

**CITY OF WASHINGTON  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



# **CITY OF WASHINGTON**

## **NORTH CAROLINA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

**PREPARED BY THE FINANCE DEPARTMENT**



**CITY OF WASHINGTON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **Introductory Section**

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October 26, 2017

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, 2017.

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 unmodified ("clean") opinion on the City of Washington's financial statements for the year ended June 30, 2017. 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 9,639. 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 20,196, leaving around 950 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 4.7%, which is a decrease of 1% from a rate of 5.7%, a year ago. This is equivalent to the State of North Carolina's average unemployment rate of 4.7% and the national average of 4.5%. 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 5.0% increase of revenues in the areas of property, sales, and occupancy taxes. The current year reflects a \$.02 increase in the property tax rate to provide funding for the police station capital project fund and represents one half of the year to year revenue increase. Revenues were conservatively budgeted for fiscal year 2017-2018 and management will be keeping a close eye on actual receipts to ensure that budget shortfalls do not occur in the next fiscal year.

Several new businesses began operation in the City within the past year in addition to several expansions of existing businesses. Fairfield Inn, Cookout, Edward Jones- Jordan Cantrell, Carry Out by Chrislyn, Golden Ticket Cinemas, Giddy-Up Coffee House, First Bank, First South Bank, Food Lion, Wendy's, Verizon, Wal-Mart, It's Fashion, and Wimco are examples. New business



startups in the Downtown Business District include Ribeyes Steakhouse, United Country/Respass Real Estate, Miss Bea Charters, Cotton Sails Design & Events, The Wine Crate, and Moss Landing Marina.

The Washington Tourism Development Authority worked diligently to follow its mission to enhance the economy of Washington and Beaufort County through the promotion of the area as a destination for leisure and business travel. French West Vaughn was engaged to lead its creative and public relations efforts. The WTDA continued to manage the Washington Civic Center as the City's primary venue for meetings, weddings, and other large events. More than 100 events were held at the Civic Center during the year. The most recent economic impact statistics prepared by the North Carolina Department of Commerce show the economic impact of tourism in Beaufort County to be up. Direct visitor spending was estimated at \$81 million for Beaufort County, an increase of 4.6%.

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

During fiscal year 2016-2017 the City utilized operating cash for capital purchases instead of installment financing.

During fiscal year 2017-2018 the City has budgeted \$170,000 of installment financing for the purchase of a sewer vacuum truck. City Council will determine the use of installment financing or operating cash prior to the purchase.

The City's application to the Clean Water State Revolving Fund for a \$2,000,000 loan for the Sanitary Sewer Rehabilitation 2015 project was approved as eligible to receive a low interest/principal forgiveness loan to reduce inflow and infiltration in older sections of the collection system. The project has been approved for \$1,696,402, work began in fiscal year 2016-2017 and is anticipated to be complete in fiscal year 2017-2018. \$500,000 of the loan is principal forgiveness and the interest rate on the balance is 0%.

### **Major Initiatives**

The Beaufort County Economic Development Department had an active year resulting in the following projects with positive impact on the local economy:

#### Projects Completed:

- Renovation of Apollo Restaurant to Ribeyes of Washington \$25,000 Building Renovation Grant (10 jobs, \$300,000 investment)
- Washington Hotel Project \$100,000 Rural Infrastructure Grant (20 jobs, \$6.8 million investment)

#### Projects Underway:

- idX Woodworking Training Center \$500,000 Rural Building Reuse Grant (50 jobs, \$1 million investment)

- Oakridge Industries Expansion \$320,000 Rural Building Reuse Grant (32 jobs, \$1.4 million investment)
- Washington Beaufort County Industrial Park 35KVA electric line extension \$100,000 Rural Infrastructure Grant
- Beaufort County Committee of 100's \$1.2 million 24,200 sq. ft. building

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City was awarded and completed a \$94,340 Downtown Revitalization grant project from the Rural Grant Programs of the Department of Commerce for walkway, façade and art improvements in the downtown district.

The City assisted a local developer building a \$6.8 million flagship hotel through a \$100,000 NC Rural Economic Development publicly owned infrastructure improvement grant. The hotel opened in June of 2017.

Phase 1 of a way finding signage project for the City was completed during the year at a cost of \$160,000.

A downtown restaurant was renovated and opened by Ribeyes of Washington through the City's assistance and a \$25,000 Building Renovation Grant Program of the Department of Commerce.

The City is replacing its financial and utility billing software with implementation planned for fiscal year 2018.

The City is continuing an aggressive load management switch installation program to reduce residential energy costs. 479 switches were installed this fiscal year. 4,544 switches have been installed since October 2010 resulting in residential customers saving approximately \$212,848 per year on their electric bills.

## **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, 2016. This was the twenty first consecutive year (fiscal years ended 1996-2016) 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,



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Bobby E. Roberson  
City Manager



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Matthew J. Rauschenbach  
Chief Financial Officer

**CITY OF WASHINGTON, NORTH CAROLINA  
PRINCIPAL OFFICERS  
JUNE 30, 2017**

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**ELECTED OFFICIALS**

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Title	Name	Total Length Of Service	Term Expires
Mayor	Jay MacDonald Hodges	3.5 years	December, 2017
Mayor Pro-Tem	Virginia Finnerty	1.5 years	December, 2017
Councilperson	Larry Beeman	3.5 years	December, 2017
Councilperson	William H. Pitt	8 years	December, 2017
Councilperson	Douglas G. Mercer	10 years	December, 2017
Councilperson	Richard L. Brooks	6 years	December, 2017

The Mayor and Council serve 2 year terms.

**APPOINTED OFFICIALS**

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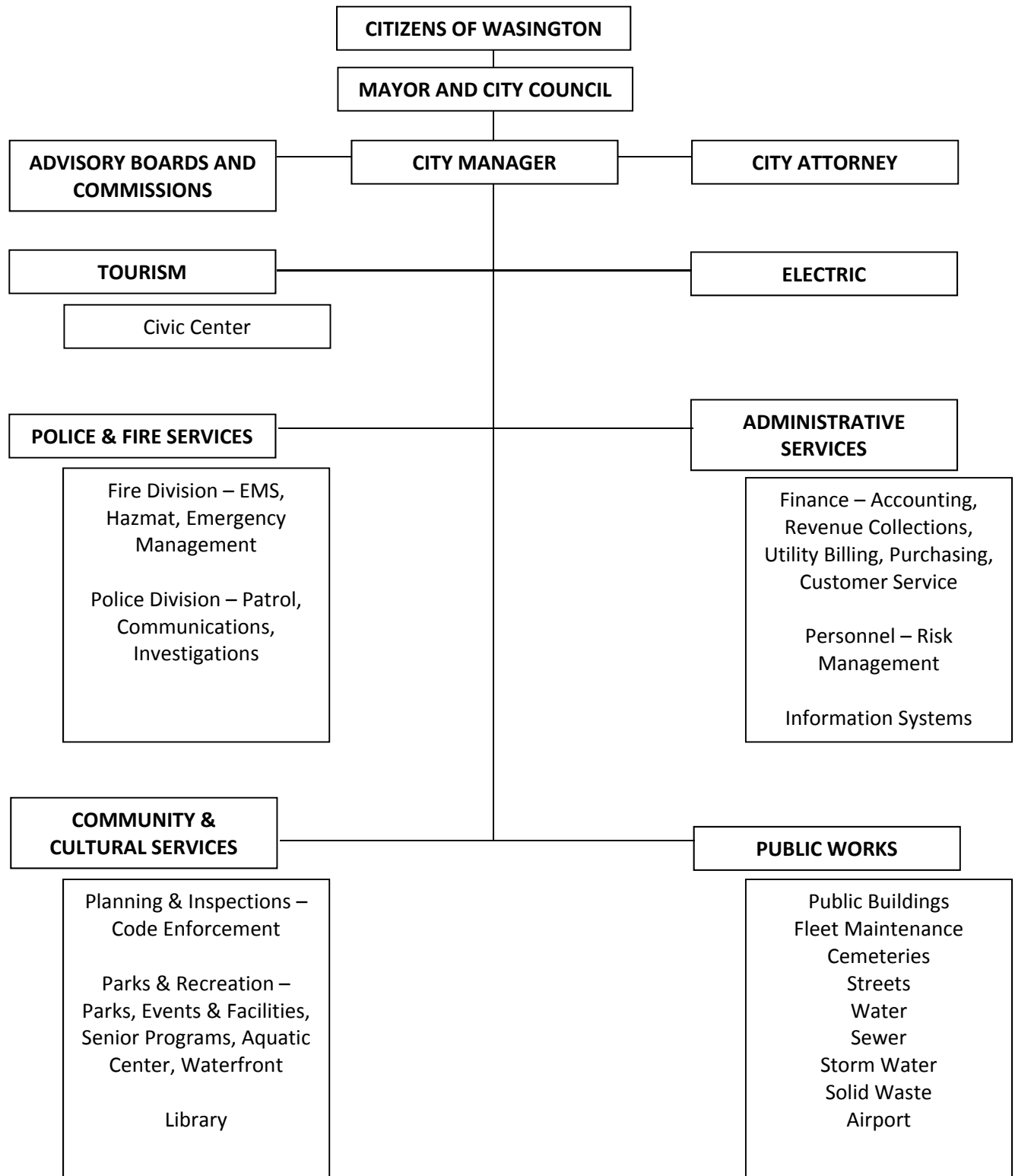
Title	Name	Total Length Of Service	Length of Employment with the City of Washington
City Attorney	Franz Holscher	11 years	11 years
City Clerk	Cynthia Bennett	9 years	18 years
City Manager	Bobby E. Roberson	2 years	22 years

**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	8 years	16 years
Electric Director	Jeffrey Clark	1.5 years	1.5 years
CFO/Administrative Services Director	Matthew J. Raschenbach	8 years	8 years
Fire Chief	Robert C. Rose	8 years	28 years
Library Director	Sandra Silvey	1.5 years	1.5 years
Human Resources Director	Stacey Christini	2 years	2 years
Police & Fire Services Director	Stacy L. Drakeford	5 years	5 years
Public Works Director	Dodge F. Buck	1.5 years	30 years
Tourism Director	Lynn Wingate	14 years	14 years

# CITY OF WASHINGTON ORGANIZATION CHART 2016-2017





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, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Emer". 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  
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, 2017, 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 did not audit the financial statements of the City of Washington Tourism Development Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it related to the amounts included for the City of Washington Tourism Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Washington Tourism Development Authority 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, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2017, 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.

## **Change in Accounting Principle**

As discussed in Note 18 to the financial statements, for fiscal year ended June 30, 2017 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 and the other auditors 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 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, and other schedules 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, and other schedules, 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 October 26, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City of Washington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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  
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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, 2017. 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

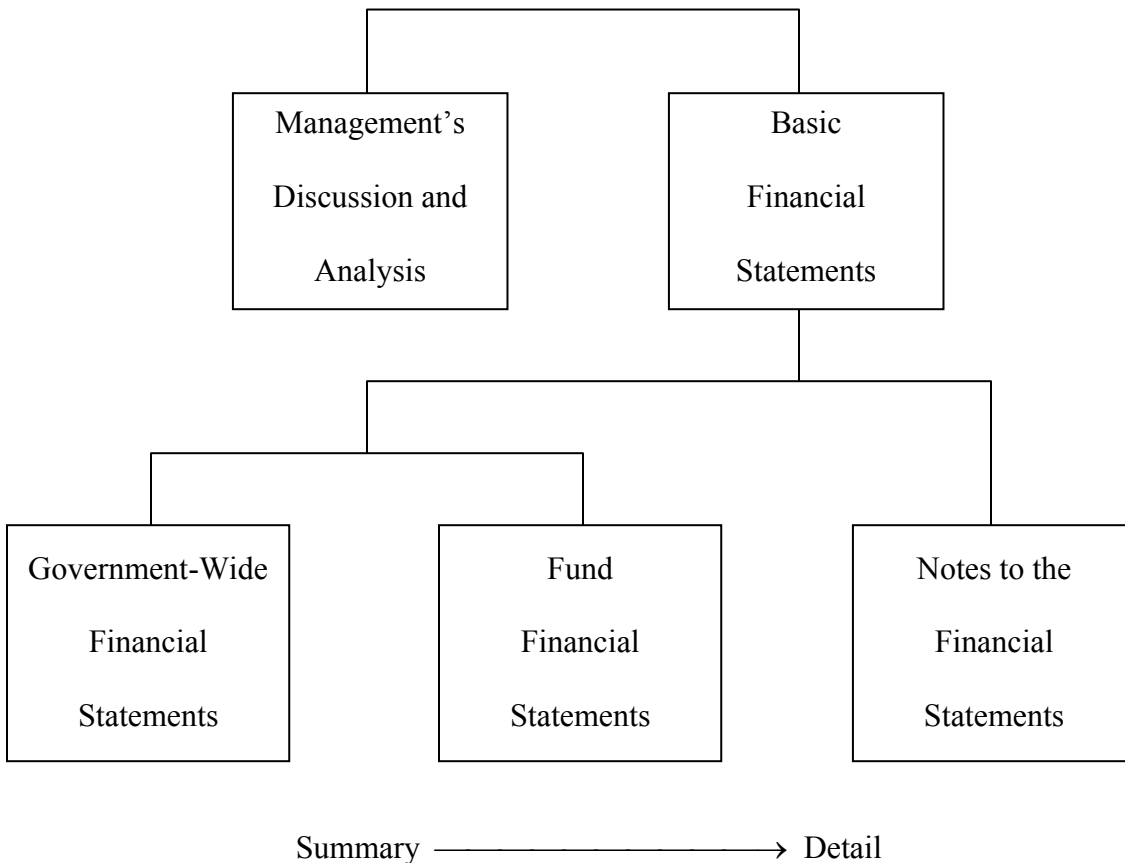
- The assets and deferred outflows of the City of Washington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$116,980,438 (*net position*). Of this amount, \$27,217,785 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,859,322, an increase of 5.24%. Of this amount, governmental net position increased by \$1,259,699, while business-type net position grew by \$4,599,623.
- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$10,549,968, an increase of \$1,146,917. Approximately 26.87% of this total amount, or \$2,834,520, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,700,195, or 58.35%, of total General Fund expenditures for the fiscal year.
- The City of Washington's total debt decreased by \$566,628, or 8.4%, 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.

### 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 nineteen 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 internal service funds to account for three activities – its workers' compensation reserve, vehicle replacement, and facility maintenance. These operations benefit both governmental and proprietary funds and have been included within the governmental activities in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 24-26 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 27-72 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 73-77 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 78-155 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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets:</b>						
Current and other assets	\$ 13,791,194	\$ 12,393,339	\$ 24,652,285	\$ 21,717,777	\$ 38,443,479	\$ 34,111,116
Capital assets, net	19,864,739	20,311,778	73,518,256	72,327,050	93,382,995	92,638,828
Total assets	<u>33,655,933</u>	<u>32,705,117</u>	<u>98,170,541</u>	<u>94,044,827</u>	<u>131,826,474</u>	<u>126,749,944</u>
<b>Deferred Outflows of Resources</b>	<u>1,966,837</u>	<u>369,839</u>	<u>1,191,451</u>	<u>226,675</u>	<u>3,158,288</u>	<u>596,514</u>
<b>Liabilities and Deferred Inflows of Resources:</b>						
Long-term liabilities	7,175,777	4,932,019	6,980,113	6,253,886	14,155,890	11,185,905
Other liabilities	518,153	794,794	2,855,792	3,132,767	3,373,945	3,927,561
Total liabilities	<u>7,693,930</u>	<u>5,726,813</u>	<u>9,835,905</u>	<u>9,386,653</u>	<u>17,529,835</u>	<u>15,113,466</u>
Deferred Inflows of Resources	<u>224,980</u>	<u>339,195</u>	<u>249,509</u>	<u>207,894</u>	<u>474,489</u>	<u>547,089</u>
<b>Net Position:</b>						
Net investment in capital assets	18,242,564	18,512,443	68,989,708	67,569,334	87,232,272	86,081,777
Restricted	2,571,352	2,798,041	-	-	2,571,352	2,798,041
Unrestricted	6,889,944	5,698,464	20,286,870	17,107,621	27,176,814	22,806,085
Total net position	<u>\$ 27,703,860</u>	<u>\$ 27,008,948</u>	<u>\$ 89,276,578</u>	<u>\$ 84,676,955</u>	<u>\$ 116,980,438</u>	<u>\$ 111,685,903</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Washington exceeded liabilities and deferred inflows by \$116,980,438 as of June 30, 2017. This is an increase in the City's net position of \$5,859,322 for the fiscal year. By far, the largest portion (74.57%) 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, \$2,571,352, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$27,176,814 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets increased by \$744,167 during the fiscal year. This increase of .8% is primarily attributable to the additional capital investment in the City's utility systems, streets, parks, drainage system, and airport facility.

**Figure 3****City of Washington's Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>						
Program revenues:						
Charges for service	\$ 1,387,606	\$ 1,344,198	\$ 43,454,773	\$ 42,708,740	\$ 44,842,379	\$ 44,052,938
Operating grants and contributions	509,505	424,848	165,557	-	675,062	424,848
Capital grants and contributions	326,812	873,879	308,918	1,882,094	635,730	2,755,973
General revenues:						
Property taxes	4,469,620	4,345,971	-	-	4,469,620	4,345,971
Other taxes	2,850,545	2,686,421	-	-	2,850,545	2,686,421
Unrestricted intergovernmental	2,043,145	2,059,167	-	-	2,043,145	2,059,167
Other	61,585	56,520	170,546	137,399	232,131	193,919
Total revenues	<u>11,648,818</u>	<u>11,791,004</u>	<u>44,099,794</u>	<u>44,728,233</u>	<u>55,748,612</u>	<u>56,519,237</u>
<b>Expenses:</b>						
General government	1,434,072	1,494,759	-	-	1,434,072	1,494,759
Public safety	6,198,994	6,000,378	-	-	6,198,994	6,000,378
Transportation	1,223,260	954,178	-	-	1,223,260	954,178
Environmental protection	386,877	656,104	-	-	386,877	656,104
Cultural and recreation	2,093,693	2,695,627	-	-	2,093,693	2,695,627
Economic and physical development	338,539	(158,340)	-	-	338,539	(158,340)
Interest on long-term debt	44,582	48,440	-	-	44,582	48,440
Water	-	-	3,189,163	3,219,750	3,189,163	3,219,750
Sewer	-	-	3,101,293	3,132,989	3,101,293	3,132,989
Electric	-	-	29,510,316	27,838,189	29,510,316	27,838,189
Storm water	-	-	353,954	383,638	353,954	383,638
Airport	-	-	451,717	396,621	451,717	396,621
Solid waste	-	-	1,283,818	1,236,236	1,283,818	1,236,236
Cemetery	-	-	279,012	315,980	279,012	315,980
Total expenses	<u>11,720,017</u>	<u>11,691,146</u>	<u>38,169,273</u>	<u>36,523,403</u>	<u>49,889,290</u>	<u>48,214,549</u>
Change in net position before transfers	(71,199)	99,858	5,930,521	8,204,830	5,859,322	8,304,688
Transfers	<u>1,330,898</u>	<u>1,020,291</u>	<u>(1,330,898)</u>	<u>(1,020,291)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>1,259,699</u>	<u>1,120,149</u>	<u>4,599,623</u>	<u>7,184,539</u>	<u>5,859,322</u>	<u>8,304,688</u>
Net position, July 1	27,008,948	25,888,799	84,676,955	77,492,416	111,685,903	103,381,215
Restatement	(564,787)	-	-	-	(564,787)	-
Beginning of year - July 1, as restated	<u>26,444,161</u>	<u>25,888,799</u>	<u>84,676,955</u>	<u>77,492,416</u>	<u>111,121,116</u>	<u>103,381,215</u>
Net position, June 30	<u>\$ 27,703,860</u>	<u>\$ 27,008,948</u>	<u>\$ 89,276,578</u>	<u>\$ 84,676,955</u>	<u>\$ 116,980,438</u>	<u>\$ 111,685,903</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$1,259,699, or 4.66%. This increase is due to revenue exceeding plan, expenditures being less than plan, and an increase in transfers.

**Business-Type Activities.** Business-type activities increased the City of Washington's net position by \$4,599,623, or 5.43%. Revenues exceeded expenses by \$5,621,603 before transfers and capital contributions. The net transfers of the business-type activities totaled \$1,330,898 for the year. Of this amount, \$908,723 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 totaled to \$6,873,791, while total fund balance increased to \$8,401,662. 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 57.29% of General Fund expenditures and transfers out, while total fund balance represents 70.03% 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 \$10,549,968, an increase of \$1,146,917, in comparison with the prior year. Approximately 63.51% of this total amount, or \$6,700,107, 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 notes receivables, 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 a \$286,347 increase and are summarized as follows:

- \$250,386 increase in restricted intergovernmental
- \$3,200 increase in sales and services
- \$32,761 increase in miscellaneous

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund amounted to a \$540,636 increase and are summarized as follows:

- \$250,072 in increases allocated to general government
- \$23,829 in increases allocated to public safety
- \$133,809 in increases allocated to transportation
- \$6,800 in decreases allocated to environmental protection
- \$139,726 in increases allocated to cultural and recreational

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

- \$37,465 increase in transfer to other funds of which \$37,465 was transferred to Capital Project Funds.
- \$291,754 increase in appropriated fund balance to cover the following appropriations during the fiscal year: \$59,381 to rebuild the dehumidification unit at the aquatic center and \$202,858 for purchase orders and projects from prior year.

During the year, actual revenues came in 2.7%, or \$305,279, higher than budgetary estimates in the General Fund while expenditures were 9.5%, or \$1,209,619, less than budgetary appropriations. Originally, \$383,995 in fund balance was anticipated to be needed; however, none was actually used. 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 17/18 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.

Five enterprise funds saw increases in their net position at the close of the fiscal year on the full accrual basis of accounting, Sewer Fund, Electric Fund, Storm Water Fund, Solid Waste Fund, and the Cemetery Fund. The Water Fund and the Washington-Warren Airport Fund had a negative change in net position on the full accrual basis of accounting. All seven enterprise funds experienced gains on the budgetary basis of accounting, Water Fund, Sewer Fund, Electric Fund, Storm Water Fund, Washington-Warren Airport Fund, Solid Waste Fund, and the Cemetery Fund.

## 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, 2017 amounted to \$93,382,995 (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 increase in the City's investment in capital assets for the current fiscal year was \$744,167 or (.8%) overall. This is represented by a 2.2% decrease for governmental activities and a 1.65% increase for business-type activities.

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

- The airport completed the runway rehabilitation project totaling \$439,350 and began a new project for runway design with expenses of \$7,257 for the fiscal year.
- Several electric system improvements such as 2<sup>nd</sup> & 5<sup>th</sup> streets line rebuild and the Highway 32 Project were completed this year with those projects totaling \$1,466,760. Two other projects that are currently in progress for Grimesland and Page Road are ongoing.
- In the Water and Sewer divisions the Hotel Project continues for both divisions. The two EDA grant projects completed this year totaling \$2,401,180 for both divisions. The Water division has a new project, Spring Road Water System Improvements, with those expenses coming to \$15,470 at year end and continuing into next year. The Sewer division's Sewer Rehabilitation Project will continue through this year with expenses currently totaling \$652,059. The Sewer division was also awarded a Wastewater Asset Inventory Grant in the amount of \$150,000 with the City contributing \$7,500.

**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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 5,232,820	\$ 5,232,820	\$ 1,649,782	\$ 1,649,782	\$ 6,882,602	\$ 6,882,602
Buildings	5,198,299	5,751,556	5,764,131	5,215,398	10,962,430	10,966,954
Infrastructure	6,417,875	6,244,011	-	-	6,417,875	6,244,011
Plants, substations, lines drainage, and runways	-	-	56,911,013	52,387,392	56,911,013	52,387,392
General and mobile equipment	2,375,852	1,035,518	4,969,748	4,170,359	2,523,439	5,205,877
Furniture and office equipment	273,896	1,577,603	147,587	27,970	421,483	1,605,573
Construction in progress	365,997	470,270	4,075,995	8,876,149	4,441,992	9,346,419
Capital assets, net	<u>\$ 19,864,739</u>	<u>\$ 20,311,778</u>	<u>\$ 73,518,256</u>	<u>\$ 72,327,050</u>	<u>\$ 93,382,995</u>	<u>\$ 92,638,828</u>

Additional information on the City's capital assets can be found in note 5 on pages 42-47 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City of Washington had total debt outstanding of \$6,150,723.

**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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Installment notes	\$ 1,599,507	\$ 1,774,000	\$ 65,037	\$ 161,428	\$ 1,664,544	\$ 1,935,428
Recovery Zone EDB	22,668	25,335	2,833,332	3,166,665	2,856,000	3,192,000
Revolving Loan Fund	-	-	1,630,179	1,589,923	1,630,179	1,589,923
Total	<u>\$ 1,622,175</u>	<u>\$ 1,799,335</u>	<u>\$ 4,528,548</u>	<u>\$ 4,918,016</u>	<u>\$ 6,150,723</u>	<u>\$ 6,717,351</u>

The City's total debt decreased by \$566,628, or 8.4%, during the current fiscal year. The City was approved for a loan from the Clean Water State Revolving Loan Fund and will allow the City to make improvements to older sections of its collection system, improving inflow and filtration.

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.

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 \$69,140,308. The City's legal debt margin is \$62,989,585.

Additional information on the City of Washington's long-term debt can be found in note 11 on pages 62-69 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 17/18 when compared to the current year. The original General Fund budget for FY 17/18 totals \$15,230,876, an increase of \$25,869 or 0.2% when compared to the FY 16/17 original budget of \$15,205,007. Estimated revenues were not sufficient to cover budgeted expenditures, requiring an appropriation of fund balance in the amount of \$167,954 to balance the General Fund.

The City completed an analysis that calculated the true cost of certain governmental services and determined the amounts being covered by user fees and the costs being subsidized by City taxpayers. As part of the analysis, the City attempted to identify the different groups utilizing facilities and services in an effort to receive additional outside funding from the County for benefits received by County residents using City assets and services. Requests for county funding of these services were made and resulted in funding of \$20,000 for Senior programs and \$20,000 for Parks & Recreation.

There is no contingency currently budgeted in FY 17/18, but significant fund balance is available for emergency items that may arise during the year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2018**

The following factors were also considered when preparing the City of Washington's budget for the 16/17 fiscal year:

The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 4.7%, a 1% decrease from a rate of 5.7% in 2016. This compares favorably to the State's average unemployment rate of 4.7% and the national average rate of 4.5%.

The median household income for the City of Washington is \$39,269, or 17.9%, below North Carolina's household income average of \$47,830.

18.4% of Beaufort County residents live below the poverty level.

Ad valorem tax collections are expected to remain above 97%.

Retail sales are expected to remain relatively flat in fiscal year 17/18 when compared to 16/17.

The transfer of the dividend payment to the General Fund from the Electric Fund is likely to continue to increase over the coming years.

## **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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 11,811,620	\$ 16,566,489	\$ 28,378,109	\$ 257,525
Taxes receivable, net	121,136	-	121,136	-
Accounts receivable, net	1,590,225	6,272,462	7,862,687	29,971
Notes receivable, current	3,385	81,088	84,473	-
Inventories	71,783	1,011,325	1,083,108	-
Restricted cash and investments	5,045	720,921	725,966	-
Security deposits	-	-	-	75
Total current assets	13,603,194	24,652,285	38,255,479	287,571
Non-current assets:				
Capital assets:				
Non-depreciable	5,598,817	7,413,912	13,012,729	-
Depreciable, net	14,265,922	66,104,344	80,370,266	-
Total capital assets	19,864,739	73,518,256	93,382,995	-
Notes receivable, noncurrent	188,000	-	188,000	-
Total non-current assets	20,052,739	73,518,256	93,570,995	-
Total assets	33,655,933	98,170,541	131,826,474	287,571
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan in current fiscal year	509,412	298,190	807,602	-
Pension deferrals	1,457,425	893,261	2,350,686	-
Total deferred outflows of resources	1,966,837	1,191,451	3,158,288	-
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	511,608	2,261,959	2,773,567	56,696
Unearned revenues:				
Advances from grantors	1,500	-	1,500	-
Liabilities payable from restricted assets:				
Customer deposits	5,045	593,833	598,878	-
Current portion of long-term liabilities	640,880	928,888	1,569,768	-
Total current liabilities	1,159,033	3,784,680	4,943,713	56,696
Long-term liabilities:				
Due in more than one year	2,889,165	4,655,841	7,545,006	-
Net pension liability (LGERS)	2,276,680	1,395,384	3,672,064	-
Total pension liability (LEOSSA)	1,369,052	-	1,369,052	-
Total long-term liabilities	6,534,897	6,051,225	12,586,122	-
Total liabilities	7,693,930	9,835,905	17,529,835	56,696
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues - unexpended grant proceeds	-	127,088	127,088	-
Pension deferrals	224,980	122,421	347,401	-
Total deferred inflows of resources	224,980	249,509	474,489	-
<b>Net Position:</b>				
Net investment in capital assets	18,242,564	68,989,708	87,232,272	-
Restricted for:				
Stabilization for State statute	1,746,153	-	1,746,153	30,046
Permanently restricted for perpetual maintenance	549,853	-	549,853	-
General government	74,481	-	74,481	-
Public safety	52,548	-	52,548	-
Cultural and recreation	44,046	-	44,046	-
Economic and physical development	104,271	-	104,271	-
Tourism promotion	-	-	-	200,829
Unrestricted	6,889,944	20,286,870	27,176,814	-
Total net position	\$ 27,703,860	\$ 89,276,578	\$ 116,980,438	\$ 230,875

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, 2017

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,434,072	\$ 287,558	\$ 41,001	\$ -
Public safety	6,198,994	753,024	431,175	-
Transportation	1,223,260	12,423	-	176,392
Environmental protection	386,877	-	-	-
Cultural and recreation	2,093,693	334,601	37,329	36,013
Economic and physical development	338,539	-	-	114,407
Interest on long-term debt	44,582	-	-	-
Total governmental activities	11,720,017	1,387,606	509,505	326,812
<b>Business-Type Activities:</b>				
Water	3,189,163	2,944,752	-	28,925
Sewer	3,101,293	3,360,261	33,439	264,165
Electric	29,510,316	34,646,920	55,296	-
Stormwater utility	353,954	684,400	-	-
Warren Field Airport	451,717	259,989	5,612	10,604
Solid waste	1,283,818	1,352,010	71,210	5,224
Cemetery	279,012	206,441	-	-
Total business-type activities	38,169,273	43,454,773	165,557	308,918
Total primary government	\$ 49,889,290	\$ 44,842,379	\$ 675,062	\$ 635,730
<b>Component Unit:</b>				
Tourism Development Authority	\$ 400,260	\$ 96,338	\$ 44,787	\$ -

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, 2017

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (1,105,513)	\$ -	\$ (1,105,513)	\$ -
Public safety	(5,014,795)	-	(5,014,795)	-
Transportation	(1,034,445)	-	(1,034,445)	-
Environmental protection	(386,877)	-	(386,877)	-
Cultural and recreation	(1,685,750)	-	(1,685,750)	-
Economic and physical development	(224,132)	-	(224,132)	-
Interest on long-term debt	(44,582)	-	(44,582)	-
Total governmental activities	(9,496,094)	-	(9,496,094)	-
<b>Business-Type Activities:</b>				
Water	-	(215,486)	(215,486)	-
Sewer	-	556,572	556,572	-
Electric	-	5,191,900	5,191,900	-
Stormwater utility	-	330,446	330,446	-
Warren Field Airport	-	(175,512)	(175,512)	-
Solid waste	-	144,626	144,626	-
Cemetery	-	(72,571)	(72,571)	-
Total business-type activities	-	5,759,975	5,759,975	-
Total primary government	(9,496,094)	5,759,975	(3,736,119)	-
<b>Component Unit:</b>				
Tourism Development Authority	-	-	-	(259,135)
<b>General Revenues:</b>				
<b>Taxes:</b>				
Ad valorem taxes	4,469,620	-	4,469,620	-
Local option sales tax	2,475,562	-	2,475,562	-
Utility franchise tax	1,261,970	-	1,261,970	-
Local occupancy tax	277,992	-	277,992	269,652
Other taxes and licenses	878,166	-	878,166	-
Interest earnings	61,585	170,546	232,131	561
Miscellaneous	-	-	-	1,154
Total general revenues	9,424,895	170,546	9,595,441	271,367
<b>Transfers</b>	1,330,898	(1,330,898)	-	-
Total general revenues and transfers	10,755,793	(1,160,352)	9,595,441	271,367
Change in net position	1,259,699	4,599,623	5,859,322	12,232
<b>Net Position:</b>				
Beginning of year - July 1	27,008,948	84,676,955	111,685,903	218,643
Restatement	(564,787)	-	(564,787)	-
Beginning of year - July 1, as restated	26,444,161	84,676,955	111,121,116	218,643
End of year - June 30	\$ 27,703,860	\$ 89,276,578	\$ 116,980,438	\$ 230,875

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

# CITY OF WASHINGTON, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2017

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 7,359,414	\$ 1,976,459	\$ 9,335,873
Taxes receivable, net	121,136	-	121,136
Accounts receivable, net	1,579,835	7,176	1,587,011
Notes receivable, net	-	191,385	191,385
Inventories	71,783	-	71,783
Restricted cash and investments	5,045	-	5,045
Total assets	<u>\$ 9,137,213</u>	<u>\$ 2,175,020</u>	<u>\$ 11,312,233</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 362,238	\$ 25,214	\$ 387,452
Advances from grantors	-	1,500	1,500
Liabilities payable from restricted assets:			
Customer deposits	5,045	-	5,045
Total liabilities	<u>367,283</u>	<u>26,714</u>	<u>393,997</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	121,136	-	121,136
EMS receivable	220,759	-	220,759
Other accounts receivable	26,373	-	26,373
Total deferred inflows of resources	<u>368,268</u>	<u>-</u>	<u>368,268</u>
<b>Fund Balances:</b>			
Non-spendable, not in spendable form:			
Notes receivable	-	191,385	191,385
Inventories	71,783	-	71,783
Perpetual maintenance - library care	-	95,395	95,395
Perpetual maintenance - cemetery care	-	454,458	454,458
Restricted:			
Stabilization by State statute	1,456,088	290,065	1,746,153
Restricted, all other	171,075	104,271	275,346
Committed	2,521	987,901	990,422
Assigned	-	24,919	24,919
Unassigned	6,700,195	(88)	6,700,107
Total fund balances	<u>8,401,662</u>	<u>2,148,306</u>	<u>10,549,968</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,137,213</u>	<u>\$ 2,175,020</u>	<u>\$ 11,312,233</u>

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

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **BALANCE SHEET - GOVERNMENTAL FUNDS** **JUNE 30, 2017**

	<b><u>Total Governmental Funds</u></b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balance, governmental funds.	\$ 10,549,968
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	18,553,551
Net pension liability	(2,276,680)
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred inflows of resources in the funds.	368,268
Deferred outflows of resources related to pensions are not reported in the funds.	1,966,837
Total pension liability	(1,369,052)
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.	3,666,042
Long-term liabilities and compensated absences are not due and payable in the current year and, therefore, are not reported in the funds.	(3,530,045)
Pension related deferrals	(224,980)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(49)</u>
Net position of governmental activities, per Exhibit A	<u><u>\$ 27,703,860</u></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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 4,526,986	\$ -	\$ 4,526,986
Other taxes and licenses	2,850,545	-	2,850,545
Unrestricted intergovernmental	2,043,145	-	2,043,145
Restricted intergovernmental	721,910	114,787	836,697
Permits and fees	122,492	-	122,492
Sales and services	1,107,998	-	1,107,998
Investment earnings	41,418	10,556	51,974
Miscellaneous	197,392	-	197,392
Total revenues	<u>11,611,886</u>	<u>125,343</u>	<u>11,737,229</u>
<b>Expenditures:</b>			
Current:			
General government	1,836,094	96,105	1,932,199
Public safety	6,027,734	-	6,027,734
Transportation	959,602	-	959,602
Environmental protection	371,084	3,067	374,151
Cultural and recreation	2,066,701	937	2,067,638
Economic and physical development	-	338,539	338,539
Debt service:			
Principal retirement	177,160	-	177,160
Interest and fees	44,187	-	44,187
Total expenditures	<u>11,482,562</u>	<u>438,648</u>	<u>11,921,210</u>
Revenues over (under) expenditures	<u>129,324</u>	<u>(313,305)</u>	<u>(183,981)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	1,517,411	496,289	2,013,700
Transfers to other funds	(514,945)	(167,857)	(682,802)
Total other financing sources (uses)	<u>1,002,466</u>	<u>328,432</u>	<u>1,330,898</u>
Net change in fund balances	1,131,790	15,127	1,146,917
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>7,269,872</u>	<u>2,133,179</u>	<u>9,403,051</u>
End of year - June 30	<u>\$ 8,401,662</u>	<u>\$ 2,148,306</u>	<u>\$ 10,549,968</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, 2017**

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)	\$ 1,146,917
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.	554,268
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.	(92,902)
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(902,369)
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.	(40,275)
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	22,890
Property taxes and EMS fees	(64,576)
Change in deferred outflow - pension	1,574,108
Change in deferred inflows - pension	139,455
Change in net pension liability	(1,753,510)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Position.	177,160
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.	(395)
Internal Service Fund	626,789
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>(127,861)</u>
Change in net position of governmental activities	<u>\$ 1,259,699</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, 2017**

	Budgeted Amounts			Variance From
	Original	Final	Actual	Final Budget Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,540,812	\$ 4,540,812	\$ 4,526,986	\$ (13,826)
Other taxes and licenses	2,657,026	2,657,026	2,850,545	193,519
Unrestricted intergovernmental	2,071,329	2,071,329	2,043,145	(28,184)
Restricted intergovernmental	639,258	889,644	721,910	(167,734)
Permits and fees	62,000	62,000	122,492	60,492
Sales and services	984,278	987,478	1,107,998	120,520
Investment earnings	33,507	33,507	41,418	7,911
Miscellaneous	32,050	64,811	197,392	132,581
Total revenues	<u>11,020,260</u>	<u>11,306,607</u>	<u>11,611,886</u>	<u>305,279</u>
<b>Expenditures:</b>				
General government	2,115,501	2,365,573	1,836,094	529,479
Public safety	6,266,406	6,290,235	6,027,734	262,501
Transportation	941,738	1,075,547	959,602	115,945
Environmental protection	379,086	372,286	371,084	1,202
Cultural and recreation	2,227,465	2,367,191	2,066,701	300,490
Debt service:				
Principal retirement	177,160	177,160	177,160	-
Interest and fees	44,189	44,189	44,187	2
Total expenditures	<u>12,151,545</u>	<u>12,692,181</u>	<u>11,482,562</u>	<u>1,209,619</u>
Revenues over (under) expenditures	<u>(1,131,285)</u>	<u>(1,385,574)</u>	<u>129,324</u>	<u>1,514,898</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	1,516,524	1,516,524	1,517,411	887
Transfers to other funds	(477,480)	(514,945)	(514,945)	-
Appropriated fund balance	92,241	383,995	-	(383,995)
Total other financing sources (uses)	<u>1,131,285</u>	<u>1,385,574</u>	<u>1,002,466</u>	<u>(383,108)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,131,790	<u>\$ 1,131,790</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,267,351</u>	
End of year - June 30			<u>\$ 8,399,141</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, 2017

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			
<b>Assets:</b>							
Current assets:							
Cash and cash equivalents	\$ 2,539,851	\$ 2,647,231	\$ 9,975,084	\$ 659,584	\$ 744,739	\$ 16,566,489	\$ 2,475,347
Accounts receivable, net	514,920	855,668	4,560,128	78,312	263,434	6,272,462	3,214
Notes receivable	-	81,088	-	-	-	81,088	-
Due from other funds	631,841	-	-	-	-	631,841	-
Inventories	92,624	55,567	826,428	-	36,706	1,011,325	-
Restricted cash and investments	111,366	63,544	546,011	-	-	720,921	-
Total current assets	<u>3,890,602</u>	<u>3,703,098</u>	<u>15,907,651</u>	<u>737,896</u>	<u>1,044,879</u>	<u>25,284,126</u>	<u>2,478,561</u>
Non-current assets:							
Non-depreciable capital assets	207,405	746,811	309,165	4,870,866	1,279,665	7,413,912	-
Capital assets, net of accumulated depreciation	<u>13,245,549</u>	<u>18,654,167</u>	<u>27,525,142</u>	<u>3,302,500</u>	<u>3,376,986</u>	<u>66,104,344</u>	<u>1,311,188</u>
Total non-current assets	<u>13,452,954</u>	<u>19,400,978</u>	<u>27,834,307</u>	<u>8,173,366</u>	<u>4,656,651</u>	<u>73,518,256</u>	<u>1,311,188</u>
Total assets	<u>17,343,556</u>	<u>23,104,076</u>	<u>43,741,958</u>	<u>8,911,262</u>	<u>5,701,530</u>	<u>98,802,382</u>	<u>3,789,749</u>
<b>Deferred Outflows of Resources:</b>							
Contributions to pension plan in current fiscal year	54,929	54,929	125,554	-	62,778	298,190	-
Pension deferrals	<u>164,548</u>	<u>164,548</u>	<u>376,110</u>	<u>-</u>	<u>188,055</u>	<u>893,261</u>	<u>-</u>
Total deferred outflows of resources	<u>219,477</u>	<u>219,477</u>	<u>501,664</u>	<u>-</u>	<u>250,833</u>	<u>1,191,451</u>	<u>-</u>
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable and accrued liabilities	48,888	97,886	2,061,725	9,226	44,234	2,261,959	123,707
Due to other funds	-	631,841	-	-	-	631,841	-
Liabilities payable from restricted assets:							
Customer deposits	47,822	-	546,011	-	-	593,833	-
Current portion of installment notes	-	-	60,160	-	4,877	65,037	-
Current portion of revolving loans	-	178,941	-	-	-	178,941	-
Current portion of Recovery Zone Economic Development bonds	-	-	-	333,333	-	333,333	-
Current portion of compensated absences	<u>81,240</u>	<u>71,035</u>	<u>139,225</u>	<u>-</u>	<u>60,077</u>	<u>351,577</u>	<u>-</u>
Total current liabilities	<u>177,950</u>	<u>979,703</u>	<u>2,807,121</u>	<u>342,559</u>	<u>109,188</u>	<u>4,416,521</u>	<u>123,707</u>
Non-current liabilities:							
Net pension liability	257,045	257,045	587,530	-	293,764	1,395,384	-
Non-current portion of revolving loans	-	1,451,238	-	-	-	1,451,238	-
Non-current portion of Recovery Zone Economic Development Bonds	-	-	-	2,499,999	-	2,499,999	-
Non-current portion of OPEB liability	<u>115,265</u>	<u>141,903</u>	<u>299,037</u>	<u>-</u>	<u>148,399</u>	<u>704,604</u>	<u>-</u>
Total non-current liabilities	<u>372,310</u>	<u>1,850,186</u>	<u>886,567</u>	<u>2,499,999</u>	<u>442,163</u>	<u>6,051,225</u>	<u>-</u>
Total liabilities	<u>550,260</u>	<u>2,829,889</u>	<u>3,693,688</u>	<u>2,842,558</u>	<u>551,351</u>	<u>10,467,746</u>	<u>123,707</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenues - unexpended grant proceeds	63,544	63,544	-	-	-	127,088	-
Pension deferrals	<u>22,551</u>	<u>22,551</u>	<u>51,546</u>	<u>-</u>	<u>25,773</u>	<u>122,421</u>	<u>-</u>
Total deferred inflows of resources	<u>86,095</u>	<u>86,095</u>	<u>51,546</u>	<u>-</u>	<u>25,773</u>	<u>249,509</u>	<u>-</u>
<b>Net Position:</b>							
Net investment in capital assets	13,452,954	17,770,799	27,774,147	5,340,034	4,651,774	68,989,708	1,311,188
Unrestricted	<u>3,473,724</u>	<u>2,636,770</u>	<u>12,724,241</u>	<u>728,670</u>	<u>723,465</u>	<u>20,286,870</u>	<u>2,354,854</u>
Total net position	<u>\$ 16,926,678</u>	<u>\$ 20,407,569</u>	<u>\$ 40,498,388</u>	<u>\$ 6,068,704</u>	<u>\$ 5,375,239</u>	<u>\$ 89,276,578</u>	<u>\$ 3,666,042</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, 2017

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			
<b>Operating Revenues:</b>							
Charges for sales and services	\$ 2,774,485	\$ 3,266,547	\$ 33,728,708	\$ 670,746	\$ 1,805,707	\$ 42,246,193	\$ 802,081
Late penalty charges	22,490	25,886	292,368	5,246	-	345,990	-
Impact fees	25,033	35,069	-	-	-	60,102	-
Other	80,851	25,525	163,106	8,408	6,258	284,148	-
Total operating revenues	<u>2,902,859</u>	<u>3,353,027</u>	<u>34,184,182</u>	<u>684,400</u>	<u>1,811,965</u>	<u>42,936,433</u>	<u>802,081</u>
<b>Operating Expenses:</b>							
Administration	849,631	804,135	2,313,333	69,468	-	4,036,567	-
Wastewater treatment and collection	-	1,555,508	-	-	-	1,555,508	-
Water treatment and distribution	1,636,312	-	-	-	-	1,636,312	-
Electrical operations	-	-	3,542,789	-	-	3,542,789	-
Electric power purchases	-	-	22,475,608	-	-	22,475,608	-
Warren Field Airport operations	-	-	-	-	347,917	347,917	-
Solid waste operations	-	-	-	-	1,196,007	1,196,007	-
Cemetery operations	-	-	-	-	268,175	268,175	-
Depreciation	701,228	694,886	1,147,753	133,403	177,992	2,855,262	132,995
Insurance claims	-	-	-	-	-	-	63,324
Total operating expenses	<u>3,187,171</u>	<u>3,054,529</u>	<u>29,479,483</u>	<u>202,871</u>	<u>1,990,091</u>	<u>37,914,145</u>	<u>196,319</u>
<b>Operating income (loss)</b>	<u>(284,312)</u>	<u>298,498</u>	<u>4,704,699</u>	<u>481,529</u>	<u>(178,126)</u>	<u>5,022,288</u>	<u>605,762</u>
<b>Non-Operating Revenues (Expenses):</b>							
Rents	35,723	-	-	-	-	35,723	-
Recovery of doubtful accounts	728	1,296	-	-	-	2,024	-
Investment earnings	15,949	16,019	71,213	65,422	1,943	170,546	9,611
Sale of surplus and scrap	4,340	-	40,559	-	-	44,899	-
Loss on disposal of capital asset	(1,751)	-	(12,033)	-	-	(13,784)	-
Assessments	-	5,897	-	-	-	5,897	-
Fines and meters	-	-	9,385	-	-	9,385	-
Solid waste disposal tax	-	-	-	-	6,475	6,475	-
Interest expense	-	(28,187)	(1,476)	(151,083)	(120)	(180,866)	-
Grants funds	-	-	-	-	5,612	5,612	-
FEMA assistance	-	33,439	55,296	-	71,210	159,945	-
Hurricane Irene FEMA grant expenses	(241)	(18,577)	(17,324)	-	(24,336)	(60,478)	-
Miscellaneous	1,102	41	412,794	-	-	413,937	11,416
Total non-operating revenues (expenses)	<u>55,850</u>	<u>9,928</u>	<u>558,414</u>	<u>(85,661)</u>	<u>60,784</u>	<u>599,315</u>	<u>21,027</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(228,462)</u>	<u>308,426</u>	<u>5,263,113</u>	<u>395,868</u>	<u>(117,342)</u>	<u>5,621,603</u>	<u>626,789</u>
<b>Capital Contributions and Transfers:</b>							
Capital contributions	28,925	264,165	889	(889)	15,828	308,918	-
Transfers in	111,540	-	-	-	191,469	303,009	-
Transfers out	(148,563)	(228,672)	(1,256,672)	-	-	(1,633,907)	-
Total contributions and transfers	<u>(8,098)</u>	<u>35,493</u>	<u>(1,255,783)</u>	<u>(889)</u>	<u>207,297</u>	<u>(1,021,980)</u>	<u>-</u>
Change in net position	(236,560)	343,919	4,007,330	394,979	89,955	4,599,623	626,789
<b>Net Position:</b>							
Beginning of year - July 1	<u>17,163,238</u>	<u>20,063,650</u>	<u>36,491,058</u>	<u>5,673,725</u>	<u>5,285,284</u>	<u>84,676,955</u>	<u>3,039,253</u>
End of year - June 30	<u>\$ 16,926,678</u>	<u>\$ 20,407,569</u>	<u>\$ 40,498,388</u>	<u>\$ 6,068,704</u>	<u>\$ 5,375,239</u>	<u>\$ 89,276,578</u>	<u>\$ 3,666,042</u>

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

## CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			
<b>Cash Flows From Operating Activities:</b>							
Cash received from customers	\$ 3,505,029	\$ 3,226,236	\$ 34,365,821	\$ 684,938	\$ 1,841,991	\$ 43,624,015	\$ 811,637
Cash paid to employees for services	(813,583)	(747,313)	(1,872,780)	-	(666,171)	(4,099,847)	(68,180)
Cash paid to suppliers	(1,684,684)	(1,619,178)	(26,663,707)	(75,134)	(1,174,453)	(31,217,156)	(28,990)
Net cash provided (used) by operating activities	<u>1,006,762</u>	<u>859,745</u>	<u>5,829,334</u>	<u>609,804</u>	<u>1,367</u>	<u>8,307,012</u>	<u>714,467</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>							
Repayments to/from other funds	-	476,541	-	-	(16,934)	459,607	-
Payments to/from other funds	(476,541)	-	-	-	-	(476,541)	-
Transfers from other funds	111,540	-	-	-	191,469	303,009	-
Transfers to other funds	(148,563)	(228,672)	(1,256,672)	-	-	(1,633,907)	-
Net cash provided (used) by non-capital financing activities	<u>(513,564)</u>	<u>247,869</u>	<u>(1,256,672)</u>	<u>-</u>	<u>174,535</u>	<u>(1,347,832)</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>							
Interest paid on notes, bonds, and loans	-	(28,187)	(1,476)	(151,083)	(120)	(180,866)	-
Acquisition of capital assets	(287,517)	(918,307)	(2,628,414)	(124,684)	(8,428)	(3,967,350)	(167,234)
Capital contributions	63,544	272,302	-	-	7,257	343,103	-
Principal collected on note receivable	-	24,214	-	-	-	24,214	-
Proceeds from issuance of debt	-	208,759	-	-	-	208,759	-
Principal payments on long-term debt	-	(168,503)	(89,146)	(333,333)	(7,245)	(598,227)	-
Net cash provided (used) by capital and related financing activities	<u>(223,973)</u>	<u>(609,722)</u>	<u>(2,719,036)</u>	<u>(609,100)</u>	<u>(8,536)</u>	<u>(4,170,367)</u>	<u>(167,234)</u>
<b>Cash Flows From Investing Activities:</b>							
Investment earnings	<u>15,949</u>	<u>16,019</u>	<u>71,213</u>	<u>65,422</u>	<u>1,943</u>	<u>170,546</u>	<u>9,611</u>
Net increase (decrease) in cash and cash equivalents/investments	285,174	513,911	1,924,839	66,126	169,309	2,959,359	556,844
<b>Cash and Cash Equivalents/Investments:</b>							
Beginning of year - July 1	<u>2,366,043</u>	<u>2,196,864</u>	<u>8,596,256</u>	<u>593,458</u>	<u>575,430</u>	<u>14,328,051</u>	<u>1,918,503</u>
End of year - June 30	<u>\$ 2,651,217</u>	<u>\$ 2,710,775</u>	<u>\$ 10,521,095</u>	<u>\$ 659,584</u>	<u>\$ 744,739</u>	<u>\$ 17,287,410</u>	<u>\$ 2,475,347</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating income (loss)	\$ (284,312)	\$ 298,498	\$ 4,704,699	\$ 481,529	\$ (178,126)	\$ 5,022,288	\$ 605,762
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Depreciation	701,228	694,886	1,147,753	133,403	177,992	2,855,262	132,995
Non-operating (expenses)	41,652	22,096	500,710	-	(24,337)	540,121	-
Non-operating revenues	-	-	-	-	83,297	83,297	11,416
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	554,408	(167,464)	(318,818)	538	(52,611)	16,053	(1,860)
(Increase) decrease in inventories	9,296	7,451	2,201	-	(17,430)	1,518	-
(Increase) decrease in deferred outflows of resources for pensions	(177,721)	(177,721)	(406,222)	-	(203,112)	(964,776)	-
Increase (decrease) in deferred inflows of resources for pensions	(15,745)	(15,745)	(35,988)	-	(17,995)	(85,473)	-
Increase (decrease) in net pension liability	197,978	197,978	452,519	-	226,257	1,074,732	-
Increase (decrease) in accounts payable and accrued liabilities	(30,247)	(14,539)	(229,489)	(5,666)	(2,648)	(282,589)	(33,846)
Increase (decrease) in customer deposits	5,869	-	(253)	-	-	5,616	-
Increase (decrease) in compensated absences payable	3,134	2,147	(3,574)	-	3,924	5,631	-
Increase (decrease) in OPEB liability	1,222	12,158	15,796	-	6,156	35,332	-
Net cash provided (used) by operating activities	<u>\$ 1,006,762</u>	<u>\$ 859,745</u>	<u>\$ 5,829,334</u>	<u>\$ 609,804</u>	<u>\$ 1,367</u>	<u>\$ 8,307,012</u>	<u>\$ 714,467</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>							
Capital contributions	\$ 28,925	\$ 55,407	\$ (889)	\$ 889	\$ 15,828	\$ 100,160	\$ -

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, 2017

### 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. Creation of the Tourism Development Authority is required by the State statute to use the funds remitted to promote travel and tourism and shall use the remainder for tourism related expenditures, SL 1991-158. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). 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. Interfund services provided and used are not eliminated in the process of consolidation. 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, 2017

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.** 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 one special revenue fund: the CDBG Program Income Fund.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**Capital Project Funds.** The City maintains 13 capital project funds: the New Police Station Capital Project Fund, the Public Safety Capital Reserve Fund, the Facade Program Fund, the Pedestrian Project, the Way Finding Fund, the IDX Impressions Building Reuse Grant Fund, the Washington Downtown Properties Fund, Downtown Revitalization, the Trillium Health Resources Grant Fund, the Hotel Project – New Age Properties Fund, Havens Garden Park Pier, Ribeye’s Building Reuse Grant, and the Financial and Utility Software Project 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, the EDA Water System Improvements, and the Springs Road Mobile Home Park Water System Capital funds have been consolidated with the Water Fund. The Sewer Capital Reserve Fund, the EDA Sewer System Improvements Capital Project Fund, the Wastewater Asset Inventory grant, and the CWSRF Sewer Grant 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, Airport Runway Capital Project Fund, and the Airport Rehabilitation Capital Project Fund have been consolidated with the Warren Field Airport Fund.

**Internal Service Funds.** The Internal Service funds are 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. The Vehicle Replacement Reserve Fund is used to finance and account for the City’s General Fund vehicle replacements. The Facility Maintenance Reserve Fund is used to finance and account for maintenance and rehabilitation of City facilities.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

**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

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the government are recognized as revenue. Sales taxes are considered a shared revenue for the City of Washington because the tax is levied by Beaufort County and then remitted to and distributed by the State. 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

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, the CWSRF Sewer Grant Fund, and the EDA Sewer System Improvements project legally adopt a project budget. The City's Workers' Compensation Reserve Fund, Vehicle Replacement Reserve Fund, and Facility Maintenance Reserve Fund, internal service funds, operate under a financial plan, which were 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.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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.

### **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 or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The City's and the TDA's investments are reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The NCCMT- Governmental Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

#### **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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Restricted Assets

Restricted assets presented in the accompanying financial statements represent the amounts of unexpended grant proceeds of the Water Fund and the Sewer Fund because their use is completely restricted to the purpose for which the grant proceeds were originally issued. 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 Restricted Cash

##### **Governmental Activities:**

General Fund - customer deposits	\$ 5,045
Total governmental activities	<u>\$ 5,045</u>

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

###### Enterprise Funds:

Water Fund - customer deposits	\$ 47,822
Electric Fund - customer deposits	546,011
Water Fund - unexpended grant proceeds	63,544
Sewer Fund - unexpended grant proceeds	<u>63,544</u>
Total business-type activities	<u>\$ 720,921</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, 2016.

### 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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

### 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 capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

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



# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension deferrals for the 2017 fiscal year and contributions made to the pension plan in the 2017 fiscal year. In addition to liabilities, the Statement of Financial 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 several items that meet the criterion for this category – property taxes receivable, EMS receivable, other accounts receivable, unexpended grant proceeds, and pension deferrals.

### **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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

### **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.

*Notes Receivable* – portion of fund balance that is not an available resource because it represents the amount the City expects to receive for CDBG loans made in previous years.

#### **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.

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

*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.

Restricted fund balance at June 30, 2017 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
Restricted, all other:		
General government	\$ 74,481	\$ -
Public safety	52,548	-
Economic and physical development	-	104,271
Cultural and recreational	44,046	-
Total	<u>\$ 171,075</u>	<u>\$ 104,271</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 General Government* – portion of fund balance that has been budgeted by the City Council for financial and utility software.

*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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Committed fund balance at June 30, 2017 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
Economic development	\$ 2,521	\$ 1,148
General government	-	46,584
Public safety	-	940,169
Total	<u>\$ 2,521</u>	<u>\$ 987,901</u>

### 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 fund balance at June 30, 2017 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
Economic and physical development	<u>\$ -</u>	<u>\$ 24,919</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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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	\$	8,401,662
Less:		
Inventories		71,783
Stabilization by State statute		<u>1,456,088</u>
Total available fund balance	\$	<u><u>6,873,791</u></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, 2017 are detailed as follows:

	<b>General Fund</b>	<b>Other Governmental Funds</b>
Encumbrances	\$ <u>123,385</u>	\$ <u>282,889</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)	\$	8,399,141
Transfers in		328,336
Transfers (out)		(328,336)
Fund balance, beginning		<u>2,521</u>
Fund balance, ending - General Fund (Exhibit D)	\$	<u><u>8,401,662</u></u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **E. Defined Benefit Pension Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Washington's employer contributions are recognized when due, and the City of Washington has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value

### **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 under collateralization. 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, 2017, the City's deposits had a carrying amount of \$23,313,292 and a bank balance of \$23,838,184. Of the bank balance, \$296,766 was covered by federal depository insurance, and \$23,541,418 was covered by collateral held under the Pooling Method. The City also had \$1,395 in petty cash on hand at June 30, 2017.

At June 30, 2017, the City of Washington had \$5,789,388 invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, the TDA's deposits had a carrying amount of \$257,550 and a bank balance of \$266,136, of which \$250,000 was covered by federal deposit insurance, and \$16,136 was covered by collateral held under the Pooling Method. The TDA also had \$50 in petty cash at June 30, 2017.

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

The receivables shown in the Statement of Net Position at June 30, 2017 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2017</u>
<b>Governmental Activities:</b>	
General Fund:	
Taxes receivable	\$ 154,670
Miscellaneous	107,369
Total governmental activities	<u>\$ 262,039</u>
<b>Business-Type Activities:</b>	
Enterprise Funds:	
Water Fund - accounts receivable	\$ 52,678
Sewer Fund - accounts receivable	69,839
Electric Fund - accounts receivable	665,174
Electric Fund - miscellaneous receivable	52,130
Stormwater Utility Fund - accounts receivable	12,502
Solid Waste Fund - accounts receivable	30,002
Total business-type activities	<u>\$ 882,325</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, 2017 is \$188,000.

The City issued two note receivables on December 1, 2014 totaling \$13,918 in the CDBG Program Income Fund of which the total monthly principal and interest payments in the amount of \$339.78 are due. Interest is calculated at 8%, and the payment term is 48 months. The amount outstanding at June 30, 2017 is \$3,385.

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, 2017 is \$81,088.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 5. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2017 was as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Governmental Funds:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 5,232,820	\$ -	\$ -	\$ -	\$ 5,232,820
Construction in progress	470,270	290,512	-	(394,785)	365,997
Total non-depreciable capital assets	<u>5,703,090</u>	<u>290,512</u>	<u>-</u>	<u>(394,785)</u>	<u>5,598,817</u>
<b>Depreciable Capital Assets:</b>					
Buildings	11,722,620	20,385	-	-	11,743,005
Streets and other improvements	11,333,047	185,799	(99,352)	282,512	11,702,006
General equipment	1,325,155	10,173	(56,766)	-	1,278,562
Office machines	1,408,412	22,243	(205,348)	-	1,225,307
Furniture	94,572	-	-	-	94,572
Vehicles	3,589,104	25,156	(259,287)	23,239	3,378,212
Total depreciable capital assets	<u>29,472,910</u>	<u>263,756</u>	<u>(620,753)</u>	<u>305,751</u>	<u>29,421,664</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	6,271,630	273,076	-	-	6,544,706
Streets	5,089,036	294,447	(99,352)	-	5,284,131
General equipment	1,153,947	48,701	(54,651)	-	1,147,997
Office machines	1,071,635	85,126	(205,348)	-	951,413
Furniture	94,570	-	-	-	94,570
Vehicles	2,460,353	201,019	(221,127)	3,868	2,444,113
	<u>16,141,171</u>	<u>\$ 902,369</u>	<u>\$ (580,478)</u>	<u>\$ 3,868</u>	<u>16,466,930</u>
Total depreciable capital assets, net	<u>13,331,739</u>				<u>12,954,734</u>
 Total capital assets, net	 <u>19,034,829</u>				 <u>18,553,551</u>
<b>Vehicle Replacement Internal Service Fund:</b>					
<b>Depreciable Capital Assets:</b>					
Vehicles	<u>1,276,949</u>	<u>\$ 167,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,444,183</u>
<b>Less Accumulated Depreciation:</b>					
Vehicles	<u>-</u>	<u>\$ 132,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>132,995</u>
Total depreciable capital assets, net	<u>1,276,949</u>				<u>1,311,188</u>
Total Internal Service Fund capital assets, net	<u>-</u>				<u>1,311,188</u>
 Total governmental activities capital assets, net	 <u>\$ 19,034,829</u>				 <u>\$ 19,864,739</u>



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

### Governmental Activities:

General government	\$ 346,982
Public safety	175,365
Transportation	255,269
Cultural and recreational	124,753
Total	<u>\$ 902,369</u>

Capital asset activity for the business-type activities for the year ended June 30, 2017 was as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Water Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 117,538	\$ -	\$ -	\$ -	\$ 117,538
Construction in progress	1,152,176	181,345	-	(1,243,654)	89,867
Total non-depreciable capital assets	<u>1,269,714</u>	<u>181,345</u>	<u>-</u>	<u>(1,243,654)</u>	<u>207,405</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	16,263,407	119,775	-	1,243,654	17,626,836
Buildings	7,165,906	-	-	-	7,165,906
Furniture and office equipment	804,442	-	-	-	804,442
General and mobile equipment	4,723,955	43,263	(19,940)	(59,718)	4,687,560
Total depreciable capital assets	<u>28,957,710</u>	<u>163,038</u>	<u>(19,940)</u>	<u>1,183,936</u>	<u>30,284,744</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	8,639,784	327,793	-	-	8,967,577
Buildings	3,747,946	196,620	-	-	3,944,566
Furniture and office equipment	756,109	4,758	-	-	760,867
General and mobile equipment	3,244,094	172,057	(18,189)	(31,777)	3,366,185
Total accumulated depreciation	<u>16,387,933</u>	<u>\$ 701,228</u>	<u>\$ (18,189)</u>	<u>\$ (31,777)</u>	<u>17,039,195</u>
Total depreciable capital assets, net	<u>12,569,777</u>				<u>13,245,549</u>
Water Fund capital assets, net	<u>\$ 13,839,491</u>				<u>\$ 13,452,954</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 25,481	\$ -	\$ -	\$ -	\$ 25,481
Construction in progress	<u>1,216,714</u>	<u>662,142</u>	<u>-</u>	<u>(1,157,526)</u>	<u>721,330</u>
Total non-depreciable capital assets	<u>1,242,195</u>	<u>662,142</u>	<u>-</u>	<u>(1,157,526)</u>	<u>746,811</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	36,832,169	184,876	-	1,157,526	38,174,571
Buildings	2,433,057	-	-	-	2,433,057
Furniture and office equipment	114,259	-	-	-	114,259
General and mobile equipment	<u>1,334,021</u>	<u>126,696</u>	<u>(26,176)</u>	<u>-</u>	<u>1,434,541</u>
Total depreciable capital assets	<u>40,713,506</u>	<u>311,572</u>	<u>(26,176)</u>	<u>1,157,526</u>	<u>42,156,428</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	19,644,267	582,785	-	-	20,227,052
Buildings	2,153,187	16,265	-	-	2,169,452
Furniture and office equipment	78,174	7,478	-	-	85,652
General and mobile equipment	<u>957,923</u>	<u>88,358</u>	<u>(26,176)</u>	<u>-</u>	<u>1,020,105</u>
Total accumulated depreciation	<u>22,833,551</u>	<u>\$ 694,886</u>	<u>\$ (26,176)</u>	<u>\$ -</u>	<u>23,502,261</u>
Total depreciable capital assets, net	<u>17,879,955</u>				<u>18,654,167</u>
Sewer Fund capital assets, net	<u>\$ 19,122,150</u>				<u>\$ 19,400,978</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 64,777	\$ -	\$ -	\$ -	\$ 64,777
Construction in progress	<u>1,328,187</u>	<u>382,961</u>	<u>-</u>	<u>(1,466,760)</u>	<u>244,388</u>
Total non-depreciable capital assets	<u>1,392,964</u>	<u>382,961</u>	<u>-</u>	<u>(1,466,760)</u>	<u>309,165</u>
<b>Depreciable Capital Assets:</b>					
Plant, substations, lines, and distribution system	55,965,014	1,671,761	-	1,466,760	59,103,535
Buildings	658,704	10,300	-	-	669,004
Furniture and office equipment	258,725	18,063	-	-	276,788
General and mobile equipment	<u>8,414,741</u>	<u>545,329</u>	<u>(186,590)</u>	<u>7,622</u>	<u>8,781,102</u>
Total depreciable capital assets	<u>65,297,184</u>	<u>2,245,453</u>	<u>(186,590)</u>	<u>1,474,382</u>	<u>68,830,429</u>
<b>Less Accumulated Depreciation:</b>					
Plant, substations, lines, and distribution system	32,769,493	813,410	-	-	33,582,903
Buildings	434,925	14,107	-	-	449,032
Furniture and office equipment	224,521	7,700	-	-	232,221
General and mobile equipment	<u>6,896,419</u>	<u>312,536</u>	<u>(174,557)</u>	<u>6,733</u>	<u>7,041,131</u>
Total accumulated depreciation	<u>40,325,358</u>	<u>\$ 1,147,753</u>	<u>\$ (174,557)</u>	<u>\$ 6,733</u>	<u>41,305,287</u>
Total depreciable capital assets, net	<u>24,971,826</u>				<u>27,525,142</u>
Electric Fund capital assets, net	<u>\$ 26,364,790</u>				<u>\$ 27,834,307</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Stormwater Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 175,338	\$ -	\$ -	\$ -	\$ 175,338
Construction in progress	4,735,133	108,512	-	(148,117)	4,695,528
Total non-depreciable capital assets	<u>4,910,471</u>	<u>108,512</u>	<u>-</u>	<u>(148,117)</u>	<u>4,870,866</u>
<b>Depreciable Capital Assets:</b>					
Drainage system	5,474,849	-	-	148,117	5,622,966
General and mobile equipment	275,205	16,172	-	(7,622)	283,755
Total depreciable capital assets	<u>5,750,054</u>	<u>16,172</u>	<u>-</u>	<u>140,495</u>	<u>5,906,721</u>
<b>Less Accumulated Depreciation:</b>					
Drainage system	2,238,138	123,296	-	-	2,361,434
General and mobile equipment	239,413	10,107	-	(6,733)	242,787
Total accumulated depreciation	<u>2,477,551</u>	<u>\$ 133,403</u>	<u>\$ -</u>	<u>\$ (6,733)</u>	<u>2,604,221</u>
Total depreciable capital assets, net	<u>3,272,503</u>				<u>3,302,500</u>
Stormwater Fund capital assets, net	<u>\$ 8,182,974</u>				<u>\$ 8,173,366</u>

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Airport Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,266,648	\$ -	\$ -	\$ -	\$ 1,266,648
Construction in progress	443,939	2,668	-	(439,350)	7,257
Total non-depreciable capital assets	<u>1,710,587</u>	<u>2,668</u>	<u>-</u>	<u>(439,350)</u>	<u>1,273,905</u>
<b>Depreciable Capital Assets:</b>					
Runways	4,767,347	-	-	439,350	5,206,697
Buildings	1,529,232	-	-	-	1,529,232
General and mobile equipment	684,874	-	-	5,738	690,612
Total depreciable capital assets	<u>6,981,453</u>	<u>-</u>	<u>-</u>	<u>445,088</u>	<u>7,426,541</u>
<b>Less Accumulated Depreciation:</b>					
Runways	3,624,256	61,442	-	-	3,685,698
Buildings	284,383	27,234	-	-	311,617
General and mobile equipment	427,667	15,124	-	2,391	445,182
Total accumulated depreciation	<u>4,336,306</u>	<u>\$ 103,800</u>	<u>\$ -</u>	<u>\$ 2,391</u>	<u>4,442,497</u>
Total depreciable capital assets, net	<u>2,645,147</u>				<u>2,984,044</u>
Water Fund capital assets, net	<u>\$ 4,355,734</u>				<u>\$ 4,257,949</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Solid Waste Fund:</b>					
<b>Depreciable Capital Assets:</b>					
General and mobile equipment	\$ 1,460,464	\$ -	\$ (259,688)	\$ 30,741	\$ 1,231,517
<b>Less Accumulated Depreciation:</b>					
General and mobile equipment	1,124,651	63,475	(259,688)	25,518	953,956
Total accumulated depreciation	1,124,651	\$ 63,475	\$ (259,688)	\$ 25,518	953,956
Total depreciable capital assets, net	335,813				277,561
Water Fund capital assets, net	\$ 335,813				\$ 277,561
<hr/>					
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Cemetery Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	\$ -	\$ 5,760	\$ -	\$ -	\$ 5,760
<b>Depreciable Capital Assets:</b>					
Buildings	53,696	-	-	-	53,696
General and mobile equipment	95,181	-	-	-	95,181
Total depreciable capital assets	148,877	-	-	-	148,877
<b>Less Accumulated Depreciation:</b>					
Buildings	1,292	1,193	-	-	2,485
General and mobile equipment	21,487	9,524	-	-	31,011
Total accumulated depreciation	22,779	\$ 10,717	\$ -	\$ -	33,496
Total depreciable capital assets, net	126,098				115,381
Water Fund capital assets, net	\$ 126,098				\$ 121,141

### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2017 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and vouchers	\$ 356,357	\$ 2,165,539	\$ 2,521,896
Accrued payroll and related liabilities	155,202	85,476	240,678
Accrued interest payable	49	10,944	10,993
Total accounts payable and accrued liabilities	\$ 511,608	\$ 2,261,959	\$ 2,773,567

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 7. Pension Plan Obligations

#### Local Government Employees' Retirement System

**Plan Description.** The City is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS 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, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Washington employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2017 was 8.00% of compensation for law enforcement officers and 7.25% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$784,712 for the year ended June 30, 2017.

*Refunds of Contributions* – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2017, the City reported a liability of \$3,672,064 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was 0.17302%, which was a decrease of 0.015% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$849,143. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 68,992	\$ 128,673
Changes of assumptions	251,505	-
Net difference between projected and actual earnings on pension plan investments	2,030,189	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	193,488
City contributions subsequent to the measurement date	784,712	-
Total	<u>\$ 3,135,398</u>	<u>\$ 322,161</u>

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

\$784,712 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2018	\$ 275,762
2019	276,180
2020	919,229
2021	557,354
2022	-
Thereafter	-
Total	<u>\$ 2,028,525</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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



## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term</b>
		<b>Expected Real Rate of Return</b>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	1% Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 8,715,521	\$ 3,672,064	\$ (540,606)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

### 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	32
Total	34

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statement 73.

### Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

**Deaths after Retirement (Healthy):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015 projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

**Deaths before Retirement:** RP-2014 Employee base rates projected to the valuation date using MP-2015 projected forward generationally from the valuation date using MP-2015.

**Deaths after Retirement (Beneficiary):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015 projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

**Deaths after Retirement (Disabled):** RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015 projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

*Contributions.* The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The City's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$44,942 as benefits came due for the reporting period.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the City reported a total pension liability of \$1,369,052. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$92,078.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of assumptions	\$ -	\$ 25,240
City benefit payments and plan administrative expense made subsequent to the measurement date	<u>22,890</u>	<u>-</u>
Total	<u><u>\$ 22,890</u></u>	<u><u>\$ 25,240</u></u>

\$22,890 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30</u></b>	<b><u>Amount</u></b>
2018	\$ 5,120
2019	5,120
2020	5,120
2021	5,120
2022	4,760
Thereafter	<u>-</u>
Total	<u><u>\$ 25,240</u></u>

\$22,471 paid as benefits came due and \$419 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 3.86%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86%) or 1-percentage-point higher (4.86%) than the current rate:

	1% Decrease <u>(2.86%)</u>	1% Rate <u>(3.86%)</u>	1% Increase <u>(4.86%)</u>
Total pension liability	<u>\$ 1,477,033</u>	<u>\$ 1,369,052</u>	<u>\$ 1,270,107</u>

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

	2017
Beginning balance	\$ 1,347,579
Service cost	49,469
Interest on the total pension liability	47,306
Changes of assumptions or other inputs	(30,360)
Benefit payments	<u>(44,942)</u>
Ending balance of the total pension liability	<u>\$ 1,369,052</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 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.

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

### **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

*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, 2017 were \$116,905, which consisted of \$79,490 from the City and \$37,415 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, 2017 were \$298,410, which consisted of \$117,120 from the City and \$181,290 from the employees. No amounts were forfeited.

#### **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. The City considers these contributions to be immaterial.

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 30 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, 25 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2017, the City made payments for post-employment health benefit premiums of \$206,395. 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, 2017

Membership of the Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	25	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>188</u>	<u>29</u>
Total	<u><u>213</u></u>	<u><u>29</u></u>

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

The current ARC rate is 3.42% of annual covered payroll. For the current year, the City contributed \$206,396, or 2.26% 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 1.12% and 1.12% of covered payroll, respectively. Employees paid premiums in the amount of \$153,919 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.

*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 30 years.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 312,983
Interest on net OPEB obligation	72,120
Adjustments to annual required contribution	<u>(68,897)</u>
Annual OPEB cost (expense)	316,206
Contributions made	<u>206,396</u>
Increase (decrease) in net OPEB obligation	109,810
Net OPEB obligation:	
Beginning of year - July 1	<u>1,802,996</u>
End of year - June 30	<u><u>\$ 1,912,806</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 361,872	56.2%	\$ 1,565,282
2016	361,872	34.3%	1,802,996
2017	316,206	65.3%	1,912,806

*Fund Status and Funding Progress.* As of June 30, 2016, 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 \$3,927,101. The covered payroll (annual payroll of active employees covered by the plan) was \$9,149,850, and the ratio of the UAAL to the covered payroll was 42.9%. 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, 2017

*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 June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% 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 a Pre-Medicare trend rate of 7.75% - 5.00%. Both rates included a 3.00% 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 closed basis. The remaining amortization period at June 30, 2016 was 30 years.

As of June 30, 2017, 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 Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 784,712
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	22,890
Differences between projected expected and actual experience	68,992
Changes of assumptions	251,505
Net difference between projected and actual earnings on pension plan investments	2,030,189
Total	<u>\$ 3,158,288</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

<u>Source</u>	<u>Amount</u>
Property taxes receivable (General Fund)	\$ 121,136
EMS receivable (General Fund)	220,759
Other receivables (General Fund)	26,373
Unavailable revenues - unexpended grant proceeds	127,088
Changes of assumptions	25,240
Differences between expected and actual experience	128,673
Changes in proportion and differences between City contributions and proportionate share of contributions	193,488
Total	<u>\$ 842,757</u>

### 9. Commitments

#### Construction

The City had outstanding commitments at June 30, 2017 of approximately \$330,089 for electric projects, \$1,046,070 for water and sewer improvements, and \$87,560 for storm water drainage 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

## CITY OF WASHINGTON, NORTH CAROLINA

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 carries commercial coverage for risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City's Workers' Compensation Reserve Internal Service Fund was established in 2010 to account for a limited risk, self-insurance program to provide workers' compensation benefits to City employees. Premiums are paid 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, with the exception of \$750,000 for police and fire. A total of \$63,325 in claims was incurred for benefits during fiscal year 2017.

#### Claims Liability

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Unpaid claims, beginning of year	\$ 119,664	\$ 255,092
Incurred claims (including claims incurred, but not reported, as of fiscal year-end)	63,324	8,549
Payments and reduction in claims estimates	<u>(68,180)</u>	<u>(143,977)</u>
Unpaid claims, end of year	<u>\$ 114,808</u>	<u>\$ 119,664</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 \$50,000. The remaining employees who have access to funds are bonded under a blanket bond for \$100,000.

At June 30, 2017, 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.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 11. Long-Term Obligations

#### Revolving Loans 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 ended 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, 2017 was \$1,054,442.

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 \$36,697 annually for 15 years. The total amount outstanding at June 30, 2017 was \$366,978.

On June 30, 2017, the City was approved for a maximum loan amount of \$1,696,402 from United States Environmental Protection Agency, passed through the North Carolina Department of Environmental Quality under the Sewer Revolving Loan. The loan proceeds are being used for a Sanitary Sewer project. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 20 years beginning May 2018. The loan repayment calls for equal principal payments of \$59,820 annually for 20 years. As of June 30, 2017, the City of Washington has drawn down \$208,759.

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 178,941	\$ 25,518	\$ 204,459
2019	178,941	22,328	201,269
2020	178,941	19,138	198,079
2021	178,941	15,948	194,889
2022	178,941	12,759	191,700
2023-2027	631,094	19,138	650,232
2028-2032	52,190	-	52,190
2033-2037	52,190	-	52,190
Total	<u>\$ 1,630,179</u>	<u>\$ 114,829</u>	<u>\$ 1,745,008</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Installment Notes Payable

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

<b>Purpose and Collateral</b>	<b>Issue Date</b>	<b>Issue Amount</b>	<b>Terms of Issuance</b>	<b>Interest Rates</b>	<b>Balance June 30, 2017</b>
<b>Governmental Activities:</b>					
Refinance fire station	3/15/2013	\$ 2,075,000	Annual installment of \$166,970 due through March 2028	2.58%	\$ 1,566,055
Equipment	4/15/2013	240,000	Annual installments of \$50,501 due through February 2018	1.36%	<u>33,452</u>
Total governmental activities					<u>\$ 1,599,507</u>
<b>Business-Type Activities:</b>					
<b>Electric:</b>					
Equipment	4/15/2013	430,805	Annual installments of \$90,622 due through February 2018	1.36%	<u>\$ 60,160</u>
					<u>60,160</u>
<b>Nonmajor Enterprise:</b>					
Equipment - Cemetery	4/15/2013	\$ 35,000	Annual installments of \$7,365 due through February 2018	1.36%	<u>4,877</u>
Total business-type activities					<u>\$ 65,037</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

### Governmental Activities:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 161,525	\$ 39,068	\$ 200,593
2019	131,416	35,553	166,969
2020	134,848	32,122	166,970
2021	138,368	28,602	166,970
2022	141,981	24,989	166,970
2023-2027	767,477	67,372	834,849
2028	123,892	1,336	125,228
Total	<u>\$ 1,599,507</u>	<u>\$ 229,042</u>	<u>\$ 1,828,549</u>

### Enterprise Funds:

Year Ending June 30	Electric		
	Principal	Interest	Total
2018	<u>\$ 60,160</u>	<u>\$ 307</u>	<u>\$ 60,467</u>

Year Ending June 30	Cemetery		
	Principal	Interest	Total
2018	<u>\$ 4,877</u>	<u>\$ 25</u>	<u>\$ 4,902</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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. Recovery Zone Economic Development Bonds payable and future maturities at June 30, 2017 are comprised of the following:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,667	\$ 1,078	\$ 3,745
2019	2,667	947	3,614
2020	2,667	817	3,484
2021	2,667	686	3,353
2022	2,667	555	3,222
2023-2026	9,333	915	10,248
Total	<u>\$ 22,668</u>	<u>\$ 4,998</u>	<u>\$ 27,666</u>

<b>Year Ending June 30</b>	<b>Stormwater Fund</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 333,333	\$ 134,750	\$ 468,083
2019	333,333	118,417	451,750
2020	333,333	102,083	435,416
2021	333,333	85,750	419,083
2022	333,333	69,417	402,750
2023-2026	1,166,667	114,333	1,281,000
Total	<u>\$ 2,833,332</u>	<u>\$ 624,750</u>	<u>\$ 3,458,082</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Liabilities</u>
<b>Governmental Activities:</b>					
Installment notes payable	\$ 1,774,000	\$ -	\$ (174,493)	\$ 1,599,507	\$ 161,525
Recovery Zone Economic					
Development Bonds	25,335	-	(2,667)	22,668	2,667
Compensated absences	738,363	487,597	(526,292)	699,668	476,688
OPEB accrued liability	1,133,724	148,485	(74,007)	1,208,202	-
Net pension liability (LGERS)	523,170	1,753,510	-	2,276,680	-
Total pension liability (LEOSSA)	737,427	631,625	-	1,369,052	-
Total governmental activities	<u>\$ 4,932,019</u>	<u>\$ 3,021,217</u>	<u>\$ (777,459)</u>	<u>\$ 7,175,777</u>	<u>\$ 640,880</u>
<b>Business-Type Activities:</b>					
Installment notes payable	\$ 161,428	\$ -	\$ (96,391)	\$ 65,037	\$ 65,037
Revolving loan payable	1,589,923	208,759	(168,503)	1,630,179	178,941
Recovery Zone Economic					
Development Bonds	3,166,665	-	(333,333)	2,833,332	333,333
Compensated absences	345,946	307,067	(301,436)	351,577	351,577
OPEB accrued liability	669,272	86,528	(51,196)	704,604	-
Net pension liability (LGERS)	320,652	1,074,732	-	1,395,384	-
Total business-type activities	<u>\$ 6,253,886</u>	<u>\$ 1,677,086</u>	<u>\$ (950,859)</u>	<u>\$ 6,980,113</u>	<u>\$ 928,888</u>

### Business-Type Activities

Major Enterprise Funds:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Water Fund:</b>					
Compensated absences	\$ 78,106	\$ 58,149	\$ (55,015)	\$ 81,240	\$ 81,240
OPEB accrued liability	114,043	16,024	(14,802)	115,265	-
Net pension liability (LGERS)	59,067	197,978	-	257,045	-
Total Water Fund activities	<u>\$ 251,216</u>	<u>\$ 272,151</u>	<u>\$ (69,817)</u>	<u>\$ 453,550</u>	<u>\$ 81,240</u>



# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Sewer Fund:</b>					
Revolving loan payable	\$ 1,589,923	\$ 208,759	\$ (168,503)	\$ 1,630,179	\$ 178,941
Compensated absences	68,888	47,192	(45,045)	71,035	71,035
OPEB accrued liability	129,745	17,092	(4,934)	141,903	-
Net pension liability (LGERS)	59,067	197,978	-	257,045	-
Total Sewer Fund activities	<u>\$ 1,847,623</u>	<u>\$ 471,021</u>	<u>\$ (218,482)</u>	<u>\$ 2,100,162</u>	<u>\$ 249,976</u>

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Electric Fund:</b>					
Installment notes payable	\$ 149,306	\$ -	\$ (89,146)	\$ 60,160	\$ 60,160
Compensated absences	142,799	167,765	(171,339)	139,225	139,225
OPEB accrued liability	283,241	37,388	(21,592)	299,037	-
Net pension liability (LGERS)	135,011	452,519	-	587,530	-
Total Electric Fund activities	<u>\$ 710,357</u>	<u>\$ 657,672</u>	<u>\$ (282,077)</u>	<u>\$ 1,085,952</u>	<u>\$ 199,385</u>

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Stormwater Fund:</b>					
Recovery Zone Economic					
Development Bonds payable	<u>\$ 3,166,665</u>	<u>\$ -</u>	<u>\$ (333,333)</u>	<u>\$ 2,833,332</u>	<u>\$ 333,333</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Nonmajor Enterprise Funds:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Airport Fund:</b>					
Compensated absences	\$ 1,850	\$ 1,831	\$ (800)	\$ 2,881	\$ 2,881
OPEB accrued liability	-	1,068	-	1,068	-
Total Airport Fund	<u>\$ 1,850</u>	<u>\$ 2,899</u>	<u>\$ (800)</u>	<u>\$ 3,949</u>	<u>\$ 2,881</u>

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Solid Waste Fund:</b>					
Compensated absences	\$ 41,367	\$ 26,371	\$ (25,163)	\$ 42,575	\$ 42,575
OPEB accrued liability	93,681	10,683	(9,868)	94,496	-
Net pension liability (LGERS)	<u>50,630</u>	<u>169,694</u>	<u>-</u>	<u>220,324</u>	<u>-</u>
Total Solid Waste Fund	<u>\$ 185,678</u>	<u>\$ 206,748</u>	<u>\$ (35,031)</u>	<u>\$ 357,395</u>	<u>\$ 42,575</u>

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
<b>Cemetery Fund:</b>					
Installment notes payable	\$ 12,122	\$ -	\$ (7,245)	\$ 4,877	\$ 4,877
Compensated absences	12,936	5,758	(4,073)	14,621	14,621
OPEB accrued liability	48,562	4,273	-	52,835	-
Net pension liability (LGERS)	<u>16,877</u>	<u>56,563</u>	<u>-</u>	<u>73,440</u>	<u>-</u>
Total Cemetery Fund	<u>\$ 90,497</u>	<u>\$ 66,594</u>	<u>\$ (11,318)</u>	<u>\$ 145,773</u>	<u>\$ 19,498</u>

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

At June 30, 2017, the City has a legal debt margin of approximately \$62,989,585.

# CITY OF WASHINGTON, NORTH CAROLINA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2017 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 19,864,739	\$ 73,518,256
Less: capital debt		
Gross debt	<u>1,622,175</u>	<u>4,528,548</u>
Net investment in capital assets	<u>\$ 18,242,564</u>	<u>\$ 68,989,708</u>

### 12. Interfund Balances and Activity

#### Due To/From Other Funds:

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Purpose</u>
	<u>Water Fund</u>	
Sewer Fund	<u>\$ 631,841</u>	Advances of grant expenditures

#### Transfers To/From Other Funds:

The composition of interfund transfers for the year ending June 30, 2017 is as follows:

	<u>Transfers Out</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>
<b>Transfers In:</b>						
Major General Fund	\$ -	\$ 167,857	\$ 1,118,859	\$ 131,063	\$ 99,632	\$ 1,517,411
Nonmajor governmental funds	396,289	-	65,000	17,500	17,500	496,289
Nonmajor enterprise funds	118,656	-	72,813	-	-	191,469
Major water	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,540</u>	<u>111,540</u>
Total	<u>\$ 514,945</u>	<u>\$ 167,857</u>	<u>\$ 1,256,672</u>	<u>\$ 148,563</u>	<u>\$ 228,672</u>	<u>\$ 2,316,709</u>

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Transfers to and from the General Fund to the Public Safety Capital Reserve Fund were for support for debt payments. Other transfers to and from the General Fund to the nonmajor governmental funds were transfers to close out 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 and fire engine purchase. 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.

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

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

The City, in conjunction with five counties and 28 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 \$3,142 to the Commission during the fiscal year ended June 30, 2017.

#### **North Carolina Eastern Municipal Power Agency**

The City, in conjunction with 32 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 32 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, 2017 was \$22,230,242.

On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA's new revenue bonds.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **14. Related Party Transactions**

During fiscal year ended June 30, 2017, the City of Washington contributed \$35,000 to the Tourism Development Authority to assist in the operation of the Civic Center, per the Lease and Management agreement between the City and the Authority. The City also remitted \$269,652 during fiscal year ended June 30, 2017, which is the collection fee of three percent of gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the City.

### **15. Joint Ventures**

The City and the members of the City's fire department each appoint two members to the five-member local Board of Trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums 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, 2017, the City reported revenues and expenditures for the payments of \$6,983 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, 2017. 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.

### **16. Related Organization**

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

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

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.

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **18. Change In Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ended June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for governmental activities decreased \$564,787.

## **Required Supplemental Financial Data**

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

- Schedule of Changes in Total Pension Liability (LEO)
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)
- Schedule of Funding Progress for Other Post-Employment Benefits (OPEB)
- Schedule of Employer Contributions for the Other Post-Employment Benefits (OPEB)
- Notes to the Required Schedules for the Other Post-Employment Benefits (OPEB)
- Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System (LERS)
- Contributions for the Local Governmental Employees' Retirement System (LERS)

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**CITY OF WASHINGTON, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**Law Enforcement Officers' Special Separation Allowance**

---

	<u><b>2017</b></u>
Beginning balance	\$ 1,347,579
Service cost	49,469
Interest on the total pension liability	47,306
Changes of assumptions or other inputs	(30,360)
Benefit payments	<u>(44,942)</u>
Ending balance of the total pension liability	<u>\$ 1,369,052</u>

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

## CITY OF WASHINGTON, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Law Enforcement Officers' Special Separation Allowance**

---

	<u>2017</u>
Total pension liability	\$ 1,369,052
Covered payroll	1,692,125
Total pension liability as a percentage of covered payroll	80.91%

**Notes to the Schedules:**

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

## CITY OF WASHINGTON, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

## 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%
12/31/2014	-	4,653,806	4,653,806	0.00%	9,629,860	48.33%
06/30/2016	-	3,927,101	3,927,101	0.00%	9,149,850	42.90%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2012	\$ 338,037	24.63%
2013	319,046	36.80%
2014	319,046	36.80%
2015	359,357	34.55%
2016	359,357	34.55%
2017	312,983	65.94%

**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	06/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4%
Pre-medicare trend rate	7.75% - 5.00%
Year of ultimate trend rate	2022

\* Includes inflation at 3.00%

**CITY OF WASHINGTON, NORTH CAROLINA****PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS \***

<b>Local Governmental Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's proportion of the net pension liability (asset) (%)	0.17302%	0.18802%	0.19138%	0.19320%
City's proportion of the net pension liability (asset) (\$)	\$ (3,672,064)	\$ (523,170)	\$ (1,128,655)	\$ 2,328,802
City's covered-employee payroll	\$ 8,943,238	\$ 10,055,380	\$ 9,991,016	\$ 9,352,659
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 41.06%)	( 5.20%)	( 11.30%)	24.90%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.  
Pension schedules in the required supplementary information are intended to show information for ten years  
and that additional years' information will be displayed as it becomes available.

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

## CITY OF WASHINGTON, NORTH CAROLINA

CITY OF WASHINGTON'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS**Local Governmental Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 784,712	\$ 596,514	\$ 713,653	\$ 708,333
Contributions in relation to the contractually required contribution	<u>784,712</u>	<u>596,514</u>	<u>713,653</u>	<u>708,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Washington's covered-employee payroll	\$ 10,586,622	\$ 8,943,238	\$ 10,055,380	\$ 9,991,016
Contributions as a percentage of covered-employee payroll	7.41%	6.67%	7.10%	7.09%

\* Pension schedules in the required supplementary information are intended to show information for ten years and that additional years' information will be displayed as it becomes available.

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## **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, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 7,359,414	\$ 6,265,591
Taxes receivable, net	121,136	178,502
Accounts receivable, net	1,579,835	1,518,157
Due from other funds	-	16,934
Inventories	71,783	77,837
Prepaid items	-	98,748
Restricted cash and investments	5,045	2,210
Total assets	<u>\$ 9,137,213</u>	<u>\$ 8,157,979</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 362,238	\$ 453,053
Liabilities payable from restricted assets:		
Customer deposits	5,045	2,210
Total liabilities	<u>367,283</u>	<u>455,263</u>
<b>Deferred Inflows of Resources:</b>		
Taxes receivable	121,136	178,502
EMS receivable	220,759	212,763
Other accounts receivable	26,373	41,579
Total deferred inflows of resources	<u>368,268</u>	<u>432,844</u>
<b>Fund Balances:</b>		
Non-spendable, not in spendable form:		
Inventories	71,783	77,837
Prepaid items	-	98,748
Restricted:		
Stabilization by State statute	1,456,088	1,413,315
Restricted, all other	171,075	197,626
Committed	2,521	2,521
Assigned	-	148,100
Unassigned	6,700,195	5,331,725
Total fund balances	<u>8,401,662</u>	<u>7,269,872</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,137,213</u>	<u>\$ 8,157,979</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**GENERAL FUND CONSOLIDATED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund</b>	<b>Economic Development Capital Reserve Fund</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,526,986	\$ -	\$ -	\$ 4,526,986
Other taxes and licenses	2,850,545	-	-	2,850,545
Unrestricted intergovernmental	2,043,145	-	-	2,043,145
Restricted intergovernmental	721,910	-	-	721,910
Permits and fees	122,492	-	-	122,492
Sales and services	1,107,998	-	-	1,107,998
Investment earnings	41,418	-	-	41,418
Miscellaneous	197,392	-	-	197,392
Total revenues	<u>11,611,886</u>	<u>-</u>	<u>-</u>	<u>11,611,886</u>
<b>Expenditures:</b>				
General government	1,836,094	-	-	1,836,094
Public safety	6,027,734	-	-	6,027,734
Transportation	959,602	-	-	959,602
Environmental protection	371,084	-	-	371,084
Cultural and recreation	2,066,701	-	-	2,066,701
Debt service:				
Principal retirement	177,160	-	-	177,160
Interest and fees	44,187	-	-	44,187
Total expenditures	<u>11,482,562</u>	<u>-</u>	<u>-</u>	<u>11,482,562</u>
Revenues over (under) expenditures	<u>129,324</u>	<u>-</u>	<u>-</u>	<u>129,324</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	1,517,411	328,336	(328,336)	1,517,411
Transfers to other funds	(514,945)	(328,336)	328,336	(514,945)
Total other financing sources (uses)	<u>1,002,466</u>	<u>-</u>	<u>-</u>	<u>1,002,466</u>
Net change in fund balances	1,131,790	-	-	1,131,790
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>7,267,351</u>	<u>2,521</u>	<u>-</u>	<u>7,269,872</u>
End of year - June 30	<u>\$ 8,399,141</u>	<u>\$ 2,521</u>	<u>\$ -</u>	<u>\$ 8,401,662</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCE - BUDGET AND ACTUAL

#### FOR THE YEAR ENDED JUNE 30, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 4,328,958	\$ 4,492,113	\$ 163,155	\$ 4,301,975
Police station tax	171,854	-	(171,854)	-
Penalties and interest	40,000	34,873	(5,127)	38,470
Total	<u>4,540,812</u>	<u>4,526,986</u>	<u>(13,826)</u>	<u>4,340,445</u>
<b>Other Taxes and Licenses:</b>				
Local option sales tax	2,316,626	2,475,562	158,936	2,330,383
Local occupancy tax	250,000	277,992	27,992	259,553
Automotive licenses	45,000	46,293	1,293	47,080
Rental vehicle tax	17,000	21,402	4,402	19,929
Privilege licenses	400	1,311	911	1,504
PEG channel tax	28,000	27,985	(15)	27,972
Total	<u>2,657,026</u>	<u>2,850,545</u>	<u>193,519</u>	<u>2,686,421</u>
<b>Unrestricted Intergovernmental:</b>				
Payment in lieu of taxes	670,500	670,500	-	665,067
Franchise tax	1,300,000	1,261,970	(38,030)	1,284,505
Beer and wine tax	45,000	43,628	(1,372)	42,419
Court costs and fines	3,000	3,491	491	3,951
ABC Board distributions	18,000	22,468	4,468	28,396
Public housing payment	34,829	41,088	6,259	34,829
Total	<u>2,071,329</u>	<u>2,043,145</u>	<u>(28,184)</u>	<u>2,059,167</u>
<b>Restricted Intergovernmental:</b>				
Local forfeiture	1,000	1,372	372	2,374
Powell Bill	180,736	176,392	(4,344)	180,736
Beaufort County - library	7,800	7,800	-	7,800
Beaufort County - recreation	15,732	20,054	4,322	15,732
Controlled substance tax	4,000	6,492	2,492	3,438
Beaufort County - rescue squad	154,172	154,172	-	151,149
Washington Park - firefighting	39,127	39,127	-	38,360
State reimbursement for Medicaid EMS	195,000	172,142	(22,858)	159,607
State aid to public libraries	7,000	9,475	2,475	10,077
Mid-East Commission - recreation	32,209	36,013	3,804	38,654
Governor's Crime Commission grant	23,829	20,842	(2,987)	-
Hurricane Irene FEMA grant	226,557	37,028	(189,529)	-
Other grants	2,482	41,001	38,519	47,311
Total	<u>889,644</u>	<u>721,910</u>	<u>(167,734)</u>	<u>655,238</u>

**CITY OF WASHINGTON, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>			<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Permits and Fees:</b>				
Fire permit and inspection fees	2,000	4,110	2,110	2,960
Building permits	60,000	118,382	58,382	92,692
Total	62,000	122,492	60,492	95,652
<b>Sales and Services:</b>				
Rents	77,674	42,855	(34,819)	43,761
Fire contracts	1,400	1,480	80	1,479
Public works fees	500	5,231	4,731	1,425
Administrative charges -gas	11,000	19,752	8,752	12,144
Garbage collection and penalties	-	(10)	(10)	-
Recreation fees and assessments	138,460	141,941	3,481	109,779
Sale of materials and property	5,000	14,807	9,807	26,400
Municipal citations	2,000	1,445	(555)	2,920
Grass mowing and lot cleaning	4,000	3,246	(754)	9,285
Rescue squad	628,451	712,531	84,080	713,875
Library fees and fines	21,000	18,565	(2,435)	21,471
Development filing fees	1,000	1,325	325	1,415
Aquatic Center	74,400	107,308	32,908	98,313
Contracted police services	20,000	30,308	10,308	34,526
Paving assessments	2,573	7,192	4,619	4,403
Other	20	22	2	35
Total	987,478	1,107,998	120,520	1,081,231
<b>Investment Earnings:</b>				
Interest	33,507	41,418	7,911	36,861
<b>Miscellaneous:</b>				
Contributions	41,261	66,788	25,527	35,690
Other	23,550	130,604	107,054	108,592
Total	64,811	197,392	132,581	144,282
<b>Total revenues</b>	<b>11,306,607</b>	<b>11,611,886</b>	<b>305,279</b>	<b>11,099,297</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>City Council:</b>				
Salaries and employee benefits	33,689	32,549	1,140	31,220
Professional services	8,775	7,165	1,610	8,789
Other operating expenditures	15,455	8,684	6,771	6,961
Election expenses	-	-	-	5,451
Total	57,919	48,398	9,521	52,421

# 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, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Mayor's Office:</b>				
Salaries and employee benefits	11,791	11,393	398	11,859
Other operating expenditures	1,860	1,035	825	1,517
Election expenses	-	-	-	970
Total	13,651	12,428	1,223	14,346
<b>City Manager:</b>				
Salaries and employee benefits	297,990	296,959	1,031	259,519
Professional services	500	-	500	233
Other operating expenditures	16,380	12,596	3,784	13,880
Total	314,870	309,555	5,315	273,632
<b>Human Resources:</b>				
Salaries and employee benefits	257,508	254,312	3,196	255,110
Professional services	5,655	5,403	252	4,766
Other operating expenditures	68,181	62,116	6,065	51,117
Maintenance and repairs	3,410	3,013	397	602
Contracted services	60,500	59,913	587	25,000
Total	395,254	384,757	10,497	336,595
<b>Tourism Director:</b>				
Salaries and employee benefits	114,546	110,418	4,128	107,878
Professional services	200	196	4	193
Other operating expenditures	2,000	1,396	604	2,649
Total	116,746	112,010	4,736	110,720
<b>Finance Director:</b>				
Salaries and employee benefits	421,491	419,654	1,837	431,240
Professional services	81,000	75,503	5,497	87,164
Other operating expenditures	15,685	13,061	2,624	13,412
Total	518,176	508,218	9,958	531,816
<b>Purchasing and Supply:</b>				
Salaries and employee benefits	121,251	118,336	2,915	119,138
Professional services	90	90	-	70
Other operating expenditures	23,783	22,526	1,257	14,336
Maintenance and repairs	2,494	2,438	56	25,855
Capital outlay	-	-	-	51,482
Total	147,618	143,390	4,228	210,881

# CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCE - BUDGET AND ACTUAL

#### FOR THE YEAR ENDED JUNE 30, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Customer Service:</b>				
Salaries and employee benefits	327,166	324,531	2,635	335,758
Professional services	17,160	17,159	1	5,048
Other operating expenditures	316,867	308,170	8,697	274,051
Total	661,193	649,860	11,333	614,857
<b>Billing Department:</b>				
Salaries and employee benefits	84,637	83,888	749	81,034
Other operating expenditures	86,280	81,704	4,576	83,382
Total	170,917	165,592	5,325	164,416
<b>Information Services:</b>				
Salaries and employee benefits	78,086	77,817	269	75,255
Contract services	160,089	157,685	2,404	136,944
Other operating expenditures	80,016	74,106	5,910	35,695
Maintenance and repairs	6,884	6,460	424	10,124
Capital outlay	25,000	24,670	330	42,625
Total	350,075	340,738	9,337	300,643
<b>Municipal Building:</b>				
Salaries and employee benefits	82,439	80,456	1,983	53,336
Contracted services	6,610	6,306	304	6,741
Other operating expenditures	67,311	66,105	1,206	58,098
Maintenance and repairs	110,606	102,429	8,177	42,394
Professional services	35	34	1	-
Total	267,001	255,330	11,671	160,569
<b>Legal Services:</b>				
Professional services	142,000	135,699	6,301	221,623
<b>Non-Departmental:</b>				
Other operating expenditures	568,115	473,786	94,329	629,537
Maintenance and repairs	1,000	794	206	794
Capital outlay	-	-	-	131,786
Hurricane Irene FEMA expenses	226,557	39,268	187,289	-
Contingency	63,396	-	63,396	-
Total	859,068	513,848	345,220	762,117
<b>Economic Development:</b>				
Operating expenditures	217,862	159,072	58,790	102,550
Professional services	5,000	-	5,000	19,000
Total	222,862	159,072	63,790	121,550

**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>			<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Planning/Zoning:</b>				
Salaries and employee benefits	296,820	294,866	1,954	278,403
Professional services	32,000	31,774	226	13,847
Contract services	600	-	600	-
Other operating expenditures	18,540	17,961	579	14,919
Capital outlay	1,700	-	1,700	27,900
Total	349,660	344,601	5,059	335,069
<b>Code Enforcement/Inspections:</b>				
Salaries and employee benefits	225,298	218,089	7,209	221,186
Contract services	18,260	17,386	874	15,538
Other operating expenditures	43,440	23,753	19,687	50,026
Maintenance and repairs	2,900	2,177	723	2,531
Total	289,898	261,405	28,493	289,281
<b>Reimbursement:</b>				
Enterprise funds	(2,391,394)	(2,391,394)	-	(2,260,292)
Tourism Authority	(119,941)	(117,413)	(2,528)	(110,721)
Total	(2,511,335)	(2,508,807)	(2,528)	(2,371,013)
<b>Total general government</b>	<b>2,365,573</b>	<b>1,836,094</b>	<b>529,479</b>	<b>2,129,523</b>
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and employee benefits	2,409,216	2,339,634	69,582	2,294,319
Professional services	5,700	4,297	1,403	8,556
Other operating expenditures	385,750	343,553	42,197	339,108
Maintenance and repairs	162,100	104,937	57,163	96,049
Contracted services	34,000	28,387	5,613	24,381
Capital outlay	43,829	20,842	22,987	49
Total	3,040,595	2,841,650	198,945	2,762,462
<b>E-911 Communication:</b>				
Salaries and employee benefits	271,896	262,805	9,091	256,328
Other operating expenditures	37,400	21,279	16,121	21,692
Maintenance and repairs	9,360	5,649	3,711	7,697
Total	318,656	289,733	28,923	285,717

**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>			<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Fire:</b>				
Salaries and employee benefits	479,509	477,447	2,062	472,608
Professional services	7,533	7,368	165	6,450
Contracted services	2,100	2,100	-	1,980
Other operating expenditures	512,903	498,781	14,122	145,586
Maintenance and repairs	71,624	69,453	2,171	68,793
Capital outlay	19,000	18,709	291	-
Contribution to Fireman's Association	2,405	804	1,601	3,979
Total	<u>1,095,074</u>	<u>1,074,662</u>	<u>20,412</u>	<u>699,396</u>
<b>Rescue:</b>				
Salaries and employee benefits	1,575,255	1,575,032	223	1,547,149
Professional services	54,951	54,850	101	51,351
Other operating expenditures	171,144	168,997	2,147	246,357
Maintenance and repairs	21,460	21,190	270	23,611
Capital outlay	13,100	1,620	11,480	28,304
Total	<u>1,835,910</u>	<u>1,821,689</u>	<u>14,221</u>	<u>1,896,772</u>
<b>Total public safety</b>	<u>6,290,235</u>	<u>6,027,734</u>	<u>262,501</u>	<u>5,644,347</u>
<b>Transportation:</b>				
<b>Street Maintenance:</b>				
Salaries and employee benefits	333,788	314,756	19,032	310,857
Professional services	92,781	87,415	5,366	74,241
Other operating expenditures	78,620	75,841	2,779	87,382
Maintenance and repairs	53,600	49,473	4,127	38,323
Capital outlay	-	-	-	9,703
Total	<u>558,789</u>	<u>527,485</u>	<u>31,304</u>	<u>520,506</u>
<b>Street Construction - Powell Bill:</b>				
Salaries and employee benefits	108,300	101,356	6,944	107,378
Professional services	1,000	937	63	128
Other operating expenditures	114,455	95,297	19,158	40,677
Maintenance and repairs	23,842	19,851	3,991	10,557
Contracted services	126,384	126,384	-	8,119
Total	<u>373,981</u>	<u>343,825</u>	<u>30,156</u>	<u>166,859</u>
<b>Street Lighting:</b>				
Street lighting services	-	-	-	136,426



# 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, 2017

### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Equipment Services:</b>				
Salaries and employee benefits	83,307	37,962	45,345	85,583
Professional services	150	136	14	132
Other operating expenditures	41,920	35,802	6,118	61,977
Maintenance and repairs	5,400	2,422	2,978	4,742
Capital outlay	12,000	11,970	30	-
Total	142,777	88,292	54,485	152,434
<b>Total transportation</b>	<b>1,075,547</b>	<b>959,602</b>	<b>115,945</b>	<b>976,225</b>
<b>Environmental Protection:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	78,575	78,221	354	76,276
Professional services	-	-	-	108
Other operating expenditures	2,334	1,499	835	2,049
Total	80,909	79,720	1,189	78,433
<b>Drainage Improvements:</b>				
Salaries and employee benefits	291,323	291,310	13	295,727
Other operating expenditures	54	54	-	207
Total	291,377	291,364	13	295,934
<b>Total environmental protection</b>	<b>372,286</b>	<b>371,084</b>	<b>1,202</b>	<b>374,367</b>
<b>Cultural and Recreational:</b>				
<b>Recreation Centers:</b>				
Salaries and employee benefits	103,493	102,775	718	103,573
Professional services	725	705	20	480
Other operating expenditures	27,960	26,805	1,155	24,218
Maintenance and repairs	43,530	41,682	1,848	40,970
Programs	29,980	27,686	2,294	24,104
Capital outlay	-	-	-	64,464
Total	205,688	199,653	6,035	257,809
<b>Senior Citizens Programs:</b>				
Salaries and employee benefits	122,446	112,266	10,180	149,601
Professional services	2,300	780	1,520	144
Other operating expenditures	27,440	24,039	3,401	20,549
Programs	16,349	15,607	742	15,519
Maintenance and repairs	24,990	20,506	4,484	21,198
Capital outlay	-	-	-	5,894
Total	193,525	173,198	20,327	212,905

# 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, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Recreation Administration:</b>				
Salaries and employee benefits	79,245	78,735	510	76,248
Professional services	1,050	951	99	408
Other operating expenditures	48,450	42,235	6,215	45,737
Maintenance and repairs	11,400	10,149	1,251	15,806
Total	140,145	132,070	8,075	138,199
<b>Library:</b>				
Salaries and employee benefits	272,091	267,597	4,494	272,697
Contract services	33,364	28,778	4,586	32,665
Professional services	500	302	198	400
Other operating expenditures	108,090	106,607	1,483	100,492
Maintenance and repairs	16,218	16,210	8	4,868
Total	430,263	419,494	10,769	411,122
<b>Parks and Grounds Maintenance:</b>				
Salaries and employee benefits	267,654	263,906	3,748	265,850
Professional services	806	741	65	6,652
Contracted services	15,560	14,060	1,500	12,500
Other operating expenditures	106,571	102,214	4,357	93,536
Maintenance and repairs	106,626	101,746	4,880	119,676
Capital outlay	196,478	101,797	94,681	97,628
Total	693,695	584,464	109,231	595,842
<b>Waterfront Docks:</b>				
Salaries and employee benefits	58,184	54,982	3,202	55,239
Professional services	400	176	224	208
Other operating expenditures	38,950	17,647	21,303	32,357
Maintenance and repairs	14,970	11,423	3,547	3,957
Capital outlay	50,000	45,844	4,156	-
Total	162,504	130,072	32,432	91,761
<b>Contributions to Outside Agencies:</b>				
Zion Shelter	7,650	7,650	-	7,650
BHM Library	7,800	7,800	-	7,800
Boys and Girls Club	12,960	12,960	-	14,400
The Blind Center	1,012	1,012	-	1,125
Purpose of God	16,200	16,200	-	18,000

# 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, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Right Flight	2,835	2,835	-	3,150
Eagle Wings	810	810	-	900
Special Olympics	3,024	-	3,024	-
Pamlico Pals	4,788	-	4,788	-
Sound River	24,024	-	24,024	-
Corner Stone	8,100	8,100	-	9,000
Total	89,203	57,367	31,836	62,025
<b>Civic Center:</b>				
Salaries and employee benefits	57,170	46,687	10,483	60,728
Other operating expenditures	2,250	772	1,478	8,149
Maintenance and repairs	-	-	-	10,435
Contracted services	-	-	-	40,000
Professional services	200	70	130	70
Total	59,620	47,529	12,091	119,382
<b>Aquatic Center:</b>				
Salaries and employee benefits	152,906	132,809	20,097	152,453
Professional services	5,750	893	4,857	622
Other operating expenditures	124,704	117,529	7,175	133,356
Maintenance and repairs	51,803	45,722	6,081	67,411
Program expenses	890	749	141	-
Capital outlay	121,142	77,774	43,368	-
Total	457,195	375,476	81,719	353,842
<b>Reimbursement:</b>				
Civic Center	(64,047)	(51,947)	(12,100)	(62,125)
Library Trust Fund	(600)	(675)	75	(702)
Total	(64,647)	(52,622)	(12,025)	(62,827)
<b>Total cultural and recreation</b>	<u>2,367,191</u>	<u>2,066,701</u>	<u>300,490</u>	<u>2,180,060</u>
<b>Debt Service:</b>				
Principal retirement	177,160	177,160	-	205,250
Interest and fees	44,189	44,187	2	48,446
Total debt service	221,349	221,347	2	253,696
<b>Total expenditures</b>	<u>12,692,181</u>	<u>11,482,562</u>	<u>1,209,619</u>	<u>11,558,218</u>
<b>Revenues over (under) expenditures</b>	<u>(1,385,574)</u>	<u>129,324</u>	<u>1,514,898</u>	<u>(458,921)</u>

# CITY OF WASHINGTON, NORTH CAROLINA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCE - BUDGET AND ACTUAL

#### FOR THE YEAR ENDED JUNE 30, 2017

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
<b>Transfer From:</b>				
From Economic Development Capital Reserve Fund	328,336	328,336	-	177,050
From Electric Fund	908,723	908,723	-	654,281
From Water Fund	71,963	71,963	-	71,963
From Sewer Fund	40,532	40,532	-	40,532
From Public Safety Capital Reserve Fund	166,970	166,970	-	166,970
From capital project funds	-	887	887	149
<b>Transfer To:</b>				
To Public Safety Capital Reserve Fund	(166,970)	(166,970)	-	(166,970)
To Airport Fund	(118,656)	(118,656)	-	-
To Facade Program Fund	(20,000)	(20,000)	-	(20,000)
To CPF	(195,019)	(195,019)	-	(56,926)
To other funds	(14,300)	(14,300)	-	-
Appropriated fund balance	383,995	-	(383,995)	-
Total other financing sources (uses)	1,385,574	1,002,466	(383,108)	867,049
<b>Net change in fund balance</b>	<u>\$ -</u>	1,131,790	<u>\$ 1,131,790</u>	408,128
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>7,267,351</u>		<u>6,859,223</u>
End of year - June 30		<u>\$ 8,399,141</u>		<u>\$ 7,267,351</u>

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</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	\$ (335,518)	\$ (328,336)	\$ 7,182	\$ (177,050)
Transfers from Electric Fund	217,318	210,136	(7,182)	113,312
Transfer from Water Fund	59,100	59,100	-	31,869
Transfer from Sewer Fund	59,100	59,100	-	31,869
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>2,521</u>		<u>2,521</u>
End of year - June 30		<u>\$ 2,521</u>		<u>\$ 2,521</u>

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## **Nonmajor Governmental Funds**

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## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	<b>Special Revenue Fund</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 19,330	\$ 1,407,276	\$ 549,853	\$ 1,976,459
Accounts receivable, net	-	7,176	-	7,176
Notes receivable, net	191,385	-	-	191,385
Total assets	<u>\$ 210,715</u>	<u>\$ 1,414,452</u>	<u>\$ 549,853</u>	<u>\$ 2,175,020</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 25,214	\$ -	\$ 25,214
Advances from grantors	-	1,500	-	1,500
Total liabilities	<u>-</u>	<u>26,714</u>	<u>-</u>	<u>26,714</u>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form:				
Notes receivable	191,385	-	-	191,385
Perpetual maintenance - library care	-	-	95,395	95,395
Perpetual maintenance - cemetery care	-	-	454,458	454,458
Restricted:				
Stabilization by State statute	-	290,065	-	290,065
Restricted, all other	19,330	84,941	-	104,271
Committed	-	987,901	-	987,901
Assigned	-	24,919	-	24,919
Unassigned	-	(88)	-	(88)
Total fund balances	<u>210,715</u>	<u>1,387,738</u>	<u>549,853</u>	<u>2,148,306</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 210,715</u>	<u>\$ 1,414,452</u>	<u>\$ 549,853</u>	<u>\$ 2,175,020</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, 2017**

	<b>Special Revenue Fund</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 3,447	\$ 111,340	\$ -	\$ 114,787
Investment earnings	-	6,814	3,742	10,556
Total revenues	<u>3,447</u>	<u>118,154</u>	<u>3,742</u>	<u>125,343</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Environmental protection	-	-	3,067	3,067
Cultural and recreation	-	262	675	937
Economic and physical development	-	338,539	-	338,539
General government	-	96,105	-	96,105
Total expenditures	<u>-</u>	<u>434,906</u>	<u>3,742</u>	<u>438,648</u>
Revenues over (under) expenditures	<u>3,447</u>	<u>(316,752)</u>	<u>-</u>	<u>(313,305)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	496,289	-	496,289
Transfers out	-	(167,857)	-	(167,857)
Total other financing sources (uses)	<u>-</u>	<u>328,432</u>	<u>-</u>	<u>328,432</u>
Net change in fund balances	3,447	11,680	-	15,127
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>207,268</u>	<u>1,376,058</u>	<u>549,853</u>	<u>2,133,179</u>
End of year - June 30	<u>\$ 210,715</u>	<u>\$ 1,387,738</u>	<u>\$ 549,853</u>	<u>\$ 2,148,306</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

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## 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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Economic development loan repayments and interest	\$ 5,957	\$ 7,524	\$ 1,567	\$ -
<b>Expenditures:</b>				
Economic and physical development	<u>5,957</u>	<u>-</u>	<u>5,957</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>7,524</u>	<u>\$ 7,524</u>	<u>-</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Current year economic development loan repayments		<u>(4,077)</u>		<u>-</u>
Net change in fund balance - modified accrual basis		3,447		-
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>207,268</u>		<u>207,268</u>
End of year - June 30		<u>\$ 210,715</u>		<u>\$ 207,268</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 Project Fund
- Public Safety Capital Reserve Fund
- Facade Program Fund
- Pedestrian Project Fund
- Way Finding Project Fund
- IDX Impressions Building Reuse Grant Fund
- Washington Downtown Properties Fund
- Downtown Revitalization Fund
- Trillium Health Resources Grant Fund
- Hotel Project – New Age Properties Fund
- Havens Garden Park Pier Project
- Ribeyes Building Reuse Grant Fund
- Financial and Utility Software Project

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	<b>New Police Station Fund</b>	<b>Public Safety Capital Reserve Fund</b>	<b>Facade Program Fund</b>	<b>Way Finding Project</b>	<b>IDX Impressions Building Reuse Grant</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,044,429	\$ 1,225	\$ 26,169	\$ 72,936	\$ 1,500
Accounts receivable, net	-	-	-	4,080	-
<b>Total assets</b>	<b>\$ 1,044,429</b>	<b>\$ 1,225</b>	<b>\$ 26,169</b>	<b>\$ 77,016</b>	<b>\$ 1,500</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Advances from grantors	-	-	-	-	1,500
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by State statute	105,485	-	1,250	75,868	-
Restricted, all other	-	-	-	-	-
Committed	938,944	1,225	-	1,148	-
Assigned	-	-	24,919	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,044,429</b>	<b>1,225</b>	<b>26,169</b>	<b>77,016</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,044,429</b>	<b>\$ 1,225</b>	<b>\$ 26,169</b>	<b>\$ 77,016</b>	<b>\$ 1,500</b>



## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	<b>Downtown Revitalization</b>	<b>Hotel Project - New Age Property Fund</b>	<b>Havens Garden Park Pier</b>	<b>Ribeyes Building Reuse Grant</b>	<b>Financial and Utility Billing Software Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 1	\$ 70,641	\$ 14,300	\$ 25,000	\$ 151,075	\$ 1,407,276
Accounts receivable, net	88	-	-	-	3,008	7,176
Total assets	<u>\$ 89</u>	<u>\$ 70,641</u>	<u>\$ 14,300</u>	<u>\$ 25,000</u>	<u>\$ 154,083</u>	<u>\$ 1,414,452</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 89	\$ -	\$ -	\$ 25,000	\$ 125	\$ 25,214
Advances from grantors	-	-	-	-	-	1,500
Total liabilities	<u>89</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>125</u>	<u>26,714</u>
<b>Fund Balances:</b>						
Restricted:						
Stabilization by State statute	88	-	-	-	107,374	290,065
Restricted, all other	-	70,641	14,300	-	-	84,941
Committed	-	-	-	-	46,584	987,901
Assigned	-	-	-	-	-	24,919
Unassigned	(88)	-	-	-	-	(88)
Total fund balances	<u>-</u>	<u>70,641</u>	<u>14,300</u>	<u>-</u>	<u>153,958</u>	<u>1,387,738</u>
Total liabilities and fund balances	<u>\$ 89</u>	<u>\$ 70,641</u>	<u>\$ 14,300</u>	<u>\$ 25,000</u>	<u>\$ 154,083</u>	<u>\$ 1,414,452</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, 2017

	New Police Station Fund	Public Safety Capital Reserve Fund	Façade Program Fund	Pedestrian Project	Way Finding Project	Washington Downtown Properties
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	6,408	3	21	-	319	-
Total revenues	<u>6,408</u>	<u>3</u>	<u>21</u>	<u>-</u>	<u>319</u>	<u>-</u>
<b>Expenditures:</b>						
General government	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-
Economic and physical development	-	-	20,658	10,000	63,132	13,165
Total expenditures	<u>-</u>	<u>-</u>	<u>20,658</u>	<u>10,000</u>	<u>63,132</u>	<u>13,165</u>
Revenues over (under) expenditures	<u>6,408</u>	<u>3</u>	<u>(20,637)</u>	<u>(10,000)</u>	<u>(62,813)</u>	<u>(13,165)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	171,854	166,970	20,000	-	10,000	13,165
Transfers out	-	(166,970)	-	-	-	-
Total other financing sources (uses)	<u>171,854</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>10,000</u>	<u>13,165</u>
Net change in fund balances	178,262	3	(637)	(10,000)	(52,813)	-
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>866,167</u>	<u>1,222</u>	<u>26,806</u>	<u>10,000</u>	<u>129,829</u>	<u>-</u>
End of year - June 30	<u>\$ 1,044,429</u>	<u>\$ 1,225</u>	<u>\$ 26,169</u>	<u>\$ -</u>	<u>\$ 77,016</u>	<u>\$ -</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, 2017

	<u>Downtown Revitalization</u>	<u>Trillium Health Resources Grant</u>	<u>Hotel Project - New Age Property Fund</u>	<u>Havens Garden Park Pier</u>	<u>Ribeyes Building Reuse Grant</u>	<u>Financial and Utility Billing Software Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Revenues:</b>							
Restricted intergovernmental	\$ 94,340	\$ -	\$ (8,000)	\$ -	\$ 25,000	\$ -	\$ 111,340
Investment earnings	-	-	-	-	-	63	6,814
Total revenues	<u>94,340</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>25,000</u>	<u>63</u>	<u>118,154</u>
<b>Expenditures:</b>							
General government	-	-	-	-	-	96,105	96,105
Cultural and recreational	-	262	-	-	-	-	262
Economic and physical development	<u>94,340</u>	<u>-</u>	<u>112,244</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>338,539</u>
Total expenditures	<u>94,340</u>	<u>262</u>	<u>112,244</u>	<u>-</u>	<u>25,000</u>	<u>96,105</u>	<u>434,906</u>
Revenues over (under) expenditures	<u>-</u>	<u>(262)</u>	<u>(120,244)</u>	<u>-</u>	<u>-</u>	<u>(96,042)</u>	<u>(316,752)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	14,300	-	100,000	496,289
Transfers out	<u>-</u>	<u>(887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,857)</u>
Total other financing sources (uses)	<u>-</u>	<u>(887)</u>	<u>-</u>	<u>14,300</u>	<u>-</u>	<u>100,000</u>	<u>328,432</u>
Net change in fund balances	-	(1,149)	(120,244)	14,300	-	3,958	11,680
<b>Fund Balances:</b>							
Beginning of year - July 1	<u>-</u>	<u>1,149</u>	<u>190,885</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>1,376,058</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,641</u>	<u>\$ 14,300</u>	<u>\$ -</u>	<u>\$ 153,958</u>	<u>\$ 1,387,738</u>

## 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, 2017**

		<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>					
Investment earnings	\$ 70,000	\$ 33,276	\$ 6,408	\$ 39,684	\$ (30,316)
<b>Expenditures:</b>					
<b>Public Safety:</b>					
Legal fees	20,000	14,889	-	14,889	5,111
Engineering fees	325,000	132,724	-	132,724	192,276
Equipment	110,000	-	-	-	110,000
Land acquisition	786,854	19,496	-	19,496	767,358
Total expenditures	<u>1,241,854</u>	<u>167,109</u>	<u>-</u>	<u>167,109</u>	<u>1,074,745</u>
Revenues over (under) expenditures	(1,171,854)	(133,833)	6,408	(127,425)	1,044,429
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	<u>1,171,854</u>	<u>1,000,000</u>	<u>171,854</u>	<u>1,171,854</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 866,167</u>	178,262	<u>\$ 1,044,429</u>	<u>\$ 1,044,429</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>866,167</u>		
End of year - June 30			<u>\$ 1,044,429</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Investment earnings	\$ -	\$ 3	\$ 3	\$ 2
<b>Other Financing Sources (Uses):</b>				
Transfers from General Fund	166,970	166,970	-	166,970
Transfers to General Fund	<u>(166,970)</u>	<u>(166,970)</u>	<u>-</u>	<u>(166,970)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	3	<u>\$ 3</u>	2
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,222</u>		<u>1,220</u>
End of year - June 30		<u>\$ 1,225</u>		<u>\$ 1,222</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 21	\$ 21	\$ 16
<b>Expenditures:</b>				
<b>Economic Development:</b>				
Facade grants	26,000	20,658	5,342	18,000
Revenues over (under) expenditures	(26,000)	(20,637)	5,363	(17,984)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	6,000	-	(6,000)	-
Transfer from General Fund	20,000	20,000	-	20,000
Total other financing sources (uses)	26,000	20,000	(6,000)	20,000
Net change in fund balance	\$ -	(637)	\$ (637)	2,016
<b>Fund Balance:</b>				
Beginning of year - July 1		26,806		24,790
End of year - June 30		\$ 26,169		\$ 26,806

## 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, 2017**

		<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	\$ -
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	10,000	-	10,000	10,000	-
Net change in fund balance	\$ -	\$ 10,000	(10,000)	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			10,000		
End of year - June 30			\$ -		

## 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, 2017**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 742	\$ 319	\$ 1,061	\$ 1,061
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Design	50,000	20,913	5,000	25,913	24,087
Installation	110,000	-	58,132	58,132	51,868
Total expenditures	160,000	20,913	63,132	84,045	75,955
Revenues over (under) expenditures	(160,000)	(20,171)	(62,813)	(82,984)	77,016
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	160,000	150,000	10,000	160,000	-
Net change in fund balance	\$ -	\$ 129,829	(52,813)	\$ 77,016	\$ 77,016
<b>Fund Balance:</b>					
Beginning of year - July 1			129,829		
End of year - June 30			\$ 77,016		



## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - IDX IMPRESSIONS BUILDING REUSE GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<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>					
Building Reuse grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Contributions	8,500	-	-	-	(8,500)
Electricities grant	4,000	2,500	-	2,500	(1,500)
Total revenues	<u>512,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>(510,000)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Grant administration	12,500	2,500	-	2,500	10,000
Building reuse	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>512,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>510,000</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>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - WASHINGTON DOWNTOWN PROPERTIES**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Contributions	\$ 82,500	\$ 48,000	\$ -	\$ 48,000	\$ (34,500)
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	53,165	26,500	13,165	39,665	13,500
Legal	3,000	-	-	-	3,000
Engineering	19,500	8,376	-	8,376	11,124
Acquisition	23,000	23,000	-	23,000	-
Total expenditures	98,665	57,876	13,165	71,041	27,624
Revenues over (under) expenditures	(16,165)	(9,876)	(13,165)	(23,041)	(6,876)
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	16,165	9,876	13,165	23,041	6,876
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - DOWNTOWN REVITALIZATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<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>					
State grant	\$ 94,340	\$ -	\$ 94,340	\$ 94,340	\$ -
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Downtown improvements	94,340	-	94,340	94,340	-
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

**CAPITAL PROJECT FUND - TRILLIUM HEALTH RESOURCES GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Contributions	\$ 3,600	\$ 3,600	\$ -	\$ 3,600	\$ -
Trillium Play Together grant	280,556	279,798	-	279,798	(758)
Total revenues	<u>284,156</u>	<u>283,398</u>	<u>-</u>	<u>283,398</u>	<u>(758)</u>
<b>Expenditures:</b>					
<b>Cultural and Recreation:</b>					
Playground equipment	<u>284,156</u>	<u>282,249</u>	<u>262</u>	<u>282,511</u>	<u>1,645</u>
Revenues over (under) expenditures	-	1,149	(262)	887	887
<b>Other Financing Sources (Uses):</b>					
Transfer to other funds	<u>-</u>	<u>-</u>	<u>(887)</u>	<u>(887)</u>	<u>(887)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,149</u>	<u>(1,149)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>1,149</u>		
End of year - June 30			<u>\$ -</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - HOTEL PROJECT - NEW AGE PROPERTIES**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<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>					
Rural Infrastructure grant	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Developer contributions	101,400	214,400	(108,000)	106,400	5,000
Total revenues	<u>201,400</u>	<u>214,400</u>	<u>(8,000)</u>	<u>206,400</u>	<u>5,000</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	164,800	-	110,600	110,600	54,200
Engineer	24,500	-	-	-	24,500
Construction and administration	<u>17,100</u>	<u>23,565</u>	<u>1,644</u>	<u>25,209</u>	<u>(8,109)</u>
Total expenditures	<u>206,400</u>	<u>23,565</u>	<u>112,244</u>	<u>135,809</u>	<u>70,591</u>
Revenues over (under) expenditures	(5,000)	190,835	(120,244)	70,591	(65,591)
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>5,000</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>(4,950)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 190,885</u>	<u>(120,244)</u>	<u>\$ 70,641</u>	<u>\$ 70,641</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>190,885</u>		
End of year - June 30			<u>\$ 70,641</u>		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - HAVENS GARDENS PARK PIER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>	<b>Variance Over/Under</b>
	<b>Prior Years</b>	<b>Current Year</b>			
<b>Revenues:</b>					
Coastal Management grant	\$ 83,700	\$ -	\$ -	\$ -	\$ (83,700)
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	5,000	-	-	-	5,000
Construction	93,000	-	-	-	93,000
Total expenditures	98,000	-	-	-	98,000
Revenues over (under) expenditures	(14,300)	-	-	-	14,300
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	14,300	-	14,300	14,300	-
Net change in fund balance	\$ -	\$ -	14,300	\$ 14,300	\$ 14,300
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ 14,300		

## CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - RIBEYE'S BUILDING REUSE GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

		<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>					
Building Reuse grant	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -
City Match	1,250	-	-	-	(1,250)
Total revenues	<u>26,250</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>(1,250)</u>
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Construction	<u>26,250</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>1,250</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

**CAPITAL PROJECT FUND - FINANCIAL AND UTILITY SOFTWARE PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Interest earnings	\$ -	\$ -	\$ 63	\$ 63	\$ 63
<b>Expenditures:</b>					
<b>General government:</b>					
Software	250,000	-	96,105	96,105	153,895
Revenues over (under) expenditures	(250,000)	-	(96,042)	(96,042)	153,958
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	250,000	150,000	100,000	250,000	-
Net change in fund balance	\$ -	\$ 150,000	3,958	\$ 153,958	\$ 153,958
<b>Fund Balance:</b>					
Beginning of year - July 1			150,000		
End of year - June 30			\$ 153,958		



## **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, 2017**

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 95,395	\$ 454,458	\$ 549,853
<b>Fund Balances:</b>			
Non-spendable, not in spendable form:			
Perpetual maintenance - library care	\$ 95,395	\$ -	\$ 95,395
Perpetual maintenance - cemetery care	-	454,458	454,458
Total fund balances	95,395	454,458	549,853
Total deferred inflows of resources and fund balances	\$ 95,395	\$ 454,458	\$ 549,853

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR PERMANENT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>Revenues:</b>			
Interest earnings	\$ 675	\$ 3,067	\$ 3,742
<b>Expenditures:</b>			
<b>Current:</b>			
Environmental protection	-	3,067	3,067
Cultural and recreation	675	-	675
Total expenditures	675	3,067	3,742
Net change in fund balances	-	-	-
<b>Fund Balances:</b>			
Beginning of year - July 1	95,395	454,458	549,853
End of year - June 30	\$ 95,395	\$ 454,458	\$ 549,853

## 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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 700	\$ 675	\$ (25)	\$ 702
<b>Expenditures:</b>				
Administration	700	675	25	702
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>95,395</u>		<u>95,395</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 3,500	\$ 3,067	\$ (433)	\$ 3,104
<b>Expenditures:</b>				
Administration	3,500	3,067	433	3,104
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>454,458</u>		<u>454,458</u>
End of year - June 30		<u>\$ 454,458</u>		<u>\$ 454,458</u>

## **Major Enterprise Funds**

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

- Water Fund - This fund is used to account for the City's water utility operations.
- Sewer Fund - This fund is used to account for the City's sewer utility operations.
- Electric Fund - This fund is used to account for the City's electric utility operations.
- 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.
- Springs Road Mobile Home Park Water System Fund – This fund is used to account for the engineering and construction work associated with reworking the water system associated with the Springs Road Mobile Home Park.
- 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.
- CWSRF Sewer Grant Fund - This fund is used to account for sanitary rehabilitation financed by the Capitalization Grants for Clean Water State Revolving Fund.
- Wastewater Asset Inventory Grant Fund – This fund is used to account for a wastewater asset inventory and assessment grant.
- 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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Water sales	\$ 3,035,100	\$ 2,838,029	\$ (197,071)	\$ 3,189,163
<b>Other Operating Revenues:</b>				
Connection and reconnection fees	40,000	42,816	2,816	44,887
Water taps	3,200	24,375	21,175	15,262
Fire hydrants	13,660	13,660	-	13,660
Late penalty charges	20,000	22,490	2,490	22,759
Total operating revenues	3,111,960	2,941,370	(170,590)	3,285,731
<b>Non-Operating Revenues:</b>				
Rents	37,320	35,723	(1,597)	20,076
Recovery of doubtful accounts	500	728	228	710
Interest earnings	8,000	15,060	7,060	11,394
Sale of surplus and scrap	-	4,340	4,340	566
FEMA assistance	8,106	-	(8,106)	-
Miscellaneous	1,000	1,800	800	6,519
Total non-operating revenues	54,926	57,651	2,725	39,265
Total revenues	3,166,886	2,999,021	(167,865)	3,324,996
<b>Operating Expenditures:</b>				
<b>Water Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	116,301	104,893	11,408	107,241
Supplies	1,500	911	589	1,288
Employee development	250	150	100	-
Telephone	775	687	88	424
Repair and maintenance	-	-	-	4,435
Professional services	5,850	2,846	3,004	4,150
Total Public Works Director	124,676	109,487	15,189	117,538
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	6,254	5,712	542	3,516
Unemployment wages	10,000	-	10,000	-
Insurance and bonds	38,000	33,335	4,665	35,964
Printing and publishing	2,700	2,052	648	2,410
Utility service fee - General Fund	529,665	529,665	-	486,130
Utility service fee - Electric Fund	162,095	162,095	-	162,095

**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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Repair and maintenance	500	397	103	397
Hurricane Irene FEMA grant expenses	8,106	241	7,865	-
Contingency	12,565	-	12,565	-
Other expenses	8,897	2,376	6,521	12,224
Total miscellaneous - non-departmental	778,782	735,873	42,909	702,736
 Total water administration	 903,458	 845,360	 58,098	 820,274
 <b>Water Treatment and Distribution:</b>				
<b>Water Meter Services:</b>				
Salaries and employee benefits	103,622	99,384	4,238	102,235
Telephone	2,400	2,216	184	1,671
Employee development	1,440	1,440	-	785
Repair and maintenance	109,700	101,100	8,600	103,048
Supplies	1,950	1,265	685	1,250
Materials	5,660	5,637	23	1,459
OSHA safety mandates	500	305	195	120
Professional services	500	185	315	1,518
Total water meter services	225,772	211,532	14,240	212,086
 <b>Water Treatment Plant:</b>				
Salaries and employee benefits	479,387	470,085	9,302	469,680
OSHA safety mandates	2,500	1,462	1,038	1,968
Employee development	3,000	2,883	117	3,440
Telephone	7,920	7,916	4	4,762
Printing and publishing	750	440	310	533
Water and electric services	250,000	218,201	31,799	228,984
Repair and maintenance	155,055	141,815	13,240	148,158
Supplies	5,000	4,949	51	5,145
Chemicals and lab supplies	403,535	274,894	128,641	242,349
Dues and subscriptions	7,525	5,606	1,919	6,558
Professional services	3,000	2,439	561	13,640
Contract services	12,000	7,472	4,528	7,930
Employee advertisement	670	660	10	-
Total water treatment plant	1,330,342	1,138,822	191,520	1,133,147

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Water Distribution Maintenance:</b>				
Salaries and employee benefits	148,606	148,089	517	139,713
Contract services	89,881	89,881	-	86,458
Water and electric services	7,430	6,344	1,086	7,009
Employee advertising	25	-	25	-
Repair and maintenance	40,287	28,028	12,259	10,340
Supplies	1,710	1,709	1	1,441
Materials	11,705	11,685	20	13,875
Professional services	225	222	3	208
Total water distribution maintenance	<u>299,869</u>	<u>285,958</u>	<u>13,911</u>	<u>259,044</u>
Total water treatment and distribution	<u>1,855,983</u>	<u>1,636,312</u>	<u>219,671</u>	<u>1,604,277</u>
Capital outlay	<u>234,610</u>	<u>168,647</u>	<u>65,963</u>	<u>224,775</u>
Total operating expenditures	<u>2,994,051</u>	<u>2,650,319</u>	<u>343,732</u>	<u>2,649,326</u>
Revenues over (under) expenditures	<u>172,835</u>	<u>348,702</u>	<u>175,867</u>	<u>675,670</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated net position	15,728	-	(15,728)	-
<b>Transfers to:</b>				
Capital Project Fund	(57,500)	(17,500)	40,000	(18,182)
Water Capital Reserve Fund	-	-	-	(43,172)
Economic Development Fund	(59,100)	(59,100)	-	(31,869)
General Fund	<u>(71,963)</u>	<u>(71,963)</u>	<u>-</u>	<u>(71,963)</u>
Total other financing sources (uses)	<u>(172,835)</u>	<u>(148,563)</u>	<u>24,272</u>	<u>(165,186)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 200,139</u>	<u>\$ 200,139</u>	<u>\$ 510,484</u>

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Reconciliation from Budgetary Basis</b>				
<b>(Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ 200,139		\$ 510,484
Capital outlay		168,647		224,775
Change in compensated absences		(3,134)		(4,060)
Change in OPEB liability		(1,222)		(8,423)
Change in deferred outflows of resources - pension		177,721		-
Change in deferred inflows of resources - pension		15,745		-
Change in net pension liability		(197,978)		-
Change in deferred revenues		(63,544)		-
Depreciation		(701,228)		(700,495)
Bad debt provision		7,809		(6,324)
Inventory adjustment		(4,151)		(524)
Loss on disposal of capital assets		(1,751)		-
Capital contributions		28,925		11,920
Transfer to Water Capital Reserve Fund		-		43,172
Transfer from Sewer Capital Project		111,540		-
Capital contributions, revenue from:				
Water Capital Reserve Fund		25,922		5,260
Water Capital Project Fund		-		769,313
Cherry Road Water Extension Project		-		(103,399)
Pension expense		-		(20,054)
Deferred outflows of resources for contributions				
made to pension plan in the current fiscal year		-		41,756
Change in net position		\$ (236,560)		\$ 763,401

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Sewer sales	\$ 3,236,681	\$ 3,316,047	\$ 79,366	\$ 3,232,197
<b>Other Operating Revenues:</b>				
Sewer taps	5,000	25,525	20,525	10,525
Late penalty charges	24,107	25,886	1,779	26,261
Total operating revenues	3,265,788	3,367,458	101,670	3,268,983
<b>Non-Operating Revenues:</b>				
Recovery of doubtful accounts	500	1,296	796	955
Interest earnings	10,000	15,825	5,825	11,052
Sewer assessments	5,896	5,897	1	7,181
FEMA assistance	62,559	33,439	(29,120)	-
Miscellaneous	-	41	41	4,148
Total non-operating revenues	78,955	56,498	(22,457)	23,336
Total revenues	3,344,743	3,423,956	79,213	3,292,319
<b>Operating Expenditures:</b>				
<b>Sewer Administration:</b>				
<b>Public Works Director:</b>				
Salaries and employee benefits	107,972	104,891	3,081	117,089
Supplies	500	140	360	367
Employee development	150	-	150	75
Dues and subscriptions	-	-	-	4,100
Telephone	737	687	50	424
Total public works director	109,359	105,718	3,641	122,055
<b>Miscellaneous - Non-Departmental:</b>				
Workers' compensation	6,254	5,712	542	7,710
Printing and publishing	3,000	2,052	948	2,410
Insurance and bonds	45,500	38,349	7,151	36,540
Utility service fee - General Fund	570,305	570,305	-	538,077
Repair and maintenance	500	397	103	397
Other expenses	15,673	2,376	13,297	2,593
Utility service fee - Electric Fund	56,867	56,867	-	56,867
Hurricane Irene FEMA grant expenses	62,559	18,577	43,982	-
Contingency	10,092	-	10,092	-
Total miscellaneous - non-departmental	770,750	694,635	76,115	644,594
Total sewer administration	880,109	800,353	79,756	766,649

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Waste Collection and Treatment:</b>				
<b>Wastewater Treatment:</b>				
Salaries and employee benefits	462,293	453,081	9,212	459,788
Employee advertising	500	-	500	32
Employee development	3,300	3,292	8	3,856
Telephone	950	839	111	740
Printing and publishing	1,000	-	1,000	25
Water and electric service	285,094	285,093	1	264,036
Repair and maintenance	119,307	113,989	5,318	109,063
Supplies	94,906	72,300	22,606	78,485
Dues	6,600	6,491	109	6,039
Professional services	2,000	1,724	276	-
Contract services	116,700	103,354	13,346	85,327
Licenses and permits	7,050	6,910	140	5,560
OSHA safety mandates	2,500	1,249	1,251	2,572
Total wastewater treatment	1,102,200	1,048,322	53,878	1,015,523
<b>Wastewater Collection Maintenance:</b>				
Salaries and employee benefits	148,093	141,469	6,624	134,599
OSHA safety mandates	1,000	239	761	845
Employee development	800	110	690	894
Telephone	3,700	3,345	355	2,684
Repair and maintenance	20,500	18,100	2,400	10,343
Supplies	2,654	1,817	837	1,308
Materials	13,000	5,483	7,517	12,475
Contract services	65,650	43,309	22,341	35,534
Other expenses	1,146	1,146	-	4,207
Professional services	150	144	6	196
Total wastewater collection maintenance	256,693	215,162	41,531	203,085
<b>Sewer Pumping Station:</b>				
Salaries and employee benefits	67,067	66,689	378	64,495
Water and electrical service	162,225	162,225	-	155,084
Repair and maintenance	75,470	54,289	21,181	93,379
Supplies	3,130	2,791	339	2,906
Chemicals	4,854	4,853	1	119
Professional services	2,000	1,177	823	1,132
Total sewer pumping station	314,746	292,024	22,722	317,115
Total waste collection and treatment	1,673,639	1,555,508	118,131	1,535,723

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
<b>State Loan:</b>				
Principal retirement	268,504	168,503	100,001	168,503
Interest	28,708	28,187	521	31,377
Total debt service	297,212	196,690	100,522	199,880
Capital outlay	373,961	311,572	62,389	238,311
Total operating expenditures	3,224,921	2,864,123	360,798	2,740,563
Revenues over (under) expenditures	119,822	559,833	440,011	551,756
<b>Other Financing Sources (Uses):</b>				
Appropriated net position	4,810	-	(4,810)	-
<b>Transfer to:</b>				
Economic Development Fund	(59,100)	(59,100)	-	(31,869)
Capital Project Fund	(25,000)	(17,500)	7,500	(18,182)
General Fund	(40,532)	(40,532)	-	(40,532)
Total other financing sources (uses)	(119,822)	(117,132)	2,690	(90,583)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 442,701	\$ 442,701	\$ 461,173

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 442,701		\$ 461,173
Capital outlay		311,572		238,311
Capital contribution		-		11,614
Principal retirement		168,503		168,503
Change in compensated absences		(2,147)		(17,193)
Change in OPEB liability		(12,158)		(18,306)
Change in deferred outflows of resources - pension		177,721		-
Change in deferred inflows of resources - pension		15,745		-
Change in net pension liability		(197,978)		-
Change in deferred revenues		(63,544)		-
Depreciation		(694,886)		(669,868)
Bad debt (provision) recovery		14,044		(9,732)
Inventory adjustment		(3,542)		629
Capital contributions, revenue from:				
Sewer Capital Reserve Fund		35,263		10,615
Sewer Capital Project funds		208,758		747,274
Non-capitalized expenses from projects		-		(116,204)
Transfer to Water Project Fund		(111,540)		-
Capital contributions		55,407		-
Pension expense		-		(20,054)
Deferred outflows of resources for contributions made to pension plan in the current fiscal year		-		41,756
Change in net position		<u>\$ 343,919</u>		<u>\$ 828,518</u>



CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Electric sales	\$ 34,015,329	\$ 33,720,363	\$ (294,966)	\$ 33,207,572
<b>Other Operating Revenues:</b>				
Underground services	45,000	38,836	(6,164)	68,430
Reconnection fees	85,000	76,237	(8,763)	77,779
Facility connection fees	5,000	4,643	(357)	5,017
Pole attachment fees - cable TV	18,000	20,690	2,690	19,571
Connection fees	22,000	21,100	(900)	21,392
Late penalty charges	280,000	292,368	12,368	271,102
New construction fee	1,500	1,600	100	1,500
Total operating revenues	34,471,829	34,175,837	(295,992)	33,672,363
<b>Non-Operating Revenues:</b>				
Recovery of doubtful accounts	2,500	8,345	5,845	6,657
Interest earnings	30,000	71,213	41,213	41,324
Sale of surplus and scrap	23,000	40,559	17,559	23,421
Fines and meters	13,000	9,385	(3,615)	11,017
FEMA assistance	28,003	55,296	27,293	-
Miscellaneous	427,398	412,794	(14,604)	37,892
Total non-operating revenues	523,901	597,592	73,691	120,311
Total revenues	34,995,730	34,773,429	(222,301)	33,792,674
<b>Operating Expenditures:</b>				
<b>Administration:</b>				
<b>Office of Electric Director:</b>				
Salaries and employee benefits	306,368	274,963	31,405	265,494
Employee development	8,900	8,766	134	16,021
Professional services	205,760	86,342	119,418	49,382
Telephone	2,500	1,556	944	1,860
Printing and publishing	500	322	178	40
Maintenance	6,700	5,624	1,076	6,607
Supplies	4,500	4,231	269	3,777
Dues and subscriptions	1,000	270	730	501
Total Office of Electric Director	536,228	382,074	154,154	343,682

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Miscellaneous - Non-Departmental:</b>				
Printing and publishing	5,500	4,105	1,395	4,789
Dues and subscriptions	1,777	1,106	671	1,232
Insurance and bonds	116,500	116,334	166	112,535
Workers' compensation	63,562	63,561	1	54,258
Rents	10,000	10,000	-	18,000
Maintenance	1,000	794	206	794
Utility service fee - General Fund	1,356,387	1,356,387	-	1,331,459
Utility assistance contribution	10,000	10,000	-	10,000
Hurricane Irene FEMA grant expenses	28,003	17,324	10,679	-
Other expenses	342,384	335,260	7,124	353,775
Total miscellaneous - non-departmental	1,935,113	1,914,871	20,242	1,886,842
Total administration	2,471,341	2,296,945	174,396	2,230,524
<b>Utility Communications:</b>				
Salaries and employee benefits	233,262	230,806	2,456	220,846
Employee advertising	283	283	-	-
Employee development	200	142	58	-
Professional services	5,000	4,230	770	4,144
Telephone	11,200	11,008	192	12,275
Water and electric services	2,400	2,367	33	1,606
Rents	17,320	17,320	-	-
Maintenance	4,800	4,052	748	4,801
Supplies	2,517	2,281	236	2,085
Total utility communications	276,982	272,489	4,493	245,757
<b>Meter Services:</b>				
Salaries and employee benefits	417,148	415,031	2,117	408,716
Employee advertising	200	-	200	44
Employee development	4,000	3,975	25	3,739
Telephone	5,000	4,670	330	3,418
Water and electric service	8,000	7,734	266	5,865
Maintenance	83,885	80,483	3,402	84,740
Supplies	3,500	3,409	91	2,328
Materials	3,360	2,378	982	5,955
Professional services	1,000	72	928	1,315
Other expenses	2,500	2,371	129	1,235
Contract services	30,000	29,976	24	26,268
Reimbursement from other funds	(218,962)	(218,962)	-	(218,962)
Total meter services	339,631	331,137	8,494	324,661

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Power Line Maintenance:</b>				
Salaries and employee benefits	808,441	806,062	2,379	838,916
Employee advertising	250	-	250	80
Employee development	27,550	26,791	759	14,632
Telephone	5,470	5,470	-	3,404
Water and electric service	149,680	149,679	1	7,712
Printing and publishing	100	-	100	120
Maintenance	133,815	132,557	1,258	104,381
Supplies	64,400	63,322	1,078	53,559
Materials	157,104	152,534	4,570	164,431
Contract services	526,735	526,048	687	400,702
Professional services	10,200	685	9,515	9,626
Insurance	6,000	5,413	587	20,296
Other expenses	14,850	12,359	2,491	2,617
Total power line maintenance	1,904,595	1,880,920	23,675	1,620,476
<b>Substation Maintenance:</b>				
Salaries and employee benefits	169,993	168,449	1,544	159,750
Employee advertisement	200	-	200	-
Employee development	1,300	769	531	2,549
Professional services	9,900	5,991	3,909	33,005
Telephone	2,000	1,711	289	1,796
Water and electric service	24,490	23,519	971	22,841
Maintenance	89,938	86,898	3,040	100,264
Supplies	2,500	2,290	210	2,322
Contract services	10,225	10,025	200	9,705
Other expenses	8,995	8,690	305	10,124
Contingency	15,376	-	15,376	-
Total substation maintenance	334,917	308,342	26,575	342,356
<b>Load Management:</b>				
Salaries and employee benefits	94,443	91,084	3,359	93,232
Employee advertisement	100	-	100	-
Employee development	1,000	280	720	278
Supplies	500	-	500	224
Heat pump rebates	15,000	11,200	3,800	14,575
Maintenance	704,718	497,164	207,554	235,842
Materials	2,000	1,944	56	678
Marketing and promotions	20,000	15,146	4,854	20,000
Contract services	55,000	54,883	117	124,320
Other expenses	68,430	68,430	-	-
Total load management	961,191	740,131	221,060	489,149

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Total electric operations	3,817,316	3,533,019	284,297	3,022,399
Electric power purchases	23,307,743	22,475,608	832,135	21,543,209
Capital outlay	4,647,862	2,628,414	2,019,448	2,393,719
<b>Debt Service:</b>				
<b>Installment Notes:</b>				
Principal retirement	89,147	89,146	1	220,800
Interest	1,476	1,476	-	3,896
Total debt service	90,623	90,622	1	224,696
Total operating expenditures	34,334,885	31,024,608	3,310,277	29,414,547
Revenues over (under) expenditures	660,845	3,748,821	3,087,976	4,378,127
<b>Other Financing Sources (Uses):</b>				
Appropriated net position	595,827	-	(595,827)	-
<b>Transfers to:</b>				
Capital Project Fund	(65,000)	(65,000)	-	(63,636)
General Fund	(908,723)	(908,723)	-	(654,281)
Cemetery Fund	(72,813)	(72,813)	-	-
Economic Development Capital Reserve Fund	(210,136)	(210,136)	-	(113,312)
Total other financing sources (uses)	(660,845)	(1,256,672)	(595,827)	(831,229)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,492,149	\$ 2,492,149	\$ 3,546,898

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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016	
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis				
(Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ 2,492,149		\$ 3,546,898
Capital outlay		2,628,414		2,393,719
Principal retirement		89,146		220,800
Change in compensated absences		3,574		32,603
Change in OPEB liability		(15,796)		(42,088)
Change in deferred outflows of resources - pension		406,222		-
Change in deferred inflows of resources - pension		35,988		-
Change in net pension liability		(452,519)		-
Depreciation		(1,147,753)		(1,098,738)
Bad debt provision		(11,181)		2,842
Inventory adjustment		(9,770)		17,614
Capital contributions		889		-
Gain (loss) on disposal of capital assets		(12,033)		-
Pension expense		-		(45,836)
Deferred outflows of resources for contributions				
made to pension plan in the current fiscal year		-		95,442
Change in net position		\$ 4,007,330		\$ 5,123,256

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Public works fees	\$ 679,639	\$ 670,762	\$ (8,877)	\$ 586,445
Miscellaneous	-	3,408	3,408	52
Late penalty charges	3,500	5,246	1,746	4,377
Permit fees	4,000	5,000	1,000	2,000
Total operating revenues	687,139	684,416	(2,723)	592,874
<b>Non-Operating Revenues:</b>				
Interest earnings	69,488	64,977	(4,511)	71,413
FEMA assistance	2,328	-	-	-
Total non-operating revenues	71,816	64,977	(4,511)	71,413
Total revenues	758,955	749,393	(9,562)	664,287
<b>Operating Expenditures:</b>				
Professional services	6,555	6,079	476	18,131
Water and electric service	22,820	14,166	8,654	35,021
Maintenance and repairs	47,800	30,556	17,244	12,610
Supplies	2,425	2,279	146	1,143
Contracted services	8,400	7,772	628	7,772
Materials	10,000	5,109	4,891	5,629
Insurance	1,238	1,088	150	1,052
Contingency	2,996	-	2,996	-
Hurricane expenses	2,328	-	2,328	-
Miscellaneous	2,476	2,419	57	2,418
Total operating expenditures	107,038	69,468	37,570	83,776
<b>Debt Service:</b>				
Principal	333,334	333,333	1	333,333
Interest	151,083	151,083	-	166,703
Total debt service	484,417	484,416	1	500,036
Capital outlay	277,835	124,684	153,151	39,606
Total expenditures	869,290	678,568	190,722	623,418
Revenues over (under) expenditures	(110,335)	70,825	181,160	40,869

**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated net position	110,335	-	(110,335)	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 70,825</u>	<u>\$ 70,825</u>	<u>\$ 40,869</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 70,825		\$ 40,869
Depreciation		(133,403)		(133,159)
Capital outlay		124,684		39,606
Capital contributions		(889)		-
Principal retirement		333,333		333,333
Investment earnings from Capital Project Fund		445		222
Bad debt expense (recoveries)		<u>(16)</u>		<u>(2,894)</u>
Change in net position		<u>\$ 394,979</u>		<u>\$ 277,977</u>

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Water impact fees	\$ 4,000	\$ 25,033	\$ 21,033	\$ 4,713
Investment earnings	-	889	889	547
Total revenues	<u>4,000</u>	<u>25,922</u>	<u>21,922</u>	<u>5,260</u>
<b>Expenditures</b>				
Reserved for future capital expenditures	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
Revenues over (under) expenditures	-	25,922	25,922	5,260
<b>Other Financing Sources (Uses):</b>				
Transfer from Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,172</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>25,922</u>	<u>\$ 25,922</u>	<u>48,432</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>279,114</u>		<u>230,682</u>
End of year - June 30		<u>\$ 305,036</u>		<u>\$ 279,114</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, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Years</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
EDA grant funds	\$ 722,129	\$ 625,982	\$ -	\$ 625,982	\$ (96,147)
Total revenues	<u>722,129</u>	<u>625,982</u>	<u>-</u>	<u>625,982</u>	<u>(96,147)</u>
<b>Expenditures:</b>					
<b>Water Line:</b>					
Administrative and legal	12,359	12,359	-	12,359	-
Construction	816,040	785,347	-	785,347	30,693
Contingency	949	-	-	-	949
Total water line expenditures	<u>829,348</u>	<u>797,706</u>	<u>-</u>	<u>797,706</u>	<u>31,642</u>
<b>Liquid Chlorine:</b>					
Administrative and legal	3,689	3,688	-	3,688	1
Architectural and engineering	42,970	42,970	-	42,970	-
Other architectural and engineering	10,004	10,004	-	10,004	-
Project inspection fees	30,571	30,571	-	30,571	-
Construction	423,220	358,715	-	358,715	64,505
Total liquid chlorine expenditures	<u>510,454</u>	<u>445,948</u>	<u>-</u>	<u>445,948</u>	<u>64,506</u>
Total expenditures	<u>1,339,802</u>	<u>1,243,654</u>	<u>-</u>	<u>1,243,654</u>	<u>96,148</u>
Revenues over (under) expenditures	<u>(617,673)</u>	<u>(617,672)</u>	<u>-</u>	<u>(617,672)</u>	<u>1</u>
<b>Other Financing Sources (Uses):</b>					
Transfer to other funds	(88,460)	-	(88,461)	(88,461)	(1)
Transfer from other funds	<u>706,133</u>	<u>706,133</u>	<u>-</u>	<u>706,133</u>	<u>-</u>
Total other financing sources (uses)	<u>617,673</u>	<u>706,133</u>	<u>(88,461)</u>	<u>617,672</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 88,461</u>	<u>(88,461)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>88,461</u>		
End of year, June 30			<u>\$ -</u>		

This fund is consolidated into the Water Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SPRINGS ROAD MOBILE HOME PARK WATER SYSTEM  
 WATER CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Expenditures:</b>					
<b>Water Line:</b>					
Architectural and engineering	\$ 40,000	\$ -	\$ 15,470	\$ 15,470	\$ 24,530
Construction	200,000	-	-	-	200,000
Total water line expenditures	240,000	-	15,470	15,470	224,530
Revenues over (under) expenditures	(240,000)	-	(15,470)	(15,470)	(224,530)
<b>Other Financing Sources (Uses):</b>					
Intrafund transfers	128,460	-	128,460	128,460	-
Transfer from other funds	111,540	-	111,540	111,540	-
Total other financing sources (uses)	240,000	-	240,000	240,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	224,530	\$ 224,530	\$ (224,530)
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 224,530		

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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Sewer impact fees	\$ 10,000	\$ 35,069	\$ 25,069	\$ 10,566
Investment earnings	-	194	194	49
Total revenues	<u>10,000</u>	<u>35,263</u>	<u>25,263</u>	<u>10,615</u>
<b>Expenditures</b>				
Reserved for future capital expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>35,263</u>	<u>\$ 35,263</u>	<u>10,615</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>58,059</u>		<u>47,444</u>
End of year - June 30		<u>\$ 93,322</u>		<u>\$ 58,059</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, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
EDA grant funds	\$ 719,920	\$ 816,067	\$ -	\$ 816,067	\$ 96,147
Investment earnings	-	7	-	7	7
Total revenues	719,920	816,074	-	816,074	96,154
<b>Expenditures:</b>					
<b>Cherry Run:</b>					
Administrative and legal	1,286	1,286	-	1,286	-
Architectural and engineering	10,971	10,971	-	10,971	-
Other architectural and engineering	3,488	3,488	-	3,488	-
Project inspection fees	6,649	6,649	-	6,649	-
Construction	119,426	95,098	-	95,098	24,328
Total cherry run expenditures	141,820	117,492	-	117,492	24,328
<b>Generator:</b>					
Administrative and legal	6,091	6,090	-	6,090	1
Architectural and engineering	51,969	51,969	-	51,969	-
Other architectural and engineering	16,520	16,520	-	16,520	-
Project inspection fees	31,494	31,493	-	31,493	1
Construction	446,038	419,056	1,556	420,612	25,426
Total generator expenditures	552,112	525,128	1,556	526,684	25,428
<b>Water and Bonner:</b>					
Administrative and legal	6,632	6,632	-	6,632	-
Architectural and engineering	75,089	75,081	-	75,081	8
Other architectural and engineering	17,989	17,989	-	17,989	-
Project inspection fees	52,792	52,785	-	52,785	7
Construction	363,510	360,864	-	360,864	2,646
Contingency	102,410	-	-	-	102,410
Total water and bonner	618,422	513,351	-	513,351	105,071
Total expenditures	1,312,354	1,155,971	1,556	1,157,527	154,827
Revenues over (under) expenditures	(592,434)	(339,897)	(1,556)	(341,453)	250,981
<b>Other Financing Sources (Uses):</b>					
Transfer to other funds	(111,540)	-	(111,540)	(111,540)	-
Transfer from other funds	703,974	703,974	-	703,974	-
Total other financing sources (uses)	592,434	703,974	(111,540)	592,434	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 364,077	(113,096)	\$ 250,981	\$ 250,981
<b>Fund Balance:</b>					
Beginning of year, July 1			364,077		
End of year, June 30			\$ 250,981		

This fund is consolidated into the Sewer Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CWSRF SEWER GRANT  
 SEWER CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Clean Water State Revolving loan principal forgiveness	\$ 500,000	\$ -	\$ 208,758	\$ 208,758	\$ (291,242)
<b>Expenditures:</b>					
Construction	1,697,940	40,383	393,594	433,977	1,263,963
Loan fee	2,000	-	-	-	2,000
Engineering	300,060	124,950	93,132	218,082	81,978
Total expenditures	2,000,000	165,333	486,726	652,059	1,347,941
Revenues over (under) expenditures	(1,500,000)	(165,333)	(277,968)	(443,301)	1,056,699
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	1,500,000	-	208,759	208,759	(1,291,241)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (165,333)	(69,209)	\$ (234,542)	\$ (234,542)
<b>Fund Balance:</b>					
Beginning of year, July 1			(165,333)		
End of year, June 30			\$ (234,542)		

This fund is consolidated into the Sewer Fund.

## CITY OF WASHINGTON, NORTH CAROLINA

## ENTERPRISE FUND - WASTEWATER ASSET INVENTORY GRANT

## SEWER CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
State grant funds	\$ 150,000	\$ -	\$ -	\$ -	\$ (150,000)
<b>Expenditures:</b>					
Professional services	157,500	-	2,250	2,250	155,250
Revenues over (under) expenditures	(7,500)	-	(2,250)	(2,250)	5,250
<b>Other Financing Sources (Uses):</b>					
Intrafund transfer	7,500	-	7,500	7,500	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	5,250	\$ 5,250	\$ 5,250
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 5,250		

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, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Investment earnings	\$ 12,039	\$ 12,116	\$ 445	\$ 12,561	\$ 522
<b>Expenditures:</b>					
<b>Economic and Physical Development:</b>					
Professional services	40,445	40,445	-	40,445	-
Engineering	526,632	526,631	-	526,631	1
Construction	4,288,674	4,128,452	-	4,128,452	160,222
Easement acquisition	156,288	156,288	-	156,288	-
Total expenditures	5,012,039	4,851,816	-	4,851,816	160,223
Revenues over (under) expenditures	(5,000,000)	(4,839,700)	445	(4,839,255)	160,745
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	5,000,000	5,000,000	-	5,000,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 160,300	445	\$ 160,745	\$ 160,745
<b>Fund Balance:</b>					
Beginning of year, July 1			160,300		
End of year, June 30			\$ 160,745		

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 Runway Capital Project Fund - This fund is used to account for the NC Division of Aviation Runway 5-23 Pavement Rehabilitation Overlay Design Project.
- 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, 2017**

	<b>Warren Field Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Cemetery Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 121,908	\$ 593,816	\$ 29,015	\$ 744,739
Accounts receivable, net	21,025	231,598	10,811	263,434
Inventory	36,706	-	-	36,706
Total current assets	<u>179,639</u>	<u>825,414</u>	<u>39,826</u>	<u>1,044,879</u>
<b>Capital Assets:</b>				
Non-depreciable capital assets	1,273,905	-	5,760	1,279,665
Other capital assets, net of accumulated depreciation	<u>2,984,044</u>	<u>277,561</u>	<u>115,381</u>	<u>3,376,986</u>
Total non-current assets	<u>4,257,949</u>	<u>277,561</u>	<u>121,141</u>	<u>4,656,651</u>
Total assets	<u>4,437,588</u>	<u>1,102,975</u>	<u>160,967</u>	<u>5,701,530</u>
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan in current fiscal year	-	47,084	15,694	62,778
Pension deferrals	-	<u>141,041</u>	<u>47,014</u>	<u>188,055</u>
Total deferred outflows of resources	-	<u>188,125</u>	<u>62,708</u>	<u>250,833</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	5,391	35,677	3,166	44,234
Current portion of installment notes	-	-	4,877	4,877
Current portion of compensated absences	<u>2,881</u>	<u>42,575</u>	<u>14,621</u>	<u>60,077</u>
Total current liabilities	<u>8,272</u>	<u>78,252</u>	<u>22,664</u>	<u>109,188</u>
<b>Non-Current Liabilities:</b>				
Net pension liability	-	220,324	73,440	293,764
Non-current portion of OPEB liability	<u>1,068</u>	<u>94,496</u>	<u>52,835</u>	<u>148,399</u>
Total non-current liabilities	<u>1,068</u>	<u>314,820</u>	<u>126,275</u>	<u>442,163</u>
Total liabilities	<u>9,340</u>	<u>393,072</u>	<u>148,939</u>	<u>551,351</u>
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	-	<u>19,330</u>	<u>6,443</u>	<u>25,773</u>
<b>Net Position:</b>				
Net investment in capital assets	4,257,949	277,561	116,264	4,651,774
Unrestricted	<u>170,299</u>	<u>601,137</u>	<u>(47,971)</u>	<u>723,465</u>
Total net position	<u>\$ 4,428,248</u>	<u>\$ 878,698</u>	<u>\$ 68,293</u>	<u>\$ 5,375,239</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, 2017**

	<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	\$ 254,365	\$ 1,344,903	\$ 206,439	\$ 1,805,707
Miscellaneous	5,624	632	2	6,258
Total operating revenues	<u>259,989</u>	<u>1,345,535</u>	<u>206,441</u>	<u>1,811,965</u>
<b>Operating Expenditures:</b>				
Operations	347,917	1,196,007	268,175	1,812,099
Depreciation	103,800	63,475	10,717	177,992
Total operating expenditures	<u>451,717</u>	<u>1,259,482</u>	<u>278,892</u>	<u>1,990,091</u>
Operating income (loss)	<u>(191,728)</u>	<u>86,053</u>	<u>(72,451)</u>	<u>(178,126)</u>
<b>Non-Operating Revenues (Expenditures):</b>				
Investment earnings	269	1,648	26	1,943
Solid waste disposal tax	-	6,475	-	6,475
Grant funds	5,612	71,210	-	76,822
Hurricane Irena FEMA grant expenses	-	(24,336)	-	(24,336)
Interest expense	-	-	(120)	(120)
Total non-operating revenues (expenditures)	<u>5,881</u>	<u>54,997</u>	<u>(94)</u>	<u>60,784</u>
Income (loss) before capital contributions and transfers	<u>(185,847)</u>	<u>141,050</u>	<u>(72,545)</u>	<u>(117,342)</u>
<b>Capital Contributions and Transfers:</b>				
Capital contributions	10,604	5,224	-	15,828
Transfers in	118,656	-	72,813	191,469
Total capital contributions and transfers	<u>129,260</u>	<u>5,224</u>	<u>72,813</u>	<u>207,297</u>
Change in net position	(56,587)	146,274	268	89,955
<b>Net Position:</b>				
Beginning of year - July 1	<u>4,484,835</u>	<u>732,424</u>	<u>68,025</u>	<u>5,285,284</u>
End of year - June 30	<u>\$ 4,428,248</u>	<u>\$ 878,698</u>	<u>\$ 68,293</u>	<u>\$ 5,375,239</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<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	\$ 275,193	\$ 1,361,336	\$ 205,462	\$ 1,841,991
Cash paid to employees	(62,674)	(541,889)	(61,608)	(666,171)
Cash paid to suppliers	(299,596)	(672,175)	(202,682)	(1,174,453)
Net cash provided (used) by operating activities	(87,077)	147,272	(58,828)	1,367
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Payments to/from other funds	(16,934)	-	-	(16,934)
Transfers from other funds	118,656	-	72,813	191,469
Net cash provided (used) by non-capital financing activities	101,722	-	72,813	174,535
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Interest expense	-	-	(120)	(120)
Acquisition of capital assets	(2,668)	-	(5,760)	(8,428)
Principal payments on long-term debt	-	-	(7,245)	(7,245)
Capital contributions	7,257	-	-	7,257
Net cash provided (used) by capital and related financing activities	4,589	-	(13,125)	(8,536)
<b>Cash Flows from Investing Activities:</b>				
Investment earnings	269	1,648	26	1,943
Net increase (decrease) in cash and cash equivalents/investments	19,503	148,920	886	169,309
<b>Cash and Cash Equivalents/Investments:</b>				
Beginning of year - July 1	102,405	444,896	28,129	575,430
End of year - June 30	\$ 121,908	\$ 593,816	\$ 29,015	\$ 744,739
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (191,728)	\$ 86,053	\$ (72,451)	\$ (178,126)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	103,800	63,475	10,717	177,992
Non-operating expenses	-	(24,337)	-	(24,337)
Non-operating revenues	5,612	77,685	-	83,297
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	9,592	(61,224)	(979)	(52,611)
(Increase) decrease in inventory	(17,430)	-	-	(17,430)
(Increase) decrease in deferred outflows of resources for pensions	-	(152,334)	(50,778)	(203,112)
Increase (decrease) in accounts payable and accrued liabilities	978	(267)	(3,359)	(2,648)
Increase (decrease) in deferred inflows of resources for pensions	-	(13,496)	(4,499)	(17,995)
Increase (decrease) in net pension liability	-	169,694	56,563	226,257
Increase (decrease) in compensated absences payable	1,031	1,208	1,685	3,924
Increase (decrease) in OPEB liability	1,068	815	4,273	6,156
Net cash provided (used) by operating activities	\$ (87,077)	\$ 147,272	\$ (58,828)	\$ 1,367
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Capital contributions	\$ 10,604	\$ 5,224	\$ -	\$ 15,828
Total non-cash investing, capital, and financing activities	\$ 10,604	\$ 5,224	\$ -	\$ 15,828

## 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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Fuel sales	\$ 185,000	\$ 181,473	\$ (3,527)	\$ 169,064
Rentals	76,805	72,892	(3,913)	68,033
Miscellaneous revenue	-	5,624	5,624	3,387
Total operating revenues	261,805	259,989	(1,816)	240,484
<b>Non-Operating Revenues:</b>				
Interest earnings	200	269	69	234
FEMA assistance	252	-	(252)	-
Grant funds	300,000	5,612	(294,388)	2,068
Total non-operating revenues	300,452	5,881	(294,571)	2,302
Total revenues	562,257	265,870	(296,387)	242,786
<b>Operating Expenditures:</b>				
Salaries and employee benefits	65,903	64,773	1,130	64,684
Professional services	1,090	90	1,000	44
Utilities	25,723	25,069	654	21,121
Fuel purchases	160,000	141,374	18,626	116,552
Maintenance and repairs	40,371	37,767	2,604	34,802
Supplies	1,950	1,410	540	1,918
Contracted services	21,265	15,643	5,622	12,401
Equipment rental	10,000	8,400	1,600	8,400
Miscellaneous	5,176	4,173	1,003	3,290
Insurance	16,000	14,842	1,158	15,326
Grant expense	333,334	-	333,334	-
Utility service fee - General Fund	32,277	32,277	-	22,113
Total	713,089	345,818	367,271	300,651
<b>Miscellaneous - Non-Departmental:</b>				
Hurricane Irene FEMA Grant expenses	252	-	252	-
Capital outlay	-	2,668	(2,668)	8,532
Total expenditures	713,341	348,486	364,855	309,183

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(151,084)	(82,616)	68,468	(66,397)
<b>Other Financing Sources (Uses):</b>				
Appropriated net position	50,659	-	(50,659)	-
Transfer to airport capital project funds	(18,231)	(18,231)	-	-
Transfers from General Fund	118,656	118,656	-	-
Total other financing sources (uses)	151,084	100,425	(50,659)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 17,809	\$ 17,809	\$ (66,397)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 17,809		\$ (66,397)
Capital outlay		2,668		8,532
Depreciation		(103,800)		(75,350)
Change in compensated absences		(1,031)		(470)
Change in OPEB liability		(1,068)		-
Transfer from other funds - project		18,231		-
Capital contributions, grant revenue from projects		7,257		363,440
Capital contributions		3,347		-
Interest earnings from projects		-		31
Non-capitalized expenses from projects		-		(20,150)
Change in net position		\$ (56,587)		\$ 209,636

## 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, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Federal grants - Airport Improvements grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
State grants - Airport Improvements grant	298,971	298,972	-	298,972	1
Interest earnings	804	802	-	802	(2)
Insurance proceeds	130,702	130,703	-	130,703	1
Total revenues	<u>930,477</u>	<u>930,477</u>	<u>-</u>	<u>930,477</u>	<u>-</u>
<b>Expenditures:</b>					
Professional services	223,305	223,305	-	223,305	-
Construction	924,494	924,494	-	924,494	-
Rental building	30,150	30,150	-	30,150	-
Furnishings	77,728	77,728	-	77,728	-
Total expenditures	<u>1,255,677</u>	<u>1,255,677</u>	<u>-</u>	<u>1,255,677</u>	<u>-</u>
Revenues over (under) expenditures	(325,200)	(325,200)	-	(325,200)	-
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>325,200</u>	<u>325,200</u>	<u>-</u>	<u>325,200</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u><u>\$ -</u></u>		

This fund is consolidated into the Warren Field Airport Fund.



## CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT RUNWAY  
 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, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
State grant funds	\$ 164,074	\$ -	\$ 7,257	\$ 7,257	\$ (156,817)
<b>Expenditures:</b>					
Professional services	182,305	-	7,257	7,257	175,048
Revenues over (under) expenditures	(18,231)	-	-	-	18,231
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	18,231	-	18,231	18,231	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	18,231	\$ 18,231	\$ 18,231
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 18,231		

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, 2017

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
<b>Revenues:</b>					
State grant funds	\$ 325,000	\$ 324,999	\$ -	\$ 324,999	\$ (1)
Federal grant funds	89,109	74,547	-	74,547	(14,562)
Total revenues	<u>414,109</u>	<u>399,546</u>	<u>-</u>	<u>399,546</u>	<u>(14,563)</u>
<b>Expenditures:</b>					
Professional services	109,466	104,215	-	104,215	5,251
Airport rehabilitation	<u>350,655</u>	<u>339,724</u>	<u>-</u>	<u>339,724</u>	<u>10,931</u>
Total expenditures	<u>460,121</u>	<u>443,939</u>	<u>-</u>	<u>443,939</u>	<u>16,182</u>
Revenues over (under) expenditures	(46,012)	(44,393)	-	(44,393)	1,619
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>46,012</u>	<u>46,012</u>	<u>-</u>	<u>46,012</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,619</u>	<u>-</u>	<u>\$ 1,619</u>	<u>\$ 1,619</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>1,619</u>		
End of year, June 30			<u>\$ 1,619</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Garbage collection fees	\$ 1,291,236	\$ 1,341,752	\$ 50,516	\$ 1,326,030
Miscellaneous revenues	-	632	632	1,442
Total operating revenues	<u>1,291,236</u>	<u>1,342,384</u>	<u>51,148</u>	<u>1,327,472</u>
<b>Non-Operating Revenues:</b>				
Interest earnings	800	1,648	848	892
FEMA assistance	62,550	71,210	8,660	-
Disposal tax	<u>6,000</u>	<u>6,475</u>	<u>475</u>	<u>6,137</u>
Total non-operating revenues	<u>69,350</u>	<u>79,333</u>	<u>9,983</u>	<u>7,029</u>
Total revenues	<u>1,360,586</u>	<u>1,421,717</u>	<u>61,131</u>	<u>1,334,501</u>
<b>Operating Expenditures:</b>				
Salaries and employee benefits	570,560	547,776	22,784	554,083
Utilities	605	485	120	551
County tipping fees	273,236	272,709	527	240,460
Employee development	150	-	150	207
Maintenance and repairs	136,904	113,999	22,905	148,000
Supplies	1,500	1,333	167	956
Materials	22,496	21,315	1,181	19,114
Miscellaneous	6,026	4,770	1,256	5,182
Insurance	15,000	8,427	6,573	15,661
Contingency	77	-	77	-
Workers' compensation	6,254	5,712	542	5,471
Utility service fee - General Fund	<u>213,594</u>	<u>213,594</u>	<u>-</u>	<u>195,229</u>
Total operating expenditures	<u>1,246,402</u>	<u>1,190,120</u>	<u>56,282</u>	<u>1,184,914</u>
<b>Debt Service:</b>				
Principal	-	-	-	17,703
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>192</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,895</u>
<b>Miscellaneous - Non-Departmental:</b>				
Hurricane Irene FEMA Grant expenses	<u>62,550</u>	<u>24,336</u>	<u>38,214</u>	<u>-</u>
Capital outlay	<u>51,634</u>	<u>-</u>	<u>51,634</u>	<u>-</u>
Total expenditures	<u>1,360,586</u>	<u>1,214,456</u>	<u>146,130</u>	<u>1,202,809</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 207,261</u>	<u>\$ 207,261</u>	<u>\$ 131,692</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Reconciliation from Budgetary Basis</b>				
<b>(Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ 207,261		\$ 131,692
Depreciation		(63,475)		(61,733)
Principal retirement		-		17,703
Capital contributions		5,224		-
Change in compensated absences		(1,208)		391
Change in OPEB liability		(815)		(8,392)
Change in deferred outflows of resources - pension		152,334		-
Change in deferred inflows of resources - pension		13,496		-
Change in net pension liability		(169,694)		-
Bad debt expense (recoveries)		3,151		(5,004)
Pension expense		-		(17,188)
Deferred outflows of resources for contributions				
made to pension plan in the current fiscal year		-		35,791
Change in net position		<u>\$ 146,274</u>		<u>\$ 93,260</u>

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, 2017  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
<b>Charges for Sales and Services:</b>				
Sale of cemetery plots	\$ 86,550	\$ 78,749	\$ (7,801)	\$ 74,079
Cemetery grave openings	118,000	112,023	(5,977)	111,745
Administrative charges	27,000	15,667	(11,333)	16,304
Total operating revenues	231,550	206,439	(25,111)	202,128
<b>Non-Operating Revenues:</b>				
Interest earnings	150	26	(124)	241
FEMA assistance	575	-	(575)	-
Miscellaneous	-	2	2	2,102
Total non-operating revenues	725	28	(697)	2,343
Total revenues	232,275	206,467	(25,808)	204,471
<b>Operating Expenditures:</b>				
Salaries and employee benefits	229,783	209,926	19,857	214,281
Other operating expenditures	16,424	14,551	1,873	18,475
Maintenance and repairs	14,814	11,575	3,239	13,584
Utility service fee - General Fund	24,879	24,879	-	21,963
Total operating expenditures	285,900	260,931	24,969	268,303
<b>Debt Service:</b>				
Principal	7,246	7,245	1	7,147
Interest	120	120	-	218
Total debt service	7,366	7,365	1	7,365
<b>Miscellaneous - Non-Departmental:</b>				
Hurricane Irene FEMA grant expenses	575	-	575	-
Capital outlay	16,500	5,760	10,740	63,754
Total expenditures	310,341	274,056	36,285	339,422
Revenues over (under) expenditures	(78,066)	(67,589)	10,477	(134,951)

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, 2017  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Transfer from Electric Fund	72,813	72,813	-	-
Appropriated net position	5,253	-	(5,253)	-
Total other financing sources (uses)	78,066	72,813	(5,253)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,224	\$ 5,224	\$ (134,951)

**Reconciliation from Budgetary Basis**

**(Modified Accrual) to Full Accrual Basis:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 5,224	\$ (134,951)
Depreciation	(10,717)	(9,558)
Capital outlay	5,760	26,307
Principal retirement	7,245	7,147
Change in compensated absences	(1,685)	(15)
Change in OPEB liability	(4,273)	(6,640)
Change in deferred outflows of resources - pension	50,778	-
Change in deferred inflows of resources - pension	4,499	-
Change in net pension liability	(56,563)	-
Pension expense	-	(5,729)
Deferred outflows of resources for contributions made to pension plan in the current fiscal year	-	11,930
Change in net position	\$ 268	\$ (111,509)

## **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.

Vehicle Replacement Reserve Fund - This fund is used to finance and account for the City's General Fund vehicle replacements.

Facility Maintenance Reserve Fund - This fund is used to finance and account for maintenance and rehabilitation of City facilities.

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## CITY OF WASHINGTON, NORTH CAROLINA

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2017

	<b>Workers' Compensation Reserve Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Facility Maintenance Fund</b>	<b>Total</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,036,509	\$ 936,240	\$ 502,598	\$ 2,475,347
Accounts receivable, net	-	3,214	-	3,214
Total current assets	<u>1,036,509</u>	<u>939,454</u>	<u>502,598</u>	<u>2,478,561</u>
<b>Non-Current Assets:</b>				
<b>Capital Assets:</b>				
Other capital assets, net of accumulated depreciation	-	1,311,188	-	1,311,188
Total assets	<u>1,036,509</u>	<u>2,250,642</u>	<u>502,598</u>	<u>3,789,749</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	<u>114,808</u>	<u>8,899</u>	<u>-</u>	<u>123,707</u>
<b>Net Position:</b>				
Net investment in capital assets	-	1,311,188	-	1,311,188
Unrestricted	<u>921,701</u>	<u>930,555</u>	<u>502,598</u>	<u>2,354,854</u>
Total net position	<u>\$ 921,701</u>	<u>\$ 2,241,743</u>	<u>\$ 502,598</u>	<u>\$ 3,666,042</u>

## CITY OF WASHINGTON, NORTH CAROLINA

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Workers' Compensation Reserve Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Facility Maintenance Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 94,000	\$ 708,081	\$ -	\$ 802,081
<b>Operating Expenses:</b>				
Insurance claims	63,324	-	-	63,324
Depreciation	-	132,995	-	132,995
Total operating expenses	63,324	132,995	-	196,319
Operating income (loss)	30,676	575,086	-	605,762
<b>Non-Operating Revenues (Expenses):</b>				
Miscellaneous revenue	-	11,416	-	11,416
Investment earnings	5,731	2,349	1,531	9,611
Total non-operating revenues (expenses)	5,731	13,765	1,531	21,027
Change in net position	36,407	588,851	1,531	626,789
<b>Net Position:</b>				
Beginning of year - July 1	885,294	1,652,892	501,067	3,039,253
End of year - June 30	\$ 921,701	\$ 2,241,743	\$ 502,598	\$ 3,666,042

## CITY OF WASHINGTON, NORTH CAROLINA

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Workers' Compensation Reserve Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Facility Maintenance Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers	\$ 94,122	\$ 717,515	\$ -	\$ 811,637
Cash paid to employees for services	(68,180)	-	-	(68,180)
Cash paid to suppliers	-	(28,990)	-	(28,990)
Net cash provided (used) by operating activities	<u>25,942</u>	<u>688,525</u>	<u>-</u>	<u>714,467</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of capital assets	-	(167,234)	-	(167,234)
<b>Cash Flows From Investing Activities:</b>				
Investment earnings	<u>5,731</u>	<u>2,349</u>	<u>1,531</u>	<u>9,611</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	31,673	523,640	1,531	556,844
<b>Cash and Cash Equivalents/Investments:</b>				
Beginning of year - July 1	<u>1,004,836</u>	<u>412,600</u>	<u>501,067</u>	<u>1,918,503</u>
End of year - June 30	<u>\$ 1,036,509</u>	<u>\$ 936,240</u>	<u>\$ 502,598</u>	<u>\$ 2,475,347</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 30,676	\$ 575,086	\$ -	\$ 605,762
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	-	132,995	-	132,995
Non-operating revenues	-	11,416	-	11,416
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	122	(1,982)	-	(1,860)
Increase (decrease) in accounts payable and accrued liabilities	(4,856)	(28,990)	-	(33,846)
Net cash provided (used) by operating activities	<u>\$ 25,942</u>	<u>\$ 688,525</u>	<u>\$ -</u>	<u>\$ 714,467</u>

## 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, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 94,000	\$ 94,000	\$ -
<b>Operating Expenditures:</b>			
Workers' compensation claims	97,000	63,324	33,676
Operating income (loss)	(3,000)	30,676	(33,676)
<b>Non-Operating Revenues:</b>			
Investment earnings	3,000	5,731	2,731
Change in net position	<u>\$ -</u>	36,407	<u>\$ 36,407</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>885,294</u>	
End of year - June 30		<u>\$ 921,701</u>	

## CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND  
 VEHICLE REPLACEMENT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Financial Plan	Actual	Variance Over/Under
<b>Operating Revenues:</b>			
Charges for services	\$ 708,081	\$ 708,081	\$ -
<b>Non-Operating Revenues:</b>			
Miscellaneous revenue	-	11,416	11,416
Investment earnings	1,000	2,349	1,349
Total non-operating revenues	1,000	13,765	12,765
Total revenues	709,081	721,846	12,765
<b>Operating Expenditures:</b>			
Vehicle replacement costs	765,343	300,229	465,114
Revenues over (under) expenditures	(56,262)	421,617	477,879
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	56,262	-	(56,262)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 421,617	\$ 421,617
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 421,617	
Capital outlay		300,229	
Depreciation		(132,995)	
Change in net position		\$ 588,851	

## CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND  
 FACILITY MAINTENANCE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Non-Operating Revenues:</b>			
Investment earnings	\$ 500	\$ 1,531	\$ 1,031
<b>Other Financing Sources (Uses):</b>			
Contingency	<u>(500)</u>	<u>-</u>	<u>500</u>
Change in net position	<u>\$ -</u>	<u>1,531</u>	<u>\$ 1,531</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>501,067</u>	
End of year - June 30		<u>\$ 502,598</u>	

## **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, 2017

Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 4,494,120	\$ 4,416,681	\$ 77,439
2015-2016	104,390	-	71,422	32,968
2014-2015	30,916	-	13,375	17,541
2013-2014	34,583	-	6,704	27,879
2012-2013	33,996	-	2,453	31,543
2011-2012	21,750	-	1,876	19,874
2010-2011	13,840	-	825	13,015
2009-2010	18,631	-	354	18,277
2008-2009	16,712	-	258	16,454
2007-2008	21,133	-	317	20,816
2006-2007	18,621	-	18,621	-
Total	<u>\$ 314,572</u>	<u>\$ 4,494,120</u>	<u>\$ 4,532,886</u>	275,806
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(154,670)</u>
<b>Ad Valorem Taxes Receivable, Net:</b>				
General Fund				<u>\$ 121,136</u>
<b>Reconcilement With Revenues:</b>				
Ad valorem taxes - General Fund			\$ 4,526,986	
Refunds			6,196	
Write-offs and releases			34,577	
Penalties and interest collected			<u>(34,873)</u>	
Total collections and credits			<u>\$ 4,532,886</u>	

## CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2017

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy</b>	\$ 880,253,269	0.52	\$ 4,577,317	\$ 4,186,954	\$ 390,363
<b>Discoveries</b>	6,843,654	0.52	35,587	35,587	-
<b>Abatements</b>	(22,843,077)	0.52	(118,784)	(118,784)	-
Total property valuation	<u>\$ 864,253,846</u>				
<b>Net Levy</b>			4,494,120	4,103,757	390,363
Uncollected taxes at June 30, 2017			<u>77,439</u>	<u>77,439</u>	-
<b>Current Year's Taxes Collected</b>			<u>\$ 4,416,681</u>	<u>\$ 4,026,318</u>	<u>\$ 390,363</u>
<b>Current Levy Collection Percentage</b>			98.28%	98.11%	100.00%

## **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.	158
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source.	162
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.	169
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.	173
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.	176

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## CITY OF WASHINGTON, NORTH CAROLINA

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 18,610,980	\$ 18,447,771	\$ 19,346,037	\$ 18,103,256	\$ 19,310,212	\$ 20,350,145	\$ 17,557,469	\$ 17,321,458	\$ 18,512,443	\$ 18,242,564
Restricted	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008	2,798,041	2,571,352
Unrestricted	9,159,353	9,814,379	8,836,625	6,206,219	6,317,546	6,700,404	6,770,380	6,194,333	5,698,464	6,889,944
Total governmental activities net position	<u>\$ 28,488,776</u>	<u>\$ 29,012,108</u>	<u>\$ 28,985,076</u>	<u>\$ 27,269,477</u>	<u>\$ 28,698,730</u>	<u>\$ 29,461,791</u>	<u>\$ 27,005,622</u>	<u>\$ 25,888,799</u>	<u>\$ 27,008,948</u>	<u>\$ 27,703,860</u>
Business-type activities										
Net investment in capital assets	\$ 52,099,287	\$ 56,442,379	\$ 57,884,865	\$ 59,355,152	\$ 60,476,100	\$ 61,070,809	\$ 62,593,894	\$ 64,051,002	\$ 67,569,334	\$ 68,989,708
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,541,166	10,157,327	11,125,031	13,195,618	13,476,598	13,520,587	13,370,623	13,441,414	17,107,621	20,286,870
Total business-type activities net position	<u>\$ 63,640,453</u>	<u>\$ 66,599,706</u>	<u>\$ 69,009,896</u>	<u>\$ 72,550,770</u>	<u>\$ 73,952,698</u>	<u>\$ 74,591,396</u>	<u>\$ 75,964,517</u>	<u>\$ 77,492,416</u>	<u>\$ 84,676,955</u>	<u>\$ 89,276,578</u>
Primary government										
Net investment in capital assets	\$ 70,710,267	\$ 74,890,150	\$ 77,230,902	\$ 77,458,408	\$ 79,786,312	\$ 81,420,954	\$ 80,151,363	\$ 81,372,460	\$ 86,081,777	\$ 87,232,272
Restricted	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008	2,798,041	2,571,352
Unrestricted	20,700,519	19,971,706	19,961,656	19,401,837	19,794,144	20,220,991	20,141,003	19,635,747	22,806,085	27,176,814
Total primary government net position	<u>\$ 92,129,229</u>	<u>\$ 95,611,814</u>	<u>\$ 97,994,972</u>	<u>\$ 99,820,247</u>	<u>\$ 102,651,428</u>	<u>\$ 104,053,187</u>	<u>\$ 102,970,139</u>	<u>\$ 103,381,215</u>	<u>\$ 111,685,903</u>	<u>\$ 116,980,438</u>

CITY OF WASHINGTON, NORTH CAROLINA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,469,055	\$ 1,213,174	\$ 2,289,052	\$ 2,057,263	\$ 2,115,692	\$ 2,211,617	\$ 5,225,614	\$ 2,130,313	\$ 1,494,759	\$ 1,434,072
Public safety	5,483,122	6,288,971	5,819,057	6,342,206	6,272,982	5,769,373	5,784,755	5,683,135	6,000,378	6,198,994
Transportation	1,079,272	733,196	858,877	1,056,475	852,732	922,884	801,834	925,821	954,178	1,223,260
Environmental protection	354,391	614,650	6,307	642,630	657,371	654,618	670,441	637,164	656,104	386,877
Cultural and recreation	2,672,910	2,605,246	2,160,070	2,697,305	2,013,443	1,606,916	2,297,029	2,392,859	2,695,627	2,093,693
Economic and physical development	184,507	564,134	560,332	169,738	74,514	294,315	624,667	38,316	(158,340)	338,539
Interest on long term debt	40,845	152,570	146,573	125,094	156,808	116,070	71,970	53,203	48,440	44,582
Total governmental activities	11,284,102	12,171,941	11,840,268	13,090,711	12,143,542	11,575,793	15,476,310	11,860,811	11,691,146	11,720,017
Business-type activities:										
Water	2,520,231	2,731,579	2,862,429	2,747,337	2,859,068	3,016,643	3,025,019	3,063,667	3,219,750	3,189,163
Sewer	3,164,874	2,741,838	2,679,730	2,785,391	2,603,297	2,778,577	2,975,619	3,046,950	3,132,989	3,101,293
Electric	31,061,372	34,295,374	35,174,520	36,376,695	35,224,262	34,958,237	35,475,345	34,903,483	27,838,189	29,510,316
Stormwater utility	556,346	530,868	567,190	401,365	414,551	390,349	381,890	422,292	383,638	353,954
Warren Field Airport	567,006	409,650	364,180	394,575	457,044	696,759	505,289	414,818	396,621	451,717
Solid waste	1,038,700	1,160,196	1,156,281	1,363,882	1,332,906	1,256,031	1,293,733	1,201,615	1,236,236	1,283,818
Cemetery	-	-	264,870	269,614	276,551	285,546	280,857	273,134	315,980	279,012
Total business-type activities	38,908,529	41,869,505	43,069,200	44,338,859	43,167,679	43,382,142	43,937,752	43,325,959	36,523,403	38,169,273
Total primary government expenses	\$ 50,192,631	\$ 54,041,446	\$ 54,909,468	\$ 57,429,570	\$ 55,311,221	\$ 54,957,935	\$ 59,414,062	\$ 55,186,770	\$ 48,214,549	\$ 49,889,290
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 784,812	\$ 1,652,554	\$ 619,682	\$ 741,083	\$ 888,616	\$ 826,617	\$ 1,730,280	\$ 151,469	\$ 282,085	\$ 287,558
Public safety	225,680	550,576	-	8,000	493,962	650,174	637,212	658,239	760,965	753,024
Transportation	-	-	9,073	4,629	25,563	4,656	6,251	5,378	35,895	12,423
Environmental protection	339,035	266,156	-	-	-	-	-	-	-	-
Cultural and recreation	305,729	276,322	293,512	290,902	229,454	242,569	209,408	194,264	265,253	334,601
Economic and physical development	-	9,792	123,536	33,700	76,308	49,759	-	30,000	-	-
Operating grants and contributions:										
General government	33,372	169,511	-	10,722	10,900	7,247	2,483	2,583	34,311	41,001
Public safety	254,801	364,340	448,897	429,860	913,131	486,734	451,338	383,127	353,928	431,175
Transportation	354,222	314,031	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	23,311	6,689	-	-	-	-	-
Cultural and recreation	51,220	53,437	50,680	35,611	19,396	156,363	26,259	61,393	36,609	37,329
Economic and physical development	173,251	537,270	46,618	168,152	41,418	17,790	155,244	3,529	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-



CITY OF WASHINGTON, NORTH CAROLINA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital grants and contributions:										
General Government	97,047	14,656	21,794	1,998	125,665	-	-	-	-	-
Public safety	161,500	3,400	209,086	237,712	49,931	330,935	-	36,974	7,691	-
Transportation	-	-	284,260	326,458	705,593	167,786	184,004	183,590	180,736	176,392
Cultural and recreation	41,627	36,066	49,782	31,145	258,579	29,428	48,989	37,166	333,052	36,013
Economic and physical development	6,481	-	483,689	-	313,288	15,375	518,266	54,234	352,400	114,407
Total governmental activities program revenues	2,828,777	4,248,111	2,640,609	2,343,283	4,158,493	2,985,433	3,969,734	1,801,946	2,642,925	2,223,923
Business-type activities:										
Charge for services:										
Water	2,933,696	2,961,388	3,037,783	3,146,469	3,151,154	2,983,399	3,154,780	3,175,688	3,311,991	2,944,752
Sewer	2,882,542	2,942,450	2,965,673	3,108,392	3,092,541	3,091,654	3,001,831	2,929,832	3,282,101	3,360,261
Electric	33,506,943	36,442,629	37,264,771	39,301,119	35,283,158	35,420,242	35,913,591	36,657,248	33,751,350	34,646,920
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	428,826	499,950	517,930	511,951	501,578	500,827	509,015	509,775	589,980	684,400
Warren Field Airport	378,488	222,062	169,329	224,203	221,219	667,196	237,081	211,039	240,484	259,989
Solid Waste	1,130,400	1,266,234	1,283,968	1,294,121	1,241,221	1,260,476	1,273,038	1,256,817	1,328,604	1,352,010
Cemetery	-	-	213,633	162,923	171,643	171,998	246,884	200,039	204,230	206,441
Operating grants and contributions:										
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	33,439
Electric	-	-	-	-	-	-	-	-	-	55,296
Stormwater utility	2,569	(13,002)	-	-	-	-	-	-	-	-
Warren Field Airport	-	-	-	-	-	-	130,703	-	-	5,612
Solid Waste	6,750	-	16,000	-	-	-	-	-	-	71,210
Capital grants and contributions:										
Water	11,100	569,523	164,933	3,789	81,284	(113)	15,232	68,798	769,312	28,925
Sewer	-	4,834	445,639	71,924	129,583	(547)	62,963	116,048	747,274	264,165
Electric	-	61,472	-	414,496	1,496,643	249,451	585,475	35,700	-	-
Stormwater utility	-	-	-	100,000	-	-	-	-	-	-
Warren Field Airport	241,739	23,927	289,245	171,381	129,845	449,850	406,420	653,428	365,508	10,604
Solid Waste	-	-	-	-	-	95	-	-	-	5,224
Cemetery	-	-	-	-	8,075	-	-	-	-	-
Total business-type activities program revenues	41,523,053	44,981,467	46,368,904	48,510,768	45,507,944	44,794,528	45,537,013	45,814,412	44,590,834	43,929,248
Total primary government program revenues	44,351,830	49,229,578	49,009,513	50,854,051	49,666,437	47,779,961	49,506,747	47,616,358	47,233,759	46,153,171
Net (Expense)/Revenue										
Governmental activities	(8,455,325)	(7,923,830)	(9,199,659)	(10,747,428)	(7,985,049)	(8,590,360)	(11,506,576)	(10,058,865)	(9,048,221)	(9,496,094)
Business-type activities	2,614,524	3,111,962	3,299,704	4,171,909	2,340,265	1,412,386	1,599,261	2,488,453	8,067,431	5,759,975
Total primary government net (expense)/revenue	(5,840,801)	(4,811,868)	(5,899,955)	(6,575,519)	(5,644,784)	(7,177,974)	(9,907,315)	(7,570,412)	(980,790)	(3,736,119)

CITY OF WASHINGTON, NORTH CAROLINA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 3,739,953	\$ 3,862,728	\$ 4,017,112	\$ 4,168,418	\$ 4,090,923	\$ 4,291,705	\$ 4,507,481	\$ 4,331,693	\$ 4,345,971	\$ 4,469,620
Other Taxes	2,706,538	1,968,844	2,062,546	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864	2,686,421	2,850,545
Unrestricted intergovernmental	1,440,275	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278	2,059,167	2,043,145
Investment earnings	271,994	132,038	69,776	52,345	27,378	33,980	55,930	59,875	56,520	61,585
Miscellaneous	142,776	616,018	427,889	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Transfers	804,211	265,641	905,123	903,525	1,193,432	905,410	368,549	482,067	1,020,291	1,330,898
Total governmental activities:	<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>9,050,408</u>	<u>9,742,777</u>	<u>10,168,370</u>	<u>10,755,793</u>
Business-type activities:										
Investment earnings	299,054	112,932	15,609	80,873	140,065	131,722	142,409	137,291	137,399	170,546
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Special Item-Net asset transfer from Warren	-	-	-	-	-	-	-	-	-	-
Airport Commission to City of Washington	-	-	-	-	-	-	-	-	-	-
Transfers	(804,211)	(265,641)	(905,123)	(903,525)	(1,193,432)	(905,410)	(368,549)	(482,067)	(1,020,291)	(1,330,898)
Total business-type activities	<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>(226,140)</u>	<u>(344,776)</u>	<u>(882,892)</u>	<u>(1,160,352)</u>
Total primary government	<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>	<u>\$ 9,398,001</u>	<u>\$ 9,285,478</u>	<u>\$ 9,595,441</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 650,422	\$ 523,332	\$ (27,032)	\$ (1,523,982)	\$ 1,429,253	\$ 763,061	\$ (2,456,168)	\$ (316,088)	\$ 1,120,149	\$ 1,259,699
Business-type activities	2,109,367	2,959,253	2,410,190	3,349,257	1,286,898	638,698	1,373,121	2,143,677	7,184,539	4,599,623
Total primary government	<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>\$ (1,083,047)</u>	<u>\$ 1,827,589</u>	<u>\$ 8,304,688</u>	<u>\$ 5,859,322</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
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	4,598,572	2,088,807	222,208	68,140	16,686	123,152	1,140,964	8,258,529
2015	4,441,759	2,362,096	247,187	51,913	18,807	114,343	1,286,375	8,522,480
2016	4,340,444	2,330,383	259,553	47,080	19,929	1,504	1,284,505	8,283,398
2017	4,526,982	2,475,562	277,992	46,293	21,402	1,311	1,261,970	8,611,511

## CITY OF WASHINGTON, NORTH CAROLINA

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

## (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 3,581,076	\$ 3,878,248	\$ 2,643,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,987,976	5,536,430	5,763,532	-	-	-	-	-	-	-
Non Spendable	-	-	-	97,932	85,930	121,327	123,653	191,555	176,585	71,783
Restricted	-	-	-	2,490,744	2,565,383	1,772,450	1,919,661	1,780,333	1,681,569	1,627,163
Committed	-	-	-	21	21	21	21	2,521	2,521	2,521
Assigned	-	-	-	-	189,471	189,471	243,945	67,735	148,100	-
Unassigned	-	-	-	5,378,942	5,542,226	5,962,328	6,238,713	4,819,600	5,261,097	6,700,195
Total General Fund	\$ 8,569,052	\$ 9,414,678	\$ 8,407,407	\$ 7,967,639	\$ 8,383,031	\$ 8,045,597	\$ 8,525,993	\$ 6,861,744	\$ 7,269,872	\$ 8,401,662
All Other Governmental Funds										
Reserved :										
Special Revenue Funds	\$ 23	\$ 14,216	\$ 12,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Funds	404,975	414,975	436,575	-	-	-	-	-	-	-
Total reserved	404,998	429,191	449,491	-	-	-	-	-	-	-
Unreserved:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	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	549,751	549,754	549,853
Special revenue funds	-	-	-	-	-	-	-	199,200	-	191,385
Restricted:										
Special revenue funds	-	-	-	51,617	25,897	72,863	6,356	12,638	207,268	19,330
Capital project funds	-	-	-	171,736	120,935	88,454	226,381	30,185	359,351	375,006
Permanent funds	-	-	-	-	-	-	-	102	99	-
Committed:										
Special revenue funds	-	-	-	-	5,575	-	-	-	-	-
Capital project funds	-	-	-	937,559	1,001,642	1,032,227	1,053,642	1,017,405	1,147,044	987,901
Assigned:										
Capital project funds	-	-	-	17,104	18,908	17,627	17,670	24,790	26,806	24,919
Unassigned:										
Special revenue funds	-	-	-	-	(14,197)	(69,006)	(2,501)	(4,570)	-	-
Capital project funds	-	-	-	(29,661)	(15,604)	(21,032)	(181,992)	(20,000)	(157,143)	(88)
Total all other governmental funds	\$ 1,262,455	\$ 975,509	\$ 1,818,938	\$ 1,600,930	\$ 1,615,331	\$ 1,613,709	\$ 1,644,833	\$ 1,809,501	\$ 2,133,179	\$ 2,148,306

Note: The City implemented GASB statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Four years are presented in the format prior to the implementation of GASB 54, along with six years after the implementation.

Table 5

## CITY OF WASHINGTON, NORTH CAROLINA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad valorem taxes	\$ 3,735,845	\$ 3,836,368	\$ 3,876,605	\$ 4,165,483	\$ 4,189,504	\$ 4,301,643	\$ 4,598,572	\$ 4,441,759	\$ 4,340,445	\$ 4,526,986
Other taxes and licenses	2,706,538	2,584,862	2,490,435	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864	2,686,421	2,850,545
Unrestricted intergovernmental	1,515,146	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278	2,059,167	2,043,145
Restricted intergovernmental	1,248,494	1,661,217	1,594,806	1,264,969	2,444,573	1,211,658	1,386,583	665,689	655,238	721,910
Permits and fees	137,313	72,236	89,417	62,564	91,530	64,266	89,360	86,346	95,652	122,492
Sales and services	1,592,793	1,356,063	1,200,749	1,278,048	1,432,739	1,491,966	2,390,422	947,930	1,081,231	1,107,998
Interest earnings	339,899	132,038	68,352	48,822	24,669	30,292	50,405	43,209	36,861	41,418
Miscellaneous	142,776	616,018	92,822	106,506	160,889	192,384	117,073	33,082	144,282	197,392
Total revenues	11,418,804	11,860,695	11,103,367	11,025,550	12,446,473	11,414,535	12,750,863	11,087,157	11,099,297	11,611,886
<b>Expenditures</b>										
General government	1,361,084	1,219,469	1,793,943	1,763,828	1,923,459	2,194,170	2,126,445	1,974,023	2,324,752	1,836,094
Public safety	7,206,670	6,195,435	5,842,727	5,975,774	6,144,320	5,767,186	5,410,997	5,515,067	5,644,347	6,027,734
Transportation	1,034,610	869,269	857,848	1,219,102	1,600,006	1,161,707	822,261	1,097,764	780,996	959,602
Environmental protection	358,302	338,247	80,465	369,782	391,087	366,545	390,625	381,415	374,367	371,084
Economic and physical development	184,507	564,134	560,332	171,193	1,111,726	294,315	893,340	-	-	-
Cultural and recreational	2,778,018	2,553,779	2,060,512	2,478,867	2,433,178	2,170,750	2,216,392	2,231,397	2,180,060	2,066,701
Debt Service:										
Principal retirement	342,848	411,612	398,618	557,194	234,504	2,893,053	694,725	211,036	205,250	177,160
Interest and fees	40,845	152,570	146,573	125,094	141,398	131,408	71,976	53,209	48,446	44,187
Total expenditures	13,306,884	12,304,515	11,741,018	12,660,834	13,979,678	14,979,134	12,626,761	11,463,911	11,558,218	11,482,562
Excess of revenues over (under) expenditures	(1,888,080)	(443,820)	(637,651)	(1,635,284)	(1,533,205)	(3,564,599)	124,102	(376,754)	(458,921)	129,324
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,409,002	1,657,730	2,751,484	1,684,575	1,772,934	2,315,000	1,297,826	910,116	1,110,945	1,517,411
Transfers out	(604,791)	(982,730)	(2,277,675)	(762,000)	(579,502)	1,494,609	(910,309)	(2,197,611)	(243,896)	(514,945)
Proceeds from installment note	-	317,500	-	246,550	769,566	(584,066)	-	-	-	-
Long-term debt issued/repaid	467,247	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,271,458	992,500	473,809	1,169,125	1,962,998	3,225,543	387,517	(1,287,495)	867,049	1,002,466
Net change in fund balances	\$ (616,622)	\$ 548,680	\$ (163,842)	\$ (466,159)	\$ 429,793	\$ (339,056)	\$ 511,619	\$ (1,664,249)	\$ 408,128	\$ 1,131,790
Debt service as a percentage of total personal income	3.66%	4.89%	4.84%	5.63%	2.93%	22.64%	6.47%	2.43%	2.31%	2.29%
Fund Balances:										
Beginning of year - July 1	-	-	-	-	-	-	-	-	6,861,744	7,269,872
End of year - June 30	-	-	-	-	-	-	-	-	7,269,872	8,401,662

Table 6

## CITY OF WASHINGTON, NORTH CAROLINA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value (2)	Tax Rate (3)	Tax Levy
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 (4)	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
2015	679,010,980	182,651,303	10,678,917	872,341,200	0.50	4,361,706
2016	680,732,033	165,406,064	12,439,703	858,577,800	0.50	4,292,889
2017	679,155,518	172,632,540	12,465,788	864,253,846	0.52	4,494,120

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) Estimated actual value equals assessed value.
- (3) Per \$100 of value.
- (4) 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 Rate		Overlapping Rates	
	City of Washington	Public Safety Capital Reserve	Total Direct	Beaufort County
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
2015	.4807	.0193	.50	.53
2016	.4807	.0193	.50	.53
2017	.5007	.0193	.52	.55

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

## CITY OF WASHINGTON

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR & 9 YEARS AGO

Table 8

Fiscal Year 2017					Fiscal Year 2008				
Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Gregory Poole Leasing, LLC	Heavy Equipment	\$ 12,646,587	1	1.46%	Stanadyne Automotive Corporation	Gasket Manufacturer	\$ 18,124,337	1	2.92%
Wal-Mart Real Estate Business	Real Estate & Retail	10,702,767	2	1.24%	Flanders Filters, Inc.	Industrial Filter Manufacturer	10,447,952	2	1.69%
Flanders Filters, Inc.	Industrial Filter Manufacturer	10,078,229	3	1.17%	Wal-Mart Real Estate Business	Real Estate & Retail	10,085,355	3	1.63%
Clarcor Engine Mobile Solutions	Air Filtration	8,896,319	4	1.03%	Pearl Britain, Inc.	Real Estate	9,651,298	4	1.56%
Pearl Britain, Inc.	Real Estate	8,894,962	5	1.03%	Gregory Poole Leasing, LLC	Heavy Equipment	8,944,818	5	1.44%
Lowe's Home Centers, Inc	Retail	8,193,700	6	0.95%	Lowe's Home Centers, Inc.	Retail	6,024,630	6	0.97%
Flanders Solutions, LLC	Industrial Filter Manufacturer	7,813,156	7	0.90%	Carolina Telephone and Telegraph	Utility	5,873,495	7	0.95%
Lodging Associates, LLC	Lodging	5,290,760	8	0.61%	Pretti Appliance Systems	Digital Electrical Control Mfg.	5,506,745	8	0.89%
Rawls & Associates	Real Estate	5,214,148	9	0.60%	Developers Diversified	Real Estate	5,195,897	9	0.84%
Neil Realty Company	Real Estate	5,071,269	10	0.59%	Rawls and Associates	Real Estate	4,816,032	10	0.78%
Totals		\$ 82,801,897		9.58%	Totals		\$ 84,670,559		13.66%
Valuation		\$ 864,253,846			Valuation		\$ 619,972,410		

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 (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2008	3,729,878	(10,044)	3,719,834	3,518,139	94.58%	180,562	3,698,701	99.43%
2009	3,779,421	(10,254)	3,769,167	3,561,944	94.50%	190,511	3,752,455	99.56%
2010	3,944,270	(31,878)	3,912,392	3,671,185	93.83%	222,576	3,893,761	99.52%
2011	4,214,170	(35,867)	4,178,303	3,938,237	94.25%	226,226	4,164,463	99.67%
2012	4,182,836	(32,272)	4,150,564	3,889,207	93.70%	239,607	4,128,814	99.48%
2013	4,212,028	12,449	4,224,477	3,962,116	93.79%	228,365	4,190,481	99.20%
2014	4,441,128	(15,840)	4,425,288	4,255,638	96.17%	135,067	4,390,705	99.22%
2015	4,359,070	2,636	4,361,706	4,249,037	97.42%	81,753	4,330,790	99.29%
2016	4,290,878	2,011	4,292,889	4,188,499	97.57%	32,968	4,259,921	99.23%
2017	4,577,317	(83,197)	4,494,120	4,416,681	98.28%	-	4,416,681	98.28%

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				
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%	38507%	
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	0.54%	25580%	
2015	1,976,583	-	28,002	-	1,758,426	407,078	3,499,998	7,670,087	0.44%	21088%	
2016	1,774,000	-	25,335	-	1,589,923	161,428	3,166,665	6,717,351	0.43%	17783%	
2017	1,599,507	-	22,668	-	1,630,179	65,037	2,833,332	6,150,723	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.

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)
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%	0.01%	406.33%
2015	-	-	0	0.00%	0.00%	0.00%
2016	-	-	0	0.00%	0.00%	0.00%
2017	-	-	0	0.00%	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, 2017

<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	\$ 1,622,175	100.00%	\$ 1,622,175
Beaufort County	22,118,628	21.00%	4,644,912
Total direct and overlapping debt	\$ 23,740,803		\$ 6,267,087

Note: The total estimated share of direct and overlapping debt with Beaufort County is calculated by taking the percentage of City of Washington residents within Beaufort County and figuring the portion of debt due by the City.

Table 13

## CITY OF WASHINGTON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 619,972,410	\$ 628,194,500	\$ 652,065,318	\$ 835,660,600	\$ 836,567,200	\$ 842,405,600	\$ 888,225,600	\$ 871,814,000	\$ 858,175,600	\$ 864,253,846
Debt Limit, 8% of Assessed Value (Statutory Limitation)	49,597,793	50,255,560	52,165,225	66,852,848	66,925,376	67,392,448	71,058,048	69,745,120	68,654,048	69,140,308
Amount of Debt Applicable to Limit										
Gross debt	9,732,690	11,447,098	9,970,911	13,985,141	12,606,183	10,925,555	8,813,655	7,670,087	6,717,351	6,150,723
Less: Debt outstanding for water purposes	2,191,429	1,396,201	795,229	567,587	324,769	69,810	-	-	-	-
Debt outstanding for electric purposes	223,467	142,375	81,090	2,501,526	33,117	7,119	-	-	-	-
Total net debt applicable to limit	7,317,794	9,908,522	9,094,592	10,916,028	12,248,297	10,848,626	8,813,655	7,670,087	6,717,351	6,150,723
Legal Debt Margin	\$ 42,279,999	\$ 40,347,038	\$ 43,070,633	\$ 55,936,820	\$ 54,677,079	\$ 56,543,822	\$ 62,244,393	\$ 62,075,033	\$ 61,936,697	\$ 62,989,585
Total net debt applicable to the limit as a percentage of debt limit	14.75%	19.72%	17.43%	16.33%	18.30%	16.10%	12.40%	11.00%	9.78%	8.90%

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

Fiscal Year	Population (1)	Total Personal Income (2) in Millions	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Issued (5)
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	1,635	34,455	7,077	7.70%	167
2015	9,757	1,730	36,372	6,904	7.00%	172
2016	9,639	1,799	37,773	6,954	5.70%	151
2017	9,777	N/A	N/A	6,788	4.70%	167

N/A-Information not yet available.

## Notes:

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

## CITY OF WASHINGTON, NORTH CAROLINA

## PRINCIPAL EMPLOYERS

Current Year and Five Years Ago \*

	2017				2012			
	Employer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employer	Employees (1)	Rank	Percentage of Total County Employment (2)
	Beaufort Co. Schools	836	1	4.14%	Beaufort County Schools	1264	1	5.75%
	Vidant Medical Center	394	2	1.95%	Vidant Hospital	650	2	2.95%
	Flanders Airpure NC Division	393	3	1.95%	Flanders Filters	600	3	2.73%
	Beaufort County	351	4	1.74%	Mega Force Staffing Group Inc.	450	4	2.05%
	City of Washington	220	5	1.09%	Beaufort County	340	5	1.55%
	Clarcor Engine Mobile Solutions	220	6	1.09%	State of NC	305	6	1.39%
	Hackney Kidron	176	7	1.09%	Stanadyne Corporation	294	7	1.34%
	Wal-Mart Associates	173	8	1.09%	City of Washington	242	8	1.10%
	Lowe's	147	9	0.87%	Wal-Mart	220	9	1.00%
	IDX Impressions	128	10	0.73%	Hackney Division of SVC	151	10	0.69%
	Total	3,038			Total	4,516		

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

(2) N.C. Department of Commerce

## CITY OF WASHINGTON, NORTH CAROLINA

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
General government	30	31	27	27	26	26	23	23	23	23
Public safety	86	88	92	92	92	89	88	84	82	82
Transportation	14	14	14	13	13	12	12	11	11	12
Environmental protection	9	9	4	9	9	9	9	9	9	9
Cultural and recreation	14	15	15	16	16	14	15	15	15	14
Business-type activities:										
Water	15	15	14.5	14.5	14.5	14.5	14.5	14.5	13.5	14
Sewer	14	14	14.5	14.5	14.5	14.5	14.5	14.5	14.5	15
Electric	36	36	36	36	36	34	36	35	36	37
Stormwater utility	6	5	5	-	-	-	-	-	-	-
Solid waste	12	12	12	13	13	13	13	13	12	12
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	1	1	1	1	1	1	1	1	-	-
Aquatic center	2	2	2	2	2	1	1	1	1	1
Cemetery	-	-	5	5	5	5	5	5	5	5
Airport	-	-	-	-	-	-	1	1	1	1
Total	239	242	242	243	242	233	233	227	223	225

Source: City Finance Department

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



## CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	1,360	1,408	1,111	989	1,180	1,626	1,561	1,008	771	731
Parking violations	102	163	400	52	155	103	173	335	58	66
Traffic violations	1,140	1,877	2,237	1,151	1,382	1,770	3,437	2,043	1,531	1486
Fire										
Fire calls	457	715	619	698	689	653	596	533	875	1355
EMS calls	1,931	2,050	2,168	2,170	2,319	2,345	2,463	2,485	2,878	3263
Fire inspections	843	766	663	702	628	868	693	578	551	972
Streets										
Street resurfacing (miles)	1.23	-	-	2.18	-	-	-	1.76	-	1.55
New Construction (miles)	-	0.14	0.2	-	0.21	-	-	-	-	-
Solid Waste										
Refuse collected (tons/day)	24.26	22.58	21.7	21.2	20.9	20.37	19.93	20.04	19.97	20.37
Recyclables collected (tons/day)	0.84	0.87	1.28	1.62	1.96	1.9	1.81	1.85	2.01	1.97
Library										
Number of patrons	93,054	86,689	80,789	73,721	73,721	81,477	79,611	101,155	101,471	93,955
Number of Volumes	58,998	63,782	67,113	79,603	98,485	71,018	72,452	67,093	62,469	66,174
Water Utilities										
Number of customers										
Inside city	4,816	4,868	4,873	4,886	4,896	4,868	4,908	4,926	4,945	4,977
Outside city	225	222	228	232	244	257	258	254	257	256
Average daily consumption (millions of gallons)	2.26	2.757	2.241	2.312	2.289	2.256	2.295	2.274	2.288	2.198
Wastewater Utilities										
Number of customers										
Inside city	4,677	4,713	4,725	4,724	4,744	4,724	4,764	4,788	4,815	4,839
Outside city	116	121	120	121	128	137	138	136	141	142
Average daily treatment (millions of gallons)	1.517	1.639	1.859	1.727	1.486	1.942	2.035	1.972	2.081	2.503
Electric Utilities										
Number of customers	13,338	13,374	13,406	13,436	13,475	13,519	13,571	13,602	13,950	13,628
KWH Purchased	307,997,247	302,984,387	303,776,252	309,544,904	287,914,605	294,904,066	299,521,881	299,624,705	282,280,172	291,738,820
KWH Sold	286,998,316	283,188,507	281,258,069	297,422,463	274,920,134	280,051,176	280,590,510	281,465,066	268,070,585	275,360,200
Unaccounted KWH	20,998,931	19,795,880	22,518,183	12,122,441	12,994,471	14,852,890	18,931,371	18,159,639	14,209,586	16,378,620

Sources: Various city departments

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

CITY OF WASHINGTON, NORTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Table 18

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	14	14	14	14	13	14	14	14	16
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Streets										
Total miles	55.54	55.44	58.5	58.5	59.01	59.01	59.01	59.01	59.01	59.01
Paved miles	52.06	52.2	57.06	57.36	57.45	57.46	57.46	57.46	57.46	57.46
Unpaved miles	3.38	3.24	1.44	1.44	1.56	1.55	1.55	1.55	1.55	1.55
Recreation										
Neighborhood Centers	1	1	1	1	2	2	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	7	7	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	1	1
Skate Park	1	1	1	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	36	36	36
Free	12	12	12	12	12	12	12	12	12	12
Piers										
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	550	550	550	550	550	550	550	550
Open Space	124	124	162	162	162	162	162	162	162	162
Wilderness	300	300	300	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	-	-	-	-	-	-	-	-	-	-
Baseball	6	6	6	6	6	6	6	6	6	6
Softball	3	3	3	3	2	2	2	2	2	2
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	667	672	684	687	697	697	700	701	701	701
Maximum daily capacity										
(millions of gallons)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Miles of water mains	81	81	82.19	82.19	82	82	82	82	82	82
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	30	30	31	31	32	32	32	32	32	32
Maximum daily treatment capacity										
(millions of gallons)	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Miles of gravity mains	74	74	74.3	74.3	74.3	74.3	74.3	74.6	74.6	74.6
Miles of force mains	27	27	28.27	28.27	30.35	30.35	30.35	30.35	30.35	30.35
Electric Utilities										
Miles of distribution lines	400	400	400	400	400	400	400	400	450	475
Miles of transmission lines	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	37
Substations	8	8	8	8	8	8	8	8	8	6
Storm Water Utility										
Miles of storm mains	32	32	32	32	32.1	32.1	32.1	32.1	32.1	32.1

Sources: Various city departments  
Note: No capital asset indicators are available for the general government function.

## **Compliance Section**

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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  
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 26, 2017. Our report includes a reference to other auditors who audited the financial statements of the City of Washington Tourism Development Authority, as described in our report on the City of Washington's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the City of Washington Tourism Development Authority were 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  
October 26, 2017

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017**

### **1. Summary of Auditor's Results**

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported
- Non-compliance material to financial statements noted? No

# **CITY OF WASHINGTON, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017**

### **2. Financial Statements Findings**

None reported.



**CITY OF WASHINGTON, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

None reported.

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