change in OPEB liability		(8,078)		(8,078)
Bad debt expense (recoveries)		(3,349)		(181)
Change in net assets		\$ (46,082)		\$ (37,917)

# CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - WARREN FIELD AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Fuel sales	\$ 101,000	\$ 109,690	\$ 8,690	\$ 158,601
Rentals	62,257	61,031	(1,226)	61,711
Total operating revenues	163,257	170,721	7,464	220,312
<b>Non-operating Revenues:</b>				
Interest earnings	3,000	1,441	(1,559)	4,969
Grant funds	475,396	289,245	(186,151)	23,471
Capital contributions	-	-	-	456
Miscellaneous revenue	-	(1,392)	(1,392)	1,750
Total non-operating revenues	478,396	289,294	(189,102)	30,646
<b>Total revenues</b>	<b>641,653</b>	<b>460,015</b>	<b>(181,638)</b>	<b>250,958</b>
<b>Operating Expenditures:</b>				
Professional services	1,500	1,500	-	-
Utilities	20,700	20,805	(105)	18,023
Fuel purchases	97,923	97,596	327	129,732
Maintenance and repairs	24,875	21,358	3,517	20,863
Supplies	250	106	144	366
Contracted services	80,166	72,101	8,065	81,649
Equipment rental	-	(635)	635	673
Miscellaneous	69	71	(2)	69
Insurance	13,703	13,698	5	18,510
Contingency	4,133	-	4,133	-
Grant Expense	206,832	305,159	(98,327)	-
Utility service fee - General Fund	9,996	9,996	-	9,344
Total	460,147	541,755	(81,608)	279,229
Capital outlay	305,161	-	305,161	25,210
<b>Total expenditures</b>	<b>765,308</b>	<b>541,755</b>	<b>223,553</b>	<b>304,439</b>
<b>Revenues over (under) expenditures</b>	<b>(123,655)</b>	<b>(81,740)</b>	<b>41,915</b>	<b>(53,481)</b>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	23,655	-	(23,655)	-
Transfers from General Fund	100,000	100,000	-	105,000
Total other financing sources (uses)	123,655	100,000	(23,655)	105,000
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ 18,260</b>	<b>\$ 18,260</b>	<b>\$ 51,519</b>

**CITY OF WASHINGTON, NORTH CAROLINA**

**ENTERPRISE FUND - WARREN FIELD AIRPORT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 18,260		\$ 51,519
Capital outlay		305,159		25,210
Depreciation		<u>(127,584)</u>		<u>(130,421)</u>
Change in net assets		<u>\$ 195,835</u>		<u>\$ (53,692)</u>

# CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Garbage collection fees	\$ 1,235,000	\$ 1,282,990	\$ 47,990	\$ 1,261,247
Total operating revenues	1,235,000	1,282,990	47,990	1,261,247
<b>Non-Operating Revenues:</b>				
Interest earnings	800	749	(51)	1,440
ABC Recycling Grant	116,000	16,000	(100,000)	-
Disposal tax	5,600	3,788	(1,812)	4,589
Miscellaneous revenue	-	501	501	672
Total non-operating revenues	122,400	21,038	(101,362)	6,701
<b>Total revenues</b>	<b>1,357,400</b>	<b>1,304,028</b>	<b>(53,372)</b>	<b>1,267,948</b>
<b>Operating Expenditures:</b>				
Salaries and employee benefits	503,801	499,057	4,744	486,900
Utilities	600	430	170	527
County tipping fees	242,624	238,350	4,274	247,544
Employee development	184	-	184	76
Maintenance and repairs	367,645	152,823	214,822	122,462
Supplies	2,000	1,850	150	1,716
Materials	850	691	159	787
Miscellaneous	4,774	3,661	1,113	1,605
Insurance	8,356	8,355	1	27,898
Contingency	60,707	-	60,707	-
Workers' compensation	4,754	4,754	-	-
Utility service fee - General Fund	175,840	175,840	-	167,757
Total operating expenditures	1,372,135	1,085,811	286,324	1,057,272
<b>Debt Service:</b>				
Principal	51,699	51,695	4	62,126
Interest	5,527	5,526	1	3,214
Total debt service	57,226	57,221	5	65,340
Capital outlay	383,562	325,797	57,765	5,198
<b>Total expenditures</b>	<b>1,812,923</b>	<b>1,468,829</b>	<b>344,094</b>	<b>1,127,810</b>
<b>Revenues over (under) expenditures</b>	<b>(455,523)</b>	<b>(164,801)</b>	<b>290,722</b>	<b>140,138</b>



CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	455,523	-	(455,523)	-
Long-term debt issued	-	-	-	210,000
Total other financing sources (uses)	455,523	-	(455,523)	210,000
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (164,801)</b>	<b>\$ (164,801)</b>	<b>\$ 350,138</b>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (164,801)		\$ 350,138
Depreciation		(57,858)		(78,042)
Capital outlay		325,797		-
Installment note proceeds		-		(210,000)
Principal retirement		51,695		62,126
Decrease in accrued vacation and sick pay		9,070		(314)
Change in OPEB liability		(16,156)		(16,156)
Bad debt expense (recoveries)		(3,311)		(274)
Change in net assets		<u>\$ 144,436</u>		<u>\$ 107,478</u>

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CEMETERY  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2010  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Sale of cemetery plots	\$ 100,500	\$ 94,250	\$ (6,250)	\$ -
Cemetery grave openings	125,000	113,200	(11,800)	-
Administrative charges	3,700	2,683	(1,017)	-
Total operating revenues	229,200	210,133	(19,067)	-
<b>Non-operating Revenues:</b>				
Interest earnings	-	(86)	(86)	-
Miscellaneous revenue	-	3,500	3,500	-
Total non-operating revenues	-	3,414	3,414	-
<b>Total revenues</b>	229,200	213,547	(15,653)	-
<b>Operating Expenditures:</b>				
Salaries and employee benefits	216,859	216,279	580	-
Other operating expenditures	19,379	18,155	1,224	-
Maintenance and repairs	12,513	11,245	1,268	-
Total operating expenditures	248,751	245,679	3,072	-
<b>Total expenditures</b>	248,751	245,679	3,072	-
<b>Revenues over (under) expenditures</b>	(19,551)	(32,132)	(12,581)	-
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	19,351	19,341	-	-
Fund balance appropriated	200	-	(200)	-
Total other financing sources (uses)	19,551	19,341	(200)	-
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	\$ -	\$ (12,791)	\$ (12,791)	\$ -
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (12,791)		\$ -
Depreciation		(2,628)		-
Capital contributions		11,695		-
Increase in accrued vacation and sick pay		(16,563)		-
Change in net assets		\$ (20,287)		\$ -

## **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department for agencies of the City on a cost reimbursement basis.

Workers Compensation Reserve – This fund is used to finance and account for the City's workers' compensation insurance program.

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## CITY OF WASHINGTON, NORTH CAROLINA

**INTERNAL SERVICE FUND**  
**WORKERS' COMPENSATION RESERVE**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 68,868	\$ 223,670	\$ 154,802
<b>Operating Expenditures:</b>			
Workers' compensation claims	68,868	127,364	(58,496)
Operating income (loss)	-	96,306	96,306
<b>Non-Operating Revenues:</b>			
Investment earnings	-	1,424	1,424
<b>Other Financing Sources (Uses):</b>			
Contingency			
Transfers from other funds	-	600,000	600,000
Total other financing sources (uses)	-	600,000	600,000
Change in net assets	-	697,730	697,730
<b>Net Assets:</b>			
Beginning of year - July 1	-	-	-
End of year - June 30	\$ -	\$ 697,730	\$ 697,730

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## **Additional Financial Data**

This section contains additional information on property taxes, interfund transfers, and cash and investments.

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

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## CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2010

Year	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 3,912,392	\$ 3,671,185	\$ 241,207
2008-2009	207,223	-	139,769	67,454
2007-2008	68,915	-	22,212	46,703
2006-2007	34,761	-	3,455	31,306
2005-2006	18,984	-	2,138	16,846
2004-2005	18,119	-	550	17,569
2003-2004	20,714	-	816	19,898
2002-2003	19,982	-	767	19,215
2001-2002	23,111	-	675	22,436
2000-2001	20,841	-	579	20,262
1999-2000	28,247	-	28,247	-
	<u>\$ 460,897</u>	<u>\$ 3,912,392</u>	<u>\$ 3,870,393</u>	502,896

Plus uncollected prior year ad valorem taxes receivable  
on annually registered vehicles

16,188

Less allowance for uncollectible ad valorem taxes receivable:  
General Fund

(39,368)**Ad Valorem Taxes Receivable, Net:**

General Fund

\$ 479,716**Reconciliation With Revenues:**

Ad valorem taxes - General Fund

\$ 3,876,605

Refunds

Write-offs and releases

31,346

Penalties and interest collected

(37,558)

Total collections and credits

\$ 3,870,393

## CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2010

				<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>City-Wide Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy</b>	<u>\$ 657,378,333</u>	\$ 0.60	<u>\$ 3,944,270</u>	<u>\$ 3,602,344</u>	<u>\$ 341,926</u>
<b>Discoveries</b>	<u>396,985</u>	0.60	<u>2,382</u>	<u>2,382</u>	<u>-</u>
<b>Abatements</b>	<u>(5,710,000)</u>		<u>(34,260)</u>	<u>(28,097)</u>	<u>(6,163)</u>
Total property valuation	<u><u>\$ 652,065,318</u></u>				
<b>Net Levy</b>			3,912,392	3,576,629	335,763
Uncollected taxes at June 30, 2010			<u>241,207</u>	<u>171,639</u>	<u>69,568</u>
<b>Current Year's Taxes Collected</b>			<u><u>\$ 3,671,185</u></u>	<u><u>\$ 3,404,990</u></u>	<u><u>\$ 266,195</u></u>
<b>Current Levy Collection Percentage</b>			<u>93.84%</u>	<u>95.20%</u>	<u>79.28%</u>

## **Statistical Section**

## Statistical Section (Unaudited)

This part of the City of Washington's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the finance statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	129
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	136
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	139
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	145

## CITY OF WASHINGTON, NORTH CAROLINA

NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 20,871,379	\$ 19,151,624	\$ 21,323,344	\$ 19,438,078	\$ 16,880,415	\$ 18,610,980	\$ 18,447,771	\$ 19,346,037
Restricted	404,975	404,975	404,975	825,368	610,356	718,443	749,958	802,414
Unrestricted	8,159,703	9,996,597	10,178,546	9,491,617	10,347,583	9,159,353	9,814,379	8,836,625
Total governmental activities net assets	<u>\$ 29,436,057</u>	<u>\$ 29,553,196</u>	<u>\$ 31,906,865</u>	<u>\$ 29,755,063</u>	<u>\$ 27,838,354</u>	<u>\$ 28,488,776</u>	<u>\$ 29,012,108</u>	<u>\$ 28,985,076</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 45,248,238	\$ 48,946,177	\$ 50,595,005	\$ 49,133,366	\$ 51,148,821	\$ 52,099,287	\$ 56,442,379	\$ 57,884,865
Restricted	1,204,227	97,863	-	-	-	-	-	-
Unrestricted	6,166,352	6,397,904	5,958,074	9,321,109	10,382,263	11,541,166	10,157,327	11,125,031
Total business-type activities	<u>\$ 52,618,817</u>	<u>\$ 55,441,944</u>	<u>\$ 56,553,079</u>	<u>\$ 58,454,475</u>	<u>\$ 61,531,084</u>	<u>\$ 63,640,453</u>	<u>\$ 66,599,706</u>	<u>\$ 69,009,896</u>
Primary government								
Invested in capital assets, net of related debt	\$ 66,119,617	\$ 68,097,801	\$ 71,918,349	\$ 68,571,444	\$ 68,029,236	\$ 70,710,267	\$ 74,890,150	\$ 77,230,902
Restricted	1,609,202	502,838	404,975	825,368	610,356	718,443	749,958	802,414
Unrestricted	14,326,055	16,394,501	16,136,620	18,812,726	20,729,846	20,700,519	19,971,706	19,961,656
Total primary government net assets	<u>\$ 82,054,874</u>	<u>\$ 84,995,140</u>	<u>\$ 88,459,944</u>	<u>\$ 88,209,538</u>	<u>\$ 89,369,438</u>	<u>\$ 92,129,229</u>	<u>\$ 95,611,814</u>	<u>\$ 97,994,972</u>

Note: Accrual-basis financial information for the city government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,061,696	\$ 1,265,750	\$ 1,349,016	\$ 1,290,291	\$ 2,918,312	\$ 1,469,055	\$ 1,213,174	2,289,052
Public safety	3,971,668	4,455,370	4,770,269	5,061,605	6,064,482	5,483,122	6,288,971	5,819,057
Transportation	860,034	422,934	1,039,811	959,050	1,313,731	1,079,272	733,196	858,877
Environmental protection	1,463,517	1,150,356	1,065,567	1,213,528	436,896	354,391	614,650	6,307
Cultural and recreation	1,552,087	1,995,018	2,558,723	2,510,074	2,714,800	2,672,910	2,605,246	2,160,070
Economic and physical development	1,979,730	1,063,657	111,452	27,104	111,698	184,507	564,134	560,332
Interest on long term debt	49,502	37,868	30,311	18,999	55,238	40,845	152,570	146,573
Total governmental activities	10,938,234	10,390,953	10,925,149	11,080,651	13,615,157	11,284,102	12,171,941	11,840,268
Business-type activities:								
Water	2,395,173	2,327,638	2,396,749	2,392,197	2,371,762	2,520,231	2,731,579	2,862,429
Sewer	2,718,251	2,687,333	2,864,348	3,028,814	3,118,933	3,164,874	2,741,838	2,679,730
Electric	25,554,952	26,058,626	26,167,791	29,253,711	30,759,233	31,061,372	34,295,374	35,174,520
Beaufort county water districts	205,327	188,791	129,542	-	-	-	-	-
Civic center	131,965	132,813	-	-	-	-	-	-
Aquatic center	259,951	278,237	-	-	-	-	-	-
Stormwater utility	300,212	418,595	483,456	499,073	473,209	556,346	530,868	567,190
Warren Field Airport	-	-	384,981	487,413	403,057	567,006	409,650	364,180
Solid waste	-	-	-	-	1,051,889	1,038,700	1,160,196	1,156,281
Cemetery	-	-	-	-	-	-	-	264,870
Total business-type activities	31,565,831	32,092,033	32,426,867	35,661,208	38,178,083	38,908,529	41,869,505	43,069,200
Total primary government expenses	\$ 42,504,065	\$ 42,482,986	\$ 43,352,016	\$ 46,741,859	\$ 51,793,240	\$ 50,192,631	\$ 54,041,446	\$ 54,909,468
<b>Program Revenues</b>								
Governmental activities								
Charges for services:								
General government	\$ 23,284	\$ 7,087	\$ 27,221	\$ 291,739	\$ 1,321,938	\$ 784,812	\$ 1,652,554	619,682
Public safety	271,087	189,122	511,639	485,195	521,370	225,680	550,576	-
Transportation	7,075	-	-	-	5,175	-	-	9,073
Environmental protection	945,068	881,879	972,982	1,026,179	222,829	339,035	266,156	-
Cultural and recreation	476,240	231,714	420,064	409,543	318,342	305,729	276,322	293,512
Economic and physical development	6,187	-	-	3,112	2,475	-	9,792	123,536
Operating grants and contributions:								
General government	-	210,562	130,385	-	-	33,372	169,511	-
Public safety	418,827	369,519	530,498	480,487	417,740	254,801	364,340	448,897
Transportation	-	289,187	319,483	322,203	315,718	354,222	314,031	-
Environmental protection	172,600	-	-	-	-	-	-	-
Cultural and recreation	54,981	86,667	138,627	188,745	117,934	51,220	53,437	50,680
Economic and physical development	2,199,021	2,143,567	52,268	23,646	150,151	173,251	537,270	46,618
Interest on long term debt	-	-	-	-	-	-	-	-

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Capital grants and contributions:								
General Government	-	3,000	3,000	-	-	97,047	14,656	21,794
Public safety	-	-	-	-	-	161,500	3,400	209,086
Transportation	317,349	-	-	-	-	-	-	284,260
Cultural and recreation	-	-	-	-	-	41,627	36,066	49,782
Economic and physical development	65,420	-	-	-	10,674	6,481	-	483,689
Total governmental activities program revenues	<u>4,957,139</u>	<u>4,412,304</u>	<u>3,106,167</u>	<u>3,230,849</u>	<u>3,404,346</u>	<u>2,828,777</u>	<u>4,248,111</u>	<u>2,640,609</u>
Business-type activities:								
Charge for services:								
Water	2,132,087	2,052,018	2,335,346	2,817,532	2,652,239	2,933,696	2,961,388	3,037,783
Sewer	1,962,369	2,052,906	2,453,393	2,620,626	2,692,365	2,882,542	2,942,450	2,965,673
Electric	25,010,628	25,951,417	25,888,139	29,079,443	31,988,163	33,506,943	36,442,629	37,264,771
Beaufort county water districts	205,327	188,791	129,542	-	-	-	-	-
Civic center	56,448	58,799	-	-	-	-	-	-
Aquatic center	108,852	115,314	-	-	-	-	-	-
Stormwater utility	390,526	362,028	360,128	371,531	397,102	428,826	499,950	517,930
Warren Field Airport	-	-	121,435	225,075	267,196	378,488	222,062	169,329
Solid Waste	-	-	-	-	1,144,562	1,130,400	1,266,234	1,283,968
Cemetery	-	-	-	-	-	-	-	213,633
Operating grants and contributions:								
Water	-	108,467	102,329	-	-	-	-	-
Sewer	-	394,500	670,527	-	-	-	-	-
Electric	-	363,043	403,848	-	-	-	-	-
Stormwater utility	-	3,735	15,950	-	53,563	2,569	(13,002)	-
Warren Field Airport	-	-	63,018	-	529,243	-	-	-
Solid Waste	-	-	-	-	-	6,750	-	16,000
Capital grants and contributions:								
Water	150,100	32,831	34,770	100,430	14,128	11,100	569,523	164,933
Sewer	4,466,936	546,472	1,400,584	419,070	3,028	-	4,834	445,639
Electric	-	-	-	-	-	-	61,472	-
Stormwater utility	1,870,442	751,104	-	-	-	-	-	-
Warren Field Airport	-	-	-	2,990	32,388	241,739	23,927	289,245
Total business-type activities program revenues	<u>36,353,715</u>	<u>32,981,425</u>	<u>33,979,009</u>	<u>35,636,697</u>	<u>39,773,977</u>	<u>41,523,053</u>	<u>44,981,467</u>	<u>46,368,904</u>
Total primary government program revenues	<u>\$ 41,310,854</u>	<u>\$ 37,393,729</u>	<u>\$ 37,085,176</u>	<u>\$ 38,867,546</u>	<u>\$ 43,178,323</u>	<u>\$ 44,351,830</u>	<u>\$ 49,229,578</u>	<u>\$ 49,009,513</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (5,981,095)	\$ (5,978,649)	\$ (7,818,982)	\$ (7,849,802)	\$ (10,210,811)	\$ (8,455,325)	\$ (7,923,830)	\$ (9,199,659)
Business-type activities	<u>4,787,884</u>	<u>889,392</u>	<u>1,552,142</u>	<u>(24,511)</u>	<u>1,595,894</u>	<u>2,614,524</u>	<u>3,111,962</u>	<u>3,299,704</u>
Total primary government net (expense)/revenue	<u>\$ (1,193,211)</u>	<u>\$ (5,089,257)</u>	<u>\$ (6,266,840)</u>	<u>\$ (7,874,313)</u>	<u>\$ (8,614,917)</u>	<u>\$ (5,840,801)</u>	<u>\$ (4,811,868)</u>	<u>\$ (5,899,955)</u>

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes	\$ 2,997,541	\$ 3,166,933	\$ 3,263,263	\$ 3,286,529	\$ 3,673,434	\$ 3,739,953	\$ 3,862,728	4,017,112
Other Taxes	1,932,013	2,298,791	2,456,145	2,532,471	2,656,435	2,706,538	1,968,844	2,062,546
Unrestricted intergovernmental	1,162,609	1,120,458	1,165,392	1,223,642	1,398,957	1,440,275	1,601,893	1,690,181
Investment earnings	101,916	55,115	200,117	341,602	431,607	271,994	132,038	69,776
Miscellaneous	96,398	291,493	279,235	12,922	345,191	142,776	616,018	427,889
Gain (loss) on disposal of capital assets	-	118,002	(45,537)	(428,384)	-	-	-	-
Capital contributions to/from other activities	-	(1,128,864)	-	-	-	-	-	-
Transfers	(134,794)	(128,144)	2,854,036	(1,270,782)	(211,522)	804,211	265,641	905,123
Total governmental activities:	<u>6,155,683</u>	<u>5,793,784</u>	<u>10,172,651</u>	<u>5,698,000</u>	<u>8,294,102</u>	<u>9,105,747</u>	<u>8,447,162</u>	<u>9,172,627</u>
Business-type activities:								
Investment earnings	69,422	33,511	89,942	284,057	404,033	299,054	112,932	15,609
Miscellaneous	541,199	419,423	434,027	663,679	865,160	-	-	-
Gain (loss) on disposal of capital assets	227	-	(5,849)	(292,611)	-	-	-	-
Capital contributions to/from other activities	-	1,128,864	-	-	-	-	-	-
Special item-Net asset transfer from Warren	-	-	-	-	-	-	-	-
Airport Commission to City of Washington	-	-	-	-	-	-	-	-
Transfers	134,794	128,144	1,894,909	-	-	-	-	-
Total business-type activities	<u>745,642</u>	<u>1,709,942</u>	<u>(2,854,036)</u>	<u>1,270,782</u>	<u>211,522</u>	<u>(804,211)</u>	<u>(265,641)</u>	<u>(905,123)</u>
			<u>(441,007)</u>	<u>1,925,907</u>	<u>1,480,715</u>	<u>(505,157)</u>	<u>(152,709)</u>	<u>(889,514)</u>
Total primary government	<u>\$ 6,901,325</u>	<u>\$ 7,503,726</u>	<u>\$ 9,731,644</u>	<u>\$ 7,623,907</u>	<u>\$ 9,774,817</u>	<u>\$ 8,600,590</u>	<u>\$ 8,294,453</u>	<u>8,283,113</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 174,588	\$ (184,865)	\$ 2,353,669	\$ (2,151,802)	\$ (1,916,709)	\$ 650,422	\$ 523,332	(27,032)
Business-type activities	5,533,526	2,599,334	1,111,135	1,901,396	3,076,609	2,109,367	2,959,253	2,410,190
Total primary government	<u>\$ 5,708,114</u>	<u>\$ 2,414,469</u>	<u>\$ 3,464,804</u>	<u>\$ (250,406)</u>	<u>\$ 1,159,900</u>	<u>\$ 2,759,789</u>	<u>\$ 3,482,585</u>	<u>2,383,158</u>

Note: Accrual-basis financial information for the city government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.



Table 3

**CITY OF WASHINGTON, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property Taxes	Sales Taxes	Occupancy Taxes	Auto Licenses	Rental Vehicle Tax	Business Licenses	Franchise Taxes	Total
2001	\$ 2,440,065	\$ 1,536,900	\$ 85,046	\$ 31,031	\$ 7,989	\$ 88,589	\$ 817,620	\$ 5,007,240
2002	2,570,408	1,427,651	123,546	36,503	11,176	88,341	487,418	4,745,043
2003	3,003,149	1,555,468	170,452	33,032	14,430	88,002	903,473	5,768,006
2004	3,163,077	1,802,359	200,955	36,496	17,803	88,143	878,906	6,187,739
2005	3,270,569	1,950,844	205,856	39,322	17,433	89,603	887,277	6,460,904
2006	3,321,373	2,054,864	235,869	38,693	14,278	98,859	977,559	6,741,495
2007	3,642,779	2,221,354	237,192	38,208	14,237	98,859	1,044,114	7,296,743
2008	3,735,845	2,278,957	256,838	41,228	12,602	104,527	1,061,945	7,491,942
2009	3,836,368	2,096,285	255,280	39,914	12,636	164,867	1,186,166	7,591,516
2010	3,876,605	2,006,883	244,628	39,009	13,194	168,029	1,198,455	7,546,803

CITY OF WASHINGTON, NORTH CAROLINA  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
State statute	\$ 805,037	\$ 1,913,471	\$ 769,811	\$ 1,042,096	\$ 1,653,125	\$ 1,367,634	\$ 1,432,958	\$ 1,330,532	\$ 1,226,803	\$ 1,406,906
Senior programs and functions	18,133	20,006	17,014	16,135	14,623	27,008	13,169	18,118	11,153	-
Recreation complex contributions	-	-	-	-	30,000	-	-	-	-	-
Recreation veteran's park contributions	-	-	-	-	-	500	500	500	4,365	616
Recreation dog park contributions	-	-	-	-	-	-	-	-	1,392	-
Recreation BeeBe park donations	-	-	-	-	-	-	700	700	-	-
Recreation Land Purchase	-	-	-	-	-	-	-	-	145,200	9,941
Future public safety complex expenditures	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-
Federal seized funds distributions	1,641	-	-	2,266	189	3,040	3,385	-	3,776	3,776
Local seized funds distributions	1,232	20	128	179	20	1,466	1,637	5,724	4,711	7,385
Controlled substance tax distributions	11,619	4,545	6,441	14,437	5,283	2,647	11,614	20,248	22,359	23,559
Public safety traffic enforcement	-	-	-	-	-	5,026	1,280	-	-	-
PEG Channel	-	-	-	-	-	-	-	-	22,774	23,173
Inventories	42,521	40,646	36,971	36,188	40,124	38,174	42,601	59,092	68,374	55,407
Surety bond	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Powell bill	413,517	47,546	47,546	173,285	263,696	408,214	187,465	277,496	304,137	331,119
Encumbrances	612,349	88,259	141,413	733,243	697,941	801,371	730,192	865,566	1,060,104	778,893
Total reserved	1,910,149	2,117,593	1,022,424	2,020,929	3,708,101	3,658,180	3,428,601	3,581,076	3,878,248	2,643,875
Unreserved:										
Designated for subsequent year's expenditures	-	88,998	168,570	140,506	666,223	-	-	-	-	-
Undesignated	3,095,792	1,881,318	3,084,157	3,517,256	1,560,976	3,221,790	4,508,319	4,987,976	5,536,430	5,763,532
Total General Fund	\$ 5,005,941	\$ 4,087,909	\$ 4,275,151	\$ 5,678,691	\$ 5,935,300	\$ 6,879,970	\$ 7,936,920	\$ 8,569,052	\$ 9,414,678	\$ 8,407,407
All Other Governmental Funds										
Reserved for:										
State statute	\$ -	\$ -	\$ 1,535,486	\$ 1,506,140	\$ 620,404	\$ 78,771	\$ 60,744	\$ 23	\$ 14,216	\$ 12,916
Library care	85,375	85,375	85,375	85,375	85,375	85,375	85,375	95,375	95,375	95,375
Cemetery care	319,600	319,600	319,600	319,600	319,600	319,600	319,600	319,600	319,600	341,200
Total reserved	404,975	404,975	1,940,461	1,911,115	1,025,379	483,746	465,719	414,998	429,191	449,491
Unreserved:										
Designated for subsequent year's expenditures										
Special revenue funds	3,828,153	20,962	799,367	353,405	68,024	621,357	-	-	-	-
Capital project funds	1,060,703	-	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	108,638	3,463,893	842,407	808,180	1,865,251	(93,404)	2,055,490	346,671	546,318	384,279
Capital project funds	-	-	-	-	-	-	-	510,786	-	985,168
Total all other governmental funds	\$ 5,402,469	\$ 3,889,830	\$ 3,582,235	\$ 3,072,700	\$ 2,958,654	\$ 1,011,699	\$ 2,521,209	\$ 1,272,455	\$ 975,509	\$ 1,818,938

## CITY OF WASHINGTON, NORTH CAROLINA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

## (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Ad valorem taxes	\$ 2,440,065	\$ 2,570,408	\$ 3,003,149	\$ 3,163,077	\$ 3,270,569	\$ 3,321,373	\$ 3,642,779	\$ 3,735,845	\$ 3,836,368	\$ 3,876,605
Other taxes and licenses	1,810,573	1,749,365	1,932,013	2,223,376	2,384,169	2,532,471	2,656,435	2,706,538	2,584,862	2,490,435
Unrestricted intergovernmental	1,348,236	871,021	1,162,609	1,130,365	1,183,205	1,223,642	1,398,957	1,515,146	1,601,893	1,690,181
Restricted intergovernmental	2,533,662	7,543,074	2,975,815	2,452,172	1,197,427	1,016,678	956,323	1,248,494	1,661,217	1,594,806
Permits and fees	125,694	106,610	81,347	103,554	120,325	122,498	180,315	137,313	72,236	89,417
Sales and services	1,577,859	1,630,864	1,636,407	2,150,109	1,927,487	2,093,270	2,267,709	1,592,793	1,356,063	1,200,749
Interest earnings	420,703	197,262	101,916	55,115	200,118	341,602	431,607	339,899	132,038	68,352
Miscellaneous	353,528	362,786	351,398	71,865	93,218	117,841	215,326	142,776	616,018	92,822
Total revenues	10,610,320	15,031,390	11,244,654	11,349,633	10,376,518	10,769,375	11,749,451	11,418,804	11,860,695	11,103,367
<b>Expenditures</b>										
General government	612,319	1,173,557	1,062,200	1,196,258	1,488,026	1,137,149	1,445,247	1,361,084	1,219,469	1,793,943
Public safety	3,747,411	3,738,314	3,971,668	4,314,880	4,630,446	5,721,597	5,972,481	7,206,670	6,195,435	5,842,727
Transportation	649,751	776,734	860,034	919,589	758,908	774,731	1,205,673	1,034,610	869,269	857,848
Environmental protection	2,177,414	6,009,281	1,385,802	1,120,348	1,351,709	1,196,351	319,950	358,302	338,247	80,465
Economic and physical development	1,445,050	2,985,511	1,979,730	1,489,460	110,829	27,104	111,698	184,507	564,134	560,332
Cultural and recreational	2,466,240	1,535,901	1,552,087	1,696,250	2,268,670	2,348,546	2,502,544	2,778,018	2,553,779	2,060,512
Debt Service:										
Principal	260,246	402,613	369,190	386,517	418,470	365,144	324,654	342,848	411,612	398,618
Interest	31,528	66,689	49,502	37,868	30,311	18,999	51,829	40,845	152,570	146,573
Total expenditures	11,389,959	16,688,600	11,230,213	11,161,170	11,057,369	11,589,621	11,934,076	13,306,884	12,304,515	11,741,018
Excess of revenues over (under) expenditures	(779,639)	(1,657,210)	14,441	188,463	(680,851)	(820,246)	(184,625)	(1,888,080)	(443,820)	(637,651)
<b>Other Financing Sources (Uses)</b>										
Transfers in	2,789,477	1,005,188	1,132,915	1,632,148	1,899,536	1,540,032	2,784,753	1,409,002	1,657,730	2,751,484
Transfers out	(1,468,203)	(1,778,649)	(1,267,709)	(1,760,292)	(1,076,107)	(2,810,814)	1,641,137	(604,791)	(982,730)	(2,277,675)
Proceeds from installment note	1,396,000	-	-	531,682	-	1,088,744	(1,674,805)	-	317,500	0
Long Term Debt Issued/Repaid	-	-	-	-	-	-	-	467,247	-	-
Total other financing sources (uses)	2,717,274	(773,461)	(134,794)	403,538	823,429	(182,038)	2,751,085	1,271,458	992,500	473,809
Net change in fund balances	\$ 1,937,635	\$ (2,430,671)	\$ (120,353)	\$ 592,001	\$ 142,578	\$ (1,002,284)	\$ 2,566,460	\$ (616,622)	\$ 548,680	\$ (163,842)
Debt service as a percentage of noncapital expenditures	3.02%	4.83%	4.01%	4.17%	4.40%	3.73%	3.51%	3.66%	4.89%	5.00%

Table 6

**CITY OF WASHINGTON, NORTH CAROLINA  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies (1)</b>	<b>Total Taxable Assessed Value</b>	<b>Tax Rate (2)</b>	<b>Tax Levy</b>
2001	\$ 300,518,725	\$ 123,960,584	\$ 8,633,653	\$ 433,112,962	0.57	\$ 2,471,187
2002	309,918,422	136,331,971	8,465,284	454,715,677	0.57	2,589,502
2003 (3)	414,485,414	126,682,047	9,409,640	550,577,101	0.55	3,031,632
2004	421,807,889	143,550,917	9,211,237	574,570,043	0.55	3,158,338
2005	426,934,585	140,457,866	9,728,070	577,120,521	0.55	3,174,865
2006	431,857,335	146,872,699	10,384,101	589,114,135	0.55	3,240,290
2007	447,572,383	148,784,638	8,828,131	605,185,152	0.60	3,621,647
2008	459,982,104	150,432,739	9,557,567	619,972,410	0.60	3,719,834
2009	475,005,214	142,726,700	10,462,586	628,194,500	0.60	3,769,167
2010	490,983,383	151,311,141	9,770,794	652,065,318	0.60	3,912,392

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Public service companies valuations are provided to the City by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) Property in Beaufort County is reassessed every eight years. The last reassessment was on January 1, 2002 and was the basis for fiscal 2003 taxes.

**CITY OF WASHINGTON  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

	Year Taxes Are Payable									
	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010
City of Washington	\$ 0.5700	\$ 0.5700	\$ 0.5500	\$ 0.5500	\$ 0.5500	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000
Beaufort County	0.6300	0.6700	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Total direct and overlapping property tax rates	\$ 1.2000	\$ 1.2400	\$ 1.1500	\$ 1.1500	\$ 1.1500	\$ 1.2000	\$ 1.2000	\$ 1.2000	\$ 1.2000	\$ 1.2000

Note: (1) Real property was revalued on January 1, 2002

Table 8

**CITY OF WASHINGTON  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR**

Taxpayer	Type of Business	Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Stanadyne Automotive Corporation	Gasket Manufacturer	\$ 19,045,658	1	2.92%
Flanders Filters Inc	Industrial Filter Manufacturer	11,941,071	2	1.83%
Gregory Poole Leasing, LLC	Heavy Equipment	10,458,864	3	1.60%
Wal-Mart Real Estate Business	Real Estate & Retail	10,085,355	4	1.55%
Pearl Brittain, Inc.	Real Estate	9,651,298	5	1.48%
Lowe's Home Centers, Inc	Retail	6,024,630	6	0.92%
Carolina Telephone and Telegraph	Utility	5,873,132	7	0.90%
Rich, Rich, & Phillips	Real Estate	5,206,203	8	0.80%
Developers Diversified	Real Estate	5,195,896	9	0.80%
Rawls and Assoicates	Real Estate	5,111,662	10	0.78%
Totals		\$ <u>88,593,769</u>		<u>13.59%</u>
Valuation		\$ <u>652,065,318</u>		

Source: Beaufort County Tax Department

Table 9

CITY OF WASHINGTON, NORTH CAROLINA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the		Adjustments	Total Adjusted Levy	Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (Original Levy)	Fiscal Year (Original Levy)			Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001	\$ 2,495,424	\$	(24,237)	\$ 2,471,187	\$ 2,306,748	93.35%	\$	\$ 2,414,215	97.69%
2002	2,599,070		(9,568)	2,589,502	2,418,845	93.41%		2,541,666	98.15%
2003	3,077,791		(46,159)	3,031,632	2,816,315	92.90%		2,964,039	97.77%
2004	3,149,850		8,488	3,158,338	2,956,399	93.61%		3,113,097	98.57%
2005	3,170,509		63,072	3,233,581	3,003,444	92.88%		3,233,581	100.00%
2006	3,251,374		17,270	3,268,644	3,086,833	94.44%		3,268,644	100.00%
2007	3,603,408		18,239	3,621,647	3,428,541	94.67%		3,575,737	98.73%
2008	3,729,878		(10,044)	3,719,834	3,518,139	94.58%		3,693,266	99.29%
2009	3,779,421		(10,254)	3,769,167	3,561,944	94.50%		3,729,160	98.94%
2010	3,944,270		(31,878)	3,912,392	3,671,185	93.83%		3,870,393	98.93%

Source: Beaufort County Tax Department

Table 10

**CITY OF WASHINGTON, NORTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Per Capita (1)	
	Installment Loans	USDA Loan	General Obligation		State Revolving				Installment Loans
			Bonds	Loans	Loan				
2001	\$ 1,669,844	\$ -	\$ 15,190,000	\$ -	\$ 623,945	\$ 17,483,789	1,730		
2002	1,267,231	-	14,285,000	-	795,227	16,347,458	1,700		
2003	898,041	-	12,730,000	-	1,036,184	14,664,225	1,516		
2004	1,098,161	-	11,090,000	-	706,082	12,894,243	1,325		
2005	649,920	-	9,450,000	-	2,635,360	12,735,280	1,304		
2006	1,348,336	-	7,835,000	-	2,763,432	11,946,768	1,214		
2007	3,632,311	-	6,200,000	-	2,704,709	12,537,020	1,275		
2008	889,711	2,867,000	4,625,000	2,240,690	3,252,353	13,874,754	1,380		
2009	844,235	2,818,368	3,190,000	2,108,884	2,485,613	11,447,100	1,121		
2010	494,245	2,769,736	2,075,000	1,977,079	2,654,851	9,970,911	980		

N/A - Information not yet available

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

(1) See Table 14 for personal income and population data.



## CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
2001	\$ 15,190,000	\$ -	\$ 15,190,000	3.51%	\$ 1,503
2002	14,285,000	-	14,285,000	3.14%	1,486
2003	12,730,000	-	12,730,000	2.31%	1,316
2004	11,090,000	-	11,090,000	1.93%	1,140
2005	9,450,000	-	9,450,000	1.64%	968
2006	7,835,000	-	7,835,000	1.33%	796
2007	6,200,000	-	6,200,000	1.02%	630
2008	4,625,000	-	4,625,000	0.75%	460
2009	3,190,000	-	3,190,000	0.51%	312
2010	2,075,000	-	2,075,000	0.32%	204

N/A- Information not yet available

Notes: Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.

(1) See Table 14 for personal income and population data.

(2) See schedule 6 for property value data.

Table 12

## CITY OF WASHINGTON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Washington	\$ 2,075,000	100.00%	\$ 3,190,000
Beaufort County	<u>28,350,000</u>	22.00%	<u>6,237,000</u>
Total direct and overlapping debt	<u>\$ 30,425,000</u>		<u>\$ 9,427,000</u>

## CITY OF WASHINGTON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEAR

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value of Property	\$ 433,112,962	\$ 454,715,677	\$ 550,577,101	\$ 574,570,043	\$ 577,120,521	\$ 589,114,135	\$ 605,185,152	\$ 619,972,410	\$ 628,194,500	\$ 652,065,318
Debt Limit, 8% of Assessed Value (Statutory Limitation)	34,649,037	36,377,254	44,046,168	45,965,603	46,169,642	47,129,131	48,414,812	49,597,793	50,255,560	52,165,225
Amount of Debt Applicable to Limit										
Gross debt	15,190,000	14,285,000	12,730,000	11,090,000	9,450,000	10,339,300	8,572,495	9,732,690	11,447,098	9,970,911
Less: Debt outstanding for water purposes	7,867,710	7,311,845	6,595,533	5,842,799	4,907,951	3,988,279	3,071,643	2,191,429	1,396,201	795,229
Debt outstanding for electric purposes	846,797	745,610	672,565	595,807	500,478	406,697	313,225	223,467	142,375	81,090
Total net debt applicable to limit	6,475,493	6,227,545	5,461,902	4,651,394	4,041,571	5,944,324	5,187,627	7,317,794	9,908,522	9,094,592
Legal Debt Margin	\$ 28,173,544	\$ 30,149,709	\$ 38,584,266	\$ 41,314,209	\$ 42,128,071	\$ 41,184,807	\$ 43,227,185	\$ 42,279,999	\$ 40,347,038	\$ 43,070,633
Total net debt applicable to the limit as a percentage of debt limit	18.69%	17.12%	12.40%	10.12%	8.75%	12.61%	10.71%	14.75%	19.72%	17.43%

Note: NC Statute **GS159-55** limits the city's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the city's net debt outstanding applicable to the limit, and represents the city's legal borrowing authority.

Table 14

**CITY OF WASHINGTON  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Permits Issued (5)</b>
2001	10,109	\$ 22,439	7,444	8.70%	160
2002	9,615	22,208	7,444	9.40%	202
2003	9,674	22,094	7,264	10.60%	187
2004	9,730	23,096	7,324	8.00%	159
2005	9,767	24,401	7,419	6.90%	169
2006	9,840	25,737	7,208	5.70%	251
2007	9,836	24,569	6,976	6.30%	218
2008	10,055	27,391	7,270	7.60%	184
2009	10,214	31,840	7,294	11.60%	125
2010	10,176	32,399	7,133	10.60%	185

\* N/A-Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Beaufort County Board of Education
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of building permits issued by City of Washington Inspections Department.

## CITY OF WASHINGTON, NORTH CAROLINA

## PRINCIPLE EMPLOYERS

<b>Employer</b>	<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Beaufort Co. Schools	1057	1	4.86%
State of North Carolina	732	2	3.37%
Beaufort County Hospital	654	3	3.01%
Mega Force Staffing Group Inc	563	4	2.59%
Flanders Filters	509	5	2.34%
Stanadyne Corporation	431	6	1.98%
Beaufort County	296	7	1.36%
Wal-Mart	248	8	1.14%
City of Washington	242	9	1.11%
Hackney Division of SVC	157	10	0.72%
Total	4,889		

Source: NC Employment Security Commission

## CITY OF WASHINGTON, NORTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

Function/Program	Full-Time Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary government:										
General government	23	24	25	25	26	24	24	30	31	27
Public safety	72	73	73	78	81	88	87	86	88	92
Transportation	15	15	15	15	15	15	14	14	14	14
Environmental protection	25	20	20	21	21	21	9	9	9	4
Cultural and recreation	16	16	16	16	19	20	19	14	15	15
Business-type activities:										
Water	14	14	14	14	15	15	15	15	15	14.5
Sewer	13	13	13	14	14	14	14	14	14	14.5
Electric	43	43	43	44	44	42	42	36	36	36
Stormwater utility	-	5	5	5	6	6	6	6	5	5
Solid waste	-	-	-	-	-	-	11	12	12	12
Beaufort county water districts	2	2	2	-	-	-	-	-	-	-
Civic center	1	1	1	1	-	-	-	1	1	1
Aquatic center	1	2	2	2	-	-	-	2	2	2
Cemetery	-	-	-	-	-	-	-	-	-	5
Total	225	228	229	235	241	245	241	239	242	242

Source: City Finance Department

Note: This schedule represents number of persons budgeted as of June 30 of each year.  
Full time personnel work 2,080 hours per year (less vacation and sick leave).

## CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Physical arrests	969	925	1,582	1,308	1,435	3,199	1,109	1,360	1,408	1,111
Parking violations	N/A	N/A	N/A	153	482	501	102	102	163	400
Traffic violations	1,441	1,241	1,349	2,510	3,972	2,469	3,049	1,140	1,877	2,237
Fire										
Fire calls	593	925	235	437	446	397	404	457	715	619
EMS calls	2,128	1,241	1,509	1,640	1,676	2,248	1,858	1,931	2,050	2,168
Fire inspections	452	752	817	920	1,158	775	891	843	766	663
Streets										
Street resurfacing (miles)	-	-	1.11	0.14	1.54	-	3.84	1.23	-	-
New Construction (miles)	0.74	0.28	-	0.09	2.21	0.28	0.29	-	0.14	0.2
Solid Waste										
Refuse collected (tons/day)	26.79	26.23	25.56	25.65	25.24	25.91	25.33	24.26	22.58	21.7
Recyclables collected (tons/day)	0.61	0.58	0.57	0.55	0.61	0.41	0.68	0.84	0.87	1.28
Library										
Number of patrons	80,071	84,815	87,086	89,322	77,790	79,484	88,260	93,054	86,689	80,789
Number of Volumes	45,478	49,564	55,197	74,360	56,944	60,248	61,540	58,998	63,782	67,113
Water Utilities										
Number of customers										
Inside city	4,619	4,626	4,616	4,671	4,608	4,605	4,784	4,816	4,868	4,873
Outside city	139	146	192	180	187	414	216	225	222	228
Average daily consumption (millions of gallons)	2.263	2.684	2.75	2.65	2.51	2.33	2.025	2.26	2.757	2.241
Wastewater Utilities										
Number of customers										
Inside city	4,350	4,460	4,448	4,498	4,429	4,529	4,608	4,677	4,713	4,725
Outside city	32	36	81	68	68	222	100	116	121	120
Average daily treatment (millions of gallons)	1.679	1.371	1.588	1.88	1.93	1.87	1.769	1.517	1.639	1.859
Electric Utilities										
Number of customers	12,383	12,593	12,690	12,806	12,924	13,180	13,262	13,338		
KWH Purchased	275,167,108	270,989,610	288,335,310	294,579,201	288,707,552	303,638,831	303,371,870	307,997,247	302,984,387	303,776,252
KWH Sold	257,289,738	255,175,168	270,126,997	277,584,062	276,797,551	285,692,860	284,923,965	286,998,316	283,188,507	281,258,069
Unaccounted KWH	17,877,370	15,814,442	18,208,313	16,995,139	11,910,001	17,945,971	18,447,905	20,998,931	19,795,880	22,518,183

Sources: Various city departments

Note: Indicators are not available for the general government function.

## CITY OF WASHINGTON, NORTH CAROLINA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	15	14	13	12	15	13	15	14	14
Fire										
Stations	1	1	1	1	1	1	1	2	2	2
Streets										
Total miles	52.47	52.75	52.75	52.75	54.96	55.24	55.44	55.54	55.44	58.5
Paved miles	49.00	49.28	49.37	49.37	51.58	51.86	52.06	52.06	52.2	57.06
Unpaved miles	3.47	3.47	3.38	3.38	3.38	3.38	3.38	3.38	3.24	1.44
Recreation										
Neighborhood Centers	2	2	2	1	1	1	1	1	1	1
Civic Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Courts										
Tennis	8	8	8	6	2	2	2	2	2	2
Basketball	9	9	9	7	5	5	7	7	7	7
Shuffleboard	2	2	2	-	-	-	-	-	-	-
Horseshoes	2	2	2	2	2	2	2	2	2	2
Bocce	-	-	-	-	-	-	1	1	1	1
Skate Park	-	-	-	-	-	-	-	1	1	1
Boat ramps	4	4	4	4	4	4	4	4	4	4
Boat Slips										
Rental										
Free	12	12	12	12	12	12	12	12	12	12
Piers										
Fishing	1	1	1	1	1	1	1	1	1	1
Boats	3	9	9	4	4	4	4	4	4	4
Parks										
Total Acreage	207	212	212	352	352	352	352	352	352	550
Open Space	119	124	124	124	124	124	124	124	124	162
Wilderness	-	-	-	140	140	140	140	300	300	300
Parks	88	88	88	88	88	88	88	88	88	88
Sports Fields										
Soccer	8	8	8	8	8	8	8	8	8	8
Football	1	1	1	1	1	1	1	-	-	-
Baseball	5	5	5	5	5	5	5	6	6	6
Softball	3	3	3	3	3	3	3	3	3	3
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	593	594	600	618	631	644	664	667	672	684
Maximum daily capacity										
(millions of gallons)	3.673	3.524	4.825	3.68	4.374	5.45	5.45	5.45	5.45	5.45
Miles of water mains	73.2	75	75.45	77.78	79.99	81	81	81	81	82.19
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	27	27	27	29	29	29	30	30	30	31
Maximum daily treatment capacity										
(millions of gallons)	3.111	2.316	3.4	3.5	3.198	3.65	3.65	3.65	3.65	3.65
Miles of gravity mains	67.8	65.9	66.4	71	73	74	74	74	74	74.3
Miles of force mains	22.4	22.4	22.4	26	27	27	27	27	27	28.27
Electric Utilities										
Miles of distribution lines	396	400	400	400	400	400	400	400	400	400
Miles of transmission lines	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Substations	8	8	8	8	8	8	8	8	8	8
Storm Water Utility										
Miles of storm mains	32	32	32	32	32	32	32	32	32	32

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.



## **Compliance Section**

- 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*
- Report On Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Federal Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 And The State Single Audit Implementation Act

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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 City Council  
City of Washington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 25, 2010. Our report includes a reference to other auditors. We did not audit the financial statements of the Washington Tourism Development Authority. 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. Other auditors audited the financial statements of the Washington Tourism Development Authority as described in our report on the City of Washington's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Washington Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Washington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Washington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Washington's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

## Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Martin Starnes & Associates, CPAs, P.A." The signature is written in a cursive, flowing style.

Martin Starnes & Associates, CPAs, P.A.  
October 25, 2010

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance With Requirements That Could Have a Direct And Material Effect On Each Major Federal Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 And The State Single Audit Implementation Act**

To the Honorable Mayor and Members of the City Council  
City of Washington, North Carolina

### **Compliance**

We have audited the compliance of the City of Washington with the types of compliance requirements described in the OMB *Circular A-133 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 its major federal programs for the year ended June 30, 2010. The City of Washington's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Washington's management. Our responsibility is to express an opinion on the City of Washington's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 City of Washington'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. Our audit does not provide a legal determination of the City of Washington's compliance with those requirements.

In our opinion, the City of Washington complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

The management of the City of Washington is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Washington's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Act, 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 City of Washington'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, non-compliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P. A.  
October 25, 2010

# CITY OF WASHINGTON, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

### 1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of the City of Washington, North Carolina.
- B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.
- C. Our audit of the basic financial statements disclosed no instances of non-compliance with laws, regulations, and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.
- E. An unqualified opinion was issued on the City of Washington, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.
- F. Our audit disclosed no audit findings which related to federal and State awards.
- G. Major federal programs for the City of Washington, North Carolina for the fiscal year ended June 30, 2010 are:

<u>Program Name</u>	<u>CFDA#</u>
Community Development Block Grant	14.228

- I. The threshold for determining Type A programs for the City of Washington, North Carolina is \$300,000.
- J. The City of Washington, North Carolina, did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

### 2. Findings Related to the Audit of the Basic Financial Statements

None

### 3. Findings and Questioned Costs Related to the Audit of Federal Awards

None

### 4. Findings and Questioned Costs Related to the Audit of State Awards

None.

## CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<i>U.S. Department of Interior</i>					
Passed-through NC Dept. of Environment and Natural Resources					
Boating Infrastructure Grant	15.662	668	\$ 20,612	\$ -	\$ -
<i>Total U.S. Department of Interior</i>			<u>20,612</u>	<u>-</u>	<u>-</u>
<i>U.S. Dept. of Justice</i>					
Office of Justic Programs 2009 Recovery Act					
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-SB-B9-0943	36,442	-	12,148
Rural Law Enforcement Assistance Grant	16.810	2009-SD-B9-0168	75,667	-	-
Passed-through NC Dept. of Crime Control & Public Safety					
Division of Governor's Crime Commission					
Project Next Step	16.575	007-1-08-001-BH-417	42,708	-	14,236
<i>Total U.S. Department of Justice</i>			<u>154,817</u>	<u>-</u>	<u>26,384</u>
<i>U.S. Department of Transportation</i>					
Passed-through the North Carolina Department of Transportation					
Division of Aviation:					
Airport Improvements	20.106	36237.38.4.1	8,233	-	915
Airport Improvements	20.106	36237.38.7.1	33,332	-	3,704
Airport Improvements	20.106	36237.38.8.1	57,848	-	6,428
Airport Fueling System	20.106	36244.51.7.1	189,831	-	4,868
<i>Total U.S. Department of Transportation</i>			<u>289,244</u>	<u>-</u>	<u>15,915</u>
<i>U.S. Department of Housing and Urban Development</i>					
Passed-through the North Carolina Department of Commerce					
Division of Community Assistance:					
CDBG Housing Dev. 6th & 7th Street Revitalization	14.228	07-C-1698	536,869	-	75,000
CDBG Housing Dev. Keysville Road Subdivision	14.228	05-C-1490	21,795	-	-
CDBG Infrastructure Grant Pennsylvania Ave.	14.228	03-D-1734	321,354	-	-
CDBG Capacity Grant	14.228	08-C-1812	43,961	-	-
CDBG Affordable Housing	14.228	09-C-2050	84	-	-
<i>Total U.S. Department of Housing and Urban Development</i>			<u>924,063</u>	<u>-</u>	<u>75,000</u>
<i>U.S. Dept. of Homeland Security</i>					
Passed-through the Office of State and Local Government					
Coordination and Preparedness					
SAFER Grant	97.044	EMW-2007-FF-01057	125,848	-	-
FEMA Assistance to Firefighters Grant	97.044	EMW-2009-FO-01634	46,796	-	2,463
<i>Total U.S. Dept. of Homeland Security</i>			<u>172,644</u>	<u>-</u>	<u>2,463</u>
Total Federal Awards			<u>1,561,380</u>	<u>-</u>	<u>119,762</u>
<b>State Awards:</b>					
<i>N.C. Department of Cultural Resources</i>					
Cornerstone Grant			-	1,000	-
State Aid to Libraries			-	10,548	-
Bill Gates Grant			-	200	-
Washington Survey, Phase II			-	13,900	11,000
<i>Total N.C. Department of Cultural Resources</i>			<u>-</u>	<u>25,648</u>	<u>11,000</u>
<i>N.C. Department of Transportation</i>					
Powell Bill			-	284,260	-
<i>Total N.C. Department of Transportation</i>			<u>-</u>	<u>284,260</u>	<u>-</u>



## CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-Through or Grantor's Number</b>	<b>Federal (Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<i>N.C. Rural Economic Development Center</i>					
Water Extension - Flanders Corporation		2006-061-40401-107	-	144,248	37,896
Runyon Creek SSES Phase I		2009-120-40101-112	-	40,000	10,000
<i>Total N.C. Rural Economic Development Center</i>			-	184,248	47,896
<b>Total State Awards</b>			-	494,156	178,658
<b>Total Federal and State Awards</b>			<b>\$ 1,561,380</b>	<b>\$ 494,156</b>	<b>\$ 178,658</b>

**Note to the Schedule of Expenditures of Federal and State Financial Awards****Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the City of Washington, North Carolina, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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