

**CITY OF WASHINGTON  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



# **CITY OF WASHINGTON**

## **NORTH CAROLINA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

**PREPARED BY THE FINANCE DEPARTMENT**

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**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	i-v
List of Principal Officials	vi
Organizational Chart	vii
Certificate of Achievement for Excellence in Financial Reporting	vii
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-15
<b><u>Exhibit</u></b>	
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
A	Statement of Net Position 16
B	Statement of Activities 17-18
<b>Fund Financial Statements:</b>	
C	Balance Sheet - Governmental Funds 19-20
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities 22
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 23
G	Statement of Net Position - Proprietary Funds 24
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds 25
I	Statement of Cash Flows - Proprietary Funds 26-27
	<b>Notes to the Basic Financial Statements 28-68</b>

**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u>Schedule</u>		<u>Page</u>
	<b>Required Supplemental Financial Data:</b>	
A-1	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information	69
A-2	Other Post-Employment Benefits - Required Supplementary Information	70
	<b>Combining and Individual Fund Statements and Schedules:</b>	
	<b>Major Governmental Funds:</b>	
1	Comparative Balance Sheets - General Fund	71
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Consolidated	72
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	73-81
4	Economic Development Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	82
	<b>Nonmajor Governmental Funds:</b>	
5	Combining Balance Sheet	83
6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84
	<b>Nonmajor Special Revenue Funds:</b>	
7	Combining Balance Sheet	85
8	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	86
9	CDBG Program Income Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	87
10	CDBG Affordable Housing Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	88
11	Comprehensive Bicycle Plan Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	89
12	CDBG - Jumpstart Washington Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	90

**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u><b>Schedule</b></u>		<u><b>Page</b></u>
	<b>Nonmajor Special Revenue Funds (continued):</b>	
13	CDBG - Grant 2012-95-73 - Job Creation - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	91
	<b>Nonmajor Capital Project Funds:</b>	
14	Combining Balance Sheet	92-93
15	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	94-95
16	New Police Station Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	96
17	Festival Park Construction Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	97
18	Public Safety Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98
19	Facade Program Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99
20	Impressions Building Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	100
21	Spinrite Economic Development Grant Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	101
22	Old City Hall Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	102
23	Pedestrian Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	103
24	NCDENR Adopt-A-Trail Grant Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	104
25	Parks and Recreation Master Plan Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
26	Waterfront Restroom Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
27	CDBG Project Blue Goose Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107

**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u><b>Schedule</b></u>		<u><b>Page(s)</b></u>
	<b>Nonmajor Capital Project Funds (continued):</b>	
28	Way Finding Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
	<b>Nonmajor Permanent Funds:</b>	
29	Combining Balance Sheet	109
30	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	110
31	Library Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
32	Cemetery Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
	<b>Major Enterprise Funds:</b>	
33	Water Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	113-115
34	Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	116-118
35	Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	119-122
36	Stormwater Utility Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	123-124
37	Water Capital Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	125
38	EDA Water System Improvements - Water Capital Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	126
39	Sewer Capital Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	127
40	EDA Sewer System Improvements - Sewer Capital Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	128
41	Recovery Zone Bond - Stormwater Projects - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	129



**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u><b>Schedule</b></u>		<u><b>Page</b></u>
	<b>Nonmajor Enterprise Funds:</b>	
42	Combining Statement of Fund Net Position	130
43	Combining Statement of Revenues, Expenditures and Changes in Fund Net Position	131
44	Combining Statement of Cash Flows	132
45	Warren Field Airport Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	133-134
46	Airport Terminal Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	135
47	Airport Rehabilitation - Warren Field Airport Capital Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	136
48	Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	137-138
49	Cemetery Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	139-140
	<b>Internal Service Funds:</b>	
50	Workers' Compensation Reserve - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	141
	<b>Additional Financial Data:</b>	
51	Schedule of Ad Valorem Taxes Receivable	142
52	Analysis of Current Tax Levy - City-Wide Levy	143
<u><b>Table</b></u>		
	<b>Statistical Section (Unaudited):</b>	
1	Net Position by Component, Last Ten Fiscal Years	144
2	Change in Net Position, Last Ten Fiscal Years	145-147
3	Governmental Activities Tax Revenues by Source, Last Ten Fiscal Years	148
4	Fund Balances, Governmental Funds, Last Ten Fiscal Years	149
5	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	150

**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<b><u>Table</u></b>		<b><u>Page</u></b>
	<b>Statistical Section (Unaudited) (continued):</b>	
6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	151
7	Property Tax Rates, Direct and Overlapping Governments Last Ten Fiscal Years	152
8	Principal Property Taxpayers, Current Year and Nine Years Ago	153
9	Property Tax Levies and Collections, Last Ten Fiscal Years	154
10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	155
11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	156
12	Direct and Overlapping Governmental Activities Debt	157
13	Legal Debt Margin Information, Last Ten Fiscal Years	158
14	Demographic and Economic Statistics, Last Ten Fiscal Years	159
15	Principal Employers, Current Year and Five Years Ago	160
16	Full-Time Equivalent City Government Employees by Function, Last Ten Fiscal Years	161
17	Operating Indicators by Function, Last Ten Fiscal Years	162
18	Capital Asset Statistics by Function, Last Ten Fiscal Years	163
	<b>Compliance Section:</b>	
	Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	164-165
	Report On Compliance For Each Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act	166-167
	Schedule of Findings, Responses, and Questioned Costs	168-169
	Summary Schedule of Prior Audit Findings	170
	Schedule of Expenditures of Federal and State Awards	171-172

## **Introductory Section**

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December 4, 2014

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, 2014.

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, 2014. 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 9,757. 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 other than to break a tie vote 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; emergency management services; 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 the 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 19,918, leaving around 1,534 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 7.7%, which is a decrease of 2.2% from a rate of 9.9%, a year ago. This is higher than the State of North Carolina's average unemployment rate of 6.4% and the national average of 6.1%. During the past fiscal year, Washington's local economy continued to feel the effects of a modest and steady recovery, similar to other rural cities and towns in the country. This is evidenced by a 4.6% increase of revenues in the areas of property, sales, and occupancy taxes. Revenues were conservatively budgeted for fiscal year 2014-2015 and management will be keeping a close eye on actual receipts to ensure that budget shortfalls do not occur in the next fiscal year.

Recent state legislative actions are anticipated to have a negative impact on the City's general fund revenue in future years. The elimination of the municipal exemption of electric sales net revenue from utility sales tax remittances effective July 1, 2014 will reduce this tax revenue \$180,000 per year. Privilege licenses or business tax are being repealed effective July 1, 2015. The Legislature has committed to replace the City's \$120,000 license revenue with another source but has yet to develop or communicate the source.

Several new businesses began operation in the City within the past year, including Zaxby's, Waffle House, Pronamic Industries, generating 55, 35, and 150 new jobs respectively. Precision Eyecare relocated to an expanded facility employing an additional 33 employees.

During last fiscal year, the Washington Tourism Development Authority (WTDA) began managing the East Carolina Wildlife Arts Festival in the 19<sup>th</sup> year of this popular festival. This signature event attracts visitors to Washington during the slow winter months. The change in management structure resulted in a positive impact on the show and was profitable for the WTDA. The WTDA did incur additional expense in FY13-14 due to a move to the old Beaufort County Arts Council space. The new space will allow for more flexibility, a dedicated meeting space, and possible future expansion. The added visibility has been good for the WTDA.

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

During fiscal year 2013-2014 the City planned \$1,269,600 of installment note financing for the replacement of the deck, roof, and HVAC system at the Peterson building, purchase of police and fire vehicles, replacement of the concession stand/rest room facility at the Todd Maxwell base ball field, electric distribution equipment, relocation and rebuilding of electric distribution infrastructure, and a tractor for the cemetery. Council elected to use operating cash for these capital purchases instead of installment financing.

The idX/Impressions building and property located at 234 Springs Road in Washington was sold to the tenant in April 2014 for \$750,000 in addition to the \$377,599 payoff of the installment financing note related to a maintenance upgrade of the facility.

During fiscal year 2014-2015 the City anticipates borrowing \$1,175,000 through installment note financing for the replacement of Electric Department vehicles and distribution infrastructure maintenance.

### **Major Initiatives**

Beaufort County Economic Development worked with its partners to complete the sale of the Quick Start II building to Pronamic Industries, a producer of glass filter media for the filter industry. Oak Ridge Metal Works has located in the old Brooks Boatworks building at the Industrial Park. Both companies, together, have created 150 new jobs and completed \$2,000,000 in building renovations. The renovations were facilitated through a 50/50 grant from the Department of Commerce Community Development Block Grant program. The grant award amount was \$320,000 with the City contributing \$30,000 to the project.

This past year, the EDC was heavily involved with the Beaufort County Community College and Beaufort County Public Schools system with a focus on filling the pipeline with more qualified workers. The area's future success will be based on its ability to provide good qualified workers. The Economic Development Advisory Board developed a Work Plan and

an Investment Guideline policy that was adopted by the Beaufort County Board of Commissioners.

The City began EDA grant projects of \$722,000 for water infrastructure improvements and \$720,000 for sewer improvements within Washington and the surrounding area. The City's match was \$706,000 and \$704,000 respectively. The water projects are to add a parallel 16" water line at the water treatment plant and install a liquid chlorine dispenser. The sewer projects are to install a generator at the Cherry Run lift station, a generator at the waste water treatment plant, and to rebuild the Water and Bonner lift station. The design work for these projects has been completed.

The City neared completion of a \$200,000 Jump Start Job Creation grant from the Community Development Block Grant Small Business and Entrepreneurial Assistance Program to help five local businesses create six new jobs.

Three solar farms were completed during the year to bring the total in our service area to four. The City completed the connection to our distribution system for these reimbursable projects. The owner of the farms is Sun Energy and they have entered into an agreement to sell electricity to Duke Progress Energy. One of the farms has located at the City's Warren Field Airport through a lease of the property.

The City is continuing an aggressive load management switch installation program to reduce residential energy costs. 490 switches were installed this fiscal year. 2,808 switches have been installed since October 2010 resulting in residential customers saving approximately \$122,229 per year on their electric bills.

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City was awarded a \$200,000 Public Access Grant along with a \$50,000 Parks and Recreation Trust Fund Grant (PARTF) for the construction of a waterfront bath house and dock master station. The City provided a match of \$96,507 for the project that was completed in August 2014. Other recreational projects within the City include the completion of a parks and recreation master plan funded by a \$45,000 grant award from Pitt County with the City's match of \$5,000. A comprehensive bicycle plan funded with a \$28,000 grant from the US Department of Transportation with a \$7,000 City match is in progress and completion is planned for January 2015.

The City's airport terminal building and many of the hangars were destroyed or damaged by a gustnado on July 1, 2012. Insurance proceeds were received for the claim and the hangars have been repaired. The City received a \$798,971 grant from the North Carolina Department of Transportation and the City is utilizing \$455,517 of the insurance proceeds to rebuild the terminal. The terminal building construction has begun with completion planned for February 2015.

### **Awards and Acknowledgements**

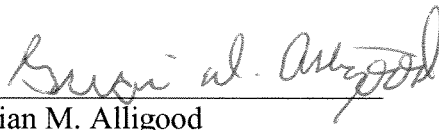
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Washington for its



Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the eighteenth consecutive year (fiscal years ended 1996-2013) 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,

  
\_\_\_\_\_  
Brian M. Alligood  
City Manager

  
\_\_\_\_\_  
Matthew J. Rauschenbach  
Chief Financial Officer

**CITY OF WASHINGTON, NORTH CAROLINA  
PRINCIPAL OFFICERS  
JUNE 30, 2014**

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**ELECTED OFFICIALS**

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Title	Name	Total Length Of Service	Term Expires
Mayor	Jay MacDonald Hodges	6 months	December, 2015
Mayor Pro-Tem	Bobby E. Roberson	5 years	December, 2015
Councilperson	Larry Beeman	6 months	December, 2015
Councilperson	William H. Pitt	5 years	December, 2015
Councilperson	Douglas G. Mercer	7 years	December, 2015
Councilperson	Richard L. Brooks	3 years	December, 2015

The Mayor and Council serve 2 year terms.

**APPOINTED OFFICIALS**

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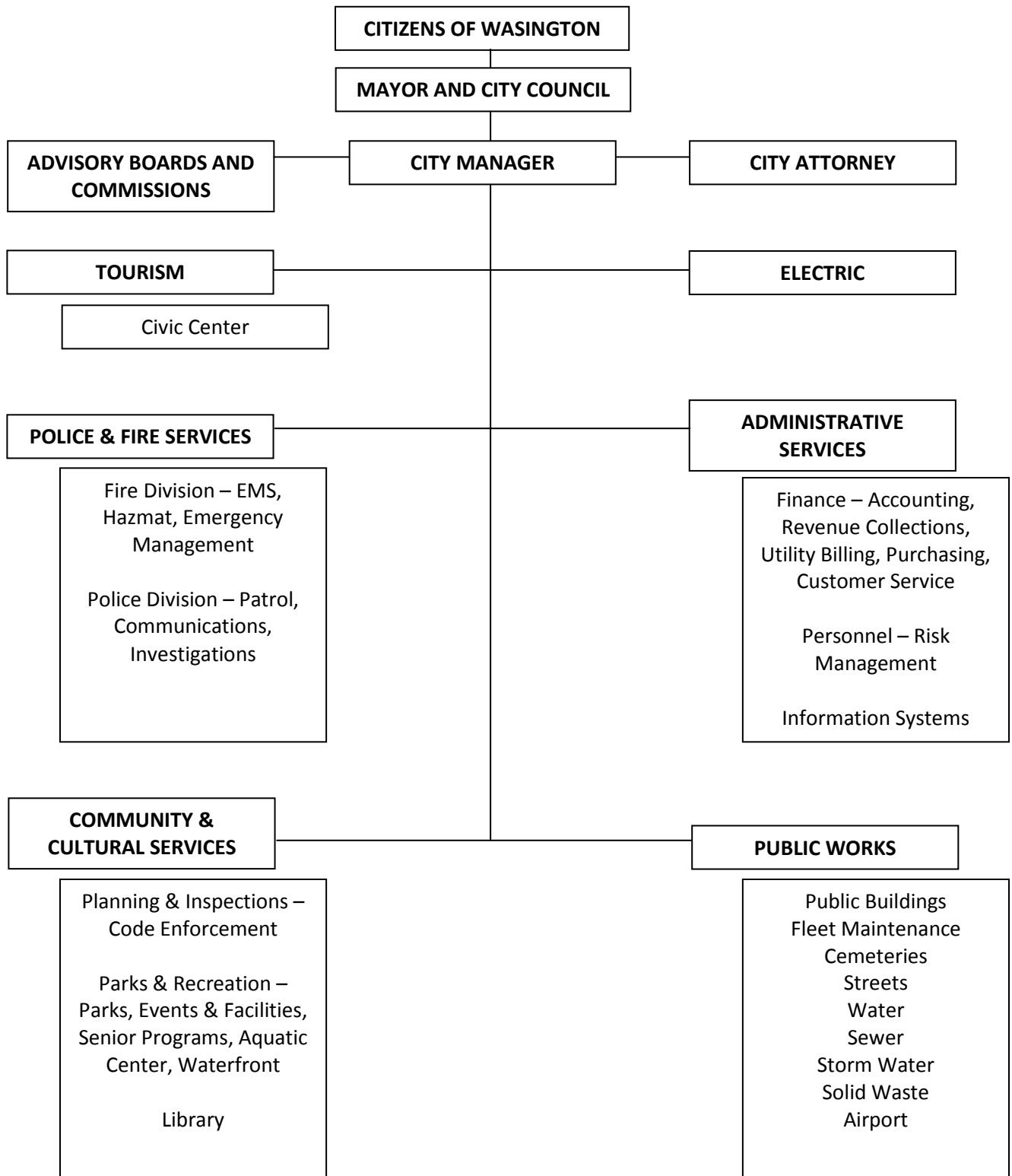
Title	Name	Total Length Of Service	Length of Employment with the City of Washington
City Attorney	Franz Holscher	8 years	8 years
City Clerk	Cynthia Bennett	6 years	15 years
City Manager	Brian M. Alligood	1 year	1 year

**DEPARTMENT HEADS**

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Title	Name	Total Length Of Service	Length of Employment with the City of Washington
Community & Cultural Services Director	John D. Rodman	5 years	13 years
Electric Director	Keith A. Hardt	17 years	18 years
CFO/Administrative Services Director	Matthew J. Raschenbach	5 years	5 years
Fire Chief	Robert C. Rose	5 years	25 years
Library Director	Gloria J. Moore	7 years	24 years
Human Resources Director	Susan C. Hodges	11 years	11 years
Police & Fire Services Director	Stacy L. Drakeford	2 years	2 years
Public Works Director	R. Allen Lewis, III	11 years	11 years
Tourism Director	Lynn Wingate	11 years	11 years

**CITY OF WASHINGTON  
ORGANIZATION CHART  
2013-2014**





Government Finance Officers Association

**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, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

## **Financial Section**

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Washington TDA were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, 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 State and 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 fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the City of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on 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* in considering the City of Washington's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 4, 2014

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## 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, 2014. 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

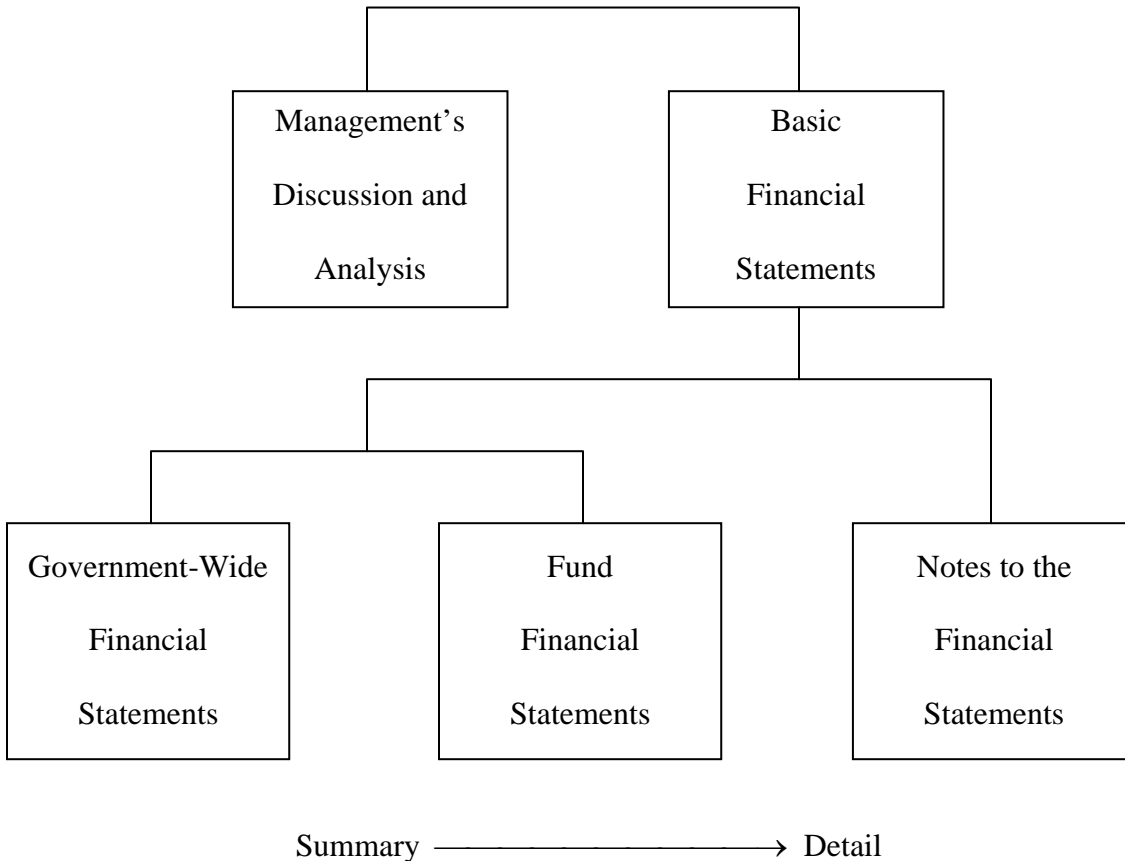
- The assets of the City of Washington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$102,970,139 (*net position*). Of this amount, \$20,141,003 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$1,083,048, a decrease of 1.04%. Of this amount, governmental net position decreased by \$2,456,169, while business-type net position grew by \$1,373,121.
- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$10,170,924, an increase of \$511,618. Approximately 27.54% of this total amount, or \$2,801,426, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,238,713, or 53.37%, of total General Fund expenditures for the fiscal year.
- The City of Washington's total debt decreased by \$2,111,900, or 19.33%, during the current fiscal year.
- The City currently has an A1 with no outlook rating from Moody's Investor Services and A+ with a stable outlook rating by Standard & Poor's Corporation. The North Carolina Municipal Council rates the City at 80 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 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 two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units, including general government, public safety, transportation, economic and physical development, environmental protection, cultural and recreational, special revenues, and capital projects. Property taxes and State and federal grant funds finance most of these activities. The business-type activities of the City of Washington include water, sewer, electric, storm water utilities, solid waste, airport operations, and cemetery operations. The final category is the component unit. 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 Position 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 twenty 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 eighteen 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 19-23 of this report.

**Proprietary Funds.** The City of Washington has two 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, storm water 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, storm water, and electric utilities, which are considered to be major funds of the City of Washington. The airport operations, solid waste utility, and cemetery operations are considered to be nonmajor proprietary funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Washington operations. The City uses an internal service fund to account for one activity – its workers' compensation reserve. This operation benefits both governmental and proprietary funds and has been included within the governmental activities in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 24-27 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 28-68 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 69-70 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 71-141 of this report.

**Interdependence with Other Entities:** The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis**  
**Figure 2**

**City of Washington's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$12,277,220	\$11,904,981	\$18,593,641	\$18,758,402	\$ 30,870,861	\$ 30,663,383
Capital assets, net	19,773,090	23,245,390	69,028,496	68,904,185	88,801,586	92,149,575
Total assets and deferred outflows of resources	32,050,310	35,150,371	87,622,137	87,662,587	119,672,447	122,812,958
Long-term liabilities, outstanding	4,466,985	5,016,595	7,563,294	8,892,723	12,030,279	13,909,318
Other liabilities	577,703	658,575	4,094,326	4,178,468	4,672,029	4,837,043
Deferred inflows of resources	-	13,410	-	-	-	13,410
Total liabilities and deferred inflows of resources	5,044,688	5,688,580	11,657,620	13,071,191	16,702,308	18,759,771
<b>Net Position:</b>						
Net investment in capital assets	17,557,469	20,350,145	62,593,894	61,070,809	80,151,363	81,420,954
Restricted	2,677,773	2,411,242	-	-	2,677,773	2,411,242
Unrestricted	6,770,380	6,700,404	13,370,623	13,520,587	20,141,003	20,220,991
Total net position	\$27,005,622	\$29,461,791	\$75,964,517	\$74,591,396	\$102,970,139	\$104,053,187

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Washington exceeded liabilities and deferred inflows by \$102,970,139 as of June 30, 2014. This is a decrease in the City's net position of \$1,083,048 for the fiscal year. By far, the largest portion (77.84%) reflects its net 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 net investment in 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 position, \$2,677,773, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$20,141,003 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets decreased by \$3,392,379 during the fiscal year. This decrease of 3.68% is primarily attributable to the sale of its 400,000 square feet manufacturing facility to the lessee, idX Impressions, LLC. The transaction resulted in a \$2,801,442 decrease in net capital assets for governmental activities.

**Figure 3**

**City of Washington's Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program revenues:						
Charges for service	\$ 2,583,151	\$ 1,773,775	\$ 44,336,220	\$ 44,095,792	\$ 46,919,371	\$ 45,869,567
Operating grants and contributions	635,324	668,134	130,703	-	766,027	668,134
Capital grants and contributions	751,259	543,524	1,070,089	698,736	1,821,348	1,242,260
General revenues:						
Property taxes	4,507,481	4,291,705	-	-	4,507,481	4,291,705
Other taxes	2,078,529	2,089,877	-	-	2,078,529	2,089,877
Unrestricted intergovernmental	1,583,720	1,550,229	-	-	1,583,720	1,550,229
Other	512,129	516,200	142,409	131,722	654,538	647,922
Total revenues	<u>12,651,593</u>	<u>11,433,444</u>	<u>45,679,421</u>	<u>44,926,250</u>	<u>58,331,014</u>	<u>56,359,694</u>
Expenses:						
General government	5,225,614	2,211,617	-	-	5,225,614	2,211,617
Public safety	5,784,755	5,769,373	-	-	5,784,755	5,769,373
Transportation	801,834	922,884	-	-	801,834	922,884
Environmental protection	670,441	654,618	-	-	670,441	654,618
Cultural and recreation	2,297,029	1,606,916	-	-	2,297,029	1,606,916
Economic and physical development	624,667	294,315	-	-	624,667	294,315
Interest on long-term debt	71,970	116,070	-	-	71,970	116,070
Water	-	-	3,025,019	3,016,643	3,025,019	3,016,643
Sewer	-	-	2,975,619	2,778,577	2,975,619	2,778,577
Electric	-	-	35,475,345	34,958,237	35,475,345	34,958,237
Storm water	-	-	381,890	390,349	381,890	390,349
Airport	-	-	505,289	696,759	505,289	696,759
Solid waste	-	-	1,293,733	1,256,031	1,293,733	1,256,031
Cemetery	-	-	280,857	285,546	280,857	285,546
Total expenses	<u>15,476,310</u>	<u>11,575,793</u>	<u>43,937,752</u>	<u>43,382,142</u>	<u>59,414,062</u>	<u>54,957,935</u>
Increase in net position before transfers	(2,824,717)	(142,349)	1,741,669	1,544,108	(1,083,048)	1,401,759
Transfers	<u>368,548</u>	<u>905,410</u>	<u>(368,548)</u>	<u>(905,410)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(2,456,169)	763,061	1,373,121	638,698	(1,083,048)	1,401,759
Net position, July 1	<u>29,461,791</u>	<u>28,698,730</u>	<u>74,591,396</u>	<u>73,952,698</u>	<u>104,053,187</u>	<u>102,651,428</u>
Net position, June 30	<u>\$ 27,005,622</u>	<u>\$ 29,461,791</u>	<u>\$ 75,964,517</u>	<u>\$ 74,591,396</u>	<u>\$ 102,970,139</u>	<u>\$ 104,053,187</u>



**Governmental Activities.** Governmental activities decreased the City's net position by \$2,456,169 or 8.34% after transfers. Again, the primary cause for this decrease was the sale of the manufacturing facility to the lessee at an incentive price in support of a NC Department of Commerce One NC expansion grant.

**Business-Type Activities.** Business-type activities increased the City of Washington's net position by \$1,373,121, accounting for 1.84% growth in the overall government's net position. Revenues exceeded expenses by \$1,741,669 before transfers out. The net transfers out of the business-type activities totaled \$368,548 for the year. Of this amount, \$470,000 is the annual dividend payment from the electric utility customers to the taxpayers of the City of Washington.

## **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.

The General Fund is the chief operating fund of the City of Washington. At the end of the current fiscal year, the City's fund balance available in the General Fund was \$6,644,822, while total fund balance reached \$8,525,993. The governing body of the City of Washington has determined that the City should maintain an available fund balance equal to 2 months operating expenses plus an additional \$2,000,000 in case of natural disaster recovery. The City currently has an available fund balance of 53.37% of general fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 68.47% of the same amount.

As of the end of the fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$10,170,924, a net increase of \$511,618 in comparison with the prior year. Approximately 59.5% of this total amount, or \$6,054,220, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either classified as restricted (by State statute or granting agencies), non-spendable such as the Cemetery and Library Non-Expendable Trust Fund balances, prepaid expenses and inventory, committed for items such as economic development capital grants, recreation capital grants and a police station, or assigned for downtown façade improvements.

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

Differences between the original budgeted revenues and the final amended budgeted revenues for the General Fund amounted to an \$357,807 increase and are summarized as follows:

- \$18,929 increase in restricted intergovernmental
- \$336,378 increase in sales and services
- \$2,500 increase in miscellaneous

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund amounted to a \$654,526 increase and are summarized as:

- \$228,365 in increases allocated to general government activity
- \$70,159 in decreases allocated to public safety
- \$50,993 in increases allocated to transportation
- \$13,690 in increases allocated to environmental protection
- \$115,190 in increases allocated to cultural and recreational
- \$316,447 in increases allocated to debt service

Transfers, debt issues, and the appropriation of fund balance rebalanced the General Fund budget as follows:

- \$446,669 increase in transfer to other funds of which \$51,507 was for the City's share of grant matches for several federal and state grants and \$150,000 for the City funded Wayfinding Project. An additional transfer was made from the General Fund to the Cemetery Fund to cover the purchase of capital items.
- \$383,600 decrease in debt proceeds due to City Council electing to pay cash for capital items that were originally budgeted to be financed with borrowed bank funds.
- \$1,126,988 increase in appropriated fund balance to account for purchase orders and projects from the prior year that had not been completed at June 30, 2014.

During the year, actual revenues came in 9.14%, or \$1,007,288, higher than budgetary estimates in the General Fund while expenditures were 6.47%, or \$810,760, less than budgetary appropriations, thus increasing the level of existing fund balance \$480,396, compared to what was budgeted to be used \$1,341,416. As with most years, several projects had not been completed at the end of the fiscal year and funding for those projects will need to be appropriated for spending in the FY 14/15 budget since the government has issued purchase orders and committed itself to completing the projects.

***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.

Six proprietary funds saw increases in their net position at the close of the fiscal year on the full accrual basis of accounting, Water Fund, Sewer Fund, Electric Fund, Storm Water Fund, Warren Field Airport Fund, and Cemetery Fund. The Solid Waste Fund had a negative change in net position on the full accrual basis of accounting. Six of the seven enterprise funds experienced losses on the budgetary basis of accounting, including the Water Fund, Sewer Fund, Electric Fund, Storm Water Fund, Airport Fund, and Solid Waste Fund. The drawdown of fund balance was fully anticipated in all these funds. The Water and Sewer Funds each transferred in excess of \$700,000 from savings to enterprise capital project funds in order to satisfy the City's match for EDA grants being used to fund various system improvements. The Solid Waste Fund budgeted the use of \$169,280 in savings for cash capital purchases which included a new sanitation truck. However, only \$102,936 was actually needed. Fund balance was appropriated as planned in the Storm Water Fund to pay back debt for Recovery Zone Economic Development bonds used to finance a massive drainage improvement project over the past couple of years. The Electric Fund realized a loss of \$523,190 (budgetary basis) due to the planned appropriation of fund balance instead of installment financing to pay for system improvements not completed in the previous fiscal year.

## 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, 2014 amounted to \$88,801,586 (net of accumulated depreciation). This investment in capital assets includes land, buildings, distribution systems, drainage systems, substations, infrastructure, improvements, office furniture and machines, machinery and equipment, vehicles, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$3,347,989, or (3.63%) overall. This is represented by a 14.94% decrease for governmental activities and a .18% increase for business-type activities.

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

- Multiple airport improvement projects continued during the year as a result of federal and State funding received through the NC Division of Aviation. The City began construction of a new terminal building after its 36 year old facility was completely destroyed on July 1, 2012, during a gustnado. The estimated 1.2 million dollar building is being constructed with grant funds and insurance proceeds. Other airport projects included paving amounting to \$86,766 and airfield drainage improvements costing \$175,456.
- Several electric system improvement projects commenced during the year, including a line rebuild along 2<sup>nd</sup> and 5<sup>th</sup> streets and several electric circuit feeder relocations. A bucket truck was also acquired at a cost of \$234,541.
- Construction on three solar farms was completed during the year, bringing the system total to four. An Electric Fund construction in progress asset addition in the amount of \$464,315 was recorded to account for this year's expenditures.
- Construction of a water front bath house and dock master station was near completion at year end. Project to date expenditures total \$274,810. The project is being funded primarily with grants and includes a city contribution of \$96,507.
- In April, 2014 the City sold its 400,000 square feet manufacturing facility with a book value of \$2,801,442.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 5,173,034	\$ 5,173,034	\$ 1,649,782	\$ 1,649,782	\$ 6,822,816	\$ 6,822,816
Buildings	5,632,290	8,636,612	4,397,375	4,577,560	10,029,665	13,214,172
Infrastructure	6,526,927	6,122,524		-	6,526,927	6,122,524
Plants, substations, lines drainage, and runways		-	52,791,291	52,178,756	52,791,291	52,178,756
General and mobile equipment	1,599,849	2,154,627	4,628,364	4,821,083	1,660,425	6,975,710
Furniture and office equipment	361,152	226,220	60,576	72,807	421,728	299,027
Construction in progress	479,838	932,373	5,501,108	5,604,197	5,980,946	6,536,570
Capital assets, net	<u>\$ 19,773,090</u>	<u>\$ 23,245,390</u>	<u>\$ 69,028,496</u>	<u>\$ 68,904,185</u>	<u>\$ 88,801,586</u>	<u>\$ 92,149,575</u>

Additional information on the City's capital assets can be found in note 5 on pages 43-48 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City of Washington had total debt outstanding of \$8,813,655. Of this amount, \$140,000 comprises sewer 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 \$2,882,726, loans from the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Loan Fund in the amount of \$1,926,929, and \$3,864,000 in outstanding Recovery Zone Economic Development bond debt.

**Figure 5**  
**City of Washington's Outstanding Debt**  
**General Obligation, Installment Notes, RZEDB, and Revolving Loan Fund**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General obligation bonds	\$ -	\$ -	\$ 140,000	\$ 430,000	\$ 140,000	\$ 430,000
Installment notes	2,184,952	2,877,011	697,774	1,323,112	2,882,726	4,200,123
Recovery Zone EDB	30,669	33,335	3,833,331	4,166,665	3,864,000	4,200,000
Revolving Loan Fund	-	-	1,926,929	2,095,432	1,926,929	2,095,432
Total	<u>\$ 2,215,621</u>	<u>\$ 2,910,346</u>	<u>\$ 6,598,034</u>	<u>\$ 8,015,209</u>	<u>\$ 8,813,655</u>	<u>\$10,925,555</u>

The City's total debt decreased by \$2,111,900, or 19.33%, during the current fiscal year. The government had originally planned to issue a 59-month installment note in the amount of \$1,129,000 to fund the purchase of certain capital items and system improvements; however, City Council later decided to pay cash for the items. The City paid off a \$377,599 installment loan associated with maintenance upgrades at the idX Impressions, LLC manufacturing facility. The final principal and interest payment on the general obligation bonds will be made during next fiscal year.

The City currently has an A1 with no outlook rating from Moody's Investor Services and A+ with a stable outlook rating by Standard & Poor's Corporation. The North Carolina Municipal Council rates the City at 80 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 \$71,058,048, which is significantly in excess of the City of Washington's outstanding general obligation debt. The City's legal debt margin is \$62,244,393.

Additional information on the City of Washington's long-term debt can be found in note 11 on pages 57-65 of this report.

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

Due to current economic factors and conservative budgeting measures, many General Fund revenues such as sales tax, Powell Bill funds, building permits, and other sales and service revenues are expected to remain relatively flat for FY 14/15 when compared to the current year. The City does anticipate an increase of approximately \$120,000 in property tax revenue as a result of the State now collecting tax on motor vehicles at the time of registration.

The original General Fund budget for FY 14/15 totals \$14,128,504, a decrease of \$420,808 or 2.89% when compared to the FY 13/14 original budget of \$14,549,312. The decrease is primarily due to the loss of rent resulting from the sale of a manufacturing facility to the lessee and the use of cash for capital purchases instead of installment financing. The City plans to take an in depth look at General Fund revenues during the year by calculating the true cost of certain governmental services and determining the amounts being covered by user fees and the costs being subsidized by City taxpayers. As part of the analysis, the City will also attempt to identify the different groups utilizing facilities and services in an effort to receive additional outside funding from the County and or the patrons for benefits received by County residents using City assets and services.

There is no contingency currently budgeted in FY 14/15, but significant fund balance is available for emergency items that may arise during the year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2015**

The following factors were also considered when preparing the City of Washington's budget for the 14/15 fiscal year:

- The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 7.7%, a 2.2% decrease from a rate of 9.9% in 2013. This compares unfavorably to the State's average unemployment rate of 6.4% and the national average rate of 6.1%.
- The median household income for the City of Washington is \$28,750, or 38.11%, below North Carolina's household income average of \$46,450.
- 27.9% of Beaufort County residents live at or below the poverty level.
- Ad valorem tax collections are expected to increase slightly to 95%.
- Retail sales are expected to remain relatively flat in fiscal year 14/15 when compared to 13/14.
- The transfer of the dividend payment to the General Fund from the Electric Fund is likely to continue to decrease over the coming years.

The property tax remained at a rate of \$0.50 per \$100 valuation for fiscal year 14-15 with \$0.0144 of this rate continuing to be allocated toward public safety debt.

The water, sewer, stormwater, electric, and solid waste utility rates remained the same for FY 14-15.

### **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 Chief Financial Officer, P.O. Box 1988, Washington, North Carolina 27889.

## **Basic Financial Statements**

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## CITY OF WASHINGTON, NORTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
<b>Assets:</b>				
Cash and investments	\$ 9,919,079	\$ 10,843,400	\$ 20,762,479	\$ 213,907
Taxes receivable, net	283,042	-	283,042	-
Accounts receivable, net	1,760,180	5,480,293	7,240,473	21,775
Notes receivable	188,157	149,947	338,104	-
Inventories	94,235	980,364	1,074,599	-
Prepaid items	29,418	-	29,418	1,194
Restricted cash and investments	3,109	1,139,637	1,142,746	-
Security deposits	-	-	-	75
Capital assets:				
Non-depreciable	5,652,872	7,150,890	12,803,762	-
Depreciable, net	14,120,218	61,877,606	75,997,824	-
Total assets	32,050,310	87,622,137	119,672,447	236,951
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	574,594	3,118,121	3,692,715	40,448
Liabilities payable from restricted assets:				
Customer deposits	3,109	976,205	979,314	-
Long-term liabilities:				
Due within one year	669,654	1,194,506	1,864,160	-
Due in more than one year	3,797,331	6,368,788	10,166,119	-
Total liabilities	5,044,688	11,657,620	16,702,308	40,448
<b>Net Position:</b>				
Net investment in capital assets	17,557,469	62,593,894	80,151,363	-
Restricted for:				
Stabilization for State statute	1,969,776	-	1,969,776	21,850
Permanently restricted for perpetual maintenance	525,277	-	525,277	-
General government	89,026	-	89,026	-
Public safety	49,942	-	49,942	-
Cultural and recreation	23,175	-	23,175	-
Economic and physical development	20,577	-	20,577	-
Tourism promotion	-	-	-	174,653
Unrestricted	6,770,380	13,370,623	20,141,003	-
Total net position	\$ 27,005,622	\$ 75,964,517	\$ 102,970,139	\$ 196,503

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, 2014

		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	\$ 5,225,614	\$ 1,730,280	\$ 2,483	\$ -
Public safety	5,784,755	637,212	451,338	-
Transportation	801,834	6,251	-	184,004
Environmental protection	670,441	-	-	-
Cultural and recreation	2,297,029	209,408	26,259	48,989
Economic and physical development	624,667	-	155,244	518,266
Interest on long-term debt	71,970	-	-	-
Total governmental activities	<u>15,476,310</u>	<u>2,583,151</u>	<u>635,324</u>	<u>751,259</u>
<b>Business-Type Activities:</b>				
Water	3,025,019	3,154,780	-	15,232
Sewer	2,975,619	3,001,831	-	62,963
Electric	35,475,345	35,913,591	-	585,474
Stormwater Utility	381,890	509,015	-	-
Warren Field Airport	505,289	237,081	130,703	406,420
Solid waste	1,293,733	1,273,038	-	-
Cemetery	280,857	246,884	-	-
Total business-type activities	<u>43,937,752</u>	<u>44,336,220</u>	<u>130,703</u>	<u>1,070,089</u>
Total primary government	<u>\$ 59,414,062</u>	<u>\$ 46,919,371</u>	<u>\$ 766,027</u>	<u>\$ 1,821,348</u>
<b>Component Unit:</b>				
Tourism Development Authority	\$ 449,567	\$ 188,589	\$ 51,540	\$ -
Total component unit	<u>\$ 449,567</u>	<u>\$ 188,589</u>	<u>\$ 51,540</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  
 Miscellaneous  
 Total general revenues

Transfers

Total general revenues and transfers

Change in net position

### Net Position:

Beginning of year - July 1

End of year - June 30

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

**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Tourism Development Authority</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (3,492,851)	\$ -	\$ (3,492,851)	\$ -
(4,696,205)	-	(4,696,205)	-
(611,579)	-	(611,579)	-
(670,441)	-	(670,441)	-
(2,012,373)	-	(2,012,373)	-
48,843	-	48,843	-
(71,970)	-	(71,970)	-
(11,506,576)	-	(11,506,576)	-
-	144,993	144,993	-
-	89,175	89,175	-
-	1,023,720	1,023,720	-
-	127,125	127,125	-
-	268,915	268,915	-
-	(20,695)	(20,695)	-
-	(33,973)	(33,973)	-
-	1,599,260	1,599,260	-
(11,506,576)	1,599,260	(9,907,316)	-
-	-	-	(209,438)
-	-	-	(209,438)
4,507,481	-	4,507,481	-
2,299,077	-	2,299,077	-
1,140,964	-	1,140,964	-
222,208	-	222,208	215,542
456,199	-	456,199	-
55,930	142,409	198,339	306
-	-	-	6,722
8,681,859	142,409	8,824,268	222,570
368,548	(368,548)	-	-
9,050,407	(226,139)	8,824,268	222,570
(2,456,169)	1,373,121	(1,083,048)	13,132
29,461,791	74,591,396	104,053,187	183,371
\$ 27,005,622	\$ 75,964,517	\$ 102,970,139	\$ 196,503

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

# CITY OF WASHINGTON, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2014

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 7,280,805	\$ 1,733,483	\$ 9,014,288
Taxes receivable, net	283,042	-	283,042
Accounts receivable, net	1,537,839	222,217	1,760,056
Notes receivable, net	-	188,157	188,157
Due from other funds	282,846	-	282,846
Inventories	94,235	-	94,235
Prepaid items	29,418	-	29,418
Restricted cash and investments	3,109	-	3,109
Total assets	<u>\$ 9,511,294</u>	<u>\$ 2,143,857</u>	<u>\$ 11,655,151</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 481,318	\$ 17,964	\$ 499,282
Due to other funds	-	282,846	282,846
Liabilities payable from restricted assets:			
Customer deposits	3,109	-	3,109
Total liabilities	<u>484,427</u>	<u>300,810</u>	<u>785,237</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	283,042	-	283,042
EMS receivable	210,079	-	210,079
Other accounts receivable	7,753	1,200	8,953
Loans and notes receivable	-	196,916	196,916
Total deferred inflows of resources	<u>500,874</u>	<u>198,116</u>	<u>698,990</u>
<b>Fund Balances:</b>			
Non-spendable, not in spendable form:			
Inventories	94,235	-	94,235
Prepaid items	29,418	-	29,418
Perpetual maintenance - library care	-	95,376	95,376
Perpetual maintenance - cemetery care	-	429,901	429,901
Restricted:			
Stabilization by State statute	1,757,518	212,258	1,969,776
Restricted, all other	162,143	20,577	182,720
Committed	21	1,053,642	1,053,663
Assigned	243,945	17,670	261,615
Unassigned	6,238,713	(184,493)	6,054,220
Total fund balances	<u>8,525,993</u>	<u>1,644,931</u>	<u>10,170,924</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,511,294</u>	<u>\$ 2,143,857</u>	<u>\$ 11,655,151</u>

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

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **BALANCE SHEET - GOVERNMENTAL FUNDS** **JUNE 30, 2014**

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

Total fund balance, governmental funds:	\$ 10,170,924
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	19,773,090
Other long-term assets are not available to pay for current expenditures and, therefore, are inflows of resources in the funds.	698,990
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 Position.	829,669
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.	(4,466,985)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(66)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 27,005,622</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 BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 4,598,571	\$ -	\$ 4,598,571
Other taxes and licenses	2,534,728	-	2,534,728
Unrestricted intergovernmental	1,583,720	-	1,583,720
Restricted intergovernmental	700,862	675,721	1,376,583
Permits and fees	89,360	-	89,360
Sales and services	2,390,422	-	2,390,422
Investment earnings	39,915	10,490	50,405
Miscellaneous	85,032	42,041	127,073
Total revenues	<u>12,022,610</u>	<u>728,252</u>	<u>12,750,862</u>
<b>Expenditures:</b>			
Current:			
General government	2,126,445	-	2,126,445
Public safety	5,410,997	-	5,410,997
Transportation	822,261	-	822,261
Environmental protection	387,658	2,967	390,625
Cultural and recreation	2,197,836	18,556	2,216,392
Economic and physical development	-	893,340	893,340
Debt service:			
Principal retirement	694,725	-	694,725
Interest and fees	71,976	-	71,976
Total expenditures	<u>11,711,898</u>	<u>914,863</u>	<u>12,626,761</u>
Revenues over (under) expenditures	<u>310,712</u>	<u>(186,611)</u>	<u>124,101</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	909,244	388,582	1,297,826
Transfers to other funds	(739,560)	(170,749)	(910,309)
Total other financing sources (uses)	<u>169,684</u>	<u>217,833</u>	<u>387,517</u>
Net change in fund balances	480,396	31,222	511,618
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>8,045,597</u>	<u>1,613,709</u>	<u>9,659,306</u>
End of year - June 30	<u>\$ 8,525,993</u>	<u>\$ 1,644,931</u>	<u>\$ 10,170,924</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, 2014**

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)	\$ 511,618
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.	772,083
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.	(18,969)
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(964,638)
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 position differs from the change in fund balance by the net book value of the capital assets sold.	(3,260,776)
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.	(135,061)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Position.	694,725
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds.	6
Internal Service Fund	89,958
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>(145,115)</u>
Change in net position of governmental activities	<u>\$ (2,456,169)</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, 2014**

	<b>Budgeted Amounts</b>			<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over/Under</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,341,324	\$ 4,341,324	\$ 4,598,571	\$ 257,247
Other taxes and licenses	2,485,466	2,485,466	2,534,728	49,262
Unrestricted intergovernmental	1,501,833	1,501,833	1,583,720	81,887
Restricted intergovernmental	744,399	763,328	700,862	(62,466)
Permits and fees	62,350	62,350	89,360	27,010
Sales and services	1,451,653	1,788,031	2,390,422	602,391
Investment earnings	31,130	31,130	39,915	8,785
Miscellaneous	39,360	41,860	85,032	43,172
Total revenues	<u>10,657,515</u>	<u>11,015,322</u>	<u>12,022,610</u>	<u>1,007,288</u>
<b>Expenditures:</b>				
General government	2,108,039	2,336,404	2,126,445	209,959
Public safety	5,622,634	5,552,475	5,410,997	141,478
Transportation	1,025,133	1,076,126	822,261	253,865
Environmental protection	381,964	395,654	387,658	7,996
Cultural and recreation	2,280,106	2,395,296	2,197,836	197,460
Debt service:				
Principal retirement	379,197	694,726	694,725	1
Interest and fees	71,059	71,977	71,976	1
Total expenditures	<u>11,868,132</u>	<u>12,522,658</u>	<u>11,711,898</u>	<u>810,760</u>
Revenues over (under) expenditures	<u>(1,210,617)</u>	<u>(1,507,336)</u>	<u>310,712</u>	<u>1,818,048</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	905,480	905,480	909,244	3,764
Transfers to other funds	(292,891)	(739,560)	(739,560)	-
Long-term debt issued	383,600	-	-	-
Appropriated fund balance	214,428	1,341,416	-	(1,341,416)
Total other financing sources (uses)	<u>1,210,617</u>	<u>1,507,336</u>	<u>169,684</u>	<u>(1,337,652)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>480,396</u>	<u>\$ 480,396</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>8,045,576</u>	
End of year - June 30			<u>\$ 8,525,972</u>	

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



## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			
<b>Assets:</b>							
Current assets:							
Cash and investments	\$ 2,391,366	\$ 2,389,612	\$ 4,632,596	\$ 448,743	\$ 981,083	\$ 10,843,400	\$ 904,791
Accounts receivable, net	548,000	439,895	4,191,675	55,824	244,899	5,480,293	124
Notes receivable	-	149,947	-	-	-	149,947	-
Inventories	99,245	58,894	786,027	-	36,198	980,364	-
Restricted cash and investments	74,464	-	901,741	163,432	-	1,139,637	-
Total current assets	<u>3,113,075</u>	<u>3,038,348</u>	<u>10,512,039</u>	<u>667,999</u>	<u>1,262,180</u>	<u>18,593,641</u>	<u>904,915</u>
Non-current assets:							
Non-depreciable capital assets	157,858	199,113	270,561	4,944,090	1,579,268	7,150,890	-
Capital assets, net of accumulated depreciation	<u>13,493,261</u>	<u>18,596,280</u>	<u>24,286,848</u>	<u>3,461,618</u>	<u>2,039,599</u>	<u>61,877,606</u>	<u>-</u>
Total capital assets, net	<u>13,651,119</u>	<u>18,795,393</u>	<u>24,557,409</u>	<u>8,405,708</u>	<u>3,618,867</u>	<u>69,028,496</u>	<u>-</u>
Total assets	<u>16,764,194</u>	<u>21,833,741</u>	<u>35,069,448</u>	<u>9,073,707</u>	<u>4,881,047</u>	<u>87,622,137</u>	<u>904,915</u>
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable and accrued liabilities	66,296	170,548	2,774,014	10,430	96,833	3,118,121	75,246
Liabilities payable from restricted assets:							
Customer deposits	74,464	-	901,741	-	-	976,205	-
Current portion of installment notes	-	-	253,221	-	29,609	282,830	-
Current portion of general obligation bonds	-	140,000	-	-	-	140,000	-
Current portion of revolving loans	-	168,503	-	-	-	168,503	-
Current portion of Recovery Zone Economic Development Bonds	-	-	-	333,333	-	333,333	-
Current portion of compensated absences	<u>68,336</u>	<u>20,588</u>	<u>150,198</u>	<u>-</u>	<u>30,718</u>	<u>269,840</u>	<u>-</u>
Total current liabilities	<u>209,096</u>	<u>499,639</u>	<u>4,079,174</u>	<u>343,763</u>	<u>157,160</u>	<u>5,288,832</u>	<u>75,246</u>
Non-current liabilities:							
Non-current portion of installment notes	-	-	377,381	-	37,563	414,944	-
Non-current portion of revolving loans	-	1,758,426	-	-	-	1,758,426	-
Non-current portion of Recovery Zone Economic Development Bonds	-	-	-	3,499,998	-	3,499,998	-
Non-current portion of compensated absences	36,882	70,645	30,534	-	36,959	175,020	-
Non-current portion of OPEB liability	<u>98,373</u>	<u>98,373</u>	<u>207,467</u>	<u>-</u>	<u>116,187</u>	<u>520,400</u>	<u>-</u>
Total non-current liabilities	<u>135,255</u>	<u>1,927,444</u>	<u>615,382</u>	<u>3,499,998</u>	<u>190,709</u>	<u>6,368,788</u>	<u>-</u>
Total liabilities	<u>344,351</u>	<u>2,427,083</u>	<u>4,694,556</u>	<u>3,843,761</u>	<u>347,869</u>	<u>11,657,620</u>	<u>75,246</u>
<b>Net Position:</b>							
Net investment in capital assets	13,651,119	16,728,464	23,926,807	4,735,809	3,551,695	62,593,894	-
Unrestricted	<u>2,768,724</u>	<u>2,678,194</u>	<u>6,448,085</u>	<u>494,137</u>	<u>981,483</u>	<u>13,370,623</u>	<u>829,669</u>
Total net position	<u>\$ 16,419,843</u>	<u>\$ 19,406,658</u>	<u>\$ 30,374,892</u>	<u>\$ 5,229,946</u>	<u>\$ 4,533,178</u>	<u>\$ 75,964,517</u>	<u>\$ 829,669</u>

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

## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			
<b>Operating Revenues:</b>							
Charges for sales and services	\$ 3,003,569	\$ 2,946,160	\$ 35,372,854	\$ 498,765	\$ 1,738,223	\$ 43,559,571	\$ 89,869
Late penalty charges	25,557	29,401	301,102	4,268	-	360,328	-
Impact fees	9,146	12,196	-	-	-	21,342	-
Other	77,894	4,525	176,181	5,982	13,321	277,903	-
Total operating revenues	3,116,166	2,992,282	35,850,137	509,015	1,751,544	44,219,144	89,869
<b>Operating Expenses:</b>							
Administration	667,983	636,362	2,000,763	49,376	-	3,354,484	-
Wastewater treatment and collection	-	1,628,631	-	-	-	1,628,631	-
Water treatment and distribution	1,662,190	-	-	-	-	1,662,190	-
Electrical operations	-	-	2,873,917	-	-	2,873,917	-
Electric power purchases	-	-	28,887,092	-	-	28,887,092	-
Warren Field Airport operations	-	-	-	-	318,215	318,215	-
Solid Waste operations	-	-	-	-	1,223,771	1,223,771	-
Cemetery operations	-	-	-	-	270,852	270,852	-
Depreciation	691,825	655,553	1,657,878	133,080	183,858	3,322,194	-
Insurance claims	-	-	-	-	-	-	5,436
Total operating expenses	3,021,998	2,920,546	35,419,650	182,456	1,996,696	43,541,346	5,436
<b>Operating income (loss)</b>	94,168	71,736	430,487	326,559	(245,152)	677,798	84,433
<b>Non-Operating Revenues (Expenses):</b>							
Rents	36,232	-	-	-	-	36,232	-
Recovery of doubtful accounts	604	-	-	-	-	604	-
Investment earnings	11,656	12,148	31,047	85,542	2,016	142,409	5,525
Sale of surplus and scrap	630	-	32,304	-	-	32,934	-
Loss on disposal of capital asset	-	-	(37,869)	-	(4,162)	(42,031)	-
Assessments	-	9,549	-	-	-	9,549	-
Fines and meters	-	-	17,320	-	-	17,320	-
Solid waste disposal tax	-	-	-	-	5,459	5,459	-
Interest expense	(3,021)	(55,073)	(17,826)	(199,434)	(1,979)	(277,333)	-
Insurance proceeds	-	-	-	-	130,703	130,703	-
Gustnado expenses	-	-	-	-	(77,042)	(77,042)	-
Miscellaneous	1,148	-	13,830	-	-	14,978	-
Total non-operating revenues (expenses)	47,249	(33,376)	38,806	(113,892)	54,995	(6,218)	5,525
<b>Income (loss) before capital contributions and transfers</b>	141,417	38,360	469,293	212,667	(190,157)	671,580	89,958
<b>Capital Contributions and Transfers:</b>							
Capital contributions	15,232	62,963	604,443	-	406,420	1,089,058	-
Transfers in	5,660	7,940	5,488	-	331,890	350,978	-
Transfers out	(100,609)	(69,178)	(568,708)	-	-	(738,495)	-
Total contributions and transfers	(79,717)	1,725	41,223	-	738,310	701,541	-
<b>Change in net position</b>	61,700	40,085	510,516	212,667	548,153	1,373,121	89,958
<b>Net Position:</b>							
Beginning of year - July 1	16,358,143	19,366,573	29,864,376	5,017,279	3,985,025	74,591,396	739,711
End of year - June 30	\$ 16,419,843	\$ 19,406,658	\$ 30,374,892	\$ 5,229,946	\$ 4,533,178	\$ 75,964,517	\$ 829,669

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

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# CITY OF WASHINGTON, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers	\$ 3,127,551	\$ 2,954,459	\$ 36,100,488	\$ 519,066
Cash paid to employees for services	(820,832)	(747,140)	(1,899,486)	-
Cash paid to suppliers	(1,473,100)	(1,407,775)	(31,783,267)	(53,354)
Net cash provided (used) by operating activities	833,619	799,544	2,417,735	465,712
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers from other funds	5,660	7,940	5,488	-
Transfers to other funds	(100,609)	(69,178)	(568,708)	-
Net cash provided (used) by non-capital financing activities	(94,949)	(61,238)	(563,220)	-
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Interest paid on notes, bonds, and loans	(3,021)	(55,073)	(17,826)	(199,434)
Acquisition of capital assets	(222,171)	(347,796)	(2,182,065)	(8,839)
Capital contributions	15,232	62,963	585,474	-
Principal collected on note receivable	-	20,563	-	-
Principal payments on long-term debt	(69,810)	(399,204)	(554,953)	(340,008)
Net cash provided (used) by capital and related financing activities	(279,770)	(718,547)	(2,169,370)	(548,281)
<b>Cash Flows From Investing Activities:</b>				
Investment earnings	11,656	12,148	31,047	85,542
Net cash provided (used) by investing activities	11,656	12,148	31,047	85,542
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	470,556	31,907	(283,808)	2,973
<b>Cash and Cash Equivalents/Investments:</b>				
Beginning of year - July 1	1,995,274	2,357,705	5,818,145	609,202
End of year - June 30	\$ 2,465,830	\$ 2,389,612	\$ 5,534,337	\$ 612,175
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 94,168	\$ 71,736	\$ 430,487	\$ 326,559
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	691,825	655,553	1,657,878	133,080
Non-operating (expenses)	38,614	9,549	63,454	-
Non-operating revenues	-	-	-	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(43,056)	(47,372)	40,111	10,051
(Increase) decrease in inventories	9,961	(1,650)	11,728	-
(Increase) decrease in prepaid assets	-	-	14,899	-
Increase (decrease) in accounts payable and accrued liabilities	(1,447)	84,603	39,813	(3,978)
Increase (decrease) in customer deposits	15,825	-	146,786	-
Increase (decrease) in compensated absences payable	12,020	11,416	(18,295)	-
Increase (decrease) in OPEB liability	15,709	15,709	30,874	-
Net cash provided (used) by operating activities	\$ 833,619	\$ 799,544	\$ 2,417,735	\$ 465,712
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Loss on disposal of capital assets	\$ -	\$ -	\$ (37,869)	\$ -
Transfer in of capital assets	-	-	18,969	-
Total non-cash investing, capital, and financing activities	\$ -	\$ -	\$ (18,900)	\$ -

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

**Exhibit I**

<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities Internal Service Fund</b>
\$ 2,260,458	\$ 44,962,022	\$ 89,869
(797,537)	(4,264,995)	(78,891)
(1,415,051)	(36,132,547)	-
<u>47,870</u>	<u>4,564,480</u>	<u>10,978</u>
331,890	350,978	-
-	(738,495)	-
<u>331,890</u>	<u>(387,517)</u>	<u>-</u>
(1,979)	(277,333)	-
(708,696)	(3,469,567)	-
411,879	1,075,548	-
-	20,563	-
(53,202)	(1,417,177)	-
<u>(351,998)</u>	<u>(4,067,966)</u>	<u>-</u>
2,016	142,409	5,525
<u>2,016</u>	<u>142,409</u>	<u>5,525</u>
29,778	251,406	16,503
<u>951,305</u>	<u>11,731,631</u>	<u>888,288</u>
<u>\$ 981,083</u>	<u>\$ 11,983,037</u>	<u>\$ 904,791</u>
\$ (245,152)	\$ 677,798	\$ 84,433
183,858	3,322,194	-
(77,042)	34,575	-
130,703	130,703	-
378,210	337,944	-
20,734	40,773	-
1,988	16,887	-
(365,742)	(246,751)	(73,455)
-	162,611	-
1,070	6,211	-
<u>19,243</u>	<u>81,535</u>	<u>-</u>
<u>\$ 47,870</u>	<u>\$ 4,564,480</u>	<u>\$ 10,978</u>
\$ (4,162)	\$ (42,031)	\$ -
-	18,969	-
<u>\$ (4,162)</u>	<u>\$ (23,062)</u>	<u>\$ -</u>

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

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## **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, 2014**

### **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 by writing Washington Tourism Development Authority, Post Office Box 1765, Washington, North Carolina 27889.

#### **B. Basis of Presentation**

*Government-Wide Statements.* The Statement of Net Position 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 non-exchange 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, 2014

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 has legally adopted an Economic Development Capital Reserve Fund. Under GASB 54 guidance, the Economic Development Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Economic Development Capital Reserve Fund has been included in the supplemental information.

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 five special revenue funds: the CDBG Program Income Fund, the CDBG Affordable Housing Fund, the Comprehensive Bicycle Plan Fund, the CDBG Jumpstart Washington Fund, and the CDBG Grant 2012-95-73 – Job Creation Fund.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Capital Project Funds.** The City maintains thirteen capital project funds: the New Police Station Capital Project Fund, the Festival Park Construction Fund, the Public Safety Capital Reserve Fund, the Facade Program Fund, the Impressions Building Fund, the Spinrite Economic Development Grant Fund, the Old City Hall Rehabilitation Fund, the Pedestrian Project, the NCDENR Adopt-A-Trail Grant Fund, the Parks and Recreation Master Plan, the Waterfront Restroom Fund, the CDBG Project Blue Goose Fund, and the Way Finding Fund.

**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.

**Stormwater Utility Fund.** This fund accounts for the operations of the City's stormwater system.

For financial reporting purposes, the Water Capital Reserve Fund and the EDA Water System Improvements Capital Fund have been consolidated with the Water Fund. The Sewer Capital Reserve Fund and the EDA Sewer System Improvements Capital Project Fund have been consolidated with the Sewer Fund. The Recovery Zone Bond Stormwater Projects Fund has been consolidated with the Stormwater Utility Fund.

The City reports the following nonmajor enterprise funds:

The City has three nonmajor enterprise funds: the Warren Field Airport Fund, the Solid Waste Fund, and the Cemetery Fund. For financial reporting purposes, the Airport Terminal Capital Project Fund and the Airport Rehabilitation Capital Project Fund have been consolidated with the Warren Field Airport 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 the 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, 2014

**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.

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

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

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

The 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

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 is both restricted and unrestricted net position 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.

### **C. Budgetary Data**

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Economic Development Capital Reserve Fund, certain special revenue funds, capital project funds, permanent funds, and enterprise funds. The CDBG Program Income Special Revenue Fund has a legally adopted annual budget. Capital project funds that have legally adopted annual budgets are the Facade Program Fund and the Public Safety Capital Reserve Fund. The Water Capital Reserve Fund and the Sewer Capital Reserve Fund have legally adopted annual budgets, which are combined with the enterprise funds in the accompanying financial statements. All appropriations lapse at the fiscal year-end. All other special revenue funds and capital project funds have legally adopted project budgets. The Recovery Zone Bond Enterprise Capital Project Funds, the EDA Water System Improvements Project, and the EDA Sewer System Improvements Project legally adopt a project budget. 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 funds. The City Manager and Finance Director are 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, 2014**

### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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 and the TDA 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 of America or obligations fully guaranteed as to principal and interest by the United States of America; 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). 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 securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, 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.

#### **Cash and Cash Equivalents**

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. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### City of Washington Restricted Cash

#### **Governmental Activities:**

General Fund - Customer deposits	\$ 3,109
Total governmental activities	<u>\$ 3,109</u>

#### **Business-Type Activities:**

##### **Enterprise Funds:**

Water Fund - customer deposits	74,464
Electric Fund - customer deposits	901,741
Stormwater Utility Fund - unspent debt proceeds	<u>163,432</u>
Total business-type activities	<u>\$ 1,139,637</u>

### **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, 2013.

### **Allowance for Uncollectible Accounts**

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

### **Inventories and Prepaid Items**

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.

The inventories of the City's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and are expensed as the items are used.

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

#### 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:

<u>Assets</u>	<u>Estimated Useful Lives</u>
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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City does not have any items that meet this criterion. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category – property taxes receivable, EMS receivable, loans and notes receivable, and other accounts receivable.



# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **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 Position. 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In 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.

### **Compensated Absences**

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 Position**

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

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

### **Non-Spendable Fund Balance**

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

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

*Perpetual Maintenance* – cemetery and library resources that are required to be retained in perpetuity for maintenance of the cemetery and library.

*Prepaid Items* – portion of fund balance that is not an available resource because it represents certain payments to vendors applicable to future accounting periods and is, therefore, not in spendable form.

### **Restricted Fund Balance**

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

*Stabilization by State Statute* – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for General Government* – portion of fund balance that is restricted by revenue source for general government administration.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as police, fire, and E-911.

*Restricted for Economic and Physical Development* – portion of fund balance restricted by revenue source for economic development purposes.

*Restricted for Cultural and Recreational* – portion of fund balance restricted by revenue source for use for parks, libraries, arts, and other related activities.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Restricted fund balance at June 30, 2014 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, all other:</b>		
General government	\$ 89,026	\$ -
Public safety	49,942	-
Economic and physical development	-	20,577
Cultural and recreational	23,175	-
Total	<u>\$ 162,143</u>	<u>\$ 20,577</u>

### Committed Fund Balance

This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for Economic Development* – portion of fund balance that has been budgeted by the City Council for economic development purposes.

*Committed for Public Safety* – represents the portion of fund balance committed by the governing body for future public safety capital related purposes.

Committed fund balance at June 30, 2014 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
Economic development	\$ 21	\$ 169,617
Public safety	-	884,025
Total	<u>\$ 21</u>	<u>\$ 1,053,642</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the City of Washington intends to use for specific purposes. The City's governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer 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.

*Assigned for Economic and Physical Development* – portion of fund balance budgeted by City Council for economic development incentives relating to the Facade Program Fund.

*Assigned for Streets* – portion of fund balance budgeted by City Council for future street related construction and maintenance expenditures.

Assigned fund balance at June 30, 2014 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
Economic development	\$ -	\$ 17,670
Streets	243,945	-
Total	<u>\$ 243,945</u>	<u>\$ 17,670</u>

### Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

The City of Washington has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

The City has adopted a fund balance policy for the General Fund. It states that the City will maintain an additional \$2,000,000 above the recommended two-month operating reserve provided by the Local Government Commission for similar sized public bodies. However, the excess funds are not restricted for a specific purpose and are available for general appropriation.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Total fund balance - General Fund	\$ 8,525,993
Less:	
Inventories	94,235
Prepaid items	29,418
Stabilization by State statute	<u>1,757,518</u>
Total available fund balance	<u>\$ 6,644,822</u>

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2014 are detailed as follows:

	<b>General Fund</b>	<b>Other Governmental Funds</b>
Encumbrances	<u>\$ 154,665</u>	<u>\$ -</u>

### Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds:

A legally budgeted Economic Development Capital Reserve Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending - General Fund (Exhibit F)      \$ 8,525,972

#### Economic Development Capital Reserve Fund:

Transfers in	156,000
Transfers (out)	(156,000)
Fund balance, beginning	<u>21</u>

Fund balance, ending - General Fund (Exhibit D)      \$ 8,525,993

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 2. Detail Notes on All Funds

#### Assets

#### 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 rely on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City and the TDA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014, the City's deposits had a carrying amount of \$21,888,154 and a bank balance of \$21,536,250. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$20,536,250 was covered by collateral held under the Pooling Method. The City also had \$1,195 in petty cash on hand at June 30, 2014.

#### Investments

At June 30, 2014, 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	\$ 15,876	N/A	AAAm

*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 & Poor's.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 3. Accounts Receivable – Allowance for Doubtful Accounts

The receivables shown in the Statement of Net Position at June 30, 2014, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2014</u>
<b>Governmental Activities:</b>	
<b>General Fund:</b>	
Taxes receivable	\$ 118,128
EMS charges receivable	377,399
Miscellaneous	102,711
Total governmental activities	<u>\$ 598,238</u>
<b>Business-Type Activities:</b>	
<b>Enterprise Funds:</b>	
Water Fund - accounts receivable	\$ 44,845
Sewer Fund - accounts receivable	57,654
Electric Fund - accounts receivable	592,044
Electric Fund - miscellaneous receivable	14,705
Stormwater Utility Fund - accounts receivable	8,601
Solid Waste Fund - accounts receivable	22,154
Total business-type activities	<u>\$ 740,003</u>

### 4. 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, 2014 is \$188,157.

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, 2014 is \$149,947.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 5. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2014 was as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 5,173,034	\$ -	\$ -	\$ -	\$ 5,173,034
Construction in progress	<u>932,373</u>	<u>375,817</u>	<u>-</u>	<u>(828,352)</u>	<u>479,838</u>
Total non-depreciable capital assets	<u>6,105,407</u>	<u>375,817</u>	<u>-</u>	<u>(828,352)</u>	<u>5,652,872</u>
<b>Depreciable Capital Assets:</b>					
Buildings	15,564,544	185,660	(4,524,820)	-	11,225,384
Streets and other improvements	10,387,005	49,447	(79,458)	638,931	10,995,925
General equipment	1,311,107	20,428	(40,605)	-	1,290,930
Office machines	1,149,786	8,550	(14,173)	189,421	1,333,584
Furniture	101,405	-	(6,833)	-	94,572
Vehicles	<u>4,345,596</u>	<u>132,181</u>	<u>(652,706)</u>	<u>3,227</u>	<u>3,828,298</u>
Total depreciable capital assets	<u>32,859,443</u>	<u>396,266</u>	<u>(5,318,595)</u>	<u>831,579</u>	<u>28,768,693</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	6,927,932	293,755	(1,628,593)	-	5,593,094
Streets	4,264,481	283,974	(79,458)	-	4,468,997
General equipment	1,090,419	57,401	(40,605)	-	1,107,215
Office machines	924,568	59,012	(11,146)	-	972,434
Furniture	100,403	1,000	(6,833)	-	94,570
Vehicles	<u>2,411,657</u>	<u>269,496</u>	<u>(291,184)</u>	<u>22,196</u>	<u>2,412,165</u>
Total accumulated depreciation	<u>15,719,460</u>	<u>\$ 964,638</u>	<u>\$ (2,057,819)</u>	<u>\$ 22,196</u>	<u>14,648,475</u>
Total depreciable capital assets, net	<u>17,139,983</u>				<u>14,120,218</u>
Governmental activities capital assets, net	<u>\$ 23,245,390</u>				<u>\$ 19,773,090</u>

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

<b>Governmental Activities:</b>	
General government	\$ 94,166
Public safety	317,848
Transportation	271,995
Cultural and recreational	<u>280,629</u>
Total	<u>\$ 964,638</u>



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Capital asset activity for the business-type activities for the year ended June 30, 2014 was as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Water Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 117,538	\$ -	\$ -	\$ -	\$ 117,538
Construction in progress	-	40,320	-	-	40,320
Total non-depreciable capital assets	<u>117,538</u>	<u>40,320</u>	<u>-</u>	<u>-</u>	<u>157,858</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	15,786,828	129,488	-	-	15,916,316
Buildings	7,165,906	-	-	-	7,165,906
Furniture and office equipment	811,493	-	-	-	811,493
General and mobile equipment	<u>4,570,710</u>	<u>52,363</u>	<u>-</u>	<u>-</u>	<u>4,623,073</u>
Total depreciable capital assets	<u>28,334,937</u>	<u>181,851</u>	<u>-</u>	<u>-</u>	<u>28,516,788</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	7,662,615	326,132	-	-	7,988,747
Buildings	3,157,905	196,740	-	-	3,354,645
Furniture and office equipment	752,806	2,907	-	-	755,713
General and mobile equipment	<u>2,758,376</u>	<u>166,046</u>	<u>-</u>	<u>-</u>	<u>2,924,422</u>
Total accumulated depreciation	<u>14,331,702</u>	<u>\$ 691,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,023,527</u>
Total depreciable capital assets, net	<u>14,003,235</u>				<u>13,493,261</u>
Water Fund capital assets, net	<u>\$ 14,120,773</u>				<u>\$ 13,651,119</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 25,481	\$ -	\$ -	\$ -	\$ 25,481
Construction in progress	<u>86,541</u>	<u>176,127</u>	<u>-</u>	<u>(89,036)</u>	<u>173,632</u>
Total non-depreciable capital assets	<u>112,022</u>	<u>176,127</u>	<u>-</u>	<u>(89,036)</u>	<u>199,113</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	36,152,365	171,669	-	89,036	36,413,070
Buildings	2,433,057	-	-	-	2,433,057
Furniture and office equipment	76,877	-	-	-	76,877
General and mobile equipment	<u>1,244,809</u>	<u>-</u>	<u>(35,518)</u>	<u>-</u>	<u>1,209,291</u>
Total depreciable capital assets	<u>39,907,108</u>	<u>171,669</u>	<u>(35,518)</u>	<u>89,036</u>	<u>40,132,295</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	17,923,035	569,038	-	-	18,492,073
Buildings	2,103,684	16,805	-	-	2,120,489
Furniture and office equipment	76,562	315	-	-	76,877
General and mobile equipment	<u>812,699</u>	<u>69,395</u>	<u>(35,518)</u>	<u>-</u>	<u>846,576</u>
Total accumulated depreciation	<u>20,915,980</u>	<u>\$ 655,553</u>	<u>\$ (35,518)</u>	<u>\$ -</u>	<u>21,536,015</u>
Total depreciable capital assets, net	<u>18,991,128</u>				<u>18,596,280</u>
Sewer Fund capital assets, net	<u>\$ 19,103,150</u>				<u>\$ 18,795,393</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 64,777	\$ -	\$ -	\$ -	\$ 64,777
Construction in progress	<u>217,276</u>	<u>665,099</u>	<u>-</u>	<u>(676,591)</u>	<u>205,784</u>
Total non-depreciable capital assets	<u>282,053</u>	<u>665,099</u>	<u>-</u>	<u>(676,591)</u>	<u>270,561</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	51,293,924	1,117,479	-	676,591	53,087,994
Buildings	612,204	46,500	-	-	658,704
Furniture and office equipment	226,863	-	-	-	226,863
General and mobile equipment	<u>7,893,910</u>	<u>352,987</u>	<u>(114,837)</u>	<u>18,454</u>	<u>8,150,514</u>
Total depreciable capital assets	<u>60,026,901</u>	<u>1,516,966</u>	<u>(114,837)</u>	<u>695,045</u>	<u>62,124,075</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	29,574,132	1,219,064	-	-	30,793,196
Buildings	393,609	13,140	-	-	406,749
Furniture and office equipment	213,058	10,856	(1,847)	-	222,067
General and mobile equipment	<u>6,076,033</u>	<u>414,818</u>	<u>(75,121)</u>	<u>(515)</u>	<u>6,415,215</u>
Total accumulated depreciation	<u>36,256,832</u>	<u>\$ 1,657,878</u>	<u>\$ (76,968)</u>	<u>\$ (515)</u>	<u>37,837,227</u>
Total depreciable capital assets, net	<u>23,770,069</u>				<u>24,286,848</u>
Electric Fund capital assets, net	<u>\$ 24,052,122</u>				<u>\$ 24,557,409</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Stormwater Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 175,338	\$ -	\$ -	\$ -	\$ 175,338
Construction in progress	4,759,913	8,839	-	-	4,768,752
Total non-depreciable capital assets	<u>4,935,251</u>	<u>8,839</u>	<u>-</u>	<u>-</u>	<u>4,944,090</u>
<b>Depreciable Capital Assets:</b>					
Drainage system	5,398,047	-	-	-	5,398,047
General and mobile equipment	<u>275,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,205</u>
Total depreciable capital assets	<u>5,673,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,673,252</u>
<b>Less Accumulated Depreciation:</b>					
Drainage system	1,872,344	121,314	-	-	1,993,658
General and mobile equipment	<u>206,210</u>	<u>11,766</u>	<u>-</u>	<u>-</u>	<u>217,976</u>
Total accumulated depreciation	<u>2,078,554</u>	<u>\$ 133,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,211,634</u>
Total depreciable capital assets, net	<u>3,594,698</u>				<u>3,461,618</u>
Stormwater Fund capital assets, net	<u>\$ 8,529,949</u>				<u>\$ 8,405,708</u>
<b>Nonmajor Enterprise Funds:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,266,648	\$ -	\$ -	\$ -	\$ 1,266,648
Construction in progress	<u>540,467</u>	<u>531,980</u>	<u>-</u>	<u>(759,827)</u>	<u>312,620</u>
Total non-depreciable capital assets	<u>1,807,115</u>	<u>531,980</u>	<u>-</u>	<u>(759,827)</u>	<u>1,579,268</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, distribution system, and runways	3,983,253	-	-	759,827	4,743,080
Buildings	325,704	-	(21,999)	-	303,705
General and mobile equipment	<u>2,235,650</u>	<u>176,716</u>	<u>(30,640)</u>	<u>(21,680)</u>	<u>2,360,046</u>
Total depreciable capital assets	<u>6,544,607</u>	<u>176,716</u>	<u>(52,639)</u>	<u>738,147</u>	<u>7,406,831</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, distribution system, and runways	3,403,535	96,007	-	-	3,499,542
Buildings	304,113	-	(21,999)	-	282,114
General and mobile equipment	<u>1,545,883</u>	<u>87,851</u>	<u>(26,478)</u>	<u>(21,680)</u>	<u>1,585,576</u>
Total accumulated depreciation	<u>5,253,531</u>	<u>\$ 183,858</u>	<u>\$ (48,477)</u>	<u>\$ (21,680)</u>	<u>5,367,232</u>
Total depreciable capital assets, net	<u>1,291,076</u>				<u>2,039,599</u>
Nonmajor enterprise funds capital assets, net	<u>\$ 3,098,191</u>				<u>\$ 3,618,867</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Depreciation for the nonmajor enterprise funds was charged as follows:

Warren Field Airport Fund	\$ 110,032
Solid Waste Fund	68,392
Cemetery Fund	<u>5,434</u>
Total depreciation expense	<u>\$ 183,858</u>

### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2014 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and vouchers	\$ 256,447	\$ 2,920,231	\$ 3,176,678
Accrued payroll and related liabilities	318,081	183,382	501,463
Accrued interest payable	<u>66</u>	<u>14,508</u>	<u>14,574</u>
Total accounts payable and accrued liabilities	<u>\$ 574,594</u>	<u>\$ 3,118,121</u>	<u>\$ 3,692,715</u>

### 7. 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 7.07% and 7.28%, 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, 2014, 2013, and 2012 were \$708,332, \$657,867, and \$715,015, respectively. The contributions made by the City equaled the required contributions for each year.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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 separate report was not issued for the plan. All full-time law enforcement officers of the City are covered by the Separation Allowance.

At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	34
Total	<u>36</u>

### Summary of Significant Accounting Policies

*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, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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, 2012 was 18 years.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

*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	\$ 86,586
Interest on net pension obligation	29,970
Adjustment to annual required contribution	<u>(48,835)</u>
Annual pension cost	67,721
Contributions made	<u>31,948</u>
Increase in net pension obligation	35,773
Net pension obligation:	
Beginning of year - July 1	<u>599,406</u>
End of year - June 30	<u><u>\$ 635,179</u></u>

### Three-Year Trend Information

<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2012	\$ 70,646	13.51%	\$ 548,020
2013	74,417	30.95%	599,406
2014	67,721	47.18%	635,179

*Funded Status and Funding Progress.* As of December 31, 2013, 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 \$838,434. The covered payroll (annual payroll of active employees covered by the plan) was \$1,564,713, and the ratio of the UAAL to the covered payroll was 53.58 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 is 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, 2014**

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

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$91,976, which consisted of \$78,671 from the City and \$13,305 from the law enforcement officers. In addition, the City has elected to contribute \$50 bi-weekly in flex funds 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, 2014 were \$285,911, which consisted of \$111,463 from the City and \$174,448 from the employees.

### **Firefighter's and Rescue Squad Workers' Pension Fund**

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Washington, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the Firefighter's and Rescue Squad Workers' Pension Fund. 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 \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.



# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **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. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2014, the City was not required to make contributions to the State for death benefits due to a surplus in the fund.

The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

### **Other Post-Employment Benefits**

According to a City resolution, the City provides post-employment healthcare 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, 20 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2014, the City made payments for post-employment health benefit premiums of \$127,593. The City obtains healthcare coverage through Blue Cross Blue Shield directly. The City Council may amend the benefit provisions. A separate report is not issued for the plan.

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	20	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	202	33
Total	222	33

*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 3.49% of annual covered payroll. For the current year, the City contributed \$127,593, or 1.40% 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 3.49% and 3.49% of covered payroll, respectively. Employees paid premiums in the amount of \$177,947 for their share of 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 and the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 319,046
Interest on net OPEB obligation	40,401
Adjustments to annual required contribution	<u>(38,595)</u>
Annual OPEB cost (expense)	320,852
Contributions made	<u>127,593</u>
Increase (decrease) in net OPEB obligation	193,259
Net OPEB obligation:	
Beginning of year - July 1	<u>1,213,465</u>
End of year - June 30	<u><u>\$ 1,406,724</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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>
2012	\$ 340,755	24.4%	\$ 1,010,022
2013	320,852	36.6%	1,213,465
2014	320,852	39.8%	1,406,724

*Fund Status and Funding Progress.* As of December 31, 2012, 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 \$3,981,807. The covered payroll (annual payroll of active employees covered by the plan) was \$9,134,362, and the ratio of the UAAL to the covered payroll was 43.6 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 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 value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

*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, 2012 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 return 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 8.50 percent annually. Both rates included a 3.00 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, 2012 was 30 years.

As of June 30, 2014, 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 its efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

### 8. Deferred Inflows of Resources

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

	<b>Unavailable Revenue</b>
Taxes receivable (General Fund)	\$ 283,042
EMS receivable (General Fund)	210,079
Other receivables (General Fund)	7,753
Other accounts receivable (other governmental funds)	1,200
Loans and notes receivable (other governmental funds)	196,916
Total	<u>\$ 698,990</u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **9. Commitments**

#### **Construction**

The City had outstanding commitments at June 30, 2014 of approximately \$28,933 for information technology purchases, \$231,044 for electric projects, \$873,275 for airport terminal building construction, and \$136,031 for water and sewer improvements.

#### **Purchases**

The City participates in the North Carolina Eastern Municipal Power Agency (the "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.

### **10. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the City obtains general liability and auto liability coverage of \$2 million per occurrence and property coverage on a scheduled basis. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pool is audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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 into 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 \$5,436 in claims was incurred for benefits during fiscal year 2014.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Claims Liability

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Unpaid claims, beginning of year	\$ 148,702	\$ 171,280
Incurred claims (including claims incurred, but not reported, as of fiscal year-end)	5,436	68,431
Payments and reduction in claims estimates	<u>(78,892)</u>	<u>(91,009)</u>
Unpaid claims, end of year	<u>\$ 75,246</u>	<u>\$ 148,702</u>

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

In accordance with G.S. 159-29, City employees who 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 \$175,000. The remaining employees who have access to funds are bonded under a blanket bond for \$75,000.

At June 30, 2014, the City was a defendant to various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

### 11. 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 United States 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 being reported as long-term debt in the Sewer Fund and 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, 2014 was \$1,449,858.

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

On April 23, 2012, the City was approved for a maximum loan amount of \$600,000 from the United States 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 Main and Respress Lift Station. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 15 years beginning May 2013. The loan repayment calls for equal principal repayments of \$40,000 annually for 150 years. The total amount outstanding at June 30, 2014 was \$477,071.

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

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 168,503	\$ 35,087	\$ 203,590
2016	168,503	31,897	200,400
2017	168,503	28,707	197,210
2018	168,503	25,518	194,021
2019	168,503	22,328	190,831
2020-2024	842,515	63,794	906,309
2025-2028	241,899	3,188	245,087
Total	<u>\$ 1,926,929</u>	<u>\$ 210,519</u>	<u>\$ 2,137,448</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Installment Notes Payable

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

#### Serviced by Governmental Activities:

\$206,550 issued on April 8, 2011 for equipment, due in annual installments of \$44,384, including interest at 2.22% through March 2016	\$ 73,416
\$2,075,000 issued on March 15, 2013 for refinancing of Fire Station installment, due in annual installments of \$166,970, including interest of 2.58% through March 2028	1,931,052
\$240,000 issued on April 15, 2013 for equipment, due in annual installments of \$50,501, including interest through February 2018	<u>180,484</u>
Total governmental activities	<u>\$ 2,184,952</u>

#### Serviced by Business-Type Activities:

##### Serviced by the Electric Fund:

\$888,000 issued on April 08, 2011 for equipment, due in annual installments of \$190,813, including interest of 2.22%, through March 2016	\$ 306,597
\$430,805 issued on April 15, 2013 for equipment, due in annual installments of \$90,622, through February 2018	<u>324,005</u>
Total serviced by the Electric Fund	<u>630,602</u>

##### Serviced by the Solid Waste Fund:

\$140,000 issued on April 08, 2011 for equipment, due in annual installments of \$30,084, including interest of 2.22%, through March 2016	<u>40,852</u>
Total serviced by the Solid Waste Fund	<u>40,852</u>

##### Serviced by the Cemetery Fund

\$35,000 issued on April 15, 2013 for equipment, due in annual installments of \$7,365, including interest of 1.36%, through February 2018	<u>26,320</u>
Total serviced by the Cemetery Fund	<u>26,320</u>

Total business-type activities	<u>\$ 697,774</u>
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# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

### Governmental Activities:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 204,601	\$ 51,586	\$ 256,187
2016	206,352	47,261	253,613
2017	174,493	42,978	217,471
2018	161,525	39,068	200,593
2019	131,417	35,553	166,970
2020-2024	710,374	124,475	834,849
2025-2028	596,190	29,945	626,135
Total	<u>\$ 2,184,952</u>	<u>\$ 370,866</u>	<u>\$ 2,555,818</u>

### Enterprise Funds:

Year Ending June 30	Electric		
	Principal	Interest	Total
2015	\$ 253,221	\$ 8,575	\$ 261,796
2016	228,075	4,173	232,248
2017	89,146	1,476	90,622
2018	60,160	306	60,466
Total	<u>\$ 630,602</u>	<u>\$ 14,530</u>	<u>\$ 645,132</u>

Year Ending June 30	Solid Waste		
	Principal	Interest	Total
2015	\$ 23,149	\$ 786	\$ 23,935
2016	17,703	192	17,895
Total	<u>\$ 40,852</u>	<u>\$ 978</u>	<u>\$ 41,830</u>

Year Ending June 30	Cemetery		
	Principal	Interest	Total
2015	\$ 6,460	\$ 292	\$ 6,752
2016	7,739	240	7,979
2017	7,245	120	7,365
2018	4,876	25	4,901
Total	<u>\$ 26,320</u>	<u>\$ 677</u>	<u>\$ 26,997</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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.

Bonds payable at June 30, 2014 are comprised of the following individual issues:

	<u>Serviced by</u>
	<u>Sewer</u>
	<u>Fund</u>
\$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%	\$ 140,000
Total	<u>\$ 140,000</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 140,000	\$ 7,280	\$ 147,280
Total	<u>\$ 140,000</u>	<u>\$ 7,280</u>	<u>\$ 147,280</u>

### Recovery Zone Economic Development Bonds

On December 10, 2010, the City issued \$5,040,000 Recovery Zone Economic Development Bonds. The proceeds are being used for stormwater drainage improvements and a roof replacement at Fire Station #1. The loan is being reported as long-term debt in the Stormwater Fund and the governmental activities and is repayable at 2.695%. The bonds are due in semi-annual equal principal repayments of \$336,000 annually for 15 years.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Recovery Zone Economic Development Bonds payable and future maturities at June 30, 2014 are comprised of the following:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 2,667	\$ 1,470	\$ 4,137
2016	2,667	1,339	4,006
2017	2,667	1,209	3,876
2018	2,667	1,078	3,745
2019	2,667	947	3,614
2020-2024	13,334	2,777	16,111
2025-2026	4,000	196	4,196
Total	<u>\$ 30,669</u>	<u>\$ 9,016</u>	<u>\$ 39,685</u>

<b>Year Ending June 30</b>	<b>Stormwater Fund</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 333,333	\$ 183,750	\$ 517,083
2016	333,333	167,417	500,750
2017	333,333	151,083	484,416
2018	333,333	134,750	468,083
2019	333,333	118,417	451,750
2020-2024	1,666,666	347,083	2,013,749
2025-2026	500,000	24,500	524,500
Total	<u>\$ 3,833,331</u>	<u>\$ 1,127,000</u>	<u>\$ 4,960,331</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2014:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Liabilities</b>
<b>Governmental Activities:</b>					
Installment notes payable	\$ 2,877,011	\$ -	\$ (692,059)	\$ 2,184,952	\$ 204,601
Recovery Zone Economic					
Development Bonds	33,335	-	(2,666)	30,669	2,667
Compensated absences	732,243	460,005	(462,387)	729,861	462,386
Pension obligation	599,406	67,721	(31,948)	635,179	-
OPEB accrued liability	774,600	111,724	-	886,324	-
Total governmental activities	<u>\$ 5,016,595</u>	<u>\$ 639,450</u>	<u>\$ (1,189,060)</u>	<u>\$ 4,466,985</u>	<u>\$ 669,654</u>

### Business-Type Activities

Major Enterprise Funds:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Water Fund:</b>					
General obligation bonds	\$ 69,810	\$ -	\$ (69,810)	\$ -	\$ -
Compensated absences	93,198	80,355	(68,335)	105,218	68,336
OPEB accrued liability	82,664	15,709	-	98,373	-
Total Water Fund activities	<u>\$ 245,672</u>	<u>\$ 96,064</u>	<u>\$ (138,145)</u>	<u>\$ 203,591</u>	<u>\$ 68,336</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Sewer Fund:</b>					
General obligation bonds	\$ 353,071	\$ -	\$ (213,071)	\$ 140,000	\$ 140,000
Installment notes payable	17,630	-	(17,630)	-	-
Revolving loan payable	2,095,432	-	(168,503)	1,926,929	168,503
Compensated absences	79,817	32,004	(20,588)	91,233	20,588
OPEB accrued liability	82,664	15,709	-	98,373	-
Total Sewer Fund activities	<u>\$ 2,628,614</u>	<u>\$ 47,713</u>	<u>\$ (419,792)</u>	<u>\$ 2,256,535</u>	<u>\$ 329,091</u>

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Electric Fund:</b>					
General obligation bonds	\$ 7,119	\$ -	\$ (7,119)	\$ -	\$ -
Installment notes payable	1,178,436	-	(547,834)	630,602	253,221
Compensated absences	199,027	131,904	(150,199)	180,732	150,198
OPEB accrued liability	176,593	30,874	-	207,467	-
Total Electric Fund activities	<u>\$ 1,561,175</u>	<u>\$ 162,778</u>	<u>\$ (705,152)</u>	<u>\$ 1,018,801</u>	<u>\$ 403,419</u>

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Stormwater Fund:</b>					
Recovery Zone Economic					
Development Bonds payable	\$ 4,166,666	\$ -	\$ (333,335)	\$ 3,833,331	\$ 333,333
Installment notes payable	6,673	-	(6,673)	-	-
Total stormwater activities	<u>\$ 4,173,339</u>	<u>\$ -</u>	<u>\$ (340,008)</u>	<u>\$ 3,833,331</u>	<u>\$ 333,333</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Nonmajor Enterprise Funds:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>June 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Airport Fund:</b>					
Compensated absences	\$ 1,056	\$ 2,598	\$ (3,539)	\$ 115	\$ 115
Total business-type activities	<u>\$ 1,056</u>	<u>\$ 2,598</u>	<u>\$ (3,539)</u>	<u>\$ 115</u>	<u>\$ 115</u>

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Solid Waste Fund:</b>					
Installment notes payable	\$ 87,098	\$ -	\$ (46,246)	\$ 40,852	\$ 23,149
Compensated absences	49,226	31,723	(26,042)	54,907	26,042
OPEB accrued liability	68,384	12,176	-	80,560	-
Total business-type activities	<u>\$ 204,708</u>	<u>\$ 43,899</u>	<u>\$ (72,288)</u>	<u>\$ 176,319</u>	<u>\$ 49,191</u>

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2014</b>	<b>Portion of</b>
					<b>Long-Term</b>
					<b>Debt</b>
<b>Cemetery Fund:</b>					
Installment notes payable	\$ 33,276	\$ -	\$ (6,956)	\$ 26,320	\$ 6,460
Compensated absences	16,325	891	(4,561)	12,655	4,561
OPEB accrued liability	28,560	7,067	-	35,627	-
Total business-type activities	<u>\$ 78,161</u>	<u>\$ 7,958</u>	<u>\$ (11,517)</u>	<u>\$ 74,602</u>	<u>\$ 11,021</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, 2014, the City has a legal debt margin of approximately \$62,244,393.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2014 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 19,773,090	\$ 69,028,496
Less: capital debt		
Gross debt	2,215,621	6,598,034
Less: Unspent debt proceeds	-	(163,432)
Net capital debt	<u>2,215,621</u>	<u>6,434,602</u>
Net investment in capital assets	<u>\$ 17,557,469</u>	<u>\$ 62,593,894</u>

### 12. Interfund Balances and Activity

#### Due To/From Other Funds:

The composition of interfund balances as of June 30, 2014 is as follows:

<u>Payable Fund</u>	<u>Receivable Fund - General Fund</u>	<u>Purpose</u>
Nonmajor governmental funds	\$ 282,846	Advances of grant expenditures
Total	<u>\$ 282,846</u>	

#### Transfers To/From Other Funds:

The composition of interfund transfers for the year ending June 30, 2014 is as follows:

	<u>Transfers Out</u>					
<u>Transfers In</u>	<u>Major General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Major Electric</u>	<u>Major Water</u>	<u>Major Sewer</u>	<u>Total</u>
Major General Fund	\$ -	\$ 170,749	\$ 568,708	\$ 100,609	\$ 69,178	\$ 909,244
Nonmajor governmental funds	388,582	-	-	-	-	388,582
Nonmajor enterprise funds	331,890	-	-	-	-	331,890
Major electric	5,488	-	-	-	-	5,488
Major water	5,660	-	-	-	-	5,660
Major sewer	7,940	-	-	-	-	7,940
Total	<u>\$ 739,560</u>	<u>\$ 170,749</u>	<u>\$ 568,708</u>	<u>\$ 100,609</u>	<u>\$ 69,178</u>	<u>\$ 1,648,804</u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

Transfers to and from the General Fund to the Public Safety Capital Reserve Fund were for support for debt payments. Transfers from the General Fund to the Facade Program Fund were for the City sponsorship of the Facade Program. Other transfers to and from the General Fund to the nonmajor governmental funds were residual equity transfers to close the various projects and City contributions to the various projects. Transfers from the Electric Fund to the General Fund were annual dividends from the Electric Fund and the Electric Fund's share of economic development expenses. Transfers from the Water Fund to the General Fund were for the annual Highway 17 debt service and the Water Fund's share of economic development expenses. The transfers from the Sewer Fund to the General Fund were for the annual Highway 17 debt service and the Sewer Fund's share of economic development expenses. The transfer from the General Fund to the Airport Fund and Cemetery Fund was for the annual subsidy payment. Transfers from the governmental activities to the business-type activities and vice versa represent capital assets moved between funds.

### **13. Jointly Governed Organizations**

#### **Mid-East Commission**

The City, in conjunction with five counties and twenty-eight other municipalities, established the Mid-East Commission (the "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 \$2,801 to the Commission during the fiscal year ended June 30, 2014.

#### **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 (the "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 Commissioner to the Agency's governing board. The thirty-two members, who 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, 2014 was \$28,640,979.

### **14. 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 that 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. During the fiscal year ended June 30, 2014, the City reported revenues and expenditures for the payments of \$5,742



## **CITY OF WASHINGTON, NORTH CAROLINA**

### **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2014. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

#### **15. 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.

#### **16. 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. Three community development block grants did not meet performance criteria by the end of the grant term. They were: the Carver Machine Works' sewer line extension, CDBG 09-C-2050 Affordable Housing Grant, and the CDBG 05-C-1490 Keysville Road Sub-Division Grant. Clawbacks from the granting agency are required due to the non-compliance of the performance criteria. The City is sharing the responsibility of the Carver Machine Works' sewer line extension with Beaufort County. The City's share is \$111,162 to be repaid over three years with the first payment made during fiscal year 2013-2014. The CDBG 09-C-2050 Affordable Housing Grant clawback is \$92,859, also to be repaid over three years. The City Staff and Attorney met with the Department of Commerce and received an extension until January 15, 2015 to complete the five remaining qualifying homes and to be given \$18,572 credit for the number of homes constructed prior to that date, with the remaining amount due to be repaid no later than January 31, 2015. The CDBG 05-C-1490 Keysville Road Grant clawback is \$250,000, to be repaid over three years. A \$25,000 installment was made in fiscal year 2013-2014 and \$75,000 will be made in fiscal year 2014-2015. \$50,000 credit will be given for each qualifying home that is constructed after the second installment and five remain.

In 2010, the Department of Transportation, as part of a Highway 17 expansion project, 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 the responsibility. As a result, the State began reducing the City's annual Powell Bill grant allocation in fiscal year 2010 by \$112,495, which represents one fifteenth of the utility relocation cost. No additional liability has been booked for this relocation cost.

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## **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, 2014**

## 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)
12/31/2008	\$ -	\$ 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%
12/31/2010	-	608,552	608,552	0.00%	1,622,954	37.50%
12/31/2011	-	656,454	656,454	0.00%	1,653,548	39.70%
12/31/2012	-	741,061	741,061	0.00%	1,554,349	47.68%
12/31/2013	-	838,434	838,434	0.00%	1,564,713	53.58%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 51,824	17.55%
2010	58,862	15.31%
2011	81,510	11.71%
2012	75,347	12.66%
2013	81,120	28.39%
2014	86,586	36.90%

## 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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

\* Includes inflation at 3.00%

## CITY OF WASHINGTON, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

## 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)
12/31/2010	\$ -	\$ 3,377,142	\$ 3,377,142	0.00%	\$ 9,286,875	36.40%
12/31/2012	-	3,981,807	3,981,807	0.00%	9,134,362	43.60%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 325,819	22.60%
2010	325,819	25.49%
2011	338,037	24.63%
2012	338,037	24.63%
2013	319,046	36.80%
2014	319,046	39.99%

**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	12/31/2012
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%
Medical cost trend rate	5% - 8.50%
Year of Ultimate trend rate	2018

\* Includes inflation at 3.00%

## **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. The City has legally adopted an Economic Development Fund. Under GASB 54 guidance the Economic Development Capital Reserve Fund is consolidated in the General Fund.

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## CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

## COMPARATIVE BALANCE SHEETS - GENERAL FUND

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash and investments	\$ 7,280,805	\$ 7,143,938
Taxes receivable, net	283,042	374,132
Accounts receivable, net	1,537,839	1,447,948
Due from other funds	282,846	99,693
Inventories	94,235	90,360
Prepaid items	29,418	30,967
Restricted cash and investments	3,109	3,045
Total assets	<u>\$ 9,511,294</u>	<u>\$ 9,190,083</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 481,318	\$ 494,759
Liabilities payable from restricted assets:		
Customer deposits	<u>3,109</u>	<u>1,982</u>
Total liabilities	<u>484,427</u>	<u>496,741</u>
<b>Deferred Inflows of Resources:</b>		
Taxes receivable	283,042	374,132
Prepaid taxes	-	13,410
EMS receivable	210,079	235,529
Other accounts receivable	<u>7,753</u>	<u>24,674</u>
Total deferred inflows of resources	<u>500,874</u>	<u>647,745</u>
<b>Fund Balances:</b>		
Non-spendable, not in spendable form:		
Inventories	94,235	90,360
Prepaid items	29,418	30,967
Restricted:		
Stabilization by State statute	1,757,518	1,616,400
Restricted, all other	162,143	156,050
Committed	21	21
Assigned	243,945	189,471
Unassigned	<u>6,238,713</u>	<u>5,962,328</u>
Total fund balances	<u>8,525,993</u>	<u>8,045,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,511,294</u>	<u>\$ 9,190,083</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Economic Development Capital Reserve Fund	Eliminations	Total
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,598,571	\$ -	\$ -	\$ 4,598,571
Other taxes and licenses	2,534,728	-	-	2,534,728
Unrestricted intergovernmental	1,583,720	-	-	1,583,720
Restricted intergovernmental	700,862	-	-	700,862
Permits and fees	89,360	-	-	89,360
Sales and services	2,390,422	-	-	2,390,422
Investment earnings	39,915	-	-	39,915
Miscellaneous	85,032	-	-	85,032
Total revenues	12,022,610	-	-	12,022,610
<b>Expenditures:</b>				
General government	2,126,445	-	-	2,126,445
Public safety	5,410,997	-	-	5,410,997
Transportation	822,261	-	-	822,261
Environmental protection	387,658	-	-	387,658
Cultural and recreation	2,197,836	-	-	2,197,836
Debt service:				
Principal retirement	694,725	-	-	694,725
Interest and fees	71,976	-	-	71,976
Total expenditures	11,711,898	-	-	11,711,898
Revenues over (under) expenditures	310,712	-	-	310,712
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	909,244	156,000	(156,000)	909,244
Transfers to other funds	(739,560)	(156,000)	156,000	(739,560)
Total other financing sources (uses)	169,684	-	-	169,684
Net change in fund balances	480,396	-	-	480,396
<b>Fund Balances:</b>				
Beginning of year - July 1	8,045,576	21	-	8,045,597
End of year - June 30	\$ 8,525,972	\$ 21	\$ -	\$ 8,525,993

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 4,286,324	\$ 4,520,593	\$ 234,269	\$ 4,236,518
Penalties and interest	55,000	77,978	22,978	65,125
Total	4,341,324	4,598,571	257,247	4,301,643
<b>Other Taxes and Licenses:</b>				
Local option sales tax	2,042,063	2,088,807	46,744	2,096,489
Local occupancy tax	215,000	222,208	7,208	209,346
Automotive licenses	39,000	68,140	29,140	39,172
Rental vehicle tax	16,000	16,686	686	15,710
Privilege licenses	141,827	123,152	(18,675)	179,941
PEG Channel tax	31,576	15,735	(15,841)	31,439
Total	2,485,466	2,534,728	49,262	2,572,097
<b>Unrestricted Intergovernmental:</b>				
Payment in lieu of taxes	133,499	133,499	-	128,112
Franchise tax	1,089,458	1,140,964	51,506	1,147,567
Utility sales tax	186,937	210,270	23,333	186,704
Beer and wine tax	42,000	42,453	453	39,325
Court costs and fines	5,600	6,817	1,217	4,154
ABC Board distributions	15,000	18,752	3,752	15,028
Public housing payment	29,339	30,965	1,626	29,339
Total	1,501,833	1,583,720	81,887	1,550,229
<b>Restricted Intergovernmental:</b>				
Local forfeiture	2,000	2,146	146	2,469
Powell Bill	181,595	184,004	2,409	181,595
Beaufort County - library	7,800	7,800	-	7,800
Beaufort County-recreation	2,000	2,000	-	-
Controlled substance tax	7,000	10,384	3,384	9,442
Beaufort County- rescue squad	134,714	134,714	-	132,072
Washington Park - firefighting	33,527	33,527	-	33,488
State reimbursement for Medicaid EMS	245,000	188,264	(56,736)	230,461
State aid to public libraries	8,664	9,559	895	8,664
Mid-East Commission - recreation	47,680	43,678	(4,002)	28,753
Beaufort County Schools - crime control	78,176	79,460	1,284	75,676
Federal grant - bulletproof vests	3,250	2,843	(407)	3,250
NCDOT bridge reimbursement	-	-	-	(13,809)
Hurricane Irene FEMA Grant	-	-	-	(124)
Other grants	11,922	2,483	(9,439)	9,422
Total	763,328	700,862	(62,466)	709,159
<b>Permits and Fees:</b>				
Fire permit and inspection fees	2,350	4,975	2,625	2,780
Building permits	60,000	84,385	24,385	61,486
Total	62,350	89,360	27,010	64,266

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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Sales and Services:</b>				
Rents	601,722	389,224	(212,498)	601,723
Fire contracts	1,600	1,597	(3)	1,552
Public works fees	3,000	2,211	(789)	600
Administrative charges -gas	14,000	13,795	(205)	11,676
Garbage collection and penalties	-	(9)	(9)	(3)
Recreation fees and assessments	115,150	80,427	(34,723)	108,424
Sale of materials and property	2,800	6,819	4,019	9,622
Municipal citations	2,000	4,495	2,495	2,320
Grass mowing and lot cleaning	3,000	5,157	2,157	3,326
Rescue squad	566,571	596,152	29,581	613,013
Library fees and fines	17,000	23,498	6,498	18,569
Development filing fees	500	-	(500)	325
Sale of capital assets	351,378	1,148,541	797,163	2,530
Aquatic Center	90,500	90,257	(243)	91,198
Contracted police services	15,000	24,158	9,158	23,019
Paving assessments	3,800	4,040	240	4,056
Other	10	60	50	16
Total	1,788,031	2,390,422	602,391	1,491,966
<b>Investment Earnings:</b>				
Interest	31,130	39,915	8,785	23,752
<b>Miscellaneous:</b>				
Contributions	9,250	15,226	5,976	27,118
Other	32,610	69,806	37,196	95,207
Total	41,860	85,032	43,172	122,325
<b>Total revenues</b>	<b>11,015,322</b>	<b>12,022,610</b>	<b>1,007,288</b>	<b>10,835,437</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>City Council:</b>				
Salaries and employee benefits	33,474	33,748	(274)	31,967
Professional services	10,000	8,126	1,874	9,714
Other operating expenditures	12,102	8,929	3,173	12,669
Election expenses	7,100	5,823	1,277	-
Total	62,676	56,626	6,050	54,350
<b>Mayor's Office:</b>				
Salaries and employee benefits	12,487	12,581	(94)	11,189
Other operating expenditures	1,175	856	319	674
Election expenses	1,100	970	130	-
Total	14,762	14,407	355	11,863
<b>City Manager:</b>				
Salaries and employee benefits	311,529	310,875	654	274,286
Professional services	500	136	364	876
Other operating expenditures	15,400	11,816	3,584	16,329
Total	327,429	322,827	4,602	291,491

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Human Resources:</b>				
Salaries and employee benefits	235,811	233,729	2,082	221,154
Professional services	5,120	5,113	7	4,780
Other operating expenditures	36,268	33,186	3,082	29,592
Maintenance and repairs	1,300	1,125	175	1,134
Contracted services	25,000	25,000	-	25,000
Total	303,499	298,153	5,346	281,660
<b>Tourism Director:</b>				
Salaries and employee benefits	102,402	100,862	1,540	111,543
Other operating expenditures	3,550	3,146	404	3,323
Total	105,952	104,008	1,944	114,866
<b>Finance Director:</b>				
Salaries and employee benefits	420,134	418,751	1,383	389,431
Professional services	85,000	84,761	239	84,492
Other operating expenditures	25,503	20,550	4,953	18,457
Maintenance and repairs	1,700	1,450	250	893
Total	532,337	525,512	6,825	493,273
<b>Purchasing and Supply:</b>				
Salaries and employee benefits	116,095	116,440	(345)	106,717
Other operating expenditures	16,471	15,686	785	14,670
Maintenance and repairs	3,067	2,861	206	2,634
Total	135,633	134,987	646	124,021
<b>Customer Service:</b>				
Salaries and employee benefits	344,145	340,543	3,602	352,536
Professional services	5,000	5,010	(10)	29,370
Other operating expenditures	267,669	267,739	(70)	225,804
Maintenance and repairs	500	292	208	7,386
Capital outlay	-	-	-	1,010
Total	617,314	613,584	3,730	616,106
<b>Billing Department:</b>				
Salaries and employee benefits	77,867	77,763	104	66,474
Professional services	36	36	-	-
Other operating expenditures	82,220	81,058	1,162	80,998
Total	160,123	158,857	1,266	147,472
<b>Information Services:</b>				
Salaries and employee benefits	76,755	76,078	677	71,610
Contract services	131,746	118,104	13,642	110,772
Other operating expenditures	39,930	33,648	6,282	41,968
Maintenance and repairs	6,000	5,703	297	5,887
Capital outlay	148,667	55,717	92,950	81,427
Total	403,098	289,250	113,848	311,664

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Municipal Building:</b>				
Salaries and employee benefits	52,613	52,064	549	44,057
Contracted services	9,780	9,251	529	6,255
Other operating expenditures	59,949	57,306	2,643	71,023
Maintenance and repairs	54,291	52,052	2,239	39,940
Capital outlay	87,270	87,270	-	-
Total	263,903	257,943	5,960	161,275
<b>Legal Services:</b>				
Professional services	278,458	275,539	2,919	244,282
<b>Non-Departmental:</b>				
Other operating expenditures	600,079	586,724	13,355	483,289
Maintenance and repairs	14,500	14,294	206	9,834
Capital outlay	-	-	-	162,590
Hurricane Irene FEMA expenses	-	-	-	500
Total	614,579	601,018	13,561	656,213
<b>Economic Development:</b>				
Operating expenditures	66,000	66,000	-	126,000
Professional services	19,841	19,841	-	30,000
Total	85,841	85,841	-	156,000
<b>Planning/Zoning:</b>				
Salaries and employee benefits	287,475	283,198	4,277	213,194
Professional services	15,141	14,140	1,001	16,679
Contract services	-	-	-	800
Other operating expenditures	14,234	11,425	2,809	12,784
Maintenance and repairs	5,680	5,680	-	8,520
Capital outlay	1,250	-	1,250	4,750
Total	323,780	314,443	9,337	256,727
<b>Code Enforcement/Inspections:</b>				
Salaries and employee benefits	217,172	215,016	2,156	200,613
Contract services	8,400	8,256	144	11,245
Other operating expenditures	60,980	29,011	31,969	28,969
Maintenance and repairs	4,786	3,541	1,245	3,996
Capital outlay	19,996	19,995	1	19,385
Total	311,334	275,819	35,515	264,208
<b>Reimbursement:</b>				
Enterprise funds	(2,098,362)	(2,098,362)	-	(1,876,434)
Tourism Authority	(105,952)	(104,007)	(1,945)	(114,867)
Total	(2,204,314)	(2,202,369)	(1,945)	(1,991,301)
<b>Total general government</b>	<b>2,336,404</b>	<b>2,126,445</b>	<b>209,959</b>	<b>2,194,170</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and employee benefits	2,413,425	2,386,241	27,184	2,365,713
Professional services	3,000	3,064	(64)	4,233
Other operating expenditures	167,688	150,361	17,327	161,595
Maintenance and repairs	165,000	158,452	6,548	166,448
Contracted services	32,211	30,254	1,957	48,417
Capital outlay	85,095	84,282	813	47,427
Total	2,866,419	2,812,654	53,765	2,793,833
<b>E-911 Communication:</b>				
Salaries and employee benefits	315,724	292,778	22,946	292,308
Other operating expenditures	73,159	59,190	13,969	72,770
Maintenance and repairs	10,600	8,942	1,658	4,789
Total	399,483	360,910	38,573	369,867
<b>Fire:</b>				
Salaries and employee benefits	478,310	469,930	8,380	1,412,955
Professional services	9,193	6,681	2,512	8,810
Contracted services	1,740	1,740	-	1,680
Other operating expenditures	134,384	129,994	4,390	118,824
Maintenance and repairs	59,500	57,464	2,036	64,330
Capital outlay	36,904	27,904	9,000	7,923
Contribution to Fireman's Association	3,401	3,021	380	4,843
Total	723,432	696,734	26,698	1,619,365
<b>Rescue:</b>				
Salaries and employee benefits	1,475,153	1,465,950	9,203	554,837
Professional services	42,376	37,172	5,204	43,394
Other operating expenditures	67,435	61,038	6,397	57,076
Maintenance and repairs	27,950	26,312	1,638	17,616
Capital outlay	-	-	-	12,290
Total	1,612,914	1,590,472	22,442	685,213
<b>Reimbursement:</b>				
Enterprise funds	(49,773)	(49,773)	-	(49,444)
<b>Total public safety</b>	<b>5,552,475</b>	<b>5,410,997</b>	<b>141,478</b>	<b>5,418,834</b>
<b>Transportation:</b>				
<b>Street Maintenance:</b>				
Salaries and employee benefits	391,484	374,811	16,673	377,237
Professional services	1,675	1,665	10	842
Other operating expenditures	16,973	15,495	1,478	21,205
Maintenance and repairs	53,350	47,691	5,659	52,813
Capital outlay	21,050	20,428	622	-
Total	484,532	460,090	24,442	452,097

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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Street Construction - Powell Bill:</b>				
Salaries and employee benefits	110,144	99,070	11,074	103,712
Professional services	2,032	1,645	387	1,134
Other operating expenditures	65,468	15,446	50,022	18,296
Maintenance and repairs	30,950	17,986	12,964	21,762
Contracted services	186,698	39,110	147,588	150,275
Capital outlay	-	-	-	243,500
Total	395,292	173,257	222,035	538,679
<b>Street Lighting:</b>				
Street lighting services	131,240	129,183	2,057	127,444
Maintenance and repairs	-	-	-	7,370
Total	131,240	129,183	2,057	134,814
<b>Equipment Services:</b>				
Salaries and employee benefits	79,108	69,600	9,508	61,729
Professional services	100	100	-	-
Other operating expenditures	35,730	40,532	(4,802)	17,519
Maintenance and repairs	4,624	3,999	625	15,254
Total	119,562	114,231	5,331	94,502
<b>Reimbursement:</b>				
Enterprise funds	(54,500)	(54,500)	-	(58,385)
<b>Total transportation</b>	1,076,126	822,261	253,865	1,161,707
<b>Public Works Director:</b>				
Salaries and employee benefits	70,168	69,234	934	64,183
Professional services	40	46	(6)	36
Other operating expenditures	1,980	1,134	846	2,511
Maintenance and repairs	20	-	20	200
Total	72,208	70,414	1,794	66,930
<b>Drainage Improvements:</b>				
Salaries and employee benefits	296,646	293,927	2,719	275,202
Other operating expenditures	300	74	226	1,521
Maintenance and repairs	26,500	23,243	3,257	21,238
Total	323,446	317,244	6,202	297,961
<b>Total environmental protection</b>	395,654	387,658	7,996	364,891
<b>Cultural and Recreational:</b>				
<b>Recreation Centers:</b>				
Salaries and employee benefits	106,295	101,959	4,336	104,906
Professional services	525	347	178	249
Other operating expenditures	43,267	39,464	3,803	26,563
Maintenance and repairs	16,929	14,330	2,599	24,961
Programs	25,244	22,748	2,496	20,337
Total	192,260	178,848	13,412	177,016



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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Senior Citizens Programs:</b>				
Salaries and employee benefits	138,099	124,253	13,846	125,105
Professional services	36	36	-	-
Other operating expenditures	36,520	35,069	1,451	30,818
Programs	35,500	16,152	19,348	18,276
Maintenance and repairs	23,660	16,949	6,711	26,977
Capital outlay	34,000	33,800	200	1,490
Total	267,815	226,259	41,556	202,666
<b>Recreation Administration:</b>				
Salaries and employee benefits	64,723	63,344	1,379	58,666
Professional services	800	746	54	624
Other operating expenditures	48,977	48,005	972	38,599
Maintenance and repairs	21,435	16,914	4,521	2,629
Capital outlay	49,420	48,390	1,030	1,064
Total	185,355	177,399	7,956	101,582
<b>Library:</b>				
Salaries and employee benefits	277,833	276,971	862	279,180
Contract services	30,419	28,990	1,429	24,701
Professional services	400	314	86	223
Other operating expenditures	104,164	100,478	3,686	101,866
Maintenance and repairs	6,850	6,918	(68)	5,802
Capital outlay	25,100	24,591	509	51,209
Total	444,766	438,262	6,504	462,981
<b>Parks and Grounds Maintenance:</b>				
Salaries and employee benefits	270,230	262,242	7,988	230,775
Professional services	167	157	10	29
Contracted services	9,290	9,290	-	6,720
Other operating expenditures	78,339	82,392	(4,053)	86,307
Maintenance and repairs	156,019	138,520	17,499	119,233
Capital outlay	120,406	60,749	59,657	61,800
Total	634,451	553,350	81,101	504,864
<b>Waterfront Docks:</b>				
Salaries and employee benefits	55,367	46,499	8,868	47,349
Professional services	400	225	175	-
Other operating expenditures	60,140	56,378	3,762	51,419
Maintenance and repairs	13,553	7,413	6,140	15,256
Total	129,460	110,515	18,945	114,024

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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Contributions to Outside Agencies:</b>				
Arts Council	16,000	16,000	-	16,000
Zion Shelter	8,500	8,500	-	6,000
Boys and Girls Club	16,000	16,000	-	16,000
Washington Historic Foundation/Christmas Parade	1,500	1,500	-	1,500
The Blind Center	1,250	1,250	-	1,000
Human Relations Council	1,000	422	578	1,000
Purpose of God	24,000	24,000	-	24,000
Veterans Park	10,375	3,455	6,920	-
Right Flight	3,500	3,500	-	3,500
Wildlife Arts Festival	2,045	1,540	505	7,239
Eagle Wings	1,000	1,000	-	1,000
Washington Community Care	-	-	-	250
Dock Dogs	5,000	5,000	-	-
American Red Cross	500	500	-	-
Corner Stone	15,000	15,000	-	-
Total	105,670	97,667	8,003	77,489
<b>Civic Center:</b>				
Salaries and employee benefits	80,538	79,903	635	56,735
Other operating expenditures	12,705	11,979	726	11,897
Maintenance and repairs	15,000	14,905	95	8,498
Contracted services	50,000	50,000	-	50,000
Professional services	200	-	200	56
Capital outlay	1,300	-	1,300	126,758
Total	159,743	156,787	2,956	253,944
<b>Aquatic Center:</b>				
Salaries and employee benefits	151,672	149,787	1,885	143,414
Professional services	500	217	283	322
Other operating expenditures	105,393	100,454	4,939	132,705
Maintenance and repairs	80,113	75,776	4,337	27,511
Printing and publishing	1,600	1,514	86	1,360
Capital outlay	16,200	16,200	-	-
Total	355,478	343,948	11,530	305,312
<b>Reimbursement:</b>				
Civic Center	(79,327)	(84,480)	5,153	(62,115)
Library Trust Fund	(375)	(719)	344	(413)
Total	(79,702)	(85,199)	5,497	(62,528)
<b>Total cultural and recreation</b>	<b>2,395,296</b>	<b>2,197,836</b>	<b>197,460</b>	<b>2,137,350</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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
Principal retirement	694,726	694,725	1	2,893,053
Interest and fees	71,977	71,976	1	131,408
Total debt service	766,703	766,701	2	3,024,461
<b>Total expenditures</b>	12,522,658	11,711,898	810,760	14,301,413
<b>Revenues over (under) expenditures</b>	(1,507,336)	310,712	1,818,048	(3,465,976)
<b>Other Financing Sources (Uses):</b>				
<b>Transfer From:</b>				
From Economic Development Capital Reserve Fund	156,000	156,000	-	156,000
From Electric Fund	470,000	470,000	-	846,121
From Water Fund	71,963	71,963	-	71,963
From Sewer Fund	40,532	40,532	-	40,532
From Public Safety Capital Reserve Fund	166,985	166,985	-	120,901
From Capital Project Funds	-	3,764	3,764	20,595
<b>Transfer To:</b>				
Blue Goose Capital Project Fund	-	-	-	(30,000)
To Public Safety Capital Reserve Fund	(166,985)	(166,985)	-	(120,901)
To Water Fund	(1,660)	(1,660)	-	-
To Sewer Fund	(2,940)	(2,940)	-	-
To Electric Fund	(5,488)	(5,488)	-	-
To Airport Fund	(176,611)	(176,611)	-	(83,158)
To Water Capital Reserve Fund	(4,000)	(4,000)	-	-
To Sewer Capital Reserve Fund	(5,000)	(5,000)	-	-
To Facade Program Fund	(20,090)	(20,090)	-	(10,000)
To Cemetery Fund	(155,279)	(155,279)	-	(120,915)
To CPF	(194,397)	(194,397)	-	(77,596)
To other funds	(7,110)	(7,110)	-	-
Long-term debt issued	-	-	-	2,315,000
Appropriated fund balance	1,341,416	-	(1,341,416)	-
Total other financing sources (uses)	1,507,336	169,684	(1,337,652)	3,128,542
<b>Net change in fund balance</b>	\$ -	480,396	\$ 480,396	(337,434)
<b>Fund Balance:</b>				
Beginning of year - July 1		8,045,576		8,383,010
End of year - June 30		\$ 8,525,972		\$ 8,045,576

## CITY OF WASHINGTON, NORTH CAROLINA

**ECONOMIC DEVELOPMENT CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	\$ (156,000)	\$ (156,000)	\$ -	\$ (156,000)
Transfers from Electric Fund	98,708	98,708	-	98,708
Transfer from Water Fund	28,646	28,646	-	28,646
Transfer from Sewer Fund	28,646	28,646	-	28,646
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>21</u>		<u>21</u>
End of year - June 30		<u>\$ 21</u>		<u>\$ 21</u>

## **Nonmajor Governmental Funds**

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## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,695	\$ 1,204,511	\$ 525,277	\$ 1,733,483
Accounts receivable, net	11,802	209,117	1,298	222,217
Notes receivable, net	188,157	-	-	188,157
Total assets	<u>\$ 203,654</u>	<u>\$ 1,413,628</u>	<u>\$ 526,575</u>	<u>\$ 2,143,857</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 17,964	\$ -	\$ 17,964
Due to other funds	2,883	279,963	-	282,846
Total liabilities	<u>2,883</u>	<u>297,927</u>	<u>-</u>	<u>300,810</u>
<b>Deferred Inflows of Resources:</b>				
Loans and notes receivable	196,916	-	-	196,916
Other accounts receivable	-	-	1,200	1,200
Total deferred inflows of resources	<u>196,916</u>	<u>-</u>	<u>1,200</u>	<u>198,116</u>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form:				
Perpetual maintenance - library care	-	-	95,376	95,376
Perpetual maintenance - cemetery care	-	-	429,901	429,901
Restricted:				
Stabilization by State statute	3,043	209,117	98	212,258
Restricted, all other	3,313	17,264	-	20,577
Committed	-	1,053,642	-	1,053,642
Assigned	-	17,670	-	17,670
Unassigned	(2,501)	(181,992)	-	(184,493)
Total fund balances	<u>3,855</u>	<u>1,115,701</u>	<u>525,375</u>	<u>1,644,931</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 203,654</u>	<u>\$ 1,413,628</u>	<u>\$ 526,575</u>	<u>\$ 2,143,857</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, 2014**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 162,144	\$ 513,577	\$ -	\$ 675,721
Perpetual care fees	-	-	32,800	32,800
Investment earnings	-	6,805	3,685	10,490
Miscellaneous revenue	-	9,241	-	9,241
Total revenues	<u>162,144</u>	<u>529,623</u>	<u>36,485</u>	<u>728,252</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Environmental protection	-	-	2,967	2,967
Cultural and recreation	8,625	9,212	719	18,556
Economic and physical development	<u>153,521</u>	<u>739,819</u>	<u>-</u>	<u>893,340</u>
Total expenditures	<u>162,146</u>	<u>749,031</u>	<u>3,686</u>	<u>914,863</u>
Revenues over (under) expenditures	<u>(2)</u>	<u>(219,408)</u>	<u>32,799</u>	<u>(186,611)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	388,582	-	388,582
Transfers out	<u>-</u>	<u>(170,749)</u>	<u>-</u>	<u>(170,749)</u>
Total other financing sources (uses)	<u>-</u>	<u>217,833</u>	<u>-</u>	<u>217,833</u>
Net change in fund balances	(2)	(1,575)	32,799	31,222
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>3,857</u>	<u>1,117,276</u>	<u>492,576</u>	<u>1,613,709</u>
End of year - June 30	<u>\$ 3,855</u>	<u>\$ 1,115,701</u>	<u>\$ 525,375</u>	<u>\$ 1,644,931</u>



## **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
- CDBG Affordable Housing Fund
- Comprehensive Bicycle Plan Fund
- CDBG Jumpstart Washington Fund
- CDBG Grant 2012-95-73 – Job Creation

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## CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2014

	<b>CDBG Program Income</b>	<b>Comprehensive Bicycle Plan</b>	<b>CDBG Jumpstart Washington</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,313	\$ -	\$ 382	\$ 3,695
Accounts receivable, net	8,759	2,400	643	11,802
Notes receivable, net	188,157	-	-	188,157
Total assets	<u>\$ 200,229</u>	<u>\$ 2,400</u>	<u>\$ 1,025</u>	<u>\$ 203,654</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ 1,858	\$ 1,025	\$ 2,883
Total liabilities	<u>-</u>	<u>1,858</u>	<u>1,025</u>	<u>2,883</u>
<b>Deferred Inflows of Resources:</b>				
Loans and notes receivable	196,916	-	-	196,916
Total deferred inflows of resources	<u>196,916</u>	<u>-</u>	<u>-</u>	<u>196,916</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	-	2,400	643	3,043
Restricted, all other	3,313	-	-	3,313
Unassigned	-	(1,858)	(643)	(2,501)
Total fund balances (deficit)	<u>3,313</u>	<u>542</u>	<u>-</u>	<u>3,855</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 200,229</u>	<u>\$ 2,400</u>	<u>\$ 1,025</u>	<u>\$ 203,654</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, 2014**

	<b>CDBG Program Income</b>	<b>Comprehensive Bicycle Plan</b>	<b>CDBG Jumpstart Washington</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,723	\$ 6,900	\$ 153,521	\$ 162,144
Total revenues	<u>1,723</u>	<u>6,900</u>	<u>153,521</u>	<u>162,144</u>
<b>Expenditures:</b>				
Economic and physical development	-	-	153,521	153,521
Cultural and recreational	-	8,625	-	8,625
Total expenditures	<u>-</u>	<u>8,625</u>	<u>153,521</u>	<u>162,146</u>
Net change in fund balances	1,723	(1,725)	-	(2)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>1,590</u>	<u>2,267</u>	<u>-</u>	<u>3,857</u>
End of year - June 30	<u>\$ 3,313</u>	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ 3,855</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, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Economic development loan repayments	\$ -	\$ 1,723	\$ 1,723	\$ 2,030
Total revenues	-	1,723	1,723	2,030
<b>Expenditures:</b>				
<b>Economic and Physical Development:</b>				
Contractor payments	-	-	-	11,000
Total expenditures	-	-	-	11,000
Net change in fund balance	\$ -	1,723	\$ 1,723	(8,970)
<b>Fund Balance:</b>				
Beginning of year - July 1		1,590		10,560
End of year - June 30		\$ 3,313		\$ 1,590

## 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, 2014**

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Years</u>	<u>to Date</u>	<u>Over/Under</u>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
CDBG Grant	\$ 227,700	\$ 185,719	\$ -	\$ 185,719	\$ (41,981)
Total revenues	<u>227,700</u>	<u>185,719</u>	<u>-</u>	<u>185,719</u>	<u>(41,981)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration and planning	80,700	55,576	-	55,576	25,124
Acquisition	<u>147,000</u>	<u>130,143</u>	<u>-</u>	<u>130,143</u>	<u>16,857</u>
Total expenditures	<u>227,700</u>	<u>185,719</u>	<u>-</u>	<u>185,719</u>	<u>41,981</u>
Net change in fund balance	<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 - COMPREHENSIVE BICYCLE PLAN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Years</u>	<u>to Date</u>	<u>Over/Under</u>
<b>Revenues:</b>					
<b>Restricted Intergovernmental:</b>					
Federal Highway Administration Grant	\$ 28,000	\$ 18,930	\$ 6,900	\$ 25,830	\$ (2,170)
Total revenues	<u>28,000</u>	<u>18,930</u>	<u>6,900</u>	<u>25,830</u>	<u>(2,170)</u>
<b>Expenditures:</b>					
<b>Cultural and recreational</b>					
Professional services	<u>35,000</u>	<u>23,663</u>	<u>8,625</u>	<u>32,288</u>	<u>2,712</u>
Total expenditures	<u>35,000</u>	<u>23,663</u>	<u>8,625</u>	<u>32,288</u>	<u>2,712</u>
Revenues over (under) expenditures	<u>(7,000)</u>	<u>(4,733)</u>	<u>(1,725)</u>	<u>(6,458)</u>	<u>542</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from General Fund	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Total other financing sources (uses)	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,267</u>	<u>(1,725)</u>	<u>\$ 542</u>	<u>\$ 542</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>2,267</u>		
End of year, June 30			<u>\$ 542</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CDBG - JUMPSTART WASHINGTON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total to Date</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>					
CDBG Grant	\$ 200,000	\$ 42,661	\$ 153,521	\$ 196,182	\$ (3,818)
Total revenues	<u>200,000</u>	<u>42,661</u>	<u>153,521</u>	<u>196,182</u>	<u>(3,818)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration	20,000	10,005	9,855	19,860	140
Planning	5,000	-	2,171	2,171	2,829
Job creation	<u>175,000</u>	<u>32,656</u>	<u>141,495</u>	<u>174,151</u>	<u>849</u>
Total expenditures	<u>200,000</u>	<u>42,661</u>	<u>153,521</u>	<u>196,182</u>	<u>3,818</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		



## CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CDBG GRANT 2012-95-73 - JOB CREATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
CDBG Grant	\$ 300,000	\$ -	\$ -	\$ -	\$ (300,000)
Total revenues	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Job creation	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	<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.

- New Police Station Fund
- Festival Park Construction Fund
- Public Safety Capital Reserve Fund
- Facade Program Fund
- Impressions Building Fund
- Spinrite Economic Development Grant Fund
- Old City Hall Rehabilitation Fund
- Pedestrian Project Fund
- NCDENR Adopt-A-Trail Fund
- Parks and Recreation Master Plan Fund
- Waterfront Restroom Fund
- CDBG Project Blue Goose Grant Fund
- Way Finding Project Fund

# CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS

### COMBINING BALANCE SHEET

JUNE 30, 2014

	New Police Station Fund	Public Safety Capital Reserve Fund	Facade Program Fund	Spinrite Economic Development Grant Fund
<b>Assets:</b>				
Cash and cash equivalents	\$ 882,808	\$ 1,217	\$ 17,670	\$ 22,905
Accounts receivable, net	180	-	-	-
Total assets	<u>\$ 882,988</u>	<u>\$ 1,217</u>	<u>\$ 17,670</u>	<u>\$ 22,905</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to General Fund	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	180	-	-	-
Restricted, all other	-	-	-	-
Committed	882,808	1,217	-	22,905
Assigned	-	-	17,670	-
Unassigned	-	-	-	-
Total fund balances	<u>882,988</u>	<u>1,217</u>	<u>17,670</u>	<u>22,905</u>
Total liabilities and fund balances	<u>\$ 882,988</u>	<u>\$ 1,217</u>	<u>\$ 17,670</u>	<u>\$ 22,905</u>

**Schedule 14**

<b>Pedestrian Project</b>	<b>Waterfront Restroom</b>	<b>CDBG Project Blue Goose</b>	<b>Way Finding Project</b>	<b>Total Nonmajor Capital Project Funds</b>
\$ 10,000	\$ 97,971	\$ 24,040	\$ 147,900	\$ 1,204,511
-	202,171	6,766	-	209,117
<u>\$ 10,000</u>	<u>\$ 300,142</u>	<u>\$ 30,806</u>	<u>\$ 147,900</u>	<u>\$ 1,413,628</u>
\$ -	\$ -	\$ 16,776	\$ 1,188	\$ 17,964
-	279,963	-	-	279,963
<u>-</u>	<u>279,963</u>	<u>16,776</u>	<u>1,188</u>	<u>297,927</u>
-	202,171	6,766	-	209,117
10,000	-	7,264	-	17,264
-	-	-	146,712	1,053,642
-	-	-	-	17,670
-	(181,992)	-	-	(181,992)
<u>10,000</u>	<u>20,179</u>	<u>14,030</u>	<u>146,712</u>	<u>1,115,701</u>
<u>\$ 10,000</u>	<u>\$ 300,142</u>	<u>\$ 30,806</u>	<u>\$ 147,900</u>	<u>\$ 1,413,628</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, 2014

	<b>New Police Station Fund</b>	<b>Festival Park Construction Fund</b>	<b>Public Safety Capital Reserve Fund</b>	<b>Façade Program Fund</b>	<b>Impressions Building Fund</b>	<b>Spirite Economic Development Grant Fund</b>
<b>Revenues:</b>						
Grant funds	\$ -	\$ 5,311	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-
Investment earnings	6,590	12	2	43	(272)	184
Total revenues	6,590	5,323	2	43	(272)	184
<b>Expenditures:</b>						
Cultural and recreational	-	9,212	-	-	-	-
Economic and physical development	-	-	-	20,090	6,556	67,500
Total expenditures	-	9,212	-	20,090	6,556	67,500
Revenues over (under) expenditures	6,590	(3,889)	2	(20,047)	(6,828)	(67,316)
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	166,985	20,090	-	-
Transfers out	-	(3,764)	(166,985)	-	-	-
Total other financing sources (uses)	-	(3,764)	-	20,090	-	-
Net change in fund balances	6,590	(7,653)	2	43	(6,828)	(67,316)
<b>Fund Balances:</b>						
Beginning of year - July 1	876,398	7,653	1,215	17,627	6,828	90,221
End of year - June 30	<u>\$ 882,988</u>	<u>\$ -</u>	<u>\$ 1,217</u>	<u>\$ 17,670</u>	<u>\$ -</u>	<u>\$ 22,905</u>

<u>Pedestrian Project</u>	<u>NCDENR Adopt-A-Trail</u>	<u>Parks and Recreation Master Plan</u>	<u>Waterfront Restroom</u>	<u>CDBG Project Blue Goose</u>	<u>Way Finding Project</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ (10,000)	\$ -	\$ 198,276	\$ 319,990	\$ -	\$ 513,577
10,000	(759)	-	-	-	-	9,241
-	-	-	206	40	-	6,805
10,000	(10,759)	-	198,482	320,030	-	529,623
-	-	-	-	-	-	9,212
-	-	47,000	265,385	330,000	3,288	739,819
-	-	47,000	265,385	330,000	3,288	749,031
10,000	(10,759)	(47,000)	(66,903)	(9,970)	(3,288)	(219,408)
-	-	5,000	46,507	-	150,000	388,582
-	-	-	-	-	-	(170,749)
-	-	5,000	46,507	-	150,000	217,833
10,000	(10,759)	(42,000)	(20,396)	(9,970)	146,712	(1,575)
-	10,759	42,000	40,575	24,000	-	1,117,276
\$ 10,000	\$ -	\$ -	\$ 20,179	\$ 14,030	\$ 146,712	\$ 1,115,701

## 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, 2014**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 13,657	\$ 6,590	\$ 20,247	\$ 20,247
Total revenues	-	13,657	6,590	20,247	20,247
<b>Expenditures:</b>					
<b>Public Safety:</b>					
Legal fees	20,000	14,889	-	14,889	5,111
Engineering fees	325,000	102,874	-	102,874	222,126
Contingency	445,000	-	-	-	445,000
Land acquisition	210,000	19,496	-	19,496	190,504
Total expenditures	1,000,000	137,259	-	137,259	862,741
Revenues over (under) expenditures	(1,000,000)	(123,602)	6,590	(117,012)	882,988
<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	-
Net change in fund balance	\$ -	\$ 876,398	6,590	\$ 882,988	\$ 882,988
<b>Fund Balance:</b>					
Beginning of year - July 1			876,398		
End of year - June 30			\$ 882,988		



## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - FESTIVAL PARK CONSTRUCTION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
PARTF Grant	\$ 295,125	\$ 287,977	\$ 5,311	\$ 293,288	\$ (1,837)
Donations	-	33,700	-	33,700	33,700
Investment earnings	-	505	12	517	517
Total revenues	<u>295,125</u>	<u>322,182</u>	<u>5,323</u>	<u>327,505</u>	<u>32,380</u>
<b>Expenditures:</b>					
<b>Culture and Recreation:</b>					
Planning and design	82,481	81,780	-	81,780	701
Construction	<u>507,769</u>	<u>494,174</u>	<u>9,212</u>	<u>503,386</u>	<u>4,383</u>
Total expenditures	<u>590,250</u>	<u>575,954</u>	<u>9,212</u>	<u>585,166</u>	<u>5,084</u>
Revenues over (under) expenditures	<u>(295,125)</u>	<u>(253,772)</u>	<u>(3,889)</u>	<u>(257,661)</u>	<u>37,464</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	295,125	261,425	-	261,425	(33,700)
Transfer to General Fund	<u>-</u>	<u>-</u>	<u>(3,764)</u>	<u>(3,764)</u>	<u>(3,764)</u>
Total other financing sources (uses)	<u>295,125</u>	<u>261,425</u>	<u>(3,764)</u>	<u>257,661</u>	<u>(37,464)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,653</u>	<u>(7,653)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>7,653</u>		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - PUBLIC SAFETY CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Investment earnings	\$ -	\$ 2	\$ 2	\$ 1
Total revenues	-	2	2	1
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	166,985	166,985	-	120,901
Transfers to General Fund	(166,985)	(166,985)	-	(120,901)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	2	<u>\$ 2</u>	1
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,215</u>		<u>1,214</u>
End of year - June 30		<u>\$ 1,217</u>		<u>\$ 1,215</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - FACADE PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 43	\$ 43	\$ 48
Total revenues	-	43	43	48
<b>Expenditures:</b>				
<b>Economic Development:</b>				
Facade grants	20,090	20,090	-	11,329
Total expenditures	20,090	20,090	-	11,329
Revenues over (under) expenditures	(20,090)	(20,047)	43	(11,281)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	20,090	20,090	-	10,000
Total other financing sources (uses)	20,090	20,090	-	10,000
Net change in fund balance	\$ -	43	\$ 43	(1,281)
<b>Fund Balance:</b>				
Beginning of year - July 1		17,627		18,908
End of year - June 30		\$ 17,670		\$ 17,627

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - IMPRESSIONS BUILDING**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 272	\$ (272)	\$ -	\$ -
Total revenues	-	272	(272)	-	-
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	732,920	729,916	3,004	732,920	-
Professional services	36,646	33,094	3,552	36,646	-
Total expenditures	769,566	763,010	6,556	769,566	-
Revenues over (under) expenditures	(769,566)	(762,738)	(6,828)	(769,566)	-
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	769,566	769,566	-	769,566	-
Total other financing sources (uses)	769,566	769,566	-	769,566	-
Net change in fund balance	\$ -	\$ 6,828	(6,828)	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			6,828		
End of year - June 30			\$ -		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - SPINRITE ECONOMIC DEVELOPMENT GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 221	\$ 184	\$ 405	\$ 405
Total revenues	-	221	184	405	405
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Economic development incentives	90,000	-	67,500	67,500	22,500
Total expenditures	90,000	-	67,500	67,500	22,500
Revenues over (under) expenditures	(90,000)	221	(67,316)	(67,095)	22,905
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	45,000	45,000	-	45,000	-
Transfer from Water Fund	22,500	22,500	-	22,500	-
Transfer from Sewer Fund	22,500	22,500	-	22,500	-
Total other financing sources (uses)	90,000	90,000	-	90,000	-
Net change in fund balance	\$ -	\$ 90,221	(67,316)	\$ 22,905	\$ 22,905
<b>Fund Balance:</b>					
Beginning of year - July 1			90,221		
End of year - June 30			\$ 22,905		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - OLD CITY HALL REHABILITATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Over/Under</b>
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>Revenues:</b>					
Grant funds	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Total revenues	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Building improvements	200,000	-	-	-	200,000
Total expenditures	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - PEDESTRIAN PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Contribution from Pitt County	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	10,000	-	-	-	10,000
Total expenditures	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,000	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 10,000</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - NCDENR ADOPT-A-TRAIL GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
NC DENR Grant	\$ 10,000	\$ 10,000	\$ (10,000)	\$ -	\$ (10,000)
Donations	-	759	(759)	-	-
Total revenues	10,000	10,759	(10,759)	-	(10,000)
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	10,000	-	-	-	10,000
Total expenditures	10,000	-	-	-	10,000
Net change in fund balance	\$ -	\$ 10,759	(10,759)	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			10,759		
End of year - June 30			\$ -		



## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - PARKS AND RECREATION MASTER PLAN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Over/Under</u>
<b>Revenues:</b>					
Pitt County contribution	\$ 45,000	\$ 45,000	\$ -	\$ 45,000	\$ -
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	<u>50,000</u>	<u>3,000</u>	<u>47,000</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>50,000</u>	<u>3,000</u>	<u>47,000</u>	<u>50,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,000)</u>	<u>42,000</u>	<u>(47,000)</u>	<u>(5,000)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,000</u>	<u>(42,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>42,000</u>		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - WATERFRONT RESTROOM**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
PARTF Grant	\$ 50,000	\$ -	\$ 39,655	\$ 39,655	\$ (10,345)
Public Access Grant	200,000	-	158,621	158,621	(41,379)
Investment earnings	-	-	206	206	206
Total revenues	<u>250,000</u>	<u>-</u>	<u>198,482</u>	<u>198,482</u>	<u>(51,518)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Planning and design	13,175	9,425	3,750	13,175	-
Construction	<u>333,332</u>	<u>-</u>	<u>261,635</u>	<u>261,635</u>	<u>71,697</u>
Total expenditures	<u>346,507</u>	<u>9,425</u>	<u>265,385</u>	<u>274,810</u>	<u>71,697</u>
Revenues over (under) expenditures	<u>(96,507)</u>	<u>(9,425)</u>	<u>(66,903)</u>	<u>(76,328)</u>	<u>20,179</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>96,507</u>	<u>50,000</u>	<u>46,507</u>	<u>96,507</u>	<u>-</u>
Total other financing sources (uses)	<u>96,507</u>	<u>50,000</u>	<u>46,507</u>	<u>96,507</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 40,575</u>	<u>(20,396)</u>	<u>\$ 20,179</u>	<u>\$ 20,179</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>40,575</u>		
End of year - June 30			<u>\$ 20,179</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - CDBG PROJECT BLUE GOOSE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
CDBG grant	\$ 320,000	\$ -	\$ 319,990	\$ 319,990	\$ (10)
Local donations	-	4,000	-	4,000	4,000
Investment earnings	-	-	40	40	40
Total revenues	<u>320,000</u>	<u>4,000</u>	<u>320,030</u>	<u>324,030</u>	<u>4,030</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Administration	30,000	10,000	10,000	20,000	10,000
Construction	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Total expenditures	<u>350,000</u>	<u>10,000</u>	<u>330,000</u>	<u>340,000</u>	<u>10,000</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>(6,000)</u>	<u>(9,970)</u>	<u>(15,970)</u>	<u>14,030</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,000</u>	<u>(9,970)</u>	<u>\$ 14,030</u>	<u>\$ 14,030</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>24,000</u>		
End of year - June 30			<u>\$ 14,030</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - WAY FINDING PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Design	\$ 50,000	\$ -	\$ 3,288	\$ 3,288	\$ 46,712
Installation	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>150,000</u>	<u>-</u>	<u>3,288</u>	<u>3,288</u>	<u>146,712</u>
Revenues over (under) expenditures	<u>(150,000)</u>	<u>-</u>	<u>(3,288)</u>	<u>(3,288)</u>	<u>146,712</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources (uses)	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	146,712	<u>\$ 146,712</u>	<u>\$ 146,712</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 146,712</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 Cemetery 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, 2014

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 95,376	\$ 429,901	\$ 525,277
Accounts receivable, net	19	1,279	1,298
Total assets	<u>\$ 95,395</u>	<u>\$ 431,180</u>	<u>\$ 526,575</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Deferred Inflows of Resources:</b>			
Other accounts receivable	\$ -	\$ 1,200	\$ 1,200
Total deferred inflows of resources	<u>-</u>	<u>1,200</u>	<u>1,200</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	19	79	98
Non-spendable, not in spendable form:			
Perpetual maintenance - library care	95,376	-	95,376
Perpetual maintenance - cemetery care	-	429,901	429,901
Total fund balances	<u>95,395</u>	<u>429,980</u>	<u>525,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,395</u>	<u>\$ 431,180</u>	<u>\$ 526,575</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, 2014**

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Revenues:</b>			
Perpetual care fees	\$ -	\$ 32,800	\$ 32,800
Interest earnings	719	2,966	3,685
Total revenues	<u>719</u>	<u>35,766</u>	<u>36,485</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Environmental protection	-	2,967	2,967
Cultural and recreation	719	-	719
Total expenditures	<u>719</u>	<u>2,967</u>	<u>3,686</u>
Net change in fund balances	-	32,799	32,799
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>95,395</u>	<u>397,181</u>	<u>492,576</u>
End of year - June 30	<u>\$ 95,395</u>	<u>\$ 429,980</u>	<u>\$ 525,375</u>



## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR PERMANENT FUND - LIBRARY FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 725	\$ 719	\$ (6)	\$ 433
Total revenues	<u>725</u>	<u>719</u>	<u>(6)</u>	<u>433</u>
<b>Expenditures:</b>				
Administration	<u>725</u>	<u>719</u>	<u>6</u>	<u>413</u>
Total expenditures	<u>725</u>	<u>719</u>	<u>6</u>	<u>413</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>20</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>95,395</u>		<u>95,375</u>
End of year - June 30		<u>\$ 95,395</u>		<u>\$ 95,395</u>

## CITY OF WASHINGTON, NORTH CAROLINA

## NONMAJOR PERMANENT FUND - CEMETERY FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Perpetual care fees	\$ -	\$ 32,800	\$ 32,800	\$ 20,300
Interest earnings	2,970	2,966	(4)	1,735
Total revenues	2,970	35,766	32,796	22,035
<b>Expenditures:</b>				
Administration	2,970	2,967	3	1,654
Total expenditures	2,970	2,967	3	1,654
Net change in fund balance	\$ -	32,799	\$ 32,799	20,381
<b>Fund Balance:</b>				
Beginning of year - July 1		397,181		376,800
End of year - June 30		\$ 429,980		\$ 397,181

## **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.
- Stormwater Utility Fund - This fund is used to account for the City's stormwater operations.
- Water Capital Reserve Fund - This fund is used to account for the accumulation of funds for future water fund capital outlays.
- EDA Water System Improvements Fund- This fund is used to account for the design and construction of water infrastructure improvements.
- Sewer Capital Reserve Fund - This fund is used to account for the accumulation of funds for future sewer fund capital outlays.
- EDA Sewer System Improvements Fund- This fund is used to account for the design and construction of sewer infrastructure improvements.
- Recovery Zone Bond Stormwater Projects Fund - This fund is used to account for the accumulation of funds for storm water drainage improvements in the Jacks Creek, Cherry Run, and Runyon Creek drainage basins.

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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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Water sales	\$ 2,930,000	\$ 3,006,755	\$ 76,755	\$ 2,849,452
<b>Other Operating Revenues:</b>				
Connection and reconnection fees	29,000	51,534	22,534	32,535
Water taps	8,000	12,700	4,700	7,553
Water assessments	-	-	-	(1,756)
Fire hydrants	13,660	13,660	-	13,660
Late penalty charges	19,500	25,557	6,057	17,477
Total operating revenues	3,000,160	3,110,206	110,046	2,918,921
<b>Non-Operating Revenues:</b>				
Rents	34,777	36,232	1,455	34,777
Recovery of doubtful accounts	300	604	304	248
Interest earnings	3,000	11,330	8,330	6,735
Sale of surplus and scrap	-	630	630	7,401
FEMA assistance	-	-	-	(113)
Miscellaneous	7,000	1,148	(5,852)	3,595
Total non-operating revenues	45,077	49,944	4,867	52,643
Total revenues	3,045,237	3,160,150	114,913	2,971,564
<b>Operating Expenditures:</b>				
<b>Water Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	110,353	107,136	3,217	101,510
Supplies	1,000	793	207	382
Dues and subscriptions	-	-	-	150
Telephone	575	429	146	554
Repair and maintenance	2,350	1,862	488	1,262
Total Public Works Director	114,278	110,220	4,058	103,858
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	5,900	2,846	3,054	2,250
Unemployment wages	10,000	3,624	6,376	-
Insurance and bonds	38,000	36,919	1,081	35,867
Printing and publishing	4,100	1,989	2,111	2,620
Utility service fee - General Fund	374,824	374,824	-	280,087
Utility service fee - Electric Fund	107,060	107,060	-	82,208
Repair and maintenance	500	397	103	397
Other expenses	5,537	2,376	3,161	2,376
Total miscellaneous - non-departmental	545,921	530,035	15,886	405,805
Total water administration	660,199	640,255	19,944	509,663

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Water Treatment and Distribution:</b>				
<b>Water Meter Services:</b>				
Salaries and employee benefits	148,167	133,507	14,660	129,551
Telephone	850	861	(11)	906
Employee development	600	582	18	305
Repair and maintenance	112,000	99,473	12,527	312,342
Supplies	800	631	169	761
Materials	4,075	364	3,711	9,566
OSHA safety mandates	100	48	52	466
Professional services	500	76	424	136
Total water meter services	267,092	235,542	31,550	454,033
<b>Water Treatment Plant:</b>				
Salaries and employee benefits	527,317	488,748	38,569	471,176
OSHA safety mandates	7,873	2,555	5,318	8,735
Employee development	3,000	1,154	1,846	1,851
Telephone	3,800	2,199	1,601	2,960
Printing and publishing	1,000	47	953	200
Water and electric services	230,000	230,853	(853)	225,699
Repair and maintenance	191,725	171,609	20,116	91,422
Supplies	5,500	5,031	469	6,131
Chemicals and lab supplies	382,200	255,175	127,025	288,524
Dues and subscriptions	8,025	6,108	1,917	5,045
Professional services	50,504	677	49,827	496
Contract services	20,067	11,427	8,640	4,177
Employee advertisement	100	-	100	68
Total water treatment plant	1,431,111	1,175,583	255,528	1,106,484
<b>Water Distribution Maintenance:</b>				
Salaries and employee benefits	122,564	119,168	3,396	113,887
Contract services	135,097	95,074	40,023	53,036
Water and electric services	7,750	7,673	77	7,435
Employee advertising	100	-	100	-
Repair and maintenance	12,600	10,628	1,972	11,671
Supplies	1,400	1,407	(7)	1,310
Materials	15,852	13,320	2,532	23,544
Professional services	200	-	200	886
Total water distribution maintenance	295,563	247,270	48,293	211,769
Total water treatment and distribution	1,993,766	1,658,395	335,371	1,772,286
Capital outlay	467,645	192,044	275,601	202,213

# 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, 2014

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	69,810	69,810	-	254,959
Interest	3,282	3,021	261	13,839
Total debt service	73,092	72,831	261	268,798
 Total operating expenditures	 3,194,702	 2,563,525	 631,177	 2,752,960
 Revenues over (under) expenditures	 (149,465)	 596,625	 746,090	 218,604
 <b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	856,207	-	(856,207)	-
<b>Transfers from:</b>				
Water Capital Reserve Fund	100,000	100,000	-	-
General Fund	-	1,660	1,660	-
<b>Transfers to:</b>				
Capital Project Fund	(706,133)	(706,133)	-	-
Economic Development Fund	(28,646)	(28,646)	-	(28,646)
General Fund	(71,963)	(71,963)	-	(71,963)
Total other financing sources (uses)	149,465	(705,082)	(854,547)	(100,609)
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ (108,457)	 \$ (108,457)	 \$ 117,995
 <b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (108,457)		\$ 117,995
Capital outlay		192,044		202,213
Principal retirement		69,810		254,959
Change in compensated absences		(12,020)		(4,264)
Change in OPEB liability		(15,709)		(17,022)
Depreciation		(691,825)		(702,782)
Bad debt provision		(3,186)		7,133
Inventory adjustment		(3,794)		3,213
Capital Reserve Fund transfer from other funds		4,000		-
Transfer to Water Capital Project		706,133		-
Transfer from Water Capital Reserve		(100,000)		-
Capital contributions, revenue from:				
Water Capital Reserve Fund		9,472		11,819
Water Capital Project Fund		15,232		-
 Change in net position		 \$ 61,700		 \$ (126,736)

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Sewer sales	\$ 3,060,000	\$ 2,949,482	\$ (110,518)	\$ 3,008,940
<b>Other Operating Revenues:</b>				
Sewer taps	5,000	4,525	(475)	8,602
Late penalty charges	20,000	29,401	9,401	22,289
Total operating revenues	3,085,000	2,983,408	(101,592)	3,039,831
<b>Non-Operating Revenues:</b>				
Recovery of doubtful accounts	-	713	713	353
Interest earnings	6,000	11,933	5,933	8,348
Sewer assessments	9,549	9,549	-	142
FEMA assistance	-	-	-	(547)
Miscellaneous	-	-	-	946
Total non-operating revenues	15,549	22,195	6,646	9,242
Total revenues	3,100,549	3,005,603	(94,946)	3,049,073
<b>Operating Expenditures:</b>				
<b>Sewer Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	109,919	107,136	2,783	101,510
Supplies	700	218	482	537
Dues and subscriptions	2,050	1,881	169	1,160
Telephone	600	429	171	554
Total Public Works Director	113,269	109,664	3,605	103,761
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	6,750	6,740	10	6,001
Printing and publishing	3,500	1,989	1,511	2,620
Insurance and bonds	44,650	44,441	209	44,264
Utility service fee - General Fund	386,358	386,358	-	281,121
Repair and maintenance	500	397	103	397
Other expenses	10,037	6,000	4,037	2,376
Utility service fee - Electric Fund	53,648	53,648	-	49,675
CDBG Clawback grant expenses	111,142	37,047	74,095	-
Contingency	34,243	-	34,243	-
Total miscellaneous - non-departmental	650,828	536,620	114,208	386,454
Total sewer administration	764,097	646,284	117,813	490,215
<b>Waste Collection and Treatment:</b>				
<b>Wastewater Treatment:</b>				
Salaries and employee benefits	498,131	477,010	21,121	463,058
Employee advertising	100	-	100	137
Employee development	3,000	2,793	207	2,981
Telephone	450	420	30	369



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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Printing and publishing	1,000	-	1,000	-
Water and electric service	285,000	259,074	25,926	242,976
Repair and maintenance	195,271	157,150	38,121	187,791
Supplies	76,512	70,842	5,670	67,021
Dues	6,600	5,816	784	6,428
Professional services	3,000	688	2,312	210
Contract services	122,696	104,586	18,110	99,357
Licenses and permits	7,100	6,910	190	6,910
OSHA safety mandates	12,300	9,191	3,109	3,495
Total wastewater treatment	1,211,160	1,094,480	116,680	1,080,733
<b>Wastewater Collection Maintenance:</b>				
Salaries and employee benefits	135,431	130,588	4,843	122,120
OSHA safety mandates	1,000	852	148	462
Employee development	750	675	75	150
Telephone	1,600	1,621	(21)	2,382
Printing and publishing	200	-	200	-
Repair and maintenance	22,800	19,731	3,069	16,456
Supplies	2,500	2,011	489	2,421
Materials	11,400	7,835	3,565	11,246
Contract services	116,280	29,406	86,874	54,151
Professional services	150	-	150	46
Total wastewater collection maintenance	292,111	192,719	99,392	209,434
<b>Sewer Pumping Station:</b>				
Salaries and employee benefits	61,714	59,531	2,183	59,619
Water and electrical service	148,000	148,612	(612)	135,731
Repair and maintenance	99,900	94,932	4,968	90,825
Supplies	1,999	1,385	614	2,430
Chemicals	1,500	681	819	-
Professional services	-	-	-	1,337
Total sewer pumping station	313,113	305,141	7,972	289,942
Total waste collection and treatment	1,816,384	1,592,340	224,044	1,580,109
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	213,071	213,071	-	289,043
Interest	17,995	17,146	849	30,785
<b>Installment Notes:</b>				
Principal retirement	17,630	17,630	-	29,537
Interest	172	172	-	981
<b>State Loan:</b>				
Principal retirement	168,503	168,503	-	168,503
Interest	38,277	37,756	521	40,909
Total debt service	455,648	454,278	1,370	559,758

**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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
Capital outlay	400,926	223,265	177,661	263,938
Total operating expenditures	3,437,055	2,916,167	520,888	2,894,020
Revenues over (under) expenditures	(336,506)	89,436	425,942	155,053
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	989,658	-	(989,658)	-
Transfers from:				
General Fund	-	2,940	2,940	-
Sewer Capital Reserve Fund	120,000	120,000	-	-
Main and Respass Lift Station Capital Project Fund	-	-	-	2,863
Transfer to:				
Economic Development Fund	(28,646)	(28,646)	-	(28,646)
General Fund	(40,532)	(40,532)	-	(40,532)
Sewer Capital Project Fund	(703,974)	(703,974)	-	-
Total other financing sources (uses)	336,506	(650,212)	(986,718)	(66,315)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (560,776)	\$ (560,776)	\$ 88,738
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (560,776)		\$ 88,738
Capital outlay		223,265		263,938
Principal retirement		399,204		487,083
Change in compensated absences		(11,416)		21,068
Change in OPEB liability		(15,709)		(17,022)
Depreciation		(655,553)		(639,813)
Bad debt (provision) recovery		(4,035)		23,449
Inventory adjustment		757		189
Capital contributions, revenue from:				
Sewer Capital Reserve Fund		12,411		27,323
Sewer Capital Project Fund		62,963		-
Capital Reserve Fund transfer from other funds		5,000		-
Transfer from Sewer Capital Reserve Fund		(120,000)		-
Transfer from Sewer Capital Project Fund		-		(2,863)
Transfer to Sewer Capital Project Fund		703,974		-
Change in net position		\$ 40,085		\$ 252,090

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Electric sales	\$ 35,461,648	\$ 35,368,124	\$ (93,524)	\$ 34,932,603
<b>Other Operating Revenues:</b>				
Underground services	40,000	28,588	(11,412)	29,133
Reconnection fees	85,000	93,665	8,665	91,714
Facility connection fees	4,000	5,145	1,145	5,012
Pole attachment fees - cable TV	20,000	19,309	(691)	18,222
Connection fees	40,000	27,374	(12,626)	31,021
Late penalty charges	270,000	301,102	31,102	208,513
New construction fee	5,000	2,100	(2,900)	3,050
Total operating revenues	35,925,648	35,845,407	(80,241)	35,319,268
<b>Non-Operating Revenues:</b>				
Recovery of doubtful accounts	5,000	4,730	(270)	12,690
Interest earnings	22,000	31,047	9,047	18,530
Sale of surplus and scrap	29,000	32,304	3,304	46,964
Fines and meters	13,000	17,320	4,320	20,938
DOT reimbursement	-	-	-	(90,820)
Solar projects reimbursement	823,425	585,474	(237,951)	340,271
Miscellaneous	60,100	13,830	(46,270)	20,382
Total non-operating revenues	952,525	684,705	(267,820)	368,955
Total revenues	36,878,173	36,530,112	(348,061)	35,688,223
<b>Operating Expenditures:</b>				
<b>Administration:</b>				
<b>Office of Electric Director:</b>				
Salaries and employee benefits	277,268	272,712	4,556	264,070
Employee development	10,800	11,858	(1,058)	7,270
Professional services	25,000	9,419	15,581	91,593
Telephone	2,300	2,298	2	3,952
Printing and publishing	-	-	-	21
Maintenance	10,200	9,372	828	6,474
Supplies	1,900	1,941	(41)	2,928
Dues and subscriptions	1,000	569	431	565
Total Office of Electric Director	328,468	308,169	20,299	376,873

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Miscellaneous - Non-Departmental:</b>				
Printing and publishing	5,500	3,978	1,522	5,505
Dues and subscriptions	350	308	42	84
Insurance and bonds	122,500	121,468	1,032	136,965
Workers' compensation	40,800	40,784	16	52,753
Inventory reimbursement	800	733	67	-
Rents	18,000	18,000	-	18,000
Maintenance	1,000	794	206	794
Utility service fee - General Fund	1,207,781	1,207,781	-	1,202,245
Utility Assistance Contribution	10,000	10,000	-	10,000
Gustnado expenses	-	-	-	111,580
Tornado expenses	129,986	121,321	8,665	-
Other expenses	161,747	143,527	18,220	128,112
Total miscellaneous - non-departmental	1,698,464	1,668,694	29,770	1,666,038
 Total administration	 2,026,932	 1,976,863	 50,069	 2,042,911
 <b>Utility Communications:</b>				
Salaries and employee benefits	222,736	211,443	11,293	202,161
Employee advertising	100	-	100	100
Employee development	200	35	165	199
Professional services	144	144	-	148
Telephone	15,000	14,909	91	15,596
Water and electric services	1,600	1,545	55	1,347
Rents	17,320	17,320	-	17,320
Maintenance	6,700	5,226	1,474	1,617
Supplies	2,000	858	1,142	1,801
Total utility communications	265,800	251,480	14,320	240,289
 <b>Meter Services:</b>				
Salaries and employee benefits	378,715	374,314	4,401	276,708
Employee advertising	200	-	200	199
Employee development	1,750	1,396	354	2,725
Telephone	3,000	2,487	513	2,200
Water and electric service	9,000	7,963	1,037	8,372
Maintenance	90,310	85,802	4,508	64,973
Supplies	3,000	2,530	470	2,361
Materials	4,700	1,667	3,033	3,705
Professional services	270	270	-	226
Other expenses	400	315	85	354
Insurance	1,010	1,007	3	-
Contract services	-	-	-	29,999
Reimbursement from other funds	(160,708)	(160,708)	-	(131,883)
Total meter services	331,647	317,043	14,604	259,939

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Power Line Maintenance:</b>				
Salaries and employee benefits	864,605	840,877	23,728	722,214
Employee advertising	250	-	250	-
Employee development	15,050	15,298	(248)	11,020
Telephone	3,500	2,084	1,416	2,805
Water and electric service	7,000	7,336	(336)	6,979
Printing and publishing	100	48	52	-
Maintenance	185,300	151,435	33,865	161,799
Supplies	50,500	47,426	3,074	29,591
Materials	117,950	112,062	5,888	108,237
Contract services	193,401	166,622	26,779	263,167
Professional services	2,000	473	1,527	762
Insurance	7,500	2,590	4,910	8,250
Other expenses	700	640	60	707
Total power line maintenance	1,447,856	1,346,891	100,965	1,315,531
<b>Substation Maintenance:</b>				
Salaries and employee benefits	215,110	212,721	2,389	202,285
Employee advertisement	200	-	200	178
Employee development	1,500	1,500	-	2,518
Professional services	7,675	1,710	5,965	24,129
Telephone	2,000	1,625	375	1,619
Water and electric service	23,000	22,722	278	23,260
Maintenance	256,434	234,141	22,293	319,256
Supplies	2,000	1,536	464	1,683
Contract services	12,860	9,161	3,699	19,487
Gasoline purchases	288,757	242,409	46,348	224,527
Other expenses	1,250	12,458	(11,208)	2,540
Total substation maintenance	810,786	739,983	70,803	821,482
<b>Load Management:</b>				
Salaries and employee benefits	50,052	47,262	2,790	44,617
Employee advertisement	100	-	100	-
Employee development	-	-	-	299
Professional services	25,545	-	25,545	-
Supplies	500	11	489	120
Heat pump rebates	15,000	14,650	350	15,475
Maintenance	1,373	844	529	1,620
Materials	2,000	1,933	67	4,602
Marketing and promotions	21,200	20,301	899	13,790
Contract services	67,090	64,210	2,880	57,165
Other expenses	67,250	66,675	575	-
Total load management	250,110	215,886	34,224	137,688
Total electric operations	3,106,199	2,871,283	234,916	2,774,929
Electric power purchases	29,270,645	28,887,092	383,553	28,495,889

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	3,134,477	2,182,065	952,412	1,811,030
<b>Debt Service:</b>				
<b>General Obligation Bonds:</b>				
Principal retirement	7,119	7,119	-	25,999
Interest	335	308	27	1,411
<b>Installment Notes:</b>				
Principal retirement	547,850	547,834	16	761,145
Interest	17,606	17,518	88	34,826
Total debt service	572,910	572,779	131	823,381
Total operating expenditures	38,111,163	36,490,082	1,621,081	35,948,140
Revenues over (under) expenditures	(1,232,990)	40,030	1,273,020	(259,917)
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	-	-	430,805
Fund balance appropriated	1,801,698	-	(1,801,698)	-
Transfers from:				
General Fund	-	5,488	5,488	-
Transfers to:				
General Fund	(470,000)	(470,000)	-	(846,121)
Economic Development Capital Reserve Fund	(98,708)	(98,708)	-	(98,708)
Total other financing sources (uses)	1,232,990	(563,220)	(1,796,210)	(514,024)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (523,190)	\$ (523,190)	\$ (773,941)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (523,190)		\$ (773,941)
Capital outlay		2,182,065		1,811,030
Principal retirement		554,953		787,144
Installment note proceeds		-		(430,805)
Change in compensated absences		18,295		(10,105)
Change in OPEB liability		(30,874)		(31,484)
Depreciation		(1,657,878)		(1,599,025)
Bad debt provision		(11,321)		28,196
Inventory adjustment		(2,634)		4,147
Capital contributions		18,969		5,133
Loss on disposal of capital assets		(37,869)		-
Change in net position		\$ 510,516		\$ (209,710)

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Public works fees	\$ 492,000	\$ 499,971	\$ 7,971	\$ 494,525
Miscellaneous	-	982	982	(40)
Late penalty charges	3,500	4,268	768	3,916
Permit fees	5,000	5,000	-	1,500
Total operating revenues	500,500	510,221	9,721	499,901
<b>Non-Operating Revenues:</b>				
Interest earnings	91,538	85,213	(6,325)	94,274
Total non-operating revenues	91,538	85,213	(6,325)	94,274
Total revenues	592,038	595,434	3,396	594,175
<b>Operating Expenditures:</b>				
Salaries and employee benefits	-	-	-	87
Professional services	6,200	4,027	2,173	1,063
Water and electric service	23,000	23,300	(300)	18,639
Maintenance and repairs	75,166	273	74,893	494
Supplies	2,200	1,527	673	2,015
Contracted services	8,000	7,772	228	6,872
Materials	11,000	9,423	1,577	9,407
Insurance	1,238	635	603	1,123
Contingency	26,205	-	26,205	-
Miscellaneous	2,576	2,419	157	2,548
Total operating expenditures	155,585	49,376	106,209	42,248
<b>Debt Service:</b>				
Principal	340,008	340,008	-	344,513
Interest	200,149	199,434	715	216,074
Total debt service	540,157	539,442	715	560,587
Capital outlay	8,185	8,185	-	91,786
Total expenditures	703,927	597,003	106,924	694,621

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(111,889)	(1,569)	110,320	(100,446)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	111,889	-	(111,889)	-
Total other financing sources (uses)	111,889	-	(111,889)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,569)	\$ (1,569)	\$ (100,446)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,569)		\$ (100,446)
Depreciation		(133,080)		(132,027)
Capital outlay		8,185		91,786
Principal retirement		340,008		344,513
Investment earnings from capital project fund		329		885
Bad debt expense (recoveries)		(1,206)		926
Change in net position		\$ 212,667		\$ 205,637



## CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - WATER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Water impact fees	\$ 9,000	\$ 9,146	\$ 146	\$ 11,324
Investment earnings	400	326	(74)	495
Total revenues	<u>9,400</u>	<u>9,472</u>	<u>72</u>	<u>11,819</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Water Fund	(100,000)	(100,000)	-	-
Transfer from General Fund	-	4,000	4,000	-
Appropriated fund balance	<u>90,600</u>	<u>-</u>	<u>(90,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,400)</u>	<u>(96,000)</u>	<u>(86,600)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(86,528)</u>	<u>\$ (86,528)</u>	<u>11,819</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>144,252</u>		<u>132,433</u>
End of year - June 30		<u>\$ 57,724</u>		<u>\$ 144,252</u>

This fund is consolidated into the Water Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - EDA WATER SYSTEM IMPROVEMENTS  
 WATER CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
EDA Grant funds	\$ 722,129	\$ -	\$ 15,232	\$ 15,232	\$ (706,897)
Total revenues	<u>722,129</u>	<u>-</u>	<u>15,232</u>	<u>15,232</u>	<u>(706,897)</u>
<b>Expenditures:</b>					
Water Line:					
Administrative and legal	10,280	-	-	-	10,280
Construction	940,701	-	-	-	940,701
Contingency	<u>102,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,391</u>
Total Water Line expenditures	<u>1,053,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053,372</u>
Liquid Chlorine:					
Administrative and legal	3,068	-	-	-	3,068
Architectural and engineering	31,470	-	22,520	22,520	8,950
Other Architectural and engineering	10,004	-	7,607	7,607	2,397
Project inspection fees	19,071	-	-	-	19,071
Construction	280,722	-	-	-	280,722
Contingency	<u>30,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,555</u>
Total Liquid Chlorine expenditures	<u>374,890</u>	<u>-</u>	<u>30,127</u>	<u>30,127</u>	<u>344,763</u>
Total expenditures	<u>1,428,262</u>	<u>-</u>	<u>30,127</u>	<u>30,127</u>	<u>1,398,135</u>
Revenues over (under) expenditures	<u>(706,133)</u>	<u>-</u>	<u>(14,895)</u>	<u>(14,895)</u>	<u>691,238</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>706,133</u>	<u>-</u>	<u>706,133</u>	<u>706,133</u>	<u>-</u>
Total other financing sources (uses)	<u>706,133</u>	<u>-</u>	<u>706,133</u>	<u>706,133</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>691,238</u>	<u>\$ 691,238</u>	<u>\$ 691,238</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 691,238</u>		

This fund is consolidated into the Water Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - SEWER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Sewer impact fees	\$ 20,000	\$ 12,196	\$ (7,804)	\$ 26,933
Investment earnings	340	215	(125)	390
Total revenues	<u>20,340</u>	<u>12,411</u>	<u>(7,929)</u>	<u>27,323</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Sewer Fund	(120,000)	(120,000)	-	-
Transfer from other funds	-	5,000	5,000	-
Appropriated fund balance	<u>99,660</u>	<u>-</u>	<u>(99,660)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,340)</u>	<u>(115,000)</u>	<u>(94,660)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(102,589)</u>	<u>\$ (102,589)</u>	<u>27,323</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>122,997</u>		<u>95,674</u>
End of year - June 30		<u>\$ 20,408</u>		<u>\$ 122,997</u>

This fund is consolidated into the Sewer Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - EDA SEWER SYSTEM IMPROVEMENTS**  
**SEWER CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Years</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
EDA Grant funds	\$ 719,920	\$ -	\$ 62,963	\$ 62,963	\$ (656,957)
Total revenues	719,920	-	62,963	62,963	(656,957)
<b>Expenditures:</b>					
Cherry Run:					
Administrative and legal	1,070	-	183	183	887
Architectural and engineering	10,971	-	7,851	7,851	3,120
Other Architectural and engineering	3,488	-	2,652	2,652	836
Project inspection fees	6,649	-	-	-	6,649
Construction	97,866	-	-	-	97,866
Contingency	10,652	-	-	-	10,652
Total Cherry Run expenditures	130,696	-	10,686	10,686	120,010
Generator:					
Administrative and legal	5,066	-	-	-	5,066
Architectural and engineering	51,969	-	37,188	37,188	14,781
Other Architectural and engineering	16,520	-	12,562	12,562	3,958
Project inspection fees	31,494	-	-	-	31,494
Construction	463,577	-	-	-	463,577
Contingency	50,458	-	-	-	50,458
Total Generator expenditures	619,084	-	49,750	49,750	569,334
Water and Bonner:					
Administrative and legal	5,516	-	-	-	5,516
Architectural and engineering	56,589	-	40,494	40,494	16,095
Other Architectural and engineering	17,989	-	13,679	13,679	4,310
Project inspection fees	34,292	-	9,922	9,922	24,370
Construction	504,784	-	-	-	504,784
Contingency	54,944	-	-	-	54,944
Total Water and Bonner	674,114	-	64,095	64,095	610,019
Total expenditures	1,423,894	-	124,531	124,531	1,299,363
Revenues over (under) expenditures	(703,974)	-	(61,568)	(61,568)	642,406
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	703,974	-	703,974	703,974	-
Total other financing sources (uses)	703,974	-	703,974	703,974	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	642,406	\$ 642,406	\$ 642,406
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 642,406		

This fund is consolidated into the Sewer Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - RECOVERY ZONE BOND

## STORMWATER PROJECTS

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 11,565	\$ 329	\$ 11,894	\$ 11,894
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	42,827	40,445	-	40,445	2,382
Engineering	527,700	525,977	654	526,631	1,069
Construction	4,176,932	4,125,098	-	4,125,098	51,834
Easement acquisition	156,288	156,288	-	156,288	-
Contingency	96,253	-	-	-	96,253
Total expenditures	<u>5,000,000</u>	<u>4,847,808</u>	<u>654</u>	<u>4,848,462</u>	<u>151,538</u>
Revenues over (under) expenditures	<u>(5,000,000)</u>	<u>(4,836,243)</u>	<u>(325)</u>	<u>(4,836,568)</u>	<u>163,432</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 163,757</u>	<u>(325)</u>	<u>\$ 163,432</u>	<u>\$ 163,432</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>163,757</u>		
End of year, June 30			<u>\$ 163,432</u>		

This fund is consolidated into the Stormwater Fund

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## **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.

- Warren Field Airport Fund - This fund is used to account for the operations of the City's airfield operations.
- Airport Terminal Capital Project Fund - This fund is used to account for the construction of the airport terminal.
- Airport Rehabilitation Capital Project Fund - This fund is used to account for the rehabilitation projects at the airport.
- 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 FUND NET POSITION

JUNE 30, 2014

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 527,353	\$ 328,607	\$ 125,123	\$ 981,083
Accounts receivable, net	86,510	143,778	14,611	244,899
Inventory	36,198	-	-	36,198
Total current assets	<u>650,061</u>	<u>472,385</u>	<u>139,734</u>	<u>1,262,180</u>
<b>Capital Assets:</b>				
Non-depreciable capital assets	1,579,268	-	-	1,579,268
Other capital assets, net of accumulated depreciation	<u>1,551,435</u>	<u>425,519</u>	<u>62,645</u>	<u>2,039,599</u>
Total capital assets	<u>3,130,703</u>	<u>425,519</u>	<u>62,645</u>	<u>3,618,867</u>
Total assets	<u>3,780,764</u>	<u>897,904</u>	<u>202,379</u>	<u>4,881,047</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	47,345	41,274	8,214	96,833
Current portion of installment notes	-	23,149	6,460	29,609
Current portion of compensated absences	<u>115</u>	<u>26,042</u>	<u>4,561</u>	<u>30,718</u>
Total current liabilities	<u>47,460</u>	<u>90,465</u>	<u>19,235</u>	<u>157,160</u>
<b>Non-Current Liabilities:</b>				
Non-current portion of installment notes	-	17,703	19,860	37,563
Non-current portion of compensated absences	-	28,865	8,094	36,959
Non-current portion of OPEB liability	<u>-</u>	<u>80,560</u>	<u>35,627</u>	<u>116,187</u>
Total non-current liabilities	<u>-</u>	<u>127,128</u>	<u>63,581</u>	<u>190,709</u>
Total liabilities	<u>47,460</u>	<u>217,593</u>	<u>82,816</u>	<u>347,869</u>
<b>Net Position:</b>				
Net investment in capital assets	3,130,703	384,667	36,325	3,551,695
Unrestricted	<u>602,601</u>	<u>295,644</u>	<u>83,238</u>	<u>981,483</u>
Total net position	<u>\$ 3,733,304</u>	<u>\$ 680,311</u>	<u>\$ 119,563</u>	<u>\$ 4,533,178</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Warren Field Airport Fund</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	\$ 234,155	\$ 1,262,275	\$ 241,793	\$ 1,738,223
Miscellaneous	2,926	5,304	5,091	13,321
Total operating revenues	<u>237,081</u>	<u>1,267,579</u>	<u>246,884</u>	<u>1,751,544</u>
<b>Operating Expenditures:</b>				
Operations	318,215	1,223,771	270,852	1,812,838
Depreciation	<u>110,032</u>	<u>68,392</u>	<u>5,434</u>	<u>183,858</u>
Total operating expenditures	<u>428,247</u>	<u>1,292,163</u>	<u>276,286</u>	<u>1,996,696</u>
Operating income (loss)	<u>(191,166)</u>	<u>(24,584)</u>	<u>(29,402)</u>	<u>(245,152)</u>
<b>Non-Operating Revenues (Expenditures):</b>				
Investment earnings	456	1,380	180	2,016
Solid waste disposal tax	-	5,459	-	5,459
Insurance proceeds	130,703	-	-	130,703
Gustnado expense	(77,042)	-	-	(77,042)
Loss on disposal of capital asset	-	-	(4,162)	(4,162)
Interest expense	<u>-</u>	<u>(1,570)</u>	<u>(409)</u>	<u>(1,979)</u>
Total non-operating revenues (expenditures)	<u>54,117</u>	<u>5,269</u>	<u>(4,391)</u>	<u>54,995</u>
Income (loss) before capital contributions and transfers	<u>(137,049)</u>	<u>(19,315)</u>	<u>(33,793)</u>	<u>(190,157)</u>
<b>Capital Contributions and Transfers:</b>				
Capital contributions	406,420	-	-	406,420
Transfers in	<u>176,611</u>	<u>-</u>	<u>155,279</u>	<u>331,890</u>
Total capital contributions and transfers	<u>583,031</u>	<u>-</u>	<u>155,279</u>	<u>738,310</u>
Change in net position	445,982	(19,315)	121,486	548,153
<b>Net Position:</b>				
Beginning of year - July 1	<u>3,287,322</u>	<u>699,626</u>	<u>(1,923)</u>	<u>3,985,025</u>
End of year - June 30	<u>\$ 3,733,304</u>	<u>\$ 680,311</u>	<u>\$ 119,563</u>	<u>\$ 4,533,178</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Warren Field Airport Fund</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	\$ 736,356	\$ 1,281,153	\$ 242,949	\$ 2,260,458
Cash paid to employees	(46,243)	(548,065)	(203,229)	(797,537)
Cash paid to suppliers	(702,182)	(649,049)	(63,820)	(1,415,051)
Net cash provided (used) by operating activities	(12,069)	84,039	(24,100)	47,870
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers from other funds	176,611	-	155,279	331,890
Net cash provided (used) by non-capital financing activities	176,611	-	155,279	331,890
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Interest expense	-	(1,570)	(409)	(1,979)
Acquisition of capital assets	(547,731)	(125,965)	(35,000)	(708,696)
Principal payments on long-term debt	-	(46,246)	(6,956)	(53,202)
Capital contributions	406,420	5,459	-	411,879
Net cash provided (used) by capital and related financing activities	(141,311)	(168,322)	(42,365)	(351,998)
<b>Cash Flows from Investing Activities:</b>				
Investment earnings	456	1,380	180	2,016
Net cash provided (used) by investing activities	456	1,380	180	2,016
Net increase (decrease) in cash and cash equivalents/investments	23,687	(82,903)	88,994	29,778
<b>Cash and Cash Equivalents/Investments:</b>				
Beginning of year - July 1	503,666	411,510	36,129	951,305
End of year - June 30	\$ 527,353	\$ 328,607	\$ 125,123	\$ 981,083
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (191,166)	\$ (24,584)	\$ (29,402)	\$ (245,152)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	110,032	68,392	5,434	183,858
Non-operating expenses	(77,042)	-	-	(77,042)
Non-operating revenues	130,703	-	-	130,703
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	368,572	13,573	(3,935)	378,210
(Increase) decrease in inventory	20,734	-	-	20,734
(Increase) decrease in prepaid assets	-	1,988	-	1,988
Increase (decrease) in accounts payable and accrued liabilities	(372,961)	6,813	406	(365,742)
Increase (decrease) in compensated absences payable	(941)	5,681	(3,670)	1,070
Increase (decrease) in OPEB liability	-	12,176	7,067	19,243
Net cash provided (used) by operating activities	\$ (12,069)	\$ 84,039	\$ (24,100)	\$ 47,870
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Loss on disposal of capital assets	\$ -	\$ -	\$ (4,162)	\$ (4,162)
Total non-cash investing, capital, and financing activities	\$ -	\$ -	\$ (4,162)	\$ (4,162)

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Fuel sales	\$ 177,000	\$ 168,709	\$ (8,291)	\$ 116,701
Rentals	60,500	65,446	4,946	38,618
Miscellaneous revenue	-	2,926	2,926	511,877
Total operating revenues	237,500	237,081	(419)	667,196
<b>Non-Operating Revenues:</b>				
Interest earnings	800	269	(531)	1,124
Grant funds	291,344	236,000	(55,344)	424,459
Total non-operating revenues	292,144	236,269	(55,875)	425,583
Total revenues	529,644	473,350	(56,294)	1,092,779
<b>Operating Expenditures:</b>				
Salaries and employee benefits	65,445	62,046	3,399	38,090
Professional services	227	216	11	515
Utilities	21,138	20,087	1,051	18,793
Fuel purchases	139,220	139,596	(376)	120,235
Maintenance and repairs	47,561	43,875	3,686	24,245
Supplies	1,040	816	224	1,031
Contracted services	12,340	12,007	333	28,171
Equipment rental	8,435	8,435	-	8,712
Lawsuit settlement	-	-	-	135,602
Miscellaneous	3,471	3,454	17	2,967
Insurance	16,000	15,987	13	13,610
Utility service fee - General Fund	12,637	12,637	-	20,556
Total	327,514	319,156	8,358	412,527
<b>Miscellaneous - Non-Departmental:</b>				
Gustnado expense	77,043	77,042	1	138,258
Total miscellaneous - non-departmental	77,043	77,042	1	138,258

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	339,467	277,974	61,493	471,620
Total expenditures	744,024	674,172	69,852	1,022,405
Revenues over (under) expenditures	(214,380)	(200,822)	13,558	70,374
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	73,880	-	(73,880)	-
Transfer to Airport Terminal Project	-	-	-	(325,200)
Transfers from General Fund	140,500	140,500	-	83,158
Total other financing sources (uses)	214,380	140,500	(73,880)	(242,042)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (60,322)	\$ (60,322)	\$ (171,668)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (60,322)		\$ (171,668)
Capital outlay		277,974		471,620
Depreciation		(110,032)		(144,918)
Change in compensated absences		941		(1,056)
Transfer from other funds - project		36,111		325,200
Capital contributions, grant revenue from projects		170,420		25,391
Interest earnings from projects		187		-
Other revenue from projects		130,703		-
Change in net position		\$ 445,982		\$ 504,569

## CITY OF WASHINGTON, NORTH CAROLINA

**ENTERPRISE FUND - AIRPORT TERMINAL**  
**WARREN FIELD AIRPORT CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Years</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
State Aid to Airports Grant	\$ 500,000	\$ -	\$ 87,277	\$ 87,277	\$ (412,723)
State Aid - NPE 2012 Grant	150,244	25,391	74,304	99,695	(50,549)
State Aid - NPE 2013 Grant	150,000	-	-	-	(150,000)
Interest earnings	-	-	187	187	187
Insurance proceeds	130,702	-	130,703	130,703	1
Total revenues	<u>930,946</u>	<u>25,391</u>	<u>292,471</u>	<u>317,862</u>	<u>(613,084)</u>
<b>Expenditures:</b>					
Professional services	215,452	28,212	120,417	148,629	66,823
Construction	936,922	-	134,019	134,019	802,903
Rental building	25,800	14,650	5,500	20,150	5,650
Furnishings	51,220	-	-	-	51,220
Contingency	26,508	-	-	-	26,508
Total expenditures	<u>1,255,902</u>	<u>42,862</u>	<u>259,936</u>	<u>302,798</u>	<u>953,104</u>
Revenues over (under) expenditures	<u>(324,956)</u>	<u>(17,471)</u>	<u>32,535</u>	<u>15,064</u>	<u>340,020</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>324,956</u>	<u>325,200</u>	<u>-</u>	<u>325,200</u>	<u>244</u>
Total other financing sources (uses)	<u>324,956</u>	<u>325,200</u>	<u>-</u>	<u>325,200</u>	<u>244</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 307,729</u>	<u>32,535</u>	<u>\$ 340,264</u>	<u>\$ 340,264</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>307,729</u>		
End of year, June 30			<u>\$ 340,264</u>		

This fund is consolidated into the Warren Field Airport Fund

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT REHABILITATION  
 WARREN FIELD AIRPORT CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
State Aid to Airports Grant	\$ 325,000	\$ -	\$ 8,839	\$ 8,839	\$ (316,161)
Total revenues	<u>325,000</u>	<u>-</u>	<u>8,839</u>	<u>8,839</u>	<u>(316,161)</u>
<b>Expenditures:</b>					
Professional services	40,936	-	9,821	9,821	31,115
Airport rehabilitation	<u>320,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,175</u>
Total expenditures	<u>361,111</u>	<u>-</u>	<u>9,821</u>	<u>9,821</u>	<u>351,290</u>
Revenues over (under) expenditures	<u>(36,111)</u>	<u>-</u>	<u>(982)</u>	<u>(982)</u>	<u>35,129</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>36,111</u>	<u>-</u>	<u>36,111</u>	<u>36,111</u>	<u>-</u>
Total other financing sources (uses)	<u>36,111</u>	<u>-</u>	<u>36,111</u>	<u>36,111</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>35,129</u>	<u>\$ 35,129</u>	<u>\$ 35,129</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 35,129</u>		

This fund is consolidated into the Warren Field Airport Fund

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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Garbage collection fees	\$ 1,230,000	\$ 1,264,616	\$ 34,616	\$ 1,249,456
Miscellaneous revenues	-	5,304	5,304	603
Total operating revenues	1,230,000	1,269,920	39,920	1,250,059
<b>Non-Operating Revenues:</b>				
Interest earnings	800	1,380	580	867
FEMA Assistance	-	-	-	95
Disposal tax	6,500	5,459	(1,041)	6,131
Total non-operating revenues	7,300	6,839	(461)	7,093
Total revenues	1,237,300	1,276,759	39,459	1,257,152
<b>Operating Expenditures:</b>				
Salaries and employee benefits	588,269	565,922	22,347	549,440
Utilities	500	293	207	387
County tipping fees	227,000	226,715	285	217,599
Employee development	200	-	200	-
Maintenance and repairs	160,839	159,535	1,304	165,189
Supplies	1,200	931	269	805
Materials	28,700	28,297	403	25,606
Miscellaneous	5,876	4,638	1,238	4,724
Insurance	17,000	13,409	3,591	13,961
Workers' compensation	2,110	5,071	(2,961)	3,851
Utility service fee - General Fund	201,103	201,103	-	179,046
Total operating expenditures	1,232,797	1,205,914	26,883	1,160,608
<b>Debt Service:</b>				
Principal	46,247	46,246	1	84,201
Interest	1,570	1,570	-	3,635
Total debt service	47,817	47,816	1	87,836



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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	125,966	125,965	1	-
Total expenditures	1,406,580	1,379,695	26,885	1,248,444
Revenues over (under) expenditures	(169,280)	(102,936)	66,344	8,708
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	169,280	-	(169,280)	-
Total other financing sources (uses)	169,280	-	(169,280)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (102,936)	\$ (102,936)	\$ 8,708
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (102,936)		\$ 8,708
Depreciation		(68,392)		(74,907)
Capital outlay		125,965		-
Principal retirement		46,246		84,201
Change in compensated absences		(5,681)		(2,846)
Change in OPEB liability		(12,176)		(14,036)
Bad debt expense (recoveries)		(2,341)		4,286
Change in net position		\$ (19,315)		\$ 5,406

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CEMETERY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Sale of cemetery plots	\$ 58,500	\$ 115,263	\$ 56,763	\$ 74,688
Cemetery grave openings	99,000	123,563	24,563	95,650
Administrative charges	1,350	2,967	1,617	1,660
Total operating revenues	158,850	241,793	82,943	171,998
<b>Non-Operating Revenues:</b>				
Interest earnings	-	180	180	74
Miscellaneous	-	5,091	5,091	-
Total non-operating revenues	-	5,271	5,271	74
Total revenues	158,850	247,064	88,214	172,072
<b>Operating Expenditures:</b>				
Salaries and employee benefits	209,433	206,626	2,807	223,035
Other operating expenditures	34,025	25,545	8,480	19,506
Maintenance and repairs	16,093	15,352	741	12,077
Utility service fee - General Fund	19,932	19,932	-	21,208
Total operating expenditures	279,483	267,455	12,028	275,826
<b>Debt Service:</b>				
Principal	6,959	6,956	3	1,724
Interest	414	409	5	117
Total debt service	7,373	7,365	8	1,841
Capital outlay	35,000	35,000	-	33,874
Total expenditures	321,856	309,820	12,036	311,541
Revenues over (under) expenditures	(163,006)	(62,756)	100,250	(139,469)

## CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - CEMETERY FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	155,279	155,279	-	120,915
Fund balance appropriated	7,727	-	(7,727)	-
Long-term debt issued	-	-	-	35,000
Total other financing sources (uses)	163,006	155,279	(7,727)	155,915
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 92,523	\$ 92,523	\$ 16,446
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 92,523		\$ 16,446
Depreciation		(5,434)		(1,813)
Capital outlay		35,000		33,874
Gain (loss) on disposal of capital assets		(4,162)		-
Installment note proceeds		-		(35,000)
Principal retirement		6,956		1,724
Change in compensated absences		3,670		(1,818)
Change in OPEB liability		(7,067)		(5,972)
Change in net position		\$ 121,486		\$ 7,441

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## **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 Fund– 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, 2014

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 79,500	\$ 89,869	\$ (10,369)
<b>Operating Expenditures:</b>			
Workers' compensation claims	129,500	5,436	124,064
Operating income (loss)	(50,000)	84,433	(134,433)
<b>Non-Operating Revenues:</b>			
Investment earnings	-	5,525	5,525
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	50,000	-	(50,000)
Total other financing sources (uses)	50,000	-	(50,000)
Change in net position	<u>\$ -</u>	89,958	<u>\$ 89,958</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>739,711</u>	
End of year - June 30		<u>\$ 829,669</u>	

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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, 2014**

<b>Year</b>	<b>Uncollected Balance July 1, 2013</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2014</b>
2013-2014	\$ -	\$ 4,425,288	\$ 4,255,638	\$ 169,650
2012-2013	262,361	-	195,393	66,968
2011-2012	65,045	-	30,049	34,996
2010-2011	31,190	-	13,695	17,495
2009-2010	34,066	-	11,818	22,248
2008-2009	23,430	-	3,890	19,540
2007-2008	26,404	-	2,007	24,397
2006-2007	22,126	-	1,422	20,704
2005-2006	12,434	-	269	12,165
2004-2005	13,536	-	529	13,007
2003-2004	16,957	-	16,957	-
Total	<u>\$ 507,549</u>	<u>\$ 4,425,288</u>	<u>\$ 4,531,667</u>	401,170
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(118,128)</u>
<b>Ad Valorem Taxes Receivable, Net:</b>				
General Fund				<u>\$ 283,042</u>
<b>Reconcilement With Revenues:</b>				
Ad valorem taxes - General Fund				\$ 4,598,571
Refunds				10,658
Miscellaneous adjustments				416
Penalties and interest collected				<u>(77,978)</u>
Total collections and credits				<u>\$ 4,531,667</u>

## CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy</b>	\$ 888,225,600	\$ 0.50	\$ 4,441,128	\$ 3,991,389	\$ 449,739
<b>Discoveries</b>	1,354,400	0.50	6,772	6,772	-
<b>Abatements</b>	<u>(4,522,400)</u>	0.50	<u>(22,612)</u>	<u>(19,230)</u>	<u>(3,382)</u>
Total property valuation	<u>\$ 885,057,600</u>				
<b>Net Levy</b>			4,425,288	3,978,931	446,357
Uncollected taxes at June 30, 2014			<u>169,650</u>	<u>142,902</u>	<u>26,748</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 4,255,638</u>	<u>\$ 3,836,029</u>	<u>\$ 419,609</u>
<b>Current Levy Collection Percentage</b>			<u>96.17%</u>	<u>96.41%</u>	<u>94.01%</u>

## **Statistical Section**

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## **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.	144
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source.	148
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.	155
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.	159
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.	161

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Table 1

## CITY OF WASHINGTON, NORTH CAROLINA

NET POSITON BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 21,323,344	\$ 19,438,078	\$ 16,880,415	\$ 18,610,980	\$ 18,447,771	\$ 19,346,037	\$ 18,103,256	\$ 19,310,212	\$ 20,350,145	\$ 17,557,469
Restricted	404,975	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773
Unrestricted	10,178,546	9,491,617	10,347,583	9,159,353	9,814,379	8,836,625	6,206,219	6,317,546	6,700,404	6,770,380
Total governmental activities net position	\$ 31,906,865	\$ 29,755,063	\$ 27,838,354	\$ 28,488,776	\$ 29,012,108	\$ 28,985,076	\$ 27,269,477	\$ 28,698,730	\$ 29,461,791	\$ 27,005,622
Business-type activities										
Net investment in capital assets	\$ 50,595,005	\$ 49,133,366	\$ 51,148,821	\$ 52,099,287	\$ 56,442,379	\$ 57,884,865	\$ 59,355,152	\$ 60,476,100	\$ 61,070,809	\$ 62,593,894
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,958,074	9,321,109	10,382,263	11,541,166	10,157,327	11,125,031	13,195,618	13,476,598	13,520,587	13,370,623
Total business-type activities	\$ 56,553,079	\$ 58,454,475	\$ 61,531,084	\$ 63,640,453	\$ 66,599,706	\$ 69,009,896	\$ 72,550,770	\$ 73,952,698	\$ 74,591,396	\$ 75,964,517
Primary government										
Net investment in capital assets	\$ 71,918,349	\$ 68,571,444	\$ 68,029,236	\$ 70,710,267	\$ 74,890,150	\$ 77,230,902	\$ 77,458,408	\$ 79,786,312	\$ 81,420,954	\$ 80,151,363
Restricted	404,975	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773
Unrestricted	16,136,620	18,812,726	20,729,846	20,700,519	19,971,706	19,961,656	19,401,837	19,794,144	20,220,991	20,141,003
Total primary government net position	\$ 88,459,944	\$ 88,209,538	\$ 89,369,438	\$ 92,129,229	\$ 95,611,814	\$ 97,994,972	\$ 99,820,247	\$ 102,651,428	\$ 104,053,187	\$ 102,970,139

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 1,349,016	\$ 1,290,291	\$ 2,918,312	\$ 1,469,055	\$ 1,213,174	\$ 2,289,052	\$ 2,057,263	\$ 2,115,692	\$ 2,211,617	\$ 5,225,614
Public safety	4,770,269	5,061,605	6,064,482	5,483,122	6,288,971	5,819,057	6,342,206	6,272,982	5,769,373	5,784,755
Transportation	1,039,811	959,050	1,313,731	1,079,272	733,196	858,877	1,056,475	852,732	922,884	801,834
Environmental protection	1,065,567	1,213,528	436,896	354,391	614,650	6,307	642,630	657,371	654,618	670,441
Cultural and recreation	2,558,723	2,510,074	2,714,800	2,672,910	2,605,246	2,160,070	2,697,305	2,013,443	1,606,916	2,297,029
Economic and physical development	111,452	27,104	111,698	184,507	564,134	560,332	169,738	74,514	294,315	624,667
Interest on long-term debt	30,311	18,999	55,238	40,845	152,570	146,573	125,094	156,808	116,070	71,970
Total governmental activities	10,925,149	11,080,651	13,615,157	11,284,102	12,171,941	11,840,268	13,090,711	12,143,542	11,575,793	15,476,310
Business-type activities:										
Water	2,396,749	2,392,197	2,371,762	2,520,231	2,731,579	2,862,429	2,747,337	2,859,068	3,016,643	3,025,019
Sewer	2,864,348	3,028,814	3,118,933	3,164,874	2,741,838	2,679,730	2,785,391	2,603,297	2,778,577	2,975,619
Electric	26,167,791	29,253,711	30,759,233	31,061,372	34,295,374	35,174,520	36,376,695	35,224,262	34,958,237	35,475,345
Beaufort county water districts	129,542	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	483,456	499,073	473,209	556,346	530,868	567,190	401,365	414,551	390,349	381,890
Warren Field Airport	384,981	487,413	403,057	567,006	409,650	364,180	394,575	457,044	696,759	505,289
Solid waste	-	-	1,051,889	1,038,700	1,160,196	1,156,281	1,363,882	1,332,906	1,256,031	1,293,733
Cemetery	-	-	-	-	-	264,870	269,614	276,551	285,546	280,857
Total business-type activities	32,426,867	35,661,208	38,178,083	38,908,529	41,869,505	43,069,200	44,338,859	43,167,679	43,382,142	43,937,752
Total primary government expenses	\$ 43,352,016	\$ 46,741,859	\$ 51,793,240	\$ 50,192,631	\$ 54,041,446	\$ 54,909,468	\$ 57,429,570	\$ 55,311,221	\$ 54,957,935	\$ 59,414,062
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 27,221	\$ 291,739	\$ 1,321,938	\$ 784,812	\$ 1,652,554	\$ 619,682	\$ 741,083	\$ 888,616	\$ 826,617	\$ 1,730,280
Public safety	511,639	485,195	521,370	225,680	550,576	-	8,000	493,962	650,174	637,212
Transportation	-	-	5,175	-	-	9,073	4,629	25,563	4,656	6,251
Environmental protection	972,982	1,026,179	222,829	339,035	266,156	-	-	-	-	-
Cultural and recreation	420,064	409,543	318,342	305,729	276,322	293,512	290,902	229,454	242,569	209,408
Economic and physical development	-	3,112	2,475	-	9,792	123,536	33,700	76,308	49,759	-
Operating grants and contributions:										
General government	130,385	-	-	33,372	169,511	-	10,722	10,900	7,247	2,483
Public safety	530,498	480,487	417,740	254,801	364,340	448,897	429,860	913,131	486,734	451,338
Transportation	319,483	322,203	315,718	354,222	314,031	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	23,311	6,689	-	-
Cultural and recreation	138,627	188,745	117,934	51,220	53,437	50,680	35,611	19,396	156,363	26,259
Economic and physical development	52,268	23,646	150,151	173,251	537,270	46,618	168,152	41,418	17,790	155,244
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capital grants and contributions:										
General government	3,000	-	-	97,047	14,656	21,794	1,998	125,665	-	-
Public safety	-	-	-	161,500	3,400	209,086	237,712	49,931	330,935	-
Transportation	-	-	-	-	-	284,260	326,458	705,593	167,786	184,004
Cultural and recreation	-	-	-	41,627	36,066	49,782	31,145	258,579	29,428	48,989
Economic and physical development	-	-	10,674	6,481	-	483,689	-	313,288	15,375	518,266
Total governmental activities program revenues	<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>	<u>2,343,283</u>	<u>4,158,493</u>	<u>2,985,433</u>	<u>3,969,734</u>
Business-type activities:										
Charge for services:										
Water	2,335,346	2,817,532	2,652,239	2,933,696	2,961,388	3,037,783	3,146,469	3,151,154	2,983,399	3,154,780
Sewer	2,453,393	2,620,626	2,692,365	2,882,542	2,942,450	2,965,673	3,108,392	3,092,541	3,091,654	3,001,831
Electric	25,888,139	29,079,443	31,988,163	33,506,943	36,442,629	37,264,771	39,301,119	35,283,158	35,420,242	35,913,591
Beaufort County water districts	129,542	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	360,128	371,531	397,102	428,826	499,950	517,930	511,951	501,578	500,827	509,015
Warren Field Airport	121,435	225,075	267,196	378,488	222,062	169,329	224,203	221,219	667,196	237,081
Solid Waste	-	-	1,144,562	1,130,400	1,266,234	1,283,968	1,294,121	1,241,221	1,260,476	1,273,038
Cemetery	-	-	-	-	-	213,633	162,923	171,643	171,998	246,884
Operating grants and contributions:										
Water	102,329	-	-	-	-	-	-	-	-	-
Sewer	670,527	-	-	-	-	-	-	-	-	-
Electric	403,848	-	-	-	-	-	-	-	-	-
Stormwater utility	15,950	-	53,563	2,569	(13,002)	-	-	-	-	-
Warren Field Airport	63,018	-	529,243	-	-	-	-	-	-	130,703
Solid Waste	-	-	-	6,750	-	16,000	-	-	-	-
Capital grants and contributions:										
Water	34,770	100,430	14,128	11,100	569,523	164,933	3,789	81,284	(113)	15,232
Sewer	1,400,584	419,070	3,028	-	4,834	445,639	71,924	129,583	(547)	62,963
Electric	-	-	-	-	61,472	-	414,496	1,496,643	249,451	585,474
Stormwater utility	-	-	-	-	-	-	100,000	-	-	-
Warren Field Airport	-	2,990	32,388	241,739	23,927	289,245	171,381	129,845	449,850	406,420
Solid Waste	-	-	-	-	-	-	-	-	95	-
Cemetery	-	-	-	-	-	-	-	8,075	-	-
Total business-type activities program revenues	<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>	<u>48,510,768</u>	<u>45,507,944</u>	<u>44,794,528</u>	<u>45,537,012</u>
Total primary government program revenues	<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>	<u>\$ 50,854,051</u>	<u>\$ 49,666,437</u>	<u>\$ 47,779,961</u>	<u>\$ 49,506,746</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (7,818,982)	\$ (7,849,802)	\$ (10,210,811)	\$ (8,455,325)	\$ (7,923,830)	\$ (9,199,659)	\$ (10,747,428)	\$ (7,985,049)	\$ (8,590,360)	\$ (11,506,576)
Business-type activities	1,552,142	(24,511)	1,595,894	2,614,524	3,111,962	3,299,704	4,171,909	2,340,265	1,412,386	1,599,260
Total primary government net (expense)/revenue	<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>	<u>\$ (6,575,519)</u>	<u>\$ (5,644,784)</u>	<u>\$ (7,177,974)</u>	<u>\$ (9,907,316)</u>

CITY OF WASHINGTON, NORTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Assets

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Property taxes	\$ 3,263,263	\$ 3,286,529	\$ 3,673,434	\$ 3,739,953	\$ 3,862,728	\$ 4,017,112	\$ 4,168,418	\$ 4,090,923	\$ 4,291,705	\$ 4,507,481
Other Taxes	2,456,145	2,532,471	2,656,435	2,706,538	1,968,844	2,062,546	2,454,156	2,572,734	2,572,097	2,534,728
Unrestricted intergovernmental	1,165,392	1,223,642	1,398,957	1,440,275	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720
Investment earnings	200,117	341,602	431,607	271,994	132,038	69,776	52,345	27,378	33,980	55,930
Miscellaneous	279,235	12,922	345,191	142,776	616,018	427,889	-	-	-	-
Gain (loss) on disposal of capital assets	(45,537)	(428,384)	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Transfers	2,854,036	(1,270,782)	(211,522)	804,211	265,641	905,123	903,525	1,193,432	905,410	368,548
Total governmental activities:	<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>	<u>9,223,446</u>	<u>9,414,302</u>	<u>9,353,421</u>	<u>9,050,407</u>
<b>Business-type activities:</b>										
Investment earnings	89,942	284,057	404,033	299,054	112,932	15,609	80,873	140,065	131,722	142,409
Miscellaneous	434,027	663,679	865,160	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(5,849)	(292,611)	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Special item-Net asset transfer from Warren	-	-	-	-	-	-	-	-	-	-
Airport Commission to City of Washington	1,894,909	-	-	-	-	-	-	-	-	-
Transfers	(2,854,036)	1,270,782	211,522	(804,211)	(265,641)	(905,123)	(903,525)	(1,193,432)	(905,410)	(368,548)
Total business-type activities	<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>	<u>(822,652)</u>	<u>(1,053,367)</u>	<u>(773,688)</u>	<u>(226,139)</u>
Total primary government	<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>	<u>\$ 8,400,794</u>	<u>\$ 8,360,935</u>	<u>\$ 8,579,733</u>	<u>\$ 8,824,268</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,353,669	\$ (2,151,802)	\$ (1,916,709)	\$ 650,422	\$ 523,332	\$ (27,032)	\$ (1,523,982)	\$ 1,429,253	\$ 763,061	\$ (2,456,169)
Business-type activities	1,111,135	1,901,396	3,076,609	2,109,367	2,959,253	2,410,190	3,349,257	1,286,898	638,698	1,373,121
Total primary government	<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>	<u>\$ 1,825,275</u>	<u>\$ 2,716,151</u>	<u>\$ 1,401,759</u>	<u>\$ (1,083,048)</u>

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
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
2011	4,165,483	1,963,488	239,560	38,059	16,046	175,414	1,206,174	7,804,224
2012	4,189,504	2,046,708	250,930	39,039	20,718	182,685	1,130,064	7,859,648
2013	4,301,643	2,096,489	209,346	39,172	15,710	179,941	1,147,567	7,989,868
2014	4,598,571	2,088,807	222,208	68,140	16,686	123,152	1,140,964	8,258,528

Table 4

## CITY OF WASHINGTON, NORTH CAROLINA

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

## (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 3,708,101	\$ 3,658,180	\$ 3,428,601	\$ 3,581,076	\$ 3,878,248	\$ 2,643,875	\$ -	\$ -	\$ -	\$ -
Unreserved	2,227,199	3,221,790	4,508,319	4,987,976	5,536,430	5,763,532	-	-	-	-
Non Spendable	-	-	-	-	-	-	97,932	85,930	121,327	123,653
Restricted	-	-	-	-	-	-	2,490,744	2,565,383	1,772,450	1,919,661
Committed	-	-	-	-	-	-	21	21	21	21
Assigned	-	-	-	-	-	-	-	189,471	189,471	243,945
Unassigned	-	-	-	-	-	-	5,378,942	5,542,226	5,962,328	6,238,713
Total General Fund	\$ 5,935,300	\$ 6,879,970	\$ 7,936,920	\$ 8,569,052	\$ 9,414,678	\$ 8,407,407	\$ 7,967,639	\$ 8,383,031	\$ 8,045,597	\$ 8,525,993
All Other Governmental Funds										
Reserved :										
Special Revenue Funds	\$ 620,404	\$ 78,771	\$ 60,744	\$ 23	\$ 14,216	\$ 12,916	\$ -	\$ -	\$ -	\$ -
Permanent Funds	404,975	404,975	404,975	404,975	414,975	436,575	-	-	-	-
Total reserved	1,025,379	483,746	465,719	404,998	429,191	449,491	-	-	-	-
Unreserved:										
Special revenue funds	68,024	621,357	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	1,865,251	(93,404)	2,055,490	346,671	546,318	384,279	-	-	-	-
Capital project funds	-	-	-	510,786	-	985,168	-	-	-	-
Non-spendable:										
Permanent Funds	-	-	-	-	-	-	452,575	472,175	492,576	525,277
Restricted:										
Permanent funds	-	-	-	-	-	-	-	-	-	98
Special revenue funds	-	-	-	-	-	-	51,617	25,897	72,863	6,356
Capital project funds	-	-	-	-	-	-	171,736	120,935	88,454	226,381
Committed:										
Special revenue funds	-	-	-	-	-	-	-	5,575	0	-
Capital project funds	-	-	-	-	-	-	937,559	1,001,642	1,032,227	1,053,642
Assigned:										
Capital project funds	-	-	-	-	-	-	17,104	18,908	17,627	17,670
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	(14,197)	(69,006)	(2,501)
Capital project funds	-	-	-	-	-	-	(29,661)	(15,604)	(21,032)	(181,992)
Total all other governmental funds	\$ 2,958,654	\$ 1,011,699	\$ 2,521,209	\$ 1,262,455	\$ 975,509	\$ 1,818,938	\$ 1,600,930	\$ 1,615,331	\$ 1,613,709	\$ 1,644,931

Table 5

## CITY OF WASHINGTON, NORTH CAROLINA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Ad valorem taxes	\$ 3,270,569	\$ 3,321,373	\$ 3,642,779	\$ 3,735,845	\$ 3,836,368	\$ 3,876,605	\$ 4,165,483	\$ 4,189,504	\$ 4,301,643	\$ 4,598,571
Other taxes and licenses	2,384,169	2,532,471	2,656,435	2,706,538	2,584,862	2,490,435	2,454,156	2,572,734	2,572,097	2,534,728
Unrestricted intergovernmental	1,183,205	1,223,642	1,398,957	1,515,146	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720
Restricted intergovernmental	1,197,427	1,016,678	956,323	1,248,494	1,661,217	1,594,806	1,264,969	2,444,573	1,211,658	1,376,583
Permits and fees	120,325	122,498	180,315	137,313	72,236	89,417	62,564	91,530	64,266	89,360
Sales and services	1,927,487	2,093,270	2,267,709	1,592,793	1,356,063	1,200,749	1,278,048	1,432,739	1,491,966	2,390,422
Interest earnings	200,118	341,602	431,607	339,899	132,038	68,352	48,822	24,669	30,292	50,405
Miscellaneous	93,218	117,841	215,326	142,776	616,018	92,822	106,506	160,889	192,384	127,073
Total revenues	10,376,518	10,769,375	11,749,451	11,418,804	11,860,695	11,103,367	11,025,550	12,446,473	11,414,535	12,750,862
<b>Expenditures</b>										
General government	1,488,026	1,137,149	1,445,247	1,361,084	1,219,469	1,793,943	1,763,828	1,923,459	2,194,170	2,126,445
Public safety	4,630,446	5,721,597	5,972,481	7,206,670	6,195,435	5,842,727	5,975,774	6,144,320	5,767,186	5,410,997
Transportation	758,908	774,731	1,205,673	1,034,610	869,269	857,848	1,219,102	1,600,006	1,161,707	822,261
Environmental protection	1,351,709	1,196,351	319,950	358,302	338,247	80,465	369,782	391,087	366,545	390,625
Economic and physical development	110,829	27,104	111,698	184,507	564,134	560,332	171,193	1,111,726	294,315	893,340
Cultural and recreational	2,268,670	2,348,546	2,502,544	2,778,018	2,553,779	2,060,512	2,478,867	2,433,178	2,170,750	2,216,392
Debt Service:										
Principal	418,470	365,144	324,654	342,848	411,612	398,618	557,194	234,504	2,893,053	694,725
Interest	30,311	18,999	51,829	40,845	152,570	146,573	125,094	141,398	131,408	71,976
Total expenditures	11,057,369	11,589,621	11,934,076	13,306,884	12,304,515	11,741,018	12,660,834	13,979,678	14,979,134	12,626,761
Excess of revenues over (under) expenditures	(680,851)	(820,246)	(184,625)	(1,888,080)	(443,820)	(637,651)	(1,635,284)	(1,533,205)	(3,564,599)	124,101
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,899,536	1,540,032	2,784,753	1,409,002	1,657,730	2,751,484	1,684,575	1,772,934	2,315,000	1,297,826
Transfers out	(1,076,107)	(2,810,814)	1,641,137	(604,791)	(982,730)	(2,277,675)	(762,000)	(579,502)	1,494,609	(910,309)
Proceeds from installment note	-	1,088,744	(1,674,805)	-	317,500	-	246,550	769,566	(584,066)	-
Long-term debt issued/repaid	-	-	-	467,247	-	-	-	-	-	-
Total other financing sources (uses)	823,429	(182,038)	2,751,085	1,271,458	992,500	473,809	1,169,125	1,962,998	3,225,543	387,517
Net change in fund balances	\$ 142,578	\$ (1,002,284)	\$ 2,566,460	\$ (616,622)	\$ 548,680	\$ (163,842)	\$ (466,159)	\$ 429,793	\$ (339,056)	\$ 511,618
Debt service as a percentage of non-capital expenditures	4.40%	3.73%	3.51%	3.66%	4.89%	4.84%	5.63%	2.93%	22.64%	6.31%

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>
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
2011 (3)	671,068,810	152,090,950	12,500,840	835,660,600	0.50	4,178,303
2012	665,125,195	152,995,288	11,992,317	830,112,800	0.50	4,150,564
2013	666,689,015	166,223,118	11,983,267	844,895,400	0.50	4,224,477
2014	678,131,900	196,310,758	10,614,942	885,057,600	0.50	4,425,288

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, 2010.



Table 7

## CITY OF WASHINGTON

PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS

Fiscal Years Ended June 30	City Direct Rates			Overlapping Rates
	City of Washington	Public Safety Capital Reserve	Total Direct	Beaufort County
2005	.53	.02	.55	.60
2006	.53	.02	.55	.60
2007	.58	.02	.60	.60
2008	.58	.02	.60	.60
2009	.58	.02	.60	.60
2010	.58	.02	.60	.60
2011 (1)	.4856	.0144	.50	.50
2012	.4856	.0144	.50	.53
2013	.4856	.0144	.50	.53
2014	.4856	.0144	.50	.53

Note: (1) Real property was last revalued on January 1, 2010.

Table 8

## CITY OF WASHINGTON

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR & 9 YEARS AGO

Fiscal Year 2014				Fiscal Year 2005			
	Taxpayer	Type of Business	Percentage of Total		Type of Business	Percentage of Total	
			Assessed Valuation	Rank		Assessed Valuation	Rank
	Stanadyne Automotive Corporation	Gasket Manufacturer	\$ 20,303,472	1	Stanadyne Automotive	\$ 16,568,991	1
	Gregory Poole Leasing, LLC	Heavy Equipment	13,077,689	2	Cox Communications	10,690,829	2
	Flanders/CSC LLC	Industrial Filter Manufacturer	11,839,385	3	Flanders Filters, Inc.	9,908,911	3
	Wal-Mart Real Estate Business	Real Estate & Retail	10,702,768	4	Walmart Real Estate	9,857,682	4
	Pearl Brittain, Inc.	Real Estate	9,123,782	5	Pearl Brittain Inc.	9,653,007	5
	First South Bank	Banker	9,112,462	6	Lowes Home Center	6,056,130	6
	Lowe's Home Centers, Inc	Retail	8,193,700	7	Carolina Telephone	6,054,814	7
	Flanders/CSC LLC	Manufacturer	6,400,059	8	Pretti-Norma Appliance Systems	5,891,812	8
	Carolina Telephone	Utility	6,045,419	9	Developers Diversified	5,195,896	9
	Camfil Farr Inc	Air Filtration	6,010,188	10	Rawls & Associates	4,816,031	10
	Totals		\$ 100,808,924	10.87%	Totals	\$ 84,694,103	14.68%
Valuation			\$ 888,225,600		Valuation	\$ 577,120,521	

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 Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2005	\$ 3,170,509	\$ 4,356	\$ 3,174,865	\$ 3,000,190	\$	94.50%	161,668	\$ 3,161,858	99.59%
2006	3,251,374	(11,084)	3,240,290	3,086,833		95.26%	141,292	3,228,125	99.62%
2007	3,603,408	18,239	3,621,647	3,428,541		94.67%	172,402	3,600,943	99.43%
2008	3,729,878	(10,044)	3,719,834	3,518,139		94.58%	177,298	3,695,437	99.34%
2009	3,779,421	(10,254)	3,769,167	3,561,944		94.50%	187,683	3,749,627	99.48%
2010	3,944,270	(31,878)	3,912,392	3,671,185		93.83%	218,959	3,890,144	99.43%
2011	4,214,170	(35,867)	4,178,303	3,938,237		94.25%	222,571	4,160,808	99.58%
2012	4,182,836	(32,272)	4,150,564	3,889,207		93.70%	226,361	4,115,568	99.16%
2013	4,212,028	12,449	4,224,477	3,962,116		93.79%	195,393	4,157,509	98.41%
2014	4,441,128	(15,840)	4,425,288	4,255,638		96.17%	-	4,255,638	96.17%

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	Percentage of Personal Income (1)	Percentage Per Capita (1)
	Installment Loans	USDA Loan	Recovery Zone Economic Dev. Bonds	General Obligation Bonds	State Revolving Loan	Installment Loans	Recovery Zone Economic Dev. Bonds					
2005	\$ 649,920	\$ -	-	\$ 9,450,000	\$ -	\$ 2,635,360	\$ -		\$ 12,735,280	1.01%	45796%	
2006	1,348,336	-	-	7,835,000	-	2,763,432	-		11,946,768	0.90%	41139%	
2007	3,632,311	-	-	6,200,000	-	2,704,709	-		12,537,020	0.88%	40264%	
2008	889,711	2,867,000	-	4,625,000	2,240,690	3,252,353	-		13,874,754	0.93%	43017%	
2009	844,235	2,818,368	-	3,190,000	2,108,884	2,485,613	-		11,447,100	0.78%	35952%	
2010	494,245	2,769,736	-	2,075,000	1,977,079	2,654,851	-		9,970,911	0.66%	30775%	
2011	199,911	2,714,753	38,673	1,550,000	1,845,274	2,803,203	4,833,327		13,985,141	0.95%	44385%	
2012	796,277	2,656,120	36,002	1,000,000	1,872,691	1,745,095	4,499,998		12,606,183	0.83%	40008%	
2013	2,877,011	-	33,335	430,000	2,095,432	1,323,112	4,166,665		10,925,555	0.69%	31780%	
2014	2,184,952	-	30,669	140,000	1,926,929	697,774	3,833,331		8,813,655	N/A	25637%	

N/A - Information not yet available

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.

Table 11

## CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Actual Taxable Value of Property(2)	Percentage of Personal Total Income	Percentage Per Capita(1)
2005	\$ 9,450,000	\$ -	\$ 9,450,000	1.64%	0.75%	33981.80%
2006	7,835,000	-	7,835,000	1.33%	0.59%	26980.03%
2007	6,200,000	-	6,200,000	1.02%	0.43%	19912.00%
2008	4,625,000	-	4,625,000	0.75%	0.31%	14339.31%
2009	3,190,000	-	3,190,000	0.51%	0.22%	10018.84%
2010	2,075,000	-	2,075,000	0.32%	0.14%	6404.52%
2011	1,550,000	-	1,550,000	0.19%	0.11%	4919.23%
2012	1,000,000	-	1,000,000	0.12%	0.07%	3054.65%
2013	430,000	-	430,000	0.05%	0.03%	1250.76%
2014	140,000	-	140,000	0.02%	N/A	N/A

N/A-Information not yet available.

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, 2014

<u>Governmental Unit</u>	<u>Long-Term Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Washington	\$ 2,215,621	100.00%	\$ 2,215,621
Beaufort County	<u>32,420,000</u>	22.00%	<u>7,132,400</u>
Total direct and overlapping debt	<u>\$ 34,635,621</u>		<u>\$ 9,348,021</u>

## CITY OF WASHINGTON, NORTH CAROLINA

Table 13

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value of Property	\$ 577,120,521	\$ 589,114,135	\$ 605,185,152	\$ 619,972,410	\$ 628,194,500	\$ 652,065,318	\$ 835,660,600	\$ 836,567,200	\$ 842,405,600	\$ 888,225,600
Debt Limit, 8% of Assessed Value (Statutory Limitation)	46,169,642	47,129,131	48,414,812	49,597,793	50,255,560	52,165,225	66,852,848	66,925,376	67,392,448	71,058,048
Amount of Debt Applicable to Limit										
Gross debt	9,450,000	10,339,300	8,572,495	9,732,690	11,447,098	9,970,911	13,985,141	12,606,183	10,925,555	8,813,655
Less: Debt outstanding for water purposes	4,907,951	3,988,279	3,071,643	2,191,429	1,396,201	795,229	567,587	324,769	69,810	-
Debt outstanding for electric purposes	500,478	406,697	313,225	223,467	142,375	81,090	2,501,526	33,117	7,119	-
Total net debt applicable to limit	4,041,571	5,944,324	5,187,627	7,317,794	9,908,522	9,094,592	10,916,028	12,248,297	10,848,626	8,813,655
Legal Debt Margin	\$ 42,128,071	\$ 41,184,807	\$ 43,227,185	\$ 42,279,999	\$ 40,347,038	\$ 43,070,633	\$ 55,936,820	\$ 54,677,079	\$ 56,543,822	\$ 62,244,393
Total net debt applicable to the limit as a percentage of debt limit	8.75%	12.61%	10.71%	14.75%	19.72%	17.43%	16.33%	18.30%	16.10%	12.40%

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>Total Personal Income (2) in Millions</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>
2005	9,767	\$ 1,264	\$ 27,809	7,419	6.90%	169
2006	9,840	1,333	29,040	7,208	5.70%	251
2007	9,836	1,428	31,137	6,976	6.30%	218
2008	10,055	1,492	32,254	7,270	7.60%	184
2009	10,214	1,477	31,840	7,294	11.60%	125
2010	10,176	1,505	32,399	7,133	10.80%	185
2011	9,754	1,476	31,509	7,021	11.20%	155
2012	9,740	1,526	32,737	6,957	11.10%	213
2013	9,705	1,585	34,379	7,086	9.90%	173
2014	9,688	N/A	N/A	7,077	7.70%	167

N/A-Information not yet available.

## Notes:

(1) N.C. State Data Center and/or U.S. Census. Estimates are as of beginning of fiscal year.

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for Beaufort County and for the prior calendar year.

(3) Beaufort County Board of Education. Enrollment is for Beaufort County.

(4) N. C. Employment Security Commission

(5) Total number of building permits issued by City of Washington Inspections Department.



Table 15

## CITY OF WASHINGTON, NORTH CAROLINA

## PRINCIPAL EMPLOYERS

Current Year and Five Years Ago \*

	2014				2009			
	Employer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employer	Employees (1)	Rank	Percentage of Total County Employment (2)
	Beaufort Co. Schools	1020	1	5.12%	Beaufort County Schools	1067	1	4.91%
	Vidant Hospital	550	2	2.76%	Beaufort County Hospital	842	2	3.87%
	Flander Filters	460	3	2.31%	State of NC	779	3	3.58%
	Wal-Mart	340	4	1.71%	Flander Filters	436	4	2.01%
	State of NC	339	5	1.60%	Beaufort County	335	5	1.54%
	Beaufort County	318	6	1.70%	Mega Force Staffing Group	323	6	1.49%
	City of Washington	233	7	1.03%	Wal-Mart	278	7	1.28%
	Stanadyne Corporation	205	8	1.17%	Stanadyne Corporation	245	8	1.13%
	Hackney Kidron	170	9	0.85%	City of Washington	242	9	1.11%
	Lowes Home Center	150	10	0.75%	Hackney Division of SVC	150	10	0.69%
	Total	3,785			Total	4,697		

\*Principal Employers from 9 years ago is not available.

(1) Human Resource Departments of companies - includes full time and part time

(2) Employment Security Commission of North Carolina

Table 16

## CITY OF WASHINGTON, NORTH CAROLINA

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government:										
General government	26	24	24	30	31	27	27	26	26	23
Public safety	81	88	87	86	88	92	92	92	89	88
Transportation	15	15	14	14	14	14	13	13	12	12
Environmental protection	21	21	9	9	9	4	9	9	9	9
Cultural and recreation	19	20	19	14	15	15	16	16	14	15
Business-type activities:										
Water	15	15	15	15	15	14.5	14.5	14.5	14.5	14.5
Sewer	14	14	14	14	14	14.5	14.5	14.5	14.5	14.5
Electric	44	42	42	36	36	36	36	36	34	36
Stormwater utility	6	6	6	6	5	5	-	-	-	-
Solid waste	-	-	11	12	12	12	13	13	13	13
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	1	1	1	1	1	1	1
Aquatic center	-	-	-	2	2	2	2	2	1	1
Cemetery	-	-	-	-	-	5	5	5	5	5
Airport	-	-	-	-	-	-	-	-	0	1
Total	<u>241</u>	<u>245</u>	<u>241</u>	<u>239</u>	<u>242</u>	<u>242</u>	<u>243</u>	<u>242</u>	<u>233</u>	<u>233</u>

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).

Table 17

## CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	1,435	3,199	1,109	1,360	1,408	1,111	989	1,180	1,626	1,561
Parking violations	482	501	102	102	163	400	52	155	103	173
Traffic violations	3,972	2,469	3,049	1,140	1,877	2,237	1,151	1,382	1,770	3,437
Fire										
Fire calls	446	397	404	457	715	619	698	689	653	596
EMS calls	1,676	2,248	1,858	1,931	2,050	2,168	2,170	2,319	2,345	2,463
Fire inspections	1,158	775	891	843	766	663	702	628	868	693
Streets										
Street resurfacing (miles)	1.54	-	3.84	1.23	-	-	2.18	-	-	-
New Construction (miles)	2.21	0.28	0.29	-	0.14	0.2	-	0.21	-	-
Solid Waste										
Refuse collected (tons/day)	25.24	25.91	25.33	24.26	22.58	21.7	21.2	20.9	20.37	19.93
Recyclables collected (tons/day)	0.61	0.41	0.68	0.84	0.87	1.28	1.62	1.96	1.9	1.81
Library										
Number of patrons	77,790	79,484	88,260	93,054	86,689	80,789	73,721	73,721	81,477	79,611
Number of Volumes	56,944	60,248	61,540	58,998	63,782	67,113	79,603	98,485	71,018	72,452
Water Utilities										
Number of customers										
Inside city	4,608	4,605	4,784	4,816	4,868	4,873	4,886	4,896	4,868	4,908
Outside city	187	414	216	225	222	228	232	244	257	258
Average daily consumption (millions of gallons)	2.51	2.33	2.025	2.26	2.757	2.241	2.312	2.289	2.256	2.295
Wastewater Utilities										
Number of customers										
Inside city	4,429	4,529	4,608	4,677	4,713	4,725	4,724	4,744	4,724	4,764
Outside city	68	222	100	116	121	120	121	128	137	138
Average daily treatment (millions of gallons)	1.93	1.87	1.769	1.517	1.639	1.859	1.727	1.486	1.942	2.035
Electric Utilities										
Number of customers	12,924	13,180	13,262	13,338	13,374	13,406	13,436	13,475	13,519	13,571
KWH Purchased	288,707,552	303,638,831	303,371,870	307,997,247	302,984,387	303,776,252	309,544,904	287,914,605	294,904,066	299,521,881
KWH Sold	276,797,551	285,692,860	284,923,965	286,998,316	283,188,507	281,258,069	297,422,463	274,920,134	280,051,176	280,590,510
Unaccounted KWH	11,910,001	17,945,971	18,447,905	20,998,931	19,795,880	22,518,183	12,122,441	12,994,471	14,852,890	18,931,371

Sources: Various City departments

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

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Function</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	15	13	15	14	14	14	14	13	14
Fire										
Stations	1	1	1	2	2	2	2	2	2	2
Streets										
Total miles	54.96	55.24	55.44	55.54	55.44	58.5	58.5	59.01	59.01	59.01
Paved miles	51.58	51.86	52.06	52.06	52.2	57.06	57.36	57.45	57.46	57.46
Unpaved miles	3.38	3.38	3.38	3.38	3.24	1.44	1.44	1.56	1.55	1.55
Recreation										
Neighborhood Centers	1	1	1	1	1	1	2	2	2	2
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	2	2	2	2	2	2	2	2	2	2
Basketball	5	5	7	7	7	7	7	7	7	7
Shuffleboard	-	-	-	-	-	-	-	-	-	-
Horseshoes	2	2	2	2	2	2	2	2	2	2
Bocce	-	-	1	1	1	1	1	1	1	1
Skate Park	-	-	-	1	1	1	1	1	1	1
Boat ramps	4	4	4	4	4	4	4	4	4	4
Boat Slips										
Rental	36	36	36	36	36	36	36			
Free	12	12	12	12	12	12	12	36	36	36
Piers								12	12	12
Fishing	1	1	1	1	1	1	1	1	1	1
Boats	4	4	4	4	4	4	4	4	4	4
Parks										
Total Acreage	352	352	352	352	352	550	550	550	550	550
Open Space	124	124	124	124	124	162	162	162	162	162
Wilderness	140	140	140	300	300	300	300	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	-	-	-	-	-	-	-
Baseball	5	5	5	6	6	6	6	6	6	6
Softball	3	3	3	3	3	3	3	2	2	2
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	631	644	664	667	672	684	687	697	697	700
Maximum daily capacity (millions of gallons)	4.374	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Miles of water mains	79.99	81	81	81	81	82.19	82.19	82	82	82
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	29	29	30	30	30	31	31	32	32	32
Maximum daily treatment capacity (millions of gallons)	3.198	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Miles of gravity mains	73	74	74	74	74	74.3	74.3	74.3	74.3	74.3
Miles of force mains	27	27	27	27	27	28.27	28.27	30.35	30.35	30.35
Electric Utilities										
Miles of distribution lines	400	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	32.1	32.1	32.1

Sources: Various City departments

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

## **Compliance Section**

- Independent Auditor's 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 For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act
- Schedule of Findings, Responses, and Questioned Costs
- Summary Schedule of Prior Audit Findings
- Schedule of Expenditures of Federal and State Awards

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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***

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2014. The City of Washington TDA was not audited in accordance with *Government Auditing Standards*.

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

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

## **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P. A.  
Hickory, North Carolina  
December 4, 2014



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

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

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Washington's compliance 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 the City of Washington's major federal programs for the year ended June 30, 2014. The City of Washington's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Washington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Washington's compliance.

## Opinion on Each Major Federal Program

In our opinion, the City of Washington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of the City of Washington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Washington's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P. A.  
Hickory, North Carolina  
December 4, 2014

# CITY OF WASHINGTON, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

#### Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A133?	No
Identification of major federal programs:	

#### Program Name

#### CFDA#

CDBG State Administered CDBG Cluster	14.228
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

**CITY OF WASHINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

None

**3. Findings, Responses, and Questioned Costs Related to the Audit of Federal Awards**

None

**CITY OF WASHINGTON, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

None

## CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

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>					
<i>Fish &amp; Wildlife Service</i>					
<i>Passed through the North Carolina Division of Marine Fisheries</i>					
Boating Infrastructure Grant -Sportfishing & Boating Safety Act	15.622	NC-Y-F11AP00822	\$ 29,519	\$ -	\$ 13,760
<i>Total U.S. Department of Interior</i>			<u>29,519</u>	<u>-</u>	<u>13,760</u>
<i>U.S. Department of Commerce</i>					
<i>Economic Development Administration</i>					
<i>Economic Adjustment Assistance Program/Infrastructure Improvement</i>					
Water & Sewer Improvements	11.307	04-79-06833	<u>78,195</u>	<u>-</u>	<u>76,463</u>
<i>Total U.S. Department of Commerce</i>			<u>78,195</u>	<u>-</u>	<u>76,463</u>
<i>U.S. Department of Transportation Federal Highway Administration</i>					
<i>Passed through the North Carolina Department of Transportation</i>					
Highway Planning and Construction Cluster	20.205	M-0371	<u>6,900</u>	<u>-</u>	<u>1,725</u>
<i>Total U.S. Department of Transportation Highway Planning and Construction Cluster</i>			<u>6,900</u>	<u>-</u>	<u>1,725</u>
<i>U.S. Dept. of Justice</i>					
<i>Bureau of Justice Assistance</i>					
Bullet Proof Vest Partnership Program/Body Armour Safety Initiative	16.607		<u>3,093</u>	<u>-</u>	<u>3,157</u>
<i>Total U.S. Department of Justice</i>			<u>3,093</u>	<u>-</u>	<u>3,157</u>
<i>U.S. Department of Transportation</i>					
<i>Passed through the North Carolina Department of Transportation</i>					
<i>Division of Aviation:</i>					
Airport Improvement Program - New Terminal Building	20.106	36237.38.12.1	61,119	-	6,791
Airport Improvement Program - New Terminal Building	20.106	36237.38.9.1	87,277	-	9,697
Airport Improvement Program	20.106	36244.51.10	8,839	-	982
Airport Improvement Program	20.106	36237.38.10.1	78,090	-	8,677
Airport Improvement Program	20.106	36244.51.8.2	157,910	-	17,546
<i>Total U.S. Department of Transportation</i>			<u>393,235</u>	<u>-</u>	<u>43,693</u>
<i>U.S. Department of Housing and Urban Development</i>					
<i>Passed through the North Carolina Department of Commerce</i>					
<i>CDBG -State -Administered CDBG Cluster:</i>					
CDBG Building Reuse	14.228	12-E-2404	330,000	-	-
CDBG Job Creation - Jumpstart	14.228	11-C-2340	<u>153,921</u>	<u>-</u>	<u>-</u>
<i>Total CDBG-State - Administered CDBG Cluster</i>			<u>483,921</u>	<u>-</u>	<u>-</u>
<b>Total Federal Awards</b>			<u>994,863</u>	<u>-</u>	<u>138,798</u>

## CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

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>State Awards:</b>					
<i>N.C. Department of Cultural Resources</i>					
State Aid to Libraries			-	9,559	-
<i>Total N.C. Department of Cultural Resources</i>			-	9,559	-
<i>N.C. Department of Transportation</i>					
Powell Bill			-	223,746	-
<i>Total N.C. Department of Transportation</i>			-	223,746	-
<i>N.C. Department of Environment and Natural Resources</i>					
<i>NC Parks and Recreation Trust Fund:</i>					
Festival Park		3198	-	5,311	5,311
<i>Division of Coastal Management</i>					
<i>NC Public Beach &amp; Coastal Waterfront Access Program:</i>					
Lighthouse Restrooms & Dockmaster Station		5026	-	162,138	59,968
<i>Total N.C. Department of Environment and Natural Resources</i>			-	167,449	481,673
<b>Total State Awards</b>			-	400,754	481,673
<b>Total Federal and State Awards</b>			<b>\$ 994,863</b>	<b>\$ 400,754</b>	<b>\$ 620,471</b>

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

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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