CITY OF WASHINGTON
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

CITY OF WASHINGTON

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

PREPARED BY THE FINANCE DEPARTMENT

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Introductory Section

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October 31, 2013

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, 2013.

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, 2013. 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; 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 20,512, leaving around 2,021 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 9.9%, which is a decrease of 1.2% from a rate of 11.1%, a year ago. This is higher than the State of North Carolina's average unemployment rate of 8.7% and is considerably higher than the national average of 7.3%. During the past fiscal year, Washington's local economy continued to feel the effects of a slow economy, similar to other cities and towns in the country. This is evidenced by a modest 2% increase of revenues in the areas of property, sales, and occupancy taxes. Revenues were conservatively budgeted for fiscal year 2013-2014 and management will be keeping a close eye on actual receipts to ensure that budget shortfalls do not occur in the next fiscal year.

Certain grant budget reductions by the State of North Carolina will likely have a negative impact on economic development opportunities for Beaufort County in the future. Grant programs administered by Golden Leaf, NC Rural Center, NC Biotech Center and NC BioFuels in the past have played an important role in Beaufort County's ability to assist businesses interested in expanding or relocating. Some of the programs have been eliminated and others have been assigned to other entities. NC tax credits heretofore available to

companies investing or adding employees will be eliminated beginning in 2014. The elimination of this program will have a negative impact on Beaufort County and other rural counties. Also, the State's funding for the NC Economic Development Regional Partnerships will be eliminated in 2014, which will impact the Northeast Partnership's ability to provide leads for our community.

Several businesses closed this year in the county, including Weir SPM, Brooks Boatworks and Carolina Machine Shop. The closings impacted approximately 100 employees in total. Vidant Pungo also announced it was closing the Belhaven hospital in 2014, which will impact about 127 employees. A new facility will be constructed and will employ approximately 35 people.

Since November 15 of 2012, the EDC has worked with 27 projects, of which 23 were new projects and 4 were existing businesses. Most of the projects were manufacturing and the rest were divided between clean energy, call centers and agricultural. Some of the more significant projects are discussed in more detail under the major initiatives tab below.

During last fiscal year, the Washington Tourism Development Authority (WTDA) launched an updated website to reflect the new branding strategy. The site was unveiled in March, 2013 and almost immediately there was an increase in site traffic and visitor inquiries. Washington and North Carolina were fortunate in that there was no major hurricane activity during the past year. However, that led to a decline in occupancy tax dollars due to the absence of repair contractors staying in local hotels. Having no natural disaster has provided management with a good baseline to analyze and budget for future occupancy tax collections. Management for the WTDA remained constant for the fiscal year. Management of the Civic Center was streamlined by relocating the administrative offices in the prior year. The new organizational flow should allow for more effective management and increased revenues.

Long-Term Financial Planning

During fiscal year 2012-2013 the City planned $1,439,773 of installment note financing for the replacement of the deck at the Civic Center, purchase of police vehicles, a street sweeper, expanding the fiber network to remote locations, the City's contribution to the lighthouse bathhouse, a bucket truck for the Electric Department, trucks for Water and Storm Water Departments, and other operating equipment for the Electric Department. Council elected to reduce the financing to $705,805 and use operating cash to purchase the remainder of the capital.

The City received a $600,000 no interest fifteen year loan through the North Carolina State Revolving Loan Program and completed the upgrade of its 50 year old Main & Respess sewer pump station.

The City was able to take advantage of historically low interest rates by refinancing the remaining obligation on two 30-year USDA loans with combined outstanding balances of $2,656,120 and carrying interest rates of 4.125% and 4.5%. A 15 year installment note was issued for $2,075,000 at a rate of 2.58% and the remaining amount was paid off with

$581,120 of general fund balance dollars. The debt will now be paid off 11 years early and result in saving $1,302,591 in debt service.

During fiscal year 2013-2014 the City anticipates borrowing $1,440,000 through installment note financing for the replacement of the Peterson Building roof and deck, to develop and implement a way finding project, rebuild the restrooms at the Third Street baseball fields, undertake several Electric Department distribution projects, and purchase other operating equipment for the Electric Department.

The $5,000,000 storm water drainage improvement project funded with Recovery Zone Economic Development Bonds neared completion at June 30, 2013. The project was designed to reduce the frequency and duration of roadway and personal property flooding during significant rain events in the Jacks Creek, Cherry Run, and Runyon Creek drainage basins. The remaining funds of approximately $150,000 will be utilized for drainage improvements in the Iron Creek subdivision and other areas of the City.

Major Initiatives

Beaufort County Economic Development worked with its partners to complete the sale of the Quick Start II building to ProNamic Industries, a producer of glass filter media for the filter industry. Oak Ridge Metal Works has located in the old Brooks Boatworks building at the Industrial Park. Both companies, together, have committed to creating approximately 54 jobs, 30 of which are already in place at Oak Ridge. Building renovations needed to accommodate both businesses were made possible by a 50/50 grant from the Department of Commerce Community Development Block Grant program. The grant award amount was $320,000 with an equal amount contributed by the manufacturers. The City contributed $30,000 to the project.

idX Impressions, a retail display manufacturer, also announced that they would add 159 new jobs over the next three years. Assistance was provided by Beaufort County Economic Development for a state grant and in the coordination of funding, hiring and training of personnel. The company is on target to hire at least 50 people this year. The City completed major improvements to the 400,000 square feet manufacturing facility leased to idX Impressions, LLC. The City secured $770,000 through installment financing in July 2011 to paint the exterior of the building, replace the roof, and install a fire suppression sprinkler system, along with other smaller projects. The debt was to be paid back through increased rent over a three year period. However, the City is currently negotiating the sale of the property to idX Impressions, LLC and anticipates on closing the sale in the next few months.

P&G Industries completed the purchase of the former Weir SMP facility north of Washington. The purchase allows P&G more flexibility to bid on larger projects and employ up to 30 more people, for a total of 60. The property it previously purchased in the Washington/Beaufort County Industrial Park will revert back to the City and County.

This past year, the EDC was heavily involved with the Beaufort County Community College and Beaufort County Public Schools system with a focus on filling the pipeline with more

qualified workers. The areas future success will be based on its ability to provide good qualified workers. The Economic Development Advisory Board developed a Work Plan and an Investment Guideline policy which will be recommended to the Beaufort County Board of Commissioners.

The City was awarded an EDA grant 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.

Spinrite Services Inc., a hand knit yarn manufacturer and distributor, was awarded an $180,000 grant from the One NC Fund for building improvements in return for creating 90 new jobs. The City and County are each contributing a $90,000 dollar grant match toward the project.

The Main Street Solutions Program awarded the City $200,000 to help fund the rehabilitation of the Old City Hall and generate eight jobs. Cedar Grove Plantation, LLC purchased to building and will be responsible for the renovations. There is not a City match for this project.

The City was awarded 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. There is no City match.

A solar farm was constructed in the White Post community. The City completed the connection to our distribution system for this reimbursable project. The owner of the farm is Sun Energy and they have entered into an agreement to sell electricity to Duke Progress Energy. Two additional solar farms are nearing completion and one other is planned to be located at the City's airport.

The City received two awards from the Federal Emergency Management Agency last year. The first award was in the amount of $185,000 to assist with demolishing the Old Health Department building that had been vacant for years due to flooding. The second award was in the amount of $332,785 for the construction of a new heavy rescue vehicle with a City match of 5% or $17,515. Both projects were complete by year end.

The City is continuing an aggressive load management switch installation program to reduce residential energy costs. 633 switches were installed this fiscal year. 2,318 switches have been installed since October 2010 resulting in residential customers saving approximately $100,900 per year on their electric bills.

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City was awarded a $295,125 Parks and Recreation Trust Fund Grant (PARTF) for the three phase construction of a waterfront festival park. Improvements included the construction of two new shelters, restrooms, and a tot playground area. The City was required to provide a 50% grant match for the project. Local citizen and organizational donations in the amount of $33,700 were received, reducing the City's actual cash outlay for the project to $261,425.

The Festival Park project was completed this fiscal year. The City was awarded a $200,000 Public Access Grant and the City contributed $50,000 to build a waterfront bath house and dock master station. The design has been completed and construction bid has been awarded. Construction will begin in the winter and be complete by spring. Other recreational projects within the City include a comprehensive bicycle plan funded with a $28,000 grant from the US Department of Transportation with a $7,000 City match and the development of a parks and recreation master plan funded by a $45,000 grant award from Pitt County. The City's match for the project is $5,000.

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 was awarded an $800,244 grant from the North Carolina Department of Transportation and the City will use $325,000 of the insurance proceeds to rebuild the terminal. The terminal building has been designed and the construction will begin in early 2014.

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, 2012. This was the seventeenth consecutive year (fiscal years ended 1996-2012) that the City has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,

Brian M. Alligood
City Manager

Matthew J. Rauschenbach
Chief Financial Officer

CITY OF WASHINGTON, NORTH CAROLINA
PRINCIPAL OFFICERS
JUNE 30, 2013

ELECTED OFFICIALS

Title	Name	Total Length Of Service	Term Expires
Mayor	N. Archie Jennings	8 years	December, 2013
Mayor Pro-Tem	Bobby E. Roberson	4 years	December, 2013
Councilperson	Edward Moultrie, Jr.	4 years	December, 2013
Councilperson	William H. Pitt	4 years	December, 2013
Councilperson	Douglas G. Mercer	6 years	December, 2013
Councilperson	Richard L. Brooks	2 years	December, 2013

The Mayor and Council serve 2 year terms.

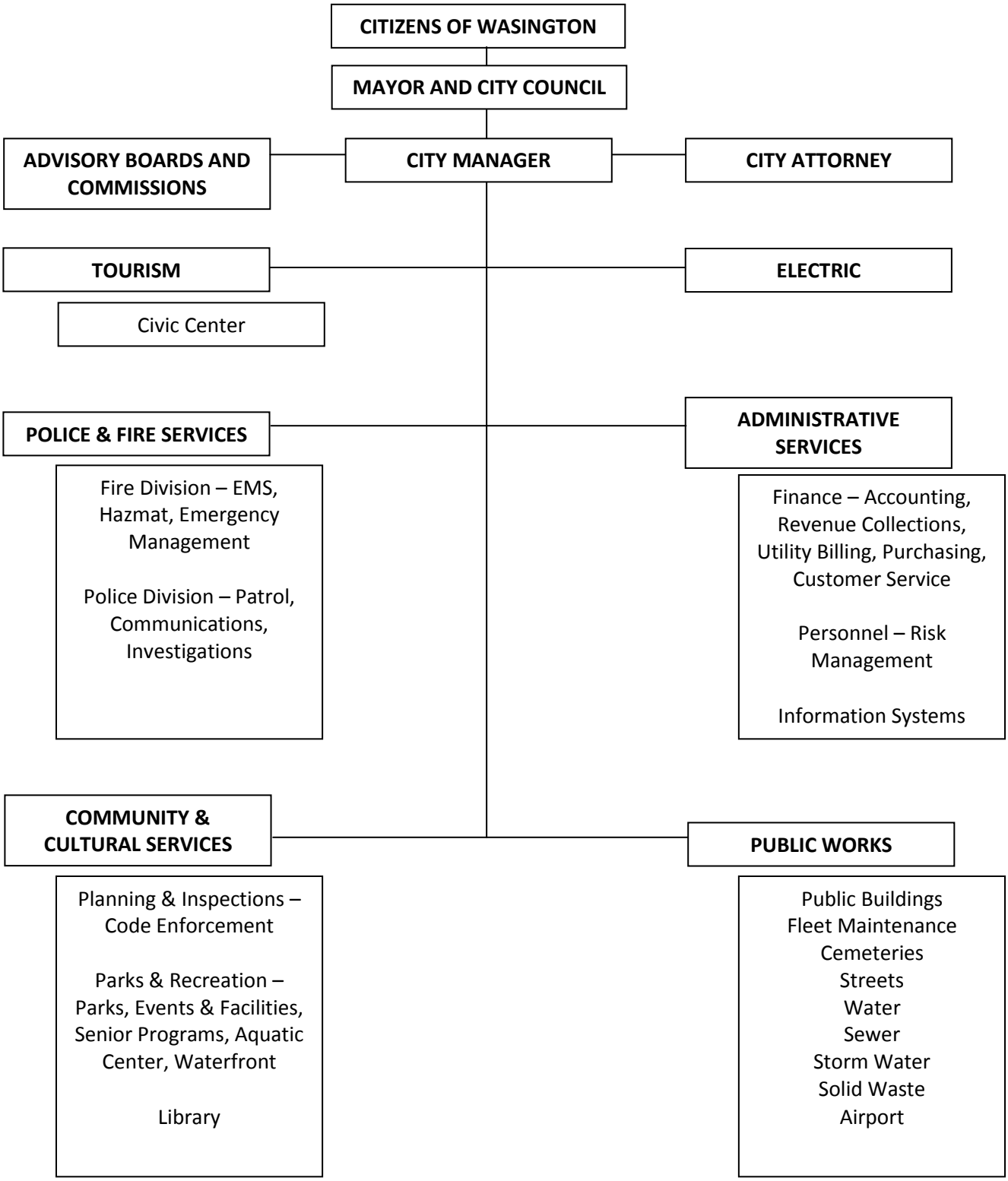
APPOINTED OFFICIALS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
City Attorney	Franz Holscher	7 years	6 years
City Clerk	Cynthia Bennett	5 years	13 years
City Manager	Vacant		

DEPARTMENT HEADS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
Community & Cultural Services Director	John D. Rodman	4 years	12 years
Electric Director	Keith A. Hardt	16 years	17 years
CFO/Administrative Services Director	Matthew J. Raschenbach	4 years	4 years
Fire Chief	Robert C. Rose	4 years	24 years
Library Director	Gloria J. Moore	6 years	23 years
Human Resources Director	Susan C. Hodges	10 years	10 years
Police & Fire Services Director	Stacy L. Drakeford	1 year	1 year
Public Works Director	R. Allen Lewis, III	10 years	10 years
Tourism Director	Lynn W. Lewis	10 years	10 years

CITY OF WASHINGTON
ORGANIZATION CHART
2012-2013



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, 2012

Executive Director/CEO

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Financial Section

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

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

INDEPENDENT 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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2013, and the related noted 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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Washington, North Carolina as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated October 31, 2013 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* and should be considered in assessing the results of our audit.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 31, 2013

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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, 2013. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Washington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $104,053,187 (*net position*). Of this amount, $20,220,991 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by $1,401,759, an increase of 1.37%. Of this amount, governmental net position grew by $763,061, while business-type net position increased by $638,698.

- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of $9,659,306, a decrease of $339,056. Approximately 26.38% of this total amount, or $2,547,670, is non-spendable or restricted.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,962,328, or 41.69% of total General Fund expenditures for the fiscal year.

- The City of Washington's total debt decreased by $1,515,879, or 9.83%, during the current fiscal year.

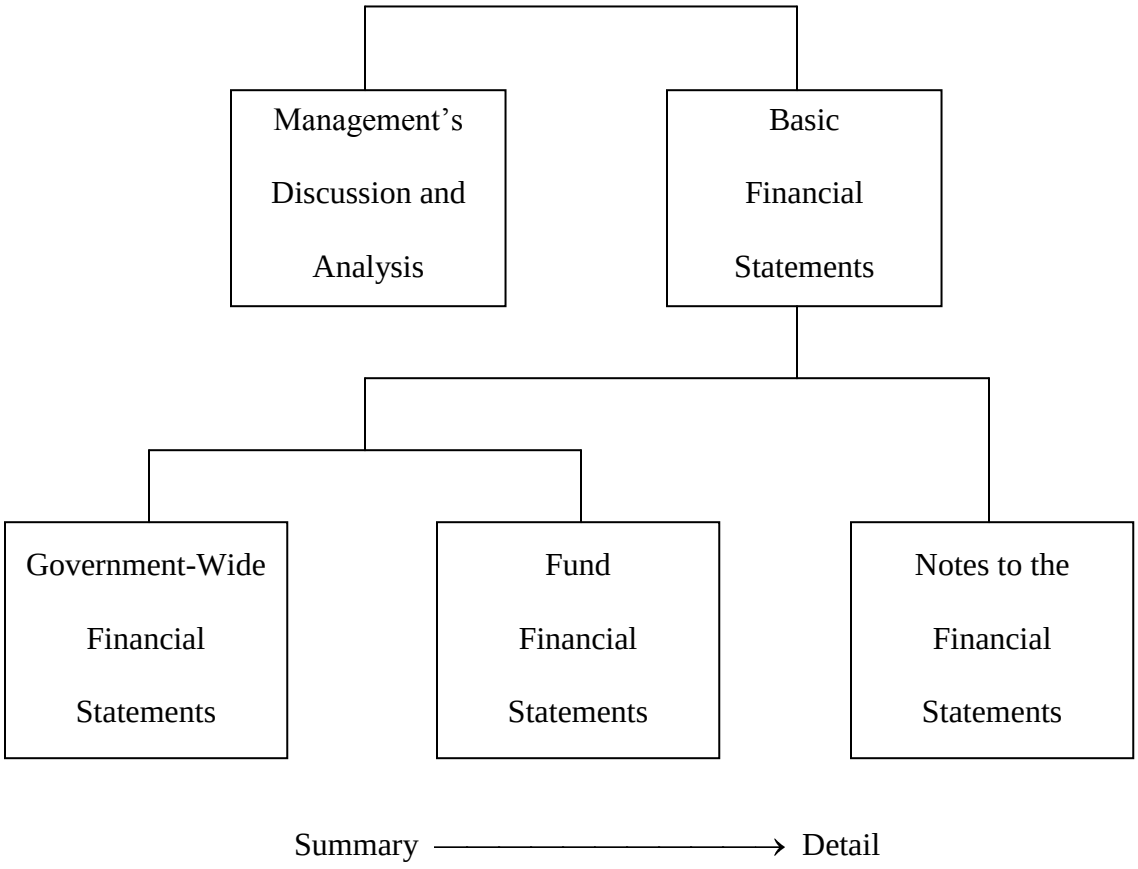
- The City currently has an A1 with no outlook rating from Moody's Investor Services and A+ with a stable outlook rating by Standard & Poor's Corporation. The North Carolina Municipal Council rates the City at 80 points.

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 15-17 of this report.

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

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

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

The City of Washington maintains twenty-two 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 twenty 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 18-22 of this report.

Proprietary Funds. The City of Washington has two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Washington uses enterprise funds to account for its water utilities, sewer utilities, storm water utilities, electric utilities, airport operations, solid waste utilities, and cemetery operations. Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm water, and electric utilities, which are considered to be major funds of the City of Washington. The airport operations, solid waste utility, and cemetery operations are considered to be nonmajor proprietary funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Washington operations. The City uses an internal service fund to account for one activity – its workers' compensation reserve. This operation benefits both governmental and proprietary funds and has been included within the governmental activities in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 23-26 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 27-65 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 66-67 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 68-138 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 11,904,981	$ 12,246,867	$ 18,758,402	$ 19,617,924	$ 30,663,383	$ 31,864,791
Capital assets, net	23,245,390	22,685,193	68,904,185	68,250,116	92,149,575	90,935,309
Total assets and deferred outflows of resources	35,150,371	34,932,060	87,662,587	87,868,040	122,812,958	122,800,100
Long-term liabilities, outstanding	5,016,595	5,514,455	8,892,723	9,910,742	13,909,318	15,425,197
Other liabilities	658,575	703,277	4,178,468	4,004,600	4,837,043	4,707,877
Deferred inflows of resources	13,410	15,598	-	-	13,410	15,598
Total liabilities and deferred inflows of resources	5,688,580	6,233,330	13,071,191	13,915,342	18,759,771	20,148,672
Net position:						
Net investment in capital assets	20,350,145	19,310,212	61,070,809	60,476,100	81,420,954	79,786,312
Restricted	2,411,242	3,070,972	-	-	2,411,242	3,070,972
Unrestricted	6,700,404	6,317,546	13,520,587	13,476,598	20,220,991	19,794,144
Total net position	$ 29,461,791	$ 28,698,730	$ 74,591,396	$ 73,952,698	$ 104,053,187	$ 102,651,428

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Washington exceeded liabilities and deferred inflows by $104,053,187 as of June 30, 2013. This is an increase in the City's net position of $1,401,759 for the fiscal year. By far the largest portion (78.25%) reflects its net investment in capital assets (e.g., land, buildings, systems, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Washington's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Washington's net position, $2,411,242, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $20,220,991 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets increased by $1,214,266 during the fiscal year. This increase of 1.34% is primarily attributable to capital investments in the City's drainage system, streets, buildings, utility systems, and parks.

Figure 3

City of Washington's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for service	$ 1,773,775	$ 1,713,903	$ 44,095,792	$ 43,662,514	$ 45,869,567	$ 45,376,417
Operating grants and contributions	668,134	991,534	-	-	668,134	991,534
Capital grants and contributions	543,524	1,453,056	698,736	1,960,460	1,242,260	3,413,516
General revenues:						
Property taxes	4,291,705	4,090,923	-	-	4,291,705	4,090,923
Other taxes	2,089,877	2,110,339	-	-	2,089,877	2,110,339
Unrestricted intergovernmental	1,550,229	1,529,835	-	-	1,550,229	1,529,835
Other	516,200	489,773	131,722	140,065	647,922	629,838
Total revenues	11,433,444	12,379,363	44,926,250	45,763,039	56,359,694	58,142,402
Expenses:						
General government	2,211,617	2,115,692	-	-	2,211,617	2,115,692
Public safety	5,769,373	6,272,982	-	-	5,769,373	6,272,982
Transportation	922,884	852,732	-	-	922,884	852,732
Environmental protection	654,618	657,371	-	-	654,618	657,371
Cultural and recreation	1,606,916	2,013,443	-	-	1,606,916	2,013,443
Economic and physical development	294,315	74,514	-	-	294,315	74,514
Interest on long-term debt	116,070	156,808	-	-	116,070	156,808
Water	-	-	3,016,643	2,859,068	3,016,643	2,859,068
Sewer	-	-	2,778,577	2,603,297	2,778,577	2,603,297
Electric	-	-	34,958,237	35,224,262	34,958,237	35,224,262
Storm water	-	-	390,349	414,551	390,349	414,551
Airport	-	-	696,759	457,044	696,759	457,044
Solid waste	-	-	1,256,031	1,332,906	1,256,031	1,332,906
Cemetery	-	-	285,546	276,551	285,546	276,551
Total expenses	11,575,793	12,143,542	43,382,142	43,167,679	54,957,935	55,311,221
Increase in net position before transfers	(142,349)	235,821	1,544,108	2,595,360	1,401,759	2,831,181
Transfers	905,410	1,193,432	(905,410)	(1,193,432)	-	-
Increase (decrease) in net position	763,061	1,429,253	638,698	1,401,928	1,401,759	2,831,181
Net position, July 1 (consolidated)	28,698,730	27,269,477	73,952,698	72,550,770	102,651,428	99,820,247
Net position, June 30	$ 29,461,791	$ 28,698,730	$ 74,591,396	$ 73,952,698	$ 104,053,187	$ 102,651,428

Governmental Activities. Governmental activities increased the City's net position by $763,061 after transfers, thereby accounting for 54.44% of the total growth in net position for the City of Washington. The key element of the increase was the continued investment in capital assets funded by federal and State agencies as well as the City and the retirement of debt when compared to what was borrowed during the year.

Business-Type Activities. Business-type activities increased the City of Washington's net position by $638,698, accounting for 45.56% growth in the overall government's net position. Revenues exceeded expenses by $1,544,108 before transfers out. The net transfers out of the business-type activities totaled $905,410 for the year. Of this amount, $846,121 is the annual dividend payment from the electric utility customers to the taxpayers of the City of Washington.

Financial Analysis of the Government's Funds

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

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

The General Fund is the chief operating fund of the City of Washington. At the end of the current fiscal year, the City's fund balance available in the General Fund was $6,307,870, while total fund balance reached $8,045,597. 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 50.75% of general fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 20.69% 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 $9,659,306, a net decrease of $339,056 in comparison with the prior year. Included in this change in fund balance are decreases in fund balance of the General, Special Revenue, and Capital Project Funds. Approximately 60.8% of this total amount, or $5,872,290, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either classified as restricted (by State statute or granting agencies), non-spendable such as the Cemetery and Library Non-Expendable Trust Fund balances, prepaid expenses and inventory, committed for items such as economic development capital grants, recreation capital grants and a police station, or assigned for downtown façade improvements.

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

Differences between the original budgeted revenues and the final amended budgeted revenues for the General Fund amounted to an $85,933 increase and are summarized as follows:

- $55,098 increase in restricted intergovernmental
- $30,835 increase in miscellaneous revenue

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund was $3,029,195 and is summarized as:

- $171,375 in increases allocated to general government activity
- $35,606 in increases allocated to public safety
- $102,103 in increases allocated to transportation
- $702 in increases allocated to environmental protection
- $120,557 in increases allocated to cultural and recreational
- $2,598,852 in decreases allocated to debt service

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

- $20,512 increase in transfer from other funds to account for the residual equity transfer from the Weir Valve Capital Project Fund back to the General Fund after the project did not come to fruition.
- $111,296 increase in transfer to other funds of which $107,596 was for the City's share of grant matches of several federal and State grants.
- $2,075,000 increase in debt proceeds due to the refinance of City Fire Station 2.
- $539,268 decrease in lease purchase proceeds due to the decision by Council to purchase General Fund capital items with cash rather than borrowed funds.
- $1,498,314 increase in appropriated fund balance to account for purchase orders and projects from the prior year that had not been completed at June 30, 2013.

During the year, actual revenues came in 4.07%, or $423,166, higher than budgetary estimates in the General Fund while expenditures were 4.91%, or $738,120, less than budgetary appropriations, thus reducing the level of existing fund balance needed to be drawn down ($337,434) compared to what was budgeted to be used ($1,506,703). 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 13/14 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.

The following proprietary funds saw increases in their net position at the close of the fiscal year on the full accrual basis of accounting, Sewer Fund, Storm Water Fund, Airport Fund, Solid Waste Fund, and Cemetery Fund. The Water Fund and Electric Fund had a negative change in net position on the full accrual basis of accounting. Three enterprise funds experienced losses on the budgetary basis of accounting, including the Electric Fund, Storm Water Fund, and Airport Fund. The drawdown of fund balance was anticipated in the Airport and Storm Water Funds due to a transfer of $325,000 from the Airport Fund to the Airport Terminal Building Capital Project Fund and the use of fund balance in the Storm Water Fund to pay back debt for Recovery Zone Economic Development bonds used to finance a massive drainage improvement project over the past couple of years. The Electric Fund realized a loss of $773,941 (budgetary basis) primarily due to another mild winter season. Consumer electric usage was down causing electric sales to come in $1,679,687 under budgeted revenues. Consequently, wholesale power costs came in $609,311 under the appropriated amount. That, along with other expenses coming in lower than budgeted, brought the net loss to $773,941. Management will continue to pay close attention to electric sales and wholesale power costs to ensure the long-term stability of the Electric Enterprise Fund.

Capital Asset and Debt Administration

Capital Assets. The City of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounted to $92,149,575 (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 $1,214,266, or 1.34% overall. This is represented by a 2.47% increase for governmental activities and a .96% increase for business-type activities.

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

- Multiple airport improvement projects continued during the year as a result of federal and State funding received through the NC Division of Aviation. The City began design work on a new terminal building after its 36 year old facility was completely destroyed on July 1, 2013 during a gustnado. The estimated 1.1 million dollar building is being constructed with grant funds and insurance proceeds. Other airport projects included paving amounting to $302,825 and airfield drainage improvements costing $164,510.

- Work on the Brown Street Bridge was completed during the fiscal year. 80% of this project was funded through the NCDOT municipal bridge program with the remaining 20% being matched by the City. Total replacement cost for the bridge was $855,708.

- Storm Water drainage improvements neared completion at June 30, 2013. The areas receiving improvements over the 3 year project are: the Airport Canal, Minuteman Lane to Whispering Pines Road, Jack's Creek, and Park Drive to 8th Street, and Smallwood. The total cost of improvements to date for this project is $4,847,808. Recovery Zone Economic Development bonds were issued in 2010 to finance the project.

- Construction continued on solar farm two and three during the year. An Electric Fund construction in progress asset addition in the amount of $217,276 has been recorded to account for this year's expenditures.

- Work was completed on the upgrade to the Main and Respess Pump Station. The project was funded by a 15 year, zero percent interest loan passed through the NC State Revolving Loan Program. Total cost of the project was $605,926.

- The City was awarded a $332,785 dollar grant from the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS) for the construction of a heavy rescue vehicle for the Fire/EMS division. The City's required grant match for the unit was 5% ($17,515).

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 5,173,034	$ 5,110,564	$ 1,649,782	$ 1,649,782	$ 6,822,816	$ 6,760,346
Buildings	8,636,612	7,954,770	4,577,560	4,795,592	13,214,172	12,750,362
Infrastructure	6,122,524	5,433,465		-	6,122,524	5,433,465
Plants, substations, lines drainage, and runways		-	52,178,756	51,770,118	52,178,756	51,770,118
General and mobile equipment	2,154,627	1,461,340	4,821,083	4,908,732	2,227,434	6,370,072
Furniture and office equipment	226,220	173,628	72,807	61,548	299,027	235,176
Construction in progress	932,373	2,551,426	5,604,197	5,064,344	6,536,570	7,615,770
Capital assets, net	$ 23,245,390	$ 22,685,193	$ 68,904,185	$ 68,250,116	$ 92,149,575	$ 90,935,309

Additional information on the City's capital assets can be found in note 5 on pages 42-46 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Washington had total debt outstanding of $10,925,555. Of this amount, $430,000 comprises water, sewer, and electric utility general obligation bonded debt backed by the full faith and credit of the government. The balance consists of installment notes in the amount of $4,200,123, loans from the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Loan Fund in the amount of $2,095,432, and $4,200,000 in outstanding Recovery Zone Economic Development bond debt.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	$ -	$ -	$ 430,000	$ 1,000,000	$ 430,000	$ 1,000,000
Installment notes	2,877,011	796,277	1,323,112	1,745,095	4,200,123	2,541,372
USDA Loan	-	2,656,120	-	-	-	2,656,120
Recovery Zone EDB	33,335	36,002	4,166,665	4,499,998	4,200,000	4,536,000
Revolving Loan Fund	-	-	2,095,432	1,872,691	2,095,432	1,872,691
Total	$ 2,910,346	$ 3,488,399	$ 8,015,209	$ 9,117,784	$ 10,925,555	$ 12,606,183

The City's total debt decreased by $1,680,628, or 13.33%, during the current fiscal year. The government issued a 59-month installment note in the amount of $465,805 to finance seven generators and a bucket truck for the Electric Fund and a one-ton dump truck for the Cemetery Fund. The City drew down an additional $391,244 of a $600,000 no interest, fifteen year loan from the North Carolina State Revolving Loan program to complete the upgrade of a 50 year old sewer pump station at Main & Respess streets. The City also borrowed $2,075,000 and used $581,120 of fund balance to pay off two 30-year USDA loans with combined balances of $2,656,120 and carrying interest rates of 4.125% and 4.5%. The new debt, a 15 year installment note, has a rate of 2.58%.

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 $67,392,448, which is significantly in excess of the City of Washington's outstanding general obligation debt. The City's legal debt margin is $56,543,822.

Additional information on the City of Washington's long-term debt can be found in note 11 on pages 55-63 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, privilege license and occupancy tax, Powell Bill, and building permits, are expected to remain relatively flat for FY 13/14. The original General Fund budget for FY 13/14 totals $14,549,312, a decrease of 6.03% when compared to the final fiscal year 12/13 budget. This significant decrease is primarily due to the refinancing of debt in last fiscal year as well as a significant reduction in the annual transfer from the Electric Fund to the General Fund. The transfer declined from $846,121 in FY 12/13 to $470,000 in FY 13/14. A 3% cost of living raise was included in the 13/14 budget, as well as merit raises ranging from 1% to 2.5%. General Fund contingency in the amount of $36,807 is available for any emergency items that arise during the year.

Budget Highlights for the Fiscal Year Ending June 30, 2014

The following factors were also considered when preparing the City of Washington's budget for the 13/14 fiscal year:

- The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 9.9%, a 1.2% decrease from a rate of 11.1% in 2012. This compares unfavorably to the State's average unemployment rate of 8.7% and the national average rate of 7.3%.
- The median household income for the City of Washington is $29,907, or 35.39%, below North Carolina's household income average of $46,291.
- 27.9% of Beaufort County residents live at or below the poverty level.
- Ad valorem tax collections are expected to remain around 94%.
- Retail sales are expected to remain relatively flat in fiscal year 13/14 when compared to 12/13.
- The transfer of the dividend payment to the General Fund from the Electric Fund is likely to continue to decrease over the coming year.

The property tax remained at a rate of $0.50 per $100 valuation for fiscal year 13-14 with $0.0144 of this rate continuing to be allocated toward public safety debt.

The water, sewer, stormwater, electric, and solid waste utility rates remained the same for FY 13-14.

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.

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Basic Financial Statements

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CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Assets:				
Cash and investments	$ 9,644,410	$ 10,736,204	$ 20,380,614	$ 199,109
Taxes receivable, net	374,132	-	374,132	-
Accounts receivable, net	1,560,029	5,818,239	7,378,268	23,555
Notes receivable	188,000	170,510	358,510	-
Inventories	90,360	1,021,136	1,111,496	-
Prepaid items	30,967	16,886	47,853	-
Restricted cash and investments	17,083	995,427	1,012,510	-
Security deposits	-	-	-	75
Capital assets:				
Non-depreciable	6,105,407	7,253,979	13,359,386	-
Depreciable, net	17,139,983	61,650,206	78,790,189	-
Total assets	35,150,371	87,662,587	122,812,958	222,739
Liabilities:				
Accounts payable and accrued liabilities	656,593	3,364,874	4,021,467	39,368
Liabilities payable from restricted assets:				
Customer deposits	1,982	813,594	815,576	-
Long-term liabilities:				
Due within one year	889,379	1,672,895	2,562,274	-
Due in more than one year	4,127,216	7,219,828	11,347,044	-
Total liabilities	5,675,170	13,071,191	18,746,361	39,368
Deferred Inflows of Resources:				
Prepaid taxes	13,410	-	13,410	-
Total deferred inflows of resources	13,410	-	13,410	-
Net Position:				
Net investment in capital assets	20,350,145	61,070,809	81,420,954	-
Restricted for:				
Stabilization for State statute	1,716,640	-	1,716,640	23,630
Permanently restricted for perpetual maintenance	492,476	-	492,476	-
General government	73,532	-	73,532	-
Public safety	61,441	-	61,441	-
Cultural and recreation	5,976	-	5,976	-
Economic and physical development	61,177	-	61,177	-
Tourism promotion	-	-	-	159,741
Unrestricted	6,700,404	13,520,587	20,220,991	-
Total net position	$ 29,461,791	$ 74,591,396	$ 104,053,187	$ 183,371

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, 2013

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 2,211,617	$ 826,617	$ 7,247	$ -
Public safety	5,769,373	650,174	486,734	330,935
Transportation	922,884	4,656	-	167,786
Environmental protection	654,618	-	-	-
Cultural and recreation	1,606,916	242,569	156,363	29,428
Economic and physical development	294,315	49,759	17,790	15,375
Interest on long-term debt	116,070	-	-	-
Total governmental activities	11,575,793	1,773,775	668,134	543,524
Business-Type Activities:				
Water	3,016,643	2,983,399	-	(113)
Sewer	2,778,577	3,091,654	-	(547)
Electric	34,958,237	35,420,242	-	249,451
Stormwater Utility	390,349	500,827	-	-
Warren Field Airport	696,759	667,196	-	449,850
Solid waste	1,256,031	1,260,476	-	95
Cemetery	285,546	171,998	-	-
Total business-type activities	43,382,142	44,095,792	-	698,736
Total primary government	$ 54,957,935	$ 45,869,567	$ 668,134	$ 1,242,260
Component Unit:				
Tourism Development Authority	$ 357,861	$ 101,378	$ 55,000	$ -
Total component unit	$ 357,861	$ 101,378	$ 55,000	$ -
General Revenues:				
Taxes:				
Ad valorem taxes				
Local option sales tax				
Utility franchise tax				
Local occupancy tax				
Other taxes and licenses				
Interest earnings				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net Position:				
Beginning of year - July 1				
End of year - June 30				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
$ (1,377,753)	$ -	$ (1,377,753)	$ -
(4,301,530)	-	(4,301,530)	-
(750,442)	-	(750,442)	-
(654,618)	-	(654,618)	-
(1,178,556)	-	(1,178,556)	-
(211,391)	-	(211,391)	-
(116,070)	-	(116,070)	-
(8,590,360)	-	(8,590,360)	-
-	(33,357)	(33,357)	-
-	312,530	312,530	-
-	711,456	711,456	-
-	110,478	110,478	-
-	420,287	420,287	-
-	4,540	4,540	-
-	(113,548)	(113,548)	-
-	1,412,386	1,412,386	-
(8,590,360)	1,412,386	(7,177,974)	-
-	-	-	(201,483)
-	-	-	(201,483)
4,291,705	-	4,291,705	-
2,283,193	-	2,283,193	-
1,147,567	-	1,147,567	-
209,346	-	209,346	203,066
482,220	-	482,220	-
33,980	131,722	165,702	513
8,448,011	131,722	8,579,733	203,579
905,410	(905,410)	-	-
9,353,421	(773,688)	8,579,733	203,579
763,061	638,698	1,401,759	2,096
28,698,730	73,952,698	102,651,428	181,275
$ 29,461,791	$ 74,591,396	$ 104,053,187	$ 183,371

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	$ 7,143,938	$ 1,612,184	$ 8,756,122
Taxes receivable, net	374,132	-	374,132
Accounts receivable, net	1,447,948	111,956	1,559,904
Notes receivable, net	-	188,000	188,000
Due from other funds	99,693	-	99,693
Inventories	90,360	-	90,360
Prepaid items	30,967	-	30,967
Restricted cash and investments	3,045	14,038	17,083
Total assets	$ 9,190,083	$ 1,926,178	$ 11,116,261
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 494,759	$ 13,060	$ 507,819
Due to other funds	-	99,693	99,693
Liabilities payable from restricted assets:			
Customer deposits	1,982	-	1,982
Total liabilities	496,741	112,753	609,494
Deferred Inflows of Resources:			
Taxes receivable	374,132	-	374,132
Prepaid taxes	13,410	-	13,410
EMS receivable	235,529	-	235,529
Other accounts receivable	24,674	700	25,374
Loans and notes receivable	-	199,016	199,016
Total deferred inflows of resources	647,745	199,716	847,461
Fund Balances:			
Non-spendable, not in spendable form:			
Inventories	90,360	-	90,360
Prepaid items	30,967	-	30,967
Perpetual maintenance - library care	-	95,375	95,375
Perpetual maintenance - cemetery care	-	397,101	397,101
Restricted:			
Stabilization by State statute	1,616,400	100,240	1,716,640
Restricted, all other	156,050	61,177	217,227
Committed	21	1,032,227	1,032,248
Assigned	189,471	17,627	207,098
Unassigned	5,962,328	(90,038)	5,872,290
Total fund balances	8,045,597	1,613,709	9,659,306
Total liabilities, deferred inflows of resources, and fund balances	$ 9,190,083	$ 1,926,178	

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	23,245,390
Other long-term assets are not available to pay for current expenditures and, therefore, are inflows of resources in the funds.	834,051
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.	739,711
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.	(5,016,595)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	(72)
Net position of governmental activities, per Exhibit A	$ 29,461,791

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	$ 4,301,643	$ -	$ 4,301,643
Other taxes and licenses	2,572,097	-	2,572,097
Unrestricted intergovernmental	1,550,229	-	1,550,229
Restricted intergovernmental	709,159	502,499	1,211,658
Permits and fees	64,266	-	64,266
Sales and services	1,491,966	-	1,491,966
Investment earnings	23,752	6,540	30,292
Miscellaneous	122,325	70,059	192,384
Total revenues	10,835,437	579,098	11,414,535
Expenditures:			
Current:			
General government	2,194,170	-	2,194,170
Public safety	5,418,834	348,352	5,767,186
Transportation	1,161,707	-	1,161,707
Environmental protection	364,891	1,654	366,545
Cultural and recreation	2,137,350	33,400	2,170,750
Economic and physical development	-	294,315	294,315
Debt service:			
Principal retirement	2,893,053	-	2,893,053
Interest and fees	131,408	-	131,408
Total expenditures	14,301,413	677,721	14,979,134
Revenues over (under) expenditures	(3,465,976)	(98,623)	(3,564,599)
Other Financing Sources (Uses):			
Long-term debt issued	2,315,000	-	2,315,000
Transfers from other funds	1,256,112	238,497	1,494,609
Transfers to other funds	(442,570)	(141,496)	(584,066)
Total other financing sources (uses)	3,128,542	97,001	3,225,543
Net change in fund balances	(337,434)	(1,622)	(339,056)
Fund Balance:			
Beginning of year - July 1	8,383,031	1,615,331	9,998,362
End of year - June 30	$ 8,045,597	$ 1,613,709	$ 9,659,306

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, 2013

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)	$	(339,056)
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.		1,618,023
Transfers of capital assets from governmental to business type activities are not reflected as transfers in the governmental fund financials as they are not outflows of current financial resources.		(5,133)
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.		(1,043,605)
In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(9,088)
Donated capital assets are not reported as an increase in financial resources in the fund statements.		-
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.		(22,535)
The issuance of long-term debt provides current financial resources to the governmental funds, while increases long-term debt in Statement of Net Assets.		(2,315,000)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Position.		2,893,053
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.		15,338
Internal Service Fund		51,257
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.		(80,193)
Changes in net position of governmental activities	$	763,061

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, 2013

	Budgeted Amounts			Variance From Final Budget
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	$ 4,176,324	$ 4,176,323	$ 4,301,643	$ 125,320
Other taxes and licenses	2,433,263	2,433,263	2,572,097	138,834
Unrestricted intergovernmental	1,652,634	1,652,634	1,550,229	(102,405)
Restricted intergovernmental	552,905	608,003	709,159	101,156
Permits and fees	54,350	54,350	64,266	9,916
Sales and services	1,397,782	1,397,782	1,491,966	94,184
Investment earnings	14,830	14,830	23,752	8,922
Miscellaneous	44,250	75,086	122,325	47,239
Total revenues	10,326,338	10,412,271	10,835,437	423,166
Expenditures:				
General government	2,369,439	2,540,814	2,194,170	346,644
Public safety	5,529,432	5,565,038	5,418,834	146,204
Transportation	1,162,707	1,264,810	1,161,707	103,103
Environmental protection	368,813	369,515	364,891	4,624
Cultural and recreation	2,149,981	2,270,538	2,137,350	133,188
Debt service:				
Principal retirement	294,351	2,893,997	2,893,053	944
Interest and fees	135,615	134,821	131,408	3,413
Total expenditures	12,010,338	15,039,533	14,301,413	738,120
Revenues over (under) expenditures	(1,684,000)	(4,627,262)	(3,465,976)	1,161,286
Other Financing Sources (Uses):				
Transfers from other funds	1,235,517	1,256,029	1,256,112	83
Transfers to other funds	(331,274)	(442,570)	(442,570)	-
Long-term debt issued	771,368	2,307,100	2,315,000	7,900
Appropriated fund balance	8,389	1,506,703	-	(1,506,703)
Total other financing sources (uses)	1,684,000	4,627,262	3,128,542	(1,498,720)
Net change in fund balance	$ -	$ -	(337,434)	$ (337,434)
Fund Balance:				
Beginning of year - July 1			8,383,010	
End of year - June 30			$ 8,045,576	

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, 2013

	Major Enterprise Funds				Nonmajor		Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund	Enterprise Funds	Total	Internal Service Fund
Assets:							
Current assets:							
Cash and investments	$ 1,936,635	$ 2,357,705	$ 5,063,190	$ 435,744	$ 942,930	$10,736,204	$ 888,288
Accounts receivable, net	504,946	392,523	4,231,786	65,875	623,109	5,818,239	125
Notes receivable	-	170,510	-	-	-	170,510	-
Inventories	109,205	57,244	797,755	-	56,932	1,021,136	-
Prepaid assets	-	-	14,899	-	1,987	16,886	-
Restricted cash and investments	58,639	-	754,955	173,458	8,375	995,427	-
Total current assets	2,609,425	2,977,982	10,862,585	675,077	1,633,333	18,758,402	888,413
Non-current assets:							
Non-depreciable capital assets	117,538	112,022	282,053	4,935,251	1,807,115	7,253,979	-
Capital assets, net of accumulated depreciation	14,003,235	18,991,128	23,770,069	3,594,698	1,291,076	61,650,206	-
Total capital assets, net	14,120,773	19,103,150	24,052,122	8,529,949	3,098,191	68,904,185	-
Total assets	16,730,198	22,081,132	34,914,707	9,205,026	4,731,524	87,662,587	888,413
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	67,743	85,945	2,734,203	14,408	462,575	3,364,874	148,702
Liabilities payable from restricted assets:							
Customer deposits	58,639	-	754,955	-	-	813,594	-
Current portion of installment notes	-	17,630	547,834	6,674	53,202	625,340	-
Current portion of general obligation bonds	69,810	213,071	7,119	-	-	290,000	-
Current portion of revolving loans	-	168,503	-	-	-	168,503	-
Current portion of Recovery Zone Economic Development Bonds	-	-	-	333,333	-	333,333	-
Current portion of compensated absences	54,332	46,531	116,026	-	38,830	255,719	-
Total current liabilities	250,524	531,680	4,160,137	354,415	554,607	5,851,363	148,702
Non-current liabilities:							
Non-current portion of installment notes	-	-	630,600	-	67,172	697,772	-
Non-current portion of general obligation bonds	-	140,000	-	-	-	140,000	-
Non-current portion of revolving loans	-	1,926,929	-	-	-	1,926,929	-
Non-current portion of Recovery Zone Economic Development Bonds	-	-	-	3,833,332	-	3,833,332	-
Non-current portion of compensated absences	38,867	33,286	83,001	-	27,776	182,930	-
Non-current portion of OPEB liability	82,664	82,664	176,593	-	96,944	438,865	-
Total non-current liabilities	121,531	2,182,879	890,194	3,833,332	191,892	7,219,828	-
Total liabilities	372,055	2,714,559	5,050,331	4,187,747	746,499	13,071,191	148,702
Net Position:							
Net investment in capital assets	14,050,963	16,637,017	22,866,569	4,530,068	2,986,192	61,070,809	-
Unrestricted	2,307,180	2,729,556	6,997,807	487,211	998,833	13,520,587	739,711
Total net position	$16,358,143	$19,366,573	$29,864,376	$ 5,017,279	$ 3,985,025	$74,591,396	$ 739,711

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, 2013

	Major Enterprise Funds				Nonmajor		Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund	Enterprise Funds	Total	Internal Service Fund
Operating Revenues:							
Charges for sales and services	$ 2,856,585	$ 3,032,742	$34,945,293	$ 495,451	$ 1,581,059	$42,911,130	$ 116,000
Late penalty charges	17,477	22,289	208,513	3,916	-	252,195	-
Impact fees	11,324	26,933	-	-	-	38,257	-
Other	51,992	8,602	178,152	1,460	512,480	752,686	-
Total operating revenues	2,937,378	3,090,566	35,331,958	500,827	2,093,539	43,954,268	116,000
Operating Expenses:							
Administration	530,949	485,980	1,944,724	42,248	-	3,003,901	-
Wastewater treatment and collection	-	1,580,109	-	-	-	1,580,109	-
Water treatment and distribution	1,769,073	-	-	-	-	1,769,073	-
Electrical operations	-	-	2,770,782	-	-	2,770,782	-
Electric power purchases	-	-	28,495,889	-	-	28,495,889	-
Warren Field Airport operations	-	-	-	-	413,583	413,583	-
Solid Waste operations	-	-	-	-	1,177,489	1,177,489	-
Cemetery operations	-	-	-	-	283,616	283,616	-
Depreciation	702,782	639,813	1,599,025	132,027	221,638	3,295,285	-
Insurance claims	-	-	-	-	-	-	68,431
Total operating expenses	3,002,804	2,705,902	34,810,420	174,275	2,096,326	42,789,727	68,431
Operating income (loss)	(65,426)	384,664	521,538	326,552	(2,787)	1,164,541	47,569
Non-Operating Revenues (Expenses):							
Rents	34,777	-	-	-	-	34,777	-
Recovery of doubtful accounts	248	-	-	-	-	248	-
Investment earnings	7,230	8,738	18,530	95,159	2,065	131,722	3,688
Sale of surplus and scrap	7,401	-	46,964	-	-	54,365	-
Assessments	-	142	-	-	-	142	-
Fines and meters	-	-	20,938	-	-	20,938	-
Solid waste disposal tax	-	-	-	-	6,131	6,131	-
Interest expense	(13,839)	(72,675)	(36,237)	(216,074)	(3,752)	(342,577)	-
Gustnado expenses	-	-	(111,580)	-	(138,258)	(249,838)	-
Miscellaneous	3,595	946	20,382	-	-	24,923	-
Total non-operating revenues (expenses)	39,412	(62,849)	(41,003)	(120,915)	(133,814)	(319,169)	3,688
Income (loss) before capital contributions and transfers	(26,014)	321,815	480,535	205,637	(136,601)	845,372	51,257
Capital Contributions and Transfers:							
Capital contributions	(113)	(547)	254,584	-	449,945	703,869	-
Transfers in	-	-	-	-	204,073	204,073	-
Transfers out	(100,609)	(69,178)	(944,829)	-	-	(1,114,616)	-
Total contributions and transfers	(100,722)	(69,725)	(690,245)	-	654,018	(206,674)	-
Change in net position	(126,736)	252,090	(209,710)	205,637	517,417	638,698	51,257
Net Position:							
Beginning of year - July 1	16,484,879	19,114,483	30,074,086	4,811,642	3,467,608	73,952,698	688,454
End of year - June 30	$16,358,143	$19,366,573	$29,864,376	$ 5,017,279	$ 3,985,025	$74,591,396	$ 739,711

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

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CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund
Cash Flows From Operating Activities:				
Cash received from customers	$ 3,139,855	$ 3,274,176	$ 36,036,911	$ 529,848
Cash paid to employees for services	(794,838)	(750,354)	(1,625,850)	(87)
Cash paid to suppliers	(1,465,252)	(1,307,178)	(31,733,766)	(399,850)
Net cash provided (used) by operating activities	879,765	1,216,644	2,677,295	129,911
Cash Flows From Non-Capital Financing Activities:				
Repayments to/from other funds	-	(80,949)	-	(32,706)
Transfers from other funds	-	-	-	-
Transfers to other funds	(100,609)	(69,178)	(944,829)	-
Net cash provided (used) by non-capital financing activities	(100,609)	(150,127)	(944,829)	(32,706)
Cash Flows From Capital and Related Financing Activities:				
Interest paid on notes, bonds, and loans	(13,839)	(72,675)	(36,237)	(216,074)
Acquisition of capital assets	(202,213)	(698,641)	(1,811,030)	(683,981)
Capital contributions	(113)	(547)	249,451	-
Principal collected on note receivable	-	19,472	-	-
Proceeds from issuance of debt	-	391,244	430,805	-
Principal payments on long-term debt	(254,959)	(487,083)	(787,144)	(344,513)
Net cash provided (used) by capital and related financing activities	(471,124)	(848,230)	(1,954,155)	(1,244,568)
Cash Flows From Investing Activities:				
Investment earnings	7,230	8,738	18,530	95,159
Net cash provided (used) by investing activities	7,230	8,738	18,530	95,159
Net increase (decrease) in cash and cash equivalents/investments	315,262	227,025	(203,159)	(1,052,204)
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	1,680,012	2,130,680	6,021,304	1,661,406
End of year - June 30	$ 1,995,274	$ 2,357,705	$ 5,818,145	$ 609,202
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (65,426)	$ 384,664	$ 521,538	$ 326,552
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	702,782	639,813	1,599,025	132,027
Non-operating revenues (expenses)	46,021	1,088	(23,296)	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	144,088	182,522	492,822	29,021
(Increase) decrease in inventories	(5,046)	726	(7,012)	-
(Increase) decrease in prepaid assets	-	-	(14,899)	-
Increase (decrease) in accounts payable and accrued liabilities	23,692	11,878	(56,319)	(357,689)
Increase (decrease) in customer deposits	12,368	-	123,847	-
Increase (decrease) in compensated absences payable	4,264	(21,069)	10,105	-
Increase (decrease) in OPEB liability	17,022	17,022	31,484	-
Net cash provided (used) by operating activities	$ 879,765	$ 1,216,644	$ 2,677,295	$ 129,911
Non-Cash Investing, Capital, and Financing Activities:				
Transfer in of capital assets	$ -	$ -	$ 5,133	$ -
Total non-cash investing, capital, and financing activities	$ -	$ -	$ 5,133	$ -

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

Exhibit I

Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
$ 1,679,548	$ 44,660,338	$ 115,875
(792,050)	(3,963,179)	(91,009)
(774,896)	(35,680,942)	-
112,602	5,016,217	24,866
-	(113,655)	-
204,073	204,073	-
-	(1,114,616)	-
204,073	(1,024,198)	-
(3,752)	(342,577)	-
(548,356)	(3,944,221)	-
456,076	704,867	-
-	19,472	-
35,000	857,049	-
(85,925)	(1,959,624)	-
(146,957)	(4,665,034)	-
2,065	131,722	3,688
2,065	131,722	3,688
171,783	(541,293)	28,554
779,522	12,272,924	859,734
$ 951,305	$ 11,731,631	$ 888,288
$ (2,787)	$ 1,164,541	$ 47,569
221,638	3,295,285	-
(138,258)	(114,445)	-
(413,991)	434,462	(125)
6,168	(5,164)	-
(1,987)	(16,886)	-
416,092	37,654	(22,578)
-	136,215	-
5,720	(980)	-
20,007	85,535	-
$ 112,602	$ 5,016,217	$ 24,866
$ -	$ 5,133	$ -
$ -	$ 5,133	$ -

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

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Notes to Basic Financial Statements

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CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

City of Washington Tourism Development Authority

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

B. Basis of Presentation

Government-Wide Statements. The Statement of Net 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.

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 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 six special revenue funds: the CDBG Program Income Fund, the CDBG Affordable Housing Fund, the Comprehensive Bicycle Plan Fund, the Talent Enhancement Grant Fund, the CDBG Jumpstart Washington Fund, and the Old Health Department Fund.

Capital Project Funds. The City maintains fourteen capital project funds: the New Police Station Capital Project Fund, the Festival Park Construction Fund, the Public Safety Capital Reserve Fund, the Facade Program Fund, the Impressions Building Fund, the Spinrite Economic Development Grant Fund, the Old City Hall Rehabilitation Fund, the Weir Valves Rehabilitation Grant Fund, the Rescue Vehicle Construction Fund, the NCDENR Pedestrian Grant, the NCDENR Adopt-A-Trail Grant Fund, the Parks and Recreation Master Plan, the Waterfront Restroom Fund, and the CDBG Project Blue Goose 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 has been consolidated with the Water Fund. The Main and Respess Lift Station Project Fund and the Sewer Capital Reserve 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 has been consolidated with the Warren Field Airport Fund.

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

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

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and

expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City. For those motor vehicles registered, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and offset by deferred inflows of resources.

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

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

C. Budgetary Data

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Economic Development Capital Reserve Fund, certain special revenue funds, capital project funds, permanent funds, and enterprise funds. The CDBG Program Income Special Revenue Fund has a legally adopted annual budget. Capital project funds that have legally adopted annual budgets are the Facade Program Fund and the Public Safety Capital Reserve Fund. The Water Capital Reserve Fund and the Sewer Capital Reserve Fund have legally adopted annual budgets, which are combined with the enterprise funds in the accompanying financial statements. All appropriations lapse at the fiscal year-end. Project ordinances are adopted for certain special revenue funds and capital projects funds. All other special revenue funds and capital project funds have legally adopted project budgets The Main and Respess Lift Station and the Recovery Zone Bond Enterprise Capital Project Funds legally adopt a project budget. The City's Workers' Compensation Reserve Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

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

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

Deposits

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

Investments

State law [G. S. 159-30 (c)] authorizes the City and the TDA to invest in obligations of the United States or obligations fully guaranteed as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"). The City's and 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.

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, 2012. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Uncollectible Accounts

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

Inventories 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 expensed as the items are used.

Capital Assets

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

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

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 are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

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 in tact.

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

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

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

Restricted Fund Balance

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

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

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

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

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

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

Restricted fund balance at June 30, 2013 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, all other:		
General government	$ 88,633	$ -
Public safety	61,441	-
Economic and physical development	-	61,177
Cultural and recreational	5,976	-
Total	$ 156,050	$ 61,177

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, 2013 is as follows:

Purpose	General Fund	Other Governmental Funds
Economic development	$ 21	$ 154,796
Public safety	-	877,431
Total	$ 21	$ 1,032,227

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, 2013 is as follows:

Purpose	General Fund	Other Governmental Funds
Economic development	$ -	$ 17,627
Streets	189,471	-
Total	$ 189,471	$ 17,627

Unassigned Fund Balance

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

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

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

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

Total fund balance - General Fund	$	8,045,597
Less:		
Inventories		90,360
Prepaid items		30,967
Stabilization by State statute		1,616,400
Total available fund balance	$	6,307,870

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2013 are detailed as follows:

	General Fund	Other Governmental Funds
Encumbrances	$ 328,962	$ -

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

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

Fund balance, ending - General Fund (Exhibit F)	$ 8,045,576
Economic Development Capital Reserve Fund:	
Transfers in	156,000
Transfers out	(156,000)
Fund balance, beginning	21
Fund balance, ending - General Fund (Exhibit D)	$ 8,045,597

Change in Accounting Principles

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

2. Detail Notes on All Funds

Assets

Deposits

All of the City's and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's and the TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the TDA, these deposits are considered to be held by the agent in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City and the TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the TDA have no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City 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, 2013, the City's deposits had a carrying amount of $21,343,269 and a bank balance of $21,628,691. Of the bank balance, $1,250,000 was covered by federal depository insurance and $20,378,691 was covered by collateral held under the Pooling Method. The City also had $1,195 in petty cash on hand at June 30, 2013.

Investments

At June 30, 2013, the City's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust - Cash Portfolio	$ 48,660	N/A	AAAm

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

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

3. Accounts Receivable - Allowance for Doubtful Accounts

The receivables shown in the Statement of Net Position at June 30, 2013, are net of the following allowances for doubtful accounts:

Fund	June 30, 2013
Governmental Activities:	
General Fund:	
Taxes receivable	$ 154,343
EMS charges receivable	721,363
Miscellaneous	58,908
Total governmental activities	$ 934,614
Business-Type Activities:	
Enterprise Funds:	
Water Fund - accounts receivable	$ 39,739
Water Fund - miscellaneous receivable	1,920
Sewer Fund - accounts receivable	52,960
Sewer Fund - miscellaneous receivable	659
Electric Fund - accounts receivable	576,810
Electric Fund - miscellaneous receivable	18,618
Stormwater Utility Fund - accounts receivable	7,395
Solid Waste Fund - accounts receivable	19,813
Total business-type activities	$ 717,914

4. Notes Receivable

The City issued a note receivable on July 12, 1999 in the amount of $188,000 in the CDBG Program Income Fund, of which the total principal is due on August 1, 2019. Interest is calculated at 1% and is due monthly. The amount outstanding at June 30, 2013 is $188,000.

The City issued a note receivable on December 12, 1994 in the amount of $400,000 in the Sewer Fund. Interest is calculated at 5.6%. Principal and interest is due annually through January 2020. The amount outstanding at June 30, 2013 is $170,510.

5. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	$ 5,110,564	$ 62,470	$ -	$ -	$ 5,173,034
Construction in progress	2,551,426	593,346	-	(2,212,399)	932,373
Total non-depreciable capital assets	7,661,990	655,816	-	(2,212,399)	6,105,407
Depreciable Capital Assets:					
Buildings	14,503,231	15,325	-	1,045,988	15,564,544
Streets and other improvements	9,416,241	153,088	-	817,676	10,387,005
General equipment	1,393,970	12,289	(95,152)	-	1,311,107
Office machines	1,136,921	113,120	(100,255)	-	1,149,786
Furniture	101,405	-	-	-	101,405
Vehicles	3,402,163	668,385	(59,688)	334,736	4,345,596
Total depreciable capital assets	29,953,931	962,207	(255,095)	2,198,400	32,859,443
Less Accumulated Depreciation:					
Buildings	6,548,461	379,471	-	-	6,927,932
Streets	3,982,776	281,705	-	-	4,264,481
General equipment	1,122,424	60,077	(92,082)	-	1,090,419
Office machines	965,503	59,320	(100,255)	-	924,568
Furniture	99,195	1,208	-	-	100,403
Vehicles	2,212,369	261,824	(53,670)	(8,866)	2,411,657
Total accumulated depreciation	14,930,728	$ 1,043,605	$ (246,007)	$ (8,866)	15,719,460
Total depreciable capital assets, net	15,023,203				17,139,983
Governmental activities capital assets, net	$ 22,685,193				$ 23,245,390

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

Governmental Activities:	
General government	$ 169,694
Public safety	320,195
Transportation	279,820
Environmental protection	119
Cultural and recreational	273,777
Total	$ 1,043,605

Capital asset activity for the business-type activities for the year ended June 30, 2013 was as follows:

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Water Fund:					
Non-Depreciable Capital Assets:					
Land	$ 117,538	$ -	$ -	$ -	$ 117,538
Total non-depreciable capital assets	117,538	-	-	-	117,538
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	15,624,056	162,772	-	-	15,786,828
Buildings	7,157,297	8,609	-	-	7,165,906
Furniture and office equipment	780,661	30,832	-	-	811,493
General and mobile equipment	4,589,616	-	(18,906)	-	4,570,710
Total depreciable capital assets	28,151,630	202,213	(18,906)	-	28,334,937
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	7,329,261	333,354	-	-	7,662,615
Buildings	2,961,324	196,581	-	-	3,157,905
Furniture and office equipment	745,830	6,976	-	-	752,806
General and mobile equipment	2,611,411	165,871	(18,906)	-	2,758,376
Total accumulated depreciation	13,647,826	$ 702,782	$ (18,906)	$ -	14,331,702
Total depreciable capital assets, net	14,503,804				14,003,235
Water Fund capital assets, net	$ 14,621,342				$ 14,120,773

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	$ 25,481	$ -	$ -	$ -	$ 25,481
Construction in progress	305,746	437,545	-	(656,750)	86,541
Total non-depreciable capital assets	331,227	437,545	-	(656,750)	112,022
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	35,373,249	122,366	-	656,750	36,152,365
Buildings	2,433,057	-	-	-	2,433,057
Furniture and office equipment	76,877	-	-	-	76,877
General and mobile equipment	1,090,074	138,730	-	16,005	1,244,809
Total depreciable capital assets	38,973,257	261,096	-	672,755	39,907,108
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	17,370,116	552,919	-	-	17,923,035
Buildings	2,086,679	17,005	-	-	2,103,684
Furniture and office equipment	74,673	1,889	-	-	76,562
General and mobile equipment	728,694	68,000	-	16,005	812,699
Total accumulated depreciation	20,260,162	$ 639,813	$ -	$ 16,005	20,915,980
Total depreciable capital assets, net	18,713,095				18,991,128
Sewer Fund capital assets, net	$ 19,044,322				$ 19,103,150

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	$ 64,777	$ -	$ -	$ -	$ 64,777
Construction in progress	560,986	217,276	-	(560,986)	217,276
Total non-depreciable capital assets	625,763	217,276	-	(560,986)	282,053
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	49,780,829	1,178,606	(226,497)	560,986	51,293,924
Buildings	612,204	-	-	-	612,204
Furniture and office equipment	630,571	-	(403,708)	-	226,863
General and mobile equipment	7,683,608	415,148	(202,840)	(2,006)	7,893,910
Total depreciable capital assets	58,707,212	1,593,754	(833,045)	558,980	60,026,901
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	28,599,790	1,200,839	(226,497)	-	29,574,132
Buildings	380,554	13,055	-	-	393,609
Furniture and office equipment	606,058	10,708	(403,708)	-	213,058
General and mobile equipment	5,911,589	374,423	(202,840)	(7,139)	6,076,033
Total accumulated depreciation	35,497,991	$ 1,599,025	$ (833,045)	$ (7,139)	36,256,832
Total depreciable capital assets, net	23,209,221				23,770,069
Electric Fund capital assets, net	$ 23,834,984				$ 24,052,122

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Land	$ 175,338	$ -	$ -	$ -	$ 175,338
Construction in progress	4,104,099	655,814	-	-	4,759,913
Total non-depreciable capital assets	4,279,437	655,814	-	-	4,935,251
Depreciable Capital Assets:					
Drainage system	5,398,047	-	-	-	5,398,047
General and mobile equipment	247,038	28,167	-	-	275,205
Total depreciable capital assets	5,645,085	28,167	-	-	5,673,252
Less Accumulated Depreciation:					
Drainage system	1,751,029	121,315	-	-	1,872,344
General and mobile equipment	195,498	10,712	-	-	206,210
Total accumulated depreciation	1,946,527	$ 132,027	$ -	$ -	2,078,554
Total depreciable capital assets, net	3,698,558				3,594,698
Stormwater Fund capital assets, net	$ 7,977,995				$ 8,529,949

	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Nonmajor Enterprise Funds:					
Non-Depreciable Capital Assets:					
Land	$ 1,266,648	$ -	$ -	$ -	$ 1,266,648
Construction in progress	93,513	514,482	-	(67,528)	540,467
Total non-depreciable capital assets	1,360,161	514,482	-	(67,528)	1,807,115
Depreciable Capital Assets:					
Plant, substations, lines, distribution system, and runways	3,915,725	-	-	67,528	3,983,253
Buildings	476,970	-	(151,266)	-	325,704
General and mobile equipment	2,201,776	33,874	-	-	2,235,650
Total depreciable capital assets	6,594,471	33,874	(151,266)	67,528	6,544,607
Less Accumulated Depreciation:					
Plant, substations, lines, distribution system, and runways	3,271,592	131,943	-	-	3,403,535
Buildings	455,379	-	(151,266)	-	304,113
General and mobile equipment	1,456,188	89,695	-	-	1,545,883
Total accumulated depreciation	5,183,159	$ 221,638	$ (151,266)	$ -	5,253,531
Total depreciable capital assets, net	1,411,312				1,291,076
Nonmajor enterprise funds capital assets, net	$ 2,771,473				$ 3,098,191

Depreciation for the nonmajor enterprise funds was charged as follows:

Warren Field Airport Fund	$ 144,918
Solid Waste Fund	74,907
Cemetery Fund	1,813
Total depreciation expense	$ 221,638

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2013 were as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts and vouchers	$ 336,434	$ 3,197,263	$ 3,533,697
Accrued payroll and related liabilities	320,087	150,733	470,820
Accrued interest payable	72	16,878	16,950
Total accounts payable and accrued liabilities	$ 656,593	$ 3,364,874	$ 4,021,467

7. Pension Plan Obligations

Local Government Employees' Retirement System

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

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were $657,867, $715,015, and, $634,445, respectively. The contributions made by the City equaled the required contributions for each year.

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, 2012, the Separation Allowance's membership consisted of:

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

Summary of Significant Accounting Policies

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

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

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

The annual required contribution for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of the assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 20 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	$ 81,120
Interest on net pension obligation	27,401
Adjustment to annual required contribution	(34,104)
Annual pension cost	74,417
Contributions made	23,031
Increase in net pension obligation	51,386
Net pension obligation:	
Beginning of year - July 1	548,020
End of year - June 30	$ 599,406

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 80,037	11.92%	$ 486,915
2012	70,646	13.51%	548,020
2013	74,417	30.95%	599,406

Funded Status and Funding Progress. As of December 31, 2012 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was $741,061. The covered payroll (annual payroll of active employees covered by the plan) was $1,554,349, and the ratio of the UAAL to the covered payroll was 47.68 percent.

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

Supplemental Retirement Income Plans for Law Enforcement Officers and Others

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

Funding Policy. Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to 5% of covered payroll for law enforcement officers. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were $93,950, which consisted of $80,720 from the City and $13,230 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, 2013 were $294,962, which consisted of $112,843 from the City and $182,119 from the employees.

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Washington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute $10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the City was not required to make contributions to the State for death benefits due to a surplus in the fund.

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

Other Post-Employment Benefits

According to a City resolution, the City provides post-employment healthcare benefits to retirees with thirty years of credible service as recognized by the North Carolina Local Governmental Employees' Retirement System, a single-employer defined benefit plan, and have at least ten years of creditable service with the City. The City pays the full cost of coverage for these benefits until such employees become covered by Medicare. Medical insurance will be continued for a maximum of two years for an employee who retires on disability through the system but does not qualify for or pursue Social Security benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently, 20 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2013, the City made payments for post-employment health benefit premiums of $117,409. 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, 2012, the date of the latest actuarial valuation:

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

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

The current ARC rate is 3.56% of annual covered payroll. For the current year, the City contributed $117,409, or 1.29% of annual covered payroll. The City purchases insurance from a private carrier for healthcare coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.62% and 3.62% of covered payroll, respectively. Employee paid premiums in the amount of $195,345 for their share and dependent coverage. The City's obligation to contribute to the Plan is established and may be amended by the City Council. A separate report was not issued for the plan.

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

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

Annual required contribution	$ 319,046
Interest on net OPEB obligation	40,401
Adjustments to annual required contribution	(38,595)
Annual OPEB cost (expense)	320,852
Contributions made	117,409
Increase (decrease) in net OPEB obligation	203,443
Net OPEB obligation:	
Beginning of year - July 1	1,010,022
End of year - June 30	$ 1,213,465

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 340,755	24.4%	$ 752,521
2012	340,755	24.4%	1,010,022
2013	320,852	36.6%	1,213,465

Fund Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $3,981,807. The covered payroll (annual payroll of active employees covered by the plan) was $9,134,362, and the ratio of the UAAL to the covered payroll was 43.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 5.00 to 8.50 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

As of June 30, 2013, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

8. Deferred Inflows of Resources

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

	Unavailable Revenue	Unearned Revenue
Taxes receivable (General Fund)	$ 374,132	$ -
Prepaid taxes (General Fund)	-	13,410
EMS receivable (General Fund)	235,529	-
Other receivables (General Fund)	24,674	-
Other accounts receivable (other governmental funds)	700	-
Loans and notes receivable (other governmental funds)	199,016	-
Total	$ 834,051	$ 13,410

9. Commitments

Construction

The City had outstanding commitments at June 30, 2013 of approximately $34,910 for street paving, $234,541 for an electric bucket truck, $134,614 for airport improvements, and $173,342 for water and sewer improvements.

Purchases

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

10. Risk Management

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 pool is through commercial companies for single occurrence claims against general liability and auto liability in excess of $1,000,000. Property liability claims are reinsured for claims in excess of $500,000. Settlements have not exceeded coverage's for each of the past three years. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City's Workers' Compensation Reserve Internal Service Fund was established in 2010 to account for a limited risk, self-insurance program to provide workers' compensation benefits to City employees. Premiums are paid in to the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon the claims experience of the insured funds. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An excess coverage insurance policy provides for individual claims in excess of $600,000. A total of $68,431 in claims was incurred for benefits during fiscal year 2013.

Claims Liability

	June 30, 2013	June 30, 2012
Unpaid claims, beginning of year	$ 171,280	$ 142,586
Incurred claims (including claims incurred, but not reported, as of fiscal year-end)	68,431	188,457
Payments and reduction in claims estimates	(91,009)	(159,763)
Unpaid claims, end of year	$ 148,702	$ 171,280

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

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

At June 30, 2013, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

11. Long-Term Obligations

Revolving Loan Payable

On November 17, 2003, the City was approved for a maximum loan amount of $2,986,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the City of Washington Waste Water Treatment Plant - Phase II. The loan is 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, 2013 was $1,544,965.

On April 23, 2012, the City was approved for a maximum loan amount of $600,000 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the Main and Respess Lift Station. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 15 years beginning May 2013. The loan repayment calls for equal principal repayments of $40,000 annually for 150 years. The total amount outstanding at June 30, 2013 was $550,467.

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2014	$ 168,503	$ 38,276	$ 206,779
2015	168,503	35,087	203,590
2016	168,503	31,897	200,400
2017	168,503	28,707	197,210
2018	168,503	25,518	194,021
2019-2023	842,515	79,742	922,257
2024-2028	410,402	9,569	419,971
Total	$ 2,095,432	$ 248,796	$ 2,344,228

Installment Notes Payable

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

Serviced by Governmental Activities:		
$206,550 issued on April 8, 2011 for equipment, due in annual installments of $44,384, including interest at 2.22% through March 2016	$	114,550
$769,556 issued on August 9, 2011 for building improvements, due in annual installments of $151,771, including interest of 2.91% through June 2016		487,704
$2,075,000 issued on March 15, 2013 for refinancing of Fire Station installment, due in annual installments of $166,970, including interest of 2.58% through March 2028		2,046,580
$240,000 issued on April 15, 2013 for equipment, due in annual installments of $50,501, including interest through February 2018		228,177
Total governmental activities	$	2,877,011
Serviced by Business-Type Activities:		
Serviced by the Sewer Fund:		
$157,500 issued on February 11, 2009 for equipment, due in annual installments of $30,518, including interest of 2.91% through January 2014	$	17,630
Total serviced by the Sewer Fund		17,630
Serviced by the Electric Fund:		
$2,154,500 issued on July 21, 2009 for equipment, due in annual installments of $478,668, including interest of 3.59% through June 2014		292,320
$888,000 issued on April 08, 2011 for equipment, due in annual installments of $190,813, including interest of 2.22% through March 2016		476,524
$430,805 issued on April 15, 2013 for equipment, due in annual installments of $90,622 through February 2018		409,590
Total serviced by the Electric Fund		1,178,434
Serviced by the Stormwater Fund:		
$58,900 issued on February 11, 2009 for equipment, due in annual installments of $11,552, including interest of 2.91% through January 2014		6,674
Total serviced by the Stormwater Fund		6,674

Serviced by Business-Type Activities (continued):

Serviced by the Solid Waste Fund:	
$210,000 issued on February 11, 2009 for equipment, due in annual installments of $40,859, including interest of 2.91% through January 2014	23,605
$140,000 issued on April 08, 2011 for equipment, due in annual installments of $30,084, including interest of 2.22% through March 2016	63,493
Total serviced by the Solid Waste Fund	87,098
Serviced by the Cemetery Fund	
$35,000 issued on April 15, 2013 for equipment, due in annual installments of $7,365, including interest of 1.36% through February 2018	33,276
Total serviced by the Cemetery Fund	33,276
Total business-type activities	$ 1,323,112

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

Governmental Activities:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	$ 357,481	$ 68,442	$ 425,923
2015	362,536	59,218	421,754
2016	382,994	50,236	433,230
2017	174,493	43,011	217,504
2018	161,525	39,068	200,593
2019-2023	692,300	142,549	834,849
2024-2028	745,682	47,425	793,107
Total	$ 2,877,011	$ 449,949	$ 3,326,960

Enterprise Funds:

Year Ending	Sewer			Electric		
June 30	Principal	Interest	Total	Principal	Interest	Total
2014	$ 17,630	$ 171	$ 17,801	$ 547,834	$ 17,497	$ 565,331
2015	-	-	-	253,221	8,575	261,796
2016	-	-	-	228,075	4,173	232,248
2017	-	-	-	89,147	1,476	90,623
2018	-	-	-	60,157	306	60,463
Total	$ 17,630	$ 171	$ 17,801	$ 1,178,434	$ 32,027	$ 1,210,461

Year Ending	Stormwater			Solid Waste		
June 30	Principal	Interest	Total	Principal	Interest	Total
2013	$ 11,181	$ 371	$ 11,552	$ 67,511	$ 3,430	$ 70,941
2014	$ 6,674	$ 65	$ 6,739	$ 46,247	$ 1,609	$ 47,856
2015	-	-	-	23,149	786	23,935
2016	-	-	-	17,702	192	17,894
Total	$ 6,674	$ 65	$ 6,739	$ 87,098	$ 2,587	$ 89,685

Year Ending	Cemetery		
June 30	Principal	Interest	Total
2014	$ 6,955	$ 409	$ 7,364
2016	7,739	240	7,979
2017	7,245	120	7,365
2018	4,877	25	4,902
Total	$ 33,276	$ 1,086	$ 34,362

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following individual issues:

	Serviced by			
	Water Fund	Sewer Fund	Electric Fund	Total
$12,045,000 Refunding Series 2002, bonds due on and June 1 in varying semi-annual installments, through June 1, 2014; interest ranging 4.0% - 4.7%	$ 69,810	$ 38,071	$ 7,119	$ 115,000
$2,065,000 Sanitary Sewer, Series 1997 bonds due on December 1 and June 1 in varying semi-annual installments, through June 1, 2015; interest ranging 5.0% - 5.2%	-	315,000	-	315,000
Total	$ 69,810	$ 353,071	$ 7,119	$ 430,000

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2014	$ 290,000	$ 21,610	$ 311,610
2015	140,000	7,280	147,280
Total	$ 430,000	$ 28,890	$ 458,890

Current portions of principal payments above will be repaid from the Water Fund, $69,810, from the Sewer Fund, $213,071, and $7,119 from the Electric Fund.

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, 2013 are comprised of the following:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	$ 2,667	$ 1,601	$ 4,268
2015	2,667	1,470	4,137
2016	2,667	1,339	4,006
2017	2,667	1,209	3,876
2018	2,667	1,078	3,745
2019-2023	13,334	3,430	16,764
2024-2027	6,667	490	7,157
Total	$ 33,335	$ 10,617	$ 43,952

Year Ending June 30	Stormwater Fund		
	Principal	Interest	Total
2014	$ 333,333	$ 200,083	533,416
2015	333,333	183,750	517,083
2016	333,333	167,417	500,750
2017	333,333	151,083	484,416
2018	333,333	134,750	468,083
2019-2023	1,666,666	482,750	2,149,416
2024-2026	833,333	61,249	894,582
Total	$ 4,166,665	$ 1,381,082	$ 5,547,747

Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion of Long-Term Liabilities
Governmental Activities:					
Installment notes payable	$ 796,277	$ 2,315,000	$ (234,266)	$ 2,877,011	$ 357,481
USDA loan payable	2,656,120	-	(2,656,120)	-	-
Recovery Zone Economic Development Bonds	36,002	-	(2,667)	33,335	2,667
Compensated absences	821,344	440,130	(529,231)	732,243	529,231
Pension obligation	548,020	74,417	(23,031)	599,406	-
OPEB accrued liability	656,692	117,908	-	774,600	-
Total governmental activities	$ 5,514,455	$ 2,947,455	$ (3,445,315)	$ 5,016,595	$ 889,379
Business-Type Activities:					
General obligations bonds	$ 1,000,000	$ -	$ (570,000)	$ 430,000	$ 290,000
Installment notes payable	1,745,095	465,805	(887,788)	1,323,112	625,340
Revolving loan payable	1,872,691	391,244	(168,503)	2,095,432	168,503
Recovery Zone Economic Development Bonds	4,499,998	-	(333,333)	4,166,665	333,333
Compensated absences	439,628	254,740	(255,719)	438,649	255,719
OPEB accrued liability	353,330	85,535	-	438,865	-
Total business-type activities	$ 9,910,742	$ 1,197,324	$ (2,215,343)	$ 8,892,723	$ 1,672,895

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, 2013, the City has a legal debt margin of approximately $56,543,822.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2013 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	$ 23,245,390	$ 68,904,185
Less: capital debt		
Gross debt	2,910,346	8,015,209
Less: Unspent debt proceeds	(15,101)	(181,833)
Net capital debt	2,895,245	7,833,376
Net investment in capital assets	$ 20,350,145	$ 61,070,809

12. Interfund Balances and Activity

Due To/From Other Funds –

The composition of interfund balances as of June 30, 2013 is as follows:

Payable Fund	Receivable Fund - General Fund	Purpose
Nonmajor governmental funds	$ 99,693	Advances of grant expenditures

Transfers To/From Other Funds

The composition of interfund transfers for the year ending June 30, 2013 is as follows:

	Transfers Out						
Transfers In	Major General Fund	Nonmajor Governmental Fund	Major Electric	Major Water	Major Sewer	Governmental Activities	Total
Major General Fund	$ -	$ 141,496	$ 944,829	$ 100,609	$ 69,178	$ -	$ 1,256,112
Nonmajor governmental funds	238,497	-	-	-	-	-	238,497
Nonmajor enterprise funds	204,073	-	-	-	-	-	204,073
Internal service funds	-	-	-	-	-	-	-
Business-type activities	-	-	-	-	-	5,133	5,133
Total	$ 442,570	$ 141,496	$ 944,829	$ 100,609	$ 69,178	$ 5,133	$ 1,703,815

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

13. Jointly Governed Organizations

Mid-East Commission

The City, in conjunction with five counties and twenty-eight other municipalities, established the Mid-East Commission ("Commission"). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The City paid membership fees of $2,801 to the Commission during the fiscal year ended June 30, 2013.

North Carolina Eastern Municipal Power Agency

The City, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency ("Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one 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, 2013 was $28,231,024.

14. Joint Ventures

The City and the members of the City's fire department each appoint two members to the five-member local Board of Trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the Board of Trustees. During the fiscal year ended June 30, 2013, the City reported revenues and expenditures for the payments of $6,762

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, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

15. Related Organization

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

16. Significant Contingencies

Federal and State-Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Three Community Development Block Grants did not meet performance criteria by the end of the grant term. They were: the Carver Machine Work's 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 non-compliance of the performance criteria. The City is sharing the responsibility of the Carver Machine Work's sewer line extension with Beaufort County. The City's share is $111,162 to be repaid over three years with the first payment due during FY 13/14. The CDBG 09-C-2050 Affordable Housing grant claw back is $140,142.55, also to be repaid over three years. City Staff and Attorney met with the Department of Commerce and requested an extension until October 31, 2014 to complete the five remaining qualifying homes and to be given $18,572 credit for the number of homes constructed prior to that date, with the remaining amount due to be repaid no later than November 30, 2014. The CDBG 05-C-1490 Keysville Road grant claw back is $250,000 to be repaid over three years. The first year's installment, $25,000, was made in FY 13/14. $50,000 credit will be given for each qualifying home that is constructed and five remain.

In 2010, the Department of Transportation, as part of a Highway 17 expansion project, moved water and sewer lines in the City of Washington at a cost of $1,687,430 and determined that the City is responsible for the cost of these relocations. The City is contesting the responsibility. As a result, the State reduced the City's Powell Bill grant allocation for fiscal year 2013 by $112,495, which represents one fifteenth of the utility relocation cost. No additional liability has been booked for this relocation cost.

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Required Supplemental Financial Data

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

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)
12/31/2007	$ -	$ 416,526	$ 416,526	0.00%	$ 1,443,578	28.85%
12/31/2008	-	454,487	454,487	0.00%	1,682,967	27.01%
12/31/2009	-	653,483	653,483	0.00%	1,656,991	39.44%
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%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	$ 51,824	27.57%
2009	51,824	17.55%
2010	58,862	15.31%
2011	81,510	11.71%
2012	75,347	12.66%
2013	81,120	28.39%

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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

* Includes inflation at 3.00%

CITY OF WASHINGTON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	$ -	$ 3,409,735	$ 3,409,735	0.00%	$ 9,613,000	35.50%
12/31/2010	-	3,377,142	3,377,142	0.00%	9,286,875	36.40%
12/31/2012	-	3,981,807	3,981,807	0.00%	9,134,362	43.60%

Schedule of Employer Contributions

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

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	5% - 8.50%
Year of Ultimate trend rate	2018

* Includes inflation at 3.00%

Major Governmental Fund

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. The City has legally adopted an Economic Development Fund. Under GASB 54 guidance the Economic Development Capital Reserve Fund is consolidated in the General Fund.

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CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEETS - GENERAL FUND
JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2013	2012
Assets:		
Cash and investments	$ 7,143,938	$ 6,815,761
Taxes receivable, net	374,132	384,070
Accounts receivable, net	1,447,948	2,003,328
Due from other funds	99,693	164,258
Inventories	90,360	85,930
Prepaid items	30,967	-
Restricted cash and investments	3,045	114,518
Total assets	$ 9,190,083	$ 9,567,865
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	$ 494,759	$ 511,849
Liabilities payable from restricted assets:		
Customer deposits	1,982	1,100
Total liabilities	496,741	512,949
Deferred Inflows of Resources:		
Taxes receivable	374,132	384,070
Prepaid taxes	13,410	15,598
EMS receivable	235,529	252,960
Other accounts receivable	24,674	19,257
Total deferred inflows of resources	647,745	671,885
Fund Balances:		
Non-spendable, not in spendable form:		
Inventories	90,360	85,930
Prepaid items	30,967	-
Restricted:		
Stabilization by State statute	1,616,400	2,154,972
Restricted, all other	156,050	410,411
Committed	21	21
Assigned	189,471	189,471
Unassigned	5,962,328	5,542,226
Total fund balances	8,045,597	8,383,031
Total liabilities, deferred inflows of resources, and fund balances	$ 9,190,083	$ 9,567,865

CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND CONSOLIDATED FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Economic Development Capital Reserve Fund	Eliminations	Total
Revenues:				
Ad valorem taxes	$ 4,301,643	$ -	$ -	$ 4,301,643
Other taxes and licenses	2,572,097	-	-	2,572,097
Unrestricted intergovernmental	1,550,229	-	-	1,550,229
Restricted intergovernmental	709,159	-	-	709,159
Permits and fees	64,266	-	-	64,266
Sales and services	1,491,966	-	-	1,491,966
Investment earnings	23,752	-	-	23,752
Miscellaneous	122,325	-	-	122,325
Total revenues	10,835,437	-	-	10,835,437
Expenditures:				
General government	2,194,170	-	-	2,194,170
Public safety	5,418,834	-	-	5,418,834
Transportation	1,161,707	-	-	1,161,707
Environmental protection	364,891	-	-	364,891
Cultural and recreation	2,137,350	-	-	2,137,350
Debt service:				
Principal retirement	2,893,053	-	-	2,893,053
Interest and fees	131,408	-	-	131,408
Total expenditures	14,301,413	-	-	14,301,413
Revenues over (under) expenditures	(3,465,976)	-	-	(3,465,976)
Other Financing Sources (Uses):				
Transfers from other funds	1,256,112	156,000	(156,000)	1,256,112
Transfers to other funds	(442,570)	(156,000)	156,000	(442,570)
Total other financing sources (uses)	3,128,542	-	-	3,128,542
Net change in fund balance	(337,434)	-	-	(337,434)
Fund Balance:				
Beginning of year - July 1	8,383,010	21	-	8,383,031
End of year - June 30	$ 8,045,576	$ 21	$ -	$ 8,045,597

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	$ 4,131,323	$ 4,236,518	$ 105,195	$ 4,131,649
Penalties and interest	45,000	65,125	20,125	57,855
Total	4,176,323	4,301,643	125,320	4,189,504
Other Taxes and Licenses:				
Local option sales tax	1,935,263	2,096,489	161,226	2,046,708
Local occupancy tax	240,000	209,346	(30,654)	250,930
Automotive licenses	37,000	39,172	2,172	39,039
Rental vehicle tax	16,000	15,710	(290)	20,718
Privilege licenses	180,000	179,941	(59)	182,685
PEG Channel tax	25,000	31,439	6,439	32,654
Total	2,433,263	2,572,097	138,834	2,572,734
Unrestricted Intergovernmental:				
Payment in lieu of taxes	128,112	128,112	-	121,714
Franchise tax	1,150,422	1,147,567	(2,855)	1,130,064
Utility sales tax	300,000	186,704	(113,296)	212,472
Beer and wine tax	45,000	39,325	(5,675)	42,365
Court costs and fines	5,600	4,154	(1,446)	5,832
ABC Board distributions	15,000	15,028	28	8,888
Public housing payment	8,500	29,339	20,839	8,500
Total	1,652,634	1,550,229	(102,405)	1,529,835
Restricted Intergovernmental:				
Local forfeiture	1,000	2,469	1,469	2,159
Powell Bill	175,640	181,595	5,955	175,640
Beaufort County - library	7,800	7,800	-	7,800
Controlled substance tax	7,000	9,442	2,442	12,919
Beaufort County- rescue squad	132,072	132,072	-	129,483
Washington Park - firefighting	33,155	33,488	333	33,155
State reimbursement for Medicaid EMS	116,666	230,461	113,795	233,826
State aid to public libraries	9,896	8,664	(1,232)	10,096
Mid-East Commission - recreation	33,251	28,753	(4,498)	41,432
Beaufort County Schools - crime control	75,676	75,676	-	75,676
Federal grant - bulletproof vests	3,250	3,250	-	3,407
Byrnne Jag Grant	-	-	-	11,251
NCDOT bridge reimbursement	-	(13,809)	(13,809)	529,953
Recreation Trail Grant	-	-	-	46,013
Hurricane Irene FEMA Grant	-	(124)	(124)	354,097
State Energy Grant	-	-	-	6,689
Other grants	12,597	9,422	(3,175)	110,594
Total	608,003	709,159	101,156	1,784,190

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Permits and Fees:				
Fire permit and inspection fees	2,350	2,780	430	3,840
Building permits	52,000	61,486	9,486	87,690
Total	54,350	64,266	9,916	91,530
Sales and Services:				
Rents	601,722	601,723	1	601,723
Fire contracts	1,887	1,552	(335)	1,600
Public works fees	3,000	600	(2,400)	21,540
Administrative charges -gas	8,600	11,676	3,076	10,990
Garbage collection and penalties	-	(3)	(3)	-
Recreation fees and assessments	115,650	108,424	(7,226)	98,200
Sale of materials and property	2,800	9,622	6,822	7,553
Municipal citations	2,000	2,320	320	2,682
Grass mowing and lot cleaning	1,500	3,326	1,826	2,105
Rescue squad	522,413	613,013	90,600	515,442
Library fees and fines	17,000	18,569	1,569	19,939
Development filing fees	500	325	(175)	550
Sale of capital assets	15,000	2,530	(12,470)	39,584
Aquatic Center	88,900	91,198	2,298	87,667
Contracted police services	13,000	23,019	10,019	19,122
Paving assessments	3,800	4,056	256	4,023
Other	10	16	6	19
Total	1,397,782	1,491,966	94,184	1,432,739
Investment Earnings:				
Interest	14,830	23,752	8,922	19,066
Miscellaneous:				
Contributions	13,490	27,118	13,628	23,648
Other	61,596	95,207	33,611	41,333
Total	75,086	122,325	47,239	64,981
Total revenues	10,412,271	10,835,437	423,166	11,684,579
Expenditures:				
General Government:				
City Council:				
Salaries and employee benefits	31,969	31,967	2	32,653
Professional services	9,715	9,714	1	13,661
Other operating expenditures	12,941	12,669	272	9,109
Election expenses	-	-	-	7,086
Total	54,625	54,350	275	62,509

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Mayor's Office:				
Salaries and employee benefits	11,191	11,189	2	11,189
Other operating expenditures	798	674	124	1,800
Election expenses	-	-	-	1,100
Total	11,989	11,863	126	14,089
City Manager:				
Salaries and employee benefits	274,408	274,286	122	252,858
Professional services	880	876	4	795
Other operating expenditures	16,470	16,329	141	20,500
Total	291,758	291,491	267	274,153
Human Resources:				
Salaries and employee benefits	224,071	221,154	2,917	217,385
Professional services	4,800	4,780	20	6,719
Other operating expenditures	32,094	29,592	2,502	32,569
Maintenance and repairs	1,220	1,134	86	824
Contracted services	25,000	25,000	-	25,000
Total	287,185	281,660	5,525	282,497
Tourism Director:				
Salaries and employee benefits	112,903	111,543	1,360	116,180
Professional services	175	-	175	(724)
Other operating expenditures	3,525	3,323	202	3,350
Total	116,603	114,866	1,737	118,806
Finance Director:				
Salaries and employee benefits	392,054	389,431	2,623	380,524
Professional services	88,342	84,492	3,850	83,886
Other operating expenditures	32,269	18,457	13,812	14,614
Maintenance and repairs	1,000	893	107	933
Total	513,665	493,273	20,392	479,957
Purchasing and Supply:				
Salaries and employee benefits	108,653	106,717	1,936	105,667
Other operating expenditures	16,350	14,670	1,680	14,655
Maintenance and repairs	2,865	2,634	231	3,566
Total	127,868	124,021	3,847	123,888
Customer Service:				
Salaries and employee benefits	368,730	352,536	16,194	387,596
Professional services	30,443	29,370	1,073	38,249
Other operating expenditures	233,710	225,804	7,906	198,549
Maintenance and repairs	8,750	7,386	1,364	7,153
Capital outlay	1,250	1,010	240	-
Total	642,883	616,106	26,777	631,547

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Billing Department:				
Salaries and employee benefits	71,333	66,474	4,859	68,056
Other operating expenditures	85,926	80,998	4,928	77,500
Total	157,259	147,472	9,787	145,556
Information Services:				
Salaries and employee benefits	72,231	71,610	621	67,861
Contract services	117,625	110,772	6,853	92,196
Other operating expenditures	52,730	41,968	10,762	19,083
Maintenance and repairs	6,450	5,887	563	2,457
Capital outlay	125,093	81,427	43,666	50,026
Total	374,129	311,664	62,465	231,623
Municipal Building:				
Salaries and employee benefits	44,283	44,057	226	42,344
Contracted services	6,375	6,255	120	5,810
Other operating expenditures	71,355	71,023	332	58,172
Maintenance and repairs	54,713	39,940	14,773	42,686
Capital outlay	87,270	-	87,270	-
Total	263,996	161,275	102,721	149,012
Legal Services:				
Professional services	249,000	244,282	4,718	236,240
Non-Departmental:				
Other operating expenditures	522,933	483,289	39,644	520,617
Maintenance and repairs	22,000	9,834	12,166	794
Capital outlay	162,620	162,590	30	-
Hurricane Irene FEMA expenses	500	500	-	287,664
Total	708,053	656,213	51,840	809,075
Economic Development:				
Operating expenditures	126,000	126,000	-	208,724
Professional services	30,000	30,000	-	-
Total	156,000	156,000	-	208,724
Planning/Zoning:				
Salaries and employee benefits	217,661	213,194	4,467	252,150
Professional services	22,330	16,679	5,651	12,700
Contract services	1,400	800	600	29,200
Other operating expenditures	15,075	12,784	2,291	14,643
Maintenance and repairs	14,200	8,520	5,680	-
Capital outlay	4,990	4,750	240	-
Total	275,656	256,727	18,929	308,693

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Code Enforcement/Inspections:				
Salaries and employee benefits	203,967	200,613	3,354	192,839
Contract services	13,400	11,245	2,155	8,580
Other operating expenditures	41,933	28,969	12,964	16,507
Maintenance and repairs	4,550	3,996	554	4,039
Capital outlay	39,500	19,385	20,115	-
Total	303,350	264,208	39,142	221,965
Reimbursement:				
Enterprise funds	(1,876,434)	(1,876,434)	-	(1,921,077)
Tourism Authority	(116,771)	(114,867)	(1,904)	(118,805)
Total	(1,993,205)	(1,991,301)	(1,904)	(2,039,882)
Total general government	2,540,814	2,194,170	346,644	2,258,452
Public Safety:				
Police:				
Salaries and employee benefits	2,368,947	2,365,713	3,234	2,362,190
Professional services	4,235	4,233	2	4,777
Other operating expenditures	176,152	161,595	14,557	192,655
Maintenance and repairs	172,736	166,448	6,288	150,058
Contracted services	48,422	48,417	5	49,000
Capital outlay	51,825	47,427	4,398	50,678
Total	2,822,317	2,793,833	28,484	2,809,358
E-911 Communication:				
Salaries and employee benefits	316,929	292,308	24,621	286,954
Other operating expenditures	73,606	72,770	836	73,084
Maintenance and repairs	8,910	4,789	4,121	9,567
Total	399,445	369,867	29,578	369,605
Fire:				
Salaries and employee benefits	1,449,138	1,412,955	36,183	1,390,540
Professional services	8,993	8,810	183	7,411
Contracted services	1,700	1,680	20	1,908
Other operating expenditures	126,097	118,824	7,273	104,423
Maintenance and repairs	71,443	64,330	7,113	53,805
Capital outlay	7,935	7,923	12	-
Contribution to Fireman's Association	5,455	4,843	612	1,826
Total	1,670,761	1,619,365	51,396	1,559,913
Rescue:				
Salaries and employee benefits	583,952	554,837	29,115	566,940
Professional services	43,464	43,394	70	30,389
Other operating expenditures	61,093	57,076	4,017	52,544
Maintenance and repairs	20,950	17,616	3,334	31,915
Capital outlay	12,500	12,290	210	135,356
Total	721,959	685,213	36,746	817,144

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Reimbursement:				
Enterprise funds	(49,444)	(49,444)	-	(52,371)
Total public safety	5,565,038	5,418,834	146,204	5,503,649
Transportation:				
Street Maintenance:				
Salaries and employee benefits	385,778	377,237	8,541	372,412
Professional services	1,355	842	513	332
Other operating expenditures	24,032	21,205	2,827	20,823
Maintenance and repairs	56,300	52,813	3,487	71,361
Capital outlay	-	-	-	92,566
Total	467,465	452,097	15,368	557,494
Street Construction - Powell Bill:				
Salaries and employee benefits	104,713	103,712	1,001	97,788
Professional services	1,137	1,134	3	378
Other operating expenditures	35,837	18,296	17,541	21,358
Maintenance and repairs	22,040	21,762	278	19,445
Contracted services	174,217	150,275	23,942	20,212
Capital outlay	257,682	243,500	14,182	662,441
Total	595,626	538,679	56,947	821,622
Street Lighting:				
Street lighting services	128,000	127,444	556	122,938
Maintenance and repairs	8,000	7,370	630	-
Total	136,000	134,814	1,186	122,938
Equipment Services:				
Salaries and employee benefits	71,854	61,729	10,125	99,182
Professional services	-	-	-	100
Other operating expenditures	35,927	17,519	18,408	65,160
Maintenance and repairs	16,323	15,254	1,069	6,049
Total	124,104	94,502	29,602	170,491
Reimbursement:				
Enterprise funds	(58,385)	(58,385)	-	(72,539)
Total transportation	1,264,810	1,161,707	103,103	1,600,006
Public Works Director:				
Salaries and employee benefits	64,357	64,183	174	77,870
Professional services	36	36	-	36
Other operating expenditures	2,576	2,511	65	1,664
Maintenance and repairs	200	200	-	4
Total	67,169	66,930	239	79,574

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Drainage Improvements:				
Salaries and employee benefits	278,476	275,202	3,274	289,485
Other operating expenditures	1,670	1,521	149	426
Maintenance and repairs	22,200	21,238	962	20,217
Total	302,346	297,961	4,385	310,128
Total environmental protection	369,515	364,891	4,624	389,702
Cultural and Recreational:				
Recreation Centers:				
Salaries and employee benefits	105,121	104,906	215	102,421
Professional services	450	249	201	150
Other operating expenditures	29,484	26,563	2,921	16,806
Maintenance and repairs	29,055	24,961	4,094	23,712
Programs	25,781	20,337	5,444	19,178
Total	189,891	177,016	12,875	162,267
Athletics and Programs:				
Salaries and employee benefits	-	-	-	12,363
Contracted services	-	-	-	15
Other operating expenditures	-	-	-	18,734
Maintenance and repairs	-	-	-	1,117
Total	-	-	-	32,229
Senior Citizens Programs:				
Salaries and employee benefits	127,254	125,105	2,149	121,644
Other operating expenditures	32,015	30,818	1,197	26,867
Programs	20,802	18,276	2,526	30,887
Maintenance and repairs	30,502	26,977	3,525	29,038
Capital outlay	1,503	1,490	13	-
Total	212,076	202,666	9,410	208,436
Recreation Administration:				
Salaries and employee benefits	58,918	58,666	252	174,838
Professional services	625	624	1	1,564
Other operating expenditures	38,793	38,599	194	46,723
Maintenance and repairs	10,035	2,629	7,406	1,707
Capital outlay	1,065	1,064	1	-
Total	109,436	101,582	7,854	224,832
Library:				
Salaries and employee benefits	279,744	279,180	564	264,564
Contract services	24,703	24,701	2	18,055
Professional services	380	223	157	390
Other operating expenditures	104,626	101,866	2,760	98,578
Maintenance and repairs	6,314	5,802	512	27,825
Capital outlay	51,758	51,209	549	-
Total	467,525	462,981	4,544	409,412

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Parks and Grounds Maintenance:				
Salaries and employee benefits	231,086	230,775	311	271,944
Professional services	29	29	-	57
Contracted services	7,149	6,720	429	6,720
Other operating expenditures	86,651	86,307	344	84,609
Maintenance and repairs	180,700	119,233	61,467	80,236
Capital outlay	61,810	61,800	10	141,203
Total	567,425	504,864	62,561	584,769
Waterfront Docks:				
Salaries and employee benefits	47,364	47,349	15	48,654
Other operating expenditures	51,840	51,419	421	43,537
Maintenance and repairs	15,698	15,256	442	2,932
Total	114,902	114,024	878	95,123
Contributions to Outside Agencies:				
Arts Council	16,000	16,000	-	21,940
Zion Shelter	6,000	6,000	-	9,385
Boys and Girls Club	16,000	16,000	-	19,735
Washington Historic Foundation/Christmas Parade	1,500	1,500	-	1,970
The Blind Center	1,000	1,000	-	2,500
Human Relations Council	1,000	1,000	-	476
Purpose of God	24,000	24,000	-	1,610
Right Flight	3,500	3,500	-	3,795
Wildlife Arts Festival	7,245	7,239	6	7,902
Eagle Wings	1,000	1,000	-	-
Washington Community Care	250	250	-	500
Dock Dogs	5,000	-	5,000	-
Total	82,495	77,489	5,006	69,813
Civic Center:				
Salaries and employee benefits	56,931	56,735	196	51,845
Other operating expenditures	12,111	11,897	214	11,505
Maintenance and repairs	11,488	8,498	2,990	12,835
Contracted services	50,000	50,000	-	50,000
Professional services	135	56	79	46
Capital outlay	128,060	126,758	1,302	-
Total	258,725	253,944	4,781	126,231
Aquatic Center:				
Salaries and employee benefits	144,365	143,414	951	180,387
Professional services	500	322	178	200
Other operating expenditures	136,112	132,705	3,407	98,684
Maintenance and repairs	43,174	27,511	15,663	52,544
Printing and publishing	1,400	1,360	40	1,838
Total	325,551	305,312	20,239	333,653

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Reimbursement:				
Civic Center	(57,188)	(62,115)	4,927	(56,503)
Library Trust Fund	(300)	(413)	113	(369)
Total	(57,488)	(62,528)	5,040	(56,872)
Total cultural and recreation	2,270,538	2,137,350	133,188	2,189,893
Debt Service:				
Principal retirement	2,893,997	2,893,053	944	234,504
Interest and fees	134,821	131,408	3,413	141,398
Total debt service	3,028,818	3,024,461	4,357	375,902
Total expenditures	15,039,533	14,301,413	738,120	12,317,604
Revenues over (under) expenditures	(4,627,262)	(3,465,976)	1,161,286	(633,025)
Other Financing Sources (Uses):				
Transfer From:				
From Economic Development Capital Reserve Fund	156,000	156,000	-	189,779
From Electric Fund	846,121	846,121	-	973,150
From Water Fund	71,963	71,963	-	143,926
From Sewer Fund	40,532	40,532	-	81,064
From Public Safety Capital Reserve Fund	120,901	120,901	-	120,000
From capital project funds	20,512	20,595	83	-
Transfer To:				
Blue Goose Capital Project Fund	(30,000)	(30,000)	-	-
To Public Safety Capital Reserve Fund	(120,901)	(120,901)	-	(120,000)
To Airport Fund	(83,158)	(83,158)	-	(124,982)
To Facade Program Fund	(10,000)	(10,000)	-	(10,000)
To Cemetery Fund	(120,915)	(120,915)	-	(114,505)
To CPF	(77,596)	(77,596)	-	(45,000)
To other funds	-	-	-	(45,015)
Long-term debt issued	2,307,100	2,315,000	7,900	-
Appropriated fund balance	1,506,703	-	(1,506,703)	-
Total other financing sources (uses)	4,627,262	3,128,542	(1,498,720)	1,048,417
Net change in fund balance	$ -	(337,434)	$ (337,434)	415,392
Fund Balance:				
Beginning of year - July 1		8,383,010		7,967,618
End of year - June 30		$ 8,045,576		$ 8,383,010

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers to General Fund	$ (156,000)	$ (156,000)	$ -	$ (189,779)
Transfers from Electric Fund	98,708	98,708	-	126,593
Transfer from Water Fund	28,646	28,646	-	31,593
Transfer from Sewer Fund	28,646	28,646	-	31,593
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	$ -	-	$ -	-
Fund Balance:				
Beginning of year - July 1		21		21
End of year - June 30		$ 21		$ 21

Nonmajor Governmental Funds

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Assets:				
Cash and cash equivalents	$ 1,590	$ 1,118,118	$ 492,476	$ 1,612,184
Accounts receivable, net	82,289	28,867	800	111,956
Notes receivable, net	188,000	-	-	188,000
Restricted cash and investments	-	14,038	-	14,038
Total assets	$ 271,879	$ 1,161,023	$ 493,276	$ 1,926,178
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 10,060	$ 3,000	$ -	$ 13,060
Due to other funds	58,946	40,747	-	99,693
Total liabilities	69,006	43,747	-	112,753
Deferred Inflows of Resources:				
Loans and notes receivable	199,016	-	-	199,016
Other accounts receivable	-	-	700	700
Total deferred inflows of resources	199,016	-	700	199,716
Fund Balances:				
Non-spendable, not in spendable form:				
Perpetual maintenance - library care	-	-	95,375	95,375
Perpetual maintenance - cemetery care	-	-	397,101	397,101
Restricted:				
Stabilization by State statute	71,273	28,867	100	100,240
Restricted, all other	1,590	59,587	-	61,177
Committed	-	1,032,227	-	1,032,227
Assigned	-	17,627	-	17,627
Unassigned	(69,006)	(21,032)	-	(90,038)
Total fund balances	3,857	1,117,276	492,576	1,613,709
Total liabilities, deferred inflows of resources, and fund balances	$ 271,879	$ 1,161,023	$ 493,276	$ 1,926,178

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Restricted intergovernmental	$ 156,189	$ 346,310	$ -	$ 502,499
Perpetual care fees	-	-	20,300	20,300
Investment earnings	-	4,372	2,168	6,540
Miscellaneous revenue	-	49,759	-	49,759
Total revenues	156,189	400,441	22,468	579,098
Expenditures:				
Current:				
Public safety	-	348,352	-	348,352
Environmental protection	-	-	1,654	1,654
Cultural and recreation	22,238	10,749	413	33,400
Economic and physical development	174,965	119,350	-	294,315
Total expenditures	197,203	478,451	2,067	677,721
Revenues over (under) expenditures	(41,014)	(78,010)	20,401	(98,623)
Other Financing Sources (Uses):				
Transfers in	27,596	210,901	-	238,497
Transfers out	-	(141,496)	-	(141,496)
Total other financing sources (uses)	27,596	69,405	-	97,001
Net change in fund balances	(13,418)	(8,605)	20,401	(1,622)
Fund Balances:				
Beginning of year - July 1	17,275	1,125,881	472,175	1,615,331
End of year - June 30	$ 3,857	$ 1,117,276	$ 492,576	$ 1,613,709

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
- Talent Enhancement Grant Fund
- CDBG Jumpstart Washington Fund
- Old Health Department Fund

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	CDBG Program Income	CDBG Affordable Housing	Comprehensive Bicycle Plan	CDBG Jumpstart Washington	Total Nonmajor Special Revenue Funds
Assets:					
Cash and cash equivalents	$ 1,590	$ -	$ -	$ -	$ 1,590
Accounts receivable, net	11,016	9,682	18,930	42,661	82,289
Notes receivable, net	188,000	-	-	-	188,000
Total assets	$ 200,606	$ 9,682	$ 18,930	$ 42,661	$ 271,879
Liabilities:					
Accounts payable	$ -	$ -	$ 7,225	$ 2,835	$ 10,060
Due to other funds	-	9,682	9,438	39,826	58,946
Total liabilities	-	9,682	16,663	42,661	69,006
Deferred Inflows of Resources:					
Loans and notes receivable	199,016	-	-	-	199,016
Total deferred inflows of resources	199,016	-	-	-	199,016
Fund Balances:					
Restricted:					
Stabilization by State statute	-	9,682	18,930	42,661	71,273
Restricted, all other	1,590	-	-	-	1,590
Unassigned	-	(9,682)	(16,663)	(42,661)	(69,006)
Total fund balances (deficit)	1,590	-	2,267	-	3,857
Total liabilities, deferred inflows of resources, and fund balances	$ 200,606	$ 9,682	$ 18,930	$ 42,661	$ 271,879

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, 2013

	CDBG Program Income	CDBG Affordable Housing	Comprehensive Bicycle Plan	Talent Enhancement Grant-CDBG	CDBG Jumpstart Washington	Old Health Department	Total Nonmajor Special Revenue Funds
Revenues:							
Restricted intergovernmental	$ 2,030	$ 9,018	$ 17,790	$ 1,902	$ 42,661	$ 82,788	$ 156,189
Total revenues	2,030	9,018	17,790	1,902	42,661	82,788	156,189
Expenditures:							
Economic and physical development	11,000	9,018	-	1,902	42,661	110,384	174,965
Cultural and recreational	-	-	22,238	-	-	-	22,238
Total expenditures	11,000	9,018	22,238	1,902	42,661	110,384	197,203
Revenues over (under) expenditures	(8,970)	-	(4,448)	-	-	(27,596)	(13,418)
Other Financing Sources (Uses):							
Transfers from other funds	-	-	-	-	-	27,596	27,596
Total other financing sources (uses)	-	-	-	-	-	27,596	27,596
Net change in fund balances	(8,970)	-	(4,448)	-	-	-	(13,418)
Fund Balance:							
Beginning of year - July 1	10,560	-	6,715	-	-	-	17,275
End of year - June 30	$ 1,590	$ -	$ 2,267	$ -	$ -	$ -	$ 3,857

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Economic development loan repayments	$ -	$ 2,030	$ 2,030	$ 2,350
Total revenues	-	2,030	2,030	2,350
Expenditures:				
Economic Development:				
Contractor payments	11,000	11,000	-	-
Total expenditures	11,000	11,000	-	-
Revenues over (under) expenditures	(11,000)	(8,970)	2,030	2,350
Other Financing Sources (Uses):				
Appropriated fund balance	11,000	-	(11,000)	-
Total other financing sources (uses)	11,000	-	(11,000)	-
Net change in fund balance	$ -	(8,970)	$ (8,970)	2,350
Fund Balance:				
Beginning of year - July 1		10,560		8,210
End of year - June 30		$ 1,590		$ 10,560

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
Restricted Intergovernmental:					
CDBG Grant	$ 227,700	$ 176,701	$ 9,018	$ 185,719	$ (41,981)
Total revenues	227,700	176,701	9,018	185,719	(41,981)
Expenditures:					
Economic and Physical Development:					
Administration and planning	80,700	46,559	9,017	55,576	25,124
Acquisition	147,000	130,142	1	130,143	16,857
Total expenditures	227,700	176,701	9,018	185,719	41,981
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

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, 2013

	Project Authorization	Actual Prior Years	Actual Current Years	Actual Total to Date	Variance Over/Under
Revenues:					
Restricted Intergovernmental:					
Federal Highway Administration Grant	$ 28,000	$ 1,140	$ 17,790	$ 18,930	$ (9,070)
Total revenues	28,000	1,140	17,790	18,930	(9,070)
Expenditures:					
Cultural and recreational					
Professional services	35,000	1,425	22,238	23,663	11,337
Total expenditures	35,000	1,425	22,238	23,663	11,337
Revenues over (under) expenditures	(7,000)	(285)	(4,448)	(4,733)	2,267
Other Financing Sources (Uses):					
Transfers from General Fund	7,000	7,000	-	7,000	-
Total other financing sources (uses)	7,000	7,000	-	7,000	-
Net change in fund balance	$ -	$ 6,715	(4,448)	$ 2,267	$ 2,267
Fund Balance:					
Beginning of year, July 1			6,715		
End of year, June 30			$ 2,267		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - TALENT ENHANCEMENT GRANT - CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
Restricted Intergovernmental:					
CDBG Grant funds	$ 50,000	$ 20,111	$ 1,902	$ 22,013	$ (27,987)
Total revenues	50,000	20,111	1,902	22,013	(27,987)
Expenditures:					
Economic and Physical Development:					
Administration	5,000	-	1,157	1,157	3,843
Personnel	30,000	10,022	606	10,628	19,372
Employee development	12,000	10,000	-	10,000	2,000
Travel	3,000	89	139	228	2,772
Total expenditures	50,000	20,111	1,902	22,013	27,987
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
CDBG Grant	$ 200,000	$ -	$ 42,661	$ 42,661	$ (157,339)
Total revenues	200,000	-	42,661	42,661	(157,339)
Expenditures:					
Economic and Physical Development:					
Administration	20,000	-	10,005	10,005	9,995
Planning	5,000	-	-	-	5,000
Job creation	175,000	-	32,656	32,656	142,344
Total expenditures	200,000	-	42,661	42,661	157,339
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - OLD HEALTH DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
FEMA Grant	$ 138,766	$ -	$ 82,788	$ 82,788	$ (55,978)
Total revenues	138,766	-	82,788	82,788	(55,978)
Expenditures:					
Economic and Physical Development:					
Project administration	8,811	-	8,344	8,344	467
Legal fees	5,380	-	5,379	5,379	1
Acquisition	54,352	-	54,352	54,352	-
Demolition and removal	116,478	-	42,309	42,309	74,169
Total expenditures	185,021	-	110,384	110,384	74,637
Revenues over (under) expenditures	(46,255)	-	(27,596)	(27,596)	18,659
Other Financing Sources (Uses):					
Transfer from other funds	46,255	-	27,596	27,596	(18,659)
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

Nonmajor Governmental Funds

Capital Project Funds

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	New Police Station Fund	Festival Park Construction Fund	Public Safety Capital Reserve Fund	Facade Program Fund	Impressions Building Fund
Assets:					
Cash and cash equivalents	$ 876,216	$ 12,505	$ 1,215	$ 17,627	$ -
Accounts receivable, net	182	28,685	-	-	-
Restricted cash and cash equivalents	-	-	-	-	14,038
Total assets	$ 876,398	$ 41,190	$ 1,215	$ 17,627	$ 14,038
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to General Fund	-	33,537	-	-	7,210
Total liabilities	-	33,537	-	-	7,210
Fund Balances:					
Restricted:					
Stabilization by State statute	182	28,685	-	-	-
Restricted, all other	-	-	-	-	6,828
Committed	876,216	-	1,215	-	-
Assigned	-	-	-	17,627	-
Unassigned	-	(21,032)	-	-	-
Total fund balances	876,398	7,653	1,215	17,627	6,828
Total liabilities and fund balances	$ 876,398	$ 41,190	$ 1,215	$ 17,627	$ 14,038

Schedule 15

Spinrite Economic Development Grant Fund	NCDENR Adopt-A-Trail	Parks and Recreation Master Plan	Waterfront Restroom	CDBG Project Blue Goose	Total Nonmajor Capital Project Funds
$ 90,221	$ 10,759	$ 45,000	$ 40,575	$ 24,000	$ 1,118,118
-	-	-	-	-	28,867
-	-	-	-	-	14,038
$ 90,221	$ 10,759	$ 45,000	$ 40,575	$ 24,000	$ 1,161,023
$ -	$ -	$ 3,000	$ -	$ -	$ 3,000
-	-	-	-	-	40,747
-	-	3,000	-	-	43,747
-	-	-	-	-	28,867
-	10,759	42,000	-	-	59,587
90,221	-	-	40,575	24,000	1,032,227
-	-	-	-	-	17,627
-	-	-	-	-	(21,032)
90,221	10,759	42,000	40,575	24,000	1,117,276
$ 90,221	$ 10,759	$ 45,000	$ 40,575	$ 24,000	$ 1,161,023

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, 2013

	New Police Station Fund	Festival Park Construction Fund	Public Safety Capital Reserve Fund	Façade Program Fund	Impressions Building Fund	Spinrite Economic Development Grant Fund
Revenues:						
Grant funds	$ -	$ 5,375	$ -	$ -	$ -	$ -
Contributions	-	-	-	-	-	-
Investment earnings	3,970	45	1	48	75	221
Total revenues	3,970	5,420	1	48	75	221
Expenditures:						
Public safety	-	-	-	-	-	-
Cultural and recreational	-	10,749	-	-	-	-
Economic and physical development	-	-	-	11,329	85,596	-
Total expenditures	-	10,749	-	11,329	85,596	-
Revenues over (under) expenditures	3,970	(5,329)	1	(11,281)	(85,521)	221
Other Financing Sources (Uses):						
Transfers in	-	-	120,901	10,000	-	-
Transfers out	-	-	(120,901)	-	-	-
Total other financing sources (uses)	-	-	-	10,000	-	-
Net change in fund balances	3,970	(5,329)	1	(1,281)	(85,521)	221
Fund Balances:						
Beginning of year - July 1	872,428	12,982	1,214	18,908	92,349	90,000
End of year - June 30	$ 876,398	$ 7,653	$ 1,215	$ 17,627	$ 6,828	$ 90,221

Schedule 16

Weir Valves Rehabilitation Grant Fund	Rescue Vehicle Construction - FEMA Fund	NCDENR Adopt-A-Trail	Parks and Recreation Master Plan	Waterfront Restroom	CDBG Project Blue Goose	Total Nonmajor Capital Project Funds
$ -	$ 330,935	$ 10,000	$ -	$ -	$ -	$ 346,310
-	-	759	45,000	-	4,000	49,759
12	-	-	-	-	-	4,372
12	330,935	10,759	45,000	-	4,000	400,441
-	348,352	-	-	-	-	348,352
-	-	-	-	-	-	10,749
-	-	-	3,000	9,425	10,000	119,350
-	348,352	-	3,000	9,425	10,000	478,451
12	(17,417)	10,759	42,000	(9,425)	(6,000)	(78,010)
-	-	-	-	50,000	30,000	210,901
(20,512)	(83)	-	-	-	-	(141,496)
(20,512)	(83)	-	-	50,000	30,000	69,405
(20,500)	(17,500)	10,759	42,000	40,575	24,000	(8,605)
20,500	17,500	-	-	-	-	1,125,881
$ -	$ -	$ 10,759	$ 42,000	$ 40,575	$ 24,000	$ 1,117,276

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 9,687	$ 3,970	$ 13,657	$ 13,657
Total revenues	-	9,687	3,970	13,657	13,657
Expenditures:					
Public Safety:					
Legal fees	20,000	14,889	-	14,889	5,111
Engineering fees	325,000	102,874	-	102,874	222,126
Contingency	445,000	-	-	-	445,000
Land acquisition	210,000	19,496	-	19,496	190,504
Total expenditures	1,000,000	137,259	-	137,259	862,741
Revenues over (under) expenditures	(1,000,000)	(127,572)	3,970	(123,602)	876,398
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	$ -	$ 872,428	3,970	$ 876,398	$ 876,398
Fund Balance:					
Beginning of year - July 1			872,428		
End of year - June 30			$ 876,398		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - FESTIVAL PARK CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
PARTF Grant	$ 295,125	$ 282,602	$ 5,375	$ 287,977	$ (7,148)
Donations	-	33,700	-	33,700	33,700
Investment earnings	-	460	45	505	505
Total revenues	295,125	316,762	5,420	322,182	27,057
Expenditures:					
Culture and Recreation:					
Planning and design	82,481	81,780	-	81,780	701
Construction	507,769	483,425	10,749	494,174	13,595
Total expenditures	590,250	565,205	10,749	575,954	14,296
Revenues over (under) expenditures	(295,125)	(248,443)	(5,329)	(253,772)	41,353
Other Financing Sources (Uses):					
Transfer from General Fund	295,125	261,425	-	261,425	(33,700)
Total other financing sources (uses)	295,125	261,425	-	261,425	(33,700)
Net change in fund balance	$ -	$ 12,982	(5,329)	$ 7,653	$ 7,653
Fund Balance:					
Beginning of year - July 1			12,982		
End of year - June 30			$ 7,653		

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted Intergovernmental:				
Investment earnings	$ -	$ 1	$ 1	$ -
Total revenues	-	1	1	-
Other Financing Sources (Uses):				
Transfers from General Fund	120,901	120,901	-	120,000
Transfers to General Fund	(120,901)	(120,901)	-	(120,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	$ -	1	$ 1	-
Fund Balance:				
Beginning of year - July 1		1,214		1,214
End of year - June 30		$ 1,215		$ 1,214

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	$ -	$ 48	$ 48	$ 64
Total revenues	-	48	48	64
Expenditures:				
Economic Development:				
Facade grants	11,463	11,329	134	8,260
Total expenditures	11,463	11,329	134	8,260
Revenues over (under) expenditures	(11,463)	(11,281)	182	(8,196)
Other Financing Sources (Uses):				
Appropriated fund balance	1,463	-	(1,463)	-
Transfer from General Fund	10,000	10,000	-	10,000
Total other financing sources (uses)	11,463	10,000	(1,463)	10,000
Net change in fund balance	$ -	(1,281)	$ (1,281)	1,804
Fund Balance:				
Beginning of year - July 1		18,908		17,104
End of year - June 30		$ 17,627		$ 18,908

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - IMPRESSIONS BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 197	$ 75	$ 272	$ 272
Total revenues	-	197	75	272	272
Expenditures:					
Economic and Physical Development:					
Construction	732,920	644,320	85,596	729,916	3,004
Professional services	36,646	33,094	-	33,094	3,552
Total expenditures	769,566	677,414	85,596	763,010	6,556
Revenues over (under) expenditures	(769,566)	(677,217)	(85,521)	(762,738)	(6,828)
Other Financing Sources (Uses):					
Long-term debt issued	769,566	769,566	-	769,566	-
Total other financing sources (uses)	769,566	769,566	-	769,566	-
Net change in fund balance	$ -	$ 92,349	(85,521)	$ 6,828	$ 6,828
Fund Balance:					
Beginning of year - July 1			92,349		
End of year - June 30			$ 6,828		

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ -	$ 221	$ 221	$ 221
Total revenues	-	-	221	221	221
Expenditures:					
Economic and Physical Development:					
Economic development incentives	90,000	-	-	-	90,000
Total expenditures	90,000	-	-	-	90,000
Revenues over (under) expenditures	(90,000)	-	221	221	90,221
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	-
Total other financing sources (uses)	90,000	90,000	-	90,000	-
Net change in fund balance	$ -	$ 90,000	221	$ 90,221	$ 90,221
Fund Balance:					
Beginning of year - July 1			90,000		
End of year - June 30			$ 90,221		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - OLD CITY HALL REHABILITATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

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

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - WEIR VALVES REHABILITATION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Economic Development Center Grant	$ 410,000	$ -	$ -	$ -	$ (410,000)
Investment earnings	-	-	12	12	12
Total revenues	410,000	-	12	12	(409,988)
Expenditures:					
Economic and Physical Development:					
Administration	20,500	-	-	-	20,500
Building improvements	410,000	-	-	-	410,000
Total expenditures	430,500	-	-	-	430,500
Revenues over (under) expenditures	(20,500)	-	12	12	20,512
Other Financing Sources (Uses):					
Appropriated fund balance	20,512	-	-	-	(20,512)
Transfer from General Fund	20,500	20,500	-	20,500	-
Transfer to General Fund	(20,512)	-	(20,512)	(20,512)	-
Total other financing sources (uses)	20,500	20,500	(20,512)	(12)	(20,512)
Net change in fund balance	$ -	$ 20,500	(20,500)	$ -	$ -
Fund Balance:					
Beginning of year - July 1			20,500		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - RESCUE VEHICLE CONSTRUCTION - FEMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over/Under
Revenues:					
FEMA Grant	$ 332,785	$ 285	$ 330,935	$ 331,220	$ (1,565)
Total revenues	332,785	285	330,935	331,220	(1,565)
Expenditures:					
Public Safety:					
Administration	300	300	-	300	-
Capital outlay	350,000	-	348,352	348,352	1,648
Total expenditures	350,300	300	348,352	348,652	1,648
Revenues over (under) expenditures	(17,515)	(15)	(17,417)	(17,432)	83
Other Financing Sources (Uses):					
Transfer from General Fund	17,515	17,515	-	17,515	-
Transfer to General Fund	-	-	(83)	(83)	(83)
Total other financing sources (uses)	17,515	17,515	(83)	17,432	(83)
Net change in fund balance	$ -	$ 17,500	(17,500)	$ -	$ -
Fund Balance:					
Beginning of year - July 1			17,500		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NCDENR PEDESTRIAN GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

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

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NCDENR ADOPT-A-TRAIL GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

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

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - PARKS AND RECREATION MASTER PLAN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

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

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, 2013

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over/Under
Revenues:					
PARTF Grant	$ 50,000	$ -	$ -	$ -	$ (50,000)
Public Access Grant	200,000	-	-	-	(200,000)
Total revenues	250,000	-	-	-	(250,000)
Expenditures:					
Economic and Physical Development:					
Planning and design	40,000	-	9,425	9,425	30,575
Construction	245,000	-	-	-	245,000
Contingency	15,000	-	-	-	15,000
Total expenditures	300,000	-	9,425	9,425	290,575
Revenues over (under) expenditures	(50,000)	-	(9,425)	(9,425)	40,575
Other Financing Sources (Uses):					
Transfer from other funds	50,000	-	50,000	50,000	-
Total other financing sources (uses)	50,000	-	50,000	50,000	-
Net change in fund balance	$ -	$ -	40,575	$ 40,575	$ 40,575
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ 40,575		

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
CDBG grant	$ 320,000	$ -	$ -	$ -	$ (320,000)
Local donations	-	-	4,000	4,000	4,000
Total revenues	320,000	-	4,000	4,000	(316,000)
Expenditures:					
Economic and Physical Development:					
Administration	30,000	-	10,000	10,000	20,000
Construction	320,000	-	-	-	320,000
Total expenditures	350,000	-	10,000	10,000	340,000
Revenues over (under) expenditures	(30,000)	-	(6,000)	(6,000)	24,000
Other Financing Sources (Uses):					
Transfer from other funds	30,000	-	30,000	30,000	-
Total other financing sources (uses)	30,000	-	30,000	30,000	-
Net change in fund balance	$ -	$ -	24,000	$ 24,000	$ 24,000
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ 24,000		

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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, 2013

	Library Fund	Cemetery Fund	Total Nonmajor Permanent Funds
Assets:			
Cash and investments	$ 95,375	$ 397,101	$ 492,476
Accounts receivable, net	20	780	800
Total assets	$ 95,395	$ 397,881	$ 493,276
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Deferred Inflows of Resources:			
Other accounts receivable	$ -	$ 700	$ 700
Total deferred inflows of resources	-	700	700
Fund Balances:			
Restricted:			
Stabilization by State statute	20	80	100
Non-spendable, not in spendable form:			
Perpetual maintenance - library care	95,375	-	95,375
Perpetual maintenance - cemetery care	-	397,101	397,101
Total fund balances	95,395	397,181	492,576
Total liabilities, deferred inflows of resources, and fund balances	$ 95,395	$ 397,881	$ 493,276

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Library Fund	Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:			
Perpetual care fees	$ -	$ 20,300	$ 20,300
Interest earnings	433	1,735	2,168
Total revenues	433	22,035	22,468
Expenditures:			
Current:			
Environmental protection	-	1,654	1,654
Cultural and recreation	413	-	413
Total expenditures	413	1,654	2,067
Net change in fund balances	20	20,381	20,401
Fund Balances:			
Beginning of year - July 1	95,375	376,800	472,175
End of year - June 30	$ 95,395	$ 397,181	$ 492,576

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest earnings	$ 500	$ 433	$ (67)	$ 369
Total revenues	500	433	(67)	369
Expenditures:				
Administration	500	413	87	369
Total expenditures	500	413	87	369
Net change in fund balance	$ -	20	$ 20	-
Fund Balance:				
Beginning of year - July 1		95,375		95,375
End of year - June 30		$ 95,395		$ 95,375

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Perpetual care fees	$ -	$ 20,300	$ 20,300	$ 19,600
Interest earnings	1,700	1,735	35	1,385
Total revenues	1,700	22,035	20,335	20,985
Expenditures:				
Administration	1,700	1,654	46	1,385
Total expenditures	1,700	1,654	46	1,385
Net change in fund balance	$ -	20,381	$ 20,381	19,600
Fund Balance:				
Beginning of year - July 1		376,800		357,200
End of year - June 30		$ 397,181		$ 376,800

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.
- Main and Respess Lift Station Capital Project Fund - This fund is used to account for the construction of the lift station.
- Sewer Capital Reserve Fund - This fund is used to account for the accumulation of funds for future sewer fund capital outlays.
- 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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	$ 2,900,000	$ 2,849,452	$ (50,548)	$ 2,967,803
Other Operating Revenues:				
Connection and reconnection fees	29,500	32,535	3,035	33,396
Water taps	8,000	7,553	(447)	24,062
Water assessments	-	(1,756)	(1,756)	-
Fire hydrants	13,660	13,660	-	13,536
Late penalty charges	18,000	17,477	(523)	19,960
Total operating revenues	2,969,160	2,918,921	(50,239)	3,058,757
Non-Operating Revenues:				
Rents	34,777	34,777	-	33,322
Recovery of doubtful accounts	300	248	(52)	540
Interest earnings	2,500	6,735	4,235	4,570
Sale of surplus and scrap	-	7,401	7,401	17,335
FEMA assistance	-	(113)	(113)	22,844
Miscellaneous	7,000	3,595	(3,405)	953
Total non-operating revenues	44,577	52,643	8,066	79,564
Total revenues	3,013,737	2,971,564	(42,173)	3,138,321
Operating Expenditures:				
Water Administration:				
Public Works Director:				
Salaries and employee benefits	102,126	101,510	616	82,591
Supplies	400	382	18	407
Dues and subscriptions	150	150	-	-
Telephone	575	554	21	561
Repair and maintenance	1,262	1,262	-	1,022
Total Public Works Director	104,513	103,858	655	84,581
Miscellaneous - Non-Departmental:				
Workers' compensation	2,620	2,250	370	2,092
Unemployment wages	6,500	-	6,500	-
Insurance and bonds	38,151	35,867	2,284	38,578
Printing and publishing	4,100	2,620	1,480	2,570
Utility service fee - General Fund	280,087	280,087	-	279,503
Utility service fee - Electric Fund	82,208	82,208	-	82,208
Repair and maintenance	500	397	103	397
Hurricane Irene FEMA Grant expenses	-	-	-	17,317
Contingency	7,715	-	7,715	-
Other expenses	5,456	2,376	3,080	2,376
Total miscellaneous - non-departmental	427,337	405,805	21,532	425,041
Total water administration	531,850	509,663	22,187	509,622

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Water Treatment and Distribution:				
Water Meter Services:				
Salaries and employee benefits	139,924	129,551	10,373	132,625
Telephone	950	906	44	816
Employee development	750	305	445	-
Repair and maintenance	313,005	312,342	663	233,979
Supplies	762	761	1	380
Materials	9,796	9,566	230	5,712
OSHA safety mandates	500	466	34	716
Professional services	494	136	358	210
Total water meter services	466,181	454,033	12,148	374,438
Water Treatment Plant:				
Salaries and employee benefits	487,312	471,176	16,136	451,761
OSHA safety mandates	15,000	8,735	6,265	394
Employee development	2,500	1,851	649	1,975
Telephone	3,800	2,960	840	3,092
Printing and publishing	2,752	200	2,552	2,243
Water and electric services	230,000	225,699	4,301	200,481
Repair and maintenance	103,611	91,422	12,189	86,814
Supplies	6,210	6,131	79	3,981
Chemicals and lab supplies	362,565	288,524	74,041	258,221
Dues and subscriptions	6,860	5,045	1,815	4,770
Professional services	46,000	496	45,504	5,840
Contract services	13,881	4,177	9,704	9,557
Employee advertisement	100	68	32	92
Total water treatment plant	1,280,591	1,106,484	174,107	1,029,221
Water Distribution Maintenance:				
Salaries and employee benefits	115,337	113,887	1,450	112,805
Contract services	75,564	53,036	22,528	50,240
Water and electric services	7,577	7,435	142	5,842
Employee advertising	100	-	100	-
Repair and maintenance	12,220	11,671	549	11,466
Supplies	1,500	1,310	190	1,248
Materials	25,638	23,544	2,094	26,588
Professional services	950	886	64	-
Total water distribution maintenance	238,886	211,769	27,117	208,189
Total water treatment and distribution	1,985,658	1,772,286	213,372	1,611,848
Capital outlay	301,525	202,213	99,312	223,088

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
General Obligation Bonds:				
Principal retirement	254,960	254,959	1	242,818
Interest	14,755	13,839	916	24,751
Total debt service	269,715	268,798	917	267,569
Total operating expenditures	3,088,748	2,752,960	335,788	2,612,127
Revenues over (under) expenditures	(75,011)	218,604	293,615	526,194
Other Financing Sources (Uses):				
Appropriated fund balance	175,620	-	(175,620)	-
Transfers from:				
Water Capital Reserve Fund	-	-	-	30,000
Transfers to:				
Capital Project Fund	-	-	-	(22,500)
Economic Development Fund	(28,646)	(28,646)	-	(31,593)
General Fund	(71,963)	(71,963)	-	(143,926)
Total other financing sources (uses)	75,011	(100,609)	(175,620)	(168,019)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 117,995	$ 117,995	$ 358,175
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 117,995		$ 358,175
Capital outlay		202,213		223,088
Principal retirement		254,959		242,818
Change in compensated absences		(4,264)		27,615
Change in OPEB liability		(17,022)		(16,274)
Depreciation		(702,782)		(723,714)
Bad debt provision		7,133		(439)
Inventory adjustment		3,213		(474)
Capital contributions		-		58,440
Transfer in of capital asset		-		21,188
Transfer from Water Capital Reserve		-		(30,000)
Capital contributions, revenue from:				
Water Capital Reserve Fund		11,819		41,132
Change in net position		$ (126,736)		$ 201,555

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Sewer sales	$ 3,030,000	$ 3,008,940	$ (21,060)	$ 2,964,861
Other Operating Revenues:				
Sewer taps	5,000	8,602	3,602	8,527
Late penalty charges	20,000	22,289	2,289	22,105
Total operating revenues	3,055,000	3,039,831	(15,169)	2,995,493
Non-Operating Revenues:				
Recovery of doubtful accounts	500	353	(147)	790
Interest earnings	6,000	8,348	2,348	6,411
Sewer assessments	10,639	142	(10,497)	(18,109)
FEMA assistance	-	(547)	(547)	70,884
Miscellaneous	-	946	946	50,747
Total non-operating revenues	17,139	9,242	(7,897)	110,723
Total revenues	3,072,139	3,049,073	(23,066)	3,106,216
Operating Expenditures:				
Sewer Administration:				
Public Works Director:				
Salaries and employee benefits	103,138	101,510	1,628	82,591
Supplies	750	537	213	348
Employee development	250	-	250	-
Dues and subscriptions	1,250	1,160	90	-
Telephone	650	554	96	635
Total Public Works Director	106,038	103,761	2,277	83,574
Miscellaneous - Non-Departmental:				
Workers' compensation	6,585	6,001	584	5,486
Printing and publishing	3,500	2,620	880	2,570
Insurance and bonds	45,393	44,264	1,129	44,512
Utility service fee - General Fund	281,121	281,121	-	280,932
Repair and maintenance	500	397	103	397
Other expenses	4,956	2,376	2,580	2,376
Utility service fee - Electric Fund	49,675	49,675	-	49,675
CDBG Clawback grant expenses	111,142	-	111,142	-
Hurricane Irene FEMA grant expenses	-	-	-	36,327
Total miscellaneous - non-departmental	502,872	386,454	116,418	422,275
Total sewer administration	608,910	490,215	118,695	505,849
Waste Collection and Treatment:				
Wastewater Treatment:				
Salaries and employee benefits	480,807	463,058	17,749	444,811
Employee advertising	140	137	3	100
Employee development	3,000	2,981	19	2,888
Telephone	400	369	31	352

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Printing and publishing	1,000	-	1,000	-
Water and electric service	285,000	242,976	42,024	244,838
Repair and maintenance	228,332	187,791	40,541	72,350
Supplies	110,966	67,021	43,945	58,505
Dues	6,600	6,428	172	6,100
Professional services	3,000	210	2,790	536
Contract services	119,029	99,357	19,672	93,468
Licenses and permits	7,100	6,910	190	6,910
OSHA safety mandates	24,000	3,495	20,505	361
Total wastewater treatment	1,269,374	1,080,733	188,641	931,219
Wastewater Collection Maintenance:				
Salaries and employee benefits	130,477	122,120	8,357	124,335
OSHA safety mandates	500	462	38	2,645
Employee development	750	150	600	225
Telephone	3,000	2,382	618	2,464
Printing and publishing	200	-	200	-
Repair and maintenance	17,669	16,456	1,213	20,089
Supplies	2,500	2,421	79	2,309
Materials	11,247	11,246	1	9,175
Contract services	97,810	54,151	43,659	38,681
Other expenses	-	-	-	2,952
Professional services	150	46	104	-
Total wastewater collection maintenance	264,303	209,434	54,869	202,875
Sewer Pumping Station:				
Salaries and employee benefits	60,379	59,619	760	60,043
Water and electrical service	137,300	135,731	1,569	105,974
Repair and maintenance	95,705	90,825	4,880	74,108
Supplies	2,520	2,430	90	1,538
Chemicals	6,460	-	6,460	294
Professional services	12,447	1,337	11,110	21,195
Total sewer pumping station	314,811	289,942	24,869	263,152
Total waste collection and treatment	1,848,488	1,580,109	268,379	1,397,246
Debt Service:				
General Obligation Bonds:				
Principal retirement	289,045	289,043	2	282,422
Interest	31,901	30,785	1,116	43,695
Installment Notes:				
Principal retirement	29,537	29,537	-	38,385
Interest	981	981	-	1,976
State Loan:				
Principal retirement	171,805	168,503	3,302	131,806
Interest	41,466	40,909	557	43,616
Total debt service	564,735	559,758	4,977	541,900

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	420,973	263,938	157,035	375,100
Total operating expenditures	3,443,106	2,894,020	549,086	2,820,095
Revenues over (under) expenditures	(370,967)	155,053	526,020	286,121
Other Financing Sources (Uses):				
Appropriated fund balance	440,145	-	(440,145)	-
Transfers from:				
Sewer Capital Reserve Fund	-	-	-	86,000
Main and Respess Lift Station Capital Project Fund	-	2,863	2,863	-
Transfer to:				
Economic Development Fund	(28,646)	(28,646)	-	(31,593)
Capital Project Fund	-	-	-	(22,500)
General Fund	(40,532)	(40,532)	-	(81,064)
Sewer Capital Project Fund	-	-	-	(58,322)
Total other financing sources (uses)	370,967	(66,315)	(437,282)	(107,479)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 88,738	$ 88,738	$ 178,642
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 88,738		$ 178,642
Capital outlay		263,938		375,100
Principal retirement		487,083		452,613
Change in compensated absences		21,068		34,955
Change in OPEB liability		(17,022)		(16,274)
Depreciation		(639,813)		(624,926)
Bad debt (provision) recovery		23,449		11,584
Inventory adjustment		189		88
Loss on disposal of capital assets		-		(4,758)
Transfer out of capital assets		-		(21,188)
Capital contributions, revenue from:				
Sewer Capital Reserve Fund		27,323		52,406
Transfer from Sewer Capital Project Fund		(2,863)		(86,000)
Transfer to Sewer Capital Project Fund		-		58,322
Capital contributions		-		58,699
Change in net position		$ 252,090		$ 469,263

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Electric sales	$ 36,612,290	$ 34,932,603	$ (1,679,687)	$ 34,779,149
Other Operating Revenues:				
Underground services	40,000	29,133	(10,867)	9,713
Reconnection fees	80,000	91,714	11,714	71,160
Facility connection fees	4,000	5,012	1,012	5,158
Pole attachment fees - cable TV	20,000	18,222	(1,778)	18,757
Connection fees	40,000	31,021	(8,979)	35,697
Late penalty charges	250,000	208,513	(41,487)	246,443
New construction fee	5,000	3,050	(1,950)	7,100
Total operating revenues	37,051,290	35,319,268	(1,732,022)	35,173,177
Non-Operating Revenues:				
Recovery of doubtful accounts	3,000	12,690	9,690	4,560
Interest earnings	10,000	18,530	8,530	14,104
Sale of surplus and scrap	20,000	46,964	26,964	81,007
Fines and meters	10,000	20,938	10,938	7,093
DOT reimbursement	-	(90,820)	(90,820)	222,583
FEMA assistance	-	-	-	1,251,873
Solar projects reimbursement	580,271	340,271	(240,000)	-
Miscellaneous	105,200	20,382	(84,818)	17,321
Total non-operating revenues	728,471	368,955	(359,516)	1,598,541
Total revenues	37,779,761	35,688,223	(2,091,538)	36,771,718
Operating Expenditures:				
Administration:				
Office of Electric Director:				
Salaries and employee benefits	266,178	264,070	2,108	241,432
Employee development	9,169	7,270	1,899	3,359
Professional services	356,550	91,593	264,957	81,913
Telephone	4,000	3,952	48	3,693
Printing and publishing	100	21	79	10
Maintenance	7,300	6,474	826	5,024
Supplies	2,950	2,928	22	3,466
Dues and subscriptions	1,000	565	435	619
Total Office of Electric Director	647,247	376,873	270,374	339,516

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Miscellaneous - Non-Departmental:				
Printing and publishing	6,000	5,505	495	5,140
Dues and subscriptions	300	84	216	270
Insurance and bonds	145,000	136,965	8,035	139,551
Workers' compensation	54,404	52,753	1,651	115,757
Inventory reimbursement	-	-	-	34,776
Rents	18,000	18,000	-	18,000
Maintenance	1,000	794	206	794
Utility service fee - General Fund	1,202,245	1,202,245	-	1,269,231
Utility Assistance Contribution	10,000	10,000	-	10,000
Hurricane Irene FEMA Grant expenses	-	-	-	1,045,496
Gustnado expenses	124,755	111,580	13,175	-
Other expenses	138,183	128,112	10,071	125,873
Total miscellaneous - non-departmental	1,699,887	1,666,038	33,849	2,764,888
Total administration	2,347,134	2,042,911	304,223	3,104,404
Electric Operations:				
Utility Communications:				
Salaries and employee benefits	211,614	202,161	9,453	204,900
Employee advertising	100	100	-	135
Employee development	200	199	1	75
Professional services	148	148	-	184
Telephone	16,000	15,596	404	12,580
Water and electric services	3,000	1,347	1,653	1,096
Rents	17,320	17,320	-	17,320
Maintenance	6,390	1,617	4,773	2,904
Supplies	2,000	1,801	199	2,165
Total utility communications	256,772	240,289	16,483	241,359
Meter Services:				
Salaries and employee benefits	285,587	276,708	8,879	258,283
Employee advertising	200	199	1	-
Employee development	2,730	2,725	5	1,661
Telephone	3,000	2,200	800	1,903
Water and electric service	10,946	8,372	2,574	5,395
Maintenance	82,400	64,973	17,427	132,288
Supplies	2,500	2,361	139	2,301
Materials	5,900	3,705	2,195	3,926
Professional services	229	226	3	92
Other expenses	400	354	46	285
Contract services	30,000	29,999	1	150
Reimbursement from other funds	(131,883)	(131,883)	-	(131,883)
Total meter services	292,009	259,939	32,070	274,401

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Power Line Maintenance:				
Salaries and employee benefits	742,449	722,214	20,235	747,927
Employee advertising	250	-	250	-
Employee development	15,150	11,020	4,130	13,218
Telephone	3,500	2,805	695	3,087
Water and electric service	10,000	6,979	3,021	4,565
Printing and publishing	100	-	100	-
Maintenance	176,950	161,799	15,151	184,549
Supplies	40,800	29,591	11,209	40,749
Materials	136,922	108,237	28,685	89,129
Contract services	276,460	263,167	13,293	199,050
Professional services	1,000	762	238	4,541
Insurance	8,450	8,250	200	2,863
Other expenses	710	707	3	570
Total power line maintenance	1,412,741	1,315,531	97,210	1,290,248
Substation Maintenance:				
Salaries and employee benefits	205,740	202,285	3,455	193,715
Employee advertisement	200	178	22	-
Employee development	2,750	2,518	232	1,903
Professional services	24,484	24,129	355	16,651
Telephone	2,000	1,619	381	1,274
Water and electric service	28,000	23,260	4,740	17,557
Maintenance	366,665	319,256	47,409	176,983
Supplies	2,000	1,683	317	1,692
Contract services	22,560	19,487	3,073	16,021
Gasoline purchases	339,900	224,527	115,373	210,507
Other expenses	2,651	2,540	111	57,732
Total substation maintenance	996,950	821,482	175,468	694,035
Load Management:				
Salaries and employee benefits	45,550	44,617	933	42,117
Employee advertisement	100	-	100	-
Employee development	1,000	299	701	-
Supplies	525	120	405	15
Heat pump rebates	15,475	15,475	-	9,626
Maintenance	2,000	1,620	380	1,490
Materials	5,050	4,602	448	3,021
Marketing and promotions	20,000	13,790	6,210	18,425
Contract services	80,800	57,165	23,635	87,245
Other expenses	500	-	500	65,477
Total load management	171,000	137,688	33,312	227,416
Total electric operations	3,129,472	2,774,929	354,543	2,727,459
Electric power purchases	29,105,200	28,495,889	609,311	27,908,667

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	2,330,993	1,811,030	519,963	1,949,546
Debt Service:				
General Obligation Bonds:				
Principal retirement	26,000	25,999	1	24,761
Interest	1,505	1,411	94	2,525
Installment Notes:				
Principal retirement	762,272	761,145	1,127	934,871
Interest	35,286	34,826	460	60,523
Total debt service	825,063	823,381	1,682	1,022,680
Total operating expenditures	37,737,862	35,948,140	1,789,722	36,712,756
Revenues over (under) expenditures	41,899	(259,917)	(301,816)	58,962
Other Financing Sources (Uses):				
Long-term debt issued	430,805	430,805	-	-
Fund balance appropriated	472,125	-	(472,125)	-
Transfers to:				
General Fund	(846,121)	(846,121)	-	(973,150)
Economic Development Capital Reserve Fund	(98,708)	(98,708)	-	(126,593)
Total other financing sources (uses)	(41,899)	(514,024)	(472,125)	(1,099,743)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (773,941)	$ (773,941)	$ (1,040,781)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (773,941)		$ (1,040,781)
Capital outlay		1,811,030		1,949,546
Principal retirement		787,144		959,632
Installment note proceeds		(430,805)		-
Change in compensated absences		(10,105)		11,093
Change in OPEB liability		(31,484)		(41,592)
Depreciation		(1,599,025)		(1,559,160)
Bad debt provision		28,196		137,291
Inventory adjustment		4,147		31,684
Capital contributions		5,133		22,187
Change in net position		$ (209,710)		$ 469,900

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Public works fees	$ 492,000	$ 494,525	$ 2,525	$ 494,878
Miscellaneous	-	(40)	(40)	25
Late penalty charges	3,000	3,916	916	3,775
Permit fees	5,000	1,500	(3,500)	2,500
Total operating revenues	500,000	499,901	(99)	501,178
Non-Operating Revenues:				
Interest earnings	98,891	94,274	(4,617)	106,347
Total non-operating revenues	98,891	94,274	(4,617)	106,347
Total revenues	598,891	594,175	(4,716)	607,525
Operating Expenditures:				
Salaries and employee benefits	87	87	-	-
Professional services	5,300	1,063	4,237	3,324
Water and electric service	26,500	18,639	7,861	14,733
Maintenance and repairs	53,621	494	53,127	66
Supplies	2,109	2,015	94	1,935
Contracted services	7,400	6,872	528	6,972
Materials	9,819	9,407	412	10,647
Insurance	1,188	1,123	65	1,035
Contingency	22,738	-	22,738	-
Miscellaneous	2,576	2,548	28	2,376
Total operating expenditures	131,338	42,248	89,090	41,088
Debt Service:				
Principal	344,527	344,513	14	352,415
Interest	216,797	216,074	723	243,211
Total debt service	561,324	560,587	737	595,626
Capital outlay	93,619	91,786	1,833	4,774
Total expenditures	786,281	694,621	91,660	641,488

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(187,390)	(100,446)	86,944	(33,963)
Other Financing Sources (Uses):				
Appropriated fund balance	187,390	-	(187,390)	-
Total other financing sources (uses)	187,390	-	(187,390)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (100,446)	$ (100,446)	$ (33,963)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (100,446)		$ (33,963)
Depreciation		(132,027)		(130,252)
Capital outlay		91,786		4,774
Principal retirement		344,513		352,415
Investment earnings from capital project fund		885		5,649
Bad debt expense (recoveries)		926		400
Change in net position		$ 205,637		$ 199,023

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Water impact fees	$ -	$ 11,324	$ 11,324	$ 40,692
Investment earnings	-	495	495	440
Total revenues	-	11,819	11,819	41,132
Other Financing Sources (Uses):				
Transfer to Water Fund	-	-	-	(30,000)
Total other financing sources (uses)	-	-	-	(30,000)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	11,819	$ 11,819	11,132
Fund Balance:				
Beginning of year - July 1		132,433		121,301
End of year - June 30		$ 144,252		$ 132,433

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - MAIN AND RESPESS LIFT STATION
SEWER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual Prior Years	Actual Current Years	Actual Total to Date	Variance Over/Under
Expenditures:					
Economic and Physical Development:					
Administration	$ 32,000	$ 12,000	$ 14,639	$ 26,639	$ 5,361
Legal fees	6,000	-	-	-	6,000
Engineering and permitting	160,000	75,882	84,106	159,988	12
Construction	438,402	83,341	335,958	419,299	19,103
Contingency	21,920	-	-	-	21,920
Total expenditures	658,322	171,223	434,703	605,926	52,396
Revenues over (under) expenditures	(658,322)	(171,223)	(434,703)	(605,926)	52,396
Other Financing Sources (Uses):					
Transfer from Sewer Fund	58,322	58,322	-	58,322	-
Transfer to Sewer Fund	-	-	(2,863)	(2,863)	(2,863)
Long-term debt issued	600,000	159,223	391,244	550,467	(49,533)
Total other financing sources (uses)	658,322	217,545	388,381	605,926	(52,396)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 46,322	(46,322)	$ -	$ -
Fund Balance:					
Beginning of year, July 1			46,322		
End of year, June 30			$ -		

This fund is consolidated into the Sewer 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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Sewer impact fees	$ -	$ 26,933	$ 26,933	$ 52,036
Investment earnings	-	390	390	370
Total revenues	-	27,323	27,323	52,406
Other Financing Sources (Uses):				
Transfer to Sewer Fund	-	-	-	(86,000)
Total other financing sources (uses)	-	-	-	(86,000)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	27,323	$ 27,323	(33,594)
Fund Balance:				
Beginning of year - July 1		95,674		129,268
End of year - June 30		$ 122,997		$ 95,674

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 10,680	$ 885	$ 11,565	$ 11,565
Expenditures:					
Economic and Physical Development:					
Professional services	42,827	41,271	(826)	40,445	2,382
Engineering	527,700	484,454	41,523	525,977	1,723
Construction	4,176,932	3,573,600	551,498	4,125,098	51,834
Easement acquisition	156,288	156,288	-	156,288	-
Contingency	96,253	-	-	-	96,253
Total expenditures	5,000,000	4,255,613	592,195	4,847,808	152,192
Revenues over (under) expenditures	(5,000,000)	(4,244,933)	(591,310)	(4,836,243)	163,757
Other Financing Sources (Uses):					
Long-term debt issued	5,000,000	5,000,000	-	5,000,000	-
Total other financing sources (uses)	5,000,000	5,000,000	-	5,000,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 755,067	(591,310)	$ 163,757	$ 163,757
Fund Balance:					
Beginning of year, July 1			755,067		
End of year, June 30			$ 163,757		

This fund is consolidated into the Stormwater Fund

Nonmajor Enterprise Funds

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

- 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.
- 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, 2013

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Assets:				
Current Assets:				
Cash and investments	$ 503,666	$ 411,510	$ 27,754	$ 942,930
Accounts receivable, net	455,082	157,351	10,676	623,109
Inventory	56,932	-	-	56,932
Prepaid items	-	1,987	-	1,987
Restricted cash and investments	-	-	8,375	8,375
Total current assets	1,015,680	570,848	46,805	1,633,333
Capital Assets:				
Non-depreciable capital assets	1,807,115	-	-	1,807,115
Other capital assets, net of accumulated depreciation	885,889	367,946	37,241	1,291,076
Total capital assets	2,693,004	367,946	37,241	3,098,191
Total assets	3,708,684	938,794	84,046	4,731,524
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	420,306	34,461	7,808	462,575
Current portion of installment notes	-	46,247	6,955	53,202
Current portion of compensated absences	616	28,697	9,517	38,830
Total current liabilities	420,922	109,405	24,280	554,607
Non-Current Liabilities:				
Non-current portion of installment notes	-	40,851	26,321	67,172
Non-current portion of compensated absences	440	20,528	6,808	27,776
Non-current portion of OPEB liability	-	68,384	28,560	96,944
Total non-current liabilities	440	129,763	61,689	191,892
Total liabilities	421,362	239,168	85,969	746,499
Net Position:				
Net investment in capital assets	2,693,004	280,848	12,340	2,986,192
Unrestricted	594,318	418,778	(14,263)	998,833
Total net position	$ 3,287,322	$ 699,626	$ (1,923)	$ 3,985,025

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, 2013

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for sales and services	$ 155,319	$ 1,253,742	$ 171,998	$ 1,581,059
Miscellaneous	511,877	603	-	512,480
Total operating revenues	667,196	1,254,345	171,998	2,093,539
Operating Expenditures:				
Operations	413,583	1,177,489	283,616	1,874,688
Depreciation	144,918	74,907	1,813	221,638
Total operating expenditures	558,501	1,252,396	285,429	2,096,326
Operating income (loss)	108,695	1,949	(113,431)	(2,787)
Non-Operating Revenues (Expenditures):				
Investment earnings	1,124	867	74	2,065
Solid waste disposal tax	-	6,131	-	6,131
Gustnado expense	(138,258)	-	-	(138,258)
Interest expense	-	(3,635)	(117)	(3,752)
Total non-operating revenues (expenditures)	(137,134)	3,363	(43)	(133,814)
Income (loss) before capital contributions and transfers	(28,439)	5,312	(113,474)	(136,601)
Capital Contributions and Transfers:				
Capital contributions	449,850	95	-	449,945
Transfers in	83,158	-	120,915	204,073
Total capital contributions and transfers	533,008	95	120,915	654,018
Change in net position	504,569	5,407	7,441	517,417
Net Position:				
Beginning of year - July 1	2,782,753	694,219	(9,364)	3,467,608
End of year - June 30	$ 3,287,322	$ 699,626	$ (1,923)	$ 3,985,025

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Warren Field Airport Fund	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers	$ 240,549	$ 1,269,538	$ 169,461	$ 1,679,548
Cash paid to employees	(44,246)	(532,559)	(215,245)	(792,050)
Cash paid to suppliers	(84,745)	(630,316)	(59,835)	(774,896)
Net cash provided (used) by operating activities	111,558	106,663	(105,619)	112,602
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	83,158	-	120,915	204,073
Net cash provided (used) by non-capital financing activities	83,158	-	120,915	204,073
Cash Flows from Capital and Related Financing Activities:				
Interest expense	-	(3,635)	(117)	(3,752)
Acquisition of capital assets	(514,482)	-	(33,874)	(548,356)
Proceeds from issuance of debt	-	-	35,000	35,000
Principal payments on long-term debt	-	(84,201)	(1,724)	(85,925)
Capital contributions	449,850	6,226	-	456,076
Net cash provided (used) by capital and related financing activities	(64,632)	(81,610)	(715)	(146,957)
Cash Flows from Investing Activities:				
Investment earnings	1,124	867	74	2,065
Net cash provided (used) by investing activities	1,124	867	74	2,065
Net increase (decrease) in cash and cash equivalents/investments	131,208	25,920	14,655	171,783
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	372,458	385,590	21,474	779,522
End of year - June 30	$ 503,666	$ 411,510	$ 36,129	$ 951,305
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 108,695	$ 1,949	$ (113,431)	$ (2,787)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	144,918	74,907	1,813	221,638
Change in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(426,647)	15,193	(2,537)	(413,991)
(Increase) decrease in inventory	6,168	-	-	6,168
(Increase) decrease in prepaid assets	-	(1,987)	-	(1,987)
Increase (decrease) in accounts payable and accrued liabilities	415,626	(280)	746	416,092
Increase (decrease) in compensated absences payable	1,056	2,846	1,818	5,720
Increase (decrease) in OPEB liability	-	14,035	5,972	20,007
Net cash provided (used) by operating activities	$ 111,558	$ 106,663	$ (105,619)	$ 112,602

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Fuel sales	$ 156,056	$ 116,701	$ (39,355)	$ 159,372
Rentals	65,500	38,618	(26,882)	59,742
Miscellaneous revenue	641,539	511,877	(129,662)	2,105
Total operating revenues	863,095	667,196	(195,899)	221,219
Non-Operating Revenues:				
Interest earnings	800	1,124	324	995
FEMA assistance	-	-	-	2,698
Grant funds	715,840	424,459	(291,381)	127,147
Total non-operating revenues	716,640	425,583	(291,057)	130,840
Total revenues	1,579,735	1,092,779	(486,956)	352,059
Operating Expenditures:				
Salaries and employee benefits	230,255	38,090	192,165	-
Professional services	600	515	85	2,478
Utilities	21,990	18,793	3,197	18,858
Fuel purchases	120,310	120,235	75	166,557
Maintenance and repairs	29,284	24,245	5,039	20,070
Supplies	1,035	1,031	4	50
Contracted services	29,087	28,171	916	77,702
Equipment rental	8,840	8,712	128	795
Lawsuit settlement	135,603	135,602	1	-
Miscellaneous	2,971	2,967	4	2,551
Insurance	15,465	13,610	1,855	15,213
Grant expense	135,202	-	135,202	-
Utility service fee - General Fund	20,556	20,556	-	19,296
Total	751,198	412,527	338,671	323,570
Miscellaneous - Non-Departmental:				
Hurricane Irene FEMA Grant expenses	-	-	-	2,775
Gustnado expense	214,839	138,258	76,581	-
Total miscellaneous - non-departmental	214,839	138,258	76,581	2,775

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	471,623	471,620	3	141,274
Total expenditures	1,437,660	1,022,405	415,255	467,619
Revenues over (under) expenditures	142,075	70,374	(71,701)	(115,560)
Other Financing Sources (Uses):				
Appropriated fund balance	99,967	-	(99,967)	-
Transfer to Airport Terminal Project	(325,200)	(325,200)	-	-
Transfers from General Fund	83,158	83,158	-	124,982
Total other financing sources (uses)	(142,075)	(242,042)	(99,967)	124,982
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (171,668)	$ (171,668)	$ 9,422
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (171,668)		$ 9,422
Capital outlay		471,620		141,274
Depreciation		(144,918)		(130,699)
Change in compensated absences		(1,056)		-
Transfer from other funds - project		325,200		-
Capital contributions, grant revenue from project		25,391		-
Change in net position		$ 504,569		$ 19,997

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, 2013

	Project Authorization	Actual Prior Years	Actual Current Years	Actual Total to Date	Variance Over/Under
Revenues:					
State Aid to Airports Grant	$ 500,000	$ -	$ -	$ -	$ (500,000)
State Aid - NPE 2012 Grant	150,244	-	25,391	25,391	(124,853)
State Aid - NPE 2013 Grant	150,000	-	-	-	(150,000)
Total revenues	800,244	-	25,391	25,391	(774,853)
Expenditures:					
Professional services	250,000	-	28,212	28,212	221,788
Construction	700,000	-	-	-	700,000
Rental building	27,000	-	14,650	14,650	12,350
Furnishings	51,220	-	-	-	51,220
Contingency	96,980	-	-	-	96,980
Total expenditures	1,125,200	-	42,862	42,862	1,082,338
Revenues over (under) expenditures	(324,956)	-	(17,471)	(17,471)	307,485
Other Financing Sources (Uses):					
Transfer from other funds	324,956	-	325,200	325,200	244
Total other financing sources (uses)	324,956	-	325,200	325,200	244
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ -	307,729	$ 307,729	$ 307,729
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			$ 307,729		

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Garbage collection fees	$ 1,238,500	$ 1,249,456	$ 10,956	$ 1,227,248
Miscellaneous revenues	-	603	603	7,724
Total operating revenues	1,238,500	1,250,059	11,559	1,234,972
Non-Operating Revenues:				
Interest earnings	800	867	67	1,173
FEMA Assistance	-	95	95	115,030
Disposal tax	7,000	6,131	(869)	6,746
Total non-operating revenues	7,800	7,093	(707)	122,949
Total revenues	1,246,300	1,257,152	10,852	1,357,921
Operating Expenditures:				
Salaries and employee benefits	554,798	549,440	5,358	532,738
Contracted services	-	-	-	2,700
Utilities	525	387	138	483
County tipping fees	218,150	217,599	551	229,057
Maintenance and repairs	167,875	165,189	2,686	154,996
Supplies	1,300	805	495	605
Materials	25,803	25,606	197	1,003
Miscellaneous	5,586	4,724	862	3,795
Insurance	14,000	13,961	39	17,611
Workers' compensation	4,510	3,851	659	3,272
Utility service fee - General Fund	179,046	179,046	-	176,879
Total operating expenditures	1,171,793	1,160,608	11,185	1,123,139
Debt Service:	-			
Principal	91,407	84,201	7,206	65,765
Interest	3,636	3,635	1	4,948
Total debt service	95,043	87,836	7,207	70,713
Miscellaneous - Non-Departmental:				
Hurricane Irene FEMA Grant expenses	-	-	-	107,754
Total miscellaneous - non-departmental	-	-	-	107,754

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	-	-	-	114,530
Total expenditures	1,266,836	1,248,444	18,392	1,416,136
Revenues over (under) expenditures	(20,536)	8,708	29,244	(58,215)
Other Financing Sources (Uses):				
Fund balance appropriated	20,536	-	(20,536)	-
Total other financing sources (uses)	20,536	-	(20,536)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 8,708	$ 8,708	$ (58,215)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 8,708		$ (58,215)
Depreciation		(74,907)		(70,090)
Capital outlay		-		114,529
Principal retirement		84,201		65,765
Loss on disposal of capital asset		-		(5,887)
Change in compensated absences		(2,846)		(7,473)
Change in OPEB liability		(14,035)		(13,614)
Bad debt expense (recoveries)		4,286		(497)
Change in net position		$ 5,407		$ 24,518

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, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Sale of cemetery plots	$ 56,800	$ 74,688	$ 17,888	$ 70,050
Cemetery grave openings	92,000	95,650	3,650	98,450
Administrative charges	1,400	1,660	260	1,385
Total operating revenues	150,200	171,998	21,798	169,885
Non-Operating Revenues:				
Interest earnings	-	74	74	-
FEMA assistance	-	-	-	8,075
Miscellaneous	-	-	-	1,758
Total non-operating revenues	-	74	74	9,833
Total revenues	150,200	172,072	21,872	179,718
Operating Expenditures:				
Salaries and employee benefits	226,410	223,035	3,375	214,818
Professional services	-	-	-	-
Other operating expenditures	20,958	19,506	1,452	20,175
Maintenance and repairs	16,360	12,077	4,283	11,445
Utility service fee - General Fund	21,208	21,208	-	20,146
Reimbursement from other funds	(14,700)	-	(14,700)	-
Contingency	126	-	126	-
Total operating expenditures	270,362	275,826	(5,464)	266,584
Debt Service:				
Principal	1,725	1,724	1	-
Interest	320	117	203	-
Total debt service	2,045	1,841	204	-
Miscellaneous - Non-Departmental:				
Hurricane Irene FEMA Grant expenses	-	-	-	3,607
Total miscellaneous - non-departmental	-	-	-	3,607

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, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Capital outlay	34,873	33,874	999	-
Total expenditures	307,280	311,541	(4,261)	270,191
Revenues over (under) expenditures	(157,080)	(139,469)	17,611	(90,473)
Other Financing Sources (Uses):				
Transfer from General Fund	120,915	120,915	-	114,505
Fund balance appropriated	1,165	-	(1,165)	-
Long-term debt issued	35,000	35,000	-	-
Total other financing sources (uses)	157,080	155,915	(1,165)	114,505
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 16,446	$ 16,446	$ 24,032
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 16,446		$ 24,032
Depreciation		(1,813)		(1,259)
Capital outlay		33,874		-
Installment note proceeds		(35,000)		-
Principal retirement		1,724		-
Change in compensated absences		(1,818)		4,382
Change in OPEB liability		(5,972)		(9,483)
Change in net position		$ 7,441		$ 17,672

Internal Service Funds

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND
WORKERS' COMPENSATION RESERVE
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013

	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Contributions from employer	$ 116,000	$ 116,000	$ -
Operating Expenditures:			
Workers' compensation claims	116,000	68,431	47,569
Operating income (loss)	-	47,569	(47,569)
Non-Operating Revenues:			
Investment earnings	-	3,688	3,688
Change in net position	$ -	51,257	$ 51,257
Net Position:			
Beginning of year - July 1		688,454	
End of year - June 30		$ 739,711	

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Additional Financial Data

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	$ -	$ 4,224,477	$ 3,962,116	$ 262,361
2011-2012	261,357	-	196,312	65,045
2010-2011	63,798	-	32,608	31,190
2009-2010	48,791	-	14,725	34,066
2008-2009	27,684	-	4,254	23,430
2007-2008	29,505	-	3,101	26,404
2006-2007	25,574	-	3,448	22,126
2005-2006	14,331	-	1,897	12,434
2004-2005	14,731	-	1,195	13,536
2003-2004	17,625	-	668	16,957
2002-2003	17,656	-	17,656	-
Total	$ 521,052	$ 4,224,477	$ 4,237,980	507,549

Plus uncollected prior year ad valorem taxes receivable on annually registered vehicles	20,926
Less allowance for uncollectible ad valorem taxes receivable: General Fund	(154,343)
Ad Valorem Taxes Receivable, Net: General Fund	$ 374,132

Reconcilement With Revenues:	
Ad valorem taxes - General Fund	$ 4,301,643
Refunds	1,114
Write-offs and releases	351
Penalties and interest collected	(65,128)
Total collections and credits	$ 4,237,980

CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	$ 842,405,600	$ 0.50	$ 4,212,028	$ 3,921,524	$ 290,504
Discoveries	4,560,000	0.50	22,800	22,800	-
Abatements	(2,070,200)	0.50	(10,351)	(2,823)	(7,528)
Total property valuation	$ 844,895,400				
Net Levy			4,224,477	3,941,501	282,976
Uncollected taxes at June 30, 2013			262,361	198,053	64,308
Current Year's Taxes Collected			$ 3,962,116	$ 3,743,448	$ 218,668
Current Levy Collection Percentage			93.79%	94.98%	77.27%

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.

Contents **Pages**

Financial Trends 141
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 148
These schedules contain information to help the reader assess the government's most significant local revenue source.

Debt Capacity 152
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.

Demographic and Economic Information 156
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 158
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.

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CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 19,151,624	$ 21,323,344	$ 19,438,078	$ 16,880,415	$ 18,610,980	$ 18,447,771	$ 19,346,037	$ 18,103,256	$ 19,310,212	$ 20,350,145
Restricted	404,975	404,975	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242
Unrestricted	9,996,597	10,178,546	9,491,617	10,347,583	9,159,353	9,814,379	8,836,625	6,206,219	6,317,546	6,700,404
Total governmental activities net position	$ 29,553,196	$ 31,906,865	$ 29,755,063	$ 27,838,354	$ 28,488,776	$ 29,012,108	$ 28,985,076	$ 27,269,477	$ 28,698,730	$ 29,461,791
Business-type activities										
Net investment in capital assets	$ 48,946,177	$ 50,595,005	$ 49,133,366	$ 51,148,821	$ 52,099,287	$ 56,442,379	$ 57,884,865	$ 59,355,152	$ 60,476,100	$ 61,070,809
Restricted	97,863	-	-	-	-	-	-	-	-	
Unrestricted	6,397,904	5,958,074	9,321,109	10,382,263	11,541,166	10,157,327	11,125,031	13,195,618	13,476,598	13,520,587
Total business-type activities	$ 55,441,944	$ 56,553,079	$ 58,454,475	$ 61,531,084	$ 63,640,453	$ 66,599,706	$ 69,009,896	$ 72,550,770	$ 73,952,698	$ 74,591,396
Primary government										
Net investment in capital assets	$ 68,097,801	$ 71,918,349	$ 68,571,444	$ 68,029,236	$ 70,710,267	$ 74,890,150	$ 77,230,902	$ 77,458,408	$ 79,786,312	$ 81,420,954
Restricted	502,838	404,975	825,368	610,356	718,443	749,958	802,414	2,960,002	3,070,972	2,411,242
Unrestricted	16,394,501	16,136,620	18,812,726	20,729,846	20,700,519	19,971,706	19,961,656	19,401,837	19,794,144	20,220,991
Total primary government net position	$ 84,995,140	$ 88,459,944	$ 88,209,538	$ 89,369,438	$ 92,129,229	$ 95,611,814	$ 97,994,972	$ 99,820,247	$ 102,651,428	$ 104,053,187

CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	$ 1,265,750	$ 1,349,016	$ $1,290,291	$ 2,918,312	$ 1,469,055	$ 1,213,174	$ 2,289,052	$ 2,057,263	$ 2,115,692	$ 2,211,617
Public safety	4,455,370	4,770,269	5,061,605	6,064,482	5,483,122	6,288,971	5,819,057	6,342,206	6,272,982	5,769,373
Transportation	422,934	1,039,811	959,050	1,313,731	1,079,272	733,196	858,877	1,056,475	852,732	922,884
Environmental protection	1,150,356	1,065,567	1,213,528	436,896	354,391	614,650	6,307	642,630	657,371	654,618
Cultural and recreation	1,995,018	2,558,723	2,510,074	2,714,800	2,672,910	2,605,246	2,160,070	2,697,305	2,013,443	1,606,916
Economic and physical development	1,063,657	111,452	27,104	111,698	184,507	564,134	560,332	169,738	74,514	294,315
Interest on long-term debt	37,868	30,311	18,999	55,238	40,845	152,570	146,573	125,094	156,808	116,070
Total governmental activities	10,390,953	10,925,149	11,080,651	13,615,157	11,284,102	12,171,941	11,840,268	13,090,711	12,143,542	11,575,793
Business-type activities:										
Water	2,327,638	2,396,749	2,392,197	2,371,762	2,520,231	2,731,579	2,862,429	2,747,337	2,859,068	3,016,643
Sewer	2,687,333	2,864,348	3,028,814	3,118,933	3,164,874	2,741,838	2,679,730	2,785,391	2,603,297	2,778,577
Electric	26,058,626	26,167,791	29,253,711	30,759,233	31,061,372	34,295,374	35,174,520	36,376,695	35,224,262	34,958,237
Beaufort County water districts	188,791	129,542	-	-	-	-	-	-	-	-
Civic center	132,813	-	-	-	-	-	-	-	-	-
Aquatic center	278,237	-	-	-	-	-	-	-	-	-
Stormwater utility	418,595	483,456	499,073	473,209	556,346	530,868	567,190	401,365	414,551	390,349
Warren Field Airport	-	384,981	487,413	403,057	567,006	409,650	364,180	394,575	457,044	696,759
Solid waste	-	-	-	1,051,889	1,038,700	1,160,196	1,156,281	1,363,882	1,332,906	1,256,031
Cemetery	-	-	-	-	-	-	264,870	269,614	276,551	285,546
Total business-type activities	32,092,033	32,426,867	35,661,208	38,178,083	38,908,529	41,869,505	43,069,200	44,338,859	43,167,679	43,382,142
Total primary government expenses	$ 42,482,986	$ 43,352,016	$ 46,741,859	$ 51,793,240	$ 50,192,631	$ 54,041,446	$ 54,909,468	$ 57,429,570	$ 55,311,221	$ 54,957,935
Program Revenues										
Governmental activities										
Charges for services:										
General government	$ 7,087	$ 27,221	$ $291,739	$ 1,321,938	$ 784,812	$ 1,652,554	$ 619,682	$ 741,083	$ 888,616	$ 826,617
Public safety	189,122	511,639	485,195	521,370	225,680	550,576	-	8,000	493,962	650,174
Transportation	-	-	-	5,175	-	-	9,073	4,629	25,563	4,656
Environmental protection	881,879	972,982	1,026,179	222,829	339,035	266,156	-	-	-	-
Cultural and recreation	231,714	420,064	409,543	318,342	305,729	276,322	293,512	290,902	229,454	242,569
Economic and physical development	-	-	3,112	2,475	-	9,792	123,536	33,700	76,308	49,759
Operating grants and contributions:										
General government	210,562	130,385	-	-	33,372	169,511	-	10,722	10,900	7,247
Public safety	369,519	530,498	480,487	417,740	254,801	364,340	448,897	429,860	913,131	486,734
Transportation	289,187	319,483	322,203	315,718	354,222	314,031	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	23,311	6,689	-
Cultural and recreation	86,667	138,627	188,745	117,934	51,220	53,437	50,680	35,611	19,396	156,363
Economic and physical development	2,143,567	52,268	23,646	150,151	173,251	537,270	46,618	168,152	41,418	17,790
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-

CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital grants and contributions:										
General government	3,000	3,000	-	-	97,047	14,656	21,794	1,998	125,665	-
Public safety	-	-	-	-	161,500	3,400	209,086	237,712	49,931	330,935
Transportation	-	-	-	-	-	-	284,260	326,458	705,593	167,786
Cultural and recreation	-	-	-	-	41,627	36,066	49,782	31,145	258,579	29,428
Economic and physical development	-	-	-	10,674	6,481	-	483,689	-	313,288	15,375
Total governmental activities program revenues	4,412,304	3,106,167	3,230,849	3,404,346	2,828,777	4,248,111	2,640,609	2,343,283	4,158,493	2,985,433
Business-type activities:										
Charge for services:										
Water	2,052,018	2,335,346	2,817,532	2,652,239	2,933,696	2,961,388	3,037,783	3,146,469	3,151,154	2,983,399
Sewer	2,052,906	2,453,393	2,620,626	2,692,365	2,882,542	2,942,450	2,965,673	3,108,392	3,092,541	3,091,654
Electric	25,951,417	25,888,139	29,079,443	31,988,163	33,506,943	36,442,629	37,264,771	39,301,119	35,283,158	35,420,242
Beaufort County water districts	188,791	129,542	-	-	-	-	-	-	-	-
Civic center	58,799	-	-	-	-	-	-	-	-	-
Aquatic center	115,314	-	-	-	-	-	-	-	-	-
Stormwater utility	362,028	360,128	371,531	397,102	428,826	499,950	517,930	511,951	501,578	500,827
Warren Field Airport	-	121,435	225,075	267,196	378,488	222,062	169,329	224,203	221,219	667,196
Solid Waste	-	-	-	1,144,562	1,130,400	1,266,234	1,283,968	1,294,121	1,241,221	1,260,476
Cemetery	-	-	-	-	-	-	213,633	162,923	171,643	171,998
Operating grants and contributions:										
Water	108,467	102,329	-	-	-	-	-	-	-	-
Sewer	394,500	670,527	-	-	-	-	-	-	-	-
Electric	363,043	403,848	-	-	-	-	-	-	-	-
Stormwater utility	3,735	15,950	-	53,563	2,569	(13,002)	-	-	-	-
Warren Field Airport	-	63,018	-	529,243	-	-	-	-	-	-
Solid Waste	-	-	-	-	6,750	-	16,000	-	-	-
Capital grants and contributions:										
Water	32,831	34,770	100,430	14,128	11,100	569,523	164,933	3,789	81,284	(113)
Sewer	546,472	1,400,584	419,070	3,028	-	4,834	445,639	71,924	129,583	(547)
Electric	-	-	-	-	-	61,472	-	414,496	1,496,643	249,451
Stormwater utility	-	-	-	-	-	-	-	100,000	-	-
Warren Field Airport	-	-	2,990	32,388	241,739	23,927	289,245	171,381	129,845	449,850
Solid Waste	751,104	-	-	-	-	-	-	-	-	95
Cemetery	-	-	-	-	-	-	-	-	8,075	-
Total business-type activities program revenues	32,981,425	33,979,009	35,636,697	39,773,977	41,523,053	44,981,467	46,368,904	48,510,768	45,507,944	44,794,528
Total primary government program revenues	$ 37,393,729	$ 37,085,176	$ 38,867,546	$ 43,178,323	$ 44,351,830	$ 49,229,578	$ 49,009,513	$ 50,854,051	$ 49,666,437	$ 47,779,961
Net (Expense)/Revenue										
Governmental activities	$ (5,978,649)	$ (7,818,982)	$ (7,849,802)	$ (10,210,811)	$ (8,455,325)	$ (7,923,830)	$ (9,199,659)	$ (10,747,428)	$ (7,985,049)	$ (8,590,360)
Business-type activities	889,392	1,552,142	(24,511)	1,595,894	2,614,524	3,111,962	3,299,704	4,171,909	2,340,265	1,412,386
Total primary government net (expense)/revenue	$ (5,089,257)	$ (6,266,840)	$ (7,874,313)	$ (8,614,917)	$ (5,840,801)	$ (4,811,868)	$ (5,899,955)	$ (6,575,519)	$ (5,644,784)	$ (7,177,974)

CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 3,166,933	$ 3,263,263	$ 3,286,529	$ 3,673,434	$ 3,739,953	$ 3,862,728	$ 4,017,112	$ 4,168,418	$ 4,090,923	$ 4,291,705
Other taxes	2,298,791	2,456,145	2,532,471	2,656,435	2,706,538	1,968,844	2,062,546	2,454,156	2,572,734	2,572,097
Unrestricted intergovernmental	1,120,458	1,165,392	1,223,642	1,398,957	1,440,275	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229
Investment earnings	55,115	200,117	341,602	431,607	271,994	132,038	69,776	52,345	27,378	33,980
Miscellaneous	291,493	279,235	12,922	345,191	142,776	616,018	427,889	-	-	-
Gain (loss) on disposal of capital assets	118,002	(45,537)	(428,384)	-	-	-	-	-	-	-
Capital contributions to/from other activities	(1,128,864)	-	-	-	-	-	-	-	-	-
Transfers	(128,144)	2,854,036	(1,270,782)	(211,522)	804,211	265,641	905,123	903,525	1,193,432	905,410
Total governmental activities	5,793,784	10,172,651	5,698,000	8,294,102	9,105,747	8,447,162	9,172,627	9,223,446	9,414,302	9,353,421
Business-type activities:										
Investment earnings	33,511	89,942	284,057	404,033	299,054	112,932	15,609	80,873	140,065	131,722
Miscellaneous	419,423	434,027	663,679	865,160	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	(5,849)	(292,611)	-	-	-	-	-	-	-
Capital contributions to/from other activities	1,128,864	-	-	-	-	-	-	-	-	-
Special item-net asset transfer from Warren	-	-	-	-	-	-	-	-	-	-
Airport commission to City of Washington	-	1,894,909	-	-	-	-	-	-	-	-
Transfers	128,144	(2,854,036)	1,270,782	211,522	(804,211)	(265,641)	(905,123)	(903,525)	(1,193,432)	(905,410)
Total business-type activities	1,709,942	(441,007)	1,925,907	1,480,715	(505,157)	(152,709)	(889,514)	(822,652)	(1,053,367)	(773,688)
Total primary government	$ 7,503,726	$ 9,731,644	$ 7,623,907	$ 9,774,817	$ 8,600,590	$ 8,294,453	$ 8,283,113	$ 8,400,794	$ 8,360,935	$ 8,579,733
Change in Net Position:										
Governmental activities	$ (184,865)	$ 2,353,669	$ (2,151,802)	$ (1,916,709)	$ 650,422	$ 523,332	$ (27,032)	$ (1,523,982)	$ 1,429,253	$ 763,061
Business-type activities	2,599,334	1,111,135	1,901,396	3,076,609	2,109,367	2,959,253	2,410,190	3,349,257	1,286,898	638,698
Total primary government	$ 2,414,469	$ 3,464,804	$ (250,406)	$ 1,159,900	$ 2,759,789	$ 3,482,585	$ 2,383,158	$ 1,825,275	$ 2,716,151	$ 1,401,759

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
2004	$ 3,163,077	$ 1,802,359	$ 200,955	$ 36,496	$ 17,803	$ 88,143	$ 878,906	$ 6,187,739
2005	3,270,569	1,950,844	205,856	39,322	17,433	89,603	887,277	6,460,904
2006	3,321,373	2,054,864	235,869	38,693	14,278	98,859	977,559	6,741,495
2007	3,642,779	2,221,354	237,192	38,208	14,237	98,859	1,044,114	7,296,743
2008	3,735,845	2,278,957	256,838	41,228	12,602	104,527	1,061,945	7,491,942
2009	3,836,368	2,096,285	255,280	39,914	12,636	164,867	1,186,166	7,591,516
2010	3,876,605	2,006,883	244,628	39,009	13,194	168,029	1,198,455	7,546,803
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

CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	$ 2,020,929	$ 3,708,101	$ 3,658,180	$ 3,428,601	$ 3,581,076	$ 3,878,248	$ 2,643,875	$ -	$ -	$ -
Unreserved	3,657,762	2,227,199	3,221,790	4,508,319	4,987,976	5,536,430	5,763,532	-	-	-
Non-spendable	-	-	-	-	-	-	-	97,932	85,930	121,327
Restricted	-	-	-	-	-	-	-	2,490,744	2,565,383	1,772,450
Committed	-	-	-	-	-	-	-	21	21	21
Assigned	-	-	-	-	-	-	-	-	189,471	189,471
Unassigned	-	-	-	-	-	-	-	5,378,942	5,542,226	5,962,328
Total General Fund	$ 5,678,691	$ 5,935,300	$ 6,879,970	$ 7,936,920	$ 8,569,052	$ 9,414,678	$ 8,407,407	$ 7,967,639	$ 8,383,031	$ 8,045,597
All Other Governmental Funds										
Reserved :										
Special revenue funds	$ 1,506,140	$ 620,404	$ 78,771	$ 60,744	$ 23	$ 14,216	$ 12,916	$ -	$ -	$ -
Permanent funds	404,975	404,975	404,975	404,975	404,975	414,975	436,575	-	-	-
Total reserved	1,911,115	1,025,379	483,746	465,719	404,998	429,191	449,491	-	-	-
Unreserved:										
Special revenue funds	353,405	68,024	621,357	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	808,180	1,865,251	(93,404)	2,055,490	346,671	546,318	384,279	-	-	-
Capital project funds	-	-	-	-	510,786	-	985,168	-	-	-
Non-spendable:										
Permanent funds	-	-	-	-	-	-	-	452,575	472,175	492,576
Restricted:										
Special revenue funds	-	-	-	-	-	-	-	51,617	25,897	72,863
Capital project funds	-	-	-	-	-	-	-	171,736	120,935	88,454
Committed:										
Special revenue funds	-	-	-	-	-	-	-	-	5,575	0
Capital project funds	-	-	-	-	-	-	-	937,559	1,001,642	1,032,227
Assigned:										
Capital project funds	-	-	-	-	-	-	-	17,104	18,908	17,627
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	-	(14,197)	(69,006)
Capital project funds	-	-	-	-	-	-	-	(29,661)	(15,604)	(21,032)
Total all other governmental funds	$ 3,072,700	$ 2,958,654	$ 1,011,699	$ 2,521,209	$ 1,262,455	$ 975,509	$ 1,818,938	$ 1,600,930	$ 1,615,331	$ 1,613,709

CITY OF WASHINGTON, NORTH CAROLINA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad valorem taxes	$ 3,163,077	$ 3,270,569	$ 3,321,373	$ 3,642,779	$ 3,735,845	$ 3,836,368	$ 3,876,605	$ 4,165,483	$ 4,189,504	$ 4,301,643
Other taxes and licenses	2,223,376	2,384,169	2,532,471	2,656,435	2,706,538	2,584,862	2,490,435	2,454,156	2,572,734	2,572,097
Unrestricted intergovernmental	1,130,365	1,183,205	1,223,642	1,398,957	1,515,146	1,601,893	1,690,181	1,645,002	1,529,835	1,550,229
Restricted intergovernmental	2,452,172	1,197,427	1,016,678	956,323	1,248,494	1,661,217	1,594,806	1,264,969	2,444,573	1,211,658
Permits and fees	103,554	120,325	122,498	180,315	137,313	72,236	89,417	62,564	91,530	64,266
Sales and services	2,150,109	1,927,487	2,093,270	2,267,709	1,592,793	1,356,063	1,200,749	1,278,048	1,432,739	1,491,966
Interest earnings	55,115	200,118	341,602	431,607	339,899	132,038	68,352	48,822	24,669	30,292
Miscellaneous	71,865	93,218	117,841	215,326	142,776	616,018	92,822	106,506	160,889	192,384
Total revenues	11,349,633	10,376,518	10,769,375	11,749,451	11,418,804	11,860,695	11,103,367	11,025,550	12,446,473	11,414,535
Expenditures										
General government	1,196,258	1,488,026	1,137,149	1,445,247	1,361,084	1,219,469	1,793,943	1,763,828	1,923,459	2,194,170
Public safety	4,314,880	4,630,446	5,721,597	5,972,481	7,206,670	6,195,435	5,842,727	5,975,774	6,144,320	5,767,186
Transportation	919,589	758,908	774,731	1,205,673	1,034,610	869,269	857,848	1,219,102	1,600,006	1,161,707
Environmental protection	1,120,348	1,351,709	1,196,351	319,950	358,302	338,247	80,465	369,782	391,087	366,545
Economic and physical development	1,489,460	110,829	27,104	111,698	184,507	564,134	560,332	171,193	1,111,726	294,315
Cultural and recreational	1,696,250	2,268,670	2,348,546	2,502,544	2,778,018	2,553,779	2,060,512	2,478,867	2,433,178	2,170,750
Debt Service:										
Principal	386,517	418,470	365,144	324,654	342,848	411,612	398,618	557,194	234,504	2,893,053
Interest	37,868	30,311	18,999	51,829	40,845	152,570	146,573	125,094	141,398	131,408
Total expenditures	11,161,170	11,057,369	11,589,621	11,934,076	13,306,884	12,304,515	11,741,018	12,660,834	13,979,678	14,979,134
Excess of revenues over (under) expenditures	188,463	(680,851)	(820,246)	(184,625)	(1,888,080)	(443,820)	(637,651)	(1,635,284)	(1,533,205)	(3,564,599)
Other Financing Sources (Uses)										
Transfers in	1,632,148	1,899,536	1,540,032	2,784,753	1,409,002	1,657,730	2,751,484	1,684,575	1,772,934	2,315,000
Transfers out	(1,760,292)	(1,076,107)	(2,810,814)	1,641,137	(604,791)	(982,730)	(2,277,675)	(762,000)	(579,502)	1,494,609
Proceeds from installment note	531,682	-	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)	403,538	823,429	(182,038)	2,751,085	1,271,458	992,500	473,809	1,169,125	1,962,998	3,225,543
Net change in fund balances	$ 592,001	$ 142,578	$ (1,002,284)	$ 2,566,460	$ (616,622)	$ 548,680	$ (163,842)	$ (466,159)	$ 429,793	$ (339,056)
Debt service as a percentage of non-capital expenditures	4.17%	4.40%	3.73%	3.51%	3.66%	4.89%	4.84%	5.63%	2.93%	22.64%

Table 6

CITY OF WASHINGTON, NORTH CAROLINA

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

Fiscal Year	Real Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value	Tax Rate (2)	Tax Levy
2004	$ 421,807,889	$ 143,550,917	$ 9,211,237	$ 574,570,043	0.55	$ 3,158,338
2005	426,934,585	140,457,866	9,728,070	577,120,521	0.55	3,174,865
2006	431,857,335	146,872,699	10,384,101	589,114,135	0.55	3,240,290
2007	447,572,383	148,784,638	8,828,131	605,185,152	0.60	3,621,647
2008	459,982,104	150,432,739	9,557,567	619,972,410	0.60	3,719,834
2009	475,005,214	142,726,700	10,462,586	628,194,500	0.60	3,769,167
2010	490,983,383	151,311,141	9,770,794	652,065,318	0.60	3,912,392
2011 (3)	671,068,810	152,090,950	12,500,840	835,660,600	0.50	4,178,303
2012	665,125,195	152,995,288	11,992,317	830,112,800	0.50	4,150,564
2013	666,689,015	166,223,118	11,983,267	844,895,400	0.50	4,224,477

Source: Annual County Report of Valuation and Property Tax Levies

Notes:
(1) Public service companies valuations are provided to the City by the North Carolina Department of Revenue. These amounts include both real and personal property.
(2) Per $100 of value.
(3) Property in Beaufort County is reassessed every eight years. The last reassessment was on January 1, 2010.

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
2004	.53	.02	.55	.60
2005	.53	.02	.55	.60
2006	.53	.02	.55	.60
2007	.58	.02	.60	.60
2008	.58	.02	.60	.60
2009	.58	.02	.60	.60
2010	.58	.02	.60	.60
2011 (1)	.4856	.0144	.50	.50
2012	.4856	.0144	.50	.53
2013	.4856	.0144	.50	.53

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

CITY OF WASHINGTON

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR & 9 YEARS AGO

		Fiscal Year 2013					Fiscal Year 2004		
Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Stanadyne Automotive Corporation	Gasket Manufacturer	$ 21,339,847	1	2.53%	Stanadyne Automotive	Gasket Manufacturer	$ 15,242,713	1	2.65%
Flanders Filters Inc	Industrial Filter Manufacturer	13,002,301	2	1.54%	Flanders Filters, Inc.	Manufacturer	13,327,245	2	2.32%
Wal-Mart Real Estate Business	Real Estate & Retail	10,702,768	3	1.27%	Wal-Mart Real Estate	Real Estate	11,395,146	3	1.98%
Gregory Poole Leasing, LLC	Heavy Equipment	10,148,594	4	1.08%	Cox Communications	Utility	10,754,694	4	1.87%
Pearl Brittain, Inc.	Real Estate	9,123,782	5	0.97%	Lowes Home Center	Retail	9,774,973	5	1.70%
Lowe's Home Centers, Inc	Retail	8,203,214	6	0.81%	Pearl Brittain Inc.	Shopping Center	9,653,061	6	1.68%
Flanders/CSC LLC	Industrial Filter Manufacturer	6,802,964	7	0.78%	National Spinning	Manufacturer	7,405,947	7	1.29%
Carolina Telephone	Utility	6,595,886	8	0.71%	Carolina Telephone	Utility	5,977,472	8	1.04%
PAS USA INC	Appliance Part Manufacturer	6,019,392	9	0.78%	Developers Diversified	Real Estate	5,195,896	9	0.90%
Camfil Farr Inc	Air Filtration	5,736,579	10	0.71%	Rawls & Associates	Real Estate	4,816,031	10	0.84%
Totals		$ 97,675,327		11.17%	Totals		$ 93,543,178		16.27%
Valuation		$ 844,895,400			Valuation		$ 574,570,043		

Source: Beaufort County Tax Department

CITY OF WASHINGTON, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2004	$ 3,149,850	$ 8,488	$ 3,158,338	$ 2,956,399	93.61%	$ 184,982	$ 3,141,381	99.46%
2005	3,170,509	4,356	3,174,865	3,000,190	94.50%	161,139	3,161,329	99.57%
2006	3,251,374	(11,084)	3,240,290	3,086,833	95.26%	141,023	3,227,856	99.62%
2007	3,603,408	18,239	3,621,647	3,428,541	94.67%	170,980	3,599,521	99.39%
2008	3,729,878	(10,044)	3,719,834	3,518,139	94.58%	175,291	3,693,430	99.29%
2009	3,779,421	(10,254)	3,769,167	3,561,944	94.50%	183,793	3,745,737	99.38%
2010	3,944,270	(31,878)	3,912,392	3,671,185	93.83%	207,141	3,878,326	99.13%
2011	4,214,170	(35,867)	4,178,303	3,938,237	94.25%	208,876	4,147,113	99.25%
2012	4,182,836	(32,272)	4,150,564	3,889,207	93.70%	196,312	4,085,519	98.43%
2013	4,212,028	12,449	4,224,477	3,962,116	93.79%	-	3,962,116	93.79%

Source: Beaufort County Tax Department

CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities			Business-type Activities						
Fiscal Year	Installment Loans	USDA Loan	Recovery Zone Economic Dev. Bonds	General Obligation Bonds	State Revolving Loan	Installment Loans	Recovery Zone Economic Dev. Bonds	Total Primary Government	Percentage of Personal Income (1)	Percentage Per Capita (1)
2004	$ 1,098,161	$ -	$ -	$ 11,090,000	$ -	$ 706,082	$ -	$ 12,894,243	1.09%	49256%
2005	649,920	-	-	9,450,000	-	2,635,360	-	12,735,280	1.01%	45796%
2006	1,348,336	-	-	7,835,000	-	2,763,432	-	11,946,768	0.90%	41139%
2007	3,632,311	-	-	6,200,000	-	2,704,709	-	12,537,020	0.88%	40264%
2008	889,711	2,867,000	-	4,625,000	2,240,690	3,252,353	-	13,874,754	0.93%	43017%
2009	844,235	2,818,368	-	3,190,000	2,108,884	2,485,613	-	11,447,100	0.78%	35952%
2010	494,245	2,769,736	-	2,075,000	1,977,079	2,654,851	-	9,970,911	0.66%	30775%
2011	199,911	2,714,753	38,673	1,550,000	1,845,274	2,803,203	4,833,327	13,985,141	0.95%	44385%
2012	796,277	2,656,120	36,002	1,000,000	1,872,691	1,745,095	4,499,998	12,606,183	0.83%	40008%
2013	2,877,011	-	33,335	430,000	2,095,432	1,323,112	4,166,665	10,925,555	N/A	34674%

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)
2004	11,090,000	-	11,090,000	1.93%	0.94%	42363.82%
2005	9,450,000	-	9,450,000	1.64%	0.75%	33981.80%
2006	7,835,000	-	7,835,000	1.33%	0.59%	26980.03%
2007	6,200,000	-	6,200,000	1.02%	0.43%	19912.00%
2008	4,625,000	-	4,625,000	0.75%	0.31%	14339.31%
2009	3,190,000	-	3,190,000	0.51%	0.22%	10018.84%
2010	2,075,000	-	2,075,000	0.32%	0.14%	6404.52%
2011	1,550,000	-	1,550,000	0.19%	0.11%	4919.23%
2012	1,000,000	-	1,000,000	0.12%	0.07%	3054.65%
2013	430,000	-	430,000	0.05%	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, 2013

Governmental Unit	Long-Term Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Washington	$ 2,910,346	100.00%	$ 2,910,346
Beaufort County	34,065,000	22.00%	7,494,300
Total direct and overlapping debt	$ 36,975,346		$ 10,404,646

CITY OF WASHINGTON, NORTH CAROLINA **Table 13**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value of Property	$ 574,570,043	$ 577,120,521	$ 589,114,135	$ 605,185,152	$ 619,972,410	$ 628,194,500	$ 652,065,318	$ 835,660,600	$ 836,567,200	$ 842,405,600
Debt Limit, 8% of Assessed Value (Statutory Limitation)	45,965,603	46,169,642	47,129,131	48,414,812	49,597,793	50,255,560	52,165,225	66,852,848	66,925,376	67,392,448
Amount of Debt Applicable to Limit										
Gross debt	11,090,000	9,450,000	10,339,300	8,572,495	9,732,690	11,447,098	9,970,911	13,985,141	12,606,183	10,925,555
Less: Debt outstanding for water purposes	5,842,799	4,907,951	3,988,279	3,071,643	2,191,429	1,396,201	795,229	567,587	324,769	69,810
Debt outstanding for electric purposes	595,807	500,478	406,697	313,225	223,467	142,375	81,090	2,501,526	33,117	7,119
Total net debt applicable to limit	4,651,394	4,041,571	5,944,324	5,187,627	7,317,794	9,908,522	9,094,592	10,916,028	12,248,297	10,848,626
Legal Debt Margin	$ 41,314,209	$ 42,128,071	$ 41,184,807	$ 43,227,185	$ 42,279,999	$ 40,347,038	$ 43,070,633	$ 55,936,820	$ 54,677,079	$ 56,543,822
Total net debt applicable to the limit as a percentage of debt limit	10.12%	8.75%	12.61%	10.71%	14.75%	19.72%	17.43%	16.33%	18.30%	16.10%

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 **Table 14**

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)
2004	9,730	$ 1,182	$ 26,178	7,324	8.00%	159
2005	9,767	1,264	27,809	7,419	6.90%	169
2006	9,840	1,333	29,040	7,208	5.70%	251
2007	9,836	1,428	31,137	6,976	6.30%	218
2008	10,055	1,492	32,254	7,270	7.60%	184
2009	10,214	1,477	31,840	7,294	11.60%	125
2010	10,176	1,505	32,399	7,133	10.80%	185
2011	9,754	1,476	31,509	7,021	11.20%	155
2012	9,740	1,526	32,737	6,957	11.10%	213
2013	9,705	N/A	N/A	7,086	9.90%	173

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 *

	2013				2008		
Employer	**Employees (1)**	**Rank**	**Percentage of Total County Employment (2)**	**Employer**	**Employees (1)**	**Rank**	**Percentage of Total County Employment (2)**
Beaufort Co. Schools	1000	1	4.44%	Beaufort County Schools	1093	1	4.97%
Vidant Hospital	640	2	2.84%	Beaufort County Hospital	780	2	3.55%
Flander Filters	500	3	2.22%	State of NC	767	3	3.49%
Mega Force Staffing Group Inc	359	4	1.59%	Mega Force Staffing Group Inc	323	4	1.47%
Wal-Mart	340	5	1.51%	Beaufort County	309	5	1.40%
Beaufort County	337	6	1.50%	Stanadyne Corporation	300	6	1.36%
State of NC	296	7	1.31%	City of Washington	239	7	1.09%
Stanadyne Corporation	264	8	1.17%	Wal-Mart	239	8	1.09%
City of Washington	233	9	1.03%	Impressions Marketing Group	220	9	1.00%
Lowes Home Center	167	10	0.74%	Flander Filters	216	10	0.98%
Total	4,136			Total	4,486		

(1) Human Resource Departments of companies - includes full time and part time
(2) Employment Security Commission of North Carolina

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government:										
General government	25	26	24	24	30	31	27	27	26	26
Public safety	78	81	88	87	86	88	92	92	92	89
Transportation	15	15	15	14	14	14	14	13	13	12
Environmental protection	21	21	21	9	9	9	4	9	9	9
Cultural and recreation	16	19	20	19	14	15	15	16	16	14
Business-type activities:										
Water	14	15	15	15	15	15	14.5	14.5	14.5	14.5
Sewer	14	14	14	14	14	14	14.5	14.5	14.5	14.5
Electric	44	44	42	42	36	36	36	36	36	34
Stormwater utility	5	6	6	6	6	5	5	-	-	-
Solid waste	-	-	-	11	12	12	12	13	13	13
Beaufort County water districts	-	-	-	-	-	-	-	-	-	-
Civic center	1	-	-	-	1	1	1	1	1	1
Aquatic center	2	-	-	-	2	2	2	2	2	1
Cemetery	-	-	-	-	-	-	5	5	5	5
Total	235	241	245	241	239	242	242	243	242	233

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 **Table 17**

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	1,308	1,435	3,199	1,109	1,360	1,408	1,111	989	1,180	1,626
Parking violations	153	482	501	102	102	163	400	52	155	103
Traffic violations	2,510	3,972	2,469	3,049	1,140	1,877	2,237	1,151	1,382	1,770
Fire										
Fire calls	437	446	397	404	457	715	619	698	689	653
EMS calls	1,640	1,676	2,248	1,858	1,931	2,050	2,168	2,170	2,319	2,345
Fire inspections	920	1,158	775	891	843	766	663	702	628	868
Streets										
Street resurfacing (miles)	0.14	1.54	-	3.84	1.23	-	-	2.18		
New construction (miles)	0.09	2.21	0.28	0.29	-	0.14	0.2	-	0.21	-
Solid Waste										-
Refuse collected (tons/day)	25.65	25.24	25.91	25.33	24.26	22.58	21.7	21.2	20.9	20.37
Recyclables collected (tons/day)	0.55	0.61	0.41	0.68	0.84	0.87	1.28	1.62	1.96	1.9
Library										
Number of patrons	89,322	77,790	79,484	88,260	93,054	86,689	80,789	73,721	73,721	81,477
Number of volumes	74,360	56,944	60,248	61,540	58,998	63,782	67,113	79,603	98,485	71,018
Water Utilities										
Number of customers										
Inside city	4,671	4,608	4,605	4,784	4,816	4,868	4,873	4,886	4,896	4,868
Outside city	180	187	414	216	225	222	228	232	244	257
Average daily consumption (millions of gallons)	2.65	2.51	2.33	2.025	2.26	2.757	2.241	2.312	2289	2.256
Wastewater Utilities										
Number of customers										
Inside city	4,498	4,429	4,529	4,608	4,677	4,713	4,725	4,724	4,744	4,724
Outside city	68	68	222	100	116	121	120	121	128	137
Average daily treatment (millions of gallons)	1.88	1.93	1.87	1.769	1.517	1.639	1.859	1.727	1486	1.942
Electric Utilities										
Number of customers	12,806	12,924	13,180	13,262	13,338	13,374	13,406	13,436	13,475	13,519
KWH purchased	294,579,201	288,707,552	303,638,831	303,371,870	307,997,247	302,984,387	303,776,252	309,544,904	287,914,605	294,904,066
KWH sold	277,584,062	276,797,551	285,692,860	284,923,965	286,998,316	283,188,507	281,258,069	297,422,463	274,920,134	280,051,176
Unaccounted KWH	16,995,139	11,910,001	17,945,971	18,447,905	20,998,931	19,795,880	22,518,183	12,122,441	12,994,471	14,852,890

Sources: Various city departments
Note: Indicators are not available for the general government function.

CITY OF WASHINGTON, NORTH CAROLINA **Table 18**
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	12	15	13	15	14	14	14	14	13
Fire										
Stations	1	1	1	1	2	2	2	2	2	2
Streets										
Total miles	52.75	54.96	55.24	55.44	55.54	55.44	58.5	58.5	59.01	59.01
Paved miles	49.37	51.58	51.86	52.06	52.06	52.2	57.06	57.36	57.45	57.46
Unpaved miles	3.38	3.38	3.38	3.38	3.38	3.24	1.44	1.44	1.56	1.55
Recreation										
Neighborhood centers	1	1	1	1	1	1	1	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	6	2	2	2	2	2	2	2	2	2
Basketball	7	5	5	7	7	7	7	7	7	7
Shuffleboard	-	-	-	-	-	-	-	-	0	0
Horseshoes	2	2	2	2	2	2	2	2	2	2
Bocce	-	-	-	1	1	1	1	1	1	1
Skate park	-	-	-	-	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		
Free	12	12	12	12	12	12	12	12	36	36
Piers									12	12
Fishing	1	1	1	1	1	1	1	1	1	1
Boats	4	4	4	4	4	4	4	4	4	4
Parks										
Total acreage	352	352	352	352	352	352	550	550	550	550
Open space	124	124	124	124	124	124	162	162	162	162
Wilderness	140	140	140	140	300	300	300	300	300	300
Parks	88	88	88	88	88	88	88	88	88	88
Sports Fields										
Soccer	8	8	8	8	8	8	8	8	8	8
Football	1	1	1	1	-	-	-	-	0	0
Baseball	5	5	5	5	6	6	6	6	6	6
Softball	3	3	3	3	3	3	3	3	2	2
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	618	631	644	664	667	672	684	687	697	697
Maximum daily capacity (millions of gallons)	3.68	4.374	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Miles of water mains	77.78	79.99	81	81	81	81	82.19	82.19	82	82
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	29	29	29	30	30	30	31	31	32	32
Maximum daily treatment capacity (millions of gallons)	3.5	3.198	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Miles of gavity mains	71	73	74	74	74	74	74.3	74.3	74.3	74.3
Miles of force mains	26	27	27	27	27	27	28.27	28.27	30.35	30.35
Electric Utilities										
Miles of distribution lines	400	400	400	400	400	400	400	400	400	400
Miles of transmission lines	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Substations	8	8	8	8	8	8	8	8	8	8
Storm Water Utility										
Miles of storm mains	32	32	32	32	32	32	32	32	32.1	32.1

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

Compliance Section

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

- Schedule of Findings, Responses, and Questioned Costs

- Summary Schedule of Prior Audit Findings

- Schedule of Expenditures of Federal and State Awards

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

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2013.

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 or deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges 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, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness or 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.
Hickory, North Carolina
October 31, 2013

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

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Washington's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Washington's major federal programs for the year ended June 30, 2013. The City of Washington's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Washington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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
October 31, 2013

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A -133?	No

Identification of major federal programs:

CFDA #	Program Name
97.044	Federal Emergency Management-Assistant to Firefighters Grant
66.458	Capitalization Grants for Clean Water State Revolving Funds
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs	$300,000
Auditee qualified as low-risk auditee?	No

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

None

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

None

CITY OF WASHINGTON, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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:					
U.S. Environmental Protection Agency					
Passed through the North Carolina Department of Environment & Natural Resources					
Division of Water Quality					
Clean Water State Revolving Fund (CWSRF):					
Main & Respess Lift Station Upgrade	66.458	CS370521-5	$ 303,394	$ 75,849	$ 55,459
Total U.S. Department of Interior			303,394	75,849	55,459
U.S. Department of Transportation Federal Highway Administration					
Passed through the North Carolina Department of Transportation					
Comprehensive Bicycle Plan	20.205	M-0371	17,790	-	4,448
Bridge #80 Brown Street Over Jack's Creek Replacement	20.205	B-5174	3,646	-	911
Total U.S. Department of Transportation Highway Planning and Construction Cluster			21,436	-	5,359
U.S. Department of Homeland Security					
Federal Emergency Management Agency					
Rescue Vehicle Acquisition	97.044	EMW-2011-FV-00583	331,220	-	17,432
Passed through NC Dept. of Crime Control & Public Safety					
Division of Emergency Management					
Pre-Disaster Mitigation	97.047	PDM-PJ-04-NC-2010-003	74,508	8,280	27,596
Public Assistance Grants - Irene	97.036	FEMA-4019-DR-NC	375	125	-
Total U.S. Department of Homeland Security			406,103	8,405	45,028
U.S. Dept. of Justice					
Bureau of Justice Assistance					
Bullet Proof Vest/Body Armour Safety Initiative	16.607		3,093	-	-
Total U.S. Department of Justice			3,093	-	-
U.S. Department of Transportation					
Passed through the North Carolina Department of Transportation					
Division of Aviation:					
Airport Improvements - New Terminal Building	20.106	36237.38.12.1	38,576	-	4,286
Airport Improvements	20.106	36237.38.10.1	272,543	-	30,283
Airport Improvements	20.106	36244.51.8.1	3,142	-	349
Airport Improvements	20.106	36244.51.8.2	144,830	-	16,092
Airport Improvements	20.106	36237.38.9.1	3,857	-	429
Total U.S. Department of Transportation			462,948	-	51,439
U.S. Department of Housing and Urban Development					
Passed through the North Carolina Department of Commerce					
CDBG -State -Administered CDBG Cluster:					
CDBG Building Reuse	14.228	12-E-2404	10,000	-	-
CDBG Job Creation	14.228	11-C-2340	42,261	-	-
CDBG Talent Enhancement Grant	14.228	11-C-2260	1,901	-	-
CDBG Affordable Housing	14.228	09-C-2050	9,018	-	-
Total CDBG-State-Administered CDBG Cluster			63,180	-	-
Total Federal Awards			1,260,154	84,254	157,285
State Awards:					
N.C. Department of Cultural Resources					
Cornerstone Grant			-	675	-
State Aid to Libraries			-	8,664	-
Total N.C. Department of Cultural Resources			-	9,339	-
N.C. Department of Transportation					
Powell Bill			-	294,090	-
Total N.C. Department of Transportation			-	294,090	-

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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
State Awards (continued):					
N.C. Department of Environment and Natural Resources					
Passed through the NC Parks and Recreation Trust Fund					
Lighthouse Restrooms & Dockmaster Station		5026	-	8,954	471
Festival Park		3198	-	5,375	5,375
Total N.C. Department of Environment and Natural Resources			-	14,329	5,846
Total State Awards			-	317,758	5,846
Total Federal and State Awards			**$ 1,260,154**	**$ 402,012**	**$ 163,131**

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

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

Loans Outstanding

City of Washington had the following loan balances outstanding at June 30, 2013. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for State Revolving Funds	66.458	CS370521-5	$ 2,095,432

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