CITY OF WASHINGTON
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

CITY OF WASHINGTON

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT

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Introductory Section

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October 27, 2009

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, 2009.

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

Martin Starnes & Associates, CPAs, P.A., have issued an unqualified ("clean") opinion on the City of Washington's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Washington, incorporated in 1782, is located in the eastern part of North Carolina on the northern banks of the Pamlico River. It has been the county seat of Beaufort County since 1785. It has a land area of 7.663 square miles and a population of 10,214. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

Local Economy

The City of Washington continues to serve as the economic, service, and retail center for Beaufort County. The economy is based on medical services, small-scale diverse manufacturing, retail sales, agriculture, service, and eco-tourism. The County has an employed labor force of approximately 21,475, leaving around 2,500 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 11.6%, which is an increase of 3.5% from a rate of 8.1%, a year ago. This compares unfavorably to the State's average unemployment of 10.8% and the national average of 9.7%. During the past fiscal year, Washington's local economy suffered from a continued economic slowdown, similar to other cities and towns in the country. This is evidenced by decreased revenues in areas of sales tax, building permits, interest earnings, and state shared revenues. At the issue date of this report, Federal Reserve Chairman Ben Bernanke, stated that economic forecasts indicate the recession has come to an end and the country is beginning an economic recovery. Moderate growth is forecast for the 3rd quarter of 2009 as well as for the year 2010. Unemployment rates are expected to recover at a much slower rate. Due to an extremely conservative approach to revenue budgeting, the City does not anticipate any budget shortfalls for 2009-2010 at this time.

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

The Beaufort County Economic Development Commission's mission is to expand the economic activity, broaden the tax base, and increase job opportunities for the citizens of Beaufort County. Currently, a second industry ready building is under development in the jointly funded, County and City Industrial Park. An $880,000 water line has recently been completed to reinforce the water supply to the Industrial Park. Impressions Marketing, a manufacturer of store fixtures, displays and signs, has plans to expand its Washington, NC facility. It will spend about $3.3 million and increase employment from 160 to 280 by the end of 2010. Carver Machine Works, which repairs equipment for the paper, mining, and chemical industries, plans to add 50 jobs, for a total of 115 by June 2010. As part of Carver's expansion, sanitary sewer is being extended approximately 2 miles eastward under a grant from the NC Rural Center. Flanders Filters, a manufacturer of industrial filters is expanding its local work force by 100 persons in a move which will bring its corporate headquarters to Washington. Pacific Seacraft, a sail boat manufacturer, is currently retrofitting one-third of the National Spinning building to house its newly relocated company. Part of the adaptive reuse cost is being funded by a grant from the North Carolina Rural Center.

The Washington Tourism Development Authority continues to attract visitors by vigorously marketing and promoting the City. North Carolina's Northeast Commision recently announced the launch of a new long-term marketing initiative targeting the group tour industry. The Commission searched for cities that were strategiclly located and had an inventory of hotels from which travel could be launched for day trips to historic sites, nature trails, and recreation and entertainment areas within a one hour drive. Washington was one of four cities in eastern North Carolina designated as a hub for attracting motor coach operators, travel writers, and tourism planners to see and experience the region.

Long-Term Financial Planning

The City has plans to construct a 16,000-20,000 square foot police facility during FY 2010-2011 at an approximate cost of $5.37 million dollars. The City has appropriated designated fund balance in the amount of $1,000,000 to begin the project and has contracted with Architects Design Group, Inc. to assist with site selection and the design of the building. The remaining funds needed to construct the facility will be obtained from a short term installment note loan with a financial institution. The City has applied for permanent financing for the facility from the United States Department of Agriculture Rural Development (USDA). The City anticipates financing $4.37 million dollars over 40 years at an approximate rate of 4.375%. The City continues to pursue grant opportunities for the construction of the police station.

The City does not anticipate borrowing any other funds during fiscal year 2009-2010. All currently budgeted capital expenditures will be purchased with funds on hand.

Major Initiatives

The North Carolina Department of Transportation continued construction on the north-south highway corridor of US Highway 17 by-pass on the west side of the City. Two major interchanges are proposed inside the corporate limits of the City and retail expansion in the area is anticipated. Existing zoning regulations have been amended in order to manage development along the new corridor. The by-pass construction is anticipated to be complete in December, 2010.

Downtown waterfront improvements and upgrades continue to be a major City initiative. The City Council is in the process of identifying a permanent location for restroom and boaters facilities along Stewart Parkway on the waterfront. The City intends on applying for a Parks and Recreation Trust Fund (PARTF) grant to help fund the project. The City has been awarded a $200,000 Boating Infrastructure Grant (BIG) through the North Carolina Department of Environment and Natural Resources for the construction of 8-12 new boat docks. A projected completion date for this project is July, 2010.

The North Carolina Department of Transportation is currently replacing the bridge over Runyon Creek along NC 32 (Park Drive/River Road). The project calls for raising the vertical clearance under the bridge by approximately 2' with two 12' travel lanes, 6' bike paths and 5.5' sidewalks on both sides of the road. A pedestrian walkway under the bridge to connect north and south components of Havens Gardens Park is also part of the project. The bridge is being built in the same location as the existing bridge. Construction is expected to take approximately 12 months. Bridge replacement projects have been completed over Broad Creek on NC 32 and over Tranter's Creek on Clark's Neck Road.

In fiscal year 2009-2010 the City plans to replace two transformers at the main electric substation at an estimated cost of $1.5 million dollars. Replacing the transformers will improve reliability and efficiency of service for Washington Electric Utility customers by increasing the capacity to accommodate system load requirements. Project completion is set for the spring of 2010.

A Green Fleets Policy was adopted by the City to improve local air quality, reduce green house emissions, and reduce petroleum use. Conversion of diesel to B20 bio-diesel will be complete by December 2009. E10 ethanol unleaded fuel is currently being used and an E85 ethanol fuel storage tank is planned.

Grants from the Economic Development Administration, Building Reuse Program of NC Rural Center, and Historic Preservation Grant Funds are being pursued to refurbish the Old City Hall at 1115 North Market Street.

A bicycle and pedestrian greenway is being planned to connect Washington to Greenville and Chocowinity. Planning assistance is being provided by East Carolina University. The project includes removal of a flood prone former county owned building.

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, 2008. This was the thirteenth consecutive year (fiscal years ended 1996-2008) that the City has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,

James C. Smith
City Manager

Matthew J. Rauschenbach
Chief Financial Officer

CITY OF WASHINGTON, NORTH CAROLINA
PRINCIPAL OFFICERS
JUNE 30, 2009

ELECTED OFFICIALS

Title	Name	Total Length Of Service	Term Expires
Mayor	Judy M. Jennette	20 years	December, 2009
Mayor Pro-Tem	Douglas G. Mercer	2 years	December, 2009
Councilperson	Darwin E. Woolard	6 years	December, 2009
Councilperson	N. Archie Jennings	4 years	December, 2009
Councilperson	Richard L. Brooks	4 years	December, 2009
Councilperson	Gilbert P. Davis, Jr.	2 years	December, 2009

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	3 years	3 years
City Clerk	Cynthia Bennett	1 year	10 years
City Manager	James C. Smith	3.5 years	3.5 years

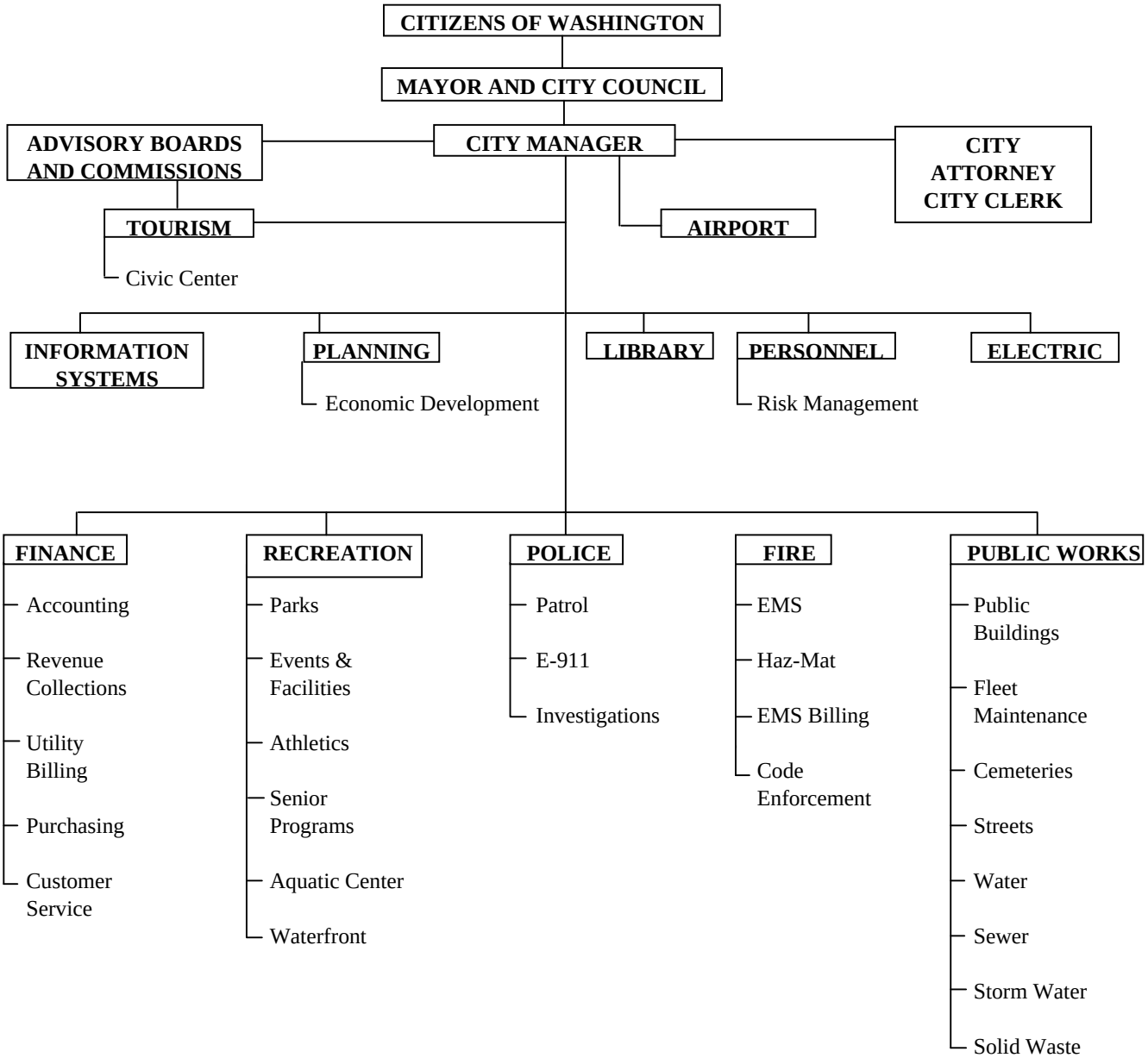
DEPARTMENT HEADS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
Planning Director	John D. Rodman	5 months	8 years
Electric Director	Keith A. Hardt	12 years	13 years
Chief Financial Officer	Matthew J. Raschenbach	7 months	7 months
Interim Fire Chief	Robert C. Rose	4 months	20 years
Library Director	Gloria J. Moore	2 years	19 years
Human Resources Director	Susan C. Hodges	6 years	6 years
Police Chief	Glen M. Reed	2 years	2 years
Public Works Director	R. Allen Lewis, III	6 years	6 years
Recreation & Parks Director	Phillip W. Mobley	32 years	34 years
Tourism Director	Lynn W. Lewis	6 years	6 years

CITY OF WASHINGTON

ORGANIZATIONAL CHART

2008-2009



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, 2008

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

President

Executive Director

Financial Section

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Washington, North Carolina as of and for the year ended June 30, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Washington Tourism Development Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington Tourism Development Authority, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of Washington TDA Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Washington, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 27, 2009 on our consideration of City of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 27, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Washington exceeded its liabilities at the close of the most recent fiscal year by $95,611,814 (*net assets*). Of this amount, $19,971,706 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net assets increased by $3,482,585. This is an increase of 3.78%.

- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of $10,390,187, an increase of $548,680 in comparison with the prior year. Approximately 68.28% of this total amount, or $7,093,901, is *available for spending* at the government's discretion (*unreserved fund balance*).

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $6,547,583 or 56.70% of total General Fund expenditures for the fiscal year.

- City of Washington's total liabilities decreased by $1,853,058 or 9.42% during the current fiscal year.

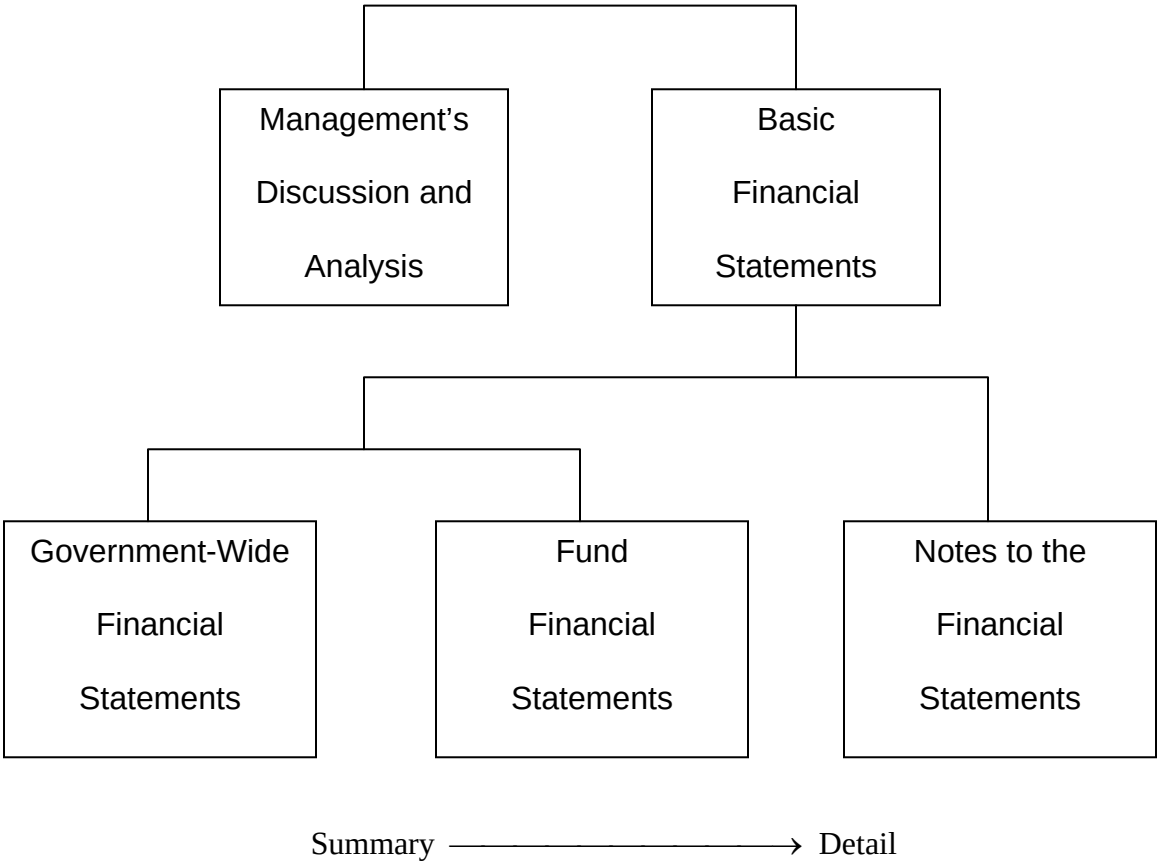
- The City maintains a "Baa1" rating from Moody's Investor Services and was recently upgraded to an "A" rating by Standard & Poors' Corporation. The North Carolina Municipal Council rates the City at 79 points.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

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

The City of Washington maintains thirteen 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 twelve 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 18-20 of this report.

Proprietary Funds. The City of Washington maintains six 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, and solid waste utilities.

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

The basic proprietary fund financial statements can be found on pages 22-24 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 25-54 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 55-56 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 57-115 of this report.

Government-Wide Financial Analysis

Figure 2

City of Washington's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 12,646,092	$ 11,522,601	$ 15,554,931	$ 15,836,068	$ 28,201,023	$ 27,358,669
Capital assets, net	21,843,987	22,232,205	63,392,721	62,217,330	85,236,708	84,449,535
Total assets	34,490,079	33,754,806	78,947,652	78,053,398	113,437,731	111,808,204
Long-term liabilities outstanding	5,019,797	4,813,729	8,328,389	10,585,373	13,348,186	15,399,102
Other liabilities	458,174	452,301	4,019,557	3,827,572	4,477,731	4,279,873
Total liabilities	5,477,971	5,266,030	12,347,946	14,412,945	17,825,917	19,678,975
Net assets:						
Invested in capital assets, net of related debt	18,447,771	18,610,980	56,442,379	52,099,287	74,890,150	70,710,267
Restricted	749,958	718,443	-	-	749,958	718,443
Unrestricted	9,814,379	9,159,353	10,157,327	11,541,166	19,971,706	20,700,519
Total net assets	$ 29,012,108	$ 28,488,776	$ 66,599,706	$ 63,640,453	$ 95,611,814	$ 92,129,229

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Washington exceeded liabilities by $95,611,814 as of June 30, 2009. This is an increase in the City's net assets of $3,482,585 for the fiscal year. By far the largest portion of the City of Washington's net assets (78.33%) reflects its investment in capital assets (e.g., land, buildings, systems, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Washington's net assets (0.78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $19,971,706 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets increased by $787,173 during the fiscal year. This increase of .93% is attributable to continued capital investments in the City utility systems.

Figure 3

City of Washington's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for service	$ 2,755,400	$ 1,655,256	44,334,713	41,260,894	47,090,113	$ 42,916,150
Operating grants and contributions	1,438,589	866,866	(13,002)	9,319	1,425,587	876,185
Capital grants and contributions	54,122	306,655	659,756	252,839	713,878	559,494
General revenues:						-
Property taxes	3,862,728	3,739,953	-	-	3,862,728	3,739,953
Other taxes	1,968,844	2,706,538	-	-	1,968,844	2,706,538
Unrestricted intergovernmental	1,601,893	1,515,146	-	-	1,601,893	1,515,146
Other	748,056	339,899	112,932	299,054	860,988	638,953
Total revenues	12,429,632	11,130,313	45,094,399	41,822,106	57,524,031	52,952,419
Expenses:						
General government	1,213,174	1,469,055	-	-	1,213,174	1,469,055
Public safety	6,288,971	5,483,122	-	-	6,288,971	5,483,122
Transportation	733,196	1,079,272	-	-	733,196	1,079,272
Environmental protection	614,650	354,391	-	-	614,650	354,391
Cultural and recreation	2,605,246	2,672,910	-	-	2,605,246	2,672,910
Economic and physical development	564,134	184,507	-	-	564,134	184,507
Interest	152,570	40,845	-	-	152,570	40,845
Water	-	-	2,731,579	2,520,231	2,731,579	2,520,231
Sewer	-	-	2,741,838	3,164,874	2,741,838	3,164,874
Electric	-	-	34,295,374	31,061,372	34,295,374	31,061,372
Storm water	-	-	530,868	556,346	530,868	556,346
Airport	-	-	409,650	567,006	409,650	567,006
Solid waste	-	-	1,160,196	1,038,700	1,160,196	1,038,700
Total expenses	12,171,941	11,284,102	41,869,505	38,908,529	54,041,446	50,192,631
Increase in net assets before transfers	257,691	(153,789)	3,224,894	2,913,577	3,482,585	2,759,788
Transfers	265,641	804,211	(265,641)	(804,211)	-	-
Increase (decrease) in net assets	523,332	650,422	2,959,253	2,109,366	3,482,585	2,759,788
Net assets, July 1	28,488,776	27,838,354	63,640,453	61,531,087	92,129,229	89,369,441
Net assets, June 30	$ 29,012,108	$ 28,488,776	$ 66,599,706	$ 63,640,453	$ 95,611,814	$ 92,129,229

Governmental Activities. Governmental activities increased the City's net assets overall by $523,332, thereby accounting for 15.03% of the total change in the net assets of the City of Washington. Over half of this $523,332 increase is due to net transfers into the governmental funds amounting to $265,641. In February 2009, Council voted to reduce the Electric Fund transfer to the General Fund by $420,000 for the year, from $1,100,000 to $680,000, in order to postpone until July 1, 2009, an electric rate increase to its customers. Fund balance was appropriated in the General Fund to account for the loss in transfer; however, due to a large legal settlement in the amount of $545,000 and expenditures coming in under budget, there was no need to draw down on the General Fund balance for the year.

Business-Type Activities. Business-type activities increased the City of Washington's net assets by $2,959,253, accounting for 84.97% of the total growth in the government's net assets. This increase in net assets is attributable to rate increases in the water and sewer and stormwater funds, in the amounts of 4% and 7.5%. The average increase in stormwater rates ranged from 14% to 17% depending on the category (residential vs. commercial). These rate increases generated an additional $3,272,293 in charges for services for business-type activities. Revenues exceeded expenses by $3,224,894 before transfers out. The net transfers out of the business-type activities were $(265,641) for the year. This transfer out number would be significantly higher if it were not for the aforementioned reduction in the transfer from the Electric Fund to the General Fund during the year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services with the exception of the $3,234,002, or 10.41% increase in electric expenses. This increase is primarily attributable to multiple wholesale power increases received from NCEMPA, the City's wholesale power provider.

Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year, the City of Washington's governmental funds reported combined ending fund balances of $10,390,187, an increase of $548,680 in comparison with the prior year. Approximately 68.28% of this total amount ($7,093,901) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The government has designated a portion of the unreserved fund balance in the amount of $1,011,153 for construction of a new police station ($1,000,000) and senior functions ($11,153). The remainder of fund balance is *reserved* to indicate that it is not available for new spending, because it has already been committed 1) to honor contracts and purchase orders of the prior period ($1,060,104), 2) for dedicated expenditures in certain areas of the government ($995,163) due to outside restrictions from grantors and contributors, and 3) because it is reserved by State statute ($1,241,019).

The General Fund is the chief operating fund of the City of Washington. It's fund balance increased by $845,626 during the current fiscal year. At the end of the current fiscal year, unreserved fund balance of the General Fund was $5,536,430, while total fund balance reached $9,414,678. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47.94% of total General Fund expenditures, while total fund balance represents 81.52% of that same amount.

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

Beginning July 1, 2008, the City increased its water and sewer rates, 4% and 7.5%, respectively. Stormwater rates increased on average between 14 and 17% at the beginning of the fiscal year.

As the result of a 2007/2008 cost of service study, electric rates for outdoor/street lighting and medium general services were increased by 14.9% and 1.4%, respectively, on August 1, 2008. The City received two wholesale power cost increases from the North Carolina Eastern Municipal Power Agency in the amount of 14% on August 1, 2008 and 4% on February 1, 2009. The City was able to postpone additional rate increases to its customers until July 1, 2009, when rates increased by 5.7%.

The City Airport received funding through a Rural Airport Grant during the fiscal year to replace its current fuel farm with a self service unit at an approximate cost of $200,000.

General Fund Budgetary Highlights

Differences between the original budgeted revenues and the final amended budgeted revenues for the General Fund amounted to a $392,574 increase and are summarized as follows:

- $13,529 increase for other taxes and licenses
- $70,618 decrease in unrestricted intergovernmental revenues
- $546,956 increase of restricted intergovernmental revenues
- $145,000 decrease in permits and fees
- $196,368 increase of sales and service revenue
- $157,000 decrease in investment earnings
- $8,339 increase in miscellaneous revenues

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund were $1,356,697 and are summarized as:

- $31,374 in increases allocated to general government activity
- $664,804 in increases allocated to public safety
- $225,678 in increases allocated to transportation
- $1,260 in increases allocated to environmental protection
- $433,581 in increases allocated to cultural and recreational

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

During the year, actual revenues came in slightly under budgetary estimates; expenditures were far less than budgetary appropriations, thus eliminating the need to draw upon existing fund balance.

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, 2009, amounted to $74,890,150 (net of accumulated depreciation). This investment in capital assets includes land, buildings, distribution systems, substations, infrastructure, improvements, office furniture and machines, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $4,179,883, or 5.91%. This is represented by a .88% decrease for governmental activities and an 8.34% increase for business-type activities.

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

- Construction of water lines to the Industrial Park continued during the year. Fiscal year expenses for 08/09 amounted to $564,689 for this project.
- Engineering for the construction of sewer lines along Pennsylvania Avenue began and totaled $89,641 at year-end.
- Construction was completed on the relocation of the Wanoca electrical substation located in the eastern part of the City. The total project cost was $1,739,156.
- Ongoing capital projects at Warren Field Airport include runway clearing, land acquisition, and replacement of the fueling system. These projects are represented by a construction in progress balance of $131,710 at June 30, 2009.
- The construction of 12 additional boat docks is being partially funded by a BIG (Boating Infrastructure Grant). The estimated total cost at completion is expected to be around $375,000. Costs incurred during FY 08/09 for this project were $33,750.
- BeeBee Park construction was completed during the year at a total cost of $208,662.

Figure 4

City of Washington Capital Assets

(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	$ 4,692,103	$ 4,639,542	$ 1,432,597	$ 972,090	$ 6,124,700	$ 5,611,632
Buildings	8,895,831	8,959,545	5,456,616	5,667,086	14,352,447	14,626,631
Infrastructure	5,881,033	6,011,486	-	-	5,881,033	6,011,486
Plant, substations, lines, distribution and runways	-	-	50,054,527	48,073,245	50,054,527	48,073,245
General & mobile equipment	2,017,153	2,023,751	5,271,251	5,226,215	7,288,404	7,249,966
Furniture & office equipment	321,717	235,432	105,370	80,686	427,087	316,118
Construction in progress	36,150	362,449	1,072,360	2,198,008	1,108,510	2,560,457
Total	$ 21,843,987	$ 22,232,205	$ 63,392,721	$ 62,217,330	$ 85,236,708	$ 84,449,535

Additional information on the City's capital assets can be found in note 6 on pages 35-38 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Washington had total debt outstanding of $11,447,098. Of this amount, $3,190,000 comprises water, sewer, and electric utility general obligation bonded debt backed by the full faith and credit of the government. The balance consists of installment notes in the amount of $3,329,845, a loan from the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Loan Fund in the amount of $2,108,855, and a 30 year loan from the United States Department of Agriculture (USDA) with an outstanding balance of $2,818,368.

Figure 5

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

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	-	-	$ 3,190,000	$4,625,000	$3,190,000	$4,625,000
Installment notes	$844,231	$889,711	2,485,614	3,252,354	3,329,845	4,142,065
USDA Loan	2,818,368	2,867,000	-	-	2,818,368	2,867,000
Revolving loan fund	-	-	2,108,885	2,240,690	2,108,885	2,240,690
Total	$3,662,599	$3,756,711	$7,784,499	$11,277,205	$11,447,098	$13,874,755

The City's total debt decreased by $2,427,657, or 17.5%, during the current fiscal year. During the current fiscal year, the government issued one 59-month installment note to a financial institution in the amount of $743,900 at a rate of 2.91%. Of these proceeds, $130,000 was used to purchase an EMS truck, $210,000 was used to purchase a refuse truck in the Solid Waste Fund, $117,500 was borrowed to finance one half of the cost of a new sewer vacuum truck, and the remaining $286,400 was used to fund the purchase of new vehicles in various funds. The City elected to postpone the borrowing of $2,154,500 in the Electric Fund for the replacement of two main transformers and other electric vehicles and equipment. The interest saved by the postponed borrowing was used to delay a retail rate adjustment to City electric customers. The funds to finance the electrical improvements and equipment were borrowed in July 2009.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation. The current debt limitation for the City of Washington is $50,255,560, which is significantly in excess of the City of Washington's outstanding general obligation debt. The City's legal debt margin was $40,347,038.

Additional information on the City of Washington's long-term debt can be found in note 12 on pages 46-51 of this report.

Economic Factors and Next Year's Budgets and Rates

Due to current economic factors, many General Fund revenues such as sales tax, utility tax, Powell Bill, and building permits, are expected to remain flat and in some cases fall in FY 09/10 when compared to FY 08/09. As a result, the General Fund budget for FY 09/10 was decreased by 15.5% from the previous year. This reduction in expenditures was achieved largely by changes made in the employee healthcare program, cutting capital expenditures, and implementing a new self-insured workers' compensation plan. No cost of living raises were included in the 09/10 budget, however, merit and job maturity were funded. Additionally, fund balance in the amount of $518,820 was needed to balance the General Fund budget.

The following factors were also considered when preparing the City of Washington's budget for the 09/10 fiscal year:

- The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 11.6%, an increase from a rate of 8.1% in 2008. This compares unfavorably to the state's average unemployment rate of 10.8% and the national average rate of 9.7%.
- The per capita income for the City of Washington is $3,585, or 17.7% below North Carolina's per capita income average.
- Ad valorem tax collections are expected to remain at or above 96%.
- Retail sales are expected to remain flat or possibly decline slightly in FY 09/10, compared to FY 08/09.

The property tax rate remained at $0.60 per $100 valuation, with $0.02 of this rate being allocated toward public safety debt.

The water, sewer, stormwater, and solid waste utility rates remained the same for FY 09/10. The electric utility rates were increased by 5.7% on July 1, 2009 in order to recover wholesale power increases that the City received from North Carolina Eastern Municipal Power Agency (NCEMPA) in August 2008 and February 2009. At the time of the issue of this report, the Council voted to decrease the rate increase to a 2.5% increase instead of 5.7%. This rate change will take effect on November 1, 2009.

Requests for Information

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

Basic Financial Statements

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Exhibit A

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Assets:				
Cash and investments	$ 9,276,574	$ 7,870,815	$ 17,147,389	$ 178,757
Taxes receivable, net	339,209	-	339,209	-
Accounts receivable, net	2,507,552	5,472,890	7,980,442	29,973
Notes receivable	188,000	242,420	430,420	-
Inventories	68,374	1,134,649	1,203,023	-
Restricted cash and investments	266,383	834,157	1,100,540	-
Capital assets:				
Nondepreciable	4,728,253	2,504,957	7,233,210	-
Depreciable, net	17,115,734	60,887,764	78,003,498	-
Total assets	34,490,079	78,947,652	113,437,731	208,730
Liabilities:				
Accounts payable and accrued liabilities	440,644	3,181,863	3,622,507	32,872
Unearned revenues	17,530	-	17,530	-
Customer deposits	-	837,694	837,694	-
Long-term liabilities:				
Due within one year	844,553	2,620,281	3,464,834	-
Due in more than one year	4,175,244	5,708,108	9,883,352	-
Total liabilities	5,477,971	12,347,946	17,825,917	32,872
Net Assets:				
Invested in capital assets, net of related debt	18,447,771	56,442,379	74,890,150	-
Restricted for:				
Cemetery care - permanent	95,375	-	95,375	-
Library care - permanent	319,600	-	319,600	-
Transportation - temporary	304,137	-	304,137	-
Public safety - temporary	30,846	-	30,846	-
Unrestricted	9,814,379	10,157,327	19,971,706	175,858
Total net assets	$ 29,012,108	$ 66,599,706	$ 95,611,814	$ 175,858

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, 2009

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 1,213,174	$ 1,652,554	$ 169,511	$ 14,656
Public safety	6,288,971	550,576	364,340	3,400
Transportation	733,196	-	314,031	-
Environmental protection	614,650	266,156	-	-
Cultural and recreation	2,605,246	276,322	53,437	36,066
Economic and physical development	564,134	9,792	537,270	-
Interest on long-term debt	152,570	-	-	-
Total governmental activities	12,171,941	2,755,400	1,438,589	54,122
Business-Type Activities:				
Water	2,731,579	2,961,388	-	569,523
Sewer	2,741,838	2,942,450	-	4,834
Electric	34,295,374	36,442,629	-	61,472
Stormwater Utility	530,868	499,950	(13,002)	-
Warren Field Airport	409,650	222,062	-	23,927
Solid Waste	1,160,196	1,266,234	-	-
Total business-type activities	41,869,505	44,334,713	(13,002)	659,756
Total primary government	54,041,446	47,090,113	1,425,587	713,878
Component Unit:				
Tourism Development Authority	371,073	86,121	50,000	-
Total component unit	$ 371,073	$ 86,121	$ 50,000	$ -

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 assets

Net Assets:
Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
$ 623,547	$ -	$ 623,547	$ -
(5,370,655)	-	(5,370,655)	-
(419,165)	-	(419,165)	-
(348,494)	-	(348,494)	-
(2,239,421)	-	(2,239,421)	-
(17,072)	-	(17,072)	-
(152,570)	-	(152,570)	-
(7,923,830)	-	(7,923,830)	-
-	799,332	799,332	-
-	205,446	205,446	-
-	2,208,727	2,208,727	-
-	(43,920)	(43,920)	-
-	(163,661)	(163,661)	-
-	106,038	106,038	-
-	3,111,962	3,111,962	-
(7,923,830)	3,111,962	(4,811,868)	-
-	-	-	(234,952)
-	-	-	(234,952)
3,862,728	-	3,862,728	-
2,318,778	-	2,318,778	-
1,186,582	-	1,186,582	-
255,280	-	255,280	247,622
426,115	-	426,115	-
132,038	112,932	244,970	1,004
8,181,521	112,932	8,294,453	248,626
265,641	(265,641)	-	-
8,447,162	(152,709)	8,294,453	248,626
523,332	2,959,253	3,482,585	13,674
28,488,776	63,640,453	92,129,229	162,184
$ 29,012,108	$ 66,599,706	$ 95,611,814	$ 175,858

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	$ 8,280,129	$ 996,445	$ 9,276,574
Taxes receivable, net	339,209	-	339,209
Accounts receivable, net	2,363,094	144,458	2,507,552
Notes receivable, net	-	188,000	188,000
Due from other funds	120,619	-	120,619
Inventories	68,374	-	68,374
Restricted cash and investments	266,383	-	266,383
Total assets	$ 11,437,808	$ 1,328,903	$ 12,766,711
Liabilities and Fund Balances:			
Accounts payable and accrued liabilities	$ 404,752	$ 31,163	$ 435,915
Due to other funds	-	120,619	120,619
Deferred revenues	1,613,649	201,612	1,815,261
Customer deposits	4,729	-	4,729
Total liabilities	2,023,130	353,394	2,376,524
Fund Balances:			
Reserved by state statute	1,226,803	14,216	1,241,019
Reserved for inventories	68,374	-	68,374
Reserved for encumbrances	1,060,104	-	1,060,104
Reserved for surety bond	3,100	-	3,100
Reserved for library care	-	95,375	95,375
Reserved for cemetery care	-	319,600	319,600
Reserved for Powell Bill	304,137	-	304,137
Reserved for controlled substance tax	22,359	-	22,359
Reserved for seized funds - local and federal	8,487	-	8,487
Reserved for Veteran's Park contributions	4,365	-	4,365
Reserved for Dog Park contributions	1,392	-	1,392
Reserved for Recreation land	145,200	-	145,200
Reserved for PEG Channel	22,774	-	22,774
Unreserved:			
Designated for senior functions	11,153	-	11,153
Designated for public safety complex	1,000,000	-	1,000,000
Undesignated	5,536,430	-	5,536,430
Unreserved, undesignated, reported in nonmajor:			
Special revenue funds	-	546,318	546,318
Total fund balances	9,414,678	975,509	10,390,187
Total liabilities and fund balances	$ 11,437,808	$ 1,328,903	

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	21,843,987
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the funds.	1,797,732
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.	(5,019,798)
Net assets of governmental activities, per Exhibit A	$ 29,012,108

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, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	$ 3,836,368	$ -	$ 3,836,368
Other taxes and licenses	2,584,862	-	2,584,862
Unrestricted intergovernmental	1,601,893	-	1,601,893
Restricted intergovernmental	989,020	672,197	1,661,217
Permits and fees	72,236	-	72,236
Sales and services	1,317,786	38,277	1,356,063
Investment earnings	115,850	16,188	132,038
Miscellaneous	606,226	9,792	616,018
Total revenues	11,124,241	736,454	11,860,695
Expenditures:			
Current:			
General government	1,204,813	14,656	1,219,469
Public safety	6,027,944	167,491	6,195,435
Transportation	869,269	-	869,269
Environmental protection	330,825	7,422	338,247
Cultural and recreation	2,551,571	2,208	2,553,779
Economic and physical development	-	564,134	564,134
Debt service:			
Principal retirement	411,612	-	411,612
Interest and fees	152,570	-	152,570
Total expenditures	11,548,604	755,911	12,304,515
Revenues over (under) expenditures	(424,363)	(19,457)	(443,820)
Other Financing Sources (Uses):			
Long-term debt issued	317,500	-	317,500
Transfers from other funds	1,305,882	118,455	1,424,337
Transfers in-General Fund	-	233,393	233,393
Transfers to other funds	(353,393)	(629,337)	(982,730)
Total other financing sources (uses)	1,269,989	(277,489)	992,500
Net change in fund balances	845,626	(296,946)	548,680
Fund Balance:			
Beginning of year - July 1	8,569,052	1,272,455	9,841,507
End of year - June 30	$ 9,414,678	$ 975,509	$ 10,390,187

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, 2009

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final	Amounts	Positive/(Negative)
Revenues:				
Ad valorem taxes	$ 3,627,723	$ 3,627,723	$ 3,836,368	$ 208,645
Other taxes and licenses	2,713,468	2,726,997	2,584,862	(142,135)
Unrestricted intergovernmental	1,580,747	1,510,129	1,601,893	91,764
Restricted intergovernmental	857,892	1,404,848	989,020	(415,828)
Permits and fees	192,500	47,500	72,236	24,736
Sales and services	1,011,700	1,208,068	1,317,786	109,718
Investment earnings	315,000	158,000	115,850	(42,150)
Miscellaneous	568,500	576,839	606,226	29,387
Total revenues	10,867,530	11,260,104	11,124,241	(135,863)
Expenditures:				
General government	1,767,782	1,799,156	1,204,813	594,343
Public safety	6,106,892	6,771,696	6,027,944	743,752
Transportation	998,420	1,224,098	869,269	354,829
Environmental protection	327,994	329,254	330,825	(1,571)
Cultural and recreation	2,559,368	2,992,949	2,551,571	441,378
Debt service:				
Principal retirement	431,948	431,948	411,612	20,336
Interest and fees	166,115	166,115	152,570	13,545
Total expenditures	12,358,519	13,715,216	11,548,604	2,166,612
Revenues over (under) expenditures	(1,490,989)	(2,455,112)	(424,363)	2,030,749
Other Financing Sources (Uses):				
Transfers from other funds	1,349,989	1,305,882	1,305,882	-
Transfers to other funds	(187,500)	(353,393)	(353,393)	-
Long-term debt issued	317,500	317,500	317,500	-
Appropriated fund balance	11,000	1,185,123	-	(1,185,123)
Total other financing sources (uses)	1,490,989	2,455,112	1,269,989	(1,185,123)
Net change in fund balance	$ -	$ -	845,626	$ 845,626
Fund Balance:				
Beginning of year - July 1			8,569,052	
End of year - June 30			$ 9,414,678	

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

Exhibit F

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, 2009

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)	$ 548,680
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.	1,176,533
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.	(409,358)
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(1,127,617)
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.	(27,776)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues to the "availability" criteria	568,937
The issuance of long-term debt provides current financial resources to the governmental funds, while increases long-term debt in Statement of Net Assets.	(317,500)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Assets.	411,612
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.	(300,179)
Changes in net assets of governmental activities	$ 523,332

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Major Enterprise Funds			Nonmajor	
	Water Fund	Sewer Fund	Electric Fund	Enterprise Funds	Total
Assets:					
Current assets:					
Cash and investments	$ 359,196	$ 1,401,170	$ 5,005,008	$ 1,105,441	$ 7,870,815
Accounts receivable, net	855,094	406,774	4,028,634	182,388	5,472,890
Notes receivable	-	242,420	-	-	242,420
Inventories	112,085	60,369	934,107	28,088	1,134,649
Restricted cash and investments	-	10,180	610,877	213,100	834,157
Total current assets	1,326,375	2,120,913	10,578,626	1,529,017	15,554,931
Noncurrent assets:					
Nondepreciable capital assets	736,466	249,391	64,777	1,454,323	2,504,957
Capital assets, net of accumulated depreciation	15,281,513	19,081,719	21,613,002	4,911,530	60,887,764
Total capital assets, net	16,017,979	19,331,110	21,677,779	6,365,853	63,392,721
Total assets	17,344,354	21,452,023	32,256,405	7,894,870	78,947,652
Liabilities and Net Assets:					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	272,072	88,076	2,770,193	51,522	3,181,863
Customer deposits	36,312	-	800,482	900	837,694
Current portion of installment notes	51,331	88,400	926,891	74,865	1,141,487
Current portion of general obligation bonds	600,974	452,743	61,283	-	1,115,000
Current portion of revolving loan	-	131,805	-	-	131,805
Current portion of compensated absences	44,012	54,421	90,838	42,718	231,989
Total current liabilities	1,004,701	815,445	4,649,687	170,005	6,639,838
Non-current liabilities:					
Non-current portion of installment notes	39,690	156,914	923,134	224,389	1,344,127
Non-current portion of general obligation bonds	795,227	1,198,681	81,092	-	2,075,000
Non-current portion of revolving loan	-	1,977,080	-	-	1,977,080
Non-current portion of compensated absences	42,285	52,287	83,852	46,624	225,048
Non-current portion of OPEB liability	16,944	20,195	25,480	24,234	86,853
Total non-current liabilities	894,146	3,405,157	1,113,558	295,247	5,708,108
Total liabilities	1,898,847	4,220,602	5,763,245	465,252	12,347,946
Net Assets:					
Invested in capital assets, net of related debt	14,530,757	15,335,667	20,296,256	6,279,699	56,442,379
Unrestricted	914,750	1,895,754	6,196,904	1,149,919	10,157,327
Total net assets	$ 15,445,507	$ 17,231,421	$ 26,493,160	$ 7,429,618	$ 66,599,706

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Major Enterprise Funds			Nonmajor	
	Water Fund	Sewer Fund	Electric Fund	Enterprise Funds	Total
Operating Revenues:					
Charges for sales and services	$ 2,804,965	$ 2,910,709	$ 35,982,763	$ 1,976,805	$ 43,675,242
Late penalty charges	11,467	14,403	164,894	2,137	192,901
Impact fees	2,697	-	-	-	2,697
Other	76,562	9,765	187,952	4,715	278,994
Total operating revenues	2,895,691	2,934,877	36,335,609	1,983,657	44,149,834
Operating Expenses:					
Administration	502,838	512,470	2,956,335	1,485,088	5,456,731
Wastewater treatment and collection	-	1,455,790	-	-	1,455,790
Water treatment and distribution	1,382,768	-	-	-	1,382,768
Electrical operations	-	-	2,390,705	-	2,390,705
Electric power purchases	-	-	28,257,019	-	28,257,019
Warren Field Airport operations	-	-	-	279,229	279,229
DOT reimbursement	-	-	(824,839)	-	(824,839)
Depreciation	745,419	606,294	1,430,491	331,169	3,113,373
Total operating expenses	2,631,025	2,574,554	34,209,711	2,095,486	41,510,776
Operating income (loss)	264,666	360,323	2,125,898	(111,829)	2,639,058
Non-operating Revenues (Expenses):					
Rents	32,500	-	-	-	32,500
Recovery of doubtful accounts	619	-	-	-	619
Investment earnings	10,513	30,930	59,077	12,412	112,932
Sale of surplus and scrap	2,789	-	50,153	-	52,942
Assessments	-	6,233	-	-	6,233
Fines and meters	-	-	8,867	-	8,867
Solid waste disposal tax	-	-	-	4,589	4,589
Interest expense	(100,554)	(167,284)	(85,663)	(5,228)	(358,729)
Miscellaneous	29,789	1,340	48,000	-	79,129
Total non-operating revenues (expenses)	(24,344)	(128,781)	80,434	11,773	(60,918)
Income (loss) before capital contributions and transfers	240,322	231,542	2,206,332	(100,056)	2,578,140
Capital Contributions and Transfers:					
Capital contributions	569,523	4,834	61,472	10,925	646,754
Transfers in	43,140	142,789	231,950	105,000	522,879
Transfers out	(8,520)	-	(780,000)	-	(788,520)
Total contributions and transfers	604,143	147,623	(486,578)	115,925	381,113
Change in net assets	844,465	379,165	1,719,754	15,869	2,959,253
Net Assets:					
Beginning of year - July 1	14,601,042	16,852,256	24,773,406	7,413,749	63,640,453
End of year - June 30	$ 15,445,507	$ 17,231,421	$ 26,493,160	$ 7,429,618	$ 66,599,706

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Major Enterprise Funds			Nonmajor	
	Water Fund	Sewer Fund	Electric Fund	Enterprise Funds	Total
Cash Flows From Operating Activities:					
Cash received from customers	$ 2,492,950	$ 2,918,346	$ 36,819,977	$ 1,994,109	$ 44,225,382
Cash paid to employees for services	(720,894)	(634,864)	(1,644,934)	(781,034)	(3,781,726)
Cash paid to suppliers	(907,103)	(1,258,485)	(31,159,330)	(1,003,510)	(34,328,428)
Net cash provided (used) by operating activities	864,953	1,024,997	4,015,713	209,565	6,115,228
Cash Flows From Non-capital Financing Activities:					
Repayments to other funds	(1,100)	-	-	-	(1,100)
Payments from other funds	1,100	-	-	-	1,100
Transfers from other funds	-	-	-	105,000	105,000
Transfers to other funds	-	-	(780,000)	-	(780,000)
Net cash provided (used) by non-capital financing activities	-	-	(780,000)	105,000	(675,000)
Cash Flows From Capital and Related Financing Activities:					
Interest paid on notes, bonds, and loans	(100,554)	(167,284)	(85,663)	(5,228)	(358,729)
Acquisition of capital assets	(772,133)	(517,049)	(2,493,255)	(96,967)	(3,879,404)
Capital contributions	569,523	4,834	61,472	10,925	646,754
Principal collected on note receivable	-	15,659	-	-	15,659
Other nonoperating revenues	65,697	7,573	107,020	4,589	184,879
Proceeds from issuance of debt	-	157,500	-	268,900	426,400
Principal payments on long-term debt	(848,851)	(764,592)	(1,067,989)	(78,514)	(2,759,946)
Net cash provided (used) by capital and related financing activities	(1,086,318)	(1,263,359)	(3,478,415)	103,705	(5,724,387)
Cash Flows From Investing Activities:					
Investment earnings	10,513	30,930	59,077	12,411	112,931
Net cash provided (used) by investing activities	10,513	30,930	59,077	12,411	112,931
Net increase (decrease) in cash and cash equivalents/investments	(210,852)	(207,432)	(183,625)	430,681	(171,228)
Cash and Cash Equivalents/Investments:					
Beginning of year - July 1	570,048	1,618,782	5,799,510	887,860	8,876,200
End of year - June 30	$ 359,196	$ 1,411,350	$ 5,615,885	$ 1,318,541	$ 8,704,972
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	$ 264,666	$ 360,323	$ 2,125,898	$ (111,829)	$ 2,639,058
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	745,419	606,294	1,430,491	331,169	3,113,373
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(400,666)	(16,531)	421,984	10,452	15,239
(Increase) decrease in inventories	752	(1,236)	71,472	8,023	79,011
Increase (decrease) in accounts payable and accrued liabilities	232,963	47,667	(109,099)	(39,855)	131,676
Increase (decrease) in customer deposits	(2,075)	-	62,384	-	60,309
Increase (decrease) in compensated absences payable	6,950	8,284	(12,898)	(12,629)	(10,293)
Increase (decrease) in OPEB liability	16,944	20,196	25,481	24,234	86,855
Net cash provided (used) by operating activities	$ 864,953	$ 1,024,997	$ 4,015,713	$ 209,565	$ 6,115,228
Non-					
Transfer-in of assets	$ 43,140	$ 142,789	$ 231,950	$ -	$ 417,879
Transfer-out of assets	(8,520)	-	-	-	(8,520)
Total non-cash investing, capital, and financing activities:	$ 34,620	$ 142,789	$ 231,950	$ -	$ 409,359

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

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

City of Washington Tourism Development Authority

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

B. Basis of Presentation

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

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental fund:

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds
The Special revenue funds account for specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. The City maintains twelve special revenue funds: the CDBG Program Income Fund, the UDAG Fund, the Emergency 911 Fund, the Economic Development Capital Reserve Fund, the Down Payment Assistance Fund, the Public Safety Capital Reserve Fund, the Water Capital Reserve Fund, the Sewer Capital Reserve Fund, CDBG 6th and 7th Street Revitalization Fund, Pacific Seacraft Fund, Capacity Grant Fund, and Turnage Theater Fund.

Capital Project Funds
The City maintains two capital project funds. The Second Fire Station Capital Project Fund is used to account for the construction of a second fire station. The CDBG Keyesville Road Subdivision Fund is used to account for infrastructure construction.

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following nonmajor enterprise funds:

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

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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City. For those motor vehicles registered, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009.

Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year end apply to the 2009-2010 fiscal year and are not shown as receivables at June 30, 2009.

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, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Licenses, fines, permits and other revenue are not susceptible to accrual because they are generally not measurable until received in cash.

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

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

C. Budgetary Data

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, certain special revenue funds, permanent funds and enterprise funds. Special revenue funds that have legally adopted annual budgets are the CDBG Program Income Fund, UDAG Fund, Emergency 911 Fund, Economic Development Capital Reserve Fund, Public Safety Capital Reserve Fund, Water Capital Reserve Fund, and the Sewer Capital Reserve Fund. All appropriations lapse at the fiscal year-end. Project ordinances are adopted for certain special revenue funds and the enterprise capital project subfunds which are combined with the enterprise funds in the accompanying financial statements. Special revenue funds that have legally adopted project budgets are the Down Payment Assistance Fund, the CDBG Urban Renewal Grant Fund, the CDBG 6th and 7th Street Revitalization Fund, Pacific Seacraft Fund, Capacity Grant Fund, and the Turnage Theater Fund. All budgets are prepared using the modified accrual basis of accounting.

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

D. Assets, Liabilities and Fund Equity

Deposits

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

Investments

State law [G. S. 159-30 (c)] authorizes the City and the TDA to invest in obligations of the United States or obligations fully guaranteed as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC-registered (2a-7) money market mutual fund.

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

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

Restricted Assets

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

Ad Valorem Taxes Receivable

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

Allowance for Uncollectible Accounts

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

Inventories

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

Capital Assets

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

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

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

Description	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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

Net Assets/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

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

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

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

Unreserved:

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

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

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

2. Deposits and Investments

Deposits

All of the City's and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's and the TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the TDA, these deposits are considered to be held by the agent in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City and the TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral under the Pooling Method, the potential exists for 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 complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the City's deposits had a carrying amount of $10,279,167 and a bank balance of $3,852,972. Of the bank balance, $200,000 was covered by federal depository insurance and $3,652,972 was covered by collateral held under the Pooling Method. The City also had $960 in petty cash on hand at June 30, 2009.

Investments

At June 30, 2009, the City's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust - Cash Portfolio	$ 7,967,802	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.

4. Accounts Receivable-Allowance for Doubtful Accounts

The receivables shown in the Balance Sheet and the Statement of Net Assets at June 30, 2009, are net of the following allowances for doubtful accounts:

Fund	June 30, 2009
Governmental Activities:	
General Fund:	
Taxes receivable	$ 139,690
EMS charges receivable	1,428,173
Miscellaneous	124,330
Total governmental activities	$ 1,692,193
Business-Type Activities:	
Enterprise Funds:	
Water Fund - accounts receivable	33,803
Sewer Fund - accounts receivable	45,971
Sewer Fund - assessments receivable	25,679
Electric Fund - accounts receivable	527,994
Stormwater Utility Fund - accounts receivable	5,970
Solid Waste Fund - accounts receivable	17,728
Total business-type activities	$ 657,145

5. Notes Receivable

The City issued a note receivable on July 12, 1999 in the amount of $188,000 in the CDBG Program Income Fund, of which the total principal is due on August 1, 2019. Interest is calculated at 1% and is due monthly. The amount outstanding at June 30, 2009 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, 2009 is $242,420.

6. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2009 was as follows:

	July 1, 2008	Additions	Retirements	Transfers	June 30, 2009
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 4,639,542	$ -	$ -	$ 52,561	$ 4,692,103
Construction in progress	362,449	354,118	-	(680,417)	36,150
Total capital assets not being depreciated	5,001,991	354,118	-	(627,856)	4,728,253
Capital assets being depreciated:					
Buildings	13,999,196	90,023	-	218,497	14,307,716
Streets	8,888,567	144,716	-	-	9,033,283
General equipment	1,259,904	145,574	-	-	1,405,478
Office machines	875,567	169,304	-	-	1,044,871
Furniture	101,405	-	-	-	101,405
Vehicles	3,379,302	272,800	(83,596)	-	3,568,506
Total capital assets being depreciated	28,503,941	822,417	(83,596)	218,497	29,461,259
Less accumulated depreciation:					
Buildings	5,039,651	372,234	-	-	5,411,885
Streets	2,877,081	275,169	-	-	3,152,250
General equipment	803,616	102,962	-	-	906,578
Office machines	649,709	80,985	-	-	730,694
Furniture	91,831	2,034	-	-	93,865
Vehicles	1,811,839	294,233	(55,819)	-	2,050,253
Total accumulated depreciation	11,273,727	$ 1,127,617	$ (55,819)	$ -	12,345,525
Total capital assets being depreciated, net	17,230,214				17,115,734
Governmental activities capital assets, net	$ 22,232,205				$ 21,843,987

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

Governmental Activities:	
General government	$ 157,002
Public safety	389,153
Transportation	276,403
Environmental protection	5,357
Cultural and recreational	299,702
Total	$ 1,127,617

Capital asset activity for the business-type activities for the year ended June 30, 2009 was as follows:

Water Fund:	**July 1, 2008**	**Additions**	**Retirements**	**Transfers**	**June 30, 2009**
Capital assets not being depreciated:					
Land	$ 117,538	$ -	$ -	$ -	$ 117,538
Construction in progress	11,100	564,688	-	43,140	618,928
Total capital assets not being depreciated	128,638	564,688	-	43,140	736,466
Capital assets being depreciated:					
Plant, substations, lines and distribution system	14,309,262	128,362	-	-	14,437,624
Buildings	7,157,297	-	-	-	7,157,297
Furniture and office equipment	726,252	34,880	-	-	761,132
General and mobile equipment	4,476,175	44,203	-	(8,520)	4,511,858
Total capital assets being depreciated	26,668,986	207,445	-	(8,520)	26,867,911
Less accumulated depreciation:					
Plant, substations, lines and distribution system	5,931,060	378,159	-	-	6,309,219
Buildings	2,175,128	196,549	-	-	2,371,677
Furniture and office equipment	693,573	12,412	-	-	705,985
General and mobile equipment	2,041,218	158,299	-	-	2,199,517
Total accumulated depreciation	10,840,979	$ 745,419	$ -	$ -	11,586,398
Total capital assets being depreciated, net	15,828,007				15,281,513
Water Fund capital assets, net	$ 15,956,645				$ 16,017,979

Sewer Fund:	July 1, 2008	Additions	Retirements	Transfers	June 30, 2009
Capital assets not being depreciated:					
Land	$ 25,481	$ -	$ -	$ -	$ 25,481
Construction in progress	-	89,641	-	134,269	223,910
Total capital assets not being depreciated	25,481	89,641	-	134,269	249,391
Capital assets being depreciated:					
Plant, substations, lines and distribution system	33,852,507	102,390	-	-	33,954,897
Buildings	2,693,808	-	-	-	2,693,808
Furniture and office equipment	67,433	9,444	-	-	76,877
General and mobile equipment	738,939	315,574	-	8,520	1,063,033
Total capital assets being depreciated	37,352,687	427,408	-	8,520	37,788,615
Less accumulated depreciation:					
Plant, substations, lines and distribution system	15,260,618	520,886	-	-	15,781,504
Buildings	2,306,681	18,760	-	-	2,325,441
Furniture and office equipment	51,005	9,788	-	-	60,793
General and mobile equipment	482,298	56,860	-	-	539,158
Total accumulated depreciation	18,100,602	$ 606,294	$ -	$ -	18,706,896
Total capital assets being depreciated, net	$ 19,252,085				$ 19,081,719
Sewer Fund capital assets, net	$ 19,277,566				$ 19,331,110

Electric Fund:	July 1, 2008	Additions	Retirements	Transfers	June 30, 2009
Capital assets not being depreciated:					
Land	$ 64,777	$ -	$ -	$ -	$ 64,777
Construction in progress	1,535,590	255,276	-	(1,790,866)	-
Total capital assets not being depreciated	1,600,367	255,276	-	(1,790,866)	64,777
Capital assets being depreciated:					
Plant, substations, lines and distribution system	40,420,670	1,951,835	-	2,000,302	44,372,807
Buildings	582,190	7,500	-	22,514	612,204
Furniture and office equipment	587,027	21,202	-	-	608,229
General and mobile equipment	7,345,546	257,441	-	-	7,602,987
Total capital assets being depreciated	48,935,433	2,237,978	-	2,022,816	53,196,227
Less accumulated depreciation:					
Plant, substations, lines and distribution system	24,146,170	1,067,027	-	-	25,213,197
Buildings	327,531	12,741	-	-	340,272
Furniture and office equipment	555,449	18,641	-	-	574,090
General and mobile equipment	5,123,585	332,081	-	-	5,455,666
Total accumulated depreciation	30,152,735	$ 1,430,490	$ -	$ -	31,583,225
Total capital assets being depreciated, net	18,782,698				21,613,002
Electric Fund capital assets, net	$ 20,383,065				$ 21,677,779

Nonmajor Enterprise Funds:	July 1, 2008	Additions	Retirements	Transfers	June 30, 2009
Capital assets not being depreciated:					
Land	$ 764,294	$ -	$ -	$ 460,507	$ 1,224,801
Construction in progress	651,319	38,710	-	(460,507)	229,522
Total capital assets not being depreciated	1,415,613	38,710	-	-	1,454,323
Capital assets being depreciated:					
Plant, substations, lines and distribution system, runways	8,903,236	-	-	-	8,903,236
Buildings	481,445	-	-	-	481,445
General and mobile equipment	1,946,765	58,257	(15,633)	-	1,989,389
Total capital assets being depreciated	11,331,446	58,257	(15,633)	-	11,374,070
Less accumulated depreciation:					
Plant, substations, lines and distribution system, runways	4,074,581	235,536	-	-	4,310,117
Buildings	438,315	12,433	-	-	450,748
General and mobile equipment	1,634,109	83,199	(15,633)	-	1,701,675
Total accumulated depreciation	6,147,005	$ 331,168	$ (15,633)	$ -	6,462,540
Total capital assets being depreciated, net	5,184,441				4,911,530
Nonmajor enterprise funds capital assets, net	$ 6,600,054				$ 6,365,853

Depreciation for the nonmajor enterprise funds was charged as follows:

Stormwater Utility Fund	$ 122,706
Warren Field Airport Fund	130,421
Solid Waste Fund	78,041
Total depreciation expense	$ 331,168

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2009 were as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts and vouchers	$ 197,988	$ 3,053,027	$ 3,251,015
Accrued payroll and related liabilities	242,656	108,236	350,892
Accrued interest payable	-	20,600	20,600
Total accounts payable and accrued liabilities	$ 440,644	$ 3,181,863	$ 3,622,507

8. Pension Plan Obligations

Local Government Employees' Retirement System

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

Funding Policy - Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were $468,222, $459,003, and $445,247, respectively.

Law Enforcement Officers Special Separation Allowance

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

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At December 31, 2008, the Separation Allowance's membership consisted of:

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

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

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

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

The annual required contribution for the fiscal year ended June 30, 2009 was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

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	$ 51,824
Interest on net pension obligation	23,093
Adjustment to annual required contribution	(19,474)
Annual pension cost	55,443
Contributions made	10,333
Increase in net pension obligation	45,110
Net pension obligation, beginning of year	318,531
Net pension, obligation end of year	$ 363,641

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of of APC Contributed	Net Pension Obligation
6/30/2007	$ 47,081	11.77%	$ 284,374
6/30/2008	48,446	29.50%	318,531
6/30/2009	55,443	18.64%	363,641

Funded Status and Funding Progress-As of December 31, 2008 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was $454,487. The covered payroll (annual payroll of active employees covered by the plan) was $1,682,967, and the ratio of the UAAL to the covered payroll was 27.01 percent.

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

Funding Policy - Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to 5% of covered payroll for law enforcement officers. Also, the law enforcement officers may make voluntary contributions to their plan. Contributions for the year ended June 30, 2009 were $109,086, which consisted of $82,082 from the City and $27,004 from the law enforcement officers. In addition, the City has elected to contribute $50 bi-weekly for other employees. Other employees may also make voluntary contributions to their plan. Contributions to this plan for other employees for the year ended June 30, 2009 were $421,198, which consisted of $253,640 from the City and $167,558 from the employees.

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000. 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, 2009, the City made contributions to the state for death benefits of $12,068.

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

Other Post-Employment Benefits

According to a City resolution, the City provides post-employment health care benefits to retirees with thirty years of credible service as recognized by the North Carolina Local Governmental Employees' Retirement System and have at least ten years of creditable service with the City. The City pays the full cost of coverage for these benefits until such employees become covered by Medicare. Medical insurance will be continued for a maximum of two years for an employee who retires on disability through the system but does not qualify for or pursue Social Security benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently, 19 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2009, the City made payments for post-employment health benefit premiums of $73,565. The City obtains health care coverage through Blue Cross Blue Shield directly. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

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

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

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

The current ARC rate is 3.39% of annual covered payroll. For the current year, the City contributed $73,565, or .76% of annual covered payroll. The City purchases insurance from a private carrier for health care coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.39% and 3.39% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of $170,670. The City's obligation to contribute to the Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies

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

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:

	Governmental Activities	Business -Type Activities	Total
Annual required contribution	$ 211,378	$ 114,441	$ 325,819
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	211,378	114,441	325,819
Contributions made	45,978	27,587	73,565
Increase (decrease) in net OPEB obligation	165,400	86,854	252,254
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	$ 165,400	$ 86,854	$ 252,254

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Year Ended June 30	Annual OBEP Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 325,819	22.6%	$ 252,254

Fund Status and Funding Progress

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

Actuarial Methods and Assumptions

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

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

As of June 30, 2009, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

9. Deferred/Unearned Revenues

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

	Deferred Revenues	Unearned Revenues
Taxes receivable (General Fund)	$ 339,209	$ -
EMS charges receivable (General Fund)	949,652	-
Other accounts receivable (General Fund)	300,459	-
Paving assessments receivable (General Fund)	6,799	-
Accounts receivable (other governmental funds)	13,612	-
Notes receivable (other governmental funds)	188,000	-
Prepaid items (General Fund)	17,530	17,530
Total	$ 1,815,261	$ 17,530

10. Commitments

Construction

The City had outstanding commitments at June 30, 2009 of approximately $263,066 for street paving, $176,900 for City Hall improvements, $53,287 for stormwater improvements, $3,743,275 for electric line and substation improvements, and $349,050 for airport improvements. A portion of these improvements are being financed with installment notes and federal airport grants as well as reimbursements from the NCDOT.

Purchases

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

11. Risk Management

The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of $2 million per occurrence, property coverage on a scheduled basis, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of $500,000. Workers' compensation claims are insured for single occurrence claims in excess of $1,000,000. Settlements have not exceeded coverages for each of the past three years.

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

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

The City follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or estimable in amount. Management estimates that potential liabilities resulting from litigation would not have a material adverse effect on the financial position of the City at June 30, 2009.

12. Long-Term Obligations

Revolving Loan Payable

On November 17, 2003, the City was approved for a maximum loan amount of $2,986,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the City of Washington Waste Water Treatment Plant - Phase II. The loan is repayable at 2.42% for 20 years beginning six months after the completion of the project. The City began repayment of the loan in the fiscal year ending June 30, 2006. The loan repayment schedule based on the maximum loan of $2,986,000 calls for equal principal repayments of $131,805 annually for 20 years. The total amount outstanding at June 30, 2009 was $2,108,885.

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

	Business-Type Activities		
	Principal	Interest	Total
2010	131,805	51,035	182,840
2011	131,805	47,845	179,650
2012	131,805	44,656	176,461
2013	131,805	41,466	173,271
2014	131,805	38,276	170,081
2015-2019	527,232	143,536	670,768
2020-2025	922,628	66,983	989,611
	$ 2,108,885	$ 433,797	$ 2,542,682

Revolving Loan Payable

On May 12, 2008, the City executed loan agreements with United States Department of Agriculture (USDA) in the amounts of $1,530,000 and $1,337,000 for a total of $2,867,000 for the purpose of constructing a fire station. The stated interest rate was 4.125% and 4.50%, respectively. The annual payments including interest was $89,842 and $82,092, respectively. The notes mature May 2038. The balance in the two notes combined as of June 30, 2009 was $2,818,368.

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

	Business-Type Activities		
	Principal	**Interest**	**Total**
2010	50,746	121,188	171,934
2011	52,925	119,009	171,934
2012	55,198	116,736	171,934
2013	57,569	114,365	171,934
2014	60,041	111,893	171,934
2015-2019	341,188	518,482	859,670
2020-2024	421,076	438,594	859,670
2025-2029	519,711	339,959	859,670
2030-2034	641,503	218,167	859,670
2035-2038	618,411	67,836	686,247
	$ 2,818,368	$ 2,166,229	$ 4,984,597

Installment Notes Payable

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

Purpose and Collateral	Maturity	Interest Rates	Balance June 30, 2009
Governmental Activities:			
Equipment	2011	3.48%	$ 78,897
Equipment	2011	3.89%	302,036
Equipment	2014	2.91%	297,375
Equipment	2011	4.06%	165,923
Total governmental activities			$ 844,231
Business-Type Activities:			
Water			
Equipment	2011	3.48%	$ 35,003
Equipment	2012	4.06%	56,018
			91,021
Sewer			
Equipment	2010	3.20%	7,738
Equipment	2011	3.48%	55,774
Equipment	2012	3.67%	34,282
Equipment	2014	2.91%	147,520
			245,314
Electric			
Equipment	2010	3.20%	366,605
Equipment	2012	3.67%	247,718
Equipment	2010	4.33%	90,834
Equipment	2013	2.80%	933,090
Equipment	2011	3.48%	211,777
			1,850,024
Nonmajor Enterprise			
Equipment- Stormwater	2011	3.48%	3,572
Equipment- Stormwater	2014	2.91%	55,166
Equipment- Stormwater	2012	3.67%	29,086
			87,824
Equipment- Solid Waste	2014	2.91%	196,693
Equipment - Solid Waste	2011	3.48%	14,738
			211,431
Total business-type activities			$ 2,485,614

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

	Governmental Activities		
	Principal	Interest	Total
2010	$ 345,004	$ 23,199	$ 368,203
2011	326,760	11,120	337,880
2012	65,230	4,153	69,383
2013	67,154	2,230	69,384
2014	40,083	389	40,472
	$ 844,231	$ 41,091	$ 885,322

Major Enterprise Funds:

	Water			Sewer			Electric		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	$ 51,331	$ 2,542	$ 53,873	$ 88,400	$ 6,290	$ 94,690	$ 926,891	$ 42,997	$ 969,888
2011	39,690	730	40,420	61,656	3,748	65,404	394,331	21,452	415,783
2012	-	-	-	42,050	2,209	44,259	317,362	10,763	328,125
2013	-	-	-	33,309	1,106	34,415	211,441	2,723	214,164
2014	-	-	-	19,899	194	20,093	-	-	-
	$ 91,021	$ 3,272	$ 94,293	$ 245,314	$ 13,547	$ 258,861	$ 1,850,025	$ 77,935	$ 1,927,960

Nonmajor Enterprise Funds:

	Stormwater			Solid Waste		
	Principal	Interest	Total	Principal	Interest	Total
2010	$ 24,098	$ 2,430	$ 26,528	$ 50,767	$ 5,510	$ 56,277
2011	23,513	1,642	25,155	46,589	4,024	50,613
2012	20,330	897	21,227	43,145	2,747	45,892
2013	12,462	413	12,875	44,418	1,475	45,893
2014	7,422	72	7,494	26,510	258	26,768
	$ 87,825	$ 5,454	$ 93,279	$ 211,429	$ 14,014	$ 225,443

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, 2009 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%	$ 1,396,201	$ 761,424	$ 142,375	$ 2,300,000
$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%	-	890,000	-	890,000
	$ 1,396,201	$ 1,651,424	$ 142,375	$ 3,190,000

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

	Business-Type Activities	
	Principal	Interest
2010	$ 1,115,000	$ 74,630
2011	525,000	49,167
2012	550,000	36,906
2013	570,000	24,080
2014	290,000	10,805
2015	140,000	3,640
	$ 3,190,000	$ 199,228

Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Current Portion of Long-Term Liabilities
Governmental Activities:					
Installment notes payable	$ 889,711	$ 317,500	$ (362,980)	$ 844,231	$ 345,004
USDA loan payable	2,867,000	-	(48,632)	2,818,368	50,746
Compensated absences	738,487	528,140	(438,470)	828,157	438,470
Pension obligation	318,531	55,443	(10,333)	363,641	10,333
OPEB accrued liability	-	165,400	-	165,400	-
Total governmental activities	$ 4,813,729	$ 1,066,483	$ (860,415)	$ 5,019,797	$ 844,553
Business-Type Activities:					
General obligations bonds	$ 4,625,000	$ -	$ (1,435,000)	$ 3,190,000	$ 1,115,000
Installment notes payable	3,252,354	426,400	(1,193,140)	2,485,614	1,141,487
Revolving loan payable	2,240,690	-	(131,805)	2,108,885	131,805
Compensated absences	467,329	221,696	(231,989)	457,036	231,989
OPEB accrued liability	-	86,854	-	86,854	-
Total business-type activities	$ 10,585,373	$ 734,950	$ (2,991,934)	$ 8,328,389	$ 2,620,281

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

At June 30, 2009, the City has a legal debt margin of approximately $40,347,038.

13. Interfund Balances and Activity

Due To/From Other Funds

The composition of interfund balances as of June 30, 2009 are as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Permanent Funds:		
	Library Trust	$ 2,175	Interest earned receivable
	Cemetery Trust	7,441	Interest earned receivable
	Special Revenue Funds:		
	Down Payment Assistance	11,465	Advances of grant expenditures
	Governmental Capital Project Fund:		
	CDBG Keyesville Road Subdivision	14,381	Advances of grant expenditures
	CDBG 6th & 7th Street Revitalization	61,575	Advances of grant expenditures
	CDBG Capacity Grant	23,582	Advances of project expenditures
		$ 120,619	

Transfers To/From Other Funds

The composition of interfund transfers for the year ending June 30, 2009 are as follows:

Fund	To	From	Purpose
General Fund			
Electric		$ 680,000	Dividend from Electric Fund
Public Safety Capital Reserve	$ 150,893	149,989	Support debt service; $.02 on the tax rate
Economic Development Capital Reserve		100,000	Support for Turnage Theatre improvements
Airport	105,000		Annual subsidy payment
UDAG	15,000		City sponsorship for Façade Program
6th & 7th Street Revitalization	82,500		City share of grant expenses
Second Fire Station		375,893	To close fund
Electric Fund			
General Fund	680,000		Dividend to taxpayers
Economic Development Capital Reserve	100,000		Support for Turnage Theatre improvements
Airport Fund			
General Fund		105,000	Annual subsidy payment
Public Safety Capital Reserve Fund			
General Fund	149,989		Support debt service
General Fund		150,893	$.02 on the tax rate
Economic Development Capital Reserve			
Electric		100,000	Support for Turnage Theatre improvements
General Fund	100,000		Support for Turnage Theatre improvements
Sewer Capital Reserve Fund			
CDBG Program Income		3,455	Payment of impact fees for low to mod housing
CDBG Program Income			
Sewer Capital Reserve Fund	3,455		Payment of impact fees for low to mod housing
UDAG Fund			
General Fund		15,000	City sponsorship for Façade Program
6th & 7th Street Revitalization Fund			
General Fund		82,500	City share of grant expenses
Second Fire Station Fund			
General Fund	375,893		To close fund

14. Jointly Governed Organizations

Mid-East Commission
The City, in conjunction with five counties and twenty-eight other municipalities, established the Mid-East Commission ("Commission"). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The City paid membership fees of $2,583 to the Commission during the fiscal year ended June 30, 2009.

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, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligations, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2009 was $28,074,414.

15. Joint Ventures

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees.

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2009. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Fireman's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

16. Related Organization

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

17. Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009

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)
12/31/2003	$ -	$ 333,910	$ 333,910	0.00%	$ 1,218,426	27.41%
12/31/2004	-	346,513	346,513	0.00%	1,336,841	25.92%
12/31/2005	-	328,994	328,994	0.00%	1,466,924	22.43%
12/31/2006	-	344,434	344,434	0.00%	1,509,413	22.82%
12/31/2007	-	416,526	416,526	0.00%	1,443,578	28.85%
12/31/2008	-	454,487	454,487	0.00%	1,682,967	27.01%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2003	$ 34,921	13.60%
2004	40,745	11.65%
2005	46,263	10.26%
2006	49,426	9.61%
2007	47,081	11.77%
2008	51,824	27.57%
2009	58,862	17.55%

Notes to the Required Schedules:

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 Years
Asset valuation method	Market Value
Actuarial Assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
Cost of living adjustments	None

* Includes inflation at 3.75%

CITY OF WASHINGTON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009

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%

Schedule of Employer Contributions

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2009	$ 325,819	0.00%

Notes to the Required Schedules:

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

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

Major Governmental Fund

General Fund

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

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CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEETS-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009	2008
Assets:		
Cash and investments	$ 8,280,129	$ 7,615,841
Taxes receivable, net	339,209	312,849
Accounts receivable, net	2,363,094	2,038,192
Due from other funds	120,619	6,746
Inventories	68,374	59,092
Restricted cash and investments	266,383	10,000
Total assets	$ 11,437,808	$ 10,042,720
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	$ 404,752	$ 430,226
Deferred revenues	1,613,649	1,043,267
Customer deposits	4,729	175
Total liabilities	2,023,130	1,473,668
Fund Balances:		
Reserved by State statute	1,226,803	1,331,296
Reserved for inventories	68,374	59,092
Reserved for encumbrances	1,060,104	865,566
Reserved for surety bond	3,100	3,100
Reserved for Powell Bill	304,137	277,496
Reserved for controlled substance tax	22,359	20,248
Reserved for seized funds - local and federal	8,487	5,724
Reserved for Veteran's Park contributions	4,365	500
Reserved for Bee Bee Park donations	-	700
Reserved for Dog Park contributions	1,392	-
Reserved for Recreation land	145,200	-
Reserved for PEG Channel	22,774	-
Unreserved:		
Designated for senior functions	11,153	18,118
Designated for public safety complex	1,000,000	1,000,000
Undesignated	5,536,430	4,987,212
Total fund balances	9,414,678	8,569,052
Total liabilities and fund balances	$ 11,437,808	$ 10,042,720

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	$ 3,592,723	$ 3,795,247	$ 202,524	$ 3,693,265
Penalties and interest	35,000	41,121	6,121	42,580
Total	3,627,723	3,836,368	208,645	3,735,845
Other Taxes and Licenses:				
Local option sales tax	2,210,000	2,096,285	(113,715)	2,278,956
Local occupancy tax	255,179	255,280	101	256,838
Automotive licenses	38,000	39,914	1,914	41,228
Rental vehicle tax	13,200	12,636	(564)	12,602
Privilege licenses	180,000	164,867	(15,133)	104,527
Cable TV franchise tax	10,000	416	(9,584)	12,387
PEG Channel Tax	20,618	15,464	(5,154)	-
Total	2,726,997	2,584,862	(142,135)	2,706,538
Unrestricted Intergovernmental:				
Payment in lieu of taxes	129,247	129,247	-	111,833
Franchise tax	1,079,382	1,186,166	106,784	1,061,945
Utility sales tax	225,000	222,493	(2,507)	276,926
Beer and wine tax	43,500	44,286	786	45,778
Court costs and fines	15,000	6,713	(8,287)	5,552
ABC board distributions	5,000	-	(5,000)	-
Public housing payment	13,000	12,988	(12)	13,112
Total	1,510,129	1,601,893	91,764	1,515,146
Restricted Intergovernmental:				
Local forfeiture	-	2,763	2,763	701
Powell Bill	314,030	314,031	1	354,222
Beaufort County - library	7,800	7,800	-	7,800
Beaufort County-recreation	15,732	15,732	-	15,732
Controlled substance tax	10,000	9,909	(91)	18,082
Beaufort County- rescue squad	124,261	124,261	-	124,261
Washington Park - fire-fighting	25,042	25,042	-	22,588
State reimbursement for Medicaid EMS	47,000	11,593	(35,407)	51,405
CAMA - permits and inspections	-	-	-	200
State aid to public libraries	26,324	25,305	(1,019)	13,688
Mid-East Commission - recreation	36,069	36,066	(3)	41,627
Beaufort County Schools - crime control	75,676	75,676	-	75,726
FEMA	50,713	50,713	-	-
Federal grant - bulletproof vests	6,823	3,400	(3,423)	-
North Carolina Archives and History Grant	18,500	4,600	(13,900)	14,000
Rural Center Grant	34,070	37,654	3,584	39,138
Public Education Grant	-	-	-	2,700
NCDOT Grant - pedestrian	-	-	-	(42)
NCLM - Safety Grant	-	2,500	2,500	1,500

CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
CWMTF Land Acquisition Grant	7,440	(52,561)	(60,001)	6,481
Domestic Violence Grant	41,608	43,540	1,932	52,388
Be Active Grant	-	-	-	2,000
Waterfront Docks Grant	200,000	-	(200,000)	-
Homeland Security Grant	5,432	-	(5,432)	161,500
Governor's Crime Commision Grant	197,743	154,641	(43,102)	-
Other Grants	160,585	96,355	(64,230)	-
Total	1,404,848	989,020	(415,828)	1,005,697
Permits and Fees:				
Fire permit and inspection fees	2,500	1,815	(685)	2,201
Building permits	45,000	70,421	25,421	135,112
Total	47,500	72,236	24,736	137,313
Sales and Services:				
Rents	267,518	267,518	-	267,518
Fire contracts	2,000	1,887	(113)	1,887
Public works fees	7,000	2,950	(4,050)	3,860
Administrative charges -gas	9,000	10,091	1,091	10,112
Sale of cemetery plots	123,000	102,200	(20,800)	123,050
Cemetery grave openings	115,000	117,675	2,675	112,900
Police escort	300	20	(280)	140
Recreation fees and assessments	207,200	168,456	(38,744)	195,276
Sale of materials and property	2,000	6,680	4,680	4,880
Municipal citations	3,000	3,150	150	3,363
Grass mowing and lot cleaning	500	4,720	4,220	-
Rescue squad	350,000	355,905	5,905	334,173
Library fees and fines	15,000	17,123	2,123	14,558
Development filing fees	2,000	1,025	(975)	1,600
Sale of capital assets	15,000	161,509	146,509	325,295
Aquatic Center	89,500	90,743	1,243	95,895
Contracted Police Services	-	6,109	6,109	-
Other	50	25	(25)	54
Total	1,208,068	1,317,786	109,718	1,494,561
Investment Earnings:				
Interest	158,000	115,850	(42,150)	271,994
Miscellaneous:				
Contributions	9,839	22,443	12,604	30,672
Other	567,000	583,783	16,783	112,104
Total	576,839	606,226	29,387	142,776
Total revenues	11,260,104	11,124,241	(135,863)	11,009,870

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Expenditures:				
General Government:				
City Council:				
Salaries and employee benefits	32,333	31,967	366	33,280
Professional services	13,400	2,671	10,729	11,805
Other operating expenditures	17,450	12,753	4,697	11,163
Election expenses	-	-	-	5,537
Total	63,183	47,391	15,792	61,785
Mayor's Office:				
Salaries and employee benefits	11,191	11,189	2	10,863
Other operating expenditures	2,018	2,004	14	1,714
Election expenses	-	-	-	1,107
Total	13,209	13,193	16	13,684
City Manager:				
Salaries and employee benefits	260,923	247,119	13,804	274,342
Professional services	14,186	14,171	15	92
Contract services	-	-	-	3,547
Other operating expenditures	19,188	16,659	2,529	18,744
Capital outlay	24,697	23,064	1,633	-
Total	318,994	301,013	17,981	296,725
Human Resources:				
Salaries and employee benefits	204,389	203,363	1,026	185,951
Professional services	3,390	3,390	-	3,607
Other operating expenditures	36,016	34,451	1,565	18,043
Maintenance and repairs	850	790	60	643
Contracted services	25,000	25,000	-	25,000
Capital outlay	37	-	37	-
Total	269,682	266,994	2,688	233,244
Tourism Director:				
Salaries and employee benefits	105,710	101,685	4,025	105,797
Professional services	117	117	-	95
Other operating expenditures	4,983	3,565	1,418	3,922
Total	110,810	105,367	5,443	109,814
Finance Director:				
Salaries and employee benefits	281,128	278,211	2,917	304,179
Professional services	91,730	84,477	7,253	40,843
Other operating expenditures	27,496	27,386	110	17,651
Maintenance and repairs	1,000	808	192	1,257
Total	401,354	390,882	10,472	363,930

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Purchasing and Supply:				
Salaries and employee benefits	113,140	112,233	907	106,228
Other operating expenditures	48,175	42,093	6,082	16,822
Maintenance and repairs	7,525	6,821	704	7,637
Capital outlay	22,514	22,514	-	-
Total	191,354	183,661	7,693	130,687
Revenue Collections:				
Salaries and employee benefits	159,173	152,557	6,616	159,078
Professional services	14,550	14,084	466	10,438
Other operating expenditures	157,175	152,623	4,552	143,979
Maintenance and repairs	1,500	1,360	140	1,451
Total	332,398	320,624	11,774	314,946
Customer Service:				
Salaries and employee benefits	277,010	235,989	41,021	-
Professional services	31,490	28,932	2,558	-
Other operating expenditures	49,536	42,857	6,679	-
Maintenance and repairs	11,100	8,490	2,610	-
Capital outlay	28,600	23,911	4,689	-
Total	397,736	340,179	57,557	-
Billing Department:				
Salaries and employee benefits	72,096	71,952	144	69,490
Other operating expenditures	74,339	73,724	615	72,641
Total	146,435	145,676	759	142,131
Information Services:				
Salaries and employee benefits	132,683	132,429	254	115,238
Contract services	74,560	75,645	(1,085)	73,620
Other operating expenditures	50,130	16,404	33,726	34,177
Maintenance and repairs	22,475	19,257	3,218	12,360
Capital outlay	114,926	113,985	941	8,747
Total	394,774	357,720	37,054	244,142
Municipal Building:				
Salaries and employee benefits	42,419	41,743	676	38,429
Contracted services	5,500	5,699	(199)	5,700
Other operating expenditures	71,170	64,739	6,431	64,928
Maintenance and repairs	24,454	15,316	9,138	5,585
Capital Outlay	173,196	-	173,196	-
Total	316,739	127,497	189,242	114,642

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Legal Services:				
Professional services	245,000	238,235	6,765	264,499
Non-Departmental:				
Other operating expenditures	471,992	428,542	43,450	451,354
Maintenance and repairs	1,000	794	206	782
Capital outlay	11,440	10,523	917	6,481
Contingency	7,527	-	7,527	-
Total	491,959	439,859	52,100	458,617
DWOW Director:				
Salaries and employee benefits	-	-	-	45,585
Professional services	-	-	-	42
Other operating expenditures	-	-	-	6,732
Total	-	-	-	52,359
Enterprise Controller:				
Salaries and employee benefits	-	-	-	28,310
Professional services	-	-	-	9,252
Total	-	-	-	37,562
Economic Development:				
Operating expenditures	361,646	177,081	184,565	246,808
Reimbursement:				
DWOW	-	-	-	(52,360)
Enterprise funds	(2,145,307)	(2,145,307)	-	(1,637,531)
Tourism Authority	(110,810)	(105,252)	5,558	(109,813)
Total	(2,256,117)	(2,250,559)	5,558	(1,799,704)
Total general government	1,799,156	1,204,813	605,459	1,285,871
Public Safety:				
Police:				
Salaries and employee benefits	2,379,547	2,329,171	50,376	2,158,091
Professional services	6,600	6,582	18	17,454
Other operating expenditures	172,746	160,968	11,778	209,514
Maintenance and repairs	123,600	117,895	5,705	116,765
Contracted services	45,543	45,542	1	-
Capital outlay	641,607	257,036	384,571	192,959
Total	3,369,643	2,917,194	452,449	2,694,783

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
E-911 Communication:				
Salaries and employee benefits	286,955	283,211	3,744	259,794
Other operating expenditures.	49,981	28,183	21,798	27,719
Maintenance and repairs	12,900	11,943	957	2,626
Capital outlay	26,246	15,490	10,756	-
Total	376,082	338,827	37,255	290,139
Fire:				
Salaries and employee benefits	1,529,167	1,512,718	16,449	1,270,792
Professional services	15,744	13,615	2,129	14,435
Contracted services	17,700	17,682	18	11,980
Other operating expenditures	107,309	105,296	2,013	96,936
Maintenance and repairs	63,354	59,214	4,140	62,998
Capital outlay	29	-	29	169,920
Contribution to Fireman's Association	8,025	8,000	25	8,617
Contribution to rural fire departments	1,125	-	1,125	1,028
Total	1,742,453	1,716,525	25,928	1,636,706
Rescue:				
Salaries and employee benefits	594,219	572,816	21,403	544,296
Professional services	8,149	8,149	-	603
Other operating expenditures	62,350	60,159	2,191	47,319
Maintenance and repairs	16,234	14,271	1,963	20,086
Capital outlay	255,668	118,152	137,516	-
Total	936,620	773,547	163,073	612,304
Code Enforcement/Planning:				
Salaries and employee benefits	235,444	225,306	10,138	218,636
Professional services	18,142	13,873	4,269	3,828
Contract services	86,900	66,614	20,286	10,341
Other operating expenditures	47,259	17,031	30,228	18,885
Maintenance and repairs	650	524	126	657
Capital outlay	2,285	2,285	-	-
Total	390,680	325,633	65,047	252,347
Reimbursement:				
Enterprise funds	(43,782)	(43,782)	-	(45,504)
Total public safety	6,771,696	6,027,944	743,752	5,440,775

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Transportation:				
Street Maintenance:				
Salaries and employee benefits	366,931	365,065	1,866	287,736
Professional services	270	305	(35)	182
Other operating expenditures	131,160	129,605	1,555	99,570
Maintenance and repairs	48,982	48,309	673	37,803
Capital outlay	1,283	1,283	-	146,264
Total	548,626	544,567	4,059	571,555
Street Construction - Powell Bill:				
Salaries and employee benefits	96,576	89,258	7,318	90,929
Other operating expenditures	80,010	38,622	41,388	63,502
Maintenance and repairs	30,200	27,285	2,915	21,745
Contracted services	222,080	-	222,080	22,168
Capital outlay	134,716	134,716	-	54,500
Total	563,582	289,881	273,701	252,844
Equipment Services:				
Salaries and employee benefits	145,144	107,123	38,021	149,686
Professional services	2,200	340	1,860	30
Other operating expenditures	29,062	(2,828)	31,890	47,068
Maintenance and repairs	7,938	2,927	5,011	6,719
Capital outlay	7,000	6,713	287	77,409
Total	191,344	114,275	77,069	280,912
Reimbursement:				
Enterprise funds	(79,454)	(79,454)	-	(70,701)
Total transportation	1,224,098	869,269	354,829	1,034,610
Environmental Protection:				
Cemetery:				
Salaries end employee benefits	217,764	215,432	2,332	233,308
Professional services	-	-	-	82
Other operating expenditures	11,740	10,488	1,252	13,183
Maintenance and repairs	30,184	29,858	326	15,232
Capital outlay	-	-	-	10,190
Total	259,688	255,778	3,910	271,995
Public Works Director:				
Salaries and employee benefits	72,716	71,718	998	71,414
Professional services	65	65	-	-
Other operating expenditures	9,165	6,961	2,204	9,926
Maintenance and repairs	4,420	3,725	695	4,967
Total	86,366	82,469	3,897	86,307

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Reimbursement:				
Cemetery Trust Fund	(16,800)	(7,422)	(9,378)	(14,616)
Total environmental protection	329,254	330,825	(1,571)	343,686
Cultural and Recreation:				
Recreation Centers:				
Salaries and employee benefits	101,455	100,977	478	90,771
Professional services	233	233	-	59
Other operating expenditures	29,128	28,376	752	22,180
Maintenance and repairs	5,247	4,829	418	2,474
Programs	20,297	15,641	4,656	24,505
Capital outlay	25	-	25	29,520
Total	156,385	150,056	6,329	169,509
Athletics and Programs:				
Salaries and employee benefits	15,682	14,125	1,557	13,044
Contracted services	-	-	-	2,376
Other operating expenditures	17,892	16,928	964	19,376
Programs	-	-	-	3,112
Maintenance and repairs	1,950	1,728	222	720
Total	35,524	32,781	2,743	38,628
Senior Citizens Programs:				
Salaries and employee benefits	118,325	108,252	10,073	87,530
Professional services	47	47	-	-
Other operating expenditures	40,452	39,840	612	31,696
Programs	38,047	34,278	3,769	50,065
Maintenance and repairs	16,794	16,253	541	9,013
Capital outlay	848	-	848	34,237
Total	214,513	198,670	15,843	212,541
Recreation Administration:				
Salaries and employee benefits	153,769	153,403	366	148,072
Professional services	11,100	10,008	1,092	7,579
Other operating expenditures	17,216	8,015	9,201	9,119
Maintenance and repairs	3,418	2,522	896	2,416
Capital outlay	1,283	1,283	-	-
Total	186,786	175,231	11,555	167,186

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Library:				
Salaries and employee benefits	252,306	239,987	12,319	221,525
Contract Services	18,600	1,574	17,026	10,857
Professional services	1,773	1,660	113	393
Other operating expenditures	127,755	110,274	17,481	109,282
Maintenance and repairs	18,809	6,718	12,091	14,928
Capital outlay	105,977	69,829	36,148	23,382
Total	525,220	430,042	95,178	380,367
Parks and Grounds Maintenance:				
Salaries and employee benefits	272,632	260,704	11,928	242,188
Professional services	-	-	-	204
Contracted services	30,220	23,925	6,295	29,251
Other operating expenditures	58,600	62,484	(3,884)	66,087
Maintenance and repairs	100,437	78,974	21,463	58,115
Capital outlay	145,265	115,002	30,263	275,521
Total	607,154	541,089	66,065	671,366
Waterfront Docks:				
Salaries and employee benefits	61,089	48,205	12,884	49,334
Professional services	-	-	-	239
Other operating expenditures	37,753	35,818	1,935	34,973
Maintenance and repairs	4,845	1,363	3,482	7,479
Capital outlay	232,800	33,750	199,050	-
Total	336,487	119,136	217,351	92,025
Contributions to Outside Agencies:				
Arts Council	31,900	31,900	-	31,900
Tourism Development Authority	247,632	247,622	10	249,133
Zion Shelter	10,500	10,500	-	10,500
BHM Library	7,800	7,800	-	7,800
Boys and Girls Club	25,000	25,000	-	25,000
Washington Historic Foundation/Christmas Parade	2,800	2,500	300	2,800
Downtown Development Commission	-	-	-	100,000
The Blind Center	3,000	3,000	-	3,000
Human Relations Council	1,000	925	75	574
Turnage Theater	160,312	160,248	64	151,875
Highway 17 Association	7,500	7,500	-	7,500
Beaufort County Animal Control	-	-	-	26,312
Purpose of God	2,000	2,000	-	1,000
Right Flight	5,000	5,000	-	-
Wildlife Arts Festival	7,650	1,900	5,750	-
Eagle Wings	2,000	2,000	-	-
Total	514,094	507,895	6,199	617,394

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Civic Center:				
Salaries and employee benefits	81,784	69,873	11,911	65,702
Other operating expenditures	5,600	5,118	482	2,792
Maintenance and repairs	250	238	12	89
Contracted services	50,000	50,000	-	50,000
Professional services	200	35	165	94
Capital outlay	28,425	16,409	12,016	27,250
Total	166,259	141,673	24,586	145,927
Aquatic Center:				
Salaries and employee benefits	200,648	198,169	2,479	187,551
Professional services	950	734	216	270
Other operating expenditures	96,245	90,654	5,591	128,263
Maintenance and repairs	43,161	41,476	1,685	14,855
Program expenses	-	-	-	675
Printing and publishing	1,857	1,540	317	1,861
Capital outlay	-	-	-	18,277
Total	342,861	332,573	10,288	351,752
Reimbursement:				
Civic Center	(87,834)	(75,367)	12,467	(68,677)
Library Trust Fund	(4,500)	(2,208)	(2,292)	(3,908)
Total	(92,334)	(77,575)	10,175	(72,585)
Total cultural and recreation	2,992,949	2,551,571	466,312	2,774,110
Debt Service:				
Principal retirement	431,948	411,612	20,336	342,848
Interest and fees	166,115	152,570	13,545	40,845
Total debt service	598,063	564,182	33,881	383,693
Total expenditures	13,715,216	11,548,604	2,166,612	11,262,745
Revenues over (under) expenditures	(2,455,112)	(424,363)	2,030,749	(252,875)
Other Financing Sources (Uses):				
Transfer From:				
From Economic Development Capital Reserve Fund	100,000	100,000	-	100,000
From Electric Fund	680,000	680,000	-	1,025,846
From Public Safety Capital Reserve Fund	149,989	149,989	-	49,989
From CPF	375,893	375,893	-	-

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, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Transfer To:				
To 2002 CDBG Concentrated Needs Grant Fund	(82,500)	(82,500)	-	(37,500)
To Public Safety Capital Reserve Fund	(150,893)	(150,893)	-	-
To Water Fund	-	-	-	(3,008)
To Sewer Fund	-	-	-	(3,140)
To Electric Fund	-	-	-	(240,000)
To Airport Fund	(105,000)	(105,000)	-	(75,487)
To Water Capital Reserve Fund	-	-	-	(1,328)
To Sewer Capital Reserve Fund	-	-	-	(2,352)
To Library	-	-	-	(10,000)
To UDAG Fund	(15,000)	(15,000)	-	-
Long-term debt issued	317,500	317,500	-	-
Appropriated fund balance	1,185,123	-	(1,185,123)	-
Total other financing sources (uses)	2,455,112	1,269,989	(1,185,123)	885,007
Net change in fund balance	$ -	845,626	$ 845,626	632,132
Fund Balance:				
Beginning of year - July 1		8,569,052		7,936,920
End of year - June 30		$ 9,414,678		$ 8,569,052

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
- UDAG Fund
- Emergency 911 Fund
- Economic Development Capital Reserve Fund
- Down Payment Assistance Fund
- Public Safety Capital Reserve Fund
- Water Capital Reserve Fund
- Sewer Capital Reserve Fund
- CDBG 6th and 7th Street Revitalization Fund
- Pacific Seacraft Fund
- Capacity Grant Fund
- Turnage Theater Fund

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Assets:				
Cash and cash equivalents	$ 571,868	$ -	$ 424,577	$ 996,445
Accounts receivable, net	128,247	16,197	14	144,458
Notes receivable, net	188,000	-	-	188,000
Total assets	$ 888,115	$ 16,197	$ 424,591	$ 1,328,903
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 29,347	$ 1,816	$ -	$ 31,163
Due to other funds	96,622	14,381	9,616	120,619
Deferred revenues	201,612	-	-	201,612
Total liabilities	327,581	16,197	9,616	353,394
Fund Balances:				
Reserved by State statute	14,216	-	-	14,216
Reserved for library care	-	-	95,375	95,375
Reserved for cemetery care	-	-	319,600	319,600
Unreserved fund balance:				
Undesignated	546,318	-	-	546,318
Total fund balances	560,534	-	414,975	975,509
Total liabilities and fund balances	$ 888,115	$ 16,197	$ 424,591	$ 1,328,903

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Restricted intergovernmental	$ 657,541	$ 14,656	$ -	$ 672,197
Water/Sewer impact fees	38,277	-	-	38,277
Investment earnings	6,558	-	9,630	16,188
Miscellaneous revenue	9,792	-	-	9,792
Total revenues	712,168	14,656	9,630	736,454
Expenditures:				
Current:				
Public safety	32,598	134,893	-	167,491
Environmental protection	-	-	7,422	7,422
Cultural and recreation	-	-	2,208	2,208
Economic and physical development	564,134	-	-	564,134
General government	-	14,656	-	14,656
Total expenditures	596,732	149,549	9,630	755,911
Revenues over (under) expenditures	115,436	(134,893)	-	(19,457)
Other Financing Sources (Uses):				
Transfers in	118,455	-	-	118,455
Transfers out	(253,444)	(375,893)	-	(629,337)
Transfers in-General Fund	233,393	-	-	233,393
Total other financing sources (uses)	98,404	(375,893)	-	(277,489)
Net change in fund balances	213,840	(510,786)	-	(296,946)
Fund Balances:				
Beginning of year - July 1	346,694	510,786	414,975	1,272,455
End of year - June 30	$ 560,534	$ -	$ 414,975	$ 975,509

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	CDBG Program Income	UDAG	Emergency 911	Economic Development Capital Reserve	Public Safety Capital Reserve
Assets:					
Cash and cash equivalents	$ 4,760	$ 19,436	$ 72,766	$ 108,936	$ 136,266
Accounts receivable, net	13,612	-	-	3	597
Notes receivable, net	188,000	-	-	-	-
Total assets	$ 206,372	$ 19,436	$ 72,766	$ 108,939	$ 136,863
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	$ -	$ 473	$ -	$ -	$ -
Due to other funds	-	11,465	-	-	-
Deferred revenue	201,612	-	-	-	-
Total liabilities	201,612	11,938	-	-	-
Fund Balance:					
Reserved by State statute	13,612	-	-	3	597
Unreserved fund balance:					
Undesignated	(8,852)	7,498	72,766	108,936	136,266
Total fund balance (deficit)	4,760	7,498	72,766	108,939	136,863
Total liabilities and fund balance	$ 206,372	$ 19,436	$ 72,766	$ 108,939	$ 136,863

Schedule 5

Water Capital Reserve	Sewer Capital Reserve	CDBG 6th & 7th Street Revitalization	Capacity Grant	Total Nonmajor Special Revenue Funds
$ 60,594	$ 86,610	$ 82,500	$ -	$ 571,868
2	2	90,449	23,582	128,247
-	-	-	-	188,000
$ 60,596	$ 86,612	$ 172,949	$ 23,582	$ 888,115
$ -	$ -	$ 28,874		$ 29,347
-	-	61,575	23,582	96,622
-	-	-	-	201,612
-	-	90,449	23,582	327,581
2	2	-	-	14,216
60,594	86,610	82,500	-	546,318
60,596	86,612	82,500	-	560,534
$ 60,596	$ 86,612	$ 172,949	$ 23,582	$ 888,115

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, 2009

	CDBG Program Income	UDAG	Emergency 911	Economic Development Capital Reserve	Down Payment Assistance	Public Safety Capital Reserve
Revenues:						
Restricted intergovernmental	$ 2,728	$ -	$ 105,364	$ -	$ 9,293	$ -
Water/Sewer impact fees	-	-	-	-	-	-
Investment earnings	-	135	-	1,914	-	2,398
Miscellanious Revenue	9,792	-	-	-	-	-
Total revenues	12,520	135	105,364	1,914	9,293	2,398
Expenditures:						
Public safety	-	-	32,598	-	-	-
Economic and physical development	-	14,086	-	-	9,293	-
Total expenditures	-	14,086	32,598	-	9,293	-
Revenues over (under) expenditures	12,520	(13,951)	72,766	1,914	-	2,398
Other Financing Sources (Uses):						
Transfers from other funds	-	15,000	-	100,000	-	-
Transfers to other funds	(3,455)	-	-	(100,000)	-	(149,989)
Transfers in - General Fund	-	-	-	-	-	150,893
Total other financing sources (uses)	(3,455)	15,000	-	-	-	904
Net change in fund balances	9,065	1,049	72,766	1,914	-	3,302
Fund Balance:						
Beginning of year - July 1	(4,305)	6,449	-	107,025	-	133,561
End of year - June 30	$ 4,760	$ 7,498	$ 72,766	$ 108,939	$ -	$ 136,863

Schedule 6

Water Capital Reserve	Sewer Capital Reserve	CDBG 6th & 7th Street Revitalization	Pacific Seacraft	Capacity Grant Fund	Turnage Theatre	Total Nonmajor Special Revenue Funds
$ -	$ -	$ 357,480	$ 119,094	$ 23,582	$ 40,000	$ 657,541
16,747	21,530	-	-	-	-	38,277
872	1,239	-	-	-	-	6,558
-	-	-	-	-	-	9,792
17,619	22,769	357,480	119,094	23,582	40,000	712,168
-	-	-				32,598
-	-	358,079	119,094	23,582	40,000	564,134
-	-	358,079	119,094	23,582	40,000	596,732
17,619	22,769	(599)	-	-	-	115,436
-	3,455	-	-			118,455
-	-	-	-	-	-	(253,444)
-	-	82,500	-	-	-	233,393
-	3,455	82,500	-	-	-	98,404
17,619	26,224	81,901	-	-	-	213,840
42,977	60,388	599	-	-	-	346,694
$ 60,596	$ 86,612	$ 82,500	$ -	$ -	$ -	$ 560,534

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 FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Economic development loan repayments	$ -	$ 2,728	$ 2,728	$ 2,687
Miscellaneous revenues	3,455	9,792	6,337	-
Total revenues	3,455	12,520	9,065	2,687
Expenditures:				
Economic Development:				
Contractor payments	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	$ 3,455	12,520	$ 9,065	2,687
Other Financing Sources (Uses):				
Transfer to Sewer Capital Reserve Fund	(3,455)	(3,455)	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	9,065	$ 9,065	2,687
Fund Balance:				
Beginning of year - July 1		(4,305)		(6,992)
End of year - June 30		$ 4,760		$ (4,305)

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - UDAG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Investment earnings	$ -	$ 135	$ 135	$ 700
Total revenues	-	135	135	700
Expenditures:				
Economic Development:				
Facade grants	21,450	14,086	7,364	16,180
Total expenditures	21,450	14,086	7,364	16,180
Revenues over (under) expenditures	(21,450)	(13,951)	7,499	(15,480)
Other Financing Sources (Uses):				
Appropriated fund balance	6,450	-	(6,450)	-
Transfer from General Fund	15,000	15,000	-	-
Total other financing sources (uses)	21,450	15,000	(6,450)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	1,049	$ 1,049	(15,480)
Fund Balance:				
Beginning of year - July 1		6,449		21,929
End of year - June 30		$ 7,498		$ 6,449

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Emergency 911 surcharge	$ 218,001	$ 105,364	$ (112,637)	$ 33,471
Investment earnings	-	-	-	2,249
Total revenues	218,001	105,364	(112,637)	35,720
Expenditures:				
Public Safety:				
Contract services	140,374	32,598	107,776	36,631
Equipment purchases	77,627	-	77,627	-
Total expenditures	218,001	32,598	185,403	36,631
Revenues over (under) expenditures	-	72,766	72,766	(911)
Other Financing Sources (Uses):				
Transfer to General Fund	-	-	-	(81,987)
Total other financing sources (uses)	-	-	-	(81,987)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	72,766	$ 72,766	(82,898)
Fund Balance:				
Beginning of year - July 1		-		82,898
End of year - June 30		$ 72,766		$ -

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Investment earnings	$ -	$ 1,914	$ 1,914	$ 3,967
Other Financing Sources (Uses):				
Transfers to General Fund	(100,000)	(100,000)	-	(100,000)
Transfers from Electric Fund	100,000	100,000	-	100,000
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	1,914	$ 1,914	3,967
Fund Balance:				
Beginning of year - July 1		107,025		103,058
End of year - June 30		$ 108,939		$ 107,025

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - DOWN PAYMENT ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive/(Negative)
Revenues:					
Restricted Intergovernmental:					
Grant funds	$ 40,000	$ 10,000	$ 9,293	$ 19,293	$ (20,707)
Total revenues	40,000	10,000	9,293	19,293	(20,707)
Expenditures:					
Economic and Physical Development:					
Administration	20,000	8,000	8,293	16,293	3,707
Economic and physical development	20,000	2,000	1,000	3,000	17,000
Total expenditures	40,000	10,000	9,293	19,293	20,707
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - PUBLIC SAFETY CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Restricted Intergovernmental:				
Investment earnings	$ -	$ 2,398	$ 2,398	$ 6,328
Total revenues	-	2,398	2,398	6,328
Other Financing Sources (Uses):				
Transfers from General Fund	-	150,893	150,893	-
Transfers to General Fund	(149,989)	(149,989)	-	(49,989)
Appropriated fund balance	149,989	-	(149,989)	-
Total other financing sources (uses)	-	904	904	(49,989)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	3,302	$ 3,302	(43,661)
Fund Balance:				
Beginning of year - July 1		133,561		177,222
End of year - June 30		$ 136,863		$ 133,561

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - WATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Water impact fees	$ -	$ 16,747	$ 16,747	$ 41,032
Investment earnings	-	872	872	617
Total revenues	-	17,619	17,619	41,649
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	-	1,328
Total other financing sources (uses)	-	-	-	1,328
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	17,619	$ 17,619	42,977
Fund Balance:				
Beginning of year - July 1		42,977		-
End of year - June 30		$ 60,596		$ 42,977

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Sewer impact fees	$ -	$ 21,530	$ 21,530	$ 57,200
Investment earnings	-	1,239	1,239	836
Total revenues	-	22,769	22,769	58,036
Other Financing Sources (Uses):				
Transfer from Special Revenue Fund	-	3,455	3,455	2,352
Total other financing sources (uses)	-	3,455	3,455	2,352
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	26,224	$ 26,224	60,388
Fund Balance:				
Beginning of year - July 1		60,388		-
End of year - June 30		$ 86,612		$ 60,388

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - CDBG 6TH & 7TH STREET REVITALIZATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Restricted Intergovernmental:					
Community Development Grant	$ 850,000	$ 26,780	$ 357,480	$ 384,260	$ (465,740)
Total revenues	850,000	26,780	357,480	384,260	(465,740)
Expenditures:					
Economic and Physical Development					
Administration	54,600	31,666	14,221	45,887	8,713
Rehabilitation	128,400	-	78,470	78,470	49,930
Relocation assistance	170,000	-	104,806	104,806	65,194
Clearance activities	40,500	-	1,216	1,216	39,284
New residential construction	45,000	-	-	-	45,000
Acquisition	174,500	32,015	(18,043)	13,972	160,528
Water improvements	75,795	-	43,140	43,140	32,655
Sewer improvements	281,205	-	134,269	134,269	146,936
Total expenditures	970,000	63,681	358,079	421,760	548,240
Revenues over (under) expenditures	(120,000)	(36,901)	(599)	(37,500)	82,500
Other Financing Sources (Uses):					
Transfers from General Fund	120,000	37,500	82,500	120,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 599	81,901	$ 82,500	$ 82,500
Fund Balance:					
Beginning of year - July 1			599		
End of year - June 30			$ 82,500		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - PACIFIC SEACRAFT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Restricted Intergovernmental:					
Rural Center Grant	$ 200,000	$ -	$ 119,094	$ 119,094	$ (80,906)
Total revenues	200,000	-	119,094	119,094	(80,906)
Expenditures:					
Economic and Physical Development					
Warehouse renovations	200,000	-	119,094	119,094	80,906
Total expenditures	200,000	-	119,094	119,094	80,906
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - CAPACITY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Restricted Intergovernmental:					
Community Development Grant	$ 75,000	$ -	$ 23,582	$ 23,582	$ (51,418)
Total revenues	75,000	-	23,582	23,582	(51,418)
Expenditures:					
Economic and Physical Development					
Administration	7,500	-	3,500	3,500	4,000
Planning	67,500	-	20,082	20,082	47,418
Improvements	-	-	-	-	-
Total expenditures	75,000	-	23,582	23,582	51,418
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			$ -		
End of year - June 30			$ -		

CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - TURNAGE THEATRE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Restricted Intergovernmental:					
Rural Center Grant	$ 40,000	$ -	$ 40,000	$ 40,000	$ -
Total revenues	40,000	-	40,000	40,000	-
Expenditures:					
Economic and Physical Development					
Building renovations	40,000	-	40,000	40,000	-
Total expenditures	40,000	-	40,000	40,000	-
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

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Nonmajor Governmental Funds

Capital Project Funds

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

- Second Fire Station – This fund is used to account for funds to be used for the construction of a second fire station.

- CDBG Keyesville Road Subdivision – This fund is used to account for funds to be used for infrastructure construction.

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	Second Fire Station Fund	CDBG Keyesville Road Subdivision Fund	Total Nonmajor Capital Project Funds
Assets:			
Restricted cash and investments	-	-	$ -
Accounts receivable, net	-	16,197	16,197
Total assets	$ -	$ 16,197	$ 16,197
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ -	$ 1,816	$ 1,816
Due to General Fund	-	14,381	14,381
Total liabilities	-	16,197	16,197
Fund Balance:			
Reserved by State statute	-	-	-
Unreserved	-	-	-
Total fund balance	-	-	-
Total liabilities and fund balance	$ -	$ 16,197	$ 16,197

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, 2009

	Second Fire Station Fund	CDBG Keyesville Road Subdivision Fund	Total Nonmajor Capital Project Funds
Revenues:			
Federal grant funds	$ -	$ 14,656	$ 14,656
Total revenues	-	14,656	14,656
Expenditures:			
Current:			
Public safety	134,893	-	134,893
General government	-	14,656	14,656
Total expenditures	134,893	14,656	149,549
Revenues over (under) expenditures	(134,893)	-	(134,893)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(375,893)	-	(375,893)
Repayment of refinanced long-term debt	-	-	-
Long-term debt issued	-	-	-
Total other financing sources (uses)	(375,893)	-	(375,893)
Net change in fund balances	(510,786)	-	(510,786)
Fund Balances:			
Beginning of year - July 1	510,786	-	510,786
End of year - June 30	$ -	$ -	$ -

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - SECOND FIRE STATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Investment earnings	$ 66,715	$ 58,644	$ -	$ 58,644	$ (8,071)
Total revenues	66,715	58,644	-	58,644	(8,071)
Expenditures:					
Public Safety:					
Legal fees	5,000	2,277	-	2,277	2,723
Engineering fees	125,492	120,677	4,815	125,492	-
Miscellaneous expense	25,000	24,224	-	24,224	776
Capital outlay	226,807	96,135	130,671	226,806	1
Interest expense	99,717	99,626	-	99,626	91
Contingency	97,878	-	-	-	97,878
Construction expense	2,070,068	2,068,941	(593)	2,068,348	1,720
Land acquisition	250,454	250,453	-	250,453	1
Total public safety expenditures	2,900,416	2,662,333	134,893	2,797,226	103,190
Revenues over (under) expenditures	(2,833,701)	(2,603,689)	(134,893)	(2,738,582)	95,119
Other Financing Sources (Uses):					
Transfer from Public Safety Capital Reserve Fund	247,475	247,475	-	247,475	-
Repayment of refinanced long-term debt	(2,399,753)	(2,399,753)	-	(2,399,753)	-
Transfer to General Fund	(280,964)	-	(375,893)	(375,893)	(94,929)
Long-term debt issued	5,266,943	5,266,753	-	5,266,753	(190)
Total other financing sources (uses)	2,833,701	3,114,475	(375,893)	2,738,582	(95,119)
Net change in fund balance	$ -	$ 510,786	(510,786)	-	$ -
Fund Balance:					
Beginning of year - July 1			510,786		
End of year - June 30			-		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - CDBG KEYESVILLE ROAD SUBDIVISION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive/(Negative)
Revenues:					
Federal grant funds	$ 250,000	$ 85,887	$ 14,656	$ 100,543	$ (149,457)
Total revenues	250,000	85,887	14,656	100,543	(149,457)
Expenditures:					
General Government:					
Grant administration	20,000	15,911	4,273	20,184	(184)
Acquisitions	69,976	69,976	-	69,976	-
Street improvements	92,671	-	10,383	10,383	82,288
Water improvements	24,665	-	-	-	24,665
Sewer improvements	42,688	-	-	-	42,688
Total expenditures	250,000	85,887	14,656	100,543	149,457
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ -		

Nonmajor Governmental Funds

Permanent Funds

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

- Library Trust Fund - This fund is used to account for the corpus of the George H. and Laura E. Brown Trust which was transferred to the City for the benefit of the Brown Library. Interest earned on the corpus is paid to the General Fund to help defray a portion of the costs associated with the upkeep of the library.

- Cemetery Trust Fund - This fund is used to account for payments which have been received for the continued upkeep of certain lots within the City's two cemeteries. Interest earned on the corpus is paid to the General Fund to help defray a portion of the costs associated with the upkeep of the cemeteries.

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	Library Fund	Cemetery Fund	Total Nonmajor Permanent Funds
Assets:			
Cash and investments	$ 97,547	$ 327,030	$ 424,577
Accounts receivable, net	3	11	14
Total assets	$ 97,550	$ 327,041	$ 424,591
Liabilities and Fund Balances:			
Liabilities:			
Due to other funds	$ 2,175	$ 7,441	$ 9,616
Total liabilities	2,175	7,441	9,616
Fund Balance:			
Reserved for library care	95,375	-	95,375
Reserved for cemetery care	-	319,600	319,600
Total fund balance	95,375	319,600	414,975
Total liabilities and fund balance	$ 97,550	$ 327,041	$ 424,591

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Library Fund	Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:			
Interest earnings	$ 2,208	$ 7,422	$ 9,630
Total revenues	2,208	7,422	9,630
Expenditures:			
Current:			
Environmental protection	-	7,422	7,422
Cultural and recreation	2,208	-	2,208
Total expenditures	2,208	7,422	9,630
Other Financing Sources (Uses):			
Transfers in	-	-	-
Net change in fund balance	-	-	-
Fund Balance:			
Beginning of year - July 1	95,375	319,600	414,975
End of year - June 30	$ 95,375	$ 319,600	$ 414,975

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUND - LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Interest earnings	$ 4,500	$ 2,208	$ (2,292)	$ 3,908
Total revenues	4,500	2,208	(2,292)	3,908
Expenditures:				
Administration	4,500	2,208	2,292	3,908
Total expenditures	4,500	2,208	2,292	3,908
Revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	10,000
Net change in fund balance	$ -	-	$ -	10,000
Fund Balance:				
Beginning of year - July 1		95,375		85,375
End of year - June 30		$ 95,375		$ 95,375

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUND - CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Revenues:				
Interest earnings	$ 16,800	$ 7,422	$ (9,378)	$ 14,616
Total revenues	16,800	7,422	(9,378)	14,616
Expenditures:				
Administration	16,800	7,422	9,378	14,616
Total expenditures	16,800	7,422	9,378	14,616
Revenues over (under) expenditures	$ -	-	$ -	-
Fund Balance:				
Beginning of year - July 1		319,600		319,600
End of year - June 30		$ 319,600		$ 319,600

Major Enterprise Funds

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND -WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Operating Revenues:				
Water sales	$ 2,860,000	$ 2,804,691	$ (55,309)	$ 2,739,065
Other Operating Revenues:				
Connection and reconnection fees	45,000	41,652	(3,348)	43,378
Water taps	25,000	25,416	416	71,364
Water assessments	-	(1,072)	(1,072)	-
Fire hydrants	10,500	10,500	-	10,500
Sales of services and materials	300	66	(234)	278
Total operating revenues	2,940,800	2,881,253	(59,547)	2,864,585
Non-operating Revenues:				
Rents	32,500	32,500	-	32,500
Recovery of doubtful accounts	500	619	119	418
Late penalty charges	11,500	11,467	(33)	12,435
Interest earnings	15,000	10,513	(4,487)	33,890
Capital investment fees	4,562	2,697	(1,865)	3,682
Sale of surplus and scrap	-	2,789	2,789	6,366
FEMA assistance	-	4,834	4,834	-
Miscellaneous	8,000	29,789	21,789	19,353
Total non-operating revenues	72,062	95,208	23,146	108,644
Total revenues	3,012,862	2,976,461	(36,401)	2,973,229
Operating Expenditures:				
Water Administration:				
Public Works Director:				
Salaries and employee benefits	77,414	76,412	1,002	71,382
Supplies	250	66	184	233
Employee development	249	-	249	86
Telephone	575	514	61	553
Maintenance	500	500	-	375
Professional services	-	-	-	-
Total Public Works Director	78,988	77,492	1,496	72,629
Miscellaneous - Non-Departmental:				
Workers' compensation	10,000	9,424	576	8,709
Unemployment wages	577	-	577	2,544
Insurance and bonds	27,411	27,410	1	29,107
Printing and publishing	4,100	3,481	619	3,232
Utility service fee - General Fund	278,043	278,043	-	238,790
Utility service fee - Electric Fund	82,528	82,528	-	19,600
Maintenance	500	397	103	397
Inventory reimbursement	300	169	131	168
Other expenses	4,046	-	4,046	3,028
Total miscellaneous - non-departmental	407,505	401,452	6,053	305,575
Total water administration	486,493	478,944	7,549	378,204

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Water Treatment and Distribution:				
Water Meter Services:				
Salaries and employee benefits	125,081	122,144	2,937	113,641
Telephone	750	584	166	562
Employee development	750	707	43	-
Maintenance	4,830	3,833	997	26,387
Supplies	515	512	3	314
Materials	3,367	3,337	30	1,397
OSHA safety mandates	500	72	428	289
Professional services	5,377	5,376	1	443
Total water meter services	141,170	136,565	4,605	143,033
Water Treatment Plant:				
Salaries and employee benefits	466,487	442,480	24,007	407,938
OSHA safety mandates	500	483	17	611
Employee development	1,725	1,481	244	797
Telephone	4,500	2,526	1,974	3,631
Printing and publishing	2,835	2,095	740	2,427
Water and electric services	224,000	226,220	(2,220)	194,964
Maintenance	64,845	60,072	4,773	51,904
Supplies	4,600	3,900	700	4,790
Chemicals and lab supplies	213,008	210,878	2,130	190,380
Dues and subscriptions	6,300	4,470	1,830	4,153
Professional services	7,000	1,726	5,274	70
Contract services	5,800	4,265	1,535	7,313
Insurance	-	-	-	500
Employee advertisement	100	91	9	50
Total water treatment plant	1,001,700	960,687	41,013	869,528
Water Distribution Maintenance:				
Salaries and employee benefits	107,484	103,752	3,732	129,294
Contract services	106,828	106,827	1	80,000
Water and electric services	7,000	6,310	690	5,613
Employee advertising	100	-	100	-
Maintenance	50,577	50,135	442	10,043
Supplies	1,870	1,695	175	2,012
Materials	16,075	16,066	9	23,020
Insurance	133	-	133	65
Professional services	100	-	100	-
Total water distribution maintenance	290,167	284,785	5,382	250,047
Total water treatment and distribution	1,433,037	1,382,037	51,000	1,262,608
Capital outlay	248,627	207,446	41,181	102,212

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive/(Negative)	Actual
Debt Service:				
General Obligation Bonds:				
Principal retirement	795,228	795,227	1	880,214
Interest	98,754	95,821	2,933	135,117
Installment Notes:				
Principal retirement	53,624	53,624	-	62,069
Interest	4,734	4,733	1	6,659
Total debt service	952,340	949,405	2,935	1,084,059
Total operating expenditures	3,120,497	3,017,832	102,665	2,827,083
Revenues over (under) expenditures	(107,635)	(41,371)	66,264	146,146
Other Financing Sources (Uses):				
Long-term debt issued	34,800	-	(34,800)	-
Appropriated fund balance	72,835	-	(72,835)	-
Transfers from:				
General Fund	-	-	-	3,008
Total other financing sources (uses)	107,635	-	(107,635)	3,008
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (41,371)	$ (41,371)	$ 149,154
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (41,371)		$ 149,154
Capital outlay		207,446		102,212
Principal retirement		848,851		942,283
Increase in accrued vacation and sick pay		(6,950)		7,667
Change in OPEB liability		(16,944)		-
Depreciation		(745,419)		(735,997)
Bad debt provision		274		(5,643)
Inventory adjustment		(731)		1,787
Transfer-in of capital assets		43,140		-
Transfer-out of capital assets		(8,520)		-
Capital contributions, grant revenue from:				
Cherry Road Water Extenstion project		564,689		-
Change in net assets		$ 844,465		$ 461,463

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Sewer sales	$ 3,053,000	$ 2,910,493	$ (142,507)	$ 2,827,977
Other Operating Revenues:				
Sewer taps	15,000	9,765	(5,235)	31,543
Total operating revenues	3,068,000	2,920,258	(147,742)	2,859,520
Non-operating Revenues:				
Rural Center grant	40,000	-	(40,000)	-
Recovery of doubtful accounts	300	636	336	524
Late penalty charges	14,000	14,403	403	14,966
Interest earnings	42,000	30,930	(11,070)	73,434
Sewer assessments	40,111	6,233	(33,878)	15,283
FEMA assistance	4,833	4,834	1	-
Miscellaneous	-	1,340	1,340	1,344
Total non-operating revenues	141,244	58,376	(82,868)	105,551
Total revenues	3,209,244	2,978,634	(230,610)	2,965,071
Operating Expenditures:				
Sewer Administration:				
Public Works Director:				
Salaries and employee benefits	77,414	76,412	1,002	71,382
Supplies	250	22	228	249
Employee development	74	-	74	74
Dues and subscriptions	295	295	-	185
Telephone	525	486	39	550
Total Public Works Director	78,558	77,215	1,343	72,440
Miscellaneous - Non-Departmental:				
Workers' compensation	26,829	26,809	20	32,676
Printing and publishing	4,000	3,481	519	3,205
Insurance and bonds	69,271	69,250	21	54,783
Utility service fee - General Fund	286,177	286,177	-	229,322
Maintenance	500	397	103	397
Inventory reimbursement	100	55	45	-
Other expenses	3,338	308	3,030	3,028
Utility service fee-Electric Fund	40,494	40,494	-	-
Contingency	11,723	-	11,723	-
Total miscellaneous - non-departmental	442,432	426,971	15,461	323,411
Total sewer administration	520,990	504,186	16,804	395,851

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Waste Collection and Treatment:				
Wastewater Treatment:				
Salaries and employee benefits	434,150	414,672	19,478	403,510
Employee advertising	100	73	27	-
Employee development	1,279	1,039	240	2,742
Telephone	600	475	125	539
Water and electric service	274,000	273,544	456	250,506
Maintenance	104,898	95,034	9,864	53,530
Supplies	73,710	68,767	4,943	54,013
Dues	4,900	4,345	555	3,853
Professional services	87,000	58,667	28,333	105
Contract services	103,311	96,502	6,809	95,458
Licenses and permits	7,110	7,060	50	7,270
OSHA safety mandates	750	633	117	763
Total wastewater treatment	1,095,308	1,020,901	74,407	872,289
Wastewater Collection Maintenance:				
Salaries and employee benefits	122,935	119,265	3,670	112,284
OSHA safety mandates	500	118	382	161
Employee development	750	118	632	666
Telephone	3,000	2,621	379	2,675
Printing and publishing	200	115	85	-
Maintenance	12,750	12,552	198	10,803
Supplies	3,200	2,088	1,112	1,527
Materials	11,775	10,930	845	11,043
Contract services	76,511	32,233	44,278	47,079
Insurance	2,500	1,516	984	4,107
Professional services	144	144	-	99
Total wastewater collection maintenance	234,265	181,700	52,565	190,444
Sewer Pumping Station:				
Salaries and employee benefits	53,737	52,995	742	51,015
Water and electrical service	101,200	100,399	801	96,040
Maintenance	55,982	45,495	10,487	34,745
Supplies	1,335	1,299	36	1,426
Chemicals	23	23	-	740
Professional services	32,970	32,969	1	11,986
Total sewer pumping station	245,247	233,180	12,067	195,952
Total waste collection and treatment	1,574,820	1,435,781	139,039	1,258,685

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Debt Service:				
General Obligation Bonds:				
Principal retirement	558,681	558,681	-	605,029
Interest	105,761	103,638	2,123	131,445
Installment Notes:				
Principal retirement	86,065	74,106	11,959	58,644
Interest	11,588	6,371	5,217	6,787
State Loan:				
Principal retirement	131,806	131,805	1	131,805
Interest	54,225	57,275	(3,050)	57,414
Total debt service	948,126	931,876	16,250	991,124
Capital outlay	514,265	427,408	86,857	215,618
Total operating expenditures	3,558,201	3,299,251	258,950	2,861,278
Revenues over (under) expenditures	(348,957)	(320,617)	(489,560)	103,793
Other Financing Sources (Uses):				
Long-term debt issued	157,500	157,500	-	-
Appropriated fund balance	191,457	-	(191,457)	-
Transfers from:				
General Fund	-	-	-	3,140
Total other financing sources (uses)	348,957	157,500	(191,457)	3,140
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (163,117)	$ (163,117)	$ 106,933
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (163,117)		$ 106,933
Capital outlay		427,408		215,618
Principal retirement		764,592		795,478
Installment note proceeds		(157,500)		-
Increase in accrued vacation and sick pay		(8,284)		(17,791)
Change in OPEB liability		(20,195)		-
Depreciation		(606,294)		(1,290,984)
Bad debt (provision) recovery		(420)		(9,095)
Inventory adjustment		186		(5,917)
Transfer-in of capital assets		142,789		-
Change in net assets		$ 379,165		$ (205,758)

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Electric sales	$ 35,255,355	$ 35,996,622	$ 741,267	$ 32,834,085
Other Operating Revenues:				
Underground services	145,000	38,880	(106,120)	72,520
Reconnection fees	85,000	83,655	(1,345)	77,220
Facility connection fees	7,300	5,123	(2,177)	6,550
Pole attachment fees - cable TV	25,000	14,640	(10,360)	16,279
Connection fees	58,000	36,547	(21,453)	53,892
New construction fee	15,000	9,107	(5,893)	14,950
Total operating revenues	35,590,655	36,184,574	593,919	33,075,496
Non-operating Revenues:				
Recovery of doubtful accounts	5,000	4,064	(936)	4,158
Late penalty charges	160,000	164,894	4,894	157,587
Interest earnings	100,000	59,077	(40,923)	167,860
Sale of surplus and scrap	10,750	50,153	39,403	203,706
Fines and meters	10,000	8,867	(1,133)	10,395
DOT reimbursement	2,223,787	824,839	(1,398,948)	1,680,580
FEMA assistance	46,564	61,472	14,908	-
Miscellaneous	115,250	48,003	(67,247)	106,955
Total non-operating revenues	2,671,351	1,221,369	(1,449,982)	2,331,241
Total revenues	38,262,006	37,405,943	(856,063)	35,406,737
Operating Expenditures:				
Administration:				
Office of Electric Director:				
Salaries and employee benefits	311,501	273,137	38,364	253,140
Employee development	18,000	13,769	4,231	14,015
Professional services	2,208,111	819,062	1,389,049	1,763,427
Telephone	5,750	3,411	2,339	6,554
Printing and publishing	100	83	17	-
Maintenance	3,250	2,134	1,116	3,664
Supplies	3,000	1,739	1,261	1,826
Dues and subscriptions	1,100	1,058	42	984
Total office of Electric Director	2,550,812	1,114,393	1,436,419	2,043,610
Miscellaneous - Non-Departmental:				
Printing and publishing	8,500	6,107	2,393	5,616
Dues and subscriptions	250	-	250	-
Insurance and bonds	91,041	91,040	1	80,775
Workers' compensation	53,789	53,789	-	55,024
Inventory reimbursement	6,200	5,351	849	24,163
Rents	71,150	71,150	-	71,150
Maintenance	1,000	794	206	794
Utility service fee - General Fund	1,435,342	1,435,342	-	1,167,194
Other expenses	168,882	165,791	3,091	111,833
Total miscellaneous - non-departmental	1,836,154	1,829,364	6,790	1,516,549
Total administration	4,386,966	2,943,757	1,443,209	3,560,159

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Electric Operations:				
Marketing and Customer Service:				
Salaries and employee benefits	-	-	-	249,239
Employee advertising	-	-	-	121
Employee development	-	-	-	464
Professional services	-	-	-	14,513
Telephone	-	-	-	3,626
Printing and publishing	-	-	-	1,847
Maintenance	-	-	-	9,120
Supplies	-	-	-	1,579
Advertising	-	-	-	5,504
Dues and subscriptions	-	-	-	3,105
Total marketing and customer service	-	-	-	289,118
Utility Communications:				
Salaries and employee benefits	194,801	182,940	11,861	173,797
Employee advertising	100	-	100	-
Employee development	400	-	400	70
Professional services	4,535	3,405	1,130	152
Telephone	15,183	13,623	1,560	14,123
Water and electric services	2,500	2,509	(9)	1,556
Rents	17,320	17,320	-	17,320
Maintenance	5,000	3,728	1,272	3,267
Supplies	3,059	1,717	1,342	2,212
Total load management	242,898	225,242	17,656	212,497
Meter Services:				
Salaries and employee benefits	289,565	280,737	8,828	275,114
Employee development	1,715	1,870	(155)	3,281
Telephone	5,800	4,117	1,683	4,856
Water and electric service	6,600	6,631	(31)	6,440
Maintenance	64,731	58,188	6,543	37,258
Supplies	3,000	1,915	1,085	2,223
Materials	16,801	7,558	9,243	4,539
Professional services	85	72	13	88
Other expenses	400	382	18	357
Insurance	2,500	375	2,125	2,861
Contract services	30,000	-	30,000	-
Reimbursement from other funds	(123,022)	(123,022)	-	(19,600)
Total meter services	298,375	238,823	59,552	317,417

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Power Line Maintenance:				
Salaries and employee benefits	722,979	711,608	11,371	673,538
Employee advertising	500	141	359	270
Employee development	15,000	13,114	1,886	13,602
Telephone	2,860	2,765	95	2,480
Water and electric service	12,000	11,086	914	9,223
Printing and publishing	500	60	440	11
Maintenance	182,727	154,839	27,888	135,713
Supplies	39,804	37,588	2,216	39,788
Materials	147,500	115,788	31,712	121,309
Contract services	182,000	169,125	12,875	165,086
Professional services	11,400	2,699	8,701	19,939
Insurance	5,000	5,186	(186)	6,910
Other expenses	1,250	613	637	638
Total power line maintenance	1,323,520	1,224,612	98,908	1,188,507
Substation Maintenance:				
Salaries and employee benefits	240,769	209,095	31,674	203,396
Employee advertisement	200	-	200	-
Employee development	4,645	1,369	3,276	2,550
Professional services	20,000	14,057	5,943	13,981
Telephone	2,000	1,759	241	1,707
Water and electric service	27,000	26,648	352	20,168
Maintenance	284,639	271,374	13,265	157,958
Supplies	2,500	1,317	1,183	1,229
Contract services	9,250	6,990	2,260	5,114
Gasoline purchases	255,000	163,796	91,204	257,292
Insurance	9,000	161	8,839	2,343
Other expenses	22,548	22,535	13	60,343
Total substation maintenance	877,551	719,101	158,450	726,081
Total electric operations	2,742,344	2,407,778	334,566	2,733,620
Electric power purchases	28,315,993	28,257,019	58,974	24,918,101
Capital outlay	5,145,052	2,493,254	2,651,798	2,678,371
Debt Service:				
General Obligation Bonds:				
Principal retirement	81,092	81,092	-	89,758
Interest	10,071	9,771	300	13,778
Installment Notes:				
Principal retirement	986,898	986,897	1	799,077
Interest	76,514	75,892	622	76,225
Total debt service	1,154,575	1,153,652	923	978,838
Total operating expenditures	41,744,930	37,255,460	4,489,470	34,869,089
Revenues over (under) expenditures	(3,482,924)	150,483	3,633,407	537,648

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Other Financing Sources (Uses):				
Long-term debt issued	2,154,500	-	(2,154,500)	1,179,160
Fund balance appropriated	2,108,424	-	(2,108,424)	-
Transfers from:				
General Fund	-	-	-	240,000
Transfers to:				
General Fund	(680,000)	(680,000)	-	(1,025,846)
Economic Development Capital Reserve Fund	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	3,482,924	(780,000)	(4,262,924)	293,314
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (629,517)	$ (629,517)	$ 830,962
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ (629,517)		$ 830,962
Capital outlay		2,493,254		2,678,371
Principal retirement		1,067,989		888,835
Installment note proceeds		-		(1,179,160)
Change in accrued vacation and sick pay		12,899		(9,593)
Change in OPEB liability		(25,480)		-
Depreciation		(1,430,491)		(1,466,682)
Bad debt provision		(17,923)		(51,354)
Inventory adjustment		17,073		36,206
Transfer of capital assets		231,950		-
Change in net assets		$ 1,719,754		$ 1,727,585

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUNDS- CHERRY ROAD WATER EXTENSION
WATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal grant funds	$ 836,600	$ 11,099	$ 564,689	$ 575,788	$ (260,812)
Local funds	44,032	-	-	-	(44,032)
Total revenues	880,632	11,099	564,689	575,788	(304,844)
Expenditures:					
Economic and physical development					
Professional services	148,395	1,099	98,990	100,089	48,306
Grant administration	40,000	10,000	-	10,000	30,000
Construction costs	636,919	-	465,699	465,699	171,220
Contingency	55,318	-	-	-	55,318
Total expenditures	880,632	11,099	564,689	575,788	304,844
Revenues over (under) expenditures	$ -	$ -	$ -	$ -	$ -

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUNDS- PENNSYLVANIA AVENUE SEWER EXTENSION
SEWER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal grant funds	$ 500,000	$ -	$ -	$ -	$ (500,000)
Local funds	40,000	-	-	-	(40,000)
Total revenues	540,000	-	-	-	(540,000)
Expenditures:					
Economic and physical development					
Engineering	170,000	-	79,974	79,974	90,026
Construction	342,805	-	9,667	9,667	333,138
Contingency	27,195	-	-	-	27,195
Total expenditures	540,000	-	89,641	89,641	450,359
Revenues over (under) expenditures	$ -	$ -	$ (89,641)	$ (89,641)	$ (89,641)

This fund is consolidated into the Sewer Fund.

Nonmajor Enterprise Funds

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009

	Stormwater Utility Fund	Warren Field Airport	Solid Waste Fund	Total Nonmajor Enterprise Funds
Assets:				
Current Assets:				
Cash and investments	$ 457,872	$ 375,696	$ 271,873	$ 1,105,441
Accounts receivable, net	50,263	3,569	128,556	182,388
Inventory	-	28,088	-	28,088
Restricted cash and investments	2,991	-	210,109	213,100
Total current assets	511,126	407,353	610,538	1,529,017
Capital Assets:				
Nondepreciable capital assets	97,812	1,356,511	-	1,454,323
Other capital assets, net of accumulated depreciation	3,987,981	715,553	207,996	4,911,530
Total capital assets	4,085,793	2,072,064	207,996	6,365,853
Total assets	$ 4,596,919	$ 2,479,417	$ 818,534	$ 7,894,870
Liabilities and Net Assets:				
Current Liabilities:				
Accounts payable and accrued liabilities	$ 8,806	$ 9,221	$ 33,495	$ 51,522
Customer deposits	-	900	-	900
Current portion of installment notes	24,098	-	50,767	74,865
Current portion of compensated absences	13,261	-	29,457	42,718
Total current liabilities	46,165	10,121	113,719	170,005
Non-current Liabilities:				
Non-current portion of installment notes	63,727	-	160,662	224,389
Non-current portion of compensated absences	12,741	-	33,883	46,624
Non-current portion of OPEB liability	8,078	-	16,156	24,234
Total non-current liabilities	84,546	-	210,701	295,247
Total liabilities	130,711	10,121	324,420	465,252
Net Assets:				
Invested in capital assets, net of related debt	4,000,959	2,072,064	206,676	6,279,699
Unrestricted	465,249	397,232	287,438	1,149,919
Total net assets	4,466,208	2,469,296	494,114	7,429,618
Total liabilities and net assets	$ 4,596,919	$ 2,479,417	$ 818,534	$ 7,894,870

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Stormwater Utility Fund	Warren Field Airport	Solid Waste Fund	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for sales and services	495,520	$ 220,312	$ 1,260,973	$ 1,976,805
Late penalty charges	2,137	-	-	2,137
Permit fees	1,142	-	-	1,142
Miscellaneous	1,151	1,750	672	3,573
Total operating revenues	499,950	222,062	1,261,645	1,983,657
Operating Expenditures:				
Administration	406,148	-	1,078,940	1,485,088
Warren Field Airport operations	-	279,229	-	279,229
Depreciation	122,706	130,421	78,042	331,169
Total operating expenditures	528,854	409,650	1,156,982	2,095,486
Operating income (loss)	(28,904)	(187,588)	104,663	(111,829)
Non-operating Revenues (Expenditures):				
Investment earnings	6,003	4,969	1,440	12,412
Solid Waste Disposal Tax	-	-	4,589	4,589
Interest expense	(2,014)	-	(3,214)	(5,228)
Total non-operating revenues (expenditures)	3,989	4,969	2,815	11,773
Income (loss) before capital contributions and transfers	(24,915)	(182,619)	107,478	(100,056)
Capital Contributions and Transfers:				
Capital contributions	(13,002)	23,927	-	10,925
Transfers in	-	105,000	-	105,000
Total capital contributions and transfers	(13,002)	128,927	-	115,925
Change in net assets	(37,917)	(53,692)	107,478	15,869
Net Assets:				
Beginning of year - July 1	4,504,125	2,522,988	386,636	7,413,749
End of year - June 30	$ 4,466,208	$ 2,469,296	$ 494,114	$ 7,429,618

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	Stormwater Utility Fund	Warren Field Airport	Solid Waste Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers	$ 508,259	$ 224,584	$ 1,261,266	$ 1,994,109
Cash paid to employees	(265,301)	(45,302)	(470,431)	(781,034)
Cash paid to suppliers	(147,851)	(262,712)	(592,947)	(1,003,510)
Net cash provided (used) by operating activities	95,107	(83,430)	197,888	209,565
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	-	105,000	-	105,000
Net cash provided (used) by non-capital financing activities	-	105,000	-	105,000
Cash Flows from Capital and Related Financing Activities:				
Interest expense	(2,014)	-	(3,214)	(5,228)
Acquisition of capital assets	(71,757)	(25,210)	-	(96,967)
Other nonoperating revenues	-	-	4,589	4,589
Long-term debt issued	58,900	-	210,000	268,900
Principal payments on long-term debt	(16,388)	-	(62,126)	(78,514)
Capital contributions	(13,002)	23,927	-	10,925
Net cash provided (used) by capital and related financing activities	(44,261)	(1,283)	149,249	103,705
Cash Flows from Investing Activities:				
Investment earnings	6,003	4,969	1,439	12,411
Net cash provided (used) by investing activities	6,003	4,969	1,439	12,411
Net increase (decrease) in cash and cash equivalents/investments	56,849	25,256	348,576	430,681
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	404,014	350,440	133,406	887,860
End of year - June 30	$ 460,863	$ 375,696	$ 481,982	$ 1,318,541
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (28,904)	$ (187,588)	$ 104,663	$ (111,829)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	122,706	130,421	78,042	331,169
Change in Assets and Liabilities:				
(Increase) decrease in accounts receivable	8,309	2,522	(379)	10,452
(Increase) decrease in inventory	-	8,023	-	8,023
Increase (decrease) in accounts payable and accrued liabilities	(2,140)	(36,808)	(907)	(39,855)
Increase in compensated absences payable	(12,942)	-	313	(12,629)
Increase (decrease) in OPEB liability	8,078	-	16,156	24,234
Net cash provided (used) by operating activities	$ 95,107	$ (83,430)	$ 197,888	$ 209,565

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Charges for Sales and Services:				
Public works fees	$ 486,415	$ 495,520	$ 9,105	$ 426,047
Total operating revenues	486,415	495,520	9,105	426,047
Non-operating Revenues:				
Interest earnings	12,000	6,003	(5,997)	13,009
Clean Water Trust Grant	-	-	-	2,569
Miscellaneous revenue	100	1,151	1,051	396
Late penalty charges	2,000	2,137	137	1,950
Permit fees	5,000	1,142	(3,858)	1,000
Total non-operating revenues	19,100	10,433	(8,667)	18,924
Total revenues	505,515	505,953	438	444,971
Operating Expenditures:				
Salaries and employee benefits	269,803	260,437	9,366	306,267
Professional services	5,500	2,163	3,337	3,370
Employee development	400	245	155	74
Water and electric service	22,500	17,393	5,107	16,642
Maintenance and repairs	61,371	11,822	49,549	41,516
Supplies	1,450	932	518	1,161
Contracted services	7,500	6,672	828	8,930
Materials	10,500	7,887	2,613	25,673
Insurance	15,000	11,265	3,735	13,873
Contingency	1,100	-	1,100	-
Utility service fee - General Fund	91,880	91,880	-	587
CAMA Stormwater management planning	-	13,002	(13,002)	-
Miscellaneous	2,750	136	2,614	577
Total operating expenditures	489,754	423,834	65,920	418,670
Debt Service:				
Principal	23,291	16,388	6,903	11,991
Interest	4,391	2,014	2,377	1,889
Total debt service	27,682	18,402	9,280	13,880
Capital outlay	74,589	71,757	2,832	-
Total expenditures	592,025	513,993	78,032	432,550
Revenues over (under) expenditures	(86,510)	(8,040)	78,470	12,421

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Other Financing Sources (Uses):				
Long-term debt issued	58,900	58,900	-	-
Appropriated fund balance	27,610	-	(27,610)	-
Total other financing sources (uses)	86,510	58,900	(27,610)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 50,860	$ 50,860	$ 12,421
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 50,860		$ 12,421
Depreciation		(122,706)		(127,008)
Capital outlay		71,757		-
Gain (loss) on disposal of capital assets		-		(20,962)
Installment note proceeds		(58,900)		-
Principal retirement		16,388		11,991
Decrease in accrued vacation and sick pay		12,943		(5,755)
Change in OPEB liability		(8,078)		-
Bad debt expense (recoveries)		(181)		(569)
Change in net assets		$ (37,917)		$ (129,882)

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Charges for Sales and Services:				
Fuel sales	$ 271,700	$ 158,601	$ (113,099)	$ 317,467
Rentals	61,460	61,711	251	60,877
Total operating revenues	333,160	220,312	(112,848)	378,344
Non-operating Revenues:				
Interest earnings	6,000	4,969	(1,031)	9,080
Grant funds	498,866	23,471	(475,395)	223,223
Capital contributions	-	456	456	18,516
Miscellaneous revenue	-	1,750	1,750	144
Total non-operating revenues	504,866	30,646	(474,220)	250,963
Total revenues	838,026	250,958	(587,068)	629,307
Operating Expenditures:				
Utilities	19,700	18,023	1,677	15,078
Fuel purchases	244,000	129,732	114,268	257,194
Maintenance and repairs	26,136	20,863	5,273	17,203
Supplies	500	366	134	150
Contracted services	99,605	81,649	17,956	111,815
Equipment rental	3	673	(670)	-
Miscellaneous	-	69	(69)	127
Insurance	18,521	18,510	11	18,858
Contingency	5,681	-	5,681	-
Grant Expense	511,991	-	511,991	-
Utility service fee - General Fund	9,344	9,344	-	516
Total	935,481	279,229	656,252	420,941
Capital outlay	25,212	25,210	2	248,026
Total expenditures	960,693	304,439	656,254	668,967
Revenues over (under) expenditures	(122,667)	(53,481)	69,186	(39,660)
Other Financing Sources (Uses):				
Appropriated fund balance	17,667	-	(17,667)	-
Transfers from General Fund	105,000	105,000	-	75,487
Total other financing sources (uses)	122,667	105,000	(17,667)	75,487
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 51,519	$ 51,519	$ 35,827

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 51,519		$ 35,827
Capital outlay		25,210		248,026
Depreciation		(130,421)		(146,065)
Change in net assets		$ (53,692)		$ 137,788

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Charges for Sales and Services:				
Garbage collection fees	$ 1,196,522	$ 1,261,247	$ 64,725	$ 1,134,357
Total operating revenues	1,196,522	1,261,247	64,725	1,134,357
Non-operating Revenues:				
Interest earnings	1,000	1,440	440	1,784
ABC Recycling Grant	16,000	-	(16,000)	6,750
Disposal tax		4,589	4,589	-
Miscellaneous revenue	-	672	672	1,403
Total non-operating revenues	17,000	6,701	(10,299)	9,937
Total revenues	1,213,522	1,267,948	54,426	1,144,294
Operating Expenditures:				
Salaries and employee benefits	496,893	486,900	9,993	469,444
Utilities	550	527	23	492
County tipping fees	247,000	247,544	(544)	220,022
Employee development	200	76	124	129
Maintenance and repairs	132,780	122,462	10,318	115,635
Supplies	2,000	1,716	284	1,435
Materials	675	787	(112)	1,230
Miscellaneous	3,703	1,605	2,098	1,214
Insurance	27,908	27,898	10	28,809
Contingency	11,620	-	11,620	-
Utility service fee - General Fund	167,757	167,757	-	117,327
Total operating expenditures	1,091,086	1,057,272	33,814	955,737
Debt Service:				
Principal	86,620	62,126	24,494	58,800
Interest	11,682	3,214	8,468	2,888
Total debt service	98,302	65,340	32,962	61,688
Capital outlay	234,620	5,198	229,422	41,608
Total expenditures	1,424,008	1,127,810	296,198	1,059,033
Revenues over (under) expenditures	(210,486)	140,138	350,624	85,261

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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Other Financing Sources (Uses):				
Fund balance appropriated	486	-	(486)	-
Long-term debt issued	210,000	210,000	-	-
Total other financing sources (uses)	210,486	210,000	(486)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 350,138	$ 350,138	$ 85,261
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		$ 350,138		$ 85,261
Depreciation		(78,042)		(77,780)
Capital outlay		-		41,608
Installment note proceeds		(210,000)		-
Principal retirement		62,126		58,800
Decrease in accrued vacation and sick pay		(314)		(2,295)
Change in OPEB liability		(16,156)		-
Bad debt expense (recoveries)		(274)		(5,362)
Change in net assets		$ 107,478		$ 100,232

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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, 2009

Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	$ -	$ 3,769,167	$ 3,561,944	$ 207,223
2007-2008	201,054	-	132,139	68,915
2006-2007	46,817	-	12,056	34,761
2005-2006	23,203	-	4,219	18,984
2004-2005	20,634	-	2,515	18,119
2003-2004	22,024	-	1,310	20,714
2002-2003	21,559	-	1,577	19,982
2001-2002	23,733	-	622	23,111
2000-2001	20,820	-	(21)	20,841
1999-2000	28,152	-	(95)	28,247
1998-1999	12,894	-	12,894	-
	$ 420,890	$ 3,769,167	$ 3,729,160	460,897

Plus uncollected prior year ad valorem taxes receivable on annually registered vehicles	18,002
Less allowance for uncollectible ad valorem taxes receivable:	
General Fund	(139,690)
Ad Valorem Taxes Receivable, Net:	
General Fund	$ 339,209
Reconcilement With Revenues:	
Ad valorem taxes - General Fund	$ 3,795,247
Refunds	812
Write-offs and releases	(25,778)
Penalties and interest collected	(41,121)
Total collections and credits	$ 3,729,160

CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	$ 629,903,539	$ 0.60	$ 3,779,421	$ 3,419,468	$ 359,953
Discoveries	17,560	0.60	106	106	-
Abatements	(1,726,599)		(10,360)	-	(10,360)
Total property valuation	$ 628,194,500				
Net levy			3,769,167	3,419,574	349,593
Uncollected taxes at June 30, 2009			207,223	133,484	73,739
Current year's taxes collected			$ 3,561,944	$ 3,286,090	$ 275,854
Current levy collection percentage			94.50%	96.10%	78.91%

Statistical Section

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Table 1

CITY OF WASHINGTON, NORTH CAROLINA

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

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

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

CITY OF WASHINGTON, NORTH CAROLINA

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

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

CITY OF WASHINGTON, NORTH CAROLINA

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

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

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

Table 3

CITY OF WASHINGTON, NORTH CAROLINA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Taxes	Sales Taxes	Occupany Taxes	Auto Licenses	Rental Vehicle Tax	Business Licenses	Franchise Taxes	Total
2000	$ 2,508,253	$ 1,536,071	$ 96,090	$ 35,677	$ -	$ 96,932	$ 761,896	$ 5,034,919
2001	2,440,065	1,536,900	85,046	31,031	7,989	88,589	817,620	5,007,240
2002	2,570,408	1,427,651	123,546	36,503	11,176	88,341	487,418	4,745,043
2003	3,003,149	1,555,468	170,452	33,032	14,430	88,002	903,473	5,768,006
2004	3,163,077	1,802,359	200,955	36,496	17,803	88,143	878,906	6,187,739
2005	3,270,569	1,950,844	205,856	39,322	17,433	89,603	887,277	6,460,904
2006	3,321,373	2,054,864	235,869	38,693	14,278	98,859	977,559	6,741,495
2007	3,642,779	2,221,354	237,192	38,208	14,237	98,859	1,044,114	7,296,743
2008	3,735,845	2,278,957	256,838	41,228	12,602	104,527	1,061,945	7,491,942
2009	3,836,368	2,096,285	255,280	39,914	12,636	164,867	1,186,166	7,591,516

Table 4

CITY OF WASHINGTON, NORTH CAROLINA

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

	Fiscal Year					Fiscal Year				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved for:										
State statute	$ 752,535	$ 806,037	$ 1,913,471	$ 769,811	$ 1,042,096	$ 1,653,125	$ 1,367,634	$ 1,432,958	$ 1,330,532	$ 1,226,803
Senior programs and functions	19,028	18,133	20,006	17,014	16,135	14,623	27,008	13,169	18,118	11,153
Recreation complex contributions	-	-	-	-	-	30,000	-	-	-	-
Recreation veteran's park contribtuions	-	-	-	-	-	-	500	500	500	4,365
Recreation dog park contribtuions	-	-	-	-	-	-	-	-	-	1,392
Recreation BeeBe park donations	-	-	-	-	-	-	-	700	700	-
Recreation Land Purchase	-	-	-	-	-	-	-	-	-	145,200
Future public safety complex expenditures	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Federal seizured funds distributions	1,909	1,641	-	-	2,266	189	3,040	3,385	-	3,776
Local seizured funds distribtuions	11,690	1,232	20	128	179	20	1,466	1,637	5,724	4,711
Controlled substance tax distribtuions	3,193	11,619	4,545	6,441	14,437	5,283	2,647	11,614	20,248	22,359
Public safety traffic enforcement	-	-	-	-	-	-	5,026	1,280	-	-
PEG Channel	-	-	-	-	-	-	-	-	-	22,774
Inventories	41,169	42,521	40,646	36,971	36,188	40,124	38,174	42,601	59,092	68,374
Surety bond	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Powell bill	177,419	413,517	47,546	47,546	173,285	263,696	408,214	187,465	277,496	304,137
Encumbrances	848,222	612,349	88,259	141,413	733,243	697,941	801,371	730,192	865,566	1,060,104
Total reserved	1,858,265	1,910,149	2,117,593	1,022,424	2,020,929	3,708,101	3,658,180	3,428,601	3,581,076	3,878,248
Unreserved:										
Designated for subsequent year's expenditures	-	-	88,998	168,570	140,506	666,223	-	-	-	-
Undesignated	2,609,784	3,095,792	1,881,318	3,084,157	3,517,256	1,560,976	3,221,790	4,508,319	4,987,976	5,536,430
Total General Fund	$ 4,468,049	$ 5,005,941	$ 4,087,909	$ 4,275,151	$ 5,678,691	$ 5,935,300	$ 6,879,970	$ 7,936,920	$ 8,569,052	$ 9,414,678
All Other Governmental Funds										
Reserved for:										
State statute	$ -	$ -	$ -	$ 1,535,486	$ 1,506,140	$ 620,404	$ 78,771	$ 60,744	$ 23	$ 14,216
Library care	85,375	85,375	85,375	85,375	85,375	85,375	85,375	85,375	95,375	95,375
Cemetery care	319,600	319,600	319,600	319,600	319,600	319,600	319,600	319,600	319,600	319,600
Total reserved	404,975	404,975	404,975	1,940,461	1,911,115	1,025,379	483,746	465,719	414,998	429,191
Unreserved:										
Designated for subsequent year's expenditures										
Special revenue funds	2,524,063	3,828,153	20,962	799,367	353,405	68,024	621,357	-	-	-
Capital project funds	1,038,122	1,060,703	-	-	-	-	-	-	-	-
Unreserved, undesignated reported in nonmajor:										
Special revenue funds	36,719	108,638	3,463,893	842,407	808,180	1,865,251	(93,404)	2,055,490	346,671	546,318
Capital project funds	-	-	-	-	-	-	-	-	510,786	-
Total all other governmental funds	$ 4,003,879	$ 5,402,469	$ 3,889,830	$ 3,582,235	$ 3,072,700	$ 2,958,654	$ 1,011,699	$ 2,521,209	$ 1,272,455	$ 975,509

Table 5

CITY OF WASHINGTON, NORTH CAROLINA

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Ad valorem taxes	$ 2,508,253	$ 2,440,065	$ 2,570,408	$ 3,003,149	$ 3,163,077	$ 3,270,569	$ 3,321,373	$ 3,642,779	$ 3,735,845	$ 3,836,368
Other taxes and licenses	1822983	1,810,573	1,749,365	1,932,013	2,223,376	2,384,169	2,532,471	2,656,435	2,706,538	2,584,862
Unrestricted intergovernmental	1,297,465	1,348,236	871,021	1,162,609	1,130,365	1,183,205	1,223,642	1,398,957	1,515,146	1,601,893
Restricted intergovernmental	3,997,768	2,533,662	7,543,074	2,975,815	2,452,172	1,197,427	1,016,678	956,323	1,248,494	1,661,217
Permits and fees	144,431	125,694	106,610	81,347	103,554	120,325	122,498	180,315	137,313	72,236
Sales and services	1,345,192	1,577,859	1,630,864	1,636,407	2,150,109	1,927,487	2,093,270	2,267,709	1,592,793	1,356,063
Interest earnings	259,282	420,703	197,262	101,916	55,115	200,118	341,602	431,607	339,899	132,038
Miscellaneous	715,605	353,528	362,786	351,398	71,865	93,218	117,841	215,326	142,776	616,018
Total revenues	12,090,979	10,610,320	15,031,390	11,244,654	11,349,633	10,376,518	10,769,375	11,749,451	11,418,804	11,860,695
Expenditures										
General government	707,906	612,319	1,173,557	1,062,200	1,196,258	1,488,026	1,137,149	1,445,247	1,361,084	1,219,469
Public safety	3,333,838	3,747,411	3,738,314	3,971,668	4,314,880	4,630,446	5,721,597	5,972,481	7,206,670	6,195,435
Tansportation	752,628	649,751	776,734	860,034	919,589	758,908	774,731	1,205,673	1,034,610	869,269
Environmental protection	1,549,448	2,177,414	6,009,281	1,385,802	1,120,348	1,351,709	1,196,351	319,950	358,302	338,247
Economic and physical development	2,746,091	1,445,050	2,985,511	1,979,730	1,489,460	110,829	27,104	111,698	184,507	564,134
Cultural and recreational	2,338,331	2,466,240	1,535,901	1,552,087	1,696,250	2,268,670	2,348,546	2,502,544	2,778,018	2,553,779
Debt Service:										
Principal	245,839	260,246	402,613	369,190	386,517	418,470	365,144	324,654	342,848	411,612
Interest	24,765	31,528	66,689	49,502	37,868	30,311	18,999	51,829	40,845	152,570
Total expenditures	11,698,846	11,389,959	16,688,600	11,230,213	11,161,170	11,057,369	11,589,621	11,934,076	13,306,884	12,304,515
Excess of revenues over (under) expenditures	392,133	(779,639)	(1,657,210)	14,441	188,463	(680,851)	(820,246)	(184,625)	(1,888,080)	(443,820)
Other Financing Sources (Uses)										
Transfers in	3,649,626	2,789,477	1,005,188	1,132,915	1,632,148	1,899,536	1,540,032	2,784,753	1,409,002	1,657,730
Transfers out	(945,814)	(1,468,203)	(1,778,649)	(1,267,709)	(1,760,292)	(1,076,107)	(2,810,814)	1,641,137	(604,791)	(982,730)
Proceeds from installment note	319,800	1,396,000	-	-	531,682	-	1,088,744	(1,674,805)	-	317,500
Long Term Debt Issued/Repaid	-	-	-	-	-	-	-	-	467,247	-
	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,023,612	2,717,274	(773,461)	(134,794)	403,538	823,429	(182,038)	2,751,085	1,271,458	992,500
Net change in fund balances	$ 3,415,745	$ 1,937,635	$ (2,430,671)	$ (120,353)	$ 592,001	$ 142,578	$ (1,002,284)	$ 2,566,460	$ (616,622)	$ 548,680
Debt service as a percentage of noncapital expenditures	2.88%	3.02%	4.83%	4.01%	4.17%	4.40%	3.73%	3.51%	3.66%	4.89%

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
2000	$ 294,888,619	$ 139,079,703	$ 8,786,197	$ 442,754,519	0.57	$ 2,523,632
2001	300,518,725	123,960,584	8,633,653	433,112,962	0.57	2,471,187
2002	309,918,422	136,331,971	8,465,284	454,715,677	0.57	2,589,502
2003 (3)	414,485,414	126,682,047	9,409,640	550,577,101	0.55	3,031,632
2004	421,807,889	143,550,917	9,211,237	574,570,043	0.55	3,158,338
2005	426,934,585	140,457,866	9,728,070	577,120,521	0.55	3,174,865
2006	431,857,335	146,872,699	10,384,101	589,114,135	0.55	3,240,290
2007	447,572,383	148,784,638	8,828,131	605,185,152	0.60	3,621,647
2008	459,982,104	150,432,739	9,557,567	619,972,410	0.60	3,719,834
2009	475,005,214	142,726,700	10,462,586	628,194,500	0.60	3,769,167

Source: Annual County Report of Valuation and Property Tax Levies

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

Table 7

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

	Year Taxes are Payable					Year Taxes are Payable				
	2000	**2001**	**2002**	**2003 (1)**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
City of Washington	$ 0.5700	$ 0.5700	$ 0.5700	$ 0.5500	$ 0.5500	$ 0.5500	$ 0.6000	$ 0.6000	$ 0.6000	$ 0.6000
Beaufort County	0.6300	0.6300	0.6700	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Total direct and overlapping property tax rates	$ 1.2000	$ 1.2000	$ 1.2400	$ 1.1500	$ 1.1500	$ 1.1500	$ 1.2000	$ 1.2000	$ 1.2000	$ 1.2000

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

Table 8

CITY OF WASHINGTON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR

		Fiscal Year 2009		
Taxpayer	**Type of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Stanadyne Automotive Corporation	Gasket Manufacturer	$ 17,669,329	1	2.81%
Flanders Filters Inc	Industrial Filter Manufacturer	11,267,183	2	1.79%
Wal-Mart Real Estate Business	Real Estate & Retail	10,085,355	3	1.61%
Pearl Brittain, Inc.	Real Estate	9,651,298	4	1.54%
Gregory Poole Leasing, LLC	Heavy Equipment	9,211,476	5	1.47%
Carolina Telephone and Telegraph	Utility	6,390,213	7	1.02%
Lowe's Home Centers, Inc	Retail	6,024,630	8	0.96%
Developers Diversified	Real Estate	5,195,896	9	0.83%
Rawls and Assoicates	Real Estate	5,111,662	10	0.81%
Totals		$ 80,607,042		12.83%
Valuation		$ 628,194,500		

Source: Beaufort County Tax Department

Table 9

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	$ 2,518,586	$ 5,046	$ 2,523,632	$ 2,377,624	94.21%	$ 109,383	$ 2,487,007	98.55%
2001	2,495,424	(24,237)	2,471,187	2,306,748	93.35%	107,467	2,414,215	97.69%
2002	2,599,070	(9,568)	2,589,502	2,418,845	93.41%	122,821	2,541,666	98.15%
2003	3,077,791	(46,159)	3,031,632	2,816,315	92.90%	147,724	2,964,039	97.77%
2004	3,149,850	8,488	3,158,338	2,956,399	93.61%	156,698	3,113,097	98.57%
2005	3,170,509	4,356	3,174,865	3,003,444	94.60%	230,137	3,233,581	101.85%
2006	3,251,374	(11,084)	3,240,290	3,086,833	95.26%	181,811	3,268,644	100.88%
2007	3,603,408	18,239	3,621,647	3,428,541	94.67%	147,196	3,575,737	98.73%
2008	3,729,878	(10,044)	3,719,834	3,518,139	94.58%	175,127	3,693,266	99.29%
2009	3,779,421	(10,254)	3,769,167	3,561,944	94.50%	167,216	3,729,160	98.94%

Source: Beaufort County Tax Department

Table 10

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	General Obligation Bonds	State Revolving Loan	Installment Loans	Total Primary Government	Per Capita (1)
2000	534,090	-	16,660,000	-	931,934	18,126,024	1,815
2001	1,669,844	-	15,190,000	-	623,945	17,483,789	1,730
2002	1,267,231	-	14,285,000	-	795,227	16,347,458	1,700
2003	898,041	-	12,730,000	-	1,036,184	14,664,225	1,516
2004	1,098,161	-	11,090,000	-	706,082	12,894,243	1,325
2005	649,920	-	9,450,000	-	2,635,360	12,735,280	1,304
2006	1,348,336	-	7,835,000	-	2,763,432	11,946,768	1,214
2007	3,632,311	-	6,200,000	-	2,704,709	12,537,020	1,275
2008	889,711	2,867,000	4,625,000	2,240,690	3,252,353	13,874,754	1,380
2009	844,235	2,818,368	3,190,000	2,108,884	2,485,613	11,447,100	1,121

N/A - Information not yet available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 14 for personal income and population data.

Table 11

CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2000	$ 16,660,000	$ -	$ 16,660,000	N/A	3.76%	1,668
2001	15,190,000	-	15,190,000	0.0067%	3.51%	1,503
2002	14,285,000	-	14,285,000	0.0062%	3.14%	1,486
2003	12,730,000	-	12,730,000	0.0051%	2.31%	1,316
2004	11,090,000	-	11,090,000	0.0041%	1.93%	1,140
2005	9,450,000	-	9,450,000	0.0033%	1.64%	968
2006	7,835,000	-	7,835,000	0.0026%	1.33%	796
2007	6,200,000	-	6,200,000	0.0005%	1.02%	630
2008	4,625,000	-	4,625,000	N/A	0.75%	460
2009	3,190,000	-	3,190,000	N/A	0.51%	312

N/A- Information not yet avaiable

Notes: Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.
(1) See Table 14 for personal income and population data.
(2) See schedule 6 for property value data.

Table 12

CITY OF WASHINGTON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Washington	$ 3,190,000	100.00%	$ 3,190,000
Beaufort County	29,950,000	22.00%	6,589,000
Total direct and overlapping debt	$ 33,140,000		$ 9,779,000

Table 13

CITY OF WASHINGTON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEAR

	Fiscal Year					Fiscal Year				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Value of Property	$ 442,754,519	$ 433,112,962	$ 454,715,677	$ 550,577,101	$ 574,570,043	$ 577,120,521	$ 589,114,135	$ 605,185,152	$ 619,972,410	$ 628,194,500
Debt Limit, 8% of Assessed Value (Statutory Limitation)	35,420,362	34,649,037	36,377,254	44,046,168	45,965,603	46,169,642	47,129,131	48,414,812	49,597,793	50,255,560
Amount of Debt Applicable to Limit										
Gross debt	18,745,000	15,190,000	14,285,000	12,730,000	11,090,000	9,450,000	10,339,300	8,572,495	9,732,690	11,447,098
Less: Debt outstanding for water purposes	8,566,728	7,867,710	7,311,845	6,595,533	5,842,799	4,907,951	3,988,279	3,071,643	2,191,429	1,396,201
Debt outstanding for electric purposes	1,147,170	846,797	745,610	672,565	595,807	500,478	406,697	313,225	223,467	142,375
Total net debt applicable to limit	9,031,102	6,475,493	6,227,545	5,461,902	4,651,394	4,041,571	5,944,324	5,187,627	7,317,794	9,908,522
Legal Debt Margin	$ 26,389,260	$ 28,173,544	$ 30,149,709	$ 38,584,266	$ 41,314,209	$ 42,128,071	$ 41,184,807	$ 43,227,185	$ 42,279,999	$ 40,347,038
Total net debt applicable to the limit as a percentage of debt limit	25.50%	18.69%	17.12%	12.40%	10.12%	8.75%	12.61%	10.71%	14.75%	19.72%

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

Table 14

CITY OF WASHINGTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Total Personal Income (2) in Millions	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Issued (5)
2000	9,989	N/A	$ 20,630	7,549	6.90%	233
2001	10,109	$ 225,395	22,439	7,444	8.70%	160
2002	9,615	228,684	22,208	7,444	9.40%	202
2003	9,674	250,921	22,094	7,264	10.60%	187
2004	9,730	268,543	23,096	7,324	8.00%	159
2005	9,767	285,470	24,401	7,419	6.90%	169
2006	9,840	305,023	25,737	7,208	5.70%	251
2007	9,836	1,254,399	24,569	6,976	6.30%	218
2008	10,055	N/A	27,391	7,270	7.60%	184
2009	10,214	N/A	N/A	7,294	11.60%	125

* N/A-Information not yet available.

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

CITY OF WASHINGTON, NORTH CAROLINA **Table 15**

PRINCIPLE EMPLOYERS

	2009		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**
Beaufort Co. Schools	1067	1	4.91%
Beaufort Co. Hospital	842	2	3.87%
State of North Carolina	779	3	3.58%
Flander Filters Inc	436	4	2.01%
Beaufort County	335	5	1.54%
Mega Force Staffing Group Inc	323	6	1.49%
Wal-mart Associates Inc	278	7	1.28%
Stanadyne Corporation	245	8	1.13%
City of Washington	242	9	1.11%
Hackney Division of SVC	150	10	0.69%
Total	4,697		

Source: NC Employment Secuirty Commission

Table 16

CITY OF WASHINGTON, NORTH CAROLINA

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

	Full-time Employees as of June 30									
Function/Program	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Primary government:										
General government	23	23	24	25	25	26	24	24	30	31
Public safety	72	72	73	73	78	81	88	87	86	88
Transportation	15	15	15	15	15	15	15	14	14	14
Environmental protection	25	25	20	20	21	21	21	9	9	9
Cultural and recreation	16	16	16	16	16	19	20	19	14	15
Business-type activities:										
Water	14	14	14	14	14	15	15	15	15	15
Sewer	13	13	13	13	14	14	14	14	14	14
Electric	44	43	43	43	44	44	42	42	36	36
Stormwater utility	-	-	5	5	5	6	6	6	6	5
Solid waste	-	-	-	-	-	-	-	11	12	12
Beaufort county water districts	1	2	2	2	-	-	-	-	-	-
Civic center	1	1	1	1	1	-	-	-	1	1
Aquatic center	1	1	2	2	2	-	-	-	2	2
Total	225	225	228	229	235	241	245	241	239	242

Source: City Finance Department

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

Table 17

CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year					Fiscal Year				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
Police										
Physical arrests	1,097	969	925	1,582	1,308	1,435	3,199	1,109	1,360	1,408
Parking violations	N/A	N/A	N/A	N/A	153	482	501	102	102	163
Traffic violations	2,245	1,441	1,241	1,349	2,510	3,972	2,469	3,049	1,140	1,877
Fire										
Fire calls	743	593	925	235	437	446	397	404	457	715
EMS calls	2,186	2,128	1,241	1,509	1,640	1,676	2,248	1,858	1,931	2,050
Fire inpsections	N/A	452	752	817	920	1,158	775	891	843	766
Streets										
Street resurfacing (miles)	1.74	-	-	1.11	0.14	1.54	-	3.84	1.23	-
New Construction (miles)	-	0.74	0.28	-	0.09	2.21	0.28	0.29	-	0.14
Solid Waste										
Refuse collected (tons/day)	29.68	26.79	26.23	25.56	25.65	25.24	25.91	25.33	24.26	22.58
Recyclables collected (tons/day)	0.69	0.61	0.58	0.57	0.55	0.61	0.41	0.68	0.84	0.87
Library										
Number of patrons	78,739	80,071	84,815	87,086	89,322	77,790	79,484	88,260	93,054	86,689
Number of Volumes	45,339	45,478	49,564	55,197	74,360	56,944	60,248	61,540	58,998	63,782
Water Utilities										
Number of customers										
Inside city	4,491	4,619	4,626	4,616	4,671	4,608	4,605	4,784	4,816	4,868
Outside city	163	139	146	192	180	187	414	216	225	222
Average daily consumption (millions of gallons)	2.324	2.263	2.684	2.75	2.65	2.51	2.33	2.025	2.26	2.757
Wastewater Utilities										
Number of customers										
Inside city	4,312	4,350	4,460	4,448	4,498	4,429	4,529	4,608	4,677	4,713
Outside city	28	32	36	81	68	68	222	100	116	121
Average daily treatment (millions of gallons)	2.005	1.679	1.371	1.588	1.88	1.93	1.87	1.769	1.517	1.639
Electric Utilities										
Number of customers	12,284	12,383	12,593	12,690	12,806	12,924	13,180	13,262	13,338	
KWH Purchased	273,012,987	275,167,108	270,989,610	288,335,310	294,579,201	288,707,552	303,638,831	303,371,870	307,997,247	302,984,387
KWH Sold	249,540,101	257,289,738	255,175,168	270,126,997	277,584,062	276,797,551	285,692,860	284,923,965	286,998,316	283,188,507
Unaccounted KWH	23,472,886	17,877,370	15,814,442	18,208,313	16,995,139	11,910,001	17,945,971	18,447,905	20,998,931	19,795,880

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	19	15	14	13	12	15	13	15	14
Fire										
Stations	1	1	1	1	1	1	1	1	2	2
Streets										
Total miles	51.73	52.47	52.75	52.75	52.75	54.96	55.24	55.44	55.54	55.44
Paved miles	48.11	49.00	49.28	49.37	49.37	51.58	51.86	52.06	52.06	52.2
Unpaved miles	3.3	3.47	3.47	3.38	3.38	3.38	3.38	3.38	3.38	3.24
Street lights	1,275	1,275	1,668	1,311	1,319	1,319	1,366	1369	1375	1377
Recreation										
Neighborhood Centers	3	2	2	2	1	1	1	1	1	1
Civic Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Courts										
Tennis	10	8	8	8	6	2	2	2	2	2
Basketball	9	9	9	9	7	5	5	7	7	7
Shuffleboard	2	2	2	2	-	-	-	-	-	-
Horseshoes	2	2	2	2	2	2	2	2	2	2
Bocce	-	-	-	-	-	-	-	1	1	1
Skate Park	-	-	-	-	-	-	-	-	1	1
Boat ramps	4	4	4	4	4	4	4	4	4	4
Boat Slips										
Rental			24	24	36	36	36	36	36	36
Free	12	12	12	12	12	12	12	12	12	12
Piers										
Fishing	1	1	1	1	1	1	1	1	1	1
Boats	3	3	9	9	4	4	4	4	4	4
Parks										
Total Acreage	207	207	212	212	352	352	352	352	352	352
Open Space	119	119	124	124	124	124	124	124	124	124
Wilderness	-	-	-	-	140	140	140	140	300	300
Parks	88	88	88	88	88	88	88	88	88	88
Sports Fields										
Soccer	8	8	8	8	8	8	8	8	8	8
Football	1	1	1	1	1	1	1	1	-	-
Baseball	5	5	5	5	5	5	5	5	6	6
Softball	3	3	3	3	3	3	3	3	3	3
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	550	593	594	600	618	631	644	664	667	672
Maximum daily capacity (millions of gallons)	3.5	3.673	3.524	4.825	3.68	4.374	5.45	5.45	5.45	5.45
Miles of water mains	73.2	73.2	75	75.45	77.78	79.99	81	81	81	81
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	25	27	27	27	29	29	29	30	30	30
Maximum daily treatment capacity (millions of gallons)	4.673	3.111	2.316	3.4	3.5	3.198	3.65	3.65	3.65	3.65
Miles of gavity mains	67.8	67.8	65.9	66.4	71	73	74	74	74	74
Miles of force mains	22.4	22.4	22.4	22.4	26	27	27	27	27	27
Electric Utilities										
Miles of distribution lines	396	396	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	30	32	32	32	32	32	32	32	32	32

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

Compliance Section

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

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

- Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act

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

To the Members or City Council
City of Washington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Washington, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 27, 2009. We did not audit the financial statements of Washington Tourism Development Authority. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of Washington Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grants, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 27, 2009

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

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

To the Members of City Council
City of Washington, North Carolina

Compliance

We have audited the compliance of City of Washington, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Washington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Washington's management. Our responsibility is to express an opinion on City of Washington's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standard,* 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 noncompliance 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 City of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Washington's compliance with those requirements.

In our opinion, City of Washington complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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Internal Control Over Compliance

The management of City of Washington is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Washington's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control 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, as defined above.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 27, 2009

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

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act

To the Members of City Council
City of Washington, North Carolina

Compliance

We have audited the compliance of City of Washington, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major State programs for the year ended June 30, 2009. City of Washington's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of City of Washington's management. Our responsibility is to express an opinion on City of Washington's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of *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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Washington's compliance with those requirements.

In our opinion, City of Washington complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

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Internal Control Over Compliance

The management of City of Washington is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Washington's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

A control deficiency in a entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 27, 2009

CITY OF WASHINGTON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

1. Summary of Auditors' Results

A. An unqualified opinion was issued on the financial statements of City of Washington, North Carolina.

B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.

C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations, and the provisions of contracts and grant agreements that are material to the basic financial statements.

D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.

E. An unqualified opinion was issued on City of Washington, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.

F. An unqualified opinion was issued on City of Washington, North Carolina's compliance with the types of compliance requirements applicable to its major State programs.

G. Our audit disclosed no audit findings which related to federal and State awards.

H. Major federal programs for the City of Washington, North Carolina for the fiscal year ended June 30, 2009 are:

Program Name	**CFDA#**
Community Development Block Grant	14.228

CITY OF WASHINGTON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

I. Major State programs for City of Washington, North Carolina for the fiscal year ended June 30, 2009 are:

Program Name
N.C. Rural Development Center Grant

J. The threshold for determining Type A programs for City of Washington, North Carolina is $300,000.

K. City of Washington, North Carolina did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

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

None

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

None

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

None

CITY OF WASHINGTON, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

None.

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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 Grants					
U.S. Department of Interior					
Passed through NC Dept. of Environment and Natural Resources					
Boating Infrastructure Grant	15.662	668	$ 33,750	$ -	$ -
Total U.S. Department of Interior			33,750	-	-
U.S. Dept. of Justice					
Passed through NC Dept. of Crime Control & Public Safety					
Division of Governor's Crime Commission					
Child Assualt Grant	16.575	007-1-05-2VC-AW-763	43,540	-	14,513
GCC2008	16.575	007-1-04-15A-AD-131	11,038	-	3,680
Project Next Step	16.575	007-1-08-001-BH-417	141,414	-	47,138
Washington PD Investigator Overtime	16.575	007-1-06-001-BH-658	12,561	-	4,187
Total U.S. Department of Justice			208,553	-	69,518
U.S. Department of Transportation					
Passed through the North Carolina Department of Transportation					
Division of Aviation:					
Airport Improvements	20.106	36237.38.4.1	510	-	56
Airport Improvements	20.106	36237.38.7.1	12,794	-	1,422
Airport Improvements	20.106	36244.51.7.1	8,633	-	960
Total U.S. Department of Transportation			21,937	-	2,438
U.S. Department of Housing and Urban Development					
Passed through the North Carolina Department of Commerce					
Division of Community Assistance:					
CDBG Housing Dev. 6th & 7th Street Revitalization	14.228	07-C-1698	358,080	-	-
CDBG Housing Dev. Keysville Road Subdivision	14.228	05-C-1490	14,656	-	-
CDBG Infrastructure Grant Industrial Park	14.228	05-C-1470	336,600	-	-
CDBG Infrastructure Grant Pennsylvania Ave.	14.228	03-D-1734	89,641	-	-
CDBG Capacity Grant	14.228	08-C-1812	23,582	-	-
CDBG Down Payment Assistance	14.228	03-C-1211	9,293	-	-
Total U.S. Department of Housing and Urban Development			831,851	-	-
U.S. Dept. of Homeland Security					
Passed through the Office of State and Local Government					
Coordination & Preparedness					
SAFER Grant	97.044	EMW-2007-FF-01057	59,614	-	-
Total U.S. Dept. of Homeland Security			59,614	-	-
Total Federal Awards			1,155,705	-	71,956
State Awards					
N.C. Department of Cultural Resources					
State Aid			-	$ 11,516	-
Bill Gates Grant			-	7,800	-
Cornerstone Grant			-	1,200	-
LSTA Library Grant			-	12,589	-
Beaufort County Historic Architectual Study			-	15,583	11,531
Total N.C. Department of Cultural Resources			-	48,688	11,531
N.C. Department of Transportation					
Powell Bill			-	276,743	-
Total N.C. Department of Transportation			-	276,743	-

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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
N.C. Rural Economic Development Center					
Turnage Theater Grant			-	40,000	-
Pacific Seacraft Grant			-	119,094	-
Water Extension - Flanders Corporation		2006-061-40401-107	-	239,188	-
PEG Channel Grant		2008-257-80315-102	-	24,158	24,158
Fueling System Upgrade			-	9,359	234
Total N.C. Rural Economic Development Center			-	431,799	24,392
Total State Awards			-	757,230	35,923
Total Federal and State Awards			**$ 1,155,705**	**$ 757,230**	**$ 107,879**

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

Basis of Presentation

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

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