

**CITY OF WASHINGTON
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

CITY OF WASHINGTON

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

PREPARED BY THE FINANCE DEPARTMENT

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Introductory Section

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December 3, 2015

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, 2015.

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, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Washington, incorporated in 1782, is located in the eastern part of North Carolina on the northern banks of the Pamlico River. It has been the county seat of Beaufort County since 1785. It has a land area of 7.663 square miles and a population of 9,757. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City has operated under the Council-Manager form of government since May 7, 1952. The City Council is comprised of five (5) council members, elected at large, non-partisan, for a two-year term and a Mayor without voting powers other than to break a tie vote elected for a two-year term. Council members hold policy making and legislative authority. They are responsible, among other things, for passing ordinances, adopting the annual budget,

appointing Board members, Commission members, City Manager, City Clerk and City Attorney. The City Manager is the Chief Executive Officer and is responsible, among other things, for implementing and enforcing policies and ordinances of the City of Washington, for managing daily operations of the government, for appointing all employees including department directors, and for budget development.

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

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

Local Economy

The City of Washington continues to serve as the economic, service, and retail center for Beaufort County. The economy is based on medical services, small-scale diverse manufacturing, retail sales, agriculture, service, and eco-tourism. The County has an employed labor force of 20,139, leaving around 1,412 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 7.0%, which is a decrease of 0.7% from a rate of 7.7%, a year ago. This is higher than the State of North Carolina's average unemployment rate of 5.8% and the national average of 5.3%. 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 2.0% increase of revenues in the areas of property, sales, and occupancy taxes. Revenues were conservatively budgeted for fiscal year 2015-2016 and management will be keeping a close eye on actual receipts to ensure that budget shortfalls do not occur in the next fiscal year.

Recent state legislative actions are anticipated to have a negative impact on the City's general fund revenue in future years. The privilege licenses tax was repealed effective July 1, 2015. The Legislature has committed to replace the City's \$120,000 license revenue with another source but has yet to develop or communicate the source.

Several new businesses began operation in the City within the past year, including Medical Park Pharmacy, Urgent Care Down East, Rachel K's Bakery, Take2 Computers, and Tumble Bee Gym.

The Washington Tourism Development Authority continued to market and promote Washington to external audiences. During the course of the year, Washington was named as a finalist in Budget Travel Magazine's America's Coolest Small Town contest. This brought a tremendous amount of free publicity. The WTDA saw an increase in inquiries from the website and other sources in conjunction with this recognition. The WTDA also hosted the Cycle NC Spring Ride in April. The event attracted a record number of participants. Hotel occupancy remained strong throughout the year. The WTDA managed and orchestrated the 20th East Carolina Wildlife Arts Festival for the second straight year. This signature event attracts visitors to Washington during the slow winter months.

Long-Term Financial Planning

During fiscal year 2014-2015 the City planned \$1,175,000 of installment note financing for rebuilding of electric distribution infrastructure and vehicles for the Electric Department. Council elected to use operating cash for these capital purchases instead of installment financing.

During fiscal year 2015-2016 the City anticipates borrowing \$527,500 through installment note financing for the replacement of Electric Department vehicles and distribution infrastructure maintenance.

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.

Major Initiatives

The Beaufort County Economic Development Department had an active year resulting in the following projects with positive impact on the local economy: The sale of the ProNamic Industries facility, a producer of glass filter media for the filter industry, to The Flanders Corporation solidified the jobs created by Quick Start II at 220 with plans to expand. Spinrite completed its \$180,000 OneNC Equipment Grant with the creation of 81 jobs and \$1.1 million investment. Oak Ridge Industries obtained a \$320,000 Building Reuse grant from the NCDOC Rural Development Division to expand its facility to streamline production and expand its warehouse. The Oak Ridge Industries expansion will create 32 jobs through the \$1.4 million project. idX/Impressions also received a Building Reuse grant from the NCDOC Rural Development Division to add 50 new administrative jobs over the next two years. This \$500,000 grant will be used to renovate the unused office space at idX's current location. The East Carolina Jeep, Dodge, and Chrysler Dealership US 264 Project currently under construction will create 35 jobs with a \$4 million investment. This project will be assisted through the Beaufort County Schools System and the Beaufort County Community College training & apprenticeship programs.

The City continued work on EDA grant projects of \$722,000 for water infrastructure improvements and \$720,000 for sewer improvements within Washington and the surrounding area. The City's match was \$706,000 and \$704,000 respectively. The water projects are to add a parallel 16" water line at the water treatment plant and install a liquid chlorine dispenser. The sewer projects are to install a generator at the Cherry Run lift station, a generator at the waste water treatment plant, and to rebuild the Water and Bonner lift station. These projects are expected to be completed by the end December 2015.

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

The City is continuing an aggressive load management switch installation program to reduce residential energy costs. 645 switches were installed this fiscal year. 3,453 switches have been installed since October 2010 resulting in residential customers saving approximately \$150,305 per year on their electric bills.

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City was awarded a \$200,000 Public Access Grant along with a \$50,000 Parks and Recreation Trust Fund Grant (PARTF) for the construction of a waterfront bath house and dock master station. The City provided a match of \$96,507 for the project that was completed in August 2014. The City was also awarded a \$120,000 Public Access Grant for the construction of a municipal pier at the waterfront. The City provided a \$15,000 match for this project with construction beginning in August of 2015.

A way finding signage project for the City is under way with the completion of Phase 1 at a cost of \$150,000 planned for fiscal year 2016.

The City's airport terminal building and many of the hangars were destroyed or damaged by a gustnado on July 1, 2012. Insurance proceeds were received for the claim and the hangars have been repaired. The City received a \$798,971 grant from the North Carolina Department of Transportation and the City utilized \$455,517 of the insurance proceeds to rebuild the terminal. The terminal building construction was completed and the facility reopened in May 2015.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Washington for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the nineteenth consecutive year (fiscal years ended 1996-2014) 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,



Bobby E. Roberson
Interim City Manager



Matthew J. Rauschenbach
Chief Financial Officer

**CITY OF WASHINGTON, NORTH CAROLINA
PRINCIPAL OFFICERS
JUNE 30, 2015**

ELECTED OFFICIALS

Title	Name	Total Length Of Service	Term Expires
Mayor	Jay MacDonald Hodges	1.5 years	December, 2015
Mayor Pro-Tem	Bobby E. Roberson	6 years	December, 2015
Councilperson	Larry Beeman	1.5 years	December, 2015
Councilperson	William H. Pitt	6 years	December, 2015
Councilperson	Douglas G. Mercer	8 years	December, 2015
Councilperson	Richard L. Brooks	4 years	December, 2015

The Mayor and Council serve 2 year terms.

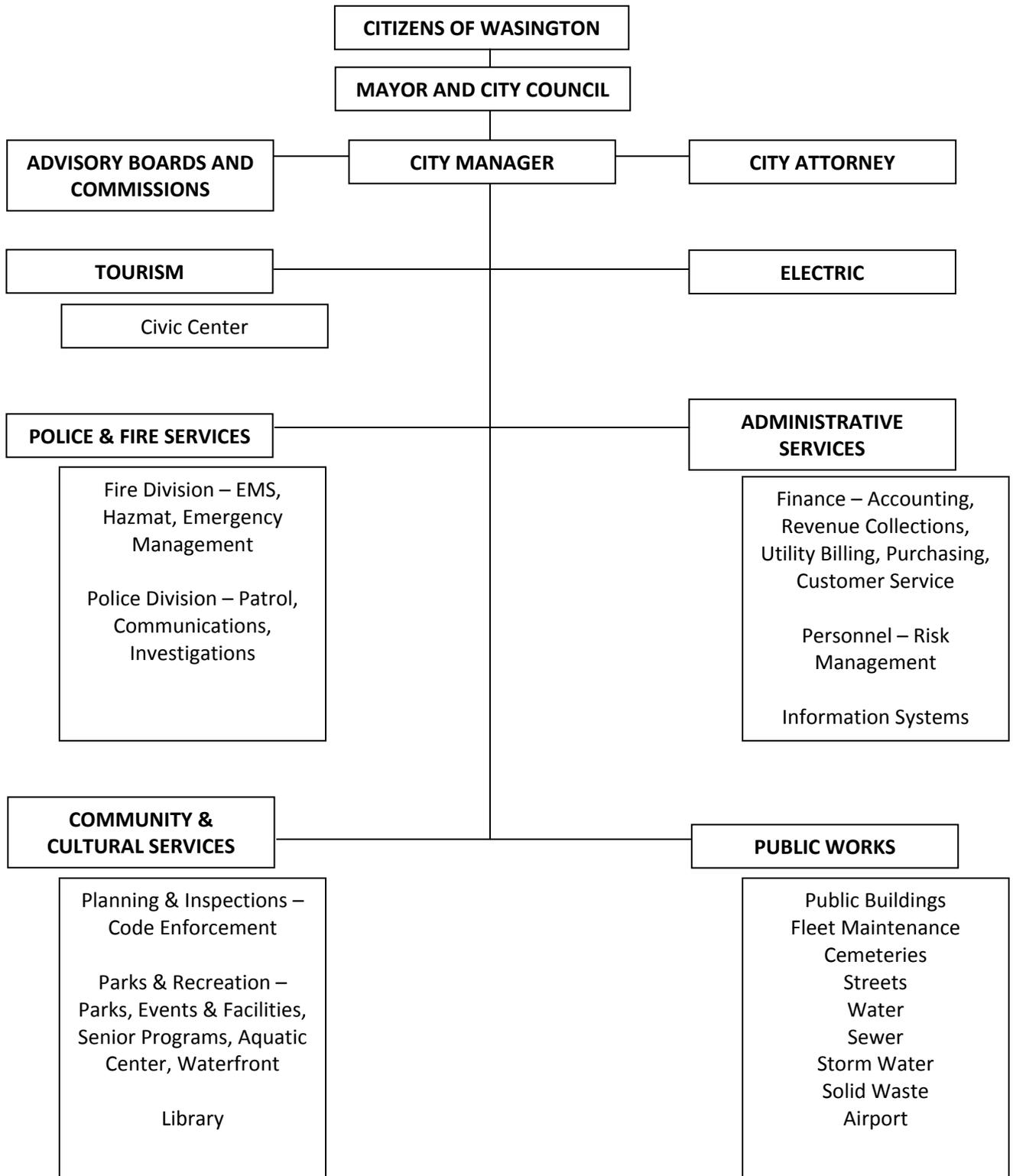
APPOINTED OFFICIALS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
City Attorney	Franz Holscher	9 years	9 years
City Clerk	Cynthia Bennett	7 years	16 years
Interim City Manager	Bobby E. Roberson	1 month	20 years

DEPARTMENT HEADS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
Community & Cultural Services Director	John D. Rodman	6 years	14 years
Electric Director	Keith A. Hardt	18 years	18 years
CFO/Administrative Services Director	Matthew J. Raschenbach	6 years	6 years
Fire Chief	Robert C. Rose	6 years	26 years
Library Director	Gloria J. Moore	8 years	25 years
Human Resources Director	StacEy Christini	1 month	1 month
Police & Fire Services Director	Stacy L. Drakeford	3 years	3 years
Public Works Director	R. Allen Lewis, III	12 years	12 years
Tourism Director	Lynn Wingate	12 years	12 years

CITY OF WASHINGTON ORGANIZATION CHART 2014-2015





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, 2014

Executive Director/CEO

Financial Section

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the City of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* in considering the City of Washington's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 3, 2015

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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, 2015. 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

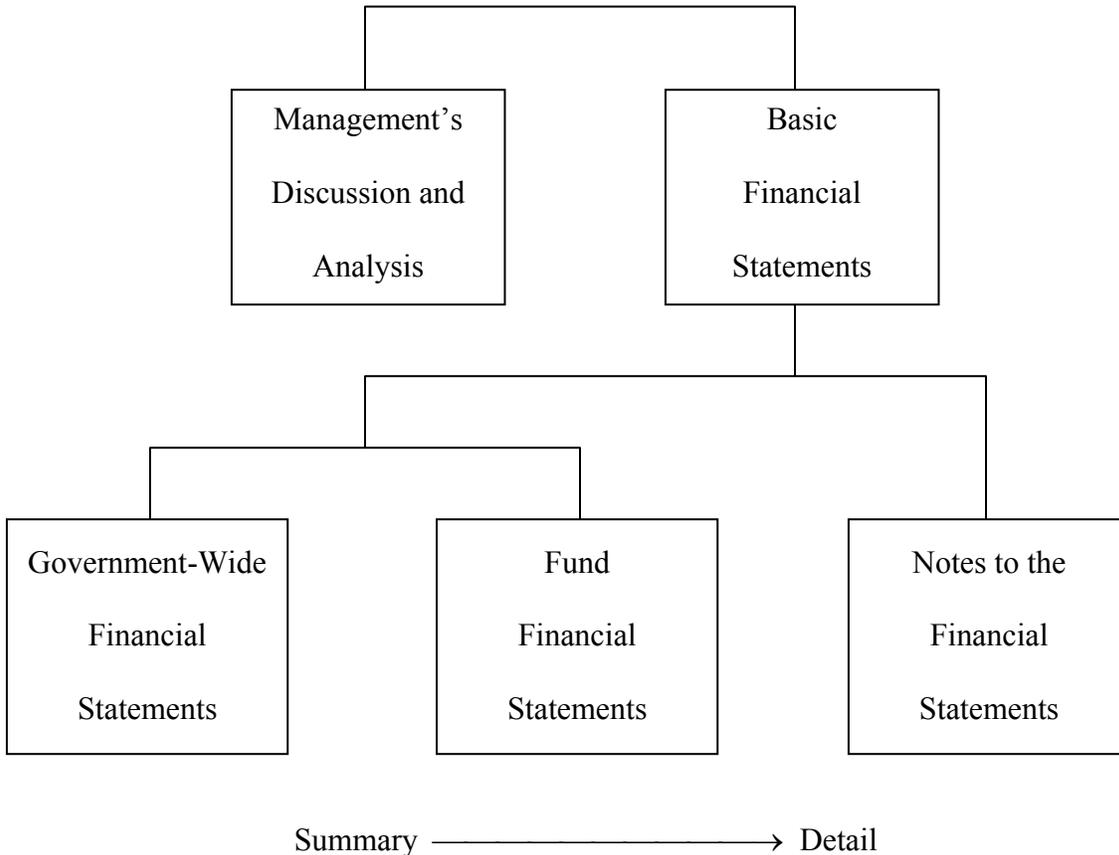
- The assets and deferred outflows of the City of Washington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$103,381,215 (*net position*). Of this amount, \$19,475,668 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,827,589, an increase of 1.77 %. Of this amount, governmental net position decreased by \$316,088, while business-type net position grew by \$2,143,677.
- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$8,671,245, a decrease of \$1,703,634. Approximately 31.87% of this total amount, or \$2,763,764, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,819,600, or 42.04%, of total General Fund expenditures for the fiscal year.
- The City of Washington's total debt decreased by \$1,143,568, or 12.97%, during the current fiscal year.
- The City currently has an A1 with no outlook rating from Moody's Investor Services and A+ with a stable outlook rating by Standard & Poor's Corporation. The North Carolina Municipal Council rates the City at 80 points.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



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

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

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

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Washington's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units, including general government, public safety, transportation, economic and physical development, environmental protection, cultural and recreational, special revenues, and capital projects. Property taxes and State and federal grant funds finance most of these activities. The business-type activities of the City of Washington include water, sewer, electric, storm water utilities, solid waste, airport operations, and cemetery operations. The final category is the component unit. The government-wide financial statements include not only the City of Washington itself (known as the *primary government*), but also a legally separate entity, the Washington Tourism Development Authority for which the City is financially accountable. The Washington Tourism Development Authority is considered a component unit of the City because the City exercises control over the Board by appointing its members and because the Board is required to expend the local occupancy taxes promoting travel and tourism for the City. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements. The fund financial statements provide a more detail look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Washington, like other State and local governments in North Carolina, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the City's budget ordinance. All of the funds of the City of Washington can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Washington maintains 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 27-70 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 71-74 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 75-149 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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 13,069,485	\$ 12,277,220	\$ 19,031,525	\$ 18,593,641	\$ 32,101,010	\$ 30,870,861
Capital assets, net	19,326,043	19,773,090	69,716,504	69,028,496	89,042,547	88,801,586
Total assets	<u>32,395,528</u>	<u>32,050,310</u>	<u>88,748,029</u>	<u>87,622,137</u>	<u>121,143,557</u>	<u>119,672,447</u>
Deferred Outflows of Resources						
	442,465	-	271,188	-	713,653	-
Liabilities and Deferred Inflows of Resources:						
Long-term liabilities	4,479,847	4,466,985	6,608,127	75,633,294	11,087,974	80,100,279
Other liabilities	729,601	577,703	3,852,377	4,094,326	4,581,978	4,672,029
Deferred inflows of resources	1,739,746	-	1,066,297	-	2,806,043	-
Total liabilities and deferred inflows of resources	<u>6,949,194</u>	<u>5,044,688</u>	<u>11,526,801</u>	<u>79,727,620</u>	<u>18,475,995</u>	<u>84,772,308</u>
Net Position:						
Net investment in capital assets	17,321,458	17,557,469	64,211,080	62,593,894	81,532,538	80,151,363
Restricted	2,373,009	2,677,773	-	-	2,373,009	2,677,773
Unrestricted	6,194,332	6,770,380	13,281,336	13,370,623	19,475,668	20,141,003
Total net position	<u>\$ 25,888,799</u>	<u>\$ 27,005,622</u>	<u>\$ 77,492,416</u>	<u>\$ 75,964,517</u>	<u>\$ 103,381,215</u>	<u>\$ 102,970,139</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 \$103,381,215 as of June 30, 2015. This is an increase in the City's net position of \$1,827,589 for the fiscal year. By far, the largest portion (78.87%) 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.

Also, the City of Washington implemented GASB Statement 68 this year. With the new reporting change, the City is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$1,620,468. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Washington's management.

An additional portion of the City of Washington's net position, \$2,373,009, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$19,475,668 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net capital assets increased by \$240,691 during the fiscal year. This increase of .28% 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**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for service	\$ 1,039,350	\$ 2,583,151	\$ 44,940,438	\$ 44,336,220	\$ 45,979,788	\$ 46,919,371
Operating grants and contributions	450,632	635,324	-	130,703	450,632	766,027
Capital grants and contributions	311,964	751,259	873,974	1,070,089	1,185,938	1,821,348
General revenues:						
Property taxes	4,331,693	4,507,481	-	-	4,331,693	4,507,481
Other taxes	2,039,380	2,078,529	-	-	2,039,380	2,078,529
Unrestricted intergovernmental	2,046,278	1,583,720	-	-	2,046,278	1,583,720
Other	843,359	512,129	137,291	142,409	980,650	654,538
Total revenues	<u>11,062,656</u>	<u>12,651,593</u>	<u>45,951,703</u>	<u>45,679,421</u>	<u>57,014,359</u>	<u>58,331,014</u>
Expenses:						
General government	2,130,313	5,225,614	-	-	2,130,313	5,225,614
Public safety	5,683,135	5,784,755	-	-	5,683,135	5,784,755
Transportation	925,821	801,834	-	-	925,821	801,834
Environmental protection	637,164	670,441	-	-	637,164	670,441
Cultural and recreation	2,392,859	2,297,029	-	-	2,392,859	2,297,029
Economic and physical development	38,316	624,667	-	-	38,316	624,667
Interest on long-term debt	53,203	71,970	-	-	53,203	71,970
Water	-	-	3,063,667	3,025,019	3,063,667	3,025,019
Sewer	-	-	3,046,950	2,975,619	3,046,950	2,975,619
Electric	-	-	34,903,483	35,475,345	34,903,483	35,475,345
Storm water	-	-	422,292	381,890	422,292	381,890
Airport	-	-	414,818	505,289	414,818	505,289
Solid waste	-	-	1,201,615	1,293,733	1,201,615	1,293,733
Cemetery	-	-	273,134	280,857	273,134	280,857
Total expenses	<u>11,860,811</u>	<u>15,476,310</u>	<u>43,325,959</u>	<u>43,937,752</u>	<u>55,186,770</u>	<u>59,414,062</u>
Change in net position before transfers	(798,155)	(2,824,717)	2,625,744	1,741,669	1,827,589	(1,083,048)
Transfers	<u>482,067</u>	<u>368,548</u>	<u>(482,067)</u>	<u>(368,548)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(316,088)</u>	<u>(2,456,169)</u>	<u>2,143,677</u>	<u>1,373,121</u>	<u>1,827,589</u>	<u>(1,083,048)</u>
Net position, July 1	27,005,622	29,461,791	75,964,517	74,591,396	102,970,139	104,053,187
Restatement	<u>(800,735)</u>	<u>-</u>	<u>(615,778)</u>	<u>-</u>	<u>(1,416,513)</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>26,204,887</u>	<u>29,461,791</u>	<u>75,348,739</u>	<u>74,591,396</u>	<u>101,553,626</u>	<u>104,053,187</u>
Net position, June 30	<u>\$ 25,888,799</u>	<u>\$ 27,005,622</u>	<u>\$ 77,492,416</u>	<u>\$ 75,964,517</u>	<u>\$ 103,381,215</u>	<u>\$ 102,970,139</u>

Governmental Activities. Governmental activities decreased the City's net position by \$316,088, or 1.17%, after transfers but before the restatement of net position due to the pension accounting standard change. This decrease is due to the large annual depreciation amount (\$1,016,805) as compared to the year's investment in governmental capital asset additions of \$571,288.

Business-Type Activities. Business-type activities increased the City of Washington's net position by \$2,143,677, or 2.82%, after transfers but before the restatement of net position due to the pension accounting standard change. Revenues exceeded expenses by \$2,625,744 before transfers out. The net transfers out of the business-type activities totaled \$482,067 for the year. Of this amount, \$470,000 is the annual dividend payment from the electric utility customers to the taxpayers of the City of Washington.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Washington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Washington's financing requirements.

The General Fund is the chief operating fund of the City of Washington. At the end of the current fiscal year, the City's fund balance available in the General Fund dropped to \$5,065,333, while total fund balance decreased to \$6,861,744. The large draw down of fund balance during the year was a direct result of a \$1,733,937 transfer to two internal service funds. The first internal service fund, with a cash transfer from the General Fund of \$1,233,937, was established for the purpose of funding future vehicle replacements. A second internal service fund, with a cash reserve of \$500,000, was established during the year for the maintenance and rehabilitation of City facilities. 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 37.08% of General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 50.23% 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 \$8,671,245, a net decrease of \$1,499,679, after restatement, in comparison with the prior year. Approximately 55.3% of this total amount, or \$4,795,030, 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 an \$82,458 increase and are summarized as follows:

- \$38,208 increase in restricted intergovernmental
- \$40,000 increase in other taxes and licenses
- \$2,750 increase in miscellaneous
- \$1,500 increase in contributions

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund amounted to a \$778,205 increase and are summarized as:

- \$350,768 in increases allocated to general government activity
- \$39,369 in decreases allocated to public safety
- \$260,009 in increases allocated to transportation
- \$330 in increases allocated to environmental protection
- \$202,257 in increases allocated to cultural and recreational
- \$4,210 in increases allocated to debt service

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

- \$1,764,338 increase in transfer to other funds of which \$1,733,937 was for the establishment of two internal service funds, while the remaining \$30,401 was transferred for the City's matching share of grant funds.
- \$2,460,085 increase in appropriated fund balance to cover the following appropriations during the fiscal year (\$75,000 for the CDBG claw back for the Keys Landing project, \$234,882 for street paving/maintenance, \$25,000 for recreation facility maintenance, \$80,000 for real property acquisition, \$41,601 for grant projects, \$115,000 to additionally fund the worker's compensation self-insured fund, \$154,665 for purchase orders and projects from prior year, and \$1,733,937 to establish two new internal service funds.

During the year, actual revenues came in 4.7%, or \$496,849, higher than budgetary estimates in the General Fund while expenditures were 5.63%, or \$683,619, less than budgetary appropriations. Originally, \$2,851,868 in fund balance was anticipated to be needed; however, only \$1,666,749 was actually used. As mentioned previously the drawdown of fund balance was used to establish a vehicle replacement internal service fund and a facility maintenance internal service fund. 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 15/16 budget since the government has issued purchase orders and committed itself to completing the projects.

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

Six enterprise funds saw increases in their net position at the close of the fiscal year on the full accrual basis of accounting, Water Fund, Electric Fund, Storm Water Fund, Washington-Warren Airport Fund, and the Cemetery Fund. The Sewer Fund had a negative change in net position on the full accrual basis of accounting. Two of the seven enterprise funds experienced losses on the budgetary basis of accounting, including the Sewer Fund and Airport Fund. The drawdown of fund balance was fully anticipated in the Sewer Fund due to fund balance in the amount of \$147,619 being originally appropriated for the purchase of capital items. The Airport Fund was required to use fund balance in the amount of \$31,594 due to fuel purchases being higher than anticipated as well as an 8.5% decrease in hangar rental revenue when compared to the previous year.

Capital Asset and Debt Administration

Capital Assets. The City of Washington’s investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$89,042,547 (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 \$240,961 or (.27%) overall. This is represented by a 2.26% decrease for governmental activities and a 1% increase for business-type activities.

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

- Multiple airport improvement projects continued during the year as a result of federal and State funding received through the NC Division of Aviation. The City completed construction of a new terminal building after its 36 year old facility was completely destroyed on July 1, 2012, during a gustnado. The 1.1 million dollar building was constructed with grant funds and insurance proceeds. Other airport projects included an approach survey and analysis totaling \$15,734 and airport runway rehab amounting to \$45,072.
- Electric system improvement projects continued during the year, including a line rebuild along 2nd and 5th streets as well as several electric circuit feeder relocations.
- Two EDA grant projects are underway in the Water and Sewer divisions. The City was awarded \$1,442,049 in grant funds for the installation of water lines and generators throughout the City. The City match for the grant is \$1,410,107.
- Bids were awarded for the construction of a new public pier along the City’s waterfront. The project is expected to cost \$135,000 and construction should be completed by the fall of 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,173,034	\$ 5,173,034	\$ 1,649,782	\$ 1,649,782	\$ 6,822,816	\$ 6,822,816
Buildings	5,337,851	5,632,290	4,219,778	4,397,375	9,557,629	10,029,665
Infrastructure	6,335,971	6,526,927	-	-	6,335,971	6,526,927
Plants, substations, lines drainage, and runways	-	-	52,764,249	52,791,291	52,764,249	52,791,291
General and mobile equipment	1,576,782	1,599,849	4,169,304	4,628,364	1,604,868	6,228,213
Furniture and office equipment	369,038	361,152	28,086	60,576	397,124	421,728
Construction in progress	533,367	479,838	6,885,305	5,501,108	7,418,672	5,980,946
Capital assets, net	<u>\$ 19,326,043</u>	<u>\$ 19,773,090</u>	<u>\$ 69,716,504</u>	<u>\$ 69,028,496</u>	<u>\$ 89,042,547</u>	<u>\$ 88,801,586</u>

Additional information on the City’s capital assets can be found in note 6 on pages 43-48 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Washington had total debt outstanding of \$7,670,087. Of this amount, \$2,383,661 is owed in installment notes, loans from the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Loan Fund totaled 1,758,426, and \$3,528,000 is outstanding for Recovery Zone Economic Development bond debt.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ 140,000
Installment notes	1,976,583	2,184,952	407,078	697,774	2,383,661	2,882,726
Recovery Zone EDB	28,002	30,669	3,499,998	3,833,331	3,528,000	3,864,000
Revolving Loan Fund	-	-	1,758,426	1,926,929	1,758,426	1,926,929
Total	<u>\$ 2,004,585</u>	<u>\$ 2,215,621</u>	<u>\$ 5,665,502</u>	<u>\$ 6,598,034</u>	<u>\$ 7,670,087</u>	<u>\$ 8,813,655</u>

The City’s total debt decreased by \$1,143,568, or 12.98%, during the current fiscal year. The government had originally planned to issue a 59-month installment note in the amount of \$1,175,000 to fund the purchase of electric capital items and system improvements; however, City Council later decided to pay cash for the items. The City’s application for a \$2,000,000 loan from the Clean Water State Revolving Loan Fund was approved and will allow the City to make improvements to older sections of its collection system, improving inflow and filtration. Future planned borrowings also include \$527,500 through installment financing for the replacement of electric vehicles and distribution maintenance and construction projects during fiscal year 2015-2016.

The City currently has an A1 with no outlook rating from Moody’s Investor Services and A+ with a stable outlook rating by Standard & Poor’s Corporation. The North Carolina Municipal Council rates the City at 80 points.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation. The current debt limitation for the City of Washington is \$69,787,296. The City’s legal debt margin is \$62,075,033.

Additional information on the City of Washington’s long-term debt can be found in note 12 on pages 60-66 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 15/16 when compared to the current year. The original General Fund budget for FY 15/16 totals \$14,500,648, an increase of \$372,144 or 2.64% when compared to the FY 14/15 original budget of \$14,128,504. The increase is primarily due to the use of cash to purchase capital items rather than financing the items. Also, City employees received a cost of living adjustment in the amount of 1.3% which caused an increase in the overall departmental budgets. Estimated revenues were not sufficient to cover budgeted expenditures, requiring an appropriation of fund balance in the amount of \$358,282 to balance the General Fund.

The City experienced lost revenue of approximately \$120,000 as a result of the state legislature repealing the privilege license tax. The promised replacement revenue source by the State has not yet been announced.

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. As a result of the study, multiple City user fees were adjusted in the areas of recreation, inspections, and cemeteries.

There is no contingency currently budgeted in FY 15/16, but significant fund balance is available for emergency items that may arise during the year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

The following factors were also considered when preparing the City of Washington's budget for the 15/16 fiscal year:

- The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 7.0%, a .7% decrease from a rate of 7.7% in 2014. This compares unfavorably to the State's average unemployment rate of 5.8% and the national average rate of 5.3%.
- The median household income for the City of Washington is \$40,147, or 14%, below North Carolina's household income average of \$46,657.
- 19.1% 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 15/16 when compared to 14/15.
- The transfer of the dividend payment to the General Fund from the Electric Fund is likely to continue to decrease over the coming years.

The property tax remained at a rate of \$0.50 per \$100 valuation for fiscal year 15-16 with \$0.01926 of this rate continuing to be allocated toward public safety debt.

On July 1, 2015 water rates increased by 2%, sewer rates increased by 4%, and residential sanitation and storm water rates were raised by \$1 per month. On July 31, 2015 the debt burden of the North Carolina Eastern Municipal Power Agency (NCEMPA) of which the City of Washington is a 5.92% owner was reduced through a \$1.25 million sale of NCEMPA generating assets to Duke Energy Progress. This asset sale resulted in monthly savings on the wholesale power purchases of the City of Washington. On August 1, 2015 Council voted to implement a 6% rate decrease for residential and small general services electric customers.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 10,070,155	\$ 10,966,901	\$ 21,037,056	\$ 199,524
Taxes receivable, net	172,976	-	172,976	-
Accounts receivable, net	1,733,232	5,790,394	7,523,626	23,645
Notes receivable	199,200	128,233	327,433	-
Inventories	95,498	913,515	1,009,013	-
Prepaid items	96,057	-	96,057	-
Restricted cash and investments	2,601	803,593	806,194	-
Security deposits	-	-	-	75
Total current assets	<u>12,369,719</u>	<u>18,602,636</u>	<u>30,972,355</u>	<u>223,244</u>
Non-current assets:				
Net pension asset	699,766	428,889	1,128,655	-
Capital assets:				
Non-depreciable	5,706,401	8,535,087	14,241,488	-
Depreciable, net	13,619,642	61,181,417	74,801,059	-
Total capital assets	<u>19,326,043</u>	<u>69,716,504</u>	<u>89,042,547</u>	<u>-</u>
Total non-current assets	<u>20,025,809</u>	<u>70,145,393</u>	<u>90,171,202</u>	<u>-</u>
Total assets	<u>32,395,528</u>	<u>88,748,029</u>	<u>121,143,557</u>	<u>223,244</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	442,465	271,188	713,653	-
Total deferred outflows of resources	<u>442,465</u>	<u>271,188</u>	<u>713,653</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued liabilities	725,500	3,208,862	3,934,362	46,331
Advances from grantors	1,500	-	1,500	-
Liabilities payable from restricted assets:				
Customer deposits	2,601	643,515	646,116	-
Long-term liabilities:				
Due within one year	638,594	1,026,542	1,665,136	-
Due in more than one year	3,841,253	5,581,585	9,422,838	-
Total liabilities	<u>5,209,448</u>	<u>10,460,504</u>	<u>15,669,952</u>	<u>46,331</u>
Deferred Inflows of Resources:				
Pension deferrals	1,739,746	1,066,297	2,806,043	-
Net Position:				
Net investment in capital assets	17,321,458	64,211,080	81,532,538	-
Restricted for:				
Stabilization for State statute	1,629,713	-	1,629,713	23,720
Permanently restricted for perpetual maintenance	549,751	-	549,751	-
General government	100,369	-	100,369	-
Public safety	53,879	-	53,879	-
Cultural and recreation	21,229	-	21,229	-
Economic and physical development	18,068	-	18,068	-
Tourism promotion	-	-	-	153,193
Unrestricted	6,194,332	13,281,336	19,475,668	-
Total net position	<u>\$ 25,888,799</u>	<u>\$ 77,492,416</u>	<u>\$ 103,381,215</u>	<u>\$ 176,913</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,130,313	\$ 151,469	\$ 2,583	\$ -
Public safety	5,683,135	658,239	383,127	36,974
Transportation	925,821	5,378	-	183,590
Environmental protection	637,164	-	-	-
Cultural and recreation	2,392,859	194,264	61,393	37,166
Economic and physical development	38,316	30,000	3,529	54,234
Interest on long-term debt	53,203	-	-	-
Total governmental activities	<u>11,860,811</u>	<u>1,039,350</u>	<u>450,632</u>	<u>311,964</u>
Business-Type Activities:				
Water	3,063,667	3,175,688	-	68,798
Sewer	3,046,950	2,929,832	-	116,048
Electric	34,903,483	36,657,248	-	35,700
Stormwater Utility	422,292	509,775	-	-
Warren Field Airport	414,818	211,039	-	653,428
Solid waste	1,201,615	1,256,817	-	-
Cemetery	273,134	200,039	-	-
Total business-type activities	<u>43,325,959</u>	<u>44,940,438</u>	<u>-</u>	<u>873,974</u>
Total primary government	<u>\$ 55,186,770</u>	<u>\$ 45,979,788</u>	<u>\$ 450,632</u>	<u>\$ 1,185,938</u>
Component Unit:				
Tourism Development Authority	<u>\$ 461,280</u>	<u>\$ 154,179</u>	<u>\$ 45,000</u>	<u>\$ -</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (1,976,261)	\$ -	\$ (1,976,261)	\$ -
Public safety	(4,604,795)	-	(4,604,795)	-
Transportation	(736,853)	-	(736,853)	-
Environmental protection	(637,164)	-	(637,164)	-
Cultural and recreation	(2,100,036)	-	(2,100,036)	-
Economic and physical development	49,447	-	49,447	-
Interest on long-term debt	(53,203)	-	(53,203)	-
Total governmental activities	<u>(10,058,865)</u>	<u>-</u>	<u>(10,058,865)</u>	<u>-</u>
Business-Type Activities:				
Water	-	180,819	180,819	-
Sewer	-	(1,070)	(1,070)	-
Electric	-	1,789,465	1,789,465	-
Stormwater Utility	-	87,483	87,483	-
Warren Field Airport	-	449,649	449,649	-
Solid waste	-	55,202	55,202	-
Cemetery	-	(73,095)	(73,095)	-
Total business-type activities	<u>-</u>	<u>2,488,453</u>	<u>2,488,453</u>	<u>-</u>
Total primary government	<u>(10,058,865)</u>	<u>2,488,453</u>	<u>(7,570,412)</u>	<u>-</u>
Component Unit:				
Tourism Development Authority	-	-	-	(262,101)
General Revenues:				
Taxes:				
Ad valorem taxes	4,331,693	-	4,331,693	-
Local option sales tax	2,552,096	-	2,552,096	-
Utility franchise tax	1,286,375	-	1,286,375	-
Local occupancy tax	247,187	-	247,187	239,771
Other taxes and licenses	783,484	-	783,484	-
Interest earnings	59,875	137,291	197,166	342
Miscellaneous	-	-	-	2,398
Total general revenues	<u>9,260,710</u>	<u>137,291</u>	<u>9,398,001</u>	<u>242,511</u>
Transfers	<u>482,067</u>	<u>(482,067)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>9,742,777</u>	<u>(344,776)</u>	<u>9,398,001</u>	<u>242,511</u>
Change in net position	<u>(316,088)</u>	<u>2,143,677</u>	<u>1,827,589</u>	<u>(19,590)</u>
Net Position:				
Beginning of year - July 1	27,005,622	75,964,517	102,970,139	196,503
Restatement	(800,735)	(615,778)	(1,416,513)	-
Beginning of year - July 1, as restated	<u>26,204,887</u>	<u>75,348,739</u>	<u>101,553,626</u>	<u>196,503</u>
End of year - June 30	<u>\$ 25,888,799</u>	<u>\$ 77,492,416</u>	<u>\$ 103,381,215</u>	<u>\$ 176,913</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 5,667,675	\$ 1,619,164	\$ 7,286,839
Taxes receivable, net	172,976	-	172,976
Accounts receivable, net	1,707,847	25,257	1,733,104
Notes receivable, net	-	199,200	199,200
Due from other funds	27,570	-	27,570
Inventories	95,498	-	95,498
Prepaid items	96,057	-	96,057
Restricted cash and investments	2,601	-	2,601
Total assets	<u>\$ 7,770,224</u>	<u>\$ 1,843,621</u>	<u>\$ 9,613,845</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 465,698	\$ 4,650	\$ 470,348
Advances from grantors	-	1,500	1,500
Due to other funds	-	27,570	27,570
Liabilities payable from restricted assets:			
Customer deposits	2,601	-	2,601
Total liabilities	<u>468,299</u>	<u>33,720</u>	<u>502,019</u>
Deferred Inflows of Resources:			
Taxes receivable	172,976	-	172,976
EMS receivable	247,569	-	247,569
Other accounts receivable	19,636	400	20,036
Total deferred inflows of resources	<u>440,181</u>	<u>400</u>	<u>440,581</u>
Fund Balances:			
Non-spendable, not in spendable form:			
Notes receivable	-	199,200	199,200
Inventories	95,498	-	95,498
Prepaid items	96,057	-	96,057
Perpetual maintenance - library care	-	95,375	95,375
Perpetual maintenance - cemetery care	-	454,376	454,376
Restricted:			
Stabilization by State statute	1,604,856	24,857	1,629,713
Restricted, all other	175,477	18,068	193,545
Committed	2,521	1,017,405	1,019,926
Assigned	67,735	24,790	92,525
Unassigned	4,819,600	(24,570)	4,795,030
Total fund balances	<u>6,861,744</u>	<u>1,809,501</u>	<u>8,671,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,770,224</u>	<u>\$ 1,843,621</u>	<u>\$ 9,613,845</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balance, governmental funds:	\$ 8,671,245
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	19,326,043
Net pension asset	699,766
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	442,465
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred inflows of resources in the funds.	440,581
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.	2,528,352
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,479,847)
Pension related deferrals	(1,739,746)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(60)</u>
Net position of governmental activities, per Exhibit A	<u><u>\$ 25,888,799</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, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 4,441,759	\$ -	\$ 4,441,759
Other taxes and licenses	2,822,864	-	2,822,864
Unrestricted intergovernmental	2,046,278	-	2,046,278
Restricted intergovernmental	665,689	96,907	762,596
Permits and fees	86,346	-	86,346
Sales and services	947,930	-	947,930
Investment earnings	43,209	11,119	54,328
Miscellaneous	33,082	54,200	87,282
Total revenues	<u>11,087,157</u>	<u>162,226</u>	<u>11,249,383</u>
Expenditures:			
Current:			
General government	1,974,023	-	1,974,023
Public safety	5,515,067	63,238	5,578,305
Transportation	1,097,764	-	1,097,764
Environmental protection	381,415	2,803	384,218
Cultural and recreation	2,231,397	3,432	2,234,829
Economic and physical development	-	167,763	167,763
Debt service:			
Principal retirement	211,036	-	211,036
Interest and fees	53,209	-	53,209
Total expenditures	<u>11,463,911</u>	<u>237,236</u>	<u>11,701,147</u>
Revenues over (under) expenditures	<u>(376,754)</u>	<u>(75,010)</u>	<u>(451,764)</u>
Other Financing Sources (Uses):			
Transfers from other funds	910,116	207,470	1,117,586
Transfers to other funds	(2,197,611)	(171,845)	(2,369,456)
Total other financing sources (uses)	<u>(1,287,495)</u>	<u>35,625</u>	<u>(1,251,870)</u>
Net change in fund balances	<u>(1,664,249)</u>	<u>(39,385)</u>	<u>(1,703,634)</u>
Fund Balances:			
Beginning of year - July 1	8,525,993	1,644,931	10,170,924
Restatement	-	203,955	203,955
Beginning of year - July 1, as restated	<u>8,525,993</u>	<u>1,848,886</u>	<u>10,374,879</u>
End of year - June 30	<u>\$ 6,861,744</u>	<u>\$ 1,809,501</u>	<u>\$ 8,671,245</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, 2015**

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)	\$ (1,703,634)
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.	571,288
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(1,016,805)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	442,465
Expenses related to pensions that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(35,290)
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.	(1,530)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues to the "availability" criteria.	(258,409)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Position.	211,036
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds.	6
Internal Service Fund	1,698,683
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>(223,898)</u>
Change in net position of governmental activities	<u>\$ (316,088)</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, 2015**

	Budgeted Amounts		Actual	Variance From Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 4,359,618	\$ 4,359,618	\$ 4,441,759	\$ 82,141
Other taxes and licenses	2,506,319	2,546,319	2,822,864	276,545
Unrestricted intergovernmental	1,887,502	1,887,502	2,046,278	158,776
Restricted intergovernmental	679,905	718,113	665,689	(52,424)
Permits and fees	84,600	84,600	86,346	1,746
Sales and services	904,995	904,995	947,930	42,935
Investment earnings	40,661	40,661	43,209	2,548
Miscellaneous	44,250	48,500	33,082	(15,418)
Total revenues	<u>10,507,850</u>	<u>10,590,308</u>	<u>11,087,157</u>	<u>496,849</u>
Expenditures:				
General government	1,897,339	2,248,107	1,974,023	274,084
Public safety	5,739,439	5,700,070	5,515,067	185,003
Transportation	973,154	1,233,163	1,097,764	135,399
Environmental protection	386,009	386,339	381,415	4,924
Cultural and recreation	2,113,057	2,315,314	2,231,397	83,917
Debt service:				
Principal retirement	207,269	211,324	211,036	288
Interest and fees	53,058	53,213	53,209	4
Total expenditures	<u>11,369,325</u>	<u>12,147,530</u>	<u>11,463,911</u>	<u>683,619</u>
Revenues over (under) expenditures	<u>(861,475)</u>	<u>(1,557,222)</u>	<u>(376,754)</u>	<u>1,180,468</u>
Other Financing Sources (Uses):				
Transfers from other funds	902,965	902,965	907,616	4,651
Transfers to other funds	(433,273)	(2,197,611)	(2,197,611)	-
Appropriated fund balance	391,783	2,851,868	-	(2,851,868)
Total other financing sources (uses)	<u>861,475</u>	<u>1,557,222</u>	<u>(1,289,995)</u>	<u>(2,847,217)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,666,749)</u>	<u>\$ (1,666,749)</u>
Fund Balance:				
Beginning of year - July 1			<u>8,525,972</u>	
End of year - June 30			<u>\$ 6,859,223</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, 2015

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			Internal Service Funds
Assets:							
Current assets:							
Cash and investments	\$ 2,659,066	\$ 1,978,919	\$ 5,111,030	\$ 455,674	\$ 762,212	\$ 10,966,901	\$ 2,783,316
Accounts receivable, net	664,457	509,193	4,312,768	52,773	251,203	5,790,394	128
Notes receivable	-	128,233	-	-	-	128,233	-
Inventories	106,816	62,893	720,274	-	23,532	913,515	-
Restricted cash and investments	47,872	-	595,566	160,078	77	803,593	-
Total current assets	<u>3,478,211</u>	<u>2,679,238</u>	<u>10,739,638</u>	<u>668,525</u>	<u>1,037,024</u>	<u>18,602,636</u>	<u>2,783,444</u>
Non-current assets:							
Net pension asset	79,006	79,006	180,585	-	90,292	428,889	-
Non-depreciable capital assets	283,736	310,314	628,662	4,870,865	2,441,510	8,535,087	-
Capital assets, net of accumulated depreciation	<u>13,045,498</u>	<u>18,311,512</u>	<u>24,441,147</u>	<u>3,405,662</u>	<u>1,977,598</u>	<u>61,181,417</u>	<u>-</u>
Total capital assets, net	<u>13,329,234</u>	<u>18,621,826</u>	<u>25,069,809</u>	<u>8,276,527</u>	<u>4,419,108</u>	<u>69,716,504</u>	<u>-</u>
Total non-current assets	<u>13,408,240</u>	<u>18,700,832</u>	<u>25,250,394</u>	<u>8,276,527</u>	<u>4,509,400</u>	<u>70,145,393</u>	<u>-</u>
Total assets	<u>16,886,451</u>	<u>21,380,070</u>	<u>35,990,032</u>	<u>8,945,052</u>	<u>5,546,424</u>	<u>88,748,029</u>	<u>2,783,444</u>
Deferred Outflows of Resources:							
Contributions to pension plan in current fiscal year	<u>49,956</u>	<u>49,956</u>	<u>114,184</u>	<u>-</u>	<u>57,092</u>	<u>271,188</u>	<u>-</u>
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	112,609	76,911	2,905,220	49,306	64,816	3,208,862	255,092
Liabilities payable from restricted assets:							
Customer deposits	47,872	-	595,566	-	77	643,515	-
Current portion of installment notes	-	-	220,800	-	24,850	245,650	-
Current portion of revolving loans	-	168,503	-	-	-	168,503	-
Current portion of Recovery Zone Economic Development Bonds	-	-	-	333,333	-	333,333	-
Current portion of compensated absences	74,046	20,292	152,726	-	31,992	279,056	-
Total current liabilities	<u>234,527</u>	<u>265,706</u>	<u>3,874,312</u>	<u>382,639</u>	<u>121,735</u>	<u>4,878,919</u>	<u>255,092</u>
Non-current liabilities:							
Non-current portion of installment notes	-	-	149,306	-	12,122	161,428	-
Non-current portion of revolving loans	-	1,589,923	-	-	-	1,589,923	-
Non-current portion of Recovery Zone Economic Development Bonds	-	-	-	3,166,665	-	3,166,665	-
Non-current portion of compensated absences	-	31,403	22,676	-	24,067	78,146	-
Non-current portion of OPEB liability	105,620	111,439	241,153	-	127,211	585,423	-
Total non-current liabilities	<u>105,620</u>	<u>1,732,765</u>	<u>413,135</u>	<u>3,166,665</u>	<u>163,400</u>	<u>5,581,585</u>	<u>-</u>
Total liabilities	<u>340,147</u>	<u>1,998,471</u>	<u>4,287,447</u>	<u>3,549,304</u>	<u>285,135</u>	<u>10,460,504</u>	<u>255,092</u>
Deferred Inflows of Resources:							
Pension deferrals	<u>196,423</u>	<u>196,423</u>	<u>448,967</u>	<u>-</u>	<u>224,484</u>	<u>1,066,297</u>	<u>-</u>
Net Position:							
Net investment in capital assets	13,329,234	16,863,400	24,699,703	4,936,607	4,382,136	64,211,080	-
Unrestricted	<u>3,070,603</u>	<u>2,371,732</u>	<u>6,668,099</u>	<u>459,141</u>	<u>711,761</u>	<u>13,281,336</u>	<u>2,528,352</u>
Total net position	<u>\$ 16,399,837</u>	<u>\$ 19,235,132</u>	<u>\$ 31,367,802</u>	<u>\$ 5,395,748</u>	<u>\$ 5,093,897</u>	<u>\$ 77,492,416</u>	<u>\$ 2,528,352</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, 2015

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			Internal Service Funds
Operating Revenues:							
Charges for sales and services	\$ 3,022,014	\$ 2,852,803	\$ 36,044,501	\$ 501,202	\$ 1,642,980	\$ 44,063,500	\$ 195,348
Late penalty charges	23,929	26,863	303,375	3,498	-	357,665	-
Impact fees	17,543	26,970	-	-	-	44,513	-
Other	85,195	9,303	173,595	5,075	18,737	291,905	-
Total operating revenues	<u>3,148,681</u>	<u>2,915,939</u>	<u>36,521,471</u>	<u>509,775</u>	<u>1,661,717</u>	<u>44,757,583</u>	<u>195,348</u>
Operating Expenses:							
Administration	735,385	775,574	2,149,414	106,498	-	3,766,871	-
Wastewater treatment and collection	-	1,571,107	-	-	-	1,571,107	-
Water treatment and distribution	1,633,564	-	-	-	-	1,633,564	-
Electrical operations	-	-	3,151,272	-	-	3,151,272	-
Electric power purchases	-	-	28,006,354	-	-	28,006,354	-
Warren Field Airport operations	-	-	-	-	334,086	334,086	-
Solid Waste operations	-	-	-	-	1,121,814	1,121,814	-
Cemetery operations	-	-	-	-	265,828	265,828	-
Depreciation	693,568	658,999	1,587,591	132,758	166,739	3,239,655	-
Insurance claims	-	-	-	-	-	-	236,149
Total operating expenses	<u>3,062,517</u>	<u>3,005,680</u>	<u>34,894,631</u>	<u>239,256</u>	<u>1,888,467</u>	<u>43,090,551</u>	<u>236,149</u>
Operating income (loss)	<u>86,164</u>	<u>(89,741)</u>	<u>1,626,840</u>	<u>270,519</u>	<u>(226,750)</u>	<u>1,667,032</u>	<u>(40,801)</u>
Non-Operating Revenues (Expenses):							
Rents	16,075	-	-	-	-	16,075	-
Recovery of doubtful accounts	573	-	-	-	-	573	-
Investment earnings	13,105	12,043	31,428	78,319	2,396	137,291	5,547
Sale of surplus and scrap	5,396	-	35,856	-	-	41,252	-
Loss on disposal of capital asset	(1,150)	-	-	-	-	(1,150)	-
Assessments	-	8,397	-	-	-	8,397	-
Fines and meters	-	-	15,083	-	-	15,083	-
Solid waste disposal tax	-	-	-	-	6,178	6,178	-
Interest expense	-	(41,270)	(8,852)	(183,036)	(1,100)	(234,258)	-
Miscellaneous	4,963	5,496	84,838	-	-	95,297	-
Total non-operating revenues (expenses)	<u>38,962</u>	<u>(15,334)</u>	<u>158,353</u>	<u>(104,717)</u>	<u>7,474</u>	<u>84,738</u>	<u>5,547</u>
Income (loss) before capital contributions and transfers	<u>125,126</u>	<u>(105,075)</u>	<u>1,785,193</u>	<u>165,802</u>	<u>(219,276)</u>	<u>1,751,770</u>	<u>(35,254)</u>
Capital Contributions and Transfers:							
Capital contributions	68,798	116,048	35,700	-	653,428	873,974	-
Transfers in	112	112	-	-	256,204	256,428	1,733,937
Transfers out	(100,609)	(69,178)	(568,708)	-	-	(738,495)	-
Total contributions and transfers	<u>(31,699)</u>	<u>46,982</u>	<u>(533,008)</u>	<u>-</u>	<u>909,632</u>	<u>391,907</u>	<u>1,733,937</u>
Change in net position	<u>93,427</u>	<u>(58,093)</u>	<u>1,252,185</u>	<u>165,802</u>	<u>690,356</u>	<u>2,143,677</u>	<u>1,698,683</u>
Net Position:							
Beginning of year - July 1	16,419,843	19,406,658	30,374,892	5,229,946	4,533,178	75,964,517	829,669
Restatement	(113,433)	(113,433)	(259,275)	-	(129,637)	(615,778)	-
Beginning of year - July 1, as restated	<u>16,306,410</u>	<u>19,293,225</u>	<u>30,115,617</u>	<u>5,229,946</u>	<u>4,403,541</u>	<u>75,348,739</u>	<u>829,669</u>
End of year - June 30	<u>\$ 16,399,837</u>	<u>\$ 19,235,132</u>	<u>\$ 31,367,802</u>	<u>\$ 5,395,748</u>	<u>\$ 5,093,897</u>	<u>\$ 77,492,416</u>	<u>\$ 2,528,352</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, 2015

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total	Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund			Internal Service Funds
Cash Flows From Operating Activities:							
Cash received from customers	\$ 3,032,639	\$ 2,860,534	\$ 36,229,980	\$ 512,825	\$ 1,655,490	\$ 44,291,468	\$ 195,344
Cash paid to employees for services	(926,892)	(839,473)	(1,985,436)	-	(848,618)	(4,600,419)	(56,303)
Cash paid to suppliers	(1,473,212)	(1,677,288)	(31,201,366)	(67,621)	(945,592)	(35,365,079)	-
Net cash provided (used) by operating activities	632,535	343,773	3,043,178	445,204	(138,720)	4,325,970	139,041
Cash Flows From Non-Capital Financing Activities:							
Transfers from other funds	112	112	-	-	256,204	256,428	1,733,937
Transfers to other funds	(100,609)	(69,178)	(568,708)	-	-	(738,495)	-
Net cash provided (used) by non-capital financing activities	(100,497)	(69,066)	(568,708)	-	256,204	(482,067)	1,733,937
Cash Flows From Capital and Related Financing Activities:							
Interest paid on notes, bonds, and loans	-	(41,270)	(8,852)	(183,036)	(1,100)	(234,258)	-
Acquisition of capital assets	(372,833)	(485,432)	(2,064,291)	(3,577)	(966,980)	(3,893,113)	-
Capital contributions	68,798	116,048	-	-	659,606	844,452	-
Principal collected on note receivable	-	21,714	-	-	-	21,714	-
Principal payments on long-term debt	-	(308,503)	(260,496)	(333,333)	(30,200)	(932,532)	-
Net cash provided (used) by capital and related financing activities	(304,035)	(697,443)	(2,333,639)	(519,946)	(338,674)	(4,193,737)	-
Cash Flows From Investing Activities:							
Investment earnings	13,105	12,043	31,428	78,319	2,396	137,291	5,547
Net cash provided (used) by investing activities	13,105	12,043	31,428	78,319	2,396	137,291	5,547
Net increase (decrease) in cash and cash equivalents/investments	241,108	(410,693)	172,259	3,577	(218,794)	(212,543)	1,878,525
Cash and Cash Equivalents/Investments:							
Beginning of year - July 1	2,465,830	2,389,612	5,534,337	612,175	981,083	11,983,037	904,791
End of year - June 30	\$ 2,706,938	\$ 1,978,919	\$ 5,706,596	\$ 615,752	\$ 762,289	\$ 11,770,494	\$ 2,783,316
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ 86,164	\$ (89,741)	\$ 1,626,840	\$ 270,519	\$ (226,750)	\$ 1,667,032	\$ (40,801)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	693,568	658,999	1,587,591	132,758	166,739	3,239,655	-
Pension expense	3,984	3,984	9,107	-	4,553	21,628	-
Non-operating (expenses)	27,007	13,893	135,777	-	-	176,677	-
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(116,457)	(69,298)	(121,093)	3,051	(6,302)	(310,099)	(4)
(Increase) decrease in inventories	(7,571)	(3,999)	65,753	-	12,666	66,849	-
(Increase) decrease in deferred outflows of resources for pensions	(49,956)	(49,956)	(114,184)	-	(57,092)	(271,188)	-
Increase (decrease) in accounts payable and accrued liabilities	46,313	(93,637)	131,206	38,876	(31,940)	90,818	179,846
Increase (decrease) in customer deposits	(26,592)	-	(306,175)	-	-	(332,767)	-
Increase (decrease) in compensated absences payable	(31,172)	(39,538)	(5,330)	-	(11,618)	(87,658)	-
Increase (decrease) in OPEB liability	7,247	13,066	33,686	-	11,024	65,023	-
Net cash provided (used) by operating activities	\$ 632,535	\$ 343,773	\$ 3,043,178	\$ 445,204	\$ (138,720)	\$ 4,325,970	\$ 139,041
Non-Cash Investing, Capital, and Financing Activities:							
Donated capital assets	\$ -	\$ -	\$ 35,700	\$ -	\$ -	\$ 35,700	\$ -

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

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CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. 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, 2015

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

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, transportation, environmental protection, cultural and recreation, and general governmental services. The City has legally adopted an Economic Development Capital Reserve Fund. Under GASB 54 guidance, the Economic Development Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Economic Development Capital Reserve Fund has been included in the supplemental information.

The City reports the following nonmajor governmental funds:

Special Revenue Funds. The special revenue funds account for specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. The City maintains four special revenue funds: the CDBG Program Income Fund, the CDBG Affordable Housing Fund, the Comprehensive Bicycle Plan Fund, and the CDBG Jumpstart Washington Fund.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Capital Project Funds. The City maintains twelve capital project funds: the New Police Station Capital Project Fund, the Public Safety Capital Reserve Fund, the Facade Program Fund, the Spinrite Economic Development Grant Fund, the Pedestrian Project, the Waterfront Restroom Fund, the CDBG Project Blue Goose Fund, the Way Finding Fund, the IDX Impressions Building Reuse Grant Fund, the Municipal Peir Grant Fund, the Fire Station 1 Exhaust System Grant, and the Washington Downtown Properties Fund.

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

The City reports the following major enterprise funds:

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

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

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

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

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

The City reports the following nonmajor enterprise funds:

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

Internal Service 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.

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 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.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, permanent funds, and proprietary funds, and at the object level for the enterprise capital project funds. The City Manager and Finance Director are authorized by budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund or that change functional appropriations must be approved by the governing board at its next regular meeting. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

Deposits

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

Investments

State law [G.S. 159-30 (c)] authorizes the City and the TDA to invest in obligations of the United States of America or obligations fully guaranteed as to principal and interest by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's and TDA's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Cash and Cash Equivalents

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

Restricted Assets

Restricted assets presented in the accompanying financial statements represent the amounts from installment purchase proceeds that are held in escrow for expenditure in the acquisition and construction of noncurrent assets. For the purposes of reporting cash flows, the City's restricted assets are considered to be cash and/or cash equivalents. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected..

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

City of Washington Restricted Cash

Governmental Activities:

General Fund - Customer deposits	\$ 2,601
Total governmental activities	<u>\$ 2,601</u>

Business-Type Activities:

Enterprise Funds:

Water Fund - customer deposits	\$ 47,872
Electric Fund - customer deposits	595,566
Warren Field Airport Fund - customer deposits	77
Stormwater Utility Fund - unspent debt proceeds	<u>160,078</u>
Total business-type activities	<u>\$ 803,593</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, 2014.

Allowance for Uncollectible Accounts

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

Inventories and Prepaid Items

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of 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 one item that meets this criterion, contributions made to the pension plan in the 2015 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 four items that meet the criterion for this category – property taxes receivable, EMS receivable, other accounts receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Net Position

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

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

Notes Receivable - portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable, which are not spendable resources.

Restricted Fund Balance

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

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

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

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Restricted fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:		
General government	\$ 100,369	\$ -
Public safety	53,879	-
Economic and physical development	-	18,068
Cultural and recreational	21,229	-
Total	<u>\$ 175,477</u>	<u>\$ 18,068</u>

Committed Fund Balance

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

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

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

Committed fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Economic development	\$ 2,521	\$ 150,518
Public safety	-	866,887
Total	<u>\$ 2,521</u>	<u>\$ 1,017,405</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the City of Washington intends to use for specific purposes. The City's governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to transfer appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund or that change functional appropriations must be approved by the governing board at its next regular meeting.

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

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

Assigned fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Economic development	\$ -	\$ 24,790
Streets	67,735	-
Total	<u>\$ 67,735</u>	<u>\$ 24,790</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, 2015

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	\$	6,861,744
Less:		
Inventories		95,498
Prepaid items		96,057
Stabilization by State statute		<u>1,604,856</u>
Total available fund balance	\$	<u><u>5,065,333</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, 2015 are detailed as follows:

	General
	Fund
Encumbrances	<u><u>\$ 136,644</u></u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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)	\$ 6,859,223
Economic Development Capital Reserve Fund:	
Transfers in	156,000
Transfers (out)	(153,500)
Fund balance, beginning	<u>21</u>
Fund balance, ending - General Fund (Exhibit D)	<u>\$ 6,861,744</u>

E. Pensions

For purposes of measuring the net pension asset, 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. Stewardship, Compliance, and Accountability

Non-Compliance with North Carolina General Statutes

G.S. 159-13(a) requires units to budget the receipt and disbursement of money. We noted that the City did not adopt a budget for the receipt of revenues and transfers in the CDBG Program Income Special Revenue Fund, the Water Capital Reserve Fund, and the Sewer Capital Reserve Fund.

G.S. 159-13.1 requires units to adopt a financial plan for internal service funds. We noted that the City did not adopt a financial plan for the Vehicle Replacement Internal Service Fund and the Facility Maintenance Internal Service Fund.

The City did not spend funds that were not appropriated for expenditures and has not violated the pre-audit certificate requirement. The City did, however, receive revenue in one special

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

revenue fund, two enterprise funds, and two internal service funds that was unbudgeted. The reason the revenues were not budgeted is because there were not any expenditures for the year, creating an unbalanced budget if the revenues were budgeted for. In the future, the City will budget all estimated revenues for these funds and create an offsetting contingency expenditure appropriation in the same amount.

3. Detail Notes on All Funds

Assets

Deposits

All of the City's and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's and the TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the TDA, these deposits are considered to be held by the agent in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City and the TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the TDA have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City and the TDA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the City's deposits had a carrying amount of \$21,823,469 and a bank balance of \$22,115,211. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$21,115,211 was covered by collateral held under the Pooling Method. The City also had \$1,194 in petty cash on hand at June 30, 2015.

Investments

At June 30, 2015, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	<u>\$ 18,587</u>	N/A	AAAm

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

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

4. Accounts Receivable – Allowance for Doubtful Accounts

The receivables shown in the Statement of Net Position at June 30, 2015, are net of the following allowances for doubtful accounts:

Fund	June 30, 2015
Governmental Activities:	
General Fund:	
Taxes receivable	\$ 156,440
Miscellaneous	101,756
Total governmental activities	\$ 258,196
 Business-Type Activities:	
Enterprise Funds:	
Water Fund - accounts receivable	\$ 54,163
Sewer Fund - accounts receivable	74,150
Electric Fund - accounts receivable	688,259
Electric Fund - miscellaneous receivable	20,707
Stormwater Utility Fund - accounts receivable	9,592
Solid Waste Fund - accounts receivable	28,148
Total business-type activities	\$ 875,019

5. Notes Receivable

The City issued a note receivable on July 12, 1999 in the amount of \$188,000 in the CDBG Program Income Fund, of which the total principal is due on August 1, 2019. Interest is calculated at 1% and is due monthly. The amount outstanding at June 30, 2015 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, 2015 is \$11,200.

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, 2015 is \$128,233.

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

6. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2015 was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 5,173,034	\$ -	\$ -	\$ -	\$ 5,173,034
Construction in progress	<u>479,838</u>	<u>129,448</u>	<u>-</u>	<u>(75,919)</u>	<u>533,367</u>
Total non-depreciable capital assets	<u>5,652,872</u>	<u>129,448</u>	<u>-</u>	<u>(75,919)</u>	<u>5,706,401</u>
Depreciable Capital Assets:					
Buildings	11,225,384	-	-	-	11,225,384
Streets and other improvements	10,995,925	87,740	-	35,000	11,118,665
General equipment	1,290,930	38,920	-	-	1,329,850
Office machines	1,333,584	31,788	-	40,919	1,406,291
Furniture	94,572	-	-	-	94,572
Vehicles	<u>3,828,298</u>	<u>283,392</u>	<u>(132,435)</u>	<u>-</u>	<u>3,979,255</u>
Total depreciable capital assets	<u>28,768,693</u>	<u>441,840</u>	<u>(132,435)</u>	<u>75,919</u>	<u>29,154,017</u>
Less Accumulated Depreciation:					
Buildings	5,593,094	294,439	-	-	5,887,533
Streets	4,468,997	313,697	-	-	4,782,694
General equipment	1,107,215	55,078	-	-	1,162,293
Office machines	972,434	64,821	-	-	1,037,255
Furniture	94,570	-	-	-	94,570
Vehicles	<u>2,412,165</u>	<u>288,770</u>	<u>(130,905)</u>	<u>-</u>	<u>2,570,030</u>
Total accumulated depreciation	<u>14,648,475</u>	<u>\$ 1,016,805</u>	<u>\$ (130,905)</u>	<u>\$ -</u>	<u>15,534,375</u>
Total depreciable capital assets, net	<u>14,120,218</u>				<u>13,619,642</u>
Governmental activities capital assets, net	<u>\$ 19,773,090</u>				<u>\$ 19,326,043</u>

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

Governmental Activities:	
General government	\$ 100,608
Public safety	329,522
Transportation	275,629
Cultural and recreational	<u>311,046</u>
Total	<u>\$ 1,016,805</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Capital asset activity for the business-type activities for the year ended June 30, 2015 was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 117,538	\$ -	\$ -	\$ -	\$ 117,538
Construction in progress	<u>40,320</u>	<u>203,431</u>	<u>-</u>	<u>(77,553)</u>	<u>166,198</u>
Total non-depreciable capital assets	<u>157,858</u>	<u>203,431</u>	<u>-</u>	<u>(77,553)</u>	<u>283,736</u>
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	15,916,316	121,763	-	77,553	16,115,632
Buildings	7,165,906	-	-	-	7,165,906
Furniture and office equipment	811,493	-	-	-	811,493
General and mobile equipment	<u>4,623,073</u>	<u>47,639</u>	<u>(30,807)</u>	<u>-</u>	<u>4,639,905</u>
Total depreciable capital assets	<u>28,516,788</u>	<u>169,402</u>	<u>(30,807)</u>	<u>77,553</u>	<u>28,732,936</u>
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	7,988,747	322,295	-	-	8,311,042
Buildings	3,354,645	199,132	-	-	3,553,777
Furniture and office equipment	755,713	-	-	-	755,713
General and mobile equipment	<u>2,924,422</u>	<u>172,141</u>	<u>(29,657)</u>	<u>-</u>	<u>3,066,906</u>
Total accumulated depreciation	<u>15,023,527</u>	<u>\$ 693,568</u>	<u>\$ (29,657)</u>	<u>\$ -</u>	<u>15,687,438</u>
Total depreciable capital assets, net	<u>13,493,261</u>				<u>13,045,498</u>
Water Fund capital assets, net	<u>\$ 13,651,119</u>				<u>\$ 13,329,234</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 25,481	\$ -	\$ -	\$ -	\$ 25,481
Construction in progress	<u>173,632</u>	<u>160,302</u>	<u>-</u>	<u>(49,101)</u>	<u>284,833</u>
Total non-depreciable capital assets	<u>199,113</u>	<u>160,302</u>	<u>-</u>	<u>(49,101)</u>	<u>310,314</u>
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	36,413,070	284,403	-	-	36,697,473
Buildings	2,433,057	-	-	-	2,433,057
Furniture and office equipment	76,877	-	-	-	76,877
General and mobile equipment	<u>1,209,291</u>	<u>40,727</u>	<u>(16,005)</u>	<u>49,101</u>	<u>1,283,114</u>
Total depreciable capital assets	<u>40,132,295</u>	<u>325,130</u>	<u>(16,005)</u>	<u>49,101</u>	<u>40,490,521</u>
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	18,492,073	572,322	-	-	19,064,395
Buildings	2,120,489	17,974	-	-	2,138,463
Furniture and office equipment	76,877	-	-	-	76,877
General and mobile equipment	<u>846,576</u>	<u>68,703</u>	<u>(16,005)</u>	<u>-</u>	<u>899,274</u>
Total accumulated depreciation	<u>21,536,015</u>	<u>\$ 658,999</u>	<u>\$ (16,005)</u>	<u>\$ -</u>	<u>22,179,009</u>
Total depreciable capital assets, net	<u>18,596,280</u>				<u>18,311,512</u>
Sewer Fund capital assets, net	<u>\$ 18,795,393</u>				<u>\$ 18,621,826</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 64,777	\$ -	\$ -	\$ -	\$ 64,777
Construction in progress	205,784	639,954	-	(281,853)	563,885
Total non-depreciable capital assets	270,561	639,954	-	(281,853)	628,662
 Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	53,087,994	1,410,120	-	281,853	54,779,967
Buildings	658,704	-	-	-	658,704
Furniture and office equipment	226,863	-	-	-	226,863
General and mobile equipment	8,150,514	49,917	(144,632)	-	8,055,799
Total depreciable capital assets	62,124,075	1,460,037	(144,632)	281,853	63,721,333
 Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	30,793,196	1,197,278	-	-	31,990,474
Buildings	406,749	14,088	-	-	420,837
Furniture and office equipment	222,067	1,658	-	-	223,725
General and mobile equipment	6,415,215	374,567	(144,632)	-	6,645,150
Total accumulated depreciation	37,837,227	\$ 1,587,591	\$ (144,632)	\$ -	39,280,186
Total depreciable capital assets, net	24,286,848				24,441,147
Electric Fund capital assets, net	\$ 24,557,409				\$ 25,069,809

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 175,338	\$ -	\$ -	\$ -	\$ 175,338
Construction in progress	<u>4,768,752</u>	<u>3,577</u>	<u>-</u>	<u>(76,802)</u>	<u>4,695,527</u>
Total non-depreciable capital assets	<u>4,944,090</u>	<u>3,577</u>	<u>-</u>	<u>(76,802)</u>	<u>4,870,865</u>
 Depreciable Capital Assets:					
Drainage system	5,398,047	-	-	76,802	5,474,849
General and mobile equipment	<u>275,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,205</u>
Total depreciable capital assets	<u>5,673,252</u>	<u>-</u>	<u>-</u>	<u>76,802</u>	<u>5,750,054</u>
 Less Accumulated Depreciation:					
Drainage system	1,993,658	121,458	-	-	2,115,116
General and mobile equipment	<u>217,976</u>	<u>11,300</u>	<u>-</u>	<u>-</u>	<u>229,276</u>
Total accumulated depreciation	<u>2,211,634</u>	<u>\$ 132,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,344,392</u>
Total depreciable capital assets, net	<u>3,461,618</u>				<u>3,405,662</u>
Stormwater Fund capital assets, net	<u>\$ 8,405,708</u>				<u>\$ 8,276,527</u>

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Nonmajor Enterprise Funds:					
Non-Depreciable Capital Assets:					
Land	\$ 1,266,648	\$ -	\$ -	\$ -	\$ 1,266,648
Construction in progress	<u>312,620</u>	<u>862,242</u>	<u>-</u>	<u>-</u>	<u>1,174,862</u>
Total non-depreciable capital assets	<u>1,579,268</u>	<u>862,242</u>	<u>-</u>	<u>-</u>	<u>2,441,510</u>
 Depreciable Capital Assets:					
Plant, substations, lines, distribution system, and runways	4,743,080	-	-	-	4,743,080
Buildings	303,705	53,696	-	-	357,401
General and mobile equipment	<u>2,360,046</u>	<u>51,042</u>	<u>(114,349)</u>	<u>-</u>	<u>2,296,739</u>
Total depreciable capital assets	<u>7,406,831</u>	<u>104,738</u>	<u>(114,349)</u>	<u>-</u>	<u>7,397,220</u>
 Less Accumulated Depreciation:					
Plant, substations, lines, distribution system, and runways	3,499,542	66,183	-	-	3,565,725
Buildings	282,114	99	-	-	282,213
General and mobile equipment	<u>1,585,576</u>	<u>100,457</u>	<u>(114,349)</u>	<u>-</u>	<u>1,571,684</u>
Total accumulated depreciation	<u>5,367,232</u>	<u>\$ 166,739</u>	<u>\$ (114,349)</u>	<u>\$ -</u>	<u>5,419,622</u>
Total depreciable capital assets, net	<u>2,039,599</u>				<u>1,977,598</u>
Nonmajor enterprise funds capital assets, net	<u>\$ 3,618,867</u>				<u>\$ 4,419,108</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Depreciation for the nonmajor enterprise funds was charged as follows:

Warren Field Airport Fund	\$	80,732
Solid Waste Fund		79,015
Cemetery Fund		<u>6,992</u>
Total depreciation expense	\$	<u>166,739</u>

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2015 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and vouchers	\$ 361,444	\$ 2,999,922	\$ 3,361,366
Accrued payroll and related liabilities	363,996	196,242	560,238
Accrued interest payable	60	12,698	12,758
Total accounts payable and accrued liabilities	<u>\$ 725,500</u>	<u>\$ 3,208,862</u>	<u>\$ 3,934,362</u>

8. 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.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2015, was 7.39% of compensation for law enforcement officers and 7.07% 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 \$713,653 for the year ended June 30, 2015.

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.

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

At June 30, 2015, the City reported an asset of \$1,128,655 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset 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, 2014, the City's proportion was 0.191%, which was a decrease of 0.00182% from its proportion measure as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$56,919. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 123,325
Net difference between projected and actual earnings on pension plan investments	-	2,627,488
Changes in proportion and differences between City contributions and proportionate share of contributions	-	55,230
City contributions subsequent to the measurement date	<u>713,653</u>	<u>-</u>
Total	<u>\$ 713,653</u>	<u>\$ 2,806,043</u>

\$713,653 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (701,622)
2017	(701,622)
2018	(701,622)
2019	<u>(701,177)</u>
Total	<u>\$ (2,806,043)</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 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, 2013 valuation were based on the results of an actuarial experience study for the period ending January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100.0%	

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8%, and Inflation Protection 3.4%.

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.

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, 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 percent) or one percentage point higher (8.25 percent) 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)	\$ 3,831,148	\$ (1,128,655)	\$ (5,304,652)

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.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan. All full-time law enforcement officers of the City are covered by the Separation Allowance.

At December 31, 2014, the Separation Allowance's membership consisted of:

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

Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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 Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees for the year ended June 30, 2015.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The annual required contribution for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of the assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

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

Annual required contribution	\$	107,828
Interest on net pension obligation		31,759
Adjustment to annual required contribution		<u>(53,657)</u>
Annual pension cost		85,930
Contributions made		<u>31,901</u>
Increase in net pension obligation		54,029
Net pension obligation:		
Beginning of year - July 1		<u>635,179</u>
End of year - June 30	\$	<u><u>689,208</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 74,417	30.95%	\$ 599,406
2014	67,721	47.18%	635,179
2015	85,930	37.12%	689,208

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$863,138. The covered payroll (annual payroll of active employees covered by the plan) was \$1,524,176, and the ratio of the UAAL to the covered payroll was 56.63 percent.

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Supplemental Retirement Income Plans for Law Enforcement Officers and Others

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$91,976, which consisted of \$78,671 from the City and \$13,305 from the law enforcement officers. In addition, the City has elected to contribute \$50 bi-weekly in flex funds for other employees. Other employees may also make voluntary contributions to their plan. Contributions to this plan for other employees for the year ended June 30, 2015 were \$301,773, which consisted of \$110,830 from the City and \$190,943 from the employees.

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2015, the City was not required to make contributions to the State for death benefits due to a surplus in the fund.

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

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Other Post-Employment Benefits

According to a City resolution, the City provides post-employment healthcare benefits to retirees with thirty years of credible service as recognized by the North Carolina Local Governmental Employees' Retirement System, a single-employer defined benefit plan, and have at least ten years of creditable service with the City. The City pays the full cost of coverage for these benefits until such employees become covered by Medicare. Medical insurance will be continued for a maximum of two years for an employee who retires on disability through the system but does not qualify for or pursue Social Security benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently, 20 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2015, the City made payments for post-employment health benefit premiums of \$203,314. 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.

Membership of the Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	21	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>191</u>	<u>32</u>
Total	<u><u>212</u></u>	<u><u>32</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 3.73% of annual covered payroll. For the current year, the City contributed \$203,314, or 2.11% 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 2.11% and 2.11% of covered payroll, respectively. Employees paid premiums in the amount of \$153,910 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.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Annual OPEB Cost and Net Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$	359,357
Interest on net OPEB obligation		56,269
Adjustments to annual required contribution		<u>(53,754)</u>
Annual OPEB cost (expense)		361,872
Contributions made		<u>203,314</u>
Increase (decrease) in net OPEB obligation		158,558
Net OPEB obligation:		
Beginning of year - July 1		<u>1,406,724</u>
End of year - June 30	\$	<u>1,565,282</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 320,852	36.6%	\$ 1,213,465
2014	320,852	39.8%	1,406,724
2015	361,872	56.2%	1,565,282

Fund Status and Funding Progress. As of December 31, 2014, 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 \$4,653,806. The covered payroll (annual payroll of active employees covered by the plan) was \$9,629,860, and the ratio of the UAAL to the covered payroll was 48.33 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 5.00 to 7.50 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

As of June 30, 2015, 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.

9. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Contributions to pension plan in current fiscal year	<u>\$ 713,653</u>
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Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Property taxes receivable (General Fund)	\$ 172,976
EMS receivable (General Fund)	247,569
Other receivables (General Fund)	19,636
Other accounts receivable (other governmental funds)	400
Pension deferrals	2,806,043

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

10. Commitments

Construction

The City had outstanding commitments at June 30, 2015 of approximately \$296,788 for electric projects, \$2,195,394 for water and sewer improvements, \$184,217 for airport improvements, and \$16,095 for a storm water rate study.

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.

11. Risk Management

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

The City 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. A total of \$236,149 in claims was incurred for benefits during fiscal year 2015.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Claims Liability

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid claims, beginning of year	\$ 75,246	\$ 148,702
Incurred claims (including claims incurred, but not reported, as of fiscal year-end)	236,149	5,436
Payments and reduction in claims estimates	<u>(56,303)</u>	<u>(78,892)</u>
Unpaid claims, end of year	<u>\$ 255,092</u>	<u>\$ 75,246</u>

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

In accordance with G.S. 159-29, City employees who have access to \$100 or more of City funds at any given time are performance bonded through a commercial surety bond. The Director of Finance is bonded individually for \$175,000. The remaining employees who have access to funds are bonded under a blanket bond for \$75,000.

At June 30, 2015, 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.

12. 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 ending June 30, 2006. The loan repayment schedule based on a loan amount of \$2,636,105 calls for equal principal repayments of \$131,805 annually for 20 years. The total amount outstanding at June 30, 2015 was \$1,318,053.

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 Respass Lift Station. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 15 years beginning May 2013. The loan repayment calls for equal principal repayments of \$40,000 annually for 15 years. The total amount outstanding at June 30, 2015 was \$440,373.

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 168,503	\$ 31,897	\$ 200,400
2017	168,503	28,707	197,210
2018	168,503	25,518	194,021
2019	168,503	22,328	190,831
2020	168,503	19,138	187,641
2021-2025	805,817	46,251	852,068
2026-2027	110,094	1,595	111,689
Total	\$ 1,758,426	\$ 175,434	\$ 1,933,860

Installment Notes Payable

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

Purpose and Collateral	Issue Date	Issue Amount	Terms of Issuance	Interest Rates	Balance June 30, 2015
Governmental Activities:					
Equipment	4/8/2011	\$ 206,550	Annual installments of \$44,384 due through March 2016	2.22%	\$ 31,937
Building improvements	8/9/2011	769,566	Annual installments of \$151,771 due through June 2016	2.91%	-
Refinance Fire Station	3/15/2013	2,075,000	Annual installment of \$166,970 due through March 2028	2.58%	1,812,508
Equipment	4/15/2013	240,000	Annual installments of \$50,501 due through February 2018	1.36%	132,138
Total governmental activities					<u>\$ 1,976,583</u>
Business-Type Activities:					
Electric:					
Equipment	4/8/2011	\$ 888,000	Annual installments of \$190,813 due through March 2016	2.22%	132,856
Equipment	4/15/2013	430,805	Annual installments of \$90,622 due through February 2018	1.36%	237,250
					<u>370,106</u>
Nonmajor Enterprise:					
Equipment - Solid Waste	4/8/2011	\$ 140,000	Annual installments of \$30,084 due through March 2016	2.22%	17,703
Equipment - Cemetery	4/15/2013	\$ 35,000	Annual installments of \$7,365 due through February 2018	1.36%	19,269
Total business-type activities					<u>\$ 407,078</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Governmental Activities:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 202,584	\$ 47,261	\$ 249,845
2017	174,493	42,978	217,471
2018	161,525	39,068	200,593
2019	131,417	35,553	166,970
2020	134,848	32,122	166,970
2021 -2025	728,920	105,929	834,849
2026-2028	442,796	16,370	459,166
Total	<u>\$ 1,976,583</u>	<u>\$ 319,280</u>	<u>\$ 2,295,863</u>

Enterprise Funds:

Year Ending June 30	Electric		
	Principal	Interest	Total
2016	\$ 220,800	\$ 3,896	\$ 224,696
2017	89,146	1,476	90,622
2018	60,160	307	60,467
Total	<u>\$ 370,106</u>	<u>\$ 5,679</u>	<u>\$ 375,785</u>

Year Ending June 30	Solid Waste		
	Principal	Interest	Total
2016	\$ 17,703	\$ 192	\$ 17,895

Year Ending June 30	Cemetery		
	Principal	Interest	Total
2016	\$ 7,147	\$ 218	\$ 7,365
2017	7,245	120	7,365
2018	4,877	25	4,902
Total	<u>\$ 19,269</u>	<u>\$ 363</u>	<u>\$ 19,632</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 are comprised of the following:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 2,667	\$ 1,339	\$ 4,006
2017	2,667	1,209	3,876
2018	2,667	1,078	3,745
2019	2,667	947	3,614
2020	2,667	817	3,484
2021-2025	13,334	2,123	15,457
2026	1,333	196	1,529
Total	\$ 28,002	\$ 7,709	\$ 35,711

Year Ending June 30	Stormwater Fund		
	Principal	Interest	Total
2016	\$ 333,333	\$ 167,417	\$ 500,750
2017	333,333	151,083	484,416
2018	333,333	134,750	468,083
2019	333,333	118,417	451,750
2020	333,333	102,083	435,416
2021-2025	1,666,666	265,417	1,932,083
2026	166,667	4,083	170,750
Total	\$ 3,499,998	\$ 943,250	\$ 4,443,248

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Liabilities</u>
Governmental Activities:					
Installment notes payable	\$ 2,184,952	\$ -	\$ (208,369)	\$ 1,976,583	\$ 202,584
Recovery Zone Economic					
Development Bonds	30,669	-	(2,667)	28,002	2,667
Compensated absences	729,861	509,677	(433,343)	806,195	433,343
Pension obligation	635,179	85,930	(31,901)	689,208	-
OPEB accrued liability	886,324	175,007	(81,472)	979,859	-
Net pension liability (LGERS)	<u>1,443,857</u>	<u>-</u>	<u>(1,443,857)</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 5,910,842</u>	<u>\$ 770,614</u>	<u>\$ (2,201,609)</u>	<u>\$ 4,479,847</u>	<u>\$ 638,594</u>
Business-Type Activities:					
General obligations bonds	\$ 140,000	\$ -	\$ (140,000)	\$ -	\$ -
Installment notes payable	697,774	-	(290,696)	407,078	245,650
Revolving loan payable	1,926,929	-	(168,503)	1,758,426	168,503
Recovery Zone Economic					
Development Bonds	3,833,331	-	(333,333)	3,499,998	333,333
Compensated absences	444,860	201,348	(289,006)	357,202	279,056
OPEB accrued liability	520,400	105,760	(40,737)	585,423	-
Net pension liability (LGERS)	<u>884,945</u>	<u>-</u>	<u>(884,945)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 8,448,239</u>	<u>\$ 307,108</u>	<u>\$ (2,147,220)</u>	<u>\$ 6,608,127</u>	<u>\$ 1,026,542</u>

Business-Type Activities

Major Enterprise Funds:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Water Fund:					
Compensated absences	\$ 105,218	\$ 73,966	\$ (105,138)	\$ 74,046	\$ 74,046
OPEB accrued liability	98,373	18,886	(11,639)	105,620	-
Net pension liability (LGERS)	<u>163,016</u>	<u>-</u>	<u>(163,016)</u>	<u>-</u>	<u>-</u>
Total Water Fund activities	<u>\$ 366,607</u>	<u>\$ 92,852</u>	<u>\$ (279,793)</u>	<u>\$ 179,666</u>	<u>\$ 74,046</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance			Balance	Current
	July 1, 2014	Additions	Retirements	June 30, 2015	Portion of
					Long-Term
					Debt
Sewer Fund:					
General obligation bonds	\$ 140,000	\$ -	\$ (140,000)	\$ -	\$ -
Revolving loan payable	1,926,929	-	(168,503)	1,758,426	168,503
Compensated absences	91,233	7,296	(46,834)	51,695	20,292
OPEB accrued liability	98,373	18,886	(5,820)	111,439	-
Net pension liability (LGERS)	163,016	-	(163,016)	-	-
Total Sewer Fund activities	<u>\$ 2,419,551</u>	<u>\$ 26,182</u>	<u>\$ (524,173)</u>	<u>\$ 1,921,560</u>	<u>\$ 188,795</u>

	Balance			Balance	Current
	July 1, 2014	Additions	Retirements	June 30, 2015	Portion of
					Long-Term
					Debt
Electric Fund:					
Installment notes payable	\$ 630,602	\$ -	\$ (260,496)	\$ 370,106	\$ 220,800
Compensated absences	180,732	147,396	(152,726)	175,402	152,726
OPEB accrued liability	207,467	45,325	(11,639)	241,153	-
Net pension liability (LGERS)	372,608	-	(372,608)	-	-
Total Electric Fund activities	<u>\$ 1,018,801</u>	<u>\$ 192,721</u>	<u>\$ (797,469)</u>	<u>\$ 786,661</u>	<u>\$ 373,526</u>

	Balance			Balance	Current
	July 1, 2014	Additions	Retirements	June 30, 2015	Portion of
					Long-Term
					Debt
Stormwater Fund:					
Recovery Zone Economic					
Development Bonds payable	<u>\$ 3,833,331</u>	<u>\$ -</u>	<u>\$ (333,333)</u>	<u>\$ 3,499,998</u>	<u>\$ 333,333</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Nonmajor Enterprise Funds:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Airport Fund:					
Compensated absences	\$ 115	\$ 2,377	\$ (1,112)	\$ 1,380	\$ 1,112

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Solid Waste Fund:					
Installment notes payable	\$ 40,852	\$ -	\$ (23,149)	\$ 17,703	\$ 17,703
Compensated absences	54,907	11,323	(24,472)	41,758	24,472
OPEB accrued liability	80,560	16,368	(11,639)	85,289	-
Net pension liability (LGERS)	<u>139,728</u>	<u>-</u>	<u>(139,728)</u>	<u>-</u>	<u>-</u>
Total Solid Waste Fund	\$ <u>316,047</u>	\$ <u>27,691</u>	\$ <u>(198,988)</u>	\$ <u>144,750</u>	\$ <u>42,175</u>

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Cemetery Fund:					
Installment notes payable	\$ 26,320	\$ -	\$ (7,051)	\$ 19,269	\$ 7,147
Compensated absences	12,655	6,674	(6,408)	12,921	6,408
OPEB accrued liability	35,627	6,295	-	41,922	-
Net pension liability (LGERS)	<u>46,577</u>	<u>-</u>	<u>(46,577)</u>	<u>-</u>	<u>-</u>
Total Cemetery Fund	\$ <u>121,179</u>	\$ <u>12,969</u>	\$ <u>(60,036)</u>	\$ <u>74,112</u>	\$ <u>13,555</u>

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

At June 30, 2015, the City has a legal debt margin of approximately \$62,075,033.

The LGERS plan had a net pension asset as of June 30, 2015. However, the plan had a net pension liability at the beginning of the fiscal year.

CITY OF WASHINGTON, NORTH CAROLINA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2015 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 19,326,043	\$ 69,716,504
Less: capital debt		
Gross debt	2,004,585	5,665,502
Less: Unspent debt proceeds	-	(160,078)
Net capital debt	<u>2,004,585</u>	<u>5,505,424</u>
Net investment in capital assets	<u>\$ 17,321,458</u>	<u>\$ 64,211,080</u>

13. Interfund Balances and Activity

Due To/From Other Funds:

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Payable Fund</u>	<u>Receivable Fund - General Fund</u>	<u>Purpose</u>
Nonmajor governmental funds	\$ <u>27,570</u>	Advances of grant expenditures

Transfers To/From Other Funds:

The composition of interfund transfers for the year ending June 30, 2015 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>
Transfers In:						
Major General Fund	\$ -	\$ 171,621	\$ 568,708	\$ 100,609	\$ 69,178	\$ 910,116
Nonmajor governmental funds	207,470	-	-	-	-	207,470
Nonmajor enterprise funds	256,204	-	-	-	-	256,204
Internal service funds	1,733,937	-	-	-	-	1,733,937
Major water	-	112	-	-	-	112
Major sewer	-	112	-	-	-	112
Total	<u>\$ 2,197,611</u>	<u>\$ 171,845</u>	<u>\$ 568,708</u>	<u>\$ 100,609</u>	<u>\$ 69,178</u>	<u>\$ 3,107,951</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Transfers to and from the General Fund to the Public Safety Capital Reserve Fund were for support for debt payments. Transfers from the General Fund to the Facade Program Fund were for the City sponsorship of the Facade Program. Other transfers to and from the General Fund to the nonmajor governmental funds were 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. Transfers from the Water Fund to the General Fund were for the annual Highway 17 debt service and the Water Fund's share of economic development expenses. The transfers from the Sewer Fund to the General Fund were for the annual Highway 17 debt service and the Sewer Fund's share of economic development expenses. The transfer from the General Fund to the Cemetery Fund was for the annual subsidy payment. The transfer from the General Fund to the Internal Service Fund was for the establishment of a Vehicle Replacement Fund and Facility Maintenance Fund.

14. **Jointly Governed Organizations**

Mid-East Commission

The City, in conjunction with five counties and twenty-eight other municipalities, established the Mid-East Commission (the "Commission"). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The City paid membership fees of \$2,801 to the Commission during the fiscal year ended June 30, 2015.

North Carolina Eastern Municipal Power Agency

The City, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one Commissioner to the Agency's governing board. The thirty-two members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligations, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2015 was \$27,813,070.

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

ended June 30, 2015, the City reported revenues and expenditures for the payments of \$6,135 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, 2015. 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

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Three community development block grants did not meet performance criteria by the end of the grant term. They were: the Carver Machine Works' sewer line extension, CDBG 09-C-2050 Affordable Housing Grant, and the CDBG 05-C-1490 Keysville Road Sub-Division Grant. Claw backs from the granting agency are required due to the noncompliance of the performance criteria. The City is sharing the responsibility of the Carver Machine Works' sewer line extension with Beaufort County. The City's share is \$111,162 and the final payment of \$74,094 was made in fiscal year 2014-2015. The CDBG 09-C-2050 Affordable Housing Grant claw back is \$55,716 and will be paid in fiscal year 2015-2016. The Washington Housing Authority is the partnering agency for this grant and it has funded \$36,000 of the claw back, and is responsible to the City for the remaining balance of \$19,716. The CDBG 05-C-1490 Keysville Road Grant claw back is \$250,000, to be repaid over three years. Installments of \$25,000 in fiscal year 2013-2014 and \$75,000 in fiscal year 2014-2015 were submitted. A \$75,000 installment will be made in fiscal year 2015-2016, and the final installment will be made in fiscal year 2016-2017. A \$50,000 credit will be given for each qualifying home that is constructed prior to the final installment, and a credit for one home is anticipated.

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, 2015

18. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,004,690 and \$615,778, respectively.

The CDBG Program Special Revenue Fund balance was restated in the current year by \$203,955 due to notes receivable being classified as deferred inflows of resources in the prior year.

Required Supplemental Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officer's Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance
- 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 (LGERS)
- Contributions for the Local Governmental Employees' Retirement System (LGERS)

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CITY OF WASHINGTON, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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)
12/31/2009	\$ -	\$ 653,483	\$ 653,483	0.00%	\$ 1,656,991	39.44%
12/31/2010	-	608,552	608,552	0.00%	1,622,954	37.50%
12/31/2011	-	656,454	656,454	0.00%	1,653,548	39.70%
12/31/2012	-	741,061	741,061	0.00%	1,554,349	47.68%
12/31/2013	-	838,434	838,434	0.00%	1,564,713	53.58%
12/31/2014	-	863,138	863,138	0.00%	1,524,176	56.63%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 58,862	15.31%
2011	81,510	11.71%
2012	75,347	12.66%
2013	81,120	28.39%
2014	86,586	36.90%
2015	107,828	29.59%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

* Includes inflation at 3.00%

CITY OF WASHINGTON, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 325,819	25.49%
2011	338,037	24.63%
2012	338,037	24.63%
2013	319,046	36.80%
2014	319,046	36.80%
2015	359,357	56.58%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4%
Medical cost trend rate	5% - 7.50%
Year of Ultimate trend rate	2020

* Includes inflation at 3.00%

CITY OF WASHINGTON, NORTH CAROLINA

**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TWO FISCAL YEARS ***

Local Governmental Employees' Retirement System		
	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) (%)	0.19138%	0.19320%
City's proportion of the net pension liability (asset) (\$)	\$ (1,128,655)	\$ 2,328,802
City's covered-employee payroll	\$ 9,991,016	\$ 9,352,659
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(11.30%)	24.90%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

CITY OF WASHINGTON, NORTH CAROLINA

CITY OF WASHINGTON'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARSLocal Governmental Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 713,653	\$ 708,333
Contributions in relation to the contractually required contribution	<u>713,653</u>	<u>708,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City of Washington's covered-employee payroll	\$ 10,055,380	\$ 9,991,016
Contributions as a percentage of covered-employee payroll	7.10%	7.09%

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, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 5,667,675	\$ 7,280,805
Taxes receivable, net	172,976	283,042
Accounts receivable, net	1,707,847	1,537,839
Due from other funds	27,570	282,846
Inventories	95,498	94,235
Prepaid items	96,057	29,418
Restricted cash and investments	2,601	3,109
Total assets	<u>\$ 7,770,224</u>	<u>\$ 9,511,294</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 465,698	\$ 481,318
Liabilities payable from restricted assets:		
Customer deposits	<u>2,601</u>	<u>3,109</u>
Total liabilities	<u>468,299</u>	<u>484,427</u>
Deferred Inflows of Resources:		
Taxes receivable	172,976	283,042
EMS receivable	247,569	210,079
Other accounts receivable	<u>19,636</u>	<u>7,753</u>
Total deferred inflows of resources	<u>440,181</u>	<u>500,874</u>
Fund Balances:		
Non-spendable, not in spendable form:		
Inventories	95,498	94,235
Prepaid items	96,057	29,418
Restricted:		
Stabilization by State statute	1,604,856	1,757,518
Restricted, all other	175,477	162,143
Committed	2,521	21
Assigned	67,735	243,945
Unassigned	<u>4,819,600</u>	<u>6,238,713</u>
Total fund balances	<u>6,861,744</u>	<u>8,525,993</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,770,224</u>	<u>\$ 9,511,294</u>

CITY OF WASHINGTON, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Economic Development Capital Reserve Fund</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Ad valorem taxes	\$ 4,441,759	\$ -	\$ -	\$ 4,441,759
Other taxes and licenses	2,822,864	-	-	2,822,864
Unrestricted intergovernmental	2,046,278	-	-	2,046,278
Restricted intergovernmental	665,689	-	-	665,689
Permits and fees	86,346	-	-	86,346
Sales and services	947,930	-	-	947,930
Investment earnings	43,209	-	-	43,209
Miscellaneous	33,082	-	-	33,082
Total revenues	<u>11,087,157</u>	<u>-</u>	<u>-</u>	<u>11,087,157</u>
Expenditures:				
General government	1,974,023	-	-	1,974,023
Public safety	5,515,067	-	-	5,515,067
Transportation	1,097,764	-	-	1,097,764
Environmental protection	381,415	-	-	381,415
Cultural and recreation	2,231,397	-	-	2,231,397
Debt service:				
Principal retirement	211,036	-	-	211,036
Interest and fees	53,209	-	-	53,209
Total expenditures	<u>11,463,911</u>	<u>-</u>	<u>-</u>	<u>11,463,911</u>
Revenues over (under) expenditures	<u>(376,754)</u>	<u>-</u>	<u>-</u>	<u>(376,754)</u>
Other Financing Sources (Uses):				
Transfers from other funds	907,616	156,000	(153,500)	910,116
Transfers to other funds	(2,197,611)	(153,500)	153,500	(2,197,611)
Total other financing sources (uses)	<u>(1,289,995)</u>	<u>2,500</u>	<u>-</u>	<u>(1,287,495)</u>
Net change in fund balances	(1,666,749)	2,500	-	(1,664,249)
Fund Balances:				
Beginning of year - July 1	<u>8,525,972</u>	<u>21</u>	<u>-</u>	<u>8,525,993</u>
End of year - June 30	<u>\$ 6,859,223</u>	<u>\$ 2,521</u>	<u>\$ -</u>	<u>\$ 6,861,744</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 4,304,618	\$ 4,397,631	\$ 93,013	\$ 4,520,593
Penalties and interest	55,000	44,128	(10,872)	77,978
Total	<u>4,359,618</u>	<u>4,441,759</u>	<u>82,141</u>	<u>4,598,571</u>
Other Taxes and Licenses:				
Local option sales tax	2,096,219	2,362,096	265,877	2,088,807
Local occupancy tax	246,000	247,187	1,187	222,208
Automotive licenses	38,000	51,913	13,913	68,140
Rental vehicle tax	14,900	18,807	3,907	16,686
Privilege licenses	120,000	114,343	(5,657)	123,152
PEG Channel tax	31,200	28,518	(2,682)	15,735
Total	<u>2,546,319</u>	<u>2,822,864</u>	<u>276,545</u>	<u>2,534,728</u>
Unrestricted Intergovernmental:				
Payment in lieu of taxes	465,163	465,163	-	133,499
Franchise tax	1,138,000	1,286,375	148,375	1,140,964
Utility sales tax	190,000	190,000	-	210,270
Beer and wine tax	40,500	46,206	5,706	42,453
Court costs and fines	6,500	5,813	(687)	6,817
ABC Board distributions	18,000	19,240	1,240	18,752
Public housing payment	29,339	33,481	4,142	30,965
Total	<u>1,887,502</u>	<u>2,046,278</u>	<u>158,776</u>	<u>1,583,720</u>
Restricted Intergovernmental:				
Local forfeiture	1,000	955	(45)	2,146
Powell Bill	184,000	183,590	(410)	184,004
Beaufort County - library	7,800	7,800	-	7,800
Beaufort County - recreation	-	15,732	15,732	2,000
Controlled substance tax	7,000	8,279	1,279	10,384
Beaufort County - rescue squad	137,048	137,048	-	134,714
Washington Park - firefighting	36,880	37,231	351	33,527
State reimbursement for Medicaid EMS	230,000	197,001	(32,999)	188,264
CAMA - permits and inspections	-	100	100	-
State aid to public libraries	36,708	33,691	(3,017)	9,559
Mid-East Commission - recreation	32,680	37,166	4,486	43,678
Beaufort County Schools - crime control	-	-	-	79,460
Federal grant - bulletproof vests	3,250	2,613	(637)	2,843
Vidant Grant	22,000	-	(22,000)	-
Other grants	19,747	4,483	(15,264)	2,483
Total	<u>718,113</u>	<u>665,689</u>	<u>(52,424)</u>	<u>700,862</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Permits and Fees:				
Fire permit and inspection fees	4,600	3,180	(1,420)	4,975
Building permits	80,000	83,166	3,166	84,385
Total	<u>84,600</u>	<u>86,346</u>	<u>1,746</u>	<u>89,360</u>
Sales and Services:				
Rents	32,256	32,256	-	389,224
Fire contracts	1,600	1,491	(109)	1,597
Public works fees	700	2,079	1,379	2,211
Administrative charges -gas	11,300	13,440	2,140	13,795
Garbage collection and penalties	-	-	-	(9)
Recreation fees and assessments	86,175	77,121	(9,054)	80,427
Sale of materials and property	7,200	7,281	81	6,819
Municipal citations	2,500	7,425	4,925	4,495
Grass mowing and lot cleaning	5,120	13,883	8,763	5,157
Rescue squad	589,464	615,070	25,606	596,152
Library fees and fines	20,000	23,984	3,984	23,498
Development filing fees	-	1,075	1,075	-
Sale of capital assets	15,000	41,788	26,788	1,148,541
Aquatic Center	102,660	83,109	(19,551)	90,257
Contracted police services	25,000	24,603	(397)	24,158
Paving assessments	6,000	3,299	(2,701)	4,040
Other	20	26	6	60
Total	<u>904,995</u>	<u>947,930</u>	<u>42,935</u>	<u>2,390,422</u>
Investment Earnings:				
Interest	<u>40,661</u>	<u>43,209</u>	<u>2,548</u>	<u>39,915</u>
Miscellaneous:				
Contributions	12,500	10,050	(2,450)	15,226
Other	36,000	23,032	(12,968)	69,806
Total	<u>48,500</u>	<u>33,082</u>	<u>(15,418)</u>	<u>85,032</u>
Total revenues	<u>10,590,308</u>	<u>11,087,157</u>	<u>496,849</u>	<u>12,022,610</u>
Expenditures:				
General Government:				
City Council:				
Salaries and employee benefits	32,925	33,089	(164)	33,748
Professional services	10,000	7,210	2,790	8,126
Other operating expenditures	8,900	5,438	3,462	8,929
Election expenses	-	-	-	5,823
Total	<u>51,825</u>	<u>45,737</u>	<u>6,088</u>	<u>56,626</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Mayor's Office:				
Salaries and employee benefits	11,525	11,621	(96)	12,581
Other operating expenditures	1,360	659	701	856
Election expenses	-	-	-	970
Total	12,885	12,280	605	14,407
City Manager:				
Salaries and employee benefits	320,451	312,427	8,024	310,875
Professional services	500	26	474	136
Other operating expenditures	18,555	12,697	5,858	11,816
Total	339,506	325,150	14,356	322,827
Human Resources:				
Salaries and employee benefits	248,493	243,253	5,240	233,729
Professional services	5,125	4,701	424	5,113
Other operating expenditures	44,846	42,221	2,625	33,186
Maintenance and repairs	950	467	483	1,125
Contracted services	25,000	25,000	-	25,000
Total	324,414	315,642	8,772	298,153
Tourism Director:				
Salaries and employee benefits	104,543	103,127	1,416	100,862
Professional services	250	168	82	-
Other operating expenditures	3,200	2,348	852	3,146
Total	107,993	105,643	2,350	104,008
Finance Director:				
Salaries and employee benefits	426,982	427,438	(456)	418,751
Professional services	80,130	78,803	1,327	84,761
Other operating expenditures	19,550	16,610	2,940	20,550
Maintenance and repairs	1,425	730	695	1,450
Total	528,087	523,581	4,506	525,512
Purchasing and Supply:				
Salaries and employee benefits	119,811	118,113	1,698	116,440
Other operating expenditures	15,642	14,159	1,483	15,686
Maintenance and repairs	8,688	8,101	587	2,861
Total	144,141	140,373	3,768	134,987

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Customer Service:				
Salaries and employee benefits	345,993	334,080	11,913	340,543
Professional services	13,800	11,492	2,308	5,010
Other operating expenditures	289,425	283,522	5,903	267,739
Maintenance and repairs	500	-	500	292
Capital outlay	3,375	3,275	100	-
Total	<u>653,093</u>	<u>632,369</u>	<u>20,724</u>	<u>613,584</u>
Billing Department:				
Salaries and employee benefits	80,376	79,895	481	77,763
Professional services	-	-	-	36
Other operating expenditures	86,005	77,873	8,132	81,058
Total	<u>166,381</u>	<u>157,768</u>	<u>8,613</u>	<u>158,857</u>
Information Services:				
Salaries and employee benefits	77,394	76,659	735	76,078
Contract services	154,530	151,648	2,882	118,104
Other operating expenditures	34,255	29,563	4,692	33,648
Maintenance and repairs	7,232	6,864	368	5,703
Capital outlay	27,184	25,694	1,490	55,717
Total	<u>300,595</u>	<u>290,428</u>	<u>10,167</u>	<u>289,250</u>
Municipal Building:				
Salaries and employee benefits	53,341	52,863	478	52,064
Contracted services	8,750	8,795	(45)	9,251
Other operating expenditures	61,870	61,240	630	57,306
Maintenance and repairs	47,131	44,833	2,298	52,052
Capital outlay	-	-	-	87,270
Total	<u>171,092</u>	<u>167,731</u>	<u>3,361</u>	<u>257,943</u>
Legal Services:				
Professional services	<u>160,000</u>	<u>159,493</u>	<u>507</u>	<u>275,539</u>
Non-Departmental:				
Other operating expenditures	653,440	628,020	25,420	586,724
Maintenance and repairs	1,000	785	215	14,294
Capital outlay	80,000	8,000	72,000	-
Total	<u>734,440</u>	<u>636,805</u>	<u>97,635</u>	<u>601,018</u>
Economic Development:				
Operating expenditures	86,500	71,976	14,524	66,000
Professional services	20,000	15,000	5,000	19,841
Total	<u>106,500</u>	<u>86,976</u>	<u>19,524</u>	<u>85,841</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Planning/Zoning:				
Salaries and employee benefits	263,765	252,528	11,237	283,198
Professional services	46,337	28,830	17,507	14,140
Contract services	600	-	600	-
Other operating expenditures	16,400	14,794	1,606	11,425
Maintenance and repairs	5,680	-	5,680	5,680
Capital outlay	25,000	-	25,000	-
Total	<u>357,782</u>	<u>296,152</u>	<u>61,630</u>	<u>314,443</u>
Code Enforcement/Inspections:				
Salaries and employee benefits	220,189	220,234	(45)	215,016
Contract services	15,075	13,421	1,654	8,256
Other operating expenditures	33,832	22,320	11,512	29,011
Maintenance and repairs	4,200	3,417	783	3,541
Capital outlay	-	-	-	19,995
Total	<u>273,296</u>	<u>259,392</u>	<u>13,904</u>	<u>275,819</u>
Reimbursement:				
Enterprise funds	(2,075,930)	(2,075,855)	75	(2,098,362)
Tourism Authority	(107,993)	(105,642)	(2,351)	(104,007)
Total	<u>(2,183,923)</u>	<u>(2,181,497)</u>	<u>(2,276)</u>	<u>(2,202,369)</u>
Total general government	<u>2,248,107</u>	<u>1,974,023</u>	<u>274,234</u>	<u>2,126,445</u>
Public Safety:				
Police:				
Salaries and employee benefits	2,377,664	2,343,540	34,124	2,386,241
Professional services	4,500	3,726	774	3,064
Other operating expenditures	208,673	182,647	26,026	150,361
Maintenance and repairs	147,800	135,611	12,189	158,452
Contracted services	34,900	20,662	14,238	30,254
Capital outlay	125,077	124,202	875	84,282
Total	<u>2,898,614</u>	<u>2,810,388</u>	<u>88,226</u>	<u>2,812,654</u>
E-911 Communication:				
Salaries and employee benefits	283,565	255,512	28,053	292,778
Other operating expenditures	78,800	65,367	13,433	59,190
Maintenance and repairs	11,050	7,961	3,089	8,942
Total	<u>373,415</u>	<u>328,840</u>	<u>44,575</u>	<u>360,910</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Fire:				
Salaries and employee benefits	517,100	500,151	16,949	469,930
Professional services	8,828	8,465	363	6,681
Contracted services	1,860	1,860	-	1,740
Other operating expenditures	139,096	131,185	7,911	129,994
Maintenance and repairs	65,374	57,474	7,900	57,464
Capital outlay	38,269	38,255	14	27,904
Contribution to Fireman's Association	3,805	3,543	262	3,021
Total	774,332	740,933	33,399	696,734
Rescue:				
Salaries and employee benefits	1,486,022	1,481,645	4,377	1,465,950
Professional services	45,301	38,854	6,447	37,172
Other operating expenditures	88,886	83,869	5,017	61,038
Maintenance and repairs	33,500	30,538	2,962	26,312
Total	1,653,709	1,634,906	18,803	1,590,472
Reimbursement:				
Enterprise funds	-	-	-	(49,773)
Total public safety	5,700,070	5,515,067	185,003	5,410,997
Transportation:				
Street Maintenance:				
Salaries and employee benefits	321,089	314,338	6,751	374,811
Professional services	78,855	680	78,175	1,665
Other operating expenditures	16,485	15,161	1,324	15,495
Maintenance and repairs	53,060	49,681	3,379	47,691
Capital outlay	63,915	63,816	99	20,428
Total	533,404	443,676	89,728	460,090
Street Construction - Powell Bill:				
Salaries and employee benefits	109,076	106,370	2,706	99,070
Professional services	2,000	1,107	893	1,645
Other operating expenditures	63,595	52,322	11,273	15,446
Maintenance and repairs	23,969	17,297	6,672	17,986
Contracted services	241,062	222,562	18,500	39,110
Capital outlay	23,000	22,621	379	-
Total	462,702	422,279	40,423	173,257
Street Lighting:				
Street lighting services	147,234	143,454	3,780	129,183
Total	147,234	143,454	3,780	129,183

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Equipment Services:				
Salaries and employee benefits	80,627	77,035	3,592	69,600
Professional services	108	108	-	100
Other operating expenditures	64,502	67,487	(2,985)	40,532
Maintenance and repairs	5,968	5,107	861	3,999
Total	<u>151,205</u>	<u>149,737</u>	<u>1,468</u>	<u>114,231</u>
Reimbursement:				
Enterprise funds	(61,382)	(61,382)	-	(54,500)
Total transportation	<u>1,233,163</u>	<u>1,097,764</u>	<u>135,399</u>	<u>822,261</u>
Public Works Director:				
Salaries and employee benefits	75,622	75,352	270	69,234
Professional services	-	-	-	46
Other operating expenditures	2,005	1,312	693	1,134
Total	<u>77,627</u>	<u>76,664</u>	<u>963</u>	<u>70,414</u>
Drainage Improvements:				
Salaries and employee benefits	308,512	304,714	3,798	293,927
Other operating expenditures	200	37	163	74
Maintenance and repairs	-	-	-	23,243
Total	<u>308,712</u>	<u>304,751</u>	<u>3,961</u>	<u>317,244</u>
Total environmental protection	<u>386,339</u>	<u>381,415</u>	<u>4,924</u>	<u>387,658</u>
Cultural and Recreational:				
Recreation Centers:				
Salaries and employee benefits	98,200	94,042	4,158	101,959
Professional services	625	638	(13)	347
Other operating expenditures	26,650	24,856	1,794	39,464
Maintenance and repairs	24,600	17,569	7,031	14,330
Programs	25,065	21,379	3,686	22,748
Total	<u>175,140</u>	<u>158,484</u>	<u>16,656</u>	<u>178,848</u>
Senior Citizens Programs:				
Salaries and employee benefits	145,705	142,405	3,300	124,253
Professional services	400	230	170	36
Other operating expenditures	30,070	27,598	2,472	35,069
Programs	28,276	25,453	2,823	16,152
Maintenance and repairs	17,260	12,331	4,929	16,949
Capital outlay	-	-	-	33,800
Total	<u>221,711</u>	<u>208,017</u>	<u>13,694</u>	<u>226,259</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Recreation Administration:				
Salaries and employee benefits	78,456	77,398	1,058	63,344
Professional services	400	36	364	746
Other operating expenditures	49,455	46,586	2,869	48,005
Maintenance and repairs	22,895	21,703	1,192	16,914
Capital outlay	1,636	1,635	1	48,390
Total	<u>152,842</u>	<u>147,358</u>	<u>5,484</u>	<u>177,399</u>
Library:				
Salaries and employee benefits	283,251	280,348	2,903	276,971
Contract services	23,500	23,412	88	28,990
Professional services	22,124	20,458	1,666	314
Other operating expenditures	107,530	103,110	4,420	100,478
Maintenance and repairs	11,893	11,249	644	6,918
Capital outlay	17,199	17,027	172	24,591
Total	<u>465,497</u>	<u>455,604</u>	<u>9,893</u>	<u>438,262</u>
Parks and Grounds Maintenance:				
Salaries and employee benefits	270,832	264,823	6,009	262,242
Professional services	232	181	51	157
Contracted services	13,500	13,332	168	9,290
Other operating expenditures	96,226	96,124	102	82,392
Maintenance and repairs	114,178	114,028	150	138,520
Capital outlay	137,293	137,293	-	60,749
Total	<u>632,261</u>	<u>625,781</u>	<u>6,480</u>	<u>553,350</u>
Waterfront Docks:				
Salaries and employee benefits	56,667	51,697	4,970	46,499
Professional services	400	151	249	225
Other operating expenditures	41,462	35,339	6,123	56,378
Maintenance and repairs	10,287	8,341	1,946	7,413
Total	<u>108,816</u>	<u>95,528</u>	<u>13,288</u>	<u>110,515</u>
Contributions to Outside Agencies:				
Arts Council	16,000	16,000	-	16,000
Zion Shelter	8,500	8,500	-	8,500
BHM Library	7,800	7,800	-	-
Boys and Girls Club	16,000	16,000	-	16,000
Washington Historic Foundation/Christmas Parade	1,500	1,500	-	1,500
The Blind Center	1,250	1,250	-	1,250
Human Relations Council	1,000	441	559	422
Purpose of God	20,000	20,000	-	24,000

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Veterans Park	6,920	3,946	2,974	3,455
Right Flight	3,500	3,500	-	3,500
Wildlife Arts Festival	-	-	-	1,540
Eagle Wings	1,000	1,000	-	1,000
Dock Dogs	-	-	-	5,000
American Red Cross	500	500	-	500
Estuarium	20,000	20,000	-	-
Corner Stone	10,000	10,000	-	15,000
Total	<u>113,970</u>	<u>110,437</u>	<u>3,533</u>	<u>97,667</u>
Civic Center:				
Salaries and employee benefits	89,928	87,109	2,819	79,903
Other operating expenditures	11,949	9,757	2,192	11,979
Maintenance and repairs	15,000	14,840	160	14,905
Contracted services	45,000	45,000	-	50,000
Professional services	90	-	90	-
Total	<u>161,967</u>	<u>156,706</u>	<u>5,261</u>	<u>156,787</u>
Aquatic Center:				
Salaries and employee benefits	154,421	150,809	3,612	149,787
Professional services	1,156	1,207	(51)	217
Other operating expenditures	142,320	132,114	10,206	100,454
Maintenance and repairs	79,904	79,594	310	75,776
Program expenses	10	9	1	-
Printing and publishing	-	-	-	1,514
Capital outlay	-	-	-	16,200
Total	<u>377,811</u>	<u>363,733</u>	<u>14,078</u>	<u>343,948</u>
Reimbursement:				
Civic Center	(94,001)	(89,531)	(4,470)	(84,480)
Library Trust Fund	(700)	(720)	20	(719)
Total	<u>(94,701)</u>	<u>(90,251)</u>	<u>(4,450)</u>	<u>(85,199)</u>
Total cultural and recreation	<u>2,315,314</u>	<u>2,231,397</u>	<u>83,917</u>	<u>2,197,836</u>
Debt Service:				
Principal retirement	211,324	211,036	288	694,726
Interest and fees	53,213	53,209	4	71,975
Total debt service	<u>264,537</u>	<u>264,245</u>	<u>292</u>	<u>766,701</u>
Total expenditures	<u>12,147,530</u>	<u>11,463,911</u>	<u>683,619</u>	<u>11,711,898</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(1,557,222)	(376,754)	1,180,468	310,712
Other Financing Sources (Uses):				
Transfer From:				
From Economic Development Capital Reserve Fund	153,500	153,500	-	156,000
From Electric Fund	470,000	470,000	-	470,000
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	-	166,985
From Capital Project Funds	-	4,651	4,651	3,764
Transfer To:				
To Public Safety Capital Reserve Fund	(166,970)	(166,970)	-	(166,985)
To Water Fund	-	-	-	(1,660)
To Sewer Fund	-	-	-	(2,940)
To Electric Fund	-	-	-	(5,488)
To Airport Fund	(91,164)	(91,164)	-	(176,611)
To Water Capital Reserve Fund	-	-	-	(4,000)
To Sewer Capital Reserve Fund	-	-	-	(5,000)
To Facade Program Fund	(20,000)	(20,000)	-	(20,090)
To Cemetery Fund	(165,040)	(165,040)	-	(155,279)
To CPF	(3,000)	(3,000)	-	(194,397)
To other funds	(1,751,437)	(1,751,437)	-	(7,110)
Appropriated fund balance	2,851,868	-	(2,851,868)	-
Total other financing sources (uses)	<u>1,557,222</u>	<u>(1,289,995)</u>	<u>(2,847,217)</u>	<u>169,684</u>
Net change in fund balance	<u>\$ -</u>	(1,666,749)	<u>\$ (1,666,749)</u>	480,396
Fund Balance:				
Beginning of year - July 1		<u>8,525,972</u>		<u>8,045,576</u>
End of year - June 30		<u>\$ 6,859,223</u>		<u>\$ 8,525,972</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers to General Fund	\$ (153,500)	\$ (153,500)	\$ -	\$ (156,000)
Transfers from Electric Fund	98,708	98,708	-	98,708
Transfer from Water Fund	28,646	28,646	-	28,646
Transfer from Sewer Fund	28,646	28,646	-	28,646
Contingency	(2,500)	-	2,500	-
Total other financing sources (uses)	-	2,500	2,500	-
Net change in fund balance	<u>\$ -</u>	2,500	<u>\$ 2,500</u>	-
Fund Balance:				
Beginning of year - July 1		21		21
End of year - June 30		<u>\$ 2,521</u>		<u>\$ 21</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, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 8,068	\$ 1,061,345	\$ 549,751	\$ 1,619,164
Accounts receivable, net	4,570	20,185	502	25,257
Notes receivable, net	199,200	-	-	199,200
Total assets	<u>\$ 211,838</u>	<u>\$ 1,081,530</u>	<u>\$ 550,253</u>	<u>\$ 1,843,621</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 4,650	\$ -	\$ 4,650
Advances from grantors	-	1,500	-	1,500
Due to other funds	4,570	23,000	-	27,570
Total liabilities	<u>4,570</u>	<u>29,150</u>	<u>-</u>	<u>33,720</u>
Deferred Inflows of Resources:				
Other accounts receivable	-	-	400	400
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Notes receivable	199,200	-	-	199,200
Perpetual maintenance - library care	-	-	95,375	95,375
Perpetual maintenance - cemetery care	-	-	454,376	454,376
Restricted:				
Stabilization by State statute	4,570	20,185	102	24,857
Restricted, all other	8,068	10,000	-	18,068
Committed	-	1,017,405	-	1,017,405
Assigned	-	24,790	-	24,790
Unassigned	(4,570)	(20,000)	-	(24,570)
Total fund balances	<u>207,268</u>	<u>1,052,380</u>	<u>549,853</u>	<u>1,809,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 211,838</u>	<u>\$ 1,081,530</u>	<u>\$ 550,253</u>	<u>\$ 1,843,621</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, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Revenues:				
Restricted intergovernmental	\$ 5,699	\$ 91,208	\$ -	\$ 96,907
Perpetual care fees	-	-	24,200	24,200
Investment earnings	-	7,318	3,801	11,119
Miscellaneous revenue	-	30,000	-	30,000
Total revenues	<u>5,699</u>	<u>128,526</u>	<u>28,001</u>	<u>162,226</u>
Expenditures:				
Current:				
Environmental protection	-	-	2,803	2,803
Cultural and recreation	2,712	-	720	3,432
Economic and physical development	<u>3,529</u>	<u>164,234</u>	<u>-</u>	<u>167,763</u>
Total expenditures	<u>6,241</u>	<u>227,472</u>	<u>3,523</u>	<u>237,236</u>
Revenues over (under) expenditures	<u>(542)</u>	<u>(98,946)</u>	<u>24,478</u>	<u>(75,010)</u>
Other Financing Sources (Uses):				
Transfers in	-	207,470	-	207,470
Transfers out	<u>-</u>	<u>(171,845)</u>	<u>-</u>	<u>(171,845)</u>
Total other financing sources (uses)	<u>-</u>	<u>35,625</u>	<u>-</u>	<u>35,625</u>
Net change in fund balances	<u>(542)</u>	<u>(63,321)</u>	<u>24,478</u>	<u>(39,385)</u>
Fund Balances:				
Beginning of year - July 1	3,855	1,115,701	525,375	1,644,931
Restatement	<u>203,955</u>	<u>-</u>	<u>-</u>	<u>203,955</u>
Beginning of year - July 1, as restated	<u>207,810</u>	<u>1,115,701</u>	<u>525,375</u>	<u>1,848,886</u>
End of year - June 30	<u>\$ 207,268</u>	<u>\$ 1,052,380</u>	<u>\$ 549,853</u>	<u>\$ 1,809,501</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

- CDBG Program Income Fund
- CDBG Affordable Housing Fund
- Comprehensive Bicycle Plan Fund
- CDBG Jumpstart Washington Fund

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>CDBG Program Income</u>	<u>Comprehensive Bicycle Plan</u>	<u>CDBG Jumpstart Washington</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Cash and cash equivalents	\$ 8,068	\$ -	\$ -	\$ 8,068
Accounts receivable, net	-	4,570	-	4,570
Notes receivable, net	199,200	-	-	199,200
Total assets	<u>\$ 207,268</u>	<u>\$ 4,570</u>	<u>\$ -</u>	<u>\$ 211,838</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Due to other funds	\$ -	\$ 4,570	\$ -	\$ 4,570
Total liabilities	<u>-</u>	<u>4,570</u>	<u>-</u>	<u>4,570</u>
Fund Balances:				
Nonspendable:				
Notes receivable	199,200	-	-	199,200
Restricted:				
Stabilization by State statute	-	4,570	-	4,570
Restricted, all other	8,068	-	-	8,068
Unassigned	-	(4,570)	-	(4,570)
Total fund balances (deficit)	<u>207,268</u>	<u>-</u>	<u>-</u>	<u>207,268</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 207,268</u>	<u>\$ 4,570</u>	<u>\$ -</u>	<u>\$ 211,838</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	CDBG Program Income	Comprehensive Bicycle Plan	CDBG Jumpstart Washington	Total Nonmajor Special Revenue Funds
Revenues:				
Restricted intergovernmental	\$ -	\$ 2,170	\$ 3,529	\$ 5,699
Total revenues	<u>-</u>	<u>2,170</u>	<u>3,529</u>	<u>5,699</u>
Expenditures:				
Economic and physical development	-	-	3,529	3,529
Cultural and recreational	-	2,712	-	2,712
Total expenditures	<u>-</u>	<u>2,712</u>	<u>3,529</u>	<u>6,241</u>
Net change in fund balances	<u>-</u>	<u>(542)</u>	<u>-</u>	<u>(542)</u>
Fund Balances:				
Beginning of year - July 1	3,313	542	-	3,855
Restatement	<u>203,955</u>	<u>-</u>	<u>-</u>	<u>203,955</u>
Beginning of year - July 1, as restated	<u>207,268</u>	<u>542</u>	<u>-</u>	<u>207,810</u>
End of year - June 30	<u>\$ 207,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,268</u>

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - CDBG PROGRAM INCOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Economic development loan repayments	\$ -	\$ 4,755	\$ 4,755	\$ 1,723
Total revenues	-	4,755	4,755	1,723
Net change in fund balance	\$ -	4,755	\$ 4,755	1,723
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Current year economic development loan repayments		(4,755)		-
Net change in fund balance - modified accrual basis		-		1,723
Fund Balance:				
Beginning of year - July 1		\$ 3,313		\$ 1,590
Restatement		203,955		-
Beginning of year - July 1, as restated		207,268		1,590
End of year - June 30		\$ 207,268		\$ 3,313

CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CDBG AFFORDABLE HOUSING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Years</u>		
Revenues:					
Restricted Intergovernmental:					
CDBG Grant	\$ 227,700	\$ 185,719	\$ -	\$ 185,719	\$ (41,981)
Total revenues	<u>227,700</u>	<u>185,719</u>	<u>-</u>	<u>185,719</u>	<u>(41,981)</u>
Expenditures:					
Economic and Physical Development:					
Administration and planning	80,700	55,576	-	55,576	25,124
Acquisition	<u>147,000</u>	<u>130,143</u>	<u>-</u>	<u>130,143</u>	<u>16,857</u>
Total expenditures	<u>227,700</u>	<u>185,719</u>	<u>-</u>	<u>185,719</u>	<u>41,981</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - COMPREHENSIVE BICYCLE PLAN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

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

CITY OF WASHINGTON, NORTH CAROLINA

**SPECIAL REVENUE FUND - CDBG JUMPSTART WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
CDBG Grant	\$ 200,000	\$ 196,182	\$ 3,529	\$ 199,711	\$ (289)
Total revenues	<u>200,000</u>	<u>196,182</u>	<u>3,529</u>	<u>199,711</u>	<u>(289)</u>
Expenditures:					
Economic and Physical Development:					
Administration	22,000	19,860	2,140	22,000	-
Planning	3,000	2,171	602	2,773	227
Job creation	<u>175,000</u>	<u>174,151</u>	<u>787</u>	<u>174,938</u>	<u>62</u>
Total expenditures	<u>200,000</u>	<u>196,182</u>	<u>3,529</u>	<u>199,711</u>	<u>289</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

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
- Spinrite Economic Development Grant Fund
- Pedestrian Project Fund
- Waterfront Restroom Fund
- CDBG Project Blue Goose Fund
- Way Finding Project Fund
- IDX Impressions Building Reuse Grant Fund
- Municipal Pier Grant Fund
- Assistance to Firefighters Grant Fund
- Washington Downtown Properties Fund

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>New Police Station Fund</u>	<u>Public Safety Capital Reserve Fund</u>	<u>Facade Program Fund</u>	<u>Pedestrian Project</u>	<u>Way Finding Project</u>
Assets:					
Cash and cash equivalents	\$ 869,763	\$ 1,220	\$ 24,790	\$ 10,000	\$ 135,518
Accounts receivable, net	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 869,948</u>	<u>\$ 1,220</u>	<u>\$ 24,790</u>	<u>\$ 10,000</u>	<u>\$ 135,518</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 4,650	\$ -	\$ -	\$ -	\$ -
Advances from grantors	-	-	-	-	-
Due to General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	185	-	-	-	-
Restricted, all other	-	-	-	10,000	-
Committed	865,113	1,220	-	-	135,518
Assigned	-	-	24,790	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>865,298</u>	<u>1,220</u>	<u>24,790</u>	<u>10,000</u>	<u>135,518</u>
Total liabilities and fund balances	<u>\$ 869,948</u>	<u>\$ 1,220</u>	<u>\$ 24,790</u>	<u>\$ 10,000</u>	<u>\$ 135,518</u>

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	IDX Impressions Building Reuse Grant	Municipal Pier Grant	Fire Station 1 Exhaust System Grant	Washington Downtown Properties	Total Nonmajor Capital Project Funds
Assets:					
Cash and cash equivalents	\$ 1,500	\$ 15,000	\$ 554	\$ 3,000	\$ 1,061,345
Accounts receivable, net	-	-	-	20,000	20,185
Total assets	<u>\$ 1,500</u>	<u>\$ 15,000</u>	<u>\$ 554</u>	<u>\$ 23,000</u>	<u>\$ 1,081,530</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,650
Advances from grantors	1,500	-	-	-	1,500
Due to General Fund	-	-	-	23,000	23,000
Total liabilities	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>29,150</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	-	-	-	20,000	20,185
Restricted, all other	-	-	-	-	10,000
Committed	-	15,000	554	-	1,017,405
Assigned	-	-	-	-	24,790
Unassigned	-	-	-	(20,000)	(20,000)
Total fund balances	<u>-</u>	<u>15,000</u>	<u>554</u>	<u>-</u>	<u>1,052,380</u>
Total liabilities and fund balances	<u>\$ 1,500</u>	<u>\$ 15,000</u>	<u>\$ 554</u>	<u>\$ 23,000</u>	<u>\$ 1,081,530</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, 2015

	<u>New Police Station Fund</u>	<u>Public Safety Capital Reserve Fund</u>	<u>Façade Program Fund</u>	<u>Spinrite Economic Development Grant Fund</u>	<u>Pedestrian Project</u>	<u>Waterfront Restroom</u>
Revenues:						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,724
Contributions	-	-	-	-	-	-
Investment earnings	6,628	3	32	42	-	165
Total revenues	<u>6,628</u>	<u>3</u>	<u>32</u>	<u>42</u>	<u>-</u>	<u>51,889</u>
Expenditures:						
Public safety	24,318	-	-	-	-	-
Economic and physical development	-	-	12,912	22,500	-	71,697
Total expenditures	<u>24,318</u>	<u>-</u>	<u>12,912</u>	<u>22,500</u>	<u>-</u>	<u>71,697</u>
Revenues over (under) expenditures	<u>(17,690)</u>	<u>3</u>	<u>(12,880)</u>	<u>(22,458)</u>	<u>-</u>	<u>(19,808)</u>
Other Financing Sources (Uses):						
Transfers in	-	166,970	20,000	-	-	-
Transfers out	-	(166,970)	-	(447)	-	(371)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>(447)</u>	<u>-</u>	<u>(371)</u>
Net change in fund balances	(17,690)	3	7,120	(22,905)	-	(20,179)
Fund Balances:						
Beginning of year - July 1	<u>882,988</u>	<u>1,217</u>	<u>17,670</u>	<u>22,905</u>	<u>10,000</u>	<u>20,179</u>
End of year - June 30	<u>\$ 865,298</u>	<u>\$ 1,220</u>	<u>\$ 24,790</u>	<u>\$ -</u>	<u>\$ 10,000</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, 2015

	CDBG Project Blue Goose	Way Finding Project	IDX Impressions Building Reuse Grant	Municipal Pier Grant	Fire Station 1 Exhaust System Grant	Washington Downtown Properties	Total Nonmajor Capital Project Funds
Revenues:							
Restricted intergovernmental	\$ 10	\$ -	\$ 2,500	\$ -	\$ 36,974	\$ -	\$ 91,208
Contributions	-	-	-	-	-	30,000	30,000
Investment earnings	17	431	-	-	-	-	7,318
Total revenues	<u>27</u>	<u>431</u>	<u>2,500</u>	<u>-</u>	<u>36,974</u>	<u>30,000</u>	<u>128,526</u>
Expenditures:							
Public safety	-	-	-	-	38,920	-	63,238
Economic and physical development	10,000	11,625	2,500	-	-	33,000	164,234
Total expenditures	<u>10,000</u>	<u>11,625</u>	<u>2,500</u>	<u>-</u>	<u>38,920</u>	<u>33,000</u>	<u>227,472</u>
Revenues over (under) expenditures	(9,973)	(11,194)	-	-	(1,946)	(3,000)	(98,946)
Other Financing Sources (Uses):							
Transfers in	-	-	-	15,000	2,500	3,000	207,470
Transfers out	(4,057)	-	-	-	-	-	(171,845)
Total other financing sources (uses)	<u>(4,057)</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>2,500</u>	<u>3,000</u>	<u>35,625</u>
Net change in fund balances	(14,030)	(11,194)	-	15,000	554	-	(63,321)
Fund Balances:							
Beginning of year - July 1	<u>14,030</u>	<u>146,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,701</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 135,518</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 554</u>	<u>\$ -</u>	<u>\$ 1,052,380</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Investment earnings	\$ -	\$ 20,247	\$ 6,628	\$ 26,875	\$ 26,875
Total revenues	-	20,247	6,628	26,875	26,875
Expenditures:					
Public Safety:					
Legal fees	20,000	14,889	-	14,889	5,111
Engineering fees	325,000	102,874	24,318	127,192	197,808
Contingency	445,000	-	-	-	445,000
Land acquisition	210,000	19,496	-	19,496	190,504
Total expenditures	1,000,000	137,259	24,318	161,577	838,423
Revenues over (under) expenditures	(1,000,000)	(117,012)	(17,690)	(134,702)	865,298
Other Financing Sources (Uses):					
Transfer from General Fund	1,000,000	1,000,000	-	1,000,000	-
Total other financing sources (uses)	1,000,000	1,000,000	-	1,000,000	-
Net change in fund balance	\$ -	\$ 882,988	(17,690)	\$ 865,298	\$ 865,298
Fund Balance:					
Beginning of year - July 1			882,988		
End of year - June 30			\$ 865,298		

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted Intergovernmental:				
Investment earnings	\$ -	\$ 3	\$ 3	\$ 2
Total revenues	-	3	3	2
Other Financing Sources (Uses):				
Transfers from General Fund	166,970	166,970	-	166,985
Transfers to General Fund	(166,970)	(166,970)	-	(166,985)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	3	\$ 3	2
Fund Balance:				
Beginning of year - July 1		1,217		1,215
End of year - June 30		\$ 1,220		\$ 1,217

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 32	\$ 32	\$ 43
Total revenues	-	32	32	43
Expenditures:				
Economic Development:				
Facade grants	20,000	12,912	7,088	20,090
Total expenditures	20,000	12,912	7,088	20,090
Revenues over (under) expenditures	(20,000)	(12,880)	7,120	(20,047)
Other Financing Sources (Uses):				
Transfer from General Fund	20,000	20,000	-	20,090
Total other financing sources (uses)	20,000	20,000	-	20,090
Net change in fund balance	\$ -	7,120	\$ 7,120	43
Fund Balance:				
Beginning of year - July 1		17,670		17,627
End of year - June 30		\$ 24,790		\$ 17,670

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - SPINRITE ECONOMIC DEVELOPMENT GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Investment earnings	\$ -	\$ 405	\$ 42	\$ 447	\$ 447
Total revenues	-	405	42	447	447
Expenditures:					
Economic and Physical Development:					
Economic development incentives	90,000	67,500	22,500	90,000	-
Total expenditures	90,000	67,500	22,500	90,000	-
Revenues over (under) expenditures	(90,000)	(67,095)	(22,458)	(89,553)	447
Other Financing Sources (Uses):					
Transfer from General Fund	45,000	45,000	-	45,000	-
Transfer from Water Fund	22,500	22,500	-	22,500	-
Transfer from Sewer Fund	22,500	22,500	-	22,500	-
Transfer to General Fund	-	-	(223)	(223)	(223)
Transfer to Water Fund	-	-	(112)	(112)	(112)
Transfer to Sewer Fund	-	-	(112)	(112)	(112)
Total other financing sources (uses)	90,000	90,000	(447)	89,553	(447)
Net change in fund balance	\$ -	\$ 22,905	(22,905)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			22,905		
End of year - June 30			\$ -		

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, 2015**

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

CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - WATERFRONT RESTROOM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
PARTF Grant	\$ 50,000	\$ 39,655	\$ 10,345	\$ 50,000	\$ -
Public Access Grant	200,000	158,621	41,379	200,000	-
Investment earnings	-	206	165	371	371
Total revenues	<u>250,000</u>	<u>198,482</u>	<u>51,889</u>	<u>250,371</u>	<u>371</u>
Expenditures:					
Economic and Physical Development:					
Planning and design	13,175	13,175	-	13,175	-
Construction	<u>333,332</u>	<u>261,635</u>	<u>71,697</u>	<u>333,332</u>	<u>-</u>
Total expenditures	<u>346,507</u>	<u>274,810</u>	<u>71,697</u>	<u>346,507</u>	<u>-</u>
Revenues over (under) expenditures	<u>(96,507)</u>	<u>(76,328)</u>	<u>(19,808)</u>	<u>(96,136)</u>	<u>371</u>
Other Financing Sources (Uses):					
Transfer from other funds	96,507	96,507	-	96,507	-
Transfer to other fund	-	-	(371)	(371)	(371)
Total other financing sources (uses)	<u>96,507</u>	<u>96,507</u>	<u>(371)</u>	<u>96,136</u>	<u>(371)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 20,179</u>	<u>(20,179)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>20,179</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - CDBG PROJECT BLUE GOOSE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
CDBG Grant	\$ 320,000	\$ 319,990	\$ 10	\$ 320,000	\$ -
Local donations	-	4,000	-	4,000	4,000
Investment earnings	-	40	17	57	57
Total revenues	<u>320,000</u>	<u>324,030</u>	<u>27</u>	<u>324,057</u>	<u>4,057</u>
Expenditures:					
Economic and Physical Development:					
Administration	30,000	20,000	10,000	30,000	-
Construction	<u>320,000</u>	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>-</u>
Total expenditures	<u>350,000</u>	<u>340,000</u>	<u>10,000</u>	<u>350,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>(15,970)</u>	<u>(9,973)</u>	<u>(25,943)</u>	<u>4,057</u>
Other Financing Sources (Uses):					
Transfer from other funds	30,000	30,000	-	30,000	-
Transfer to other fund	<u>-</u>	<u>-</u>	<u>(4,057)</u>	<u>(4,057)</u>	<u>(4,057)</u>
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>(4,057)</u>	<u>25,943</u>	<u>(4,057)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,030</u>	<u>(14,030)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>14,030</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - WAY FINDING PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ 431	\$ 431	\$ 431
Total revenues	<u>-</u>	<u>-</u>	<u>431</u>	<u>431</u>	<u>431</u>
Expenditures:					
Economic and Physical Development:					
Design	50,000	3,288	11,625	14,913	35,087
Installation	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>150,000</u>	<u>3,288</u>	<u>11,625</u>	<u>14,913</u>	<u>135,087</u>
Revenues over (under) expenditures	<u>(150,000)</u>	<u>(3,288)</u>	<u>(11,194)</u>	<u>(14,482)</u>	<u>135,518</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 146,712</u>	<u>(11,194)</u>	<u>\$ 135,518</u>	<u>\$ 135,518</u>
Fund Balance:					
Beginning of year - July 1			<u>146,712</u>		
End of year - June 30			<u>\$ 135,518</u>		

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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
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>-</u>	<u>2,500</u>	<u>2,500</u>	<u>(510,000)</u>
Expenditures:					
Economic and Physical Development:					
Grant administration	12,500	-	2,500	2,500	10,000
Building reuse	500,000	-	-	-	500,000
Total expenditures	<u>512,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>510,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF WASHINGTON, NORTH CAROLINA

**CAPITAL PROJECT FUND - MUNICIPAL PIER GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Public Access Grant funds	\$ 120,000	\$ -	\$ -	\$ -	\$ (120,000)
Total revenues	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>
Expenditures:					
Economic and Physical Development:					
Construction	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
Total expenditures	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
Revenues over (under) expenditures	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 15,000</u>		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - FIRE STATION 1 EXHAUST SYSTEM GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>		<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Over/Under</u>
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>		
Revenues:					
FEMA Grant funds	\$ 47,500	\$ -	\$ 36,974	\$ 36,974	\$ (10,526)
Total revenues	<u>47,500</u>	<u>-</u>	<u>36,974</u>	<u>36,974</u>	<u>(10,526)</u>
Expenditures:					
Public Safety:					
Capital outlay	<u>50,000</u>	<u>-</u>	<u>38,920</u>	<u>38,920</u>	<u>11,080</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>38,920</u>	<u>38,920</u>	<u>11,080</u>
Revenues over (under) expenditures	<u>(2,500)</u>	<u>-</u>	<u>(1,946)</u>	<u>(1,946)</u>	<u>554</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total other financing sources (uses)	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>554</u>	<u>\$ 554</u>	<u>\$ 554</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 554</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Contributions	\$ 82,500	\$ -	\$ 30,000	\$ 30,000	\$ (52,500)
Total revenues	<u>82,500</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>(52,500)</u>
Expenditures:					
Economic and Physical Development:					
Professional services	40,000	-	10,000	10,000	30,000
Legal	3,000	-	-	-	3,000
Engineering	19,500	-	-	-	19,500
Acquisition	<u>23,000</u>	<u>-</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>
Total expenditures	<u>85,500</u>	<u>-</u>	<u>33,000</u>	<u>33,000</u>	<u>52,500</u>
Revenues over (under) expenditures	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

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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, 2015

	<u>Library Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Cash and investments	\$ 95,375	\$ 454,376	\$ 549,751
Accounts receivable, net	20	482	502
Total assets	<u>\$ 95,395</u>	<u>\$ 454,858</u>	<u>\$ 550,253</u>
Deferred Inflows of Resources and Fund Balances:			
Deferred Inflows of Resources:			
Other accounts receivable	\$ -	\$ 400	\$ 400
Total deferred inflows of resources	<u>-</u>	<u>400</u>	<u>400</u>
Fund Balances:			
Non-spendable, not in spendable form:			
Perpetual maintenance - library care	95,375	-	95,375
Perpetual maintenance - cemetery care	-	454,376	454,376
Restricted:			
Stabilization by State statute	20	82	102
Total fund balances	<u>95,395</u>	<u>454,458</u>	<u>549,853</u>
Total deferred inflows of resources and fund balances	<u>\$ 95,395</u>	<u>\$ 454,858</u>	<u>\$ 550,253</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Library Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Permanent Funds</u>
Revenues:			
Perpetual care fees	\$ -	\$ 24,200	\$ 24,200
Interest earnings	720	3,081	3,801
Total revenues	<u>720</u>	<u>27,281</u>	<u>28,001</u>
Expenditures:			
Current:			
Environmental protection	-	2,803	2,803
Cultural and recreation	720	-	720
Total expenditures	<u>720</u>	<u>2,803</u>	<u>3,523</u>
Net change in fund balances	-	24,478	24,478
Fund Balances:			
Beginning of year - July 1	<u>95,395</u>	<u>429,980</u>	<u>525,375</u>
End of year - June 30	<u>\$ 95,395</u>	<u>\$ 454,458</u>	<u>\$ 549,853</u>

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUND - LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest earnings	\$ 750	\$ 720	\$ (30)	\$ 719
Total revenues	<u>750</u>	<u>720</u>	<u>(30)</u>	<u>719</u>
Expenditures:				
Administration	<u>750</u>	<u>720</u>	<u>30</u>	<u>719</u>
Total expenditures	<u>750</u>	<u>720</u>	<u>30</u>	<u>719</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Perpetual care fees	\$ -	\$ 24,200	\$ 24,200	\$ 32,800
Interest earnings	3,000	3,081	81	2,966
Total revenues	<u>3,000</u>	<u>27,281</u>	<u>24,281</u>	<u>35,766</u>
Expenditures:				
Administration	<u>3,000</u>	<u>2,803</u>	<u>197</u>	<u>2,967</u>
Total expenditures	<u>3,000</u>	<u>2,803</u>	<u>197</u>	<u>2,967</u>
Net change in fund balance	<u>\$ -</u>	<u>24,478</u>	<u>\$ 24,478</u>	32,799
Fund Balance:				
Beginning of year - July 1		<u>429,980</u>		<u>397,181</u>
End of year - June 30		<u>\$ 454,458</u>		<u>\$ 429,980</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.
- Sewer Capital Reserve Fund - This fund is used to account for the accumulation of funds for future sewer fund capital outlays.
- EDA Sewer System Improvements Fund - This fund is used to account for the design and construction of sewer infrastructure improvements.
- Recovery Zone Bond Stormwater Projects Fund - This fund is used to account for the accumulation of funds for storm water drainage improvements in the Jacks Creek, Cherry Run, and Runyon Creek drainage basins.

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CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	\$ 2,900,826	\$ 3,031,332	\$ 130,506	\$ 3,006,755
Other Operating Revenues:				
Connection and reconnection fees	37,000	49,687	12,687	51,534
Water taps	10,000	21,848	11,848	12,700
Fire hydrants	13,660	13,660	-	13,660
Late penalty charges	19,500	23,929	4,429	25,557
Total operating revenues	2,980,986	3,140,456	159,470	3,110,206
Non-Operating Revenues:				
Rents	17,389	16,075	(1,314)	36,232
Recovery of doubtful accounts	200	573	373	604
Interest earnings	8,000	12,690	4,690	11,330
Sale of surplus and scrap	-	5,396	5,396	630
Miscellaneous	1,000	4,963	3,963	1,148
Total non-operating revenues	26,589	39,697	13,108	49,944
Total revenues	3,007,575	3,180,153	172,578	3,160,150
Operating Expenditures:				
Water Administration:				
Public Works Director:				
Salaries and employee benefits	112,585	104,604	7,981	107,136
Supplies	1,500	637	863	793
Telephone	575	379	196	429
Repair and maintenance	1,500	1,069	431	1,862
Total Public Works Director	116,410	106,745	9,665	110,220
Miscellaneous - Non-Departmental:				
Workers' compensation	6,400	3,614	2,786	2,846
Unemployment wages	10,000	-	10,000	3,624
Insurance and bonds	38,000	37,541	459	36,919
Printing and publishing	4,100	1,886	2,214	1,989
Utility service fee - General Fund	477,798	477,798	-	374,824
Utility service fee - Electric Fund	107,060	107,060	-	107,060
Repair and maintenance	500	364	136	397
Other expenses	74,164	70,274	3,890	2,376
Total miscellaneous - non-departmental	728,012	698,537	29,475	530,035
Total water administration	844,422	805,282	39,140	640,255
Water Treatment and Distribution:				
Water Meter Services:				
Salaries and employee benefits	139,934	132,854	7,080	133,507
Telephone	1,484	1,087	397	861
Employee development	500	495	5	582
Repair and maintenance	121,700	116,382	5,318	99,473

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, 2015

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

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Supplies	800	281	519	631
Materials	4,140	1,421	2,719	364
OSHA safety mandates	500	111	389	48
Professional services	500	200	300	76
Total water meter services	269,558	252,831	16,727	235,542
Water Treatment Plant:				
Salaries and employee benefits	514,170	495,345	18,825	488,748
OSHA safety mandates	4,800	1,306	3,494	2,555
Employee development	3,000	2,913	87	1,154
Telephone	4,300	4,000	300	2,199
Printing and publishing	1,000	719	281	47
Water and electric services	250,000	248,488	1,512	230,853
Repair and maintenance	110,415	98,028	12,387	171,609
Supplies	6,300	5,630	670	5,031
Chemicals and lab supplies	362,289	259,916	102,373	255,175
Dues and subscriptions	7,525	5,774	1,751	6,108
Professional services	7,000	1,559	5,441	677
Contract services	32,628	6,142	26,486	11,427
Employee advertisement	565	565	-	-
Total water treatment plant	1,303,992	1,130,385	173,607	1,175,583
Water Distribution Maintenance:				
Salaries and employee benefits	124,844	124,192	652	119,168
Contract services	117,737	93,806	23,931	95,074
Water and electric services	8,412	7,472	940	7,673
Employee advertising	100	83	17	-
Repair and maintenance	12,065	9,138	2,927	10,628
Supplies	1,550	1,534	16	1,407
Materials	15,775	15,032	743	13,320
Professional services	1,000	36	964	-
Total water distribution maintenance	281,483	251,293	30,190	247,270
Total water treatment and distribution	1,855,033	1,634,509	220,524	1,658,395
Capital outlay	410,241	236,762	173,479	192,045
Debt Service:				
General Obligation Bonds:				
Principal retirement	-	-	-	69,810
Interest	-	-	-	3,021
Total debt service	-	-	-	72,831
Total operating expenditures	3,109,696	2,676,553	433,143	2,563,526

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Revenues over (under) expenditures	(102,121)	503,600	605,721	596,624
Other Financing Sources (Uses):				
Appropriated net position	357,730	-	(357,730)	-
Transfers from:				
Water Capital Reserve Fund	-	-	-	100,000
Capital Project Fund	-	112	112	-
General Fund	-	-	-	1,660
Transfers to:				
Capital Project Fund	-	-	-	(706,133)
Water Capital Reserve Fund	(155,000)	(155,000)	-	-
Economic Development Fund	(28,646)	(28,646)	-	(28,646)
General Fund	(71,963)	(71,963)	-	(71,963)
Total other financing sources (uses)	102,121	(255,497)	(357,618)	(705,082)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 248,103	\$ 248,103	\$ (108,458)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 248,103		\$ (108,458)
Capital outlay		236,762		192,045
Principal retirement		-		69,810
Change in compensated absences		31,172		(12,020)
Change in OPEB liability		(7,247)		(15,709)
Depreciation		(693,568)		(691,825)
Bad debt provision		(9,318)		(3,186)
Inventory adjustment		945		(3,794)
Loss on disposal of capital assets		(1,150)		-
Capital Reserve Fund transfer from other funds		-		4,000
Transfer to Water Capital Project		-		706,133
Transfer to Water Capital Reserve Fund		155,000		-
Transfer from Water Capital Reserve		-		(100,000)
Capital contributions, revenue from:				
Water Capital Reserve Fund		17,958		9,472
Water Capital Project Fund		68,798		15,232
Pension expense		(3,984)		-
Contributions to pension plan		49,956		-
Change in net position		\$ 93,427		\$ 767,834

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Sewer sales	\$ 2,969,421	\$ 2,868,534	\$ (100,887)	\$ 2,949,482
Other Operating Revenues:				
Sewer taps	5,000	9,303	4,303	4,525
Late penalty charges	24,272	26,863	2,591	29,401
Total operating revenues	2,998,693	2,904,700	(93,993)	2,983,408
Non-Operating Revenues:				
TAG Grant	35,000	35,000	-	-
Recovery of doubtful accounts	-	766	766	713
Interest earnings	10,000	11,977	1,977	11,933
Sewer assessments	8,398	8,397	(1)	9,549
Miscellaneous	-	5,496	5,496	-
Total non-operating revenues	53,398	61,636	8,238	22,195
Total revenues	3,052,091	2,966,336	(85,755)	3,005,603
Operating Expenditures:				
Sewer Administration:				
Public Works Director:				
Salaries and employee benefits	112,241	104,604	7,637	107,136
Supplies	800	381	419	218
Employee development	150	-	150	-
Dues and subscriptions	200	22	178	1,881
Telephone	600	379	221	429
Total Public Works Director	113,991	105,386	8,605	109,664
Miscellaneous - Non-Departmental:				
Workers' compensation	7,750	7,727	23	6,740
Printing and publishing	3,500	1,886	1,614	1,989
Insurance and bonds	44,149	40,176	3,973	44,441
Utility service fee - General Fund	535,466	535,466	-	386,358
Repair and maintenance	500	421	79	397
Other expenses	3,332	2,742	590	6,000
Utility service fee - Electric Fund	53,648	53,648	-	53,648
CDBG Clawback grant expenses	74,095	74,094	1	37,047
Contingency	2,454	-	2,454	-
Total miscellaneous - non-departmental	724,894	716,160	8,734	536,620
Total sewer administration	838,885	821,546	17,339	646,284
Waste Collection and Treatment:				
Wastewater Treatment:				
Salaries and employee benefits	481,733	465,974	15,759	477,010
Employee advertising	630	628	2	-
Employee development	3,000	2,127	873	2,793
Telephone	600	584	16	420

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Printing and publishing	1,000	90	910	-
Water and electric service	271,350	271,310	40	259,074
Repair and maintenance	152,405	133,923	18,482	157,150
Supplies	115,025	75,278	39,747	70,842
Dues	6,600	5,756	844	5,816
Professional services	2,000	1,283	717	688
Contract services	118,475	96,407	22,068	104,586
Licenses and permits	7,050	6,910	140	6,910
OSHA safety mandates	4,700	2,541	2,159	9,191
Total wastewater treatment	<u>1,164,568</u>	<u>1,062,811</u>	<u>101,757</u>	<u>1,094,480</u>
Wastewater Collection Maintenance:				
Salaries and employee benefits	138,112	132,975	5,137	130,588
OSHA safety mandates	1,000	298	702	852
Employee development	670	670	-	675
Telephone	2,845	2,644	201	1,621
Printing and publishing	90	-	90	-
Repair and maintenance	18,075	13,128	4,947	19,731
Supplies	2,500	697	1,803	2,011
Materials	13,255	11,232	2,023	7,835
Contract services	71,208	62,595	8,613	29,406
Professional services	150	108	42	-
Total wastewater collection maintenance	<u>247,905</u>	<u>224,347</u>	<u>23,558</u>	<u>192,719</u>
Sewer Pumping Station:				
Salaries and employee benefits	65,063	63,476	1,587	59,531
Water and electrical service	162,000	158,780	3,220	148,612
Repair and maintenance	86,011	77,322	8,689	94,932
Supplies	3,709	3,358	351	1,385
Chemicals	10,000	7,830	2,170	681
Professional services	2,000	894	1,106	-
Total sewer pumping station	<u>328,783</u>	<u>311,660</u>	<u>17,123</u>	<u>305,141</u>
Total waste collection and treatment	<u>1,741,256</u>	<u>1,598,818</u>	<u>142,438</u>	<u>1,592,340</u>
Debt Service:				
General Obligation Bonds:				
Principal retirement	140,000	140,000	-	213,071
Interest	7,280	6,703	577	17,146
Installment Notes:				
Principal retirement	-	-	-	17,630
Interest	-	-	-	172
State Loan:				
Principal retirement	168,504	168,503	1	168,503
Interest	35,087	34,567	520	37,756
Total debt service	<u>350,871</u>	<u>349,773</u>	<u>1,098</u>	<u>454,278</u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014	
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	336,661	325,130	11,531	223,265
Total operating expenditures	3,267,673	3,095,267	172,406	2,916,167
Revenues over (under) expenditures	(215,582)	(128,931)	86,651	89,436
Other Financing Sources (Uses):				
Appropriated net position	284,760	-	(284,760)	-
Transfers from:				
Capital Project Fund	-	112	112	-
General Fund	-	-	-	2,940
Sewer Capital Reserve Fund	-	-	-	120,000
Transfer to:				
Economic Development Fund	(28,646)	(28,646)	-	(28,646)
General Fund	(40,532)	(40,532)	-	(40,532)
Sewer Capital Project Fund	-	-	-	(703,974)
Total other financing sources (uses)	215,582	(69,066)	(284,648)	(650,212)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (197,997)	\$ (197,997)	\$ (560,776)

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual Basis:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (197,997)	\$ (560,776)
Capital outlay	325,130	223,265
Principal retirement	308,503	399,204
Change in compensated absences	39,538	(11,416)
Change in OPEB liability	(13,066)	(15,709)
Depreciation	(658,999)	(655,553)
Bad debt (provision) recovery	(16,497)	(4,035)
Inventory adjustment	1,239	757
Capital contributions, revenue from:		
Sewer Capital Reserve Fund	27,036	12,411
Sewer Capital Project Fund	81,048	62,963
Capital Reserve Fund transfer from other funds	-	5,000
Transfer from Sewer Capital Reserve Fund	-	(120,000)
Transfer to Sewer Capital Project Fund	-	703,974
Pension expense	(3,984)	-
Contributions to pension plan	49,956	-
Change in net position	\$ (58,093)	\$ 40,085

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Operating Revenues:				
Electric sales	\$ 35,300,941	\$ 36,042,181	\$ 741,240	\$ 35,368,124
Other Operating Revenues:				
Underground services	47,500	39,507	(7,993)	28,588
Reconnection fees	85,000	85,786	786	93,665
Facility connection fees	-	5,017	5,017	5,145
Pole attachment fees - cable TV	18,000	17,971	(29)	19,309
Connection fees	32,000	23,764	(8,236)	27,374
Late penalty charges	280,000	303,375	23,375	301,102
New construction fee	3,000	1,550	(1,450)	2,100
Total operating revenues	<u>35,766,441</u>	<u>36,519,151</u>	<u>752,710</u>	<u>35,845,407</u>
Non-Operating Revenues:				
Recovery of doubtful accounts	5,000	2,320	(2,680)	4,730
Interest earnings	22,000	31,428	9,428	31,047
Sale of surplus and scrap	29,000	35,856	6,856	32,304
Fines and meters	13,000	15,083	2,083	17,320
Solar projects reimbursement	-	-	-	585,474
Miscellaneous	60,100	84,838	24,738	13,830
Total non-operating revenues	<u>129,100</u>	<u>169,525</u>	<u>40,425</u>	<u>684,705</u>
Total revenues	<u>35,895,541</u>	<u>36,688,676</u>	<u>793,135</u>	<u>36,530,112</u>
Operating Expenditures:				
Administration:				
Office of Electric Director:				
Salaries and employee benefits	270,446	268,878	1,568	272,712
Employee development	7,300	7,483	(183)	11,858
Professional services	33,962	32,590	1,372	9,419
Telephone	3,000	1,859	1,141	2,298
Maintenance	9,731	8,094	1,637	9,372
Supplies	4,373	4,117	256	1,941
Dues and subscriptions	1,000	498	502	569
Total Office of Electric Director	<u>329,812</u>	<u>323,519</u>	<u>6,293</u>	<u>308,169</u>
Miscellaneous - Non-Departmental:				
Printing and publishing	4,490	3,773	717	3,978
Dues and subscriptions	1,200	1,167	33	308
Insurance and bonds	121,150	121,138	12	121,468
Workers' compensation	90,225	90,208	17	40,784
Inventory reimbursement	-	-	-	733

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Rents	18,000	18,000	-	18,000
Maintenance	1,000	785	215	794
Utility service fee - General Fund	1,222,514	1,222,514	-	1,207,781
Utility Assistance Contribution	10,000	10,000	-	10,000
Tornado expenses	-	-	-	121,321
Other expenses	346,579	332,815	13,764	143,527
Total miscellaneous - non-departmental	1,815,158	1,800,400	14,758	1,668,694
Total administration	2,144,970	2,123,919	21,051	1,976,863
Utility Communications:				
Salaries and employee benefits	236,673	218,069	18,604	211,443
Employee advertising	100	-	100	-
Employee development	200	100	100	35
Professional services	102	102	-	144
Telephone	18,500	16,898	1,602	14,909
Water and electric services	1,500	1,316	184	1,545
Rents	17,320	-	17,320	17,320
Maintenance	6,900	6,051	849	5,226
Supplies	2,000	1,756	244	858
Total utility communications	283,295	244,292	39,003	251,480
Meter Services:				
Salaries and employee benefits	393,455	382,982	10,473	374,314
Employee advertising	200	-	200	-
Employee development	2,000	1,716	284	1,396
Telephone	2,650	2,432	218	2,487
Water and electric service	9,000	8,515	485	7,963
Maintenance	101,777	91,416	10,361	85,802
Supplies	3,500	3,337	163	2,530
Materials	6,200	2,087	4,113	1,667
Professional services	5,765	312	5,453	270
Other expenses	400	236	164	315
Insurance	1,085	1,081	4	1,007
Contract services	30,000	29,876	124	-
Reimbursement from other funds	(160,708)	(160,708)	-	(160,708)
Total meter services	395,324	363,282	32,042	317,043
Power Line Maintenance:				
Salaries and employee benefits	852,373	836,492	15,881	840,877
Employee development	21,125	19,694	1,431	15,298
Telephone	3,325	2,463	862	2,084
Water and electric service	7,500	7,183	317	7,336

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Printing and publishing	-	-	-	48
Maintenance	162,465	169,254	(6,789)	151,435
Supplies	46,209	45,416	793	47,426
Materials	148,940	127,696	21,244	112,062
Contract services	256,000	272,279	(16,279)	166,622
Professional services	6,700	10,290	(3,590)	473
Insurance	3,700	3,670	30	2,590
Other expenses	473	473	-	640
Total power line maintenance	1,508,810	1,494,910	13,900	1,346,891
Substation Maintenance:				
Salaries and employee benefits	207,863	202,294	5,569	212,721
Employee advertisement	200	-	200	-
Employee development	4,050	888	3,162	1,500
Professional services	16,330	15,654	676	1,710
Telephone	2,350	2,184	166	1,625
Water and electric service	25,000	24,618	382	22,722
Maintenance	193,420	184,167	9,253	234,141
Supplies	2,000	1,698	302	1,536
Contract services	12,860	11,595	1,265	9,161
Gasoline purchases	-	-	-	242,409
Other expenses	29,827	27,374	2,453	12,458
Total substation maintenance	493,900	470,472	23,428	739,983
Load Management:				
Salaries and employee benefits	50,412	49,514	898	47,262
Employee development	100	30	70	-
Supplies	300	264	36	11
Heat pump rebates	15,000	14,825	175	14,650
Maintenance	503,042	427,871	75,171	844
Materials	700	675	25	1,933
Marketing and promotions	16,700	16,307	393	20,301
Contract services	85,000	83,775	1,225	64,210
Other expenses	-	-	-	66,675
Total load management	671,254	593,261	77,993	215,886
Total electric operations	3,352,583	3,166,217	186,366	2,871,283
Electric power purchases	28,089,868	28,006,354	83,514	28,887,092
Capital outlay	3,181,239	2,064,291	1,116,948	2,182,065

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Debt Service:				
General Obligation Bonds:				
Principal retirement	-	-	-	7,119
Interest	-	-	-	308
Installment Notes:				
Principal retirement	260,497	260,496	1	547,834
Interest	8,856	8,852	4	17,518
Total debt service	<u>269,353</u>	<u>269,348</u>	<u>5</u>	<u>572,779</u>
Total operating expenditures	<u>37,038,013</u>	<u>35,630,129</u>	<u>1,407,884</u>	<u>36,490,082</u>
Revenues over (under) expenditures	<u>(1,142,472)</u>	<u>1,058,547</u>	<u>2,201,019</u>	<u>40,030</u>
Other Financing Sources (Uses):				
Appropriated net position	1,711,180	-	(1,711,180)	-
Transfers from:				
General Fund	-	-	-	5,488
Transfers to:				
General Fund	(470,000)	(470,000)	-	(470,000)
Economic Development Capital Reserve Fund	(98,708)	(98,708)	-	(98,708)
Total other financing sources (uses)	<u>1,142,472</u>	<u>(568,708)</u>	<u>(1,711,180)</u>	<u>(563,220)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 489,839</u>	<u>\$ 489,839</u>	<u>\$ (523,190)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 489,839		\$ (523,190)
Capital outlay		2,064,291		2,182,065
Principal retirement		260,496		554,953
Change in compensated absences		5,330		18,295
Change in OPEB liability		(33,686)		(30,874)
Depreciation		(1,587,591)		(1,657,878)
Bad debt provision		(102,216)		(11,321)
Inventory adjustment		14,945		(2,634)
Capital contributions		35,700		18,969
Loss on disposal of capital assets		-		(37,869)
Pension expense		(9,107)		-
Contributions to pension plan		<u>114,184</u>		<u>-</u>
Change in net position		<u>\$ 1,252,185</u>		<u>\$ 510,516</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - STORMWATER UTILITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Public works fees	\$ 495,209	\$ 502,192	\$ 6,983	\$ 499,971
Miscellaneous	-	75	75	982
Late penalty charges	3,500	3,498	(2)	4,268
Permit fees	5,000	5,000	-	5,000
Total operating revenues	<u>503,709</u>	<u>510,765</u>	<u>7,056</u>	<u>510,221</u>
Non-Operating Revenues:				
Interest earnings	<u>84,188</u>	<u>78,319</u>	<u>(5,869)</u>	<u>85,213</u>
Total non-operating revenues	<u>84,188</u>	<u>78,319</u>	<u>(5,869)</u>	<u>85,213</u>
Total revenues	<u>587,897</u>	<u>589,084</u>	<u>1,187</u>	<u>595,434</u>
Operating Expenditures:				
Professional services	70,800	49,805	20,995	4,027
Water and electric service	26,225	26,218	7	23,300
Maintenance and repairs	45,013	11,673	33,340	273
Supplies	2,200	2,065	135	1,527
Contracted services	8,400	7,772	628	7,772
Materials	10,250	5,458	4,792	9,423
Insurance	1,238	1,099	139	635
Contingency	3,209	-	3,209	-
Miscellaneous	2,426	2,408	18	2,419
Total operating expenditures	<u>169,761</u>	<u>106,498</u>	<u>63,263</u>	<u>49,376</u>
Debt Service:				
Principal	333,334	333,333	1	340,008
Interest	<u>183,751</u>	<u>183,036</u>	<u>715</u>	<u>199,434</u>
Total debt service	<u>517,085</u>	<u>516,369</u>	<u>716</u>	<u>539,442</u>
Capital outlay	<u>8,409</u>	<u>223</u>	<u>8,186</u>	<u>8,185</u>
Total expenditures	<u>695,255</u>	<u>623,090</u>	<u>72,165</u>	<u>597,003</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - STORMWATER UTILITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(107,358)	(34,006)	73,352	(1,569)
Other Financing Sources (Uses):				
Appropriated net position	107,358	-	(107,358)	-
Total other financing sources (uses)	107,358	-	(107,358)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (34,006)	\$ (34,006)	\$ (1,569)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (34,006)		\$ (1,569)
Depreciation		(132,758)		(133,080)
Capital outlay		223		8,185
Principal retirement		333,333		340,008
Investment earnings from capital project fund		-		329
Bad debt expense (recoveries)		(990)		(1,206)
Change in net position		\$ 165,802		\$ 212,667

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Water impact fees	\$ -	\$ 17,543	\$ 17,543	\$ 9,146
Investment earnings	-	415	415	326
Total revenues	-	17,958	17,958	9,472
Other Financing Sources (Uses):				
Transfer to Water Fund	-	-	-	(100,000)
Transfer from General Fund	-	-	-	4,000
Transfer from Water Fund	-	155,000	155,000	-
Total other financing sources (uses)	-	155,000	155,000	(96,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	172,958	\$ 172,958	(86,528)
Fund Balance:				
Beginning of year - July 1		57,724		144,252
End of year - June 30		\$ 230,682		\$ 57,724

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, 2015

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Years</u>	<u>Total to Date</u>	
Revenues:					
EDA Grant funds	\$ 722,129	\$ 15,232	\$ 68,798	\$ 84,030	\$ (638,099)
Total revenues	<u>722,129</u>	<u>15,232</u>	<u>68,798</u>	<u>84,030</u>	<u>(638,099)</u>
Expenditures:					
Water Line:					
Administrative and legal	10,280	-	179	179	10,101
Construction	818,119	-	75,524	75,524	742,595
Contingency	<u>42,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,163</u>
Total Water Line expenditures	<u>870,562</u>	<u>-</u>	<u>75,703</u>	<u>75,703</u>	<u>794,859</u>
Liquid Chlorine:					
Administrative and legal	3,068	-	-	-	3,068
Architectural and engineering	31,470	22,520	5,319	27,839	3,631
Other Architectural and engineering	10,004	7,607	1,355	8,962	1,042
Project inspection fees	19,071	-	8,083	8,083	10,988
Construction	<u>494,087</u>	<u>-</u>	<u>45,611</u>	<u>45,611</u>	<u>448,476</u>
Total Liquid Chlorine expenditures	<u>557,700</u>	<u>30,127</u>	<u>60,368</u>	<u>90,495</u>	<u>467,205</u>
Total expenditures	<u>1,428,262</u>	<u>30,127</u>	<u>136,071</u>	<u>166,198</u>	<u>1,262,064</u>
Revenues over (under) expenditures	<u>(706,133)</u>	<u>(14,895)</u>	<u>(67,273)</u>	<u>(82,168)</u>	<u>623,965</u>
Other Financing Sources (Uses):					
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>706,133</u>	<u>706,133</u>	<u>-</u>	<u>706,133</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 691,238</u>	<u>(67,273)</u>	<u>\$ 623,965</u>	<u>\$ 623,965</u>
Fund Balance:					
Beginning of year, July 1			<u>691,238</u>		
End of year, June 30			<u>\$ 623,965</u>		

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Sewer impact fees	\$ -	\$ 26,970	\$ 26,970	\$ 12,196
Investment earnings	-	66	66	215
Total revenues	-	<u>27,036</u>	<u>27,036</u>	<u>12,411</u>
Other Financing Sources (Uses):				
Transfer to Sewer Fund	-	-	-	(120,000)
Transfer from other funds	-	-	-	<u>5,000</u>
Total other financing sources (uses)	-	-	-	<u>(115,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>27,036</u>	<u>\$ 27,036</u>	<u>(102,589)</u>
Fund Balance:				
Beginning of year - July 1		<u>20,408</u>		<u>122,997</u>
End of year - June 30		<u>\$ 47,444</u>		<u>\$ 20,408</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, 2015

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Years		
Revenues:					
EDA Grant funds	\$ 719,920	\$ 62,963	\$ 81,048	\$ 144,011	\$ (575,909)
Total revenues	<u>719,920</u>	<u>62,963</u>	<u>81,048</u>	<u>144,011</u>	<u>(575,909)</u>
Expenditures:					
Cherry Run:					
Administrative and legal	1,070	183	-	183	887
Architectural and engineering	10,971	7,851	2,399	10,250	721
Other architectural and engineering	3,488	2,652	472	3,124	364
Project inspection fees	6,649	-	2,818	2,818	3,831
Construction	<u>119,642</u>	<u>-</u>	<u>11,045</u>	<u>11,045</u>	<u>108,597</u>
Total Cherry Run expenditures	<u>141,820</u>	<u>10,686</u>	<u>16,734</u>	<u>27,420</u>	<u>114,400</u>
Generator:					
Administrative and legal	5,066	-	-	-	5,066
Architectural and engineering	51,969	37,188	12,930	50,118	1,851
Other architectural and engineering	16,520	12,562	2,237	14,799	1,721
Project inspection fees	31,494	-	13,347	13,347	18,147
Construction	<u>558,603</u>	<u>-</u>	<u>51,567</u>	<u>51,567</u>	<u>507,036</u>
Total Generator expenditures	<u>663,652</u>	<u>49,750</u>	<u>80,081</u>	<u>129,831</u>	<u>533,821</u>
Water and Bonner:					
Administrative and legal	5,516	-	480	480	5,036
Architectural and engineering	56,589	40,494	12,377	52,871	3,718
Other architectural and engineering	17,989	13,679	2,436	16,115	1,874
Project inspection fees	34,292	9,922	14,534	24,456	9,836
Construction	364,626	-	33,660	33,660	330,966
Contingency	<u>139,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,410</u>
Total Water and Bonner	<u>618,422</u>	<u>64,095</u>	<u>63,487</u>	<u>127,582</u>	<u>490,840</u>
Total expenditures	<u>1,423,894</u>	<u>124,531</u>	<u>160,302</u>	<u>284,833</u>	<u>1,139,061</u>
Revenues over (under) expenditures	<u>(703,974)</u>	<u>(61,568)</u>	<u>(79,254)</u>	<u>(140,822)</u>	<u>563,152</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>703,974</u>	<u>703,974</u>	<u>-</u>	<u>703,974</u>	<u>-</u>
Total other financing sources (uses)	<u>703,974</u>	<u>703,974</u>	<u>-</u>	<u>703,974</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 642,406</u>	<u>(79,254)</u>	<u>\$ 563,152</u>	<u>\$ 563,152</u>
Fund Balance:					
Beginning of year, July 1			<u>642,406</u>		
End of year, June 30			<u>\$ 563,152</u>		

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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Years</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 11,894	\$ -	\$ 11,894	\$ 11,894
Expenditures:					
Economic and Physical Development:					
Professional services	42,827	40,445	-	40,445	2,382
Engineering	527,700	526,631	-	526,631	1,069
Construction	4,176,932	4,125,098	3,354	4,128,452	48,480
Easement acquisition	156,288	156,288	-	156,288	-
Contingency	96,253	-	-	-	96,253
Total expenditures	<u>5,000,000</u>	<u>4,848,462</u>	<u>3,354</u>	<u>4,851,816</u>	<u>148,184</u>
Revenues over (under) expenditures	<u>(5,000,000)</u>	<u>(4,836,568)</u>	<u>(3,354)</u>	<u>(4,839,922)</u>	<u>160,078</u>
Other Financing Sources (Uses):					
Long-term debt issued	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 163,432</u>	<u>(3,354)</u>	<u>\$ 160,078</u>	<u>\$ 160,078</u>
Fund Balance:					
Beginning of year, July 1			<u>163,432</u>		
End of year, June 30			<u>\$ 160,078</u>		

This fund is consolidated into the Stormwater Fund

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Nonmajor Enterprise Funds

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

- Warren Field Airport Fund - This fund is used to account for the operations of the City's airfield operations.
- Airport Terminal Capital Project Fund - This fund is used to account for the construction of the airport terminal.
- Airport Rehabilitation Capital Project Fund - This fund is used to account for the rehabilitation projects at the airport.
- Solid Waste Fund - This fund is used to account for the operations of the City's solid waste operations.
- Cemetery Fund - This fund is used to account for the operations of the City's cemetery operations.

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
JUNE 30, 2015

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Assets:				
Current Assets:				
Cash and investments	\$ 254,378	\$ 342,061	\$ 165,773	\$ 762,212
Accounts receivable, net	103,378	141,929	5,896	251,203
Inventory	23,532	-	-	23,532
Restricted cash and investments	77	-	-	77
Total current assets	<u>381,365</u>	<u>483,990</u>	<u>171,669</u>	<u>1,037,024</u>
Non-Current Assets:				
Net pension asset	-	67,719	22,573	90,292
Capital Assets:				
Non-depreciable capital assets	2,441,510	-	-	2,441,510
Other capital assets, net of accumulated depreciation	1,470,703	397,546	109,349	1,977,598
Total non-current assets	<u>3,912,213</u>	<u>465,265</u>	<u>131,922</u>	<u>4,509,400</u>
Total assets	<u>4,293,578</u>	<u>949,255</u>	<u>303,591</u>	<u>5,546,424</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	-	42,819	14,273	57,092
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	16,922	39,797	8,097	64,816
Customer deposits	77	-	-	77
Current portion of installment notes	-	17,703	7,147	24,850
Current portion of compensated absences	1,112	24,472	6,408	31,992
Total current liabilities	<u>18,111</u>	<u>81,972</u>	<u>21,652</u>	<u>121,735</u>
Non-Current Liabilities:				
Non-current portion of installment notes	-	-	12,122	12,122
Non-current portion of compensated absences	268	17,286	6,513	24,067
Non-current portion of OPEB liability	-	85,289	41,922	127,211
Total non-current liabilities	<u>268</u>	<u>102,575</u>	<u>60,557</u>	<u>163,400</u>
Total liabilities	<u>18,379</u>	<u>184,547</u>	<u>82,209</u>	<u>285,135</u>
Deferred Inflows of Resources:				
Pension deferrals	-	168,363	56,121	224,484
Net Position:				
Net investment in capital assets	3,912,213	379,843	90,080	4,382,136
Unrestricted	362,986	259,321	89,454	711,761
Total net position	<u>\$ 4,275,199</u>	<u>\$ 639,164</u>	<u>\$ 179,534</u>	<u>\$ 5,093,897</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, 2015**

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for sales and services	\$ 206,895	\$ 1,236,046	\$ 200,039	\$ 1,642,980
Miscellaneous	4,144	14,593	-	18,737
Total operating revenues	<u>211,039</u>	<u>1,250,639</u>	<u>200,039</u>	<u>1,661,717</u>
Operating Expenditures:				
Operations	334,086	1,121,814	265,828	1,721,728
Depreciation	80,732	79,015	6,992	166,739
Total operating expenditures	<u>414,818</u>	<u>1,200,829</u>	<u>272,820</u>	<u>1,888,467</u>
Operating income (loss)	<u>(203,779)</u>	<u>49,810</u>	<u>(72,781)</u>	<u>(226,750)</u>
Non-Operating Revenues (Expenditures):				
Investment earnings	1,082	879	435	2,396
Solid waste disposal tax	-	6,178	-	6,178
Interest expense	-	(786)	(314)	(1,100)
Total non-operating revenues (expenditures)	<u>1,082</u>	<u>6,271</u>	<u>121</u>	<u>7,474</u>
Income (loss) before capital contributions and transfers	<u>(202,697)</u>	<u>56,081</u>	<u>(72,660)</u>	<u>(219,276)</u>
Capital Contributions and Transfers:				
Capital contributions	653,428	-	-	653,428
Transfers in	91,164	-	165,040	256,204
Total capital contributions and transfers	<u>744,592</u>	<u>-</u>	<u>165,040</u>	<u>909,632</u>
Change in net position	<u>541,895</u>	<u>56,081</u>	<u>92,380</u>	<u>690,356</u>
Net Position:				
Beginning of year - July 1	3,733,304	680,311	119,563	4,533,178
Restatement	-	(97,228)	(32,409)	(129,637)
Beginning of year - July 1, as restated	<u>3,733,304</u>	<u>583,083</u>	<u>87,154</u>	<u>4,403,541</u>
End of year - June 30	<u>\$ 4,275,199</u>	<u>\$ 639,164</u>	<u>\$ 179,534</u>	<u>\$ 5,093,897</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 194,248	\$ 1,252,488	\$ 208,754	\$ 1,655,490
Cash paid to employees	(44,037)	(587,247)	(217,334)	(848,618)
Cash paid to suppliers	(306,541)	(583,867)	(55,184)	(945,592)
Net cash provided (used) by operating activities	<u>(156,330)</u>	<u>81,374</u>	<u>(63,764)</u>	<u>(138,720)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	91,164	-	165,040	256,204
Net cash provided (used) by non-capital financing activities	<u>91,164</u>	<u>-</u>	<u>165,040</u>	<u>256,204</u>
Cash Flows from Capital and Related Financing Activities:				
Interest expense	-	(786)	(314)	(1,100)
Acquisition of capital assets	(862,242)	(51,042)	(53,696)	(966,980)
Principal payments on long-term debt	-	(23,149)	(7,051)	(30,200)
Capital contributions	653,428	6,178	-	659,606
Net cash provided (used) by capital and related financing activities	<u>(208,814)</u>	<u>(68,799)</u>	<u>(61,061)</u>	<u>(338,674)</u>
Cash Flows from Investing Activities:				
Investment earnings	1,082	879	435	2,396
Net cash provided (used) by investing activities	<u>1,082</u>	<u>879</u>	<u>435</u>	<u>2,396</u>
Net increase (decrease) in cash and cash equivalents/investments	(272,898)	13,454	40,650	(218,794)
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	<u>527,353</u>	<u>328,607</u>	<u>125,123</u>	<u>981,083</u>
End of year - June 30	<u>\$ 254,455</u>	<u>\$ 342,061</u>	<u>\$ 165,773</u>	<u>\$ 762,289</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (203,779)	\$ 49,810	\$ (72,781)	\$ (226,750)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	80,732	79,015	6,992	166,739
Pension expense	-	3,415	1,138	4,553
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(16,868)	1,850	8,716	(6,302)
(Increase) decrease in inventory	12,666	-	-	12,666
(Increase) decrease in deferred outflows of resources for pensions	-	(42,819)	(14,273)	(57,092)
Increase (decrease) in accounts payable and accrued liabilities	(30,346)	(1,477)	(117)	(31,940)
Increase (decrease) in compensated absences payable	1,265	(13,149)	266	(11,618)
Increase (decrease) in OPEB liability	-	4,729	6,295	11,024
Net cash provided (used) by operating activities	<u>\$ (156,330)</u>	<u>\$ 81,374</u>	<u>\$ (63,764)</u>	<u>\$ (138,720)</u>

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, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Fuel sales	\$ 150,000	\$ 146,975	\$ (3,025)	\$ 168,709
Rentals	77,688	59,920	(17,768)	65,446
Miscellaneous revenue	400	4,144	3,744	2,926
Total operating revenues	<u>228,088</u>	<u>211,039</u>	<u>(17,049)</u>	<u>237,081</u>
Non-Operating Revenues:				
Interest earnings	400	498	98	269
Grant funds	<u>45,087</u>	<u>14,161</u>	<u>(30,926)</u>	<u>236,000</u>
Total non-operating revenues	<u>45,487</u>	<u>14,659</u>	<u>(30,828)</u>	<u>236,269</u>
Total revenues	<u>273,575</u>	<u>225,698</u>	<u>(47,877)</u>	<u>473,350</u>
Operating Expenditures:				
Salaries and employee benefits	66,700	62,949	3,751	62,046
Professional services	205	188	17	216
Utilities	21,870	19,179	2,691	20,087
Fuel purchases	108,134	121,547	(13,413)	139,596
Maintenance and repairs	62,700	61,491	1,209	43,875
Supplies	3,083	2,826	257	816
Contracted services	16,490	12,077	4,413	12,007
Equipment rental	8,400	8,400	-	8,435
Miscellaneous	3,536	3,531	5	3,454
Insurance	16,372	16,372	-	15,987
Grant expense	50,096	-	50,096	-
Utility service fee - General Fund	<u>14,261</u>	<u>14,261</u>	<u>-</u>	<u>12,637</u>
Total	<u>371,847</u>	<u>322,821</u>	<u>49,026</u>	<u>319,156</u>
Miscellaneous - Non-Departmental:				
Gustnado expense	-	-	-	77,042
Total miscellaneous - non-departmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,042</u>
Capital outlay	-	15,734	(15,734)	277,974
Total expenditures	<u>371,847</u>	<u>338,555</u>	<u>33,292</u>	<u>674,172</u>

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, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(98,272)	(112,857)	(14,585)	(200,822)
Other Financing Sources (Uses):				
Appropriated net position	17,009	-	(17,009)	-
Transfer to Airport capital project funds	(9,901)	(9,901)	-	-
Transfers from General Fund	91,164	91,164	-	140,500
Total other financing sources (uses)	98,272	81,263	(17,009)	140,500
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (31,594)	\$ (31,594)	\$ (60,322)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (31,594)		\$ (60,322)
Capital outlay		15,734		277,974
Depreciation		(80,732)		(110,032)
Change in compensated absences		(1,265)		941
Transfer from other funds - project		9,901		36,111
Capital contributions, grant revenue from projects		639,267		170,420
Interest earnings from projects		584		187
Non-capitalized expenses from projects		(10,000)		-
Other revenue from projects		-		130,703
Change in net position		\$ 541,895		\$ 445,982

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, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Years	Total to Date	
Revenues:					
Federal grants - Airport Improvements Grant	\$ 500,000	\$ 87,277	\$ 410,923	\$ 498,200	\$ (1,800)
State grants - Airport Improvements Grant	298,971	99,695	196,618	296,313	(2,658)
Interest earnings	-	187	584	771	771
Insurance proceeds	130,702	130,703	-	130,703	1
Total revenues	<u>929,673</u>	<u>317,862</u>	<u>608,125</u>	<u>925,987</u>	<u>(3,686)</u>
Expenditures:					
Professional services	214,038	148,629	41,623	190,252	23,786
Construction	932,572	134,019	698,652	832,671	99,901
Rental building	30,150	20,150	10,000	30,150	-
Furnishings	77,728	-	70,983	70,983	6,745
Total expenditures	<u>1,254,488</u>	<u>302,798</u>	<u>821,258</u>	<u>1,124,056</u>	<u>130,432</u>
Revenues over (under) expenditures	<u>(324,815)</u>	<u>15,064</u>	<u>(213,133)</u>	<u>(198,069)</u>	<u>126,746</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>324,815</u>	<u>325,200</u>	<u>-</u>	<u>325,200</u>	<u>385</u>
Total other financing sources (uses)	<u>324,815</u>	<u>325,200</u>	<u>-</u>	<u>325,200</u>	<u>385</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 340,264</u>	<u>(213,133)</u>	<u>\$ 127,131</u>	<u>\$ 127,131</u>
Fund Balance:					
Beginning of year, July 1			<u>340,264</u>		
End of year, June 30			<u>\$ 127,131</u>		

This fund is consolidated into the Warren Field Airport Fund

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT REHABILITATION
 WARREN FIELD AIRPORT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Years</u>		
Revenues:					
State grant funds	\$ 325,000	\$ 8,839	\$ 27,502	\$ 36,341	\$ (288,659)
Federal grant funds	89,109	-	4,224	4,224	(84,885)
Total revenues	<u>414,109</u>	<u>8,839</u>	<u>31,726</u>	<u>40,565</u>	<u>(373,544)</u>
Expenditures:					
Professional services	109,466	9,821	35,250	45,071	64,395
Airport rehabilitation	<u>350,655</u>	-	-	-	<u>350,655</u>
Total expenditures	<u>460,121</u>	<u>9,821</u>	<u>35,250</u>	<u>45,071</u>	<u>415,050</u>
Revenues over (under) expenditures	<u>(46,012)</u>	<u>(982)</u>	<u>(3,524)</u>	<u>(4,506)</u>	<u>41,506</u>
Other Financing Sources (Uses):					
Transfer from other funds	<u>46,012</u>	<u>36,111</u>	<u>9,901</u>	<u>46,012</u>	<u>-</u>
Total other financing sources (uses)	<u>46,012</u>	<u>36,111</u>	<u>9,901</u>	<u>46,012</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 35,129</u>	<u>6,377</u>	<u>\$ 41,506</u>	<u>\$ 41,506</u>
Fund Balance:					
Beginning of year, July 1			<u>35,129</u>		
End of year, June 30			<u>\$ 41,506</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Garbage collection fees	\$ 1,250,247	\$ 1,242,040	\$ (8,207)	\$ 1,264,616
Miscellaneous revenues	-	14,593	14,593	5,304
Total operating revenues	<u>1,250,247</u>	<u>1,256,633</u>	<u>6,386</u>	<u>1,269,920</u>
Non-Operating Revenues:				
Interest earnings	1,000	879	(121)	1,380
Disposal tax	<u>5,500</u>	<u>6,178</u>	<u>678</u>	<u>5,459</u>
Total non-operating revenues	<u>6,500</u>	<u>7,057</u>	<u>557</u>	<u>6,839</u>
Total revenues	<u>1,256,747</u>	<u>1,263,690</u>	<u>6,943</u>	<u>1,276,759</u>
Operating Expenditures:				
Salaries and employee benefits	614,052	578,828	35,224	565,922
Utilities	550	503	47	293
County tipping fees	230,000	228,007	1,993	226,715
Employee development	200	56	144	-
Maintenance and repairs	144,528	128,753	15,775	159,535
Supplies	1,600	1,557	43	931
Materials	14,700	13,537	1,163	28,297
Miscellaneous	5,124	4,887	237	4,638
Insurance	11,400	11,385	15	13,409
Workers' compensation	5,700	5,504	196	5,071
Utility service fee - General Fund	<u>196,621</u>	<u>196,621</u>	<u>-</u>	<u>201,103</u>
Total operating expenditures	<u>1,224,475</u>	<u>1,169,638</u>	<u>54,837</u>	<u>1,205,914</u>
Debt Service:				
Principal	23,150	23,149	1	46,246
Interest	<u>786</u>	<u>786</u>	<u>-</u>	<u>1,570</u>
Total debt service	<u>23,936</u>	<u>23,935</u>	<u>1</u>	<u>47,816</u>
Capital outlay	<u>50,521</u>	<u>51,042</u>	<u>(521)</u>	<u>125,965</u>
Total expenditures	<u>1,298,932</u>	<u>1,244,615</u>	<u>54,317</u>	<u>1,379,695</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, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(42,185)	19,075	61,260	(102,936)
Other Financing Sources (Uses):				
Appropriated net position	42,185	-	(42,185)	-
Total other financing sources (uses)	42,185	-	(42,185)	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 19,075</u>	<u>\$ 19,075</u>	<u>\$ (102,936)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 19,075		\$ (102,936)
Depreciation		(79,015)		(68,392)
Capital outlay		51,042		125,965
Principal retirement		23,149		46,246
Change in compensated absences		13,149		(5,681)
Change in OPEB liability		(4,729)		(12,176)
Bad debt expense (recoveries)		(5,994)		(2,341)
Pension expense		(3,415)		-
Contributions to pension plan		42,819		-
Change in net position		<u>\$ 56,081</u>		<u>\$ (19,315)</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, 2015
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Sale of cemetery plots	\$ 58,500	\$ 82,961	\$ 24,461	\$ 115,263
Cemetery grave openings	101,408	114,275	12,867	123,563
Administrative charges	2,000	2,803	803	2,967
Total operating revenues	<u>161,908</u>	<u>200,039</u>	<u>38,131</u>	<u>241,793</u>
Non-Operating Revenues:				
Interest earnings	-	435	435	180
Miscellaneous	-	-	-	5,091
Total non-operating revenues	<u>-</u>	<u>435</u>	<u>435</u>	<u>5,271</u>
Total revenues	<u>161,908</u>	<u>200,474</u>	<u>38,566</u>	<u>247,064</u>
Operating Expenditures:				
Salaries and employee benefits	212,271	210,761	1,510	206,626
Other operating expenditures	26,685	26,354	331	25,545
Maintenance and repairs	15,199	15,242	(43)	15,352
Utility service fee - General Fund	20,045	20,045	-	19,932
Total operating expenditures	<u>274,347</u>	<u>272,402</u>	<u>1,945</u>	<u>267,455</u>
Debt Service:				
Principal	7,052	7,051	1	6,956
Interest	317	314	3	409
Total debt service	<u>7,369</u>	<u>7,365</u>	<u>4</u>	<u>7,365</u>
Capital outlay	<u>53,772</u>	<u>53,696</u>	<u>76</u>	<u>35,000</u>
Total expenditures	<u>335,488</u>	<u>333,463</u>	<u>2,025</u>	<u>309,820</u>
Revenues over (under) expenditures	<u>(173,580)</u>	<u>(132,989)</u>	<u>40,591</u>	<u>(62,756)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	165,040	165,040	-	155,279
Appropriated net position	8,540	-	(8,540)	-
Total other financing sources (uses)	<u>173,580</u>	<u>165,040</u>	<u>(8,540)</u>	<u>155,279</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 32,051</u>	<u>\$ 32,051</u>	<u>\$ 92,523</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, 2015
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Budget	Actual	Actual
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 32,051	\$ 92,523
Depreciation		(6,992)	(5,434)
Capital outlay		53,696	35,000
Gain (loss) on disposal of capital assets		-	(4,162)
Principal retirement		7,051	6,956
Change in compensated absences		-266	3,670
Change in OPEB liability		(6,295)	(7,067)
Pension expense		(1,138)	-
Contributions to pension plan		14,273	-
Change in net position		<u>\$ 92,380</u>	<u>\$ 121,486</u>

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Internal Service Funds

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

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

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, 2015

	<u>Workers' Compensation Reserve Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Facility Maintenance Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 1,049,379	\$ 1,233,937	\$ 500,000	\$ 2,783,316
Accounts receivable, net	<u>128</u>	<u>-</u>	<u>-</u>	<u>128</u>
Total assets	<u>1,049,507</u>	<u>1,233,937</u>	<u>500,000</u>	<u>2,783,444</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>255,092</u>	<u>-</u>	<u>-</u>	<u>255,092</u>
Total liabilities	<u>255,092</u>	<u>-</u>	<u>-</u>	<u>255,092</u>
Net Position:				
Unrestricted	<u>794,415</u>	<u>1,233,937</u>	<u>500,000</u>	<u>2,528,352</u>
Total net position	<u>\$ 794,415</u>	<u>\$ 1,233,937</u>	<u>\$ 500,000</u>	<u>\$ 2,528,352</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, 2015**

	<u>Workers' Compensation Reserve Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Facility Maintenance Fund</u>	<u>Total</u>
Operating Revenues:				
Charges for sales and services	\$ 195,348	\$ -	\$ -	\$ 195,348
Total operating revenues	<u>195,348</u>	<u>-</u>	<u>-</u>	<u>195,348</u>
Operating Expenses:				
Insurance claims	236,149	-	-	236,149
Total operating expenses	<u>236,149</u>	<u>-</u>	<u>-</u>	<u>236,149</u>
Operating income (loss)	<u>(40,801)</u>	<u>-</u>	<u>-</u>	<u>(40,801)</u>
Non-Operating Revenues (Expenses):				
Investment earnings	5,547	-	-	5,547
Total non-operating revenues (expenses)	<u>5,547</u>	<u>-</u>	<u>-</u>	<u>5,547</u>
Income (loss) before transfers	<u>(35,254)</u>	<u>-</u>	<u>-</u>	<u>(35,254)</u>
Capital Contributions and Transfers:				
Transfers in	-	1,233,937	500,000	1,733,937
Total capital contributions and transfers	<u>-</u>	<u>1,233,937</u>	<u>500,000</u>	<u>1,733,937</u>
Change in net position	(35,254)	1,233,937	500,000	1,698,683
Net Position:				
Beginning of year - July 1	<u>829,669</u>	<u>-</u>	<u>-</u>	<u>829,669</u>
End of year - June 30	<u>\$ 794,415</u>	<u>\$ 1,233,937</u>	<u>\$ 500,000</u>	<u>\$ 2,528,352</u>

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Workers' Compensation Reserve Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Facility Maintenance Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Cash received from customers	\$ 195,344	\$ -	\$ -	\$ 195,344
Cash paid to employees for services	(56,303)	-	-	(56,303)
Net cash provided (used) by operating activities	<u>139,041</u>	<u>-</u>	<u>-</u>	<u>139,041</u>
Cash Flows From Non-Capital Financing Activities:				
Transfers from other funds	-	1,233,937	500,000	1,733,937
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>1,233,937</u>	<u>500,000</u>	<u>1,733,937</u>
Cash Flows From Investing Activities:				
Investment earnings	5,547	-	-	5,547
Net cash provided (used) by investing activities	<u>5,547</u>	<u>-</u>	<u>-</u>	<u>5,547</u>
Net increase (decrease) in cash and cash equivalents/investments	144,588	1,233,937	500,000	1,878,525
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	<u>904,791</u>	<u>-</u>	<u>-</u>	<u>904,791</u>
End of year - June 30	<u>\$ 1,049,379</u>	<u>\$ 1,233,937</u>	<u>\$ 500,000</u>	<u>\$ 2,783,316</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (40,801)	\$ -	\$ -	\$ (40,801)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) decrease in accounts receivable	(4)	-	-	(4)
Increase (decrease) in accounts payable and accrued liabilities	<u>179,846</u>	<u>-</u>	<u>-</u>	<u>179,846</u>
Net cash provided (used) by operating activities	<u>\$ 139,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,041</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, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Contributions from employer	\$ 194,000	\$ 195,348	\$ (1,348)
Operating Expenditures:			
Workers' compensation claims	244,000	236,149	7,851
Operating income (loss)	(50,000)	(40,801)	(9,199)
Non-Operating Revenues:			
Investment earnings	-	5,547	5,547
Other Financing Sources (Uses):			
Appropriated net position	50,000	-	(50,000)
Total other financing sources (uses)	50,000	-	(50,000)
Change in net position	\$ -	(35,254)	\$ (35,254)
Net Position:			
Beginning of year - July 1		829,669	
End of year - June 30		\$ 794,415	

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, 2015

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from other funds	\$ -	\$ 1,233,937	\$ 1,233,937
Change in net position	<u>\$ -</u>	1,233,937	<u>\$ 1,233,937</u>
Net Position:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 1,233,937</u>	

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, 2015

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from other funds	\$ -	\$ 500,000	\$ 500,000
Change in net position	<u>\$ -</u>	500,000	<u>\$ 500,000</u>
Net Position:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 500,000</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, 2015

<u>Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 4,361,706	\$ 4,249,037	\$ 112,669
2013-2014	169,650	-	111,089	58,561
2012-2013	66,968	-	34,766	32,202
2011-2012	34,996	-	9,948	25,048
2010-2011	17,495	-	2,447	15,048
2009-2010	22,248	-	5,159	17,089
2008-2009	19,540	-	2,197	17,343
2007-2008	24,397	-	2,720	21,677
2006-2007	20,704	-	2,083	18,621
2005-2006	12,165	-	1,007	11,158
2004-2005	13,007	-	13,007	-
Total	<u>\$ 401,170</u>	<u>\$ 4,361,706</u>	<u>\$ 4,433,460</u>	329,416
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(156,440)</u>
Ad Valorem Taxes Receivable, Net:				
General Fund				<u>\$ 172,976</u>
Reconciliation With Revenues:				
Ad valorem taxes - General Fund				\$ 4,441,759
Refunds				8,207
Write-offs and releases				27,622
Penalties and interest collected				<u>(44,128)</u>
Total collections and credits				<u>\$ 4,433,460</u>

CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	\$ 871,814,000	0.50	\$ 4,359,070	\$ 3,979,892	\$ 379,178
Discoveries	7,157,400	0.50	35,787	35,787	-
Abatements	(6,630,200)	0.50	(33,151)	(33,151)	-
Total property valuation	<u>\$ 872,341,200</u>				
Net Levy			4,361,706	3,982,528	379,178
Uncollected taxes at June 30, 2015			<u>112,669</u>	<u>110,210</u>	<u>2,459</u>
Current Year's Taxes Collected			<u>\$ 4,249,037</u>	<u>\$ 3,872,318</u>	<u>\$ 376,719</u>
Current Levy Collection Percentage			97.42%	97.23%	99.35%

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.

<u>Contents</u>	<u>Pages</u>
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.	152
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source.	156
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.	163
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.	167
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.	169

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CITY OF WASHINGTON, NORTH CAROLINA

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 19,438,078	\$ 16,880,415	\$ 18,610,980	\$ 18,447,771	\$ 19,346,037	\$ 18,103,256	\$ 19,310,212	\$ 20,350,145	\$ 17,557,469	\$ 17,321,458
Restricted	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008
Unrestricted	9,491,617	10,347,583	9,159,353	9,814,379	8,836,625	6,206,219	6,317,546	6,700,404	6,770,380	6,194,333
Total governmental activities net position	\$ 29,755,063	\$ 27,838,354	\$ 28,488,776	\$ 29,012,108	\$ 28,985,076	\$ 27,269,477	\$ 28,698,730	\$ 29,461,791	\$ 27,005,622	\$ 25,888,799
Business-type activities										
Net investment in capital assets	\$ 49,133,366	\$ 51,148,821	\$ 52,099,287	\$ 56,442,379	\$ 57,884,865	\$ 59,355,152	\$ 60,476,100	\$ 61,070,809	\$ 62,593,894	\$ 64,051,002
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	9,321,109	10,382,263	11,541,166	10,157,327	11,125,031	13,195,618	13,476,598	13,520,587	13,370,623	13,441,414
Total business-type activities	\$ 58,454,475	\$ 61,531,084	\$ 63,640,453	\$ 66,599,706	\$ 69,009,896	\$ 72,550,770	\$ 73,952,698	\$ 74,591,396	\$ 75,964,517	\$ 77,492,416
Primary government										
Net investment in capital assets	\$ 68,571,444	\$ 68,029,236	\$ 70,710,267	\$ 74,890,150	\$ 77,230,902	\$ 77,458,408	\$ 79,786,312	\$ 81,420,954	\$ 80,151,363	\$ 81,372,460
Restricted	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008
Unrestricted	18,812,726	20,729,846	20,700,519	19,971,706	19,961,656	19,401,837	19,794,144	20,220,991	20,141,003	19,635,747
Total primary government net position	\$ 88,209,538	\$ 89,369,438	\$ 92,129,229	\$ 95,611,814	\$ 97,994,972	\$ 99,820,247	\$ 102,651,428	\$ 104,053,187	\$ 102,970,139	\$ 103,381,215

CITY OF WASHINGTON, NORTH CAROLINA

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,290,291	\$ 2,918,312	\$ 1,469,055	\$ 1,213,174	\$ 2,289,052	\$ 2,057,263	\$ 2,115,692	\$ 2,211,617	\$ 5,225,614	\$ 2,130,313
Public safety	5,061,605	6,064,482	5,483,122	6,288,971	5,819,057	6,342,206	6,272,982	5,769,373	5,784,755	5,683,135
Transportation	959,050	1,313,731	1,079,272	733,196	858,877	1,056,475	852,732	922,884	801,834	925,821
Environmental protection	1,213,528	436,896	354,391	614,650	6,307	642,630	657,371	654,618	670,441	637,164
Cultural and recreation	2,510,074	2,714,800	2,672,910	2,605,246	2,160,070	2,697,305	2,013,443	1,606,916	2,297,029	2,392,859
Economic and physical development	27,104	111,698	184,507	564,134	560,332	169,738	74,514	294,315	624,667	38,316
Interest on long term debt	18,999	55,238	40,845	152,570	146,573	125,094	156,808	116,070	71,970	53,203
Total governmental activities	<u>11,080,651</u>	<u>13,615,157</u>	<u>11,284,102</u>	<u>12,171,941</u>	<u>11,840,268</u>	<u>13,090,711</u>	<u>12,143,542</u>	<u>11,575,793</u>	<u>15,476,310</u>	<u>11,860,811</u>
Business-type activities:										
Water	2,392,197	2,371,762	2,520,231	2,731,579	2,862,429	2,747,337	2,859,068	3,016,643	3,025,019	3,063,667
Sewer	3,028,814	3,118,933	3,164,874	2,741,838	2,679,730	2,785,391	2,603,297	2,778,577	2,975,619	3,046,950
Electric	29,253,711	30,759,233	31,061,372	34,295,374	35,174,520	36,376,695	35,224,262	34,958,237	35,475,345	34,903,483
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	499,073	473,209	556,346	530,868	567,190	401,365	414,551	390,349	381,890	422,292
Warren Field Airport	487,413	403,057	567,006	409,650	364,180	394,575	457,044	696,759	505,289	414,818
Solid waste	-	1,051,889	1,038,700	1,160,196	1,156,281	1,363,882	1,332,906	1,256,031	1,293,733	1,201,615
Cemetery	-	-	-	-	264,870	269,614	276,551	285,546	280,857	273,134
Total business-type activities	<u>35,661,208</u>	<u>38,178,083</u>	<u>38,908,529</u>	<u>41,869,505</u>	<u>43,069,200</u>	<u>44,338,859</u>	<u>43,167,679</u>	<u>43,382,142</u>	<u>43,937,752</u>	<u>43,325,959</u>
Total primary government expenses	<u>\$ 46,741,859</u>	<u>\$ 51,793,240</u>	<u>\$ 50,192,631</u>	<u>\$ 54,041,446</u>	<u>\$ 54,909,468</u>	<u>\$ 57,429,570</u>	<u>\$ 55,311,221</u>	<u>\$ 54,957,935</u>	<u>\$ 59,414,062</u>	<u>\$ 55,186,770</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 291,739	\$ 1,321,938	\$ 784,812	\$ 1,652,554	\$ 619,682	\$ 741,083	\$ 888,616	\$ 826,617	\$ 1,730,280	\$ 151,469
Public safety	485,195	521,370	225,680	550,576	-	8,000	493,962	650,174	637,212	658,239
Transportation	-	5,175	-	-	9,073	4,629	25,563	4,656	6,251	5,378
Environmental protection	1,026,179	222,829	339,035	266,156	-	-	-	-	-	-
Cultural and recreation	409,543	318,342	305,729	276,322	293,512	290,902	229,454	242,569	209,408	194,264
Economic and physical development	3,112	2,475	-	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
Public safety	480,487	417,740	254,801	364,340	448,897	429,860	913,131	486,734	451,338	383,127
Transportation	322,203	315,718	354,222	314,031	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	23,311	6,689	-	-	-
Cultural and recreation	188,745	117,934	51,220	53,437	50,680	35,611	19,396	156,363	26,259	61,393
Economic and physical development	23,646	150,151	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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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
Transportation	-	-	-	-	284,260	326,458	705,593	167,786	184,004	183,590
Cultural and recreation	-	-	41,627	36,066	49,782	31,145	258,579	29,428	48,989	37,166
Economic and physical development	-	10,674	6,481	-	483,689	-	313,288	15,375	518,266	54,234
Total governmental activities program revenues	3,230,849	3,404,346	2,828,777	4,248,111	2,640,609	2,343,283	4,158,493	2,985,433	3,969,734	1,801,946
Business-type activities:										
Charge for services:										
Water	2,817,532	2,652,239	2,933,696	2,961,388	3,037,783	3,146,469	3,151,154	2,983,399	3,154,780	3,175,688
Sewer	2,620,626	2,692,365	2,882,542	2,942,450	2,965,673	3,108,392	3,092,541	3,091,654	3,001,831	2,929,832
Electric	29,079,443	31,988,163	33,506,943	36,442,629	37,264,771	39,301,119	35,283,158	35,420,242	35,913,591	36,657,248
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	371,531	397,102	428,826	499,950	517,930	511,951	501,578	500,827	509,015	509,775
Warren Field Airport	225,075	267,196	378,488	222,062	169,329	224,203	221,219	667,196	237,081	211,039
Solid Waste	-	1,144,562	1,130,400	1,266,234	1,283,968	1,294,121	1,241,221	1,260,476	1,273,038	1,256,817
Cemetery	-	-	-	-	213,633	162,923	171,643	171,998	246,884	200,039
Operating grants and contributions:										
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	-
Electric	-	-	-	-	-	-	-	-	-	-
Stormwater utility	-	53,563	2,569	(13,002)	-	-	-	-	-	-
Warren Field Airport	-	529,243	-	-	-	-	-	-	130,703	-
Solid Waste	-	-	6,750	-	16,000	-	-	-	-	-
Capital grants and contributions:										
Water	100,430	14,128	11,100	569,523	164,933	3,789	81,284	(113)	15,232	68,798
Sewer	419,070	3,028	-	4,834	445,639	71,924	129,583	(547)	62,963	116,048
Electric	-	-	-	61,472	-	414,496	1,496,643	249,451	585,475	35,700
Stormwater utility	-	-	-	-	-	100,000	-	-	-	-
Warren Field Airport	2,990	32,388	241,739	23,927	289,245	171,381	129,845	449,850	406,420	653,428
Solid Waste	-	-	-	-	-	-	-	95	-	-
Cemetery	-	-	-	-	-	-	8,075	-	-	-
Total business-type activities program revenues	35,636,697	39,773,977	41,523,053	44,981,467	46,368,904	48,510,768	45,507,944	44,794,528	45,537,013	45,814,412
Total primary government program revenues	\$ 38,867,546	\$ 43,178,323	\$ 44,351,830	\$ 49,229,578	\$ 49,009,513	\$ 50,854,051	\$ 49,666,437	\$ 47,779,961	\$ 49,506,747	\$ 47,616,358
Net (Expense)/Revenue										
Governmental activities	\$ (7,849,802)	\$ (10,210,811)	\$ (8,455,325)	\$ (7,923,830)	\$ (9,199,659)	\$ (10,747,428)	\$ (7,985,049)	\$ (8,590,360)	\$ (11,506,576)	\$ (10,058,865)
Business-type activities	(24,511)	1,595,894	2,614,524	3,111,962	3,299,704	4,171,909	2,340,265	1,412,386	1,599,261	2,488,453
Total primary government net (expense)/revenue	\$ (7,874,313)	\$ (8,614,917)	\$ (5,840,801)	\$ (4,811,868)	\$ (5,899,955)	\$ (6,575,519)	\$ (5,644,784)	\$ (7,177,974)	\$ (9,907,315)	\$ (7,570,412)

CITY OF WASHINGTON, NORTH CAROLINA

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 3,286,529	\$ 3,673,434	\$ 3,739,953	\$ 3,862,728	\$ 4,017,112	\$ 4,168,418	\$ 4,090,923	\$ 4,291,705	\$ 4,507,481	\$ 4,331,693
Other taxes	2,532,471	2,656,435	2,706,538	1,968,844	2,062,546	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864
Unrestricted intergovernmental	1,223,642	1,398,957	1,440,275	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278
Investment earnings	341,602	431,607	271,994	132,038	69,776	52,345	27,378	33,980	55,930	59,875
Miscellaneous	12,922	345,191	142,776	616,018	427,889	-	-	-	-	-
Gain (loss) on disposal of capital assets	(428,384)	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Transfers	(1,270,782)	(211,522)	804,211	265,641	905,123	903,525	1,193,432	905,410	368,549	482,067
Total governmental activities:	5,698,000	8,294,102	9,105,747	8,447,162	9,172,627	9,223,446	9,414,302	9,353,421	9,050,408	9,742,777
Business-type activities:										
Investment earnings	284,057	404,033	299,054	112,932	15,609	80,873	140,065	131,722	142,409	137,291
Miscellaneous	663,679	865,160	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(292,611)	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Special item-Net asset transfer from Warren Airport Commission to City of Washington	-	-	-	-	-	-	-	-	-	-
Transfers	1,270,782	211,522	(804,211)	(265,641)	(905,123)	(903,525)	(1,193,432)	(905,410)	(368,549)	(482,067)
Total business-type activities	1,925,907	1,480,715	(505,157)	(152,709)	(889,514)	(822,652)	(1,053,367)	(773,688)	(226,140)	(344,776)
Total primary government	\$ 7,623,907	\$ 9,774,817	\$ 8,600,590	\$ 8,294,453	\$ 8,283,113	\$ 8,400,794	\$ 8,360,935	\$ 8,579,733	\$ 8,824,268	\$ 9,398,001
Change in Net Position										
Governmental activities	\$ (2,151,802)	\$ (1,916,709)	\$ 650,422	\$ 523,332	\$ (27,032)	\$ (1,523,982)	\$ 1,429,253	\$ 763,061	\$ (2,456,168)	\$ (316,088)
Business-type activities	1,901,396	3,076,609	2,109,367	2,959,253	2,410,190	3,349,257	1,286,898	638,698	1,373,121	2,143,677
Total primary government	\$ (250,406)	\$ 1,159,900	\$ 2,759,789	\$ 3,482,585	\$ 2,383,158	\$ 1,825,275	\$ 2,716,151	\$ 1,401,759	\$ (1,083,047)	\$ 1,827,589

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
2006	\$ 3,321,373	\$ 2,054,864	\$ 235,869	\$ 38,693	\$ 14,278	\$ 98,859	\$ 977,559	\$ 6,741,495
2007	3,642,779	2,221,354	237,192	38,208	14,237	98,859	1,044,114	7,296,743
2008	3,735,845	2,278,957	256,838	41,228	12,602	104,527	1,061,945	7,491,942
2009	3,836,368	2,096,285	255,280	39,914	12,636	164,867	1,186,166	7,591,516
2010	3,876,605	2,006,883	244,628	39,009	13,194	168,029	1,198,455	7,546,803
2011	4,165,483	1,963,488	239,560	38,059	16,046	175,414	1,206,174	7,804,224
2012	4,189,504	2,046,708	250,930	39,039	20,718	182,685	1,130,064	7,859,648
2013	4,301,643	2,096,489	209,346	39,172	15,710	179,941	1,147,567	7,989,868
2014	4,598,572	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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 3,658,180	\$ 3,428,601	\$ 3,581,076	\$ 3,878,248	\$ 2,643,875	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,221,790	4,508,319	4,987,976	5,536,430	5,763,532	-	-	-	-	-
Non Spendable	-	-	-	-	-	97,932	85,930	121,327	123,653	191,555
Restricted	-	-	-	-	-	2,490,744	2,565,383	1,772,450	1,919,661	1,780,333
Committed	-	-	-	-	-	21	21	21	21	2,521
Assigned	-	-	-	-	-	-	189,471	189,471	243,945	67,735
Unassigned	-	-	-	-	-	5,378,942	5,542,226	5,962,328	6,238,713	4,819,600
Total General Fund	\$ 6,879,970	\$ 7,936,920	\$ 8,569,052	\$ 9,414,678	\$ 8,407,407	\$ 7,967,639	\$ 8,383,031	\$ 8,045,597	\$ 8,525,993	\$ 6,861,744
All Other Governmental Funds										
Reserved :										
Special Revenue Funds	\$ 78,771	\$ 60,744	\$ 23	\$ 14,216	\$ 12,916	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Funds	404,975	404,975	404,975	414,975	436,575	-	-	-	-	-
Total reserved	483,746	465,719	404,998	429,191	449,491	-	-	-	-	-
Unreserved:										
Special revenue funds	621,357	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	(93,404)	2,055,490	346,671	546,318	384,279	-	-	-	-	-
Capital project funds	-	-	510,786	-	985,168	-	-	-	-	-
Non spendable:										
Permanent Funds	-	-	-	-	-	452,575	472,175	492,576	525,277	549,751
Special revenue funds	-	-	-	-	-	-	-	-	-	199,200
Restricted:										
Special revenue funds	-	-	-	-	-	51,617	25,897	72,863	6,356	12,638
Capital project funds	-	-	-	-	-	171,736	120,935	88,454	226,381	30,185
Permanent funds	-	-	-	-	-	-	-	-	-	102
Committed:										
Special revenue funds	-	-	-	-	-	-	5,575	-	-	-
Capital project funds	-	-	-	-	-	937,559	1,001,642	1,032,227	1,053,642	1,017,405
Assigned:										
Capital project funds	-	-	-	-	-	17,104	18,908	17,627	17,670	24,790
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)
Total all other governmental funds	\$ 1,011,699	\$ 2,521,209	\$ 1,262,455	\$ 975,509	\$ 1,818,938	\$ 1,600,930	\$ 1,615,331	\$ 1,613,709	\$ 1,644,833	\$ 1,809,501

Note: The City implemented GASB statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Five years are presented in the format prior to the implementation of GASB 54, along with five 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 3,321,373	\$ 3,642,779	\$ 3,735,845	\$ 3,836,368	\$ 3,876,605	\$ 4,165,483	\$ 4,189,504	\$ 4,301,643	\$ 4,598,572	\$ 4,441,759
Other taxes and licenses	2,532,471	2,656,435	2,706,538	2,584,862	2,490,435	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864
Unrestricted intergovernmental	1,223,642	1,398,957	1,515,146	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278
Restricted intergovernmental	1,016,678	956,323	1,248,494	1,661,217	1,594,806	1,264,969	2,444,573	1,211,658	1,386,583	665,689
Permits and fees	122,498	180,315	137,313	72,236	89,417	62,564	91,530	64,266	89,360	86,346
Sales and services	2,093,270	2,267,709	1,592,793	1,356,063	1,200,749	1,278,048	1,432,739	1,491,966	2,390,422	947,930
Interest earnings	341,602	431,607	339,899	132,038	66,352	48,822	24,669	30,292	50,405	43,209
Miscellaneous	117,841	215,326	142,776	616,018	92,822	106,506	160,889	192,384	117,073	33,082
Total revenues	10,769,375	11,749,451	11,418,804	11,860,695	11,103,367	11,025,550	12,446,473	11,414,535	12,750,863	11,087,157
Expenditures										
General government	1,137,149	1,445,247	1,361,084	1,219,469	1,793,943	1,763,828	1,923,459	2,194,170	2,126,445	1,974,023
Public safety	5,721,597	5,972,481	7,206,670	6,195,435	5,842,727	5,975,774	6,144,320	5,767,186	5,410,997	5,515,067
Transportation	774,731	1,205,673	1,034,610	869,269	857,848	1,219,102	1,600,006	1,161,707	822,261	1,097,764
Environmental protection	1,196,351	319,950	358,302	338,247	80,465	369,782	391,087	366,545	390,625	381,415
Economic and physical development	27,104	111,698	184,507	564,134	560,332	171,193	1,111,726	294,315	893,340	2,231,397
Cultural and recreational	2,348,546	2,502,544	2,778,018	2,553,779	2,060,512	2,478,867	2,433,178	2,170,750	2,216,392	2,231,397
Debt Service:										
Principal	365,144	324,654	342,848	411,612	398,618	557,194	234,504	2,893,053	694,725	211,036
Interest	18,999	51,829	40,845	152,570	146,573	125,094	141,398	131,408	71,976	53,209
Total expenditures	11,589,621	11,934,076	13,306,884	12,304,515	11,741,018	12,660,834	13,979,678	14,979,134	12,626,761	11,463,911
Excess of revenues over (under) expenditures	(820,246)	(184,625)	(1,888,080)	(443,820)	(637,651)	(1,635,284)	(1,533,205)	(3,564,599)	124,102	(376,754)
Other Financing Sources (Uses)										
Transfers in	1,540,032	2,784,753	1,409,002	1,657,730	2,751,484	1,684,575	1,772,934	2,315,000	1,297,826	910,116
Transfers out	(2,810,814)	(1,641,137)	(604,791)	(982,730)	(2,277,675)	(762,000)	(579,502)	1,494,609	(910,309)	(2,197,611)
Proceeds from installment note	1,088,744	(1,674,805)	-	317,500	-	246,550	769,566	(584,066)	-	-
Long-term debt issued/repaid	-	-	467,247	-	-	-	-	-	-	-
Total other financing sources (uses)	(182,038)	2,751,085	1,271,458	992,500	473,809	1,169,125	1,962,998	3,225,543	387,517	(1,287,495)
Net change in fund balances	\$ (1,002,284)	\$ 2,566,460	\$ (616,622)	\$ 548,680	\$ (163,842)	\$ (466,159)	\$ 429,793	\$ (339,056)	\$ 511,619	\$ (1,664,249)
Debt service as a percentage of non-capital expenditures	3.73%	3.51%	3.66%	4.89%	4.84%	5.63%	2.93%	22.64%	6.47%	2.43%

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
2006	\$ 431,857,335	\$ 146,872,699	\$ 10,384,101	\$ 589,114,135	\$ 0.55	\$ 3,240,290
2007	447,572,383	148,784,638	8,828,131	605,185,152	0.60	3,621,647
2008	459,982,104	150,432,739	9,557,567	619,972,410	0.60	3,719,834
2009	475,005,214	142,726,700	10,462,586	628,194,500	0.60	3,769,167
2010	490,983,383	151,311,141	9,770,794	652,065,318	0.60	3,912,392
2011 (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

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
2006	.53	.02	.55	.60
2007	.58	.02	.60	.60
2008	.58	.02	.60	.60
2009	.58	.02	.60	.60
2010	.58	.02	.60	.60
2011 (1)	.4856	.0144	.50	.50
2012	.4856	.0144	.50	.53
2013	.4856	.0144	.50	.53
2014	.4856	.0144	.50	.53
2015	.4807	.0193	.50	.53

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

Table 8

CITY OF WASHINGTON
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR & 9 YEARS AGO

		Fiscal Year 2015			Fiscal Year 2006			
		Assessed	Rank	Percentage	Type of Business	Assessed	Rank	Percentage
		Valuation		of Total		Valuation		of Total
				Assessed				Assessed
				Valuation				Valuation
Flanders/CSC LLC	Industrial Filter Manufacturer	\$ 11,272,378	1	1.29%	Gasket Manufacturer	\$ 16,536,482	1	2.87%
Wal-Mart Real Estate Business	Real Estate & Retail	10,702,768	2	1.23%	Real Estate	9,857,682	2	1.85%
Gregory Poole Leasing, LLC	Heavy Equipment	10,535,818	3	1.21%	Real Estate	9,653,007	3	1.64%
Clarcor Engine Mobile Solutions	Air Filtration	9,755,569	4	1.05%	Manufacturer	8,302,489	4	1.71%
Pearl Brittain, Inc.	Real Estate	9,123,752	5	0.94%	Utility	6,803,427	5	1.67%
Lowe's Home Centers, Inc	Retail	8,193,700	6	0.77%	Heavy Equipment	6,535,621	6	1.03%
First South Bank	Banker	6,687,727	7	0.75%	Retail	6,056,130	7	1.15%
Pronamic Industries LLC	Air Filtration	6,568,502	8	0.69%	Manufacturer	5,641,904	8	1.02%
Camfil USA Inc	Air Filtration	6,048,346	9	0.75%	Cable Utility	5,546,759	9	0.90%
Rawls & Associates	Real Estate Management	5,214,148	10	0.69%	Real Estate	5,195,896	10	0.88%
Totals		\$ 84,102,708		9.37%	Totals	\$ 80,129,397		14.68%
Valuation		\$ 872,341,200			Valuation	\$ 589,114,135		

Source: Beaufort County Tax Department

Table 9

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

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	\$			Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2006	\$ 3,251,374		\$ (11,084)	\$ 3,240,290	\$ 3,086,833	95.26%	\$ 142,030	\$ 3,228,863	99.65%
2007	3,603,408		18,239	3,621,647	3,428,541	94.67%	173,063	3,601,604	99.45%
2008	3,729,878		(10,044)	3,719,834	3,518,139	94.58%	178,011	3,696,150	99.36%
2009	3,779,421		(10,254)	3,769,167	3,561,944	94.50%	185,990	3,747,934	99.44%
2010	3,944,270		(31,878)	3,912,392	3,671,185	93.83%	212,300	3,883,485	99.26%
2011	4,214,170		(35,867)	4,178,303	3,938,237	94.25%	211,323	4,149,560	99.31%
2012	4,182,836		(32,272)	4,150,564	3,889,207	93.70%	206,260	4,095,467	98.67%
2013	4,212,028		12,449	4,224,477	3,962,116	93.79%	34,766	3,996,882	94.61%
2014	4,441,128		(15,840)	4,425,288	4,255,638	96.17%	111,089	4,366,727	98.68%
2015	4,359,070		2,636	4,361,706	4,249,037	97.42%	-	4,249,037	97.42%

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	General Obligation Bonds			
2006	\$ 1,348,336	\$ -	\$ -	\$ 7,835,000	\$ -	\$ 2,763,432	\$ -	\$ 11,946,768	0.90%	41139%	
2007	3,632,311	-	-	6,200,000	-	2,704,709	-	12,537,020	0.88%	40264%	
2008	889,711	2,867,000	-	4,625,000	2,240,690	3,252,353	-	13,874,754	0.93%	43017%	
2009	844,235	2,818,368	-	3,190,000	2,108,884	2,485,613	-	11,447,100	0.78%	35952%	
2010	494,245	2,769,736	-	2,075,000	1,977,079	2,654,851	-	9,970,911	0.66%	30775%	
2011	199,911	2,714,753	38,673	1,550,000	1,845,274	2,803,203	4,833,327	13,985,141	0.95%	44385%	
2012	796,277	2,656,120	36,002	1,000,000	1,872,691	1,745,095	4,499,998	12,606,183	0.83%	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	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.

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)
2006	\$ 7,835,000	\$ -	\$ 7,835,000	1.33%	0.59%	26980.03%
2007	6,200,000	-	6,200,000	1.02%	0.43%	19912.00%
2008	4,625,000	-	4,625,000	0.75%	0.31%	14339.31%
2009	3,190,000	-	3,190,000	0.51%	0.22%	10018.84%
2010	2,075,000	-	2,075,000	0.32%	0.14%	6404.52%
2011	1,550,000	-	1,550,000	0.19%	0.11%	4919.23%
2012	1,000,000	-	1,000,000	0.12%	0.07%	3054.65%
2013	430,000	-	430,000	0.05%	0.03%	1250.76%
2014	140,000	-	140,000	0.02%	0.01%	406.33%
2015	-	-	-	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, 2015

<u>Governmental Unit</u>	<u>Long-Term Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Washington	\$ 2,004,585	100.00%	\$ 2,004,585
Beaufort County	28,372,825	22.00%	6,242,022
Total direct and overlapping debt	\$ <u>30,377,410</u>		\$ <u>8,246,607</u>

**CITY OF WASHINGTON, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Property	\$ 589,114,135	\$ 605,185,152	\$ 619,972,410	\$ 628,194,500	\$ 652,065,318	\$ 835,660,600	\$ 836,567,200	\$ 842,405,600	\$ 888,225,600	\$ 871,814,000
Debt Limit, 8% of Assessed Value (Statutory Limitation)	47,129,131	48,414,812	49,597,793	50,255,560	52,165,225	66,852,848	66,925,376	67,392,448	71,058,048	69,745,120
Amount of Debt Applicable to Limit										
Gross debt	10,339,300	8,572,495	9,732,690	11,447,098	9,970,911	13,985,141	12,606,183	10,925,555	8,813,655	7,670,087
Less: Debt outstanding for water purposes	3,988,279	3,071,643	2,191,429	1,396,201	795,229	567,587	324,769	69,810	-	-
Debt outstanding for electric purposes	406,697	313,225	223,467	142,375	81,090	2,501,526	33,117	7,119	-	-
Total net debt applicable to limit	5,944,324	5,187,627	7,317,794	9,908,522	9,094,592	10,916,028	12,248,297	10,848,626	8,813,655	7,670,087
Legal Debt Margin	\$ 41,184,807	\$ 43,227,185	\$ 42,279,999	\$ 40,347,038	\$ 43,070,633	\$ 55,936,820	\$ 54,677,079	\$ 56,543,822	\$ 62,244,393	\$ 62,075,033
Total net debt applicable to the limit as a percentage of debt limit	12.61%	10.71%	14.75%	19.72%	17.43%	16.33%	18.30% #	16.10%	12.40%	11.00%

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.

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)
2006	9,840	\$ 1,333	\$ 29,040	7,208	5.70%	251
2007	9,836	1,428	31,137	6,976	6.30%	218
2008	10,055	1,492	32,254	7,270	7.60%	184
2009	10,214	1,477	31,840	7,294	11.60%	125
2010	10,176	1,505	32,399	7,133	10.80%	185
2011	9,754	1,476	31,509	7,021	11.20%	155
2012	9,740	1,526	32,737	6,957	11.10%	213
2013	9,705	1,585	34,379	7,086	9.90%	173
2014	9,688	1,635	34,455	7,077	7.70%	167
2015	9,757	N/A	N/A	6,904	7.00%	172

N/A-Information not yet available.

Notes:

- (1) N.C. State Data Center and/or U.S. Census. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for 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 *

Employer	2015			2010		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (2)
Beaufort Co. Schools	982	1	4.93%	1057	1	4.91%
Vidant Hospital	590	2	2.96%	732	2	3.87%
Flander Filters	425	3	2.13%	654	3	3.58%
Beaufort County	312	4	1.57%	563	4	2.01%
City of Washington	227	5	1.14%	509	5	1.54%
Clarcor Engine Mobile Solutions	225	6	1.13%	431	6	1.49%
Hackney Kidron	165	7	1.13%	296	7	1.28%
PAS	156	8	1.14%	248	8	1.13%
Lowes Home Center	136	9	0.83%	242	9	1.11%
IDX Impressions	130	10	0.68%	157	10	0.69%
Total	3,348			4,889		

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

(2) Employment Security Commission of North Carolina

CITY OF WASHINGTON, NORTH CAROLINA

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Primary government:										
General government	24	24	30	31	27	27	26	26	23	23
Public safety	88	87	86	88	92	92	92	89	88	84
Transportation	15	14	14	14	14	13	13	12	12	11
Environmental protection	21	9	9	9	4	9	9	9	9	9
Cultural and recreation	20	19	14	15	15	16	16	14	15	15
Business-type activities:										
Water	15	15	15	15	14.5	14.5	14.5	14.5	14.5	14.5
Sewer	14	14	14	14	14.5	14.5	14.5	14.5	14.5	14.5
Electric	42	42	36	36	36	36	36	34	36	35
Stormwater utility	6	6	6	5	5	-	-	-	-	-
Solid waste	-	11	12	12	12	13	13	13	13	13
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	1	1	1	1	1	1	1	1
Aquatic center	-	-	2	2	2	2	2	1	1	1
Cemetery	-	-	-	-	5	5	5	5	5	5
Airport	-	-	-	-	-	-	-	-	1	1
Total	<u>245</u>	<u>241</u>	<u>239</u>	<u>242</u>	<u>242</u>	<u>243</u>	<u>242</u>	<u>233</u>	<u>233</u>	<u>227</u>

Source: City Finance Department

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

CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	3,199	1,109	1,360	1,408	1,111	989	1,180	1,626	1,561	1,008
Parking violations	501	102	102	163	400	52	155	103	173	335
Traffic violations	2,469	3,049	1,140	1,877	2,237	1,151	1,382	1,770	3,437	2,043
Fire										
Fire calls	397	404	457	715	619	698	689	653	596	533
EMS calls	2,248	1,858	1,931	2,050	2,168	2,170	2,319	2,345	2,463	2,485
Fire inspections	775	891	843	766	663	702	628	868	693	578
Streets										
Street resurfacing (miles)	-	3.84	1.23	-	-	2.18	-	-	-	1.76
New Construction (miles)	0.28	0.29	-	0.14	0.2	-	0.21	-	-	-
Solid Waste										
Refuse collected (tons/day)	25.91	25.33	24.26	22.58	21.7	21.2	20.9	20.37	19.93	20.04
Recyclables collected (tons/day)	0.41	0.68	0.84	0.87	1.28	1.62	1.96	1.9	1.81	1.85
Library										
Number of patrons	79,484	88,260	93,054	86,689	80,789	73,721	73,721	81,477	79,611	101,155
Number of Volumes	60,248	61,540	58,998	63,782	67,113	79,603	98,485	71,018	72,452	67,093
Water Utilities										
Number of customers										
Inside city	4,605	4,784	4,816	4,868	4,873	4,886	4,896	4,868	4,908	4,926
Outside city	414	216	225	222	228	232	244	257	258	254
Average daily consumption (millions of gallons)	2.33	2.025	2.26	2.757	2.241	2.312	2.289	2.256	2.295	2.274
Wastewater Utilities										
Number of customers										
Inside city	4,529	4,608	4,677	4,713	4,725	4,724	4,744	4,724	4,764	4,788
Outside city	222	100	116	121	120	121	128	137	138	136
Average daily treatment (millions of gallons)	1.87	1.769	1.517	1.639	1.859	1.727	1.486	1.942	2.035	1.972
Electric Utilities										
Number of customers	13,180	13,262	13,338	13,374	13,406	13,436	13,475	13,519	13,571	13,602
KWH Purchased	303,638,831	303,371,870	307,997,247	302,984,387	303,776,252	309,544,904	287,914,605	294,904,066	299,521,881	299,624,705
KWH Sold	285,692,860	284,923,965	286,998,316	283,188,507	281,258,069	297,422,463	274,920,134	280,051,176	280,590,510	281,465,066
Unaccounted KWH	17,945,971	18,447,905	20,998,931	19,795,880	22,518,183	12,122,441	12,994,471	14,852,890	18,931,371	18,159,639

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	13	15	14	14	14	14	13	14	14
Fire										
Stations	1	1	2	2	2	2	2	2	2	2
Streets										
Total miles	55.24	55.44	55.54	55.44	58.5	58.5	59.01	59.01	59.01	59.01
Paved miles	51.86	52.06	52.06	52.2	57.06	57.36	57.45	57.46	57.46	57.46
Unpaved miles	3.38	3.38	3.38	3.24	1.44	1.44	1.56	1.55	1.55	1.55
Recreation										
Neighborhood Centers	1	1	1	1	1	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	5	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
Skate Park	-	-	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	352	352	550	550	550	550	550	550
Open Space	124	124	124	124	162	162	162	162	162	162
Wilderness	140	140	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	1	1	-	-	-	-	-	-	-	-
Baseball	5	5	6	6	6	6	6	6	6	6
Softball	3	3	3	3	3	3	2	2	2	2
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	644	664	667	672	684	687	697	697	700	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	81	81	82.19	82.19	82	82	82	82
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	29	30	30	30	31	31	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	74	74.3	74.3	74.3	74.3	74.3	74.6
Miles of force mains	27	27	27	27	28.27	28.27	30.35	30.35	30.35	30.35
Electric Utilities										
Miles of distribution lines	400	400	400	400	400	400	400	400	400	400
Miles of transmission lines	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Substations	8	8	8	8	8	8	8	8	8	8
Storm Water Utility										
Miles of storm mains	32	32	32	32	32	32	32.1	32.1	32.1	32.1

Sources: Various city departments

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

Compliance Section

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act
- Schedule of Findings, Responses, and Questioned Costs
- Summary Schedule of Prior Audit Findings
- Schedule of Expenditures of Federal and State Awards

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

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2015. The City of Washington TDA was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Washington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2015-001.

City of Washington's Response to Finding

The City of Washington's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
December 3, 2015

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Washington's, North Carolina compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Washington's major State programs for the year ended June 30, 2015. The City of Washington's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Washington's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the City of Washington complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Washington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Washington's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Washington's internal control over compliance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
December 3, 2015

CITY OF WASHINGTON, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results

Financial Statements

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

State Awards

Internal control over major State programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major State programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No

Identification of major State programs:

Program Name

Airport Improvement Program

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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

Finding 2015-001

Criteria: G.S. 159-13(a) requires units to budget the receipt and disbursement of money. In addition, G.S. 159-13.1 requires units to adopt a financial plan for internal service funds.

Condition: In the current year, we noted that the City did not adopt a budget for the receipt of revenues and transfers in the CDBG Program Income Special Revenue Fund, the Water Capital Reserve Fund, and the Sewer Capital Reserve Fund. In addition, we noted that the City did not adopt a financial plan for the Vehicle Replacement Internal Service Fund and the Facility Maintenance Internal Service Fund.

Context: During our audit procedures, we noted violations General Statutes noted above.

Effect: The City was in violation of North Carolina General Statutes.

Cause: The County received money in the funds noted that had not been budgeted for in the budget ordinance or a financial plan.

Recommendation: Budget ordinances should be adopted in accordance with G.S. 159-13(a) and financial plans should be adopted in accordance with G.S. 159-13.1.

Contact Person: Matt Rauschenbach, Chief Financial Officer / Assistant City Manager

Views of Responsible Officials and Planned Corrective Actions: The City did not spend funds that were not appropriated for expenditures and has not violated the pre-audit certificate requirement. The City did, however, receive revenue in one special revenue fund, two enterprise funds, and two internal service funds that was unbudgeted. The reason the revenues were not budgeted is because there were not any expenditures for the year, creating an unbalanced budget if the revenues were budgeted for. Per the auditor's direction, in the future, the City will budget all estimated revenues for these funds and create an offsetting contingency expenditure appropriation in the same amount.

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

None

CITY OF WASHINGTON, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SFOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<i>U.S. Institute of Museum and Library Services</i>					
<i>Passed through the North Carolina Department of Cultural Resources</i>					
<i>Grants to States:</i>					
NC Cardinal Migration Grant	45.310	LSTA 2014-2015	\$ 20,439	\$ -	\$ -
LSTA EZ Edge Technology Grant	45.310	2014-2015 LSTA	4,556	-	-
<i>Total U.S. Institute of Museum and Library Services</i>			<u>24,995</u>	<u>-</u>	<u>-</u>
<i>U.S. Department of Homeland Security</i>					
<i>Federal Emergency Management Agency</i>					
Assistance to Firefighters Grant	97.044	EMW-2013-FO-00197	36,974	-	1,946
<i>Total U.S. Department of Homeland Security</i>			<u>36,974</u>	<u>-</u>	<u>1,946</u>
<i>U.S. Department of Interior</i>					
<i>Fish & Wildlife Service</i>					
<i>Passed through the North Carolina Division of Marine Fisheries</i>					
Sportfishing and Boating Safety Act - Lighthouse Restrooms & Dockmaster Station	15.622	NC-Y-F11AP00822	20,481	-	36,240
<i>Total U.S. Department of Interior</i>			<u>20,481</u>	<u>-</u>	<u>36,240</u>
<i>U.S. Department of Commerce</i>					
<i>Economic Development Administration</i>					
<i>Economic Adjustment Program/Infrastructure Improvement - Economic Development Cluster</i>					
Economic Adjustment Assistance	11.307	04-79-06833	149,846	-	146,527
<i>Total U.S. Department of Commerce</i>			<u>149,846</u>	<u>-</u>	<u>146,527</u>
<i>U.S. Department of Transportation Federal Highway Administration</i>					
<i>Passed through the North Carolina Department of Transportation</i>					
<i>Highway Planning & Construction Cluster</i>					
Highway Planning & Construction Cluster	20.205	M-0371	2,170	-	542
<i>Total U.S. Department of Transportation Highway Planning and Construction Cluster</i>			<u>2,170</u>	<u>-</u>	<u>542</u>
<i>U.S. Dept. of Justice</i>					
<i>Bureau of Justice Assistance</i>					
Bullet Proof Vest Partnership Program	16.607		2,613	-	2,613
<i>Total U.S. Department of Justice</i>			<u>2,613</u>	<u>-</u>	<u>2,613</u>
<i>U.S. Department of Transportation</i>					
<i>Passed through the North Carolina Department of Transportation</i>					
<i>Division of Aviation:</i>					
Airport Improvements - New Terminal Building	20.106	36237.51.9.1	-	410,923	45,658
Airport Improvements - New Terminal Building	20.106	36237.38.13.1	196,618	-	21,846
Airport Improvements	20.106	36237.38.11.1	15,734	-	1,748
Airport Improvements	20.106	36244.51.10	-	27,502	3,056
Airport Improvements	20.106	36237.38.14.1	4,224	-	469
<i>Total U.S. Department of Transportation</i>			<u>216,576</u>	<u>438,425</u>	<u>72,777</u>
<i>U.S. Department of Housing and Urban Development</i>					
<i>Passed through the North Carolina Department of Commerce</i>					
<i>Rural Economic Development:</i>					
<i>Community Development Block Grant, State's Program and Non-Entitlement</i>					
Grants in Hawaii - Building Reuse	14.228	2015-014-3201-2538	-	-	2,500
<i>Total U.S. Department of Housing and Urban Development</i>			<u>-</u>	<u>-</u>	<u>2,500</u>
<i>U.S. Department of Housing and Urban Development</i>					
<i>Passed through the North Carolina Department of Commerce</i>					
<i>CDBG -State -Administered CDBG Cluster:</i>					
<i>Community Development Block Grant, State's Program and Non-Entitlement</i>					
Grants in Hawaii - CDBG Job Creation - Jumpstart	14.228	11-C-2340	3,529	-	-
<i>Total CDBG-State-Administered CDBG Cluster</i>			<u>3,529</u>	<u>-</u>	<u>2,500</u>
Total Federal Awards			<u>457,184</u>	<u>438,425</u>	<u>263,145</u>

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SFOR THE YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-Through or Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
State Awards:					
<i>N.C. Department of Cultural Resources</i>					
State Aid to Libraries			-	8,696	-
<i>Total N.C. Department of Cultural Resources</i>			-	8,696	-
<i>N.C. Department of Transportation</i>					
Powell Bill			-	183,590	-
<i>Total N.C. Department of Transportation</i>			-	183,590	-
<i>N.C. Department of Environment and Natural Resources</i>					
<i>Division of Coastal Management</i>					
<i>NC Public Beach & Coastal Waterfront Access Program:</i>					
Lighthouse Restrooms & Dockmaster Station		5026	-	28,908	-
<i>Division of Water Infrastructure</i>					
Technical Assistance Grant			-	35,000	-
<i>Total N.C. Department of Environment and Natural Resources</i>			-	63,908	-
Total State Awards			-	256,194	-
Total Federal and State Awards			\$ 457,184	\$ 694,619	\$ 263,145

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

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Washington under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the City of Washington it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Washington.

Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

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