

**CITY OF WASHINGTON
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

CITY OF WASHINGTON

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT

**CITY OF WASHINGTON, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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Introductory Section

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November 24, 2020

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, 2020.

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

Martin Starnes & Associates, CPAs, P.A., have issued an unmodified ("clean") opinion on the City of Washington's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Washington, incorporated in 1782, is located in the eastern part of North Carolina on the northern banks of the Pamlico River. It has been the county seat of Beaufort County since 1785. It has a land area of 7.663 square miles and a population of 9,536. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

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

Local Economy

The City of Washington continues to serve as the economic, service, and retail center for Beaufort County. The economy is based on medical services, small-scale diverse manufacturing, retail sales, agriculture, service, and eco-tourism. The County has an employed labor force of 18,860, leaving around 1,713 unemployed in the county. The unemployment rate for Beaufort County, which the City of Washington is a part of, is currently 6.6%, which is an increase of 1.3% from a rate of 5.3%, a year ago. This is less than the State of North Carolina's average unemployment rate of 7.6% and the national average of 11.1%. During the past fiscal year, Washington's local economy felt the effects of the COVID-19 pandemic. This was evidenced by a 3.0% decrease of revenues in the areas of property, sales, and occupancy taxes. The current year property tax rate remains unchanged at \$0.53/\$100 valuation. Revenues were conservatively budgeted for fiscal year 2020-2021 and management will be keeping a close eye on actual receipts to ensure that budget shortfalls do not occur in the next fiscal year.

Several new businesses began operation in the City within the past year in addition to several expansions of existing businesses. The ABC store, animal hospital, many homes at the Moss Landing development, hospital renovations, Industrial Park office building/maintenance shop, and the Turnage Theater roof replacement are examples.

The Washington Tourism Development Authority worked diligently to follow its mission to enhance

the economy of Washington and Beaufort County through the promotion of the area as a destination for leisure and business travel. The WTDA began managing the City's communication department this fiscal year and has done an exceptional job in making the City's activities more widely known through social and other media. The WTDA continued to manage the Washington Civic Center as the City's primary venue for meetings, weddings, and other large events. More than 100 events were held at the Civic Center during the year. The most recent economic impact statistics prepared by the North Carolina Department of Commerce show the economic impact of tourism in Beaufort County to be up. In 2018 Beaufort County had the 2nd highest increased spending level in the state of North Carolina. Direct visitor spending was estimated at \$135 million for Beaufort County, an increase of 7.7%.

Long-Term Financial Planning

During fiscal year 2019-2020 the City utilized operating cash for capital purchases instead of installment financing.

During fiscal year 2020-2021 the City will utilize operating cash for capital expenditures instead of installment financing with the exception of vehicles for the Solid Waste Fund.

Major Initiatives

Projects Completed:

- The City replaced its financial software.
- A \$770,000 maintenance hangar was built at the Washington Warren airport with the assistance of a NC DOA grant.

Projects Underway:

- The City allocated \$4.1 million toward the downtown streetscape project and construction has begun with completion scheduled for fall 2020.
- Design for the new police station is nearing completion with construction anticipated to begin in the spring of 2021.
- The pavement rehabilitation of runway 5-23 at the airport is nearing completion.


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, 2019. This was the twenty fourth consecutive year (fiscal years ended 1996-2019) 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,



Jonathan M. Russell
City Manager



Matthew J. Rauschenbach
Chief Financial Officer

**CITY OF WASHINGTON, NORTH CAROLINA
PRINCIPAL OFFICERS
JUNE 30, 2020**

ELECTED OFFICIALS

Title	Name	Total Length Of Service	Term Expires
Mayor	Jay MacDonald Hodges	6.5	December, 2021
Mayor Pro-Tem	Donald R. Sadler	.5 years	December, 2021
Councilperson	Virginia Finnerty	4.5	December, 2021
Councilperson	William H. Pitt	11 years	December, 2021
Councilperson	Elizabeth A. Kane	.5 years	December, 2021
Councilperson	Richard L. Brooks	9 years	December, 2021

The Mayor and Council serve 2 year terms.

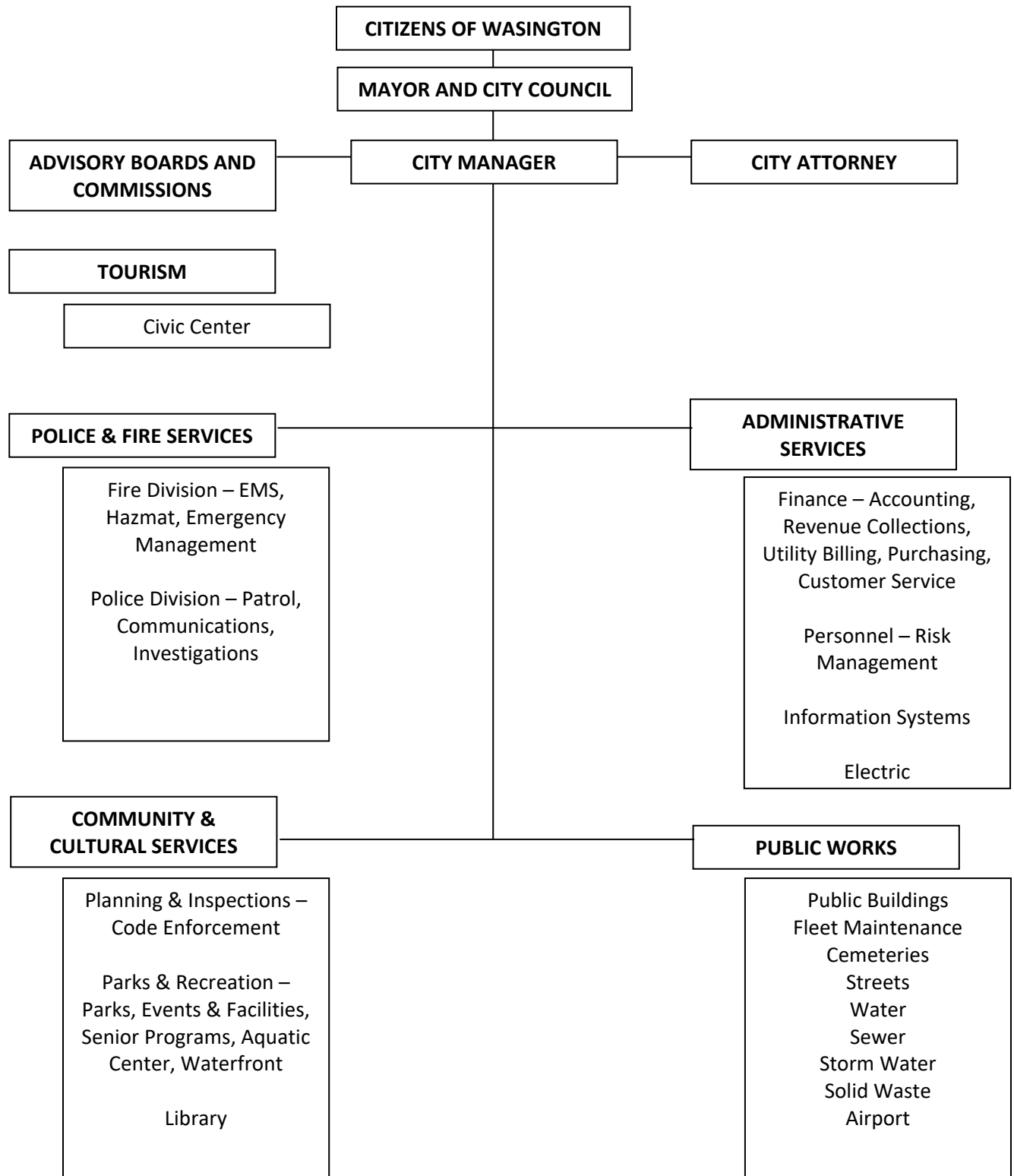
APPOINTED OFFICIALS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
City Attorney	Franz Holscher	14 years	14 years
City Clerk	Cynthia Bennett	12 years	21 years
City Manager	Jonathan Russell	2 years	2 years

DEPARTMENT HEADS

Title	Name	Total Length Of Service	Length of Employment with the City of Washington
Community & Cultural Services Director	Michael Dail	1.5 years	1.5 years
CFO/Administrative Services Director	Matthew J. Rauschenbach	11 years	11 years
Fire Chief	Mark Yates	1 year	24 years
Library Director	Sandra Silvey	4.5 years	4.5 years
Human Resources Director	Stacey Everette	5 years	5 years
Police & Fire Services Director	Stacy L. Drakeford	8 years	8 years
Public Works Director	Adam Waters	2 years	29 years
Tourism Director	Erin Ruyle	2 years	2 years
Interim Electric Director	Matthew J. Rauschenbach	3 months	11 years

CITY OF WASHINGTON ORGANIZATION CHART 2019-2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Washington
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Financial Section

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

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 on our consideration of the City of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City of Washington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Washington's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 24, 2020

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Management's Discussion and Analysis

As management of the City of Washington, we offer readers of the City of Washington's financial statements this narrative overview and analysis of the financial activities of the City of Washington for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

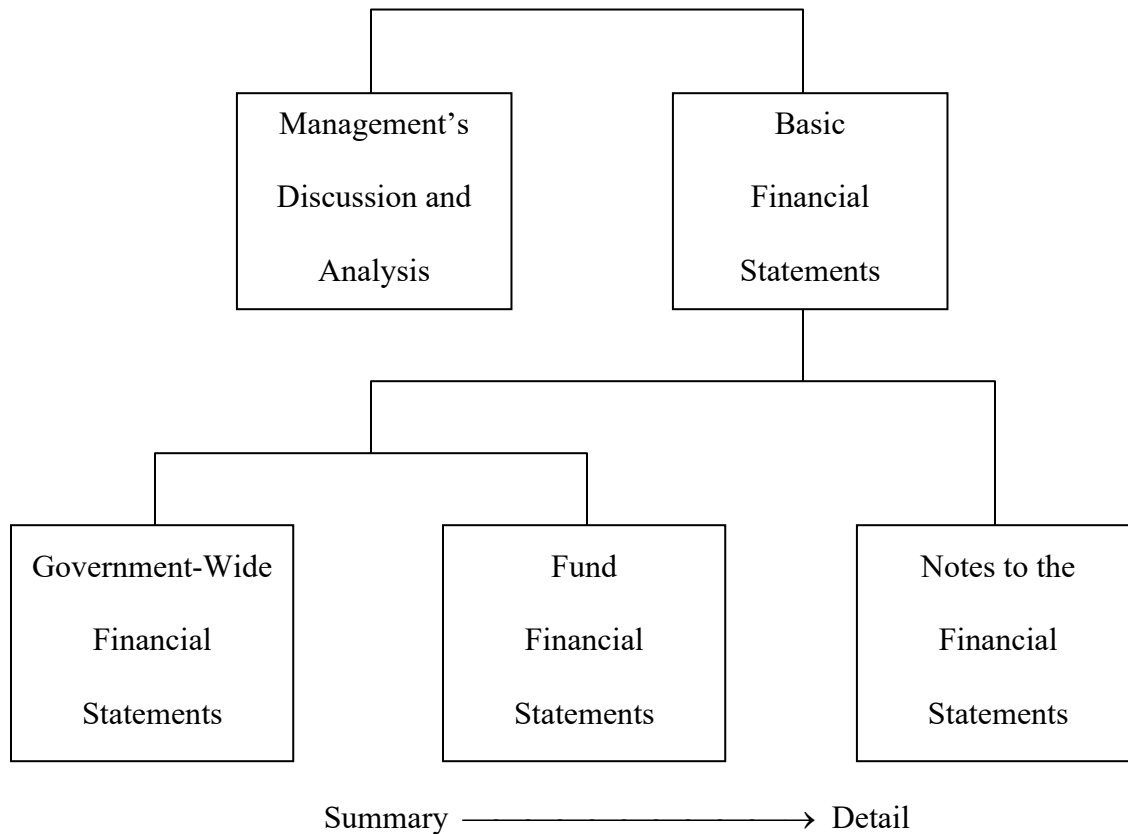
- The assets and deferred outflows of the City of Washington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$134,363,011 (*net position*). Of this amount, \$24,466,992 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,709,899, an increase of 4.44%. Of this amount, governmental net position increased by \$438,125, while business-type net position increased by \$5,271,774.
- As of the close of the current fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$12,462,142, a decrease of \$1,084,732. Approximately 71.00% of this total amount, or \$8,848,485, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,694,758, or 20.14%, of total General Fund expenditures for the fiscal year.
- The City of Washington's total debt decreased by \$686,227, or 12.7%, during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



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

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

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

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

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

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

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

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

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

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

The City of Washington maintains 17 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 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Washington adopts an annual appropriated budget for its general fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balance in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the difference in the reported activities is shown at the end of the budgetary statement.

The basic governmental fund financial statements can be found on pages 19-23 of this report.

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

The basic proprietary fund financial statements can be found on pages 24-26 this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Washington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71-75 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 76-155 of this report.

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

Government-Wide Financial Analysis

Figure 2

City of Washington's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 16,477,901	\$ 17,536,167	\$ 31,048,332	\$ 32,548,334	\$ 47,526,233	\$ 50,084,501
Capital assets, net	22,008,275	19,508,627	83,818,958	77,051,202	105,827,233	96,559,829
Total assets	38,486,176	37,044,794	114,867,290	109,599,536	153,353,466	146,644,330
Deferred Outflows of Resources	2,485,834	2,540,179	1,317,567	1,423,318	3,803,401	3,963,497
Liabilities:						
Long-term liabilities	9,903,562	9,309,774	7,623,052	7,855,999	17,526,614	17,165,773
Other liabilities	1,107,855	696,608	3,792,281	3,645,448	4,900,136	4,342,056
Total liabilities	11,011,417	10,006,382	11,415,333	11,501,447	22,426,750	21,507,829
Deferred Inflows of Resources	248,668	304,791	118,438	142,095	367,106	446,886
Net Position:						
Net investment in capital assets	20,821,889	18,184,725	80,272,842	72,956,375	101,094,731	91,141,100
Restricted	8,801,288	4,398,651	-	-	8,801,288	4,398,651
Unrestricted	88,748	6,690,424	24,378,244	26,422,937	24,466,992	33,113,361
Total net position	\$ 29,711,925	\$ 29,273,800	\$ 104,651,086	\$ 99,379,312	\$ 134,363,011	\$ 128,653,112

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Washington exceeded liabilities and deferred inflows by \$134,363,011, as of June 30, 2020. This is an increase in the City's net position of \$5,709,899 for the fiscal year. By far, the largest portion (75.24%) reflects its net investment in capital assets (e.g., land, buildings, systems, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Washington's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Washington's net position, \$8,801,288, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$24,466,992 may be used to meet the government's ongoing obligations to citizens and creditors.

The governments net capital assets increased by \$9,267,404 during the fiscal year. This increase of 9.60% is primarily attributable to the additional capital investment in the City's utility systems, streets, parks, drainage system, and airport facility.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for service	\$ 1,849,504	\$ 1,458,789	\$ 41,399,159	\$ 43,243,995	\$ 43,248,663	\$ 44,702,784
Operating grants and contributions	430,813	773,298	314,868	533,878	745,681	1,307,176
Capital grants and contributions	477,383	1,096,537	5,201,199	807,893	5,678,582	1,904,430
General revenues:						
Property taxes	4,595,065	4,568,299	-	-	4,595,065	4,568,299
Other taxes	3,063,012	3,294,377	-	-	3,063,012	3,294,377
Unrestricted intergovernmental	2,072,502	2,087,548	-	-	2,072,502	2,087,548
Other	226,546	304,105	438,598	576,174	665,144	880,279
Total revenues	<u>12,714,825</u>	<u>13,582,953</u>	<u>47,353,824</u>	<u>45,161,940</u>	<u>60,068,649</u>	<u>58,744,893</u>
Expenses:						
General government	3,077,596	2,097,582	-	-	3,077,596	2,097,582
Public safety	6,930,662	6,438,362	-	-	6,930,662	6,438,362
Transportation	1,632,073	1,113,799	-	-	1,632,073	1,113,799
Environmental protection	553,906	448,486	-	-	553,906	448,486
Cultural and recreation	2,472,716	2,279,900	-	-	2,472,716	2,279,900
Economic and physical development	213,528	964,853	-	-	213,528	964,853
Interest on long-term debt	32,865	36,494	-	-	32,865	36,494
Water	-	-	3,391,267	3,250,572	3,391,267	3,250,572
Sewer	-	-	3,478,090	3,410,667	3,478,090	3,410,667
Electric	-	-	29,584,835	29,415,891	29,584,835	29,415,891
Storm water	-	-	430,891	353,793	430,891	353,793
Airport	-	-	652,240	571,158	652,240	571,158
Solid waste	-	-	1,538,053	1,514,764	1,538,053	1,514,764
Cemetery	-	-	370,028	251,619	370,028	251,619
Total expenses	<u>14,913,346</u>	<u>13,379,476</u>	<u>39,445,404</u>	<u>38,768,464</u>	<u>54,358,750</u>	<u>52,147,940</u>
Change in net position before transfers	(2,198,521)	203,477	7,908,420	6,393,476	5,709,899	6,596,953
Transfers	<u>2,636,646</u>	<u>1,591,330</u>	<u>(2,636,646)</u>	<u>(1,591,330)</u>	<u>-</u>	<u>-</u>
Change in net position	438,125	1,794,807	5,271,774	4,802,146	5,709,899	6,596,953
Net position, July 1	<u>29,273,800</u>	<u>27,478,993</u>	<u>99,379,312</u>	<u>94,577,166</u>	<u>128,653,112</u>	<u>122,056,159</u>
Net position, June 30	<u>\$ 29,711,925</u>	<u>\$ 29,273,800</u>	<u>\$ 104,651,086</u>	<u>\$ 99,379,312</u>	<u>\$ 134,363,011</u>	<u>\$ 128,653,112</u>

Governmental Activities. Governmental activities increased the City's net position by \$438,125, or 1.50%. This increase is due to revenue from charges for services, and property taxes exceeding the amount budgeted and expenditures in Economic and physical development departments being well under the budget plan.

Business-Type Activities. Business-type activities increased the City of Washington's net position by \$5,271,774, or 5.30%. Revenues exceeded expenses by \$2,707,221 before transfers and capital contributions. The net transfers of the business-type activities totaled \$2,564,553 for the year. Of this amount, \$1,312,690 is the annual dividend payment from the electric utility customers to the taxpayers of the City of Washington.

Financial Analysis of the Government's Funds

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

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

The General Fund is the chief operating fund of the City of Washington. At the end of the current fiscal year, the City's fund balance available in the General Fund totaled to \$2,944,511, while total fund balance decreased to \$6,848,292. The governing body of the City of Washington has determined that the City should maintain an available fund balance equal to two months operating expenses plus an additional \$2,000,000 in case of natural disaster recovery. The City currently has an available fund balance of 16.67% of General Fund expenditures and transfers out, while total fund balance represents 38.77% of the same amount.

As of the end of the fiscal year, the City of Washington's governmental funds reported combined ending fund balances of \$12,462,142, a decrease of \$1,084,732, in comparison with the prior year. Approximately 17.83% of this total amount, or \$2,222,361, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either classified as restricted (by state statute or granting agencies), non-spendable such as the Cemetery and Library Non-Expendable Trust Fund balances, inventories, committed for items such as economic development capital grants, general government, and a police station, or assigned for downtown façade improvements and future street projects.

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

Differences between the original budgeted revenues and the final amended budgeted revenues for the General Fund increased by \$168,608 and are summarized as follows:

- \$103,608 increase in restricted intergovernmental
- \$60,000 increase in sales and service
- \$5,000 increase in miscellaneous

The difference between the original budgeted expenditures and the final amended appropriations for the General Fund increased by \$1,384,963 and are summarized as follows:

- \$501,265 in increases allocated to general government
- \$120,966 in increases allocated to public safety
- \$358,981 in increases allocated to transportation
- \$2,577 in increases allocated to environmental protection
- \$401,174 in increases allocated to cultural and recreational

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

- \$155,739 increase in transfer from other funds to provide funding for an Airport Runway Paving Project Fund and the transfer to the Airport Fund for operations.
- \$5,061,473 increase in appropriated fund balance primarily for purchase orders and projects from prior year, and the streetscape project.

During the year, actual revenues came in 1.25%, or \$143,137, higher than budgetary estimates in the General Fund, while expenditures were 15.38%, or \$2,432,783, less than budgetary appropriations. As with most years, several projects had not been completed at the end of the fiscal year and funding for those projects will need to be appropriated for spending in the FY 20/21 budget since the government has issued purchase orders and committed itself to completing the projects.

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

Three out of seven of the enterprise funds had increases in their net position at the close of the fiscal year on the full accrual basis of accounting, Electric Fund, Storm Water Fund, and the Warren Airport Fund. One out of seven of the enterprise funds experienced a gain on the budgetary basis of accounting, the Warren Field Airport Fund.

Capital Asset and Debt Administration

Capital Assets. The City of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounted to \$105,827,233 (net of accumulated depreciation). This investment in capital assets includes land, buildings, distribution systems, drainage systems, substations, infrastructure, improvements, office furniture and machines, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$9,267,404 or 9.60% overall. This is represented by a 12.81% increase for governmental activities and an 8.78% increase for business-type activities.

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

- The Streetscape Improvement capital project has expenses totaling \$992,327 this year and will continue on into next fiscal year.
- The airport's runway design project continues this year with expenses of \$103,738 along with the corporate hangar design grant with expenses totaling \$133,089 for the fiscal year. The airport began two new projects for Pavement Rehabilitation and Taxiway/Apron Pavement Rehabilitation that had expenses totaling 5,454,569 for the year.

- The electric system improvements completed a major project for the Slatestone Road Rebuild that totaled \$1,596,247 when the project was finished. Many other projects are ongoing such as, the Slatestone Substation Rebuild, the Smallwood Underground project, 3rd Street Circuit Rebuild, Scada GIS Outage Management and the DOT Highway 17 Relocation project that will continue to advance our electrical system.
- In the water and sewer divisions, the Telfair Street waterline replacement project and the repairs to the Industrial Force Main closed out with expenses totaling \$185,707. The water division DOT Bridge #3 pipeline relocation continues with the project expenses totaling \$52,418 for the year. The water and sewer divisions started new projects that include a Water Asset Inventory Grant, Manhole Rehabilitation and upgrades to the Wastewater Treatment plant that had expenses of \$62,553 this year.

Figure 4

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,312,820	\$ 5,312,820	\$ 1,672,292	\$ 1,672,292	\$ 6,985,112	\$ 6,985,112
Buildings	5,154,308	4,994,124	4,296,040	4,514,963	9,450,348	9,509,087
Infrastructure	5,816,396	6,011,001	-	-	5,816,396	6,011,001
Plants, substations, lines drainage, and runways	-	-	64,548,371	63,951,682	64,548,371	63,951,682
General and mobile equipment	2,679,123	2,145,328	4,188,970	3,987,485	6,868,093	6,132,813
Furniture and office equipment	178,497	177,067	63,289	88,639	241,786	265,706
Construction in progress	2,867,131	868,287	9,049,996	2,836,141	11,917,127	3,704,428
Capital assets, net	<u>\$ 22,008,275</u>	<u>\$ 19,508,627</u>	<u>\$ 83,818,958</u>	<u>\$ 77,051,202</u>	<u>\$ 105,827,233</u>	<u>\$ 96,559,829</u>

Additional information on the City's capital assets can be found in Note 5 on pages 43-47 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Washington had total debt outstanding of \$4,732,502.

Figure 5

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment notes	\$ 1,171,719	\$ 1,306,567	\$ -	\$ -	\$ 1,171,719	\$ 1,306,567
Recovery Zone EDB	14,667	17,335	1,833,333	2,166,666	1,848,000	2,184,001
Revolving Loan Fund	-	-	1,712,783	1,928,161	1,712,783	1,928,161
Total	<u>\$ 1,186,386</u>	<u>\$ 1,323,902</u>	<u>\$ 3,546,116</u>	<u>\$ 4,094,827</u>	<u>\$ 4,732,502</u>	<u>\$ 5,418,729</u>

The City's total debt decreased by \$686,227, or 12.7%, during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation. The current debt limitation for the City of Washington is \$69,076,287. The City's legal debt margin is \$64,343,785.

Additional information on the City of Washington's long-term debt can be found in Note 11 on pages 62-67 of this report.

Economic Factors and Next Year's Budgets and Rates

Due to current economic factors and conservative budgeting measures, many General Fund revenues such as sales tax, Powell Bill funds, building permits, and other sales and service revenues are expected to remain relatively flat for FY 20/21 when compared to the current year. The original General Fund budget for FY 20/21 totals \$17,959,199, a decrease of \$1,704,222 or %, when compared to the FY 19/20 original budget of \$19,033,221. Estimated revenues were not sufficient to cover budgeted expenditures, requiring an appropriation of fund balance in the amount of \$1,173,796 to balance the General Fund.

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

There is no contingency currently budgeted in FY 20/21, but fund balance is available for emergency items that may arise during the year.

Appropriation of \$1,890,048 fund balance rebalanced the General Fund budget.

Sales tax revenue for the five-month period of March through July 2020 has not been negatively impacted by the COVID-19 virus and has shown an increase of \$11,862 or 1% over the prior year comparable period. It is not anticipated that utility payment delinquencies will be material as a result of the four-month disconnection moratorium for non-payment.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The following factors were also considered when preparing the City of Washington's budget for the 20/21 fiscal year:

The unemployment rate for Beaufort County, of which the City of Washington is a part, is currently 6.6%, a 1.3% increase from a rate of 5.3% in 2019. This compares favorably to the state's average unemployment rate of 7.6% and the national average rate of 11.1%.

The median household income for the City of Washington is \$46,411, or 11.4%, below North Carolina's household income average of \$52,413.

18.1% of Beaufort County residents live below the poverty level.

Ad valorem tax collections are expected to remain above 97%. Retail sales are expected to remain relatively flat in fiscal year 20/21 when compared to 19/20.

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

Requests for Information

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

Basic Financial Statements

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CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Assets:				
Current assets:				
Cash and cash equivalents	\$ 12,770,246	\$ 22,978,317	\$ 35,748,563	\$ 379,694
Taxes receivable, net	76,386	-	76,386	-
Accounts receivable, net	1,973,013	7,627,656	9,600,669	20,894
Inventories	47,197	1,226,730	1,273,927	-
Prepaid items	-	-	-	3,863
Internal balances	1,417,006	(1,417,006)	-	-
Restricted cash and investments	6,053	632,635	638,688	-
Security deposits	-	-	-	75
Total current assets	16,289,901	31,048,332	47,338,233	404,526
Non-current assets:				
Capital assets:				
Non-depreciable	8,179,951	10,722,288	18,902,239	-
Depreciable, net	13,828,324	73,096,670	86,924,994	-
Total capital assets	22,008,275	83,818,958	105,827,233	-
Notes receivable, noncurrent	188,000	-	188,000	-
Total non-current assets	22,196,275	83,818,958	106,015,233	-
Total assets	38,486,176	114,867,290	153,353,466	404,526
Deferred Outflows of Resources:				
Pension deferrals	1,825,869	948,898	2,774,767	-
OPEB deferrals	659,965	368,669	1,028,634	-
Total deferred outflows of resources	2,485,834	1,317,567	3,803,401	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,101,802	3,159,646	4,261,448	97,806
Liabilities payable from restricted assets:				
Customer deposits	6,053	632,635	638,688	-
Current portion of long-term liabilities	789,573	880,237	1,669,810	-
Total current liabilities	1,897,428	4,672,518	6,569,946	97,806
Long-term liabilities:				
Due in more than one year	1,045,351	2,997,405	4,042,756	-
Net pension liability (LGERS)	2,621,200	1,606,540	4,227,740	-
Total pension liability (LEOSSA)	1,618,592	-	1,618,592	-
Total OPEB liability	3,828,846	2,138,870	5,967,716	-
Total long-term liabilities	9,113,989	6,742,815	15,856,804	-
Total liabilities	11,011,417	11,415,333	22,426,750	97,806
Deferred Inflows of Resources:				
Pension deferrals	133,067	53,861	186,928	-
OPEB deferrals	115,601	64,577	180,178	-
Total deferred inflows of resources	248,668	118,438	367,106	-
Net Position:				
Net investment in capital assets	20,821,889	80,272,842	101,094,731	-
Restricted for:				
Stabilization by state statute	8,011,803	-	8,011,803	20,969
Permanently restricted for perpetual maintenance - non-expendable	549,853	-	549,853	-
General government	105,983	-	105,983	-
Public safety	80,945	-	80,945	-
Cultural and recreation	24,193	-	24,193	-
Economic and physical development	28,511	-	28,511	-
Tourism promotion	-	-	-	285,751
Unrestricted	88,748	24,378,244	24,466,992	-
Total net position	\$ 29,711,925	\$ 104,651,086	\$ 134,363,011	\$ 306,720

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, 2020

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:	Expenses			
Primary Government:				
Governmental Activities:				
General government	\$ 3,077,596	\$ 984,893	\$ 30,126	\$ -
Public safety	6,930,662	626,924	372,219	-
Transportation	1,632,073	3,354	-	160,981
Environmental protection	553,906	-	-	-
Cultural and recreation	2,472,716	234,333	28,468	35,105
Economic and physical development	213,528	-	-	281,297
Interest on long-term debt	32,865	-	-	-
Total governmental activities	<u>14,913,346</u>	<u>1,849,504</u>	<u>430,813</u>	<u>477,383</u>
Business-Type Activities:				
Water	3,391,267	3,270,821	-	60,455
Sewer	3,478,090	3,266,096	-	-
Electric	29,584,835	32,096,868	247,170	1,739
Stormwater utility	430,891	885,111	-	-
Warren Field Airport	652,240	298,383	67,698	5,137,380
Solid waste	1,538,053	1,404,436	-	-
Cemetery	370,028	177,444	-	1,625
Total business-type activities	<u>39,445,404</u>	<u>41,399,159</u>	<u>314,868</u>	<u>5,201,199</u>
Total primary government	<u>\$ 54,358,750</u>	<u>\$ 43,248,663</u>	<u>\$ 745,681</u>	<u>\$ 5,678,582</u>
Component Unit:				
Tourism Development Authority	<u>\$ 593,181</u>	<u>\$ 112,218</u>	<u>\$ 40,103</u>	<u>\$ -</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (2,062,577)	\$ -	\$ (2,062,577)	\$ -
Public safety	(5,931,519)	-	(5,931,519)	-
Transportation	(1,467,738)	-	(1,467,738)	-
Environmental protection	(553,906)	-	(553,906)	-
Cultural and recreation	(2,174,810)	-	(2,174,810)	-
Economic and physical development	67,769	-	67,769	-
Interest on long-term debt	(32,865)	-	(32,865)	-
Total governmental activities	(12,155,646)	-	(12,155,646)	-
Business-Type Activities:				
Water	-	(59,991)	(59,991)	-
Sewer	-	(211,994)	(211,994)	-
Electric	-	2,760,942	2,760,942	-
Stormwater utility	-	454,220	454,220	-
Warren Field Airport	-	4,851,221	4,851,221	-
Solid waste	-	(133,617)	(133,617)	-
Cemetery	-	(190,959)	(190,959)	-
Total business-type activities	-	7,469,822	7,469,822	-
Total primary government	(12,155,646)	7,469,822	(4,685,824)	-
Component Unit:				
Tourism Development Authority				(440,860)
General Revenues:				
Taxes:				
Ad valorem taxes	4,595,065	-	4,595,065	-
Local option sales tax	2,680,618	-	2,680,618	-
Utility franchise tax	1,230,024	-	1,230,024	-
Local occupancy tax	293,437	-	293,437	284,633
Other taxes and licenses	931,435	-	931,435	-
Interest earnings	226,546	438,598	665,144	9,874
Miscellaneous	-	-	-	8,627
Total general revenues, not including transfers	9,957,125	438,598	10,395,723	303,134
Transfers	2,636,646	(2,636,646)	-	-
Total general revenues and transfers	12,593,771	(2,198,048)	10,395,723	303,134
Change in net position	438,125	5,271,774	5,709,899	(137,726)
Net Position:				
Beginning of year - July 1	29,273,800	99,379,312	128,653,112	444,446
End of year - June 30	\$ 29,711,925	\$ 104,651,086	\$ 134,363,011	\$ 306,720

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 4,127,556	\$ 5,782,828	\$ 9,910,384
Taxes receivable, net	76,386	-	76,386
Accounts receivable, net	1,771,884	201,029	1,972,913
Notes receivable, net	-	188,000	188,000
Due from other funds	1,576,978	-	1,576,978
Inventories	47,197	-	47,197
Restricted cash and investments	6,053	-	6,053
Total assets	<u>\$ 7,606,054</u>	<u>\$ 6,171,857</u>	<u>\$ 13,777,911</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 519,941	\$ 398,035	\$ 917,976
Due to other funds	-	159,972	159,972
Liabilities payable from restricted assets:			
Customer deposits	6,053	-	6,053
Total liabilities	<u>525,994</u>	<u>558,007</u>	<u>1,084,001</u>
Deferred Inflows of Resources:			
Taxes receivable	76,386	-	76,386
EMS receivable	155,382	-	155,382
Total deferred inflows of resources	<u>231,768</u>	<u>-</u>	<u>231,768</u>
Fund Balances:			
Non-spendable, not in spendable form:			
Inventories	47,197	-	47,197
Perpetual maintenance - library care	-	95,395	95,395
Perpetual maintenance - cemetery care	-	454,458	454,458
Restricted:			
Stabilization by state statute	3,856,584	4,155,219	8,011,803
Restricted, all other	211,121	28,511	239,632
Committed	2,521	1,323,393	1,325,914
Assigned	36,111	29,271	65,382
Unassigned	2,694,758	(472,397)	2,222,361
Total fund balances	<u>6,848,292</u>	<u>5,613,850</u>	<u>12,462,142</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,606,054</u>	<u>\$ 6,171,857</u>	<u>\$ 13,777,911</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS **JUNE 30, 2020**

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balance, governmental funds	\$ 12,462,142
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	20,220,097
Net pension liability - LGERS	(2,621,200)
Total OPEB liability	(3,828,846)
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred inflows of resources in the funds.	231,768
Deferred outflows of resources related to pensions are not reported in the funds.	1,825,869
Deferred outflows of resources related to OPEB are not reported in the funds.	659,965
Total pension liability - LEOSSA	(1,618,592)
Internal services funds are used by management to charge the costs of workers' compensation claims, vehicle replacement, and facility maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position in the fund statements.	4,464,348
Long-term liabilities and compensated absences are not due and payable in the current year and, therefore, are not reported in the funds.	(1,834,924)
Deferred inflows of resources related to pensions are not reported in the funds.	(133,067)
Deferred inflows of resources related to OPEB are not reported in the funds.	(115,601)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	(34)
Net position of governmental activities, per Exhibit A	<u>\$ 29,711,925</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 4,593,630	\$ -	\$ 4,593,630
Other taxes and licenses	3,063,012	-	3,063,012
Unrestricted intergovernmental	2,072,502	-	2,072,502
Restricted intergovernmental	626,899	250,748	877,647
Permits and fees	118,230	-	118,230
Sales and services	925,534	-	925,534
Investment earnings	134,541	41,193	175,734
Miscellaneous	77,652	30,549	108,201
Total revenues	<u>11,612,000</u>	<u>322,490</u>	<u>11,934,490</u>
Expenditures:			
Current:			
General government	2,316,230	120,250	2,436,480
Public safety	6,613,129	834,462	7,447,591
Transportation	1,395,887	-	1,395,887
Environmental protection	433,950	7,849	441,799
Cultural and recreation	2,450,641	50,309	2,500,950
Economic and physical development	-	1,262,777	1,262,777
Debt service:			
Principal retirement	137,516	-	137,516
Interest and fees	32,868	-	32,868
Total expenditures	<u>13,380,221</u>	<u>2,275,647</u>	<u>15,655,868</u>
Revenues over (under) expenditures	<u>(1,768,221)</u>	<u>(1,953,157)</u>	<u>(3,721,378)</u>
Other Financing Sources (Uses):			
Transfers from other funds	2,029,474	5,059,003	7,088,477
Transfers to other funds	<u>(4,283,372)</u>	<u>(168,459)</u>	<u>(4,451,831)</u>
Total other financing sources (uses)	<u>(2,253,898)</u>	<u>4,890,544</u>	<u>2,636,646</u>
Net change in fund balances	(4,022,119)	2,937,387	(1,084,732)
Fund Balances:			
Beginning of year - July 1	<u>10,870,411</u>	<u>2,676,463</u>	<u>13,546,874</u>
End of year - June 30	<u>\$ 6,848,292</u>	<u>\$ 5,613,850</u>	<u>\$ 12,462,142</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Total net change in fund balances - governmental funds (Exhibit D)	\$ (1,084,732)
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.	2,918,604
Transfers of capital assets from business-type to governmental activities are not reflected as transfers in the governmental fund financials as they are not outflows of current financial resources.	11,781
Depreciation is recognized as an expense in the Statement of Activities. However, it is not reported in the governmental funds.	(861,654)
In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	(50,675)
Property taxes and EMS fees	(6,120)
Pension expense - LEOSA	7,658
Pension expense - LGERS	(515,036)
OPEB plan expense	(129,582)
Principal repayments are expenditures in the fund financial statements. However, it reduces long-term debt in the Statement of Net Position.	137,516
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	3
Consolidation adjustment for the Internal Service Fund and the governmental funds	102,928
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	<u>(92,566)</u>
Change in net position of governmental activities	<u>\$ 438,125</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance From
	Original	Final	Actual	Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 4,542,387	\$ 4,542,387	\$ 4,593,630	\$ 51,243
Other taxes and licenses	3,063,175	3,063,175	3,063,012	(163)
Unrestricted intergovernmental	2,060,410	2,060,410	2,072,502	12,092
Restricted intergovernmental	410,747	514,355	626,899	112,544
Permits and fees	86,500	86,500	118,230	31,730
Sales and services	942,196	1,002,196	925,534	(76,662)
Investment earnings	150,340	150,340	134,541	(15,799)
Miscellaneous	44,500	49,500	77,652	28,152
Total revenues	<u>11,300,255</u>	<u>11,468,863</u>	<u>11,612,000</u>	<u>143,137</u>
Expenditures:				
General government	2,593,982	3,095,247	2,316,230	779,017
Public safety	7,263,105	7,384,071	6,613,129	770,942
Transportation	1,112,986	1,471,967	1,395,887	76,080
Environmental protection	434,378	436,955	433,950	3,005
Cultural and recreation	2,853,135	3,254,309	2,450,641	803,668
Debt service:				
Principal retirement	137,515	137,515	137,516	(1)
Interest and fees	32,940	32,940	32,868	72
Total expenditures	<u>14,428,041</u>	<u>15,813,004</u>	<u>13,380,221</u>	<u>2,432,783</u>
Revenues over (under) expenditures	<u>(3,127,786)</u>	<u>(4,344,141)</u>	<u>(1,768,221)</u>	<u>2,575,920</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,877,985	2,027,985	2,029,474	1,489
Transfers to other funds	(1,814,043)	(4,300,372)	(4,283,372)	17,000
Appropriated fund balance	3,063,844	6,616,528	-	(6,616,528)
Total other financing sources (uses)	<u>3,127,786</u>	<u>4,344,141</u>	<u>(2,253,898)</u>	<u>(6,598,039)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,022,119)</u>	<u>\$ (4,022,119)</u>
Fund Balance:				
Beginning of year - July 1			<u>10,867,890</u>	
End of year - June 30			<u>\$ 6,845,771</u>	

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Major Enterprise Funds					Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund	Warren Field Airport Fund			
Assets:								
Current assets:								
Cash and cash equivalents	\$ 4,048,830	\$ 2,526,497	\$ 14,764,195	\$ 960,449	\$ -	\$ 678,346	\$ 22,978,317	\$ 2,859,862
Accounts receivable, net	640,986	393,991	3,938,461	151,021	2,315,985	187,212	7,627,656	100
Inventories	106,036	53,281	1,025,301	-	42,112	-	1,226,730	-
Restricted cash and investments	60,989	-	571,646	-	-	-	632,635	-
Total current assets	4,856,841	2,973,769	20,299,603	1,111,470	2,358,097	865,558	32,465,338	2,859,962
Non-current assets:								
Non-depreciable capital assets	224,564	79,574	2,347,828	246,638	7,817,924	5,760	10,722,288	-
Capital assets, net of accumulated depreciation	12,266,265	19,129,795	30,869,068	7,808,272	2,641,506	381,764	73,096,670	1,788,178
Total capital assets, net	12,490,829	19,209,369	33,216,896	8,054,910	10,459,430	387,524	83,818,958	1,788,178
Total non-current assets	12,490,829	19,209,369	33,216,896	8,054,910	10,459,430	387,524	83,818,958	1,788,178
Total assets	17,347,670	22,183,138	53,516,499	9,166,380	12,817,527	1,253,082	116,284,296	4,648,140
Deferred Outflows of Resources:								
Pension deferrals	174,797	174,797	399,537	-	-	199,767	948,898	-
OPEB deferrals	68,272	63,721	163,853	-	4,551	68,272	368,669	-
Total deferred outflows of resources	243,069	238,518	563,390	-	4,551	268,039	1,317,567	-
Liabilities:								
Current liabilities:								
Accounts payable and accrued liabilities	112,596	75,387	2,305,645	12,258	605,948	47,812	3,159,646	183,792
Due to other funds	-	-	-	-	1,417,006	-	1,417,006	-
Liabilities payable from restricted assets:								
Customer deposits	60,989	-	571,646	-	-	-	632,635	-
Current portion of revolving loans	-	215,378	-	-	-	-	215,378	-
Current portion of Recovery Zone Economic Development bonds	-	-	-	333,333	-	-	333,333	-
Current portion of compensated absences	77,879	63,849	123,934	-	1,602	64,262	331,526	-
Total current liabilities	251,464	354,614	3,001,225	345,591	2,024,556	112,074	6,089,524	183,792
Non-current liabilities:								
Net pension liability	295,942	295,942	676,439	-	-	338,217	1,606,540	-
Non-current portion of revolving loans	-	1,497,405	-	-	-	-	1,497,405	-
Non-current portion of Recovery Zone Economic Development bonds	-	-	-	1,500,000	-	-	1,500,000	-
Total OPEB liability	396,087	369,681	950,609	-	26,406	396,087	2,138,870	-
Total non-current liabilities	692,029	2,163,028	1,627,048	1,500,000	26,406	734,304	6,742,815	-
Total liabilities	943,493	2,517,642	4,628,273	1,845,591	2,050,962	846,378	12,832,339	183,792
Deferred Inflows of Resources:								
Pension deferrals	9,921	9,921	22,679	-	-	11,340	53,861	-
OPEB deferrals	11,959	11,161	28,701	-	797	11,959	64,577	-
Total deferred inflows of resources	21,880	21,082	51,380	-	797	23,299	118,438	-
Net Position:								
Net investment in capital assets	12,490,829	17,496,586	33,216,896	6,221,577	10,459,430	387,524	80,272,842	1,788,178
Unrestricted	4,134,537	2,386,346	16,183,340	1,099,212	310,889	263,920	24,378,244	2,676,170
Total net position	\$ 16,625,366	\$ 19,882,932	\$ 49,400,236	\$ 7,320,789	\$ 10,770,319	\$ 651,444	\$ 104,651,086	\$ 4,464,348

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Enterprise Funds					Nonmajor Enterprise Funds	Total	Governmental Activities	
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund	Warren Field Airport Fund			Internal Service Funds	
Operating Revenues:									
Charges for sales and services	\$ 3,115,688	\$ 3,210,118	\$ 31,678,706	\$ 877,751	\$ 282,520	\$ 1,570,035	\$ 40,734,818	\$	845,502
Late penalty charges	16,333	21,879	176,565	5,192	-	-	219,969	-	-
Other	96,703	23,600	138,084	2,168	15,863	4,710	281,128	-	-
Total operating revenues	<u>3,228,724</u>	<u>3,255,597</u>	<u>31,993,355</u>	<u>885,111</u>	<u>298,383</u>	<u>1,574,745</u>	<u>41,235,915</u>		<u>845,502</u>
Operating Expenses:									
Administration	1,021,877	898,817	2,709,697	82,036	-	-	4,712,427	-	-
Wastewater treatment and collection	-	1,638,259	-	-	-	-	1,638,259	-	-
Water treatment and distribution	1,607,281	-	-	-	-	-	1,607,281	-	-
Electrical operations	-	-	3,853,627	-	-	-	3,853,627	-	-
Electric power purchases	-	-	21,665,850	-	-	-	21,665,850	-	-
Warren Field Airport operations	-	-	-	-	495,873	-	495,873	-	-
Solid waste operations	-	-	-	-	-	1,463,930	1,463,930	-	-
Cemetery operations	-	-	-	-	-	353,350	353,350	-	-
Depreciation	762,109	922,396	1,085,484	247,129	156,367	90,801	3,264,286	209,163	-
Insurance claims	-	-	-	-	-	-	-	253,188	-
Construction	-	-	-	-	-	-	-	335,590	-
Total operating expenses	<u>3,391,267</u>	<u>3,459,472</u>	<u>29,314,658</u>	<u>329,165</u>	<u>652,240</u>	<u>1,908,081</u>	<u>39,054,883</u>		<u>797,941</u>
Operating income (loss)	<u>(162,543)</u>	<u>(203,875)</u>	<u>2,678,697</u>	<u>555,946</u>	<u>(353,857)</u>	<u>(333,336)</u>	<u>2,181,032</u>		<u>47,561</u>
Non-Operating Revenues (Expenses):									
Rents	39,811	-	-	-	-	-	39,811	-	-
Recovery of doubtful accounts	1,103	1,280	-	-	-	-	2,383	-	-
Investment earnings	67,367	44,625	254,346	60,115	499	11,646	438,598	50,812	-
Sale of surplus and scrap	490	-	14,081	-	-	-	14,571	-	-
Loss on disposal of capital asset	-	-	(5,349)	-	-	-	(5,349)	-	-
Assessments	-	1,597	-	-	-	-	1,597	-	-
Fines and meters	-	-	10,091	-	-	-	10,091	-	-
Solid waste disposal tax	-	-	-	-	-	7,135	7,135	-	-
Interest expense	-	(18,618)	-	(101,726)	-	-	(120,344)	-	-
Grants funds	-	-	-	-	67,698	-	67,698	-	-
FEMA assistance	-	-	247,170	-	-	-	247,170	-	-
Hurricane FEMA grant expenses	-	-	(264,828)	-	-	-	(264,828)	-	-
Miscellaneous	693	7,622	79,341	-	-	-	87,656	4,555	-
Total non-operating revenues (expenses)	<u>109,464</u>	<u>36,506</u>	<u>334,852</u>	<u>(41,611)</u>	<u>68,197</u>	<u>18,781</u>	<u>526,189</u>		<u>55,367</u>
Income (loss) before capital contributions and transfers	<u>(53,079)</u>	<u>(167,369)</u>	<u>3,013,549</u>	<u>514,335</u>	<u>(285,660)</u>	<u>(314,555)</u>	<u>2,707,221</u>		<u>102,928</u>
Capital Contributions and Transfers:									
Capital contributions	60,455	-	1,739	-	5,137,380	1,625	5,201,199	-	-
Transfers in	-	-	-	-	874,250	126,607	1,000,857	-	-
Transfers out	(523,708)	(215,798)	(2,628,108)	(269,889)	-	-	(3,637,503)	-	-
Total contributions and transfers	<u>(463,253)</u>	<u>(215,798)</u>	<u>(2,626,369)</u>	<u>(269,889)</u>	<u>6,011,630</u>	<u>128,232</u>	<u>2,564,553</u>		<u>-</u>
Change in net position	(516,332)	(383,167)	387,180	244,446	5,725,970	(186,323)	5,271,774		102,928
Net Position:									
Beginning of year - July 1	<u>17,141,698</u>	<u>20,266,099</u>	<u>49,013,056</u>	<u>7,076,343</u>	<u>5,044,349</u>	<u>837,767</u>	<u>99,379,312</u>		<u>4,361,420</u>
End of year - June 30	<u>\$ 16,625,366</u>	<u>\$ 19,882,932</u>	<u>\$ 49,400,236</u>	<u>\$ 7,320,789</u>	<u>\$ 10,770,319</u>	<u>\$ 651,444</u>	<u>\$ 104,651,086</u>		<u>\$ 4,464,348</u>

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

CITY OF WASHINGTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Stormwater Utility Fund	Warren Field Airport Fund	Nonmajor Enterprise Funds		
Cash Flows From Operating Activities:								
Cash received from customers	\$ 3,168,375	\$ 3,309,706	\$ 32,926,966	\$ 872,153	\$ 528,245	\$ 1,612,822	\$ 42,418,267	\$ 850,920
Cash paid to employees for services	(844,973)	(841,197)	(2,264,266)	-	(65,703)	(749,855)	(4,765,994)	(153,557)
Cash paid to suppliers	(1,660,077)	(1,659,030)	(26,365,340)	(78,934)	(431,235)	(1,006,559)	(31,201,175)	(368,215)
Net cash provided (used) by operating activities	663,325	809,479	4,297,360	793,219	31,307	(143,592)	6,451,098	329,148
Cash Flows From Non-Capital Financing Activities:								
Payments to/from other funds	-	-	81,212	-	1,417,006	-	1,498,218	-
Repayments to other funds	-	-	(81,212)	-	-	-	(81,212)	-
Transfers from other funds	-	-	-	-	874,250	126,607	1,000,857	-
Transfers to other funds	(523,708)	(215,798)	(2,628,108)	(269,889)	-	-	(3,637,503)	-
Net cash provided (used) by non-capital financing activities	(523,708)	(215,798)	(2,628,108)	(269,889)	2,291,256	126,607	(1,219,640)	-
Cash Flows From Capital and Related Financing Activities:								
Interest paid on notes, bonds, and loans	-	(18,618)	-	(101,726)	-	-	(120,344)	-
Acquisition of capital assets	(385,962)	(440,294)	(3,130,220)	(185,742)	(5,262,081)	(165,458)	(9,569,757)	(690,755)
Capital contributions	60,455	-	1,739	-	2,851,979	-	2,914,173	-
Grant revenue	42,097	10,499	336,602	-	67,698	7,135	464,031	-
Principal collected on note receivable	-	28,515	-	-	-	-	28,515	-
Principal payments on long-term debt	-	(215,378)	-	(333,333)	-	-	(548,711)	-
Net cash provided (used) by capital and related financing activities	(283,410)	(635,276)	(2,791,879)	(620,801)	(2,342,404)	(158,323)	(6,832,093)	(690,755)
Cash Flows From Investing Activities:								
Investment earnings	67,367	44,625	254,346	60,115	499	11,646	438,598	50,812
Net cash provided (used) by investing activities	67,367	44,625	254,346	60,115	499	11,646	438,598	50,812
Net increase (decrease) in cash and cash equivalents/investments	(76,426)	3,030	(868,281)	(37,356)	(19,342)	(163,662)	(1,162,037)	(310,795)
Cash and Cash Equivalents/Investments:								
Beginning of year - July 1	4,186,245	2,523,467	16,204,122	997,805	19,342	842,008	24,772,989	3,170,657
End of year - June 30	\$ 4,109,819	\$ 2,526,497	\$ 15,335,841	\$ 960,449	\$ -	\$ 678,346	\$ 23,610,952	\$ 2,859,862
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating income (loss)	\$ (162,543)	\$ (203,875)	\$ 2,678,697	\$ 555,946	\$ (353,857)	\$ (333,336)	\$ 2,181,032	\$ 47,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Depreciation	762,109	922,396	1,085,484	247,129	156,367	90,801	3,264,286	209,163
Non-operating (expenses)	-	-	(250,747)	-	-	-	(250,747)	-
Non-operating revenues	-	-	-	-	-	-	-	4,555
Change in assets and liabilities:								
(Increase) decrease in accounts receivable	(69,158)	54,109	870,499	(12,958)	229,862	38,077	1,110,431	863
(Increase) decrease in inventories	5,401	18,381	48,529	-	3,160	-	75,471	-
(Increase) decrease in deferred outflows of resources - pensions	32,794	32,794	74,956	-	-	37,478	178,022	-
(Increase) decrease in deferred outflows of resources - OPEB	(17,197)	(11,036)	(33,020)	-	(1,439)	(9,579)	(72,271)	-
Increase (decrease) in deferred inflows of resources - pensions	(2,144)	(2,144)	(4,900)	-	-	(2,449)	(11,637)	-
Increase (decrease) in deferred inflows of resources - OPEB	(1,969)	(3,760)	(3,131)	-	(198)	(2,962)	(12,020)	-
Increase (decrease) in net pension liability	27,499	27,499	62,856	-	-	31,428	149,282	-
Increase (decrease) in accounts payable and accrued liabilities	39,607	(11,222)	(410,208)	3,102	(3,832)	(2,520)	(385,073)	67,006
Increase (decrease) in customer deposits	8,809	-	49,031	-	-	-	57,840	-
Increase (decrease) in compensated absences payable	9,360	8,080	13,743	-	933	4,807	36,923	-
Increase (decrease) in OPEB liability	30,757	(21,743)	115,571	-	311	4,663	129,559	-
Net cash provided (used) by operating activities	\$ 663,325	\$ 809,479	\$ 4,297,360	\$ 793,219	\$ 31,307	\$ (143,592)	\$ 6,451,098	\$ 329,148
Non-Cash Investing, Capital, and Financing Activities:								
Transfer of capital assets	\$ -	\$ -	\$ (5,349)	\$ -	\$ (8,057)	\$ 1,625	\$ (11,781)	\$ -

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

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Notes to Basic Financial Statements

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CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

City of Washington Tourism Development Authority

The City of Washington Tourism Development Authority (TDA) is governed by members appointed by the City Council of the City. The City is financially accountable for the TDA, as the TDA derives its revenues through a special room tax authorized and, collected by the City. Creation of the Tourism Development Authority is required by the state statute to use the funds remitted to promote travel and tourism and shall use the remainder for tourism related expenditures, SL 1991-158. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the TDA may be obtained by writing Washington Tourism Development Authority, Post Office Box 1765, Washington, North Carolina 27889.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

The City reports the following major governmental fund:

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds. Special revenue funds account for specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. The City maintains one special revenue fund: the CDBG Program Income Fund.

Capital Project Funds. The City maintains 13 capital project funds: the New Police Station Fund, the Public Safety Capital Reserve Fund, the Facade Program Fund, the Way Finding Project Fund, the Havens Garden Park Pier Fund, the Financial and Utility Software Project Fund, the Downtown Revitalization Grant 2018 Fund, the Castle Island CDBG Grant, the Streetscape Improvement Fund, the Library Expansion Fund, the Kayak Access Grant, the EPA Brownsfield Grant Fund, and the CDBG-NR Fund.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 wastewater system.

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

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

Warren Field Airport Fund. This fund accounts for the operations of the City's airfield operations.

For financial reporting purposes, the Water Capital Reserve Fund, the DOT Bridge #3 Pipeline Relocation, Water Capital Project Fund, and the Water Asset Inventory Grant #H-AIA-D-20-0192 funds have been consolidated with the Water Fund. The Sewer Capital Reserve Fund, the Wastewater Asset Inventory grant, and the Sewer Plant Expansion Fund funds have been consolidated with the Sewer Fund. The DOT Highway 17 Electric Relocation and the Electric Capital Project Fund funds have been consolidated with the Electric Fund. The Stormwater Capital Projects Fund has been consolidated with the Stormwater Utility Fund. The Airport Runway Capital Project Fund, the Airport Rehabilitation Capital Project Fund, the Corporate Hanger Design Grant Fund, the Airport Taxiway/Apron Pavement Rehabilitation 36244.51.11.2, and the Airport Pavement Rehabilitation 36237.38.17.1 have been consolidated with the Warren Field Airport Fund.

The City reports the following nonmajor enterprise funds:

The City has two nonmajor enterprise funds: The Solid Waste Fund and the Cemetery Fund.

Internal Service Funds. The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The Workers' Compensation Reserve Fund is used to finance and account for the City's Workers' Compensation Insurance program. The Vehicle Replacement Reserve Fund is used to finance and account for the City's General Fund vehicle replacements. The Facility Maintenance Reserve Fund is used to finance and account for maintenance and rehabilitation of City facilities.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the government are recognized as revenue. Sales taxes are considered a shared revenue for the City of Washington because the tax is levied by Beaufort County and then remitted to and distributed by the state. Intergovernmental revenues, sales and services, and fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Licenses, fines, permits, and other revenue are not susceptible to accrual because they are generally not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

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

D. Budgetary Data

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Economic Development Capital Reserve Fund, certain special revenue funds, capital project funds, permanent funds, and enterprise funds. The CDBG Program Income Special Revenue Fund has a legally adopted annual budget. Capital project funds that have legally adopted annual budgets are the Facade Program Fund and the Public Safety Capital Reserve Fund. The Water Capital Reserve Fund and the Sewer Capital Reserve Fund have legally adopted annual budgets, which are combined with the enterprise funds in the accompanying financial statements. All appropriations lapse at the fiscal year-end. All other special revenue funds and capital project funds have legally adopted project budgets. The DOT Bridge #3 Pipeline Relocation, CDBG-NR # 14-D-2971, Streetscape Improvement, Haven Gardens, Downtown Revitalization, Police Station, Financial Software, Way Finding, Airport Runway, Airport Rehab, Corporate Hanger, Airport Taxiway/Apron Pavement Rehab, Airport Pavement Rehab, Castle Island, Kayak Access, EPA Brownfields, Library Expansion, DOT Hwy 17 Electric Relocation, Water Capital Project, Water Asset Inventory Grant, Wastewater Asset Inventory Grant, Sewer Plant Expansion, Electric Capital Project, and Stormwater Capital Project legally adopt a project budget. The City's Workers' Compensation Reserve Fund, Vehicle Replacement Reserve Fund, and Facility Maintenance Reserve Fund, internal service funds, operate under a financial plan, which were adopted by the governing Board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Deposits

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

Investments

State law [G.S. 159-30(c)] authorizes the City and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The City's and the TDA's investments are reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Restricted Assets

For the purposes of reporting cash flows, the City's restricted assets are considered to be cash and/or cash equivalents. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

City of Washington Restricted Cash

Governmental Activities:

General Fund - customer deposits	\$ 6,053
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Business-Type Activities:

Enterprise Funds:

Water Fund - customer deposits	60,989
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Electric Fund - customer deposits	571,646
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Total business-type activities	\$ 632,635
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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, 2019.

Allowance for Uncollectible Accounts

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

Inventories and Prepaid Items

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City's capital assets are recorded at original cost or at estimated historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet these criteria – pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criteria, for this category – property taxes receivable, EMS receivable, and pension and OPEB related deferrals.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Long-Term Obligations

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

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

Compensated Absences

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

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

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

Net Position

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Restricted fund balance at June 30, 2020 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, all other:		
General government	\$ 105,983	\$ -
Public safety	80,945	-
Economic and physical development	-	28,511
Cultural and recreational	24,193	-
Total	<u>\$ 211,121</u>	<u>\$ 28,511</u>

Committed Fund Balance

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

Committed for General Government – portion of fund balance that has been budgeted by the City Council for financial and utility software.

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

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

Committed fund balance at June 30, 2020 is as follows:

Purpose	General Fund	Other Governmental Funds
Economic development	\$ 2,521	\$ 2,357
General government	-	30,539
Public safety	-	1,290,497
Total	<u>\$ 2,521</u>	<u>\$ 1,323,393</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Assigned Fund Balance

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

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

Assigned for Streets – portion of fund balance budgeted by City Council for future projects.

Assigned fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	Other	
	General Fund	Governmental Funds
Economic and physical development	\$ -	\$ 29,271
Streets	36,111	-
Total	<u>\$ 36,111</u>	<u>\$ 29,271</u>

Unassigned Fund Balance

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Total fund balance - General Fund	\$ 6,848,292
Less:	
Inventories	47,197
Stabilization by state statute	<u>3,856,584</u>
Total available fund balance	<u>\$ 2,944,511</u>

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2020 are detailed as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>
Encumbrances	\$ <u>663,104</u>	\$ <u>3,766,190</u>	\$ <u>23,494</u>

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

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

Fund balance, ending - General Fund (Exhibit F)	\$ 6,845,771
Fund balance, beginning	<u>2,521</u>
Fund balance, ending - General Fund (Exhibit D)	<u>\$ 6,848,292</u>

F. Defined Benefit Cost-Sharing Plans

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. Detail Notes on All Funds

Assets

Deposits

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

At June 30, 2020, the City's deposits had a carrying amount of \$15,005,234 and a bank balance of \$15,442,167. Of the bank balance, \$295,080 was covered by federal depository insurance, and \$15,147,087 was covered by collateral held under the Pooling Method. The City also had \$1,395 in petty cash on hand at June 30, 2020.

At June 30, 2020, the TDA's deposits had a carrying amount of \$39,530 and a bank balance of \$50,607, all of which was covered by federal deposit insurance. The TDA also had \$50 in petty cash at June 30, 2020.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Investments

As of June 30, 2020, the City had the following investments and maturities.

Investment Type	Valuation	Fair Value	Less Than 6 Months	6-12 Months
	Measurement Method			
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	\$ 681,241	\$ 681,241	N/A
NC Capital Management Trust Term Portfolio*	Fair Value - Level 1	20,699,381	20,699,381	\$ -
Total investments		<u>\$ 21,380,622</u>	<u>\$ 21,380,622</u>	<u>\$ -</u>

*As of June 30, 2020, the NCCMT Term Portfolio had a duration of .15 years. Because the NC Capital Management Trust Government and Term Portfolio have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P. The NCCMT Term Portfolio has no rating.

At June 30, 2020, the Authority had an investment of \$340,114 in the North Carolina Capital Management Trust.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The City of Washington does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a rating of AAAm by Standard & Poor's as of June 30, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. Accounts Receivable – Allowance for Doubtful Accounts

The receivables shown in the statement of Net Position at June 30, 2020 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2020</u>
Governmental Activities:	
General Fund:	
Taxes receivable	\$ 176,979
Miscellaneous	108,677
Total governmental activities	<u>\$ 285,656</u>
Business-Type Activities:	
Enterprise Funds:	
Water Fund - accounts receivable	\$ 83,251
Water Fund - miscellaneous receivable	1,326
Sewer Fund - accounts receivable	100,224
Sewer Fund - miscellaneous receivable	764
Electric Fund - accounts receivable	633,156
Electric Fund - miscellaneous receivable	42,869
Stormwater Utility Fund - accounts receivable	16,951
Solid Waste Fund - accounts receivable	3,474
Total business-type activities	<u>\$ 882,015</u>

4. Notes Receivable

The City issued a note receivable on July 12, 1999 in the amount of \$188,000 in the CDBG Program Income Fund of which the total principal is due on August 1, 2034. Interest is calculated at 1% and is due monthly. The amount outstanding at June 30, 2020 is \$188,000.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Governmental Funds:					
Non-Depreciable Capital Assets:					
Land	\$ 5,312,820	\$ -	\$ -	\$ -	\$ 5,312,820
Construction in progress	868,287	2,134,983	(48,128)	(88,011)	2,867,131
Total non-depreciable capital assets	<u>6,181,107</u>	<u>2,134,983</u>	<u>(48,128)</u>	<u>(88,011)</u>	<u>8,179,951</u>
Depreciable Capital Assets:					
Buildings	12,079,713	420,852	-	88,011	12,588,576
Streets and other improvements	11,843,099	69,797	-	-	11,912,896
General equipment	1,440,160	217,796	(5,690)	15,751	1,668,017
Office machines	1,254,645	64,329	(5,933)	-	1,313,041
Furniture	90,954	-	-	-	90,954
Vehicles	3,041,778	10,847	(54,604)	41,980	3,040,001
Total depreciable capital assets	<u>29,750,349</u>	<u>783,621</u>	<u>(66,227)</u>	<u>145,742</u>	<u>30,613,485</u>
Less Accumulated Depreciation:					
Buildings	7,085,589	348,679	-	-	7,434,268
Streets	5,832,098	264,402	-	-	6,096,500
General equipment	1,170,637	185,674	(5,680)	9,321	1,359,952
Office machines	1,081,145	62,707	(5,933)	-	1,137,919
Furniture	87,387	192	-	-	87,579
Vehicles	2,472,559	-	(52,067)	36,629	2,457,121
Total accumulated depreciation	<u>17,729,415</u>	<u>\$ 861,654</u>	<u>\$ (63,680)</u>	<u>\$ 45,950</u>	<u>18,573,339</u>
Total depreciable capital assets, net	<u>12,020,934</u>				<u>12,040,146</u>
Total capital assets, net	<u>18,202,041</u>				<u>20,220,097</u>
Vehicle Replacement Internal Service Fund:					
Depreciable Capital Assets:					
Vehicles	<u>1,774,679</u>	<u>\$ 690,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,465,434</u>
Less Accumulated Depreciation:					
Vehicles	<u>468,093</u>	<u>209,163</u>	<u>-</u>	<u>-</u>	<u>677,256</u>
Total accumulated depreciation	<u>468,093</u>	<u>\$ 209,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>677,256</u>
Total depreciable capital assets, net	<u>1,306,586</u>				<u>1,788,178</u>
Total Internal Service Fund capital assets, net	<u>1,306,586</u>				<u>1,788,178</u>
Total governmental activities capital assets, net	<u>\$ 19,508,627</u>				<u>\$ 22,008,275</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Governmental Activities:

General government	\$ 411,338
Public safety	109,595
Transportation	217,504
Cultural and recreational	123,217
Total	<u>\$ 861,654</u>

Capital asset activity for the business-type activities for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 117,538	\$ -	\$ -	\$ -	\$ 117,538
Construction in progress	48,048	93,328	-	(34,350)	107,026
Total non-depreciable capital assets	<u>165,586</u>	<u>93,328</u>	<u>-</u>	<u>(34,350)</u>	<u>224,564</u>
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	18,190,328	120,425	-	34,350	18,345,103
Buildings	7,165,906	26,156	-	-	7,192,062
Furniture and office equipment	804,442	-	-	-	804,442
General and mobile equipment	5,011,221	146,053	(27,283)	(16,450)	5,113,541
Total depreciable capital assets	<u>31,171,897</u>	<u>292,634</u>	<u>(27,283)</u>	<u>17,900</u>	<u>31,455,148</u>
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	9,684,213	376,061	-	-	10,060,274
Buildings	4,337,806	182,063	-	-	4,519,869
Furniture and office equipment	770,380	4,757	-	-	775,137
General and mobile equipment	3,678,108	199,228	(27,283)	(16,450)	3,833,603
Total accumulated depreciation	<u>18,470,507</u>	<u>\$ 762,109</u>	<u>\$ (27,283)</u>	<u>\$ (16,450)</u>	<u>19,188,883</u>
Total depreciable capital assets, net	<u>12,701,390</u>				<u>12,266,265</u>
Water Fund capital assets, net	<u>\$ 12,866,976</u>				<u>\$ 12,490,829</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 25,481	\$ -	\$ -	\$ -	\$ 25,481
Construction in progress	17,702	187,748	-	(151,357)	54,093
Total non-depreciable capital assets	<u>43,183</u>	<u>187,748</u>	<u>-</u>	<u>(151,357)</u>	<u>79,574</u>
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	40,278,555	164,067	-	151,357	40,593,979
Buildings	2,446,679	24,800	-	-	2,471,479
Furniture and office equipment	114,259	-	-	-	114,259
General and mobile equipment	1,735,770	63,679	-	-	1,799,449
Total depreciable capital assets	<u>44,575,263</u>	<u>252,546</u>	<u>-</u>	<u>151,357</u>	<u>44,979,166</u>
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	21,605,424	763,918	-	-	22,369,342
Buildings	2,202,007	16,723	-	-	2,218,730
Furniture and office equipment	100,606	7,478	-	-	108,084
General and mobile equipment	1,018,938	134,277	-	-	1,153,215
Total accumulated depreciation	<u>24,926,975</u>	<u>\$ 922,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>25,849,371</u>
Total depreciable capital assets, net	<u>19,648,288</u>				<u>19,129,795</u>
Sewer Fund capital assets, net	<u>\$ 19,691,471</u>				<u>\$ 19,209,369</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 87,287	\$ -	\$ -	\$ -	\$ 87,287
Construction in progress	1,904,749	1,964,196	-	(1,608,404)	2,260,541
Total non-depreciable capital assets	<u>1,992,036</u>	<u>1,964,196</u>	<u>-</u>	<u>(1,608,404)</u>	<u>2,347,828</u>
Depreciable Capital Assets:					
Plant, substations, lines, and distribution system	62,671,715	727,161	-	1,608,404	65,007,280
Buildings	669,004	7,269	-	-	676,273
Furniture and office equipment	296,491	-	-	-	296,491
General and mobile equipment	8,714,621	431,594	(39,143)	(27,910)	9,079,162
Total depreciable capital assets	<u>72,351,831</u>	<u>1,166,024</u>	<u>(39,143)</u>	<u>1,580,494</u>	<u>75,059,206</u>
Less Accumulated Depreciation:					
Plant, substations, lines, and distribution system	35,177,876	769,505	-	-	35,947,381
Buildings	477,666	14,569	-	-	492,235
Furniture and office equipment	255,567	13,115	-	-	268,682
General and mobile equipment	7,255,249	288,295	(39,143)	(22,561)	7,481,840
Total accumulated depreciation	<u>43,166,358</u>	<u>\$ 1,085,484</u>	<u>\$ (39,143)</u>	<u>\$ (22,561)</u>	<u>44,190,138</u>
Total depreciable capital assets, net	<u>29,185,473</u>				<u>30,869,068</u>
Electric Fund capital assets, net	<u>\$ 31,177,509</u>				<u>\$ 33,216,896</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 175,338	\$ -	\$ -	\$ -	\$ 175,338
Construction in progress	-	71,300	-	-	71,300
Total non-depreciable capital assets	<u>175,338</u>	<u>71,300</u>	<u>-</u>	<u>-</u>	<u>246,638</u>
Depreciable Capital Assets:					
Drainage system	10,542,546	-	-	-	10,542,546
General and mobile equipment	283,755	114,442	(11,152)	-	387,045
Total depreciable capital assets	<u>10,826,301</u>	<u>114,442</u>	<u>(11,152)</u>	<u>-</u>	<u>10,929,591</u>
Less Accumulated Depreciation:					
Drainage system	2,622,492	235,051	-	-	2,857,543
General and mobile equipment	262,850	12,078	(11,152)	-	263,776
Total accumulated depreciation	<u>2,885,342</u>	<u>\$ 247,129</u>	<u>\$ (11,152)</u>	<u>\$ -</u>	<u>3,121,319</u>
Total depreciable capital assets, net	<u>7,940,959</u>				<u>7,808,272</u>
Stormwater Fund capital assets, net	<u>\$ 8,116,297</u>				<u>\$ 8,054,910</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 1,266,648	\$ -	\$ -	\$ -	\$ 1,266,648
Construction in progress	859,882	5,691,394	-	-	6,551,276
Total non-depreciable capital assets	<u>2,126,530</u>	<u>5,691,394</u>	<u>-</u>	<u>-</u>	<u>7,817,924</u>
Depreciable Capital Assets:					
Runways	5,206,697	12,924	-	-	5,219,621
Buildings	1,542,434	-	-	-	1,542,434
General and mobile equipment	725,873	31,829	(12,641)	(19,108)	725,953
Total depreciable capital assets	<u>7,475,004</u>	<u>44,753</u>	<u>(12,641)</u>	<u>(19,108)</u>	<u>7,488,008</u>
Less Accumulated Depreciation:					
Runways	3,848,154	77,464	-	-	3,925,618
Buildings	366,085	62,028	-	-	428,113
General and mobile equipment	499,588	16,875	(12,641)	(11,051)	492,771
Total accumulated depreciation	<u>4,713,827</u>	<u>\$ 156,367</u>	<u>\$ (12,641)</u>	<u>\$ (11,051)</u>	<u>4,846,502</u>
Total depreciable capital assets, net	<u>2,761,177</u>				<u>2,641,506</u>
Airport Fund capital assets, net	<u>\$ 4,887,707</u>				<u>\$ 10,459,430</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
General and mobile equipment	\$ 1,218,188	\$ 156,485	\$ (86,727)	\$ -	\$ 1,287,946
Less Accumulated Depreciation:					
General and mobile equipment	1,067,577	74,123	(86,727)	-	1,054,973
Total accumulated depreciation	1,067,577	\$ 74,123	\$ (86,727)	\$ -	1,054,973
Total depreciable capital assets, net	150,611				232,973
Solid Waste Fund capital assets, net	<u>\$ 150,611</u>				<u>\$ 232,973</u>
Cemetery Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 5,760	\$ -	\$ -	\$ -	\$ 5,760
Depreciable Capital Assets:					
Buildings	79,423	-	-	-	79,423
General and mobile equipment	134,266	8,973	-	5,738	148,977
Total depreciable capital assets	213,689	8,973	-	5,738	228,400
Less Accumulated Depreciation:					
Buildings	4,919	1,765	-	-	6,684
General and mobile equipment	53,899	14,913	-	4,113	72,925
Total accumulated depreciation	58,818	\$ 16,678	\$ -	\$ 4,113	79,609
Total depreciable capital assets, net	154,871				148,791
Cemetery Fund capital assets, net	<u>\$ 160,631</u>				<u>\$ 154,551</u>

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2020 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts and vouchers	\$ 974,819	\$ 3,086,142	\$ 4,060,961
Accrued payroll and related liabilities	126,949	65,906	192,855
Accrued interest payable	34	7,598	7,632
Total accounts payable and accrued liabilities	<u>\$ 1,101,802</u>	<u>\$ 3,159,646</u>	<u>\$ 4,261,448</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

7. Pension Plan Obligations

Local Government Employees' Retirement System

Plan Description. The City is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Washington employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2020 was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$981,029 for the year ended June 30, 2020.

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

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

At June 30, 2020, the City reported a liability of \$4,227,740 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was 0.15481%, which was a decrease of 0.007% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,811,733. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 723,896	\$ -
Changes of assumptions	689,052	-
Net difference between projected and actual earnings on pension plan investments	103,121	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	141,744
City contributions subsequent to the measurement date	981,029	-
Total	<u>\$ 2,497,098</u>	<u>\$ 141,744</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$981,029 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2021	\$ 693,215
2022	197,255
2023	380,743
2024	103,112
Total	<u>\$ 1,374,325</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 9,669,615</u>	<u>\$ 4,227,740</u>	<u>\$ 295,560</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the Plan. All full-time law enforcement officers of the City are covered by the Separation Allowance.

At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>33</u>
Total	<u><u>38</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumption used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

Deaths before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

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

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The City's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$138,843 as benefits came due for the reporting period.

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

At June 30, 2020, the City reported a total pension liability of \$1,618,592. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$140,076.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,349	\$ 5,481
Changes of assumptions	69,673	39,703
City benefit payments and plan administrative expense made subsequent to the measurement date	73,647	-
Total	<u>\$ 277,669</u>	<u>\$ 45,184</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$73,647 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows or deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 39,555
2022	39,915
2023	39,635
2024	34,485
2025	5,248
Thereafter	-
Total	<u>\$ 158,838</u>

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.26%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 1,736,612</u>	<u>\$ 1,618,592</u>	<u>\$ 1,510,246</u>

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

	2020
Beginning balance	\$ 1,477,260
Service cost	48,837
Interest on the total pension liability	51,245
Differences between expected and actual experience in the measurement of the total pension liability	137,815
Changes of assumptions or other inputs	42,278
Benefit payments	<u>(138,843)</u>
Ending balance of the total pension liability	<u>\$ 1,618,592</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2017 to 3.26% at December 31, 2018.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Supplemental Retirement Income Plans for Law Enforcement Officers and Others

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$150,282, which consisted of \$82,322 from the City and \$67,960 from the law enforcement officers. In addition, the City has elected to contribute \$50 bi-weekly in flex funds for other employees. Other employees may also make voluntary contributions to their plan. Contributions to this plan for other employees for the year ended June 30, 2020 were \$330,007, which consisted of \$116,890 from the City and \$216,117 from the employees. No amounts were forfeited.

Other Employment Benefits

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 4,227,740	\$ -	\$ 4,227,740
Proportion of the net pension liability (asset)	0.15481%	NA	-
Total pension liability	-	1,618,592	1,618,592
Pension expense	1,811,733	140,076	1,951,809

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 723,896	\$ 134,349	\$ 858,245
Changes of assumptions	689,052	69,673	758,725
Net difference between projected and actual earnings on pension plan investments	103,121	-	103,121
City contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>981,029</u>	<u>73,647</u>	<u>1,054,676</u>
Total	<u>\$ 2,497,098</u>	<u>\$ 277,669</u>	<u>\$ 2,774,767</u>

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ 5,481	\$ 5,481
Changes of assumptions	-	39,703	39,703
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>141,744</u>	<u>-</u>	<u>141,744</u>
Total	<u>\$ 141,744</u>	<u>\$ 45,184</u>	<u>\$ 186,928</u>

Other Post-Employment Benefits

Plan Description. According to a City resolution, the City provides post-employment healthcare benefits to retirees with 30 years of credible service as recognized by the North Carolina Local Governmental Employees' Retirement System, a single-employer defined benefit plan, and have at least ten years of creditable service with the City. The City pays the full cost of coverage for these benefits until such employees become covered by Medicare.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. The City obtains healthcare coverage through Blue Cross Blue Shield directly. The City Council may amend the benefit provisions. A separate report is not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

Membership of the Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	30
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>218</u>
Total	<u><u>248</u></u>

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

Total OPEB Liability

The City's total OPEB liability of \$5,967,716 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases	
General employees	3.50-7.75 percent
Firefighters	3.50-7.75 percent
Law enforcement officers	3.50-7.35 percent
Municipal bond index rate	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 5,584,318
Changes for the year:	
Service cost	206,727
Interest	211,630
Differences between expected and actual experience	23,209
Changes of assumptions or other inputs	232,542
Benefit payments	(290,710)
Net changes	383,398
Balance at June 30, 2020	\$ 5,967,716

The City selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-Year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 6,615,667	\$ 5,967,716	\$ 5,392,779

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 5,255,002	\$ 5,967,716	\$ 6,824,519

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$506,891. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 468,803	\$ -
Changes of assumptions	254,718	180,178
Benefit payments and plan administrative expense made subsequent to the measurement date	305,113	-
Total	\$ 1,028,634	\$ 180,178

\$305,113 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2021	\$ 81,873
2022	81,873
2023	81,873
2024	81,873
2025	81,873
Thereafter	133,978
Total	\$ 543,343

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 2,774,767
OPEB deferrals	1,028,634
Total	<u>\$ 3,803,401</u>

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

<u>Source</u>	<u>Amount</u>
Property taxes receivable (General Fund)	\$ 76,386
EMS receivable (General Fund)	155,382
Pension deferrals	186,928
OPEB deferrals	180,178
Total	<u>\$ 598,874</u>

9. Commitments

Construction

The City had outstanding commitments at June 30, 2020 of \$1,987,050 for electric projects, \$352,865 for water and sewer improvements, \$10,403 for storm water drainage improvements, \$604,523 for solid waste projects, and \$786,071 for airport improvements.

Purchases

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

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

pool, the City obtains general liability and auto liability coverage of \$2 million per occurrence and property coverage on a scheduled basis. This pool is reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professional's liability and public officials' liability in excess of \$1,000,000 and property in excess of \$500,000 for the 7/1/19-7/1/20 policy period. Specific information on the limits of the reinsurance can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pool is audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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

The City's Workers' Compensation Reserve Internal Service Fund was established in 2010 to account for a limited risk, self-insurance program to provide workers' compensation benefits to City employees. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon the claims experience of the insured funds. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An excess coverage insurance policy provides for individual claims in excess of \$600,000, with the exception of \$750,000 for police and fire. A total of \$253,188 in claims was incurred for benefits during fiscal year 2020.

Claims Liability

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid claims, beginning of year	\$ 84,161	\$ 89,990
Incurred claims (including claims incurred, but not reported, as of fiscal year-end)	253,188	182,015
Payments and reduction in claims estimates	<u>(153,557)</u>	<u>(187,844)</u>
Unpaid claims, end of year	<u>\$ 183,792</u>	<u>\$ 84,161</u>

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

In accordance with G.S. 159-29, City employees who have access to \$100 or more of City funds at any given time are performance bonded through a commercial surety bond. The Director of Finance is bonded individually for \$50,000. Also, the Tax Collector is bonded individually for \$10,000. The remaining employees who have access to funds are bonded under a blanket bond for \$100,000.

At June 30, 2020, the City was a defendant to various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. Long-Term Obligations

Revolving Loans Payable

On November 17, 2003, the City was approved for a maximum loan amount of \$2,986,000 from the United States Environmental Protection Agency, passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the City of Washington Waste Water Treatment Plant – Phase II. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 2.42% for 20 years beginning six months after the completion of the project. The City began repayment of the loan in the fiscal year ended June 30, 2006. The loan repayment schedule based on a loan amount of \$2,636,105 calls for equal principal repayments of \$131,805 annually for 20 years. The total amount outstanding at June 30, 2020 was \$659,026.

On April 23, 2012, the City was approved for a maximum loan amount of \$600,000 from the United States Environmental Protection Agency, passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of the Main and Respress Lift Station. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 15 years beginning May 2013. The loan repayment calls for equal principal repayments of \$36,697 annually for 15 years. The total amount outstanding at June 30, 2020 was \$256,885.

On June 30, 2017, the City was approved for a maximum loan amount of \$1,437,496 with principal forgiveness of \$500,000 from United States Environmental Protection Agency, passed through the North Carolina Department of Environmental Quality under the clean water state revolving funds. The loan proceeds are being used for a sanitary sewer project. The loan is being reported as long-term debt in the Sewer Fund and is repayable at 0.00% for 20 years beginning May 2018. The loan repayment calls for equal principal payments of \$46,875 annually for 20 years. The total amount outstanding at June 30, 2020 was \$796,872.

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 215,378	\$ 15,948	\$ 231,326
2022	215,378	12,759	228,137
2023	215,378	9,569	224,947
2024	215,378	6,379	221,757
2025	215,378	3,190	218,568
2026-2030	635,893	-	635,893
Total	<u>\$ 1,712,783</u>	<u>\$ 47,845</u>	<u>\$ 1,760,628</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City's outstanding notes from direct borrowings related to business-type activities of \$659,026 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

The City's outstanding notes from direct borrowings related to business-type activities of \$256,885 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

The City's outstanding notes from direct borrowings related to business-type activities of \$796,872 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

Installment Notes Payable

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

<u>Purpose and Collateral</u>	<u>Issue Date</u>	<u>Issue Amount</u>	<u>Terms of Issuance</u>	<u>Interest Rates</u>	<u>Balance June 30, 2020</u>
Governmental Activities:					
Refinance fire station	3/15/2013	\$ 2,075,000	Annual installment of \$166,970 due through March 2028	2.58%	<u>\$ 1,171,719</u>

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

Governmental Activities:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 138,368	\$ 28,602	\$ 166,970
2022	141,981	24,989	166,970
2023	145,687	21,283	166,970
2024	149,491	17,479	166,970
2025	153,394	13,576	166,970
2026-2030	<u>442,798</u>	<u>16,370</u>	<u>459,168</u>
Total	<u>\$ 1,171,719</u>	<u>\$ 122,299</u>	<u>\$ 1,294,018</u>

The City has outstanding notes from direct placements related to governmental activities totaling \$1,171,719. The City has pledged the mortgaged property as collateral for the notes from direct borrowings related to governmental activities. The City's outstanding notes from direct borrowings related to governmental activities of \$1,171,719 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments immediately due and payable; (2) proceed by appropriate court action to enforce the City's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in the financing agreement, and recovery of attorneys' fees and other expenses.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Recovery Zone Economic Development Bonds

On December 10, 2010, the City issued \$5,040,000 Recovery Zone Economic Development bonds. The proceeds are being used for stormwater drainage improvements and a roof replacement at Fire Station #1. The loan is being reported as long-term debt in the Stormwater Fund and the governmental activities and is repayable at 2.695%. The bonds are due in semi-annual equal principal repayments of \$336,000 annually for 15 years. Recovery Zone Economic Development bonds payable and future maturities at June 30, 2020 are comprised of the following:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 2,667	\$ 686	\$ 3,353
2022	2,667	555	3,222
2023	2,667	425	3,092
2024	2,667	294	2,961
2025	2,667	163	2,830
2026	1,332	33	1,365
Total	<u>\$ 14,667</u>	<u>\$ 2,156</u>	<u>\$ 16,823</u>

The City's outstanding notes from direct placement related to governmental activities of \$14,667 are secured with a first deed of trust on Fire Station #1 real property in form and substance satisfactory to the Bank of America and in compliance with G.S. 160A-20. The City's outstanding notes from direct borrowings related to governmental activities of \$14,667 contain provisions that an event of default would result in repayment of balance at once due and payable, regardless of the maturity date or other due date thereof.

Year Ending June 30	Stormwater Fund		
	Principal	Interest	Total
2021	\$ 333,333	\$ 85,750	\$ 419,083
2022	333,333	69,417	402,750
2023	333,333	53,083	386,416
2024	333,333	36,750	370,083
2025	333,333	20,417	353,750
2026	166,668	4,083	170,751
Total	<u>\$ 1,833,333</u>	<u>\$ 269,500</u>	<u>\$ 2,102,833</u>

The City's outstanding notes from direct placement related to business-type activities of \$1,833,333 are secured with a first deed of trust on Fire Station #1 real property in form and substance satisfactory to the Bank of America and in compliance with G.S. 160A-20. The City's outstanding notes from direct borrowings related to business-type activities of \$1,833,333 contain provisions that an event of default would result in repayment of balance at once due and payable, regardless of the maturity date or other due date thereof.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Long-Term Obligation Activity

The following is a summary of changes in the City's long-term debt as of June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion of Long-Term Liabilities
Governmental Activities:					
Notes from direct placements	\$ 1,306,567	\$ -	\$ (134,848)	\$ 1,171,719	\$ 138,368
Recovery Zone Economic					
Development bonds - Direct Placement	17,335	-	(2,668)	14,667	2,667
Compensated absences	555,972	442,879	(350,313)	648,538	648,538
Total OPEB liability	3,575,007	253,839	-	3,828,846	-
Net pension liability (LGERS)	2,377,633	243,567	-	2,621,200	-
Total pension liability (LEOSSA)	1,477,260	141,332	-	1,618,592	-
Total governmental activities	<u>\$ 9,309,774</u>	<u>\$ 1,081,617</u>	<u>\$ (487,829)</u>	<u>\$ 9,903,562</u>	<u>\$ 789,573</u>
Business-Type Activities:					
Notes from direct borrowings	\$ 1,928,161	\$ -	\$ (215,378)	\$ 1,712,783	\$ 215,378
Recovery Zone Economic					
Development bonds - Direct Placement	2,166,666	-	(333,333)	1,833,333	333,333
Compensated absences	294,603	260,005	(223,082)	331,526	331,526
Total OPEB liability	2,009,311	173,977	(44,418)	2,138,870	-
Net pension liability (LGERS)	1,457,258	149,282	-	1,606,540	-
Total business-type activities	<u>\$ 7,855,999</u>	<u>\$ 583,264</u>	<u>\$ (816,211)</u>	<u>\$ 7,623,052</u>	<u>\$ 880,237</u>

Business-Type Activities

Major Enterprise Funds:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion of Long-Term Debt
Water Fund:					
Compensated absences	\$ 68,519	\$ 57,327	\$ (47,967)	\$ 77,879	\$ 77,879
Total OPEB liability	365,330	30,757	-	396,087	-
Net pension liability (LGERS)	268,443	27,499	-	295,942	-
Total Water Fund activities	<u>\$ 702,292</u>	<u>\$ 115,583</u>	<u>\$ (47,967)</u>	<u>\$ 769,908</u>	<u>\$ 77,879</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Sewer Fund:					
Notes from direct borrowings	\$ 1,928,161	\$ -	\$ (215,378)	\$ 1,712,783	\$ 215,378
Compensated absences	55,769	48,512	(40,432)	63,849	63,849
Total OPEB liability	391,424	-	(21,743)	369,681	-
Net pension liability (LGERS)	268,443	27,499	-	295,942	-
Total Sewer Fund activities	<u>\$ 2,643,797</u>	<u>\$ 76,011</u>	<u>\$ (277,553)</u>	<u>\$ 2,442,255</u>	<u>\$ 279,227</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Electric Fund:					
Compensated absences	\$ 110,191	\$ 114,466	\$ (100,723)	\$ 123,934	\$ 123,934
Total OPEB liability	835,038	115,571	-	950,609	-
Net pension liability (LGERS)	613,583	62,856	-	676,439	-
Total Electric Fund activities	<u>\$ 1,558,812</u>	<u>\$ 292,893</u>	<u>\$ (100,723)</u>	<u>\$ 1,750,982</u>	<u>\$ 123,934</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Stormwater Fund:					
Recovery Zone Economic					
Development bonds - Direct					
Placement	<u>\$ 2,166,666</u>	<u>\$ -</u>	<u>\$ (333,333)</u>	<u>\$ 1,833,333</u>	<u>\$ 333,333</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Airport Fund:					
Compensated absences	\$ 669	\$ 1,591	\$ (658)	\$ 1,602	\$ 1,602
Total OPEB liability	26,095	311	-	26,406	-
Total Airport Fund	<u>\$ 26,764</u>	<u>\$ 1,902</u>	<u>\$ (658)</u>	<u>\$ 28,008</u>	<u>\$ 1,602</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Nonmajor Enterprise Funds:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion of Long-Term Debt
Solid Waste Fund:					
Compensated absences	\$ 49,700	\$ 31,735	\$ (28,484)	\$ 52,951	\$ 52,951
Total OPEB liability	313,139	-	(22,675)	290,464	-
Net pension liability (LGERS)	230,092	23,571	-	253,663	-
Total Solid Waste Fund	<u>\$ 592,931</u>	<u>\$ 55,306</u>	<u>\$ (51,159)</u>	<u>\$ 597,078</u>	<u>\$ 52,951</u>

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion of Long-Term Debt
Cemetery Fund:					
Compensated absences	\$ 9,755	\$ 6,374	\$ (4,818)	\$ 11,311	\$ 11,311
Total OPEB liability	78,285	27,338	-	105,623	-
Net pension liability (LGERS)	76,697	7,857	-	84,554	-
Total Cemetery Fund	<u>\$ 164,737</u>	<u>\$ 41,569</u>	<u>\$ (4,818)</u>	<u>\$ 201,488</u>	<u>\$ 11,311</u>

Compensated absences, net pension liabilities, and other post-employment benefits have been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

At June 30, 2020, the City has a legal debt margin of approximately \$64,343,785.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2020 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 22,008,275	\$ 83,818,958
Less: capital debt		
Gross debt	<u>1,186,386</u>	<u>3,546,116</u>
Net investment in capital assets	<u>\$ 20,821,889</u>	<u>\$ 80,272,842</u>

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

12. Interfund Balances and Activity

Due To/From Other Funds:

Balances due to/from other funds at June 30, 2020 consist of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Purpose</u>
	<u>General Fund</u>	
Nonmajor governmental funds	\$ 159,972	Advances of grant expenditures
Major airport	1,417,006	Advances of grant expenditures
Total	<u>\$ 1,576,978</u>	

Transfers To/From Other Funds:

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

	<u>Transfers Out</u>						
	<u>Major General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Major Electric</u>	<u>Major Water</u>	<u>Major Sewer</u>	<u>Major Stormwater</u>	<u>Total</u>
Transfers In:							
Major General Fund	\$ -	\$ 168,459	\$ 1,591,620	\$ 150,413	\$ 118,982	\$ -	\$ 2,029,474
Nonmajor governmental funds	3,409,122	-	909,881	373,295	96,816	269,889	5,059,003
Nonmajor enterprise funds	-	-	126,607	-	-	-	126,607
Major airport	874,250	-	-	-	-	-	874,250
Total	<u>\$ 4,283,372</u>	<u>\$ 168,459</u>	<u>\$ 2,628,108</u>	<u>\$ 523,708</u>	<u>\$ 215,798</u>	<u>\$ 269,889</u>	<u>\$ 8,089,334</u>

Transfers to and from the General Fund to the Public Safety Capital Reserve Fund were for support for debt payments. Other transfers to and from the General Fund to the nonmajor governmental funds were transfers to close out the various projects and City contributions to the various projects. Transfers from the General Fund to the Airport Fund were for operational needs. Transfers from the Electric Fund to the General Fund were annual dividends from the Electric Fund and the Electric Fund's share of economic development expenses. Transfers from the Electric Fund to the Cemetery Fund were for operational needs. Transfers from the Water Fund to the General Fund were for the annual Highway 17 debt service and the Water Fund's share of economic development expenses. The transfers from the Sewer Fund to the General Fund were for the annual Highway 17 debt service and the Sewer Fund's share of economic development expenses.

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

13. Jointly Governed Organizations

Mid-East Commission

The City, in conjunction with five counties and 28 other municipalities, established the Mid-East Commission (the "Commission"). The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Commission's governing board. The City paid membership fees of \$3,142 to the Commission during the fiscal year ended June 30, 2020.

North Carolina Eastern Municipal Power Agency

The City, in conjunction with 32 other local governments, is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to finance, construct, own, operate and maintain generation facilities. Each participating member appoints one Commissioner to the Agency's governing board. The 32 members, who receive power from the Agency, have signed power sales agreements to purchase wholesale power from the Agency. The City's purchases of power for the fiscal year ended June 30, 2020 were \$21,665,851.

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

14. Related Party Transactions

During fiscal year ended June 30, 2020, the City of Washington contributed \$35,000 to the Tourism Development Authority to assist in the operation of the Civic Center, per the lease and management agreement between the City and the Authority. The City also remitted \$284,634 during fiscal year ended June 30, 2020, which is the collection fee of 3% of gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the City.

15. Joint Ventures

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

CITY OF WASHINGTON, NORTH CAROLINA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

ended June 30, 2020, the City reported revenues and expenditures for the payments of \$0 made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

16. Related Organization

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

17. Federal and State-Assisted Programs

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

18. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen, which are likely to negatively impact City revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

In September 2020, the City Council approved project ordinances for various projects set for FY2020-2021. These projects included funding sources from a Drinking Water ASADRA loan in the amount of \$409,160 (a portion of which will be considered principal forgiveness) and a Clean Water State Revolving Fund loan in the amount of \$2,500,500. Other funding sources included a variation of the Golden Leaf Stormwater grant and NC Department of Environmental Quality grants. No expenditures related to these projects were incurred in the current fiscal year.

Required Supplemental Financial Data

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

- Schedule of Changes in Total Pension Liability (LEO)
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)
- Schedule of Changes in the Total OPEB Liability and Related Ratios (OPEB)
- Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System (LGERS)
- Contributions for the Local Governmental Employees' Retirement System (LGERS)

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CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
	\$ 1,477,260	\$ 1,473,901	\$ 1,369,052	\$ 1,347,579
Service cost	48,837	45,611	44,043	49,469
Interest on the total pension liability	51,245	45,358	51,760	47,306
Differences between expected and actual experience in the measurement of the total pension liability	137,815	37,672	(11,880)	-
Changes of assumptions or other inputs	42,278	(48,231)	77,166	(30,360)
Benefit payments	(138,843)	(77,051)	(56,240)	(44,942)
Ending balance of the total pension liability	<u>\$ 1,618,592</u>	<u>\$ 1,477,260</u>	<u>\$ 1,473,901</u>	<u>\$ 1,369,052</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF WASHINGTON, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 1,618,592	\$ 1,477,260	\$ 1,473,901	\$ 1,369,052
Covered payroll	1,721,449	1,473,989	1,570,984	1,692,125
Total pension liability as a percentage of covered payroll	94.02%	100.22%	93.82%	80.91%

Notes to the Schedules:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF WASHINGTON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE FISCAL YEARS

Other Post-Employment Benefits			
	2020	2019	2018
Service cost	\$ 206,727	\$ 186,080	\$ 203,286
Interest	211,630	167,098	145,784
Differences between expected and actual experience	23,209	592,773	4,889
Changes of assumptions or other inputs	232,542	68,019	(278,278)
Benefit payments	(290,710)	(244,688)	(206,395)
Net change in total OPEB liability	383,398	769,282	(130,714)
Total OPEB liability - beginning	5,584,318	4,815,036	4,945,750
Total OPEB liability - ending	<u>\$ 5,967,716</u>	<u>\$ 5,584,318</u>	<u>\$ 4,815,036</u>
Covered payroll	\$ 9,452,456	\$ 9,452,456	\$ 9,622,977
Total OPEB liability as a percentage of covered payroll	63.13%	59.08%	50.04%

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF WASHINGTON, NORTH CAROLINA

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

Local Governmental Employees' Retirement System							
	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	0.15481%	0.16165%	0.16877%	0.17302%	0.18802%	0.19138%	0.19320%
City's proportion of the net pension liability (asset) (\$)	\$ 4,227,740	\$ 3,834,891	\$ 2,578,338	\$ 3,672,064	\$ 523,170	\$ (1,128,655)	\$ 2,328,802
City's covered payroll	\$ 10,507,832	\$ 10,283,390	\$ 10,586,622	\$ 8,943,238	\$ 10,055,380	\$ 9,991,016	\$ 9,352,659
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.23%	37.29%	24.35%	41.06%	5.20%	(11.30%)	24.90%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

CITY OF WASHINGTON, NORTH CAROLINA

CITY OF WASHINGTON'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 981,029	\$ 829,894	\$ 788,407	\$ 784,712	\$ 596,514	\$ 713,653	\$ 708,333
Contributions in relation to the contractually required contribution	<u>981,029</u>	<u>829,894</u>	<u>788,407</u>	<u>784,712</u>	<u>596,514</u>	<u>713,653</u>	<u>708,333</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Washington's covered payroll	\$ 10,787,945	\$ 10,507,832	\$ 10,283,390	\$ 10,586,622	\$ 8,943,238	\$ 10,055,380	\$ 9,991,016
Contributions as a percentage of covered payroll	9.09%	7.90%	7.67%	7.41%	6.67%	7.10%	7.09%

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

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Major Governmental Fund

General Fund

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

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CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND

COMPARATIVE BALANCE SHEETS - GENERAL FUND

JUNE 30, 2020

WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 4,127,556	\$ 9,563,846
Taxes receivable, net	76,386	74,951
Accounts receivable, net	1,771,884	1,822,117
Due from other funds	1,576,978	83,700
Inventories	47,197	86,804
Prepaid items	-	2,637
Restricted cash and investments	6,053	7,983
Total assets	<u>\$ 7,606,054</u>	<u>\$ 11,642,038</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 519,941	\$ 525,756
Liabilities payable from restricted assets:		
Customer deposits	<u>6,053</u>	<u>7,983</u>
Total liabilities	<u>525,994</u>	<u>533,739</u>
Deferred Inflows of Resources:		
Taxes receivable	76,386	74,951
EMS receivable	<u>155,382</u>	<u>162,937</u>
Total deferred inflows of resources	<u>231,768</u>	<u>237,888</u>
Fund Balances:		
Non-spendable, not in spendable form:		
Inventories	47,197	86,804
Prepaid items	-	2,637
Restricted:		
Stabilization by state statute	3,856,584	2,073,003
Restricted, all other	211,121	194,695
Committed	2,521	2,521
Assigned	36,111	-
Unassigned	<u>2,694,758</u>	<u>8,510,751</u>
Total fund balances	<u>6,848,292</u>	<u>10,870,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,606,054</u>	<u>\$ 11,642,038</u>

CITY OF WASHINGTON, NORTH CAROLINA

**GENERAL FUND CONSOLIDATED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Economic Development Capital Reserve Fund	Eliminations	Total
Revenues:				
Ad valorem taxes	\$ 4,593,630	\$ -	\$ -	\$ 4,593,630
Other taxes and licenses	3,063,012	-	-	3,063,012
Unrestricted intergovernmental	2,072,502	-	-	2,072,502
Restricted intergovernmental	626,899	-	-	626,899
Permits and fees	118,230	-	-	118,230
Sales and services	925,534	-	-	925,534
Investment earnings	134,541	-	-	134,541
Miscellaneous	77,652	-	-	77,652
Total revenues	<u>11,612,000</u>	<u>-</u>	<u>-</u>	<u>11,612,000</u>
Expenditures:				
General government	2,316,230	-	-	2,316,230
Public safety	6,613,129	-	-	6,613,129
Transportation	1,395,887	-	-	1,395,887
Environmental protection	433,950	-	-	433,950
Cultural and recreation	2,450,641	-	-	2,450,641
Debt service:				
Principal retirement	137,516	-	-	137,516
Interest and fees	32,868	-	-	32,868
Total expenditures	<u>13,380,221</u>	<u>-</u>	<u>-</u>	<u>13,380,221</u>
Revenues over (under) expenditures	<u>(1,768,221)</u>	<u>-</u>	<u>-</u>	<u>(1,768,221)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,029,474	-	-	2,029,474
Transfers to other funds	(4,283,372)	-	-	(4,283,372)
Total other financing sources (uses)	<u>(2,253,898)</u>	<u>-</u>	<u>-</u>	<u>(2,253,898)</u>
Net change in fund balances	(4,022,119)	-	-	(4,022,119)
Fund Balances:				
Beginning of year - July 1	<u>10,867,890</u>	<u>2,521</u>	<u>-</u>	<u>10,870,411</u>
End of year - June 30	<u>\$ 6,845,771</u>	<u>\$ 2,521</u>	<u>\$ -</u>	<u>\$ 6,848,292</u>

CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 4,517,387	\$ 4,561,325	\$ 43,938	\$ 4,567,277
Penalties and interest	25,000	32,305	7,305	30,826
Total	4,542,387	4,593,630	51,243	4,598,103
Other Taxes and Licenses:				
Local option sales tax	2,506,175	2,680,618	174,443	2,756,508
Local occupancy tax	465,000	293,437	(171,563)	438,325
Automotive licenses	45,000	44,791	(209)	45,569
Rental vehicle tax	20,000	22,743	2,743	25,907
Privilege licenses	1,000	1,140	140	981
PEG channel tax	26,000	20,283	(5,717)	27,087
Total	3,063,175	3,063,012	(163)	3,294,377
Unrestricted Intergovernmental:				
Return on investment-property taxes	743,301	743,301	-	718,822
Franchise tax	1,209,109	1,230,024	20,915	1,264,487
Beer and wine tax	40,000	40,236	236	40,771
Court costs and fines	3,000	4,502	1,502	3,527
ABC Board distributions	20,000	8,531	(11,469)	16,993
Police citations	2,000	2,087	87	-
Public housing payment	43,000	43,821	821	42,948
Total	2,060,410	2,072,502	12,092	2,087,548
Restricted Intergovernmental:				
Local forfeiture	1,000	845	(155)	3,583
Powell Bill	160,000	160,981	981	166,477
Beaufort County - recreation	20,000	20,000	-	20,450
Controlled substance tax	5,000	9,863	4,863	4,879
Washington Park - firefighting	41,522	41,522	-	40,708
State reimbursement for Medicaid EMS	140,000	152,038	12,038	157,375
State aid to public libraries	8,000	8,468	468	35,509
Mid-East Commission - recreation	35,225	35,105	(120)	35,222
Federal grant - bulletproof vests	-	-	-	1,957
Hurricane FEMA grant	73,250	167,951	94,701	469,038
Other grants	30,358	30,126	(232)	39,799
Total	514,355	626,899	112,544	974,997
Permits and Fees:				
Fire permit and inspection fees	6,500	7,233	733	6,747
Building permits	80,000	110,997	30,997	104,461
Total	86,500	118,230	31,730	111,208

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Rents	43,076	43,418	342	42,950
Fire contracts	1,400	1,414	14	1,442
Public works fees	5,500	3,345	(2,155)	5,295
Administrative charges -gas	15,000	19,035	4,035	19,800
Recreation fees and assessments	142,700	117,374	(25,326)	120,363
Sale of materials and property	5,000	6,630	1,630	9,908
Municipal citations	-	-	-	2,740
Grass mowing and lot cleaning	6,000	2,795	(3,205)	3,346
Rescue squad	575,000	598,397	23,397	567,243
Library fees and fines	23,000	14,095	(8,905)	19,056
Development filing fees	1,000	4,617	3,617	2,325
Sale of capital assets	-	5,019	5,019	-
Aquatic Center	94,500	77,816	(16,684)	104,362
Contracted police services	30,000	31,523	1,523	25,943
Paving assessments	-	9	9	26,967
License plate agency	60,000	-	(60,000)	-
Other	20	47	27	30
Total	1,002,196	925,534	(76,662)	951,770
Investment Earnings:				
Interest	150,340	134,541	(15,799)	198,328
Miscellaneous:				
Contributions	28,500	25,048	(3,452)	28,846
Other	21,000	52,604	31,604	88,668
Total	49,500	77,652	28,152	117,514
Total revenues	11,468,863	11,612,000	143,137	12,333,845
Expenditures:				
General Government:				
City Council:				
Salaries and employee benefits	35,649	35,646	3	33,689
Professional services	11,849	8,256	3,593	11,149
Other operating expenditures	16,005	5,838	10,167	9,171
Election expenses	6,000	6,000	-	-
Total	69,503	55,740	13,763	54,009
Mayor's Office:				
Salaries and employee benefits	12,075	12,074	1	11,791
Other operating expenditures	4,999	3,889	1,110	1,262
Election expenses	1,000	1,000	-	-
Total	18,074	16,963	1,111	13,053

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
City Manager:				
Salaries and employee benefits	351,107	349,575	1,532	355,951
Professional services	12,100	11,200	900	5,946
Other operating expenditures	21,233	10,832	10,401	11,363
Total	384,440	371,607	12,833	373,260
Human Resources:				
Salaries and employee benefits	267,465	265,342	2,123	225,869
Professional services	14,200	5,658	8,542	6,170
Other operating expenditures	60,625	54,416	6,209	57,553
Maintenance and repairs	3,840	2,987	853	5,440
Contracted services	25,900	21,311	4,589	25,473
Total	372,030	349,714	22,316	320,505
Communications:				
Salaries and employee benefits	59,300	-	59,300	-
Other operating expenditures	6,250	-	6,250	-
Total	65,550	-	65,550	-
Tourism Director:				
Salaries and employee benefits	152,013	142,584	9,429	91,292
Professional services	2,555	2,552	3	5,413
Other operating expenditures	1,525	763	762	1,246
Total	156,093	145,899	10,194	97,951
Finance Director:				
Salaries and employee benefits	469,167	456,328	12,839	431,025
Professional services	118,000	107,134	10,866	84,239
Other operating expenditures	24,250	15,853	8,397	19,138
Total	611,417	579,315	32,102	534,402
Purchasing and Supply:				
Salaries and employee benefits	118,069	117,542	527	111,560
Professional services	108	108	-	-
Other operating expenditures	23,138	20,321	2,817	32,931
Maintenance and repairs	33,479	32,993	486	13,970
Capital outlay	-	-	-	3,645
Total	174,794	170,964	3,830	162,106
Customer Service:				
Salaries and employee benefits	403,215	402,231	984	338,937
Professional services	-	-	-	13,228
Other operating expenditures	353,840	337,638	16,202	322,151
Total	757,055	739,869	17,186	674,316

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
License Plate Agency:				
Salaries and employee benefits	45,743	-	45,743	-
Professional services	151,499	4,830	146,669	-
Other operating expenditures	21,300	-	21,300	-
Total	218,542	4,830	213,712	-
Billing Department:				
Salaries and employee benefits	86,978	85,654	1,324	81,045
Other operating expenditures	86,820	67,824	18,996	67,798
Total	173,798	153,478	20,320	148,843
Information Services:				
Salaries and employee benefits	13,820	13,818	2	71,468
Contract services	280,692	260,443	20,249	170,476
Other operating expenditures	38,500	27,365	11,135	35,345
Maintenance and repairs	6,700	3,565	3,135	7,061
Capital outlay	137,985	129,932	8,053	54,558
Total	477,697	435,123	42,574	338,908
Municipal Building:				
Salaries and employee benefits	91,907	91,708	199	85,468
Contracted services	9,800	8,671	1,129	8,506
Other operating expenditures	59,450	55,166	4,284	60,589
Maintenance and repairs	54,550	48,422	6,128	36,097
Capital outlay	-	-	-	6,800
Total	215,707	203,967	11,740	197,460
Legal Services:				
Professional services	143,300	142,475	825	143,077
Non-Departmental:				
Other operating expenditures	860,739	605,955	254,784	622,473
Maintenance and repairs	1,000	-	1,000	-
Hurricane FEMA expenses	81,365	74,761	6,604	354,826
Total	943,104	680,716	262,388	977,299
Economic Development:				
Operating expenditures	303,010	290,874	12,136	201,442
Professional services	1,402	(1,599)	3,001	-
Total	304,412	289,275	15,137	201,442

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Planning/Zoning:				
Salaries and employee benefits	327,547	316,095	11,452	300,559
Professional services	13,411	11,919	1,492	18,521
Other operating expenditures	27,344	22,501	4,843	21,556
Capital outlay	1,956	1,956	-	-
Total	370,258	352,471	17,787	340,636
Code Enforcement/Inspections:				
Salaries and employee benefits	269,985	258,690	11,295	190,021
Professional services	-	-	-	11,190
Contract services	37,820	31,954	5,866	19,969
Other operating expenditures	24,113	17,429	6,684	18,601
Maintenance and repairs	4,300	2,515	1,785	1,882
Total	336,218	310,588	25,630	241,663
Reimbursement:				
Enterprise funds	(2,529,096)	(2,529,096)	-	(2,577,491)
Tourism Authority	(167,649)	(157,668)	(9,981)	(107,446)
Total	(2,696,745)	(2,686,764)	(9,981)	(2,684,937)
Total general government	3,095,247	2,316,230	779,017	2,133,993
Public Safety:				
Police:				
Salaries and employee benefits	3,190,581	2,766,659	423,922	2,569,800
Professional services	9,900	7,125	2,775	11,541
Other operating expenditures	398,270	366,506	31,764	378,275
Maintenance and repairs	136,925	87,783	49,142	85,613
Contracted services	95,950	82,169	13,781	30,510
Capital outlay	-	-	-	8,700
Total	3,831,626	3,310,242	521,384	3,084,439
E-911 Communication:				
Salaries and employee benefits	302,366	294,808	7,558	263,888
Other operating expenditures	36,600	28,017	8,583	28,179
Maintenance and repairs	11,800	3,775	8,025	63
Total	350,766	326,600	24,166	292,130
Fire:				
Salaries and employee benefits	587,739	533,202	54,537	531,334
Professional services	8,307	3,794	4,513	6,149
Contracted services	4,300	3,001	1,299	2,028
Other operating expenditures	350,762	339,968	10,794	288,224

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Maintenance and repairs	149,050	113,210	35,840	120,302
Capital outlay	62,000	59,784	2,216	24,355
Contribution to Fireman's Association	5,025	3,238	1,787	2,584
Total	1,167,183	1,056,197	110,986	974,976
Rescue:				
Salaries and employee benefits	1,753,481	1,678,961	74,520	1,648,781
Professional services	52,062	41,659	10,403	39,877
Other operating expenditures	171,713	154,949	16,764	145,403
Maintenance and repairs	28,240	15,605	12,635	23,320
Capital outlay	29,000	28,916	84	29,573
Total	2,034,496	1,920,090	114,406	1,886,954
Total public safety	7,384,071	6,613,129	770,942	6,238,499
Transportation:				
Street Maintenance:				
Salaries and employee benefits	383,027	381,869	1,158	355,027
Professional services	361,269	341,185	20,084	40,909
Other operating expenditures	96,006	92,187	3,819	89,108
Maintenance and repairs	44,548	41,702	2,846	67,453
Capital outlay	1,200	1,142	58	13,075
Total	886,050	858,085	27,965	565,572
Street Construction - Powell Bill:				
Salaries and employee benefits	137,376	136,199	1,177	126,501
Professional services	1,075	1,071	4	37
Other operating expenditures	66,904	52,670	14,234	59,355
Maintenance and repairs	23,475	18,349	5,126	17,938
Contracted services	186,172	186,172	-	1,316
Total	415,002	394,461	20,541	205,147
Equipment Services:				
Salaries and employee benefits	100,636	107,367	(6,731)	79,824
Professional services	450	150	300	37
Other operating expenditures	33,279	24,966	8,313	41,768
Maintenance and repairs	3,950	1,513	2,437	2,248
Capital outlay	32,600	9,345	23,255	-
Total	170,915	143,341	27,574	123,877
Total transportation	1,471,967	1,395,887	76,080	894,596

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Environmental Protection:				
Public Works Director:				
Salaries and employee benefits	99,294	98,973	321	96,136
Professional services	1,003	-	1,003	162
Other operating expenditures	2,800	1,623	1,177	1,849
Maintenance and repairs	500	500	-	(562)
Total	103,597	101,096	2,501	97,585
Drainage Improvements:				
Salaries and employee benefits	332,858	332,794	64	315,341
Other operating expenditures	500	60	440	-
Total	333,358	332,854	504	315,341
Total environmental protection	436,955	433,950	3,005	412,926
Cultural and Recreational:				
Recreation Centers:				
Salaries and employee benefits	115,178	115,118	60	111,457
Professional services	2,174	1,515	659	1,216
Other operating expenditures	37,950	35,870	2,080	26,006
Maintenance and repairs	57,495	55,104	2,391	23,115
Programs	33,165	15,159	18,006	30,129
Capital outlay	-	-	-	64,894
Total	245,962	222,766	23,196	256,817
Senior Citizens Programs:				
Salaries and employee benefits	119,162	102,372	16,790	96,100
Professional services	4,000	3,916	84	5,600
Other operating expenditures	39,425	32,481	6,944	38,003
Programs	16,949	15,941	1,008	18,353
Maintenance and repairs	39,260	37,158	2,102	19,023
Capital outlay	21,500	19,771	1,729	-
Total	240,296	211,639	28,657	177,079
Recreation Administration:				
Salaries and employee benefits	89,487	87,954	1,533	83,231
Professional services	5,550	800	4,750	873
Other operating expenditures	44,130	42,315	1,815	38,804
Maintenance and repairs	1,800	1,540	260	1,734
Total	140,967	132,609	8,358	124,642

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Library:				
Salaries and employee benefits	373,016	366,434	6,582	326,571
Contract services	30,145	26,735	3,410	51,535
Professional services	500	321	179	34
Other operating expenditures	123,791	112,272	11,519	106,740
Maintenance and repairs	18,894	17,176	1,718	18,924
Capital outlay	45,078	43,681	1,397	-
Total	591,424	566,619	24,805	503,804
Parks and Grounds Maintenance:				
Salaries and employee benefits	355,537	355,208	329	317,422
Professional services	300	217	83	157
Contracted services	16,320	16,260	60	10,000
Other operating expenditures	133,019	131,646	1,373	131,692
Maintenance and repairs	137,813	119,375	18,438	128,580
Capital outlay	678,460	117,213	561,247	190,517
Total	1,321,449	739,919	581,530	778,368
Waterfront Docks:				
Salaries and employee benefits	62,674	62,458	216	61,911
Professional services	35	34	1	104
Other operating expenditures	16,340	13,868	2,472	17,104
Maintenance and repairs	17,700	16,666	1,034	12,595
Capital outlay	74,834	13,339	61,495	-
Total	171,583	106,365	65,218	91,714
Contributions to Outside Agencies:				
Zion Shelter	6,100	6,100	-	6,100
Boys and Girls Club	10,500	10,500	-	10,500
The Blind Center	800	800	-	800
Purpose of God	13,000	13,000	-	13,000
Wright Flight	2,250	2,250	-	2,250
Eagle Wings	1,000	1,000	-	1,000
Corner Stone	6,480	6,480	-	6,480
Total	40,130	40,130	-	40,130
Civic Center:				
Salaries and employee benefits	80,599	74,889	5,710	62,100
Other operating expenditures	750	189	561	395
Maintenance and repairs	-	-	-	24
Professional services	200	-	200	651
Capital outlay	164,829	121,795	43,034	5,577
Total	246,378	196,873	49,505	68,747

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Aquatic Center:				
Salaries and employee benefits	164,284	144,207	20,077	140,141
Professional services	700	546	154	1,679
Other operating expenditures	109,120	101,388	7,732	104,021
Maintenance and repairs	73,953	65,882	8,071	77,687
Program expenses	2,455	2,453	2	2,560
Total	350,512	314,476	36,036	326,088
Reimbursement:				
Civic Center	(91,392)	(79,132)	(12,260)	(76,514)
Library Trust Fund	(3,000)	(1,623)	(1,377)	(1,953)
Total	(94,392)	(80,755)	(13,637)	(78,467)
Total cultural and recreation	3,254,309	2,450,641	803,668	2,288,922
Debt Service:				
Principal retirement	137,515	137,516	(1)	134,083
Interest and fees	32,940	32,868	72	36,501
Total debt service	170,455	170,384	71	170,584
Total expenditures	15,813,004	13,380,221	2,432,783	12,139,520
Revenues over (under) expenditures	(4,344,141)	(1,768,221)	2,575,920	194,325
Other Financing Sources (Uses):				
Transfer From:				
From Economic Development Capital Reserve Fund	435,830	435,830	-	431,580
From Electric Fund	1,312,690	1,312,690	-	1,162,690
From Water Fund	71,963	71,963	-	71,963
From Sewer Fund	40,532	40,532	-	40,532
From Public Safety Capital Reserve Fund	166,970	166,970	-	166,970
From capital project funds	-	1,489	1,489	-
Transfer To:				
To Public Safety Capital Reserve Fund	(166,970)	(166,970)	-	(166,970)
To Airport Fund	(244,219)	(244,219)	-	(244,769)
To Facade Program Fund	(30,000)	(30,000)	-	(20,000)
To CPF	(3,212,152)	(3,212,152)	-	(372,854)
To other funds	(647,031)	(630,031)	17,000	(45,666)
Appropriated fund balance	6,616,528	-	(6,616,528)	-
Total other financing sources (uses)	4,344,141	(2,253,898)	(6,598,039)	1,023,476

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Net change in fund balance	\$ -	(4,022,119)	\$ (4,022,119)	1,217,801
Fund Balance:				
Beginning of year - July 1		<u>10,867,890</u>		<u>9,650,089</u>
End of year - June 30		<u>\$ 6,845,771</u>		<u>\$ 10,867,890</u>

CITY OF WASHINGTON, NORTH CAROLINA

ECONOMIC DEVELOPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers to General Fund	\$ -	\$ -	\$ -	\$ (431,580)
Transfers from Electric Fund	-	-	-	276,212
Transfer from Water Fund	-	-	-	77,684
Transfer from Sewer Fund	-	-	-	77,684
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance:				
Beginning of year - July 1		<u>2,521</u>		<u>2,521</u>
End of year - June 30		<u>\$ 2,521</u>		<u>\$ 2,521</u>

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Nonmajor Governmental Funds

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue Fund	Capital Project Funds	Permanent Funds	Total
Assets:				
Cash and cash equivalents	\$ 28,511	\$ 5,204,464	\$ 549,853	\$ 5,782,828
Accounts receivable, net	-	201,029	-	201,029
Notes receivable, net	188,000	-	-	188,000
Total assets	<u>\$ 216,511</u>	<u>\$ 5,405,493</u>	<u>\$ 549,853</u>	<u>\$ 6,171,857</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 398,035	\$ -	\$ 398,035
Due to other funds	-	159,972	-	159,972
Total liabilities	<u>-</u>	<u>558,007</u>	<u>-</u>	<u>558,007</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Perpetual maintenance - library care	-	-	95,395	95,395
Perpetual maintenance - cemetery care	-	-	454,458	454,458
Restricted:				
Stabilization by state statute	188,000	3,967,219	-	4,155,219
Restricted, all other	28,511	-	-	28,511
Committed	-	1,323,393	-	1,323,393
Assigned	-	29,271	-	29,271
Unassigned	-	(472,397)	-	(472,397)
Total fund balances	<u>216,511</u>	<u>4,847,486</u>	<u>549,853</u>	<u>5,613,850</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 216,511</u>	<u>\$ 5,405,493</u>	<u>\$ 549,853</u>	<u>\$ 6,171,857</u>

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Fund	Capital Project Funds	Permanent Funds	Total
Revenues:				
Restricted intergovernmental	\$ 1,723	\$ 249,025	\$ -	\$ 250,748
Investment earnings	-	31,721	9,472	41,193
Miscellaneous revenue	-	30,549	-	30,549
Total revenues	<u>1,723</u>	<u>311,295</u>	<u>9,472</u>	<u>322,490</u>
Expenditures:				
Current:				
Public safety	-	834,462	-	834,462
Environmental protection	-	-	7,849	7,849
Cultural and recreation	-	48,686	1,623	50,309
Economic and physical development	-	1,262,777	-	1,262,777
General government	-	120,250	-	120,250
Total expenditures	<u>-</u>	<u>2,266,175</u>	<u>9,472</u>	<u>2,275,647</u>
Revenues over (under) expenditures	<u>1,723</u>	<u>(1,954,880)</u>	<u>-</u>	<u>(1,953,157)</u>
Other Financing Sources (Uses):				
Transfers in	-	5,059,003	-	5,059,003
Transfers out	-	(168,459)	-	(168,459)
Total other financing sources (uses)	<u>-</u>	<u>4,890,544</u>	<u>-</u>	<u>4,890,544</u>
Net change in fund balances	1,723	2,935,664	-	2,937,387
Fund Balances:				
Beginning of year - July 1	<u>214,788</u>	<u>1,911,822</u>	<u>549,853</u>	<u>2,676,463</u>
End of year - June 30	<u>\$ 216,511</u>	<u>\$ 4,847,486</u>	<u>\$ 549,853</u>	<u>\$ 5,613,850</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

- CDBG Program Income Fund

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CITY OF WASHINGTON, NORTH CAROLINA

SPECIAL REVENUE FUND - CDBG PROGRAM INCOME FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Economic development loan repayments and interest	\$ 156	\$ 1,723	\$ 1,567	\$ 2,207
Expenditures:				
Economic and physical development	156	-	156	-
Net change in fund balance	<u>\$ -</u>	1,723	<u>\$ 1,723</u>	2,207
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Current year economic development loan repayments		-		(327)
Net change in fund balance - modified accrual basis		1,723		1,880
Fund Balance:				
Beginning of year - July 1		214,788		212,908
End of year - June 30		<u>\$ 216,511</u>		<u>\$ 214,788</u>

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Nonmajor Governmental Funds

Capital Project Funds

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

- New Police Station Fund
- Public Safety Capital Reserve Fund
- Facade Program Fund
- Way Finding Project Fund
- Havens Garden Park Pier Fund
- Financial and Utility Software Project Fund
- Downtown Revitalization Grant 2018 Fund
- Castle Island CDBG Grant Fund
- Streetscape Improvement Fund
- Library Expansion
- Kayak Access Grant Fund
- EPA Brownsfield Grant
- CDBG-NR

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	New Police Station Fund	Public Safety Capital Reserve Fund	Facade Program Fund	Way Finding Project	Havens Garden Park Pier	Financial and Utility Billing Software Project	Downtown Revitalization Grant 2018
Assets:							
Cash and cash equivalents	\$ 1,654,408	\$ 1,273	\$ 37,156	\$ 357	\$ -	\$ 47,504	\$ -
Accounts receivable, net	-	-	-	-	-	695	-
Total assets	<u>\$ 1,654,408</u>	<u>\$ 1,273</u>	<u>\$ 37,156</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 48,199</u>	<u>\$ -</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63	\$ -
Due to General Fund	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>	<u>-</u>
Fund Balances:							
Restricted:							
Stabilization by state statute	365,184	-	7,885	-	-	17,597	-
Committed	1,289,224	1,273	-	357	-	30,539	-
Assigned	-	-	29,271	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,654,408</u>	<u>1,273</u>	<u>37,156</u>	<u>357</u>	<u>-</u>	<u>48,136</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,654,408</u>	<u>\$ 1,273</u>	<u>\$ 37,156</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 48,199</u>	<u>\$ -</u>

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Castle Island CDBG Grant	Streetscape Improvement	Library Expansion	Kayak Access Grant	EPA Brownsfield Grant	CDBG-NR	Total Nonmajor Capital Project Funds
Assets:							
Cash and cash equivalents	\$ -	\$ 3,461,766	\$ 2,000	\$ -	\$ -	\$ -	\$ 5,204,464
Accounts receivable, net	95,693	-	-	42,986	-	61,655	201,029
Total assets	<u>\$ 95,693</u>	<u>\$ 3,461,766</u>	<u>\$ 2,000</u>	<u>\$ 42,986</u>	<u>\$ -</u>	<u>\$ 61,655</u>	<u>\$ 5,405,493</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ -	\$ 382,610	\$ -	\$ 15,362	\$ -	\$ -	\$ 398,035
Due to General Fund	95,693	-	-	27,624	-	36,655	159,972
Total liabilities	<u>95,693</u>	<u>382,610</u>	<u>-</u>	<u>42,986</u>	<u>-</u>	<u>36,655</u>	<u>558,007</u>
Fund Balances:							
Restricted:							
Stabilization by state statute	95,693	3,177,734	-	62,427	179,044	61,655	3,967,219
Committed	-	-	2,000	-	-	-	1,323,393
Assigned	-	-	-	-	-	-	29,271
Unassigned	(95,693)	(98,578)	-	(62,427)	(179,044)	(36,655)	(472,397)
Total fund balances	<u>-</u>	<u>3,079,156</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>4,847,486</u>
Total liabilities and fund balances	<u>\$ 95,693</u>	<u>\$ 3,461,766</u>	<u>\$ 2,000</u>	<u>\$ 42,986</u>	<u>\$ -</u>	<u>\$ 61,655</u>	<u>\$ 5,405,493</u>

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	New Police Station Fund	Public Safety Capital Reserve Fund	Façade Program Fund	Way Finding Project	Havens Garden Park Pier	Financial and Utility Billing Software Project	Downtown Revitalization Grant 2018
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,489	\$ -	\$ 2,422
Contributions	-	-	-	-	-	-	-
Investment earnings	18,996	18	425	345	-	2,103	-
Total revenues	18,996	18	425	345	1,489	2,103	2,422
Expenditures:							
Public safety	834,462	-	-	-	-	-	-
General government	-	-	-	-	-	120,250	-
Cultural and recreational	-	-	-	-	-	-	-
Economic and physical development	-	-	21,470	43,582	-	-	2,422
Total expenditures	834,462	-	21,470	43,582	-	120,250	2,422
Revenues over (under) expenditures	(815,466)	18	(21,045)	(43,237)	1,489	(118,147)	-
Other Financing Sources (Uses):							
Transfers in	1,171,854	166,970	30,000	9,600	-	-	-
Transfers out	-	(166,970)	-	-	(1,489)	-	-
Total other financing sources (uses)	1,171,854	-	30,000	9,600	(1,489)	-	-
Net change in fund balances	356,388	18	8,955	(33,637)	-	(118,147)	-
Fund Balances:							
Beginning of year - July 1	1,298,020	1,255	28,201	33,994	-	166,283	-
End of year - June 30	\$ 1,654,408	\$ 1,273	\$ 37,156	\$ 357	\$ -	\$ 48,136	\$ -

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, 2020

	Castle Island CDBG Grant	Streetscape Improvement	Library Expansion	Kayak Access Grant	EPA Brownsfield Grant	CDBG-NR	Total Nonmajor Capital Project Funds
Revenues:							
Restricted intergovernmental	\$ 95,693	\$ 24,000	\$ -	\$ 18,137	\$ 68,828	\$ 38,456	\$ 249,025
Local contributions	-	-	-	30,549	-	-	30,549
Investment earnings	-	9,834	-	-	-	-	31,721
Total revenues	<u>95,693</u>	<u>33,834</u>	<u>-</u>	<u>48,686</u>	<u>68,828</u>	<u>38,456</u>	<u>311,295</u>
Expenditures:							
Public safety	-	-	-	-	-	-	834,462
General government	-	-	-	-	-	-	120,250
Cultural and recreational	-	-	-	48,686	-	-	48,686
Economic and physical development	95,693	992,326	-	-	68,828	38,456	1,262,777
Total expenditures	<u>95,693</u>	<u>992,326</u>	<u>-</u>	<u>48,686</u>	<u>68,828</u>	<u>38,456</u>	<u>2,266,175</u>
Revenues over (under) expenditures	<u>-</u>	<u>(958,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,954,880)</u>
Other Financing Sources (Uses):							
Transfers in	-	3,679,579	1,000	-	-	-	5,059,003
Transfers out	-	-	-	-	-	-	(168,459)
Total other financing sources (uses)	<u>-</u>	<u>3,679,579</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,890,544</u>
Net change in fund balances	-	2,721,087	1,000	-	-	-	2,935,664
Fund Balances:							
Beginning of year - July 1	<u>-</u>	<u>358,069</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>1,911,822</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 3,079,156</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 4,847,486</u>

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NEW POLICE STATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 74,365	\$ 73,051	\$ 18,996	\$ 92,047	\$ 17,682
Expenditures:					
Public Safety:					
Legal fees	35,000	14,888	19,000	33,888	1,112
Engineering fees	496,854	143,224	-	143,224	353,630
Equipment	1,287,784	105,485	22,496	127,981	1,159,803
Land acquisition	942,143	26,996	792,966	819,962	122,181
Total expenditures	2,761,781	290,593	834,462	1,125,055	1,636,726
Revenues over (under) expenditures	(2,687,416)	(217,542)	(815,466)	(1,033,008)	1,654,408
Other Financing Sources (Uses):					
Transfer from General Fund	2,687,416	1,515,562	1,171,854	2,687,416	-
Net change in fund balance	\$ -	\$ 1,298,020	356,388	\$ 1,654,408	\$ 1,654,408
Fund Balance:					
Beginning of year - July 1			1,298,020		
End of year - June 30			\$ 1,654,408		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - PUBLIC SAFETY CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted Intergovernmental:				
Investment earnings	\$ -	\$ 18	\$ 18	\$ 21
Other Financing Sources (Uses):				
Transfers from General Fund	166,970	166,970	-	166,970
Transfers to General Fund	<u>(166,970)</u>	<u>(166,970)</u>	-	<u>(166,970)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>18</u>	<u>\$ 18</u>	<u>21</u>
Fund Balance:				
Beginning of year - July 1		<u>1,255</u>		<u>1,234</u>
End of year - June 30		<u>\$ 1,273</u>		<u>\$ 1,255</u>

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - FACADE PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 425	\$ 425	\$ 330
Expenditures:				
Economic Development:				
Facade grants	32,000	21,470	10,530	17,105
Revenues over (under) expenditures	(32,000)	(21,045)	10,955	(16,775)
Other Financing Sources (Uses):				
Appropriated fund balance	2,000	-	(2,000)	-
Transfer from General Fund	30,000	30,000	-	20,000
Total other financing sources (uses)	32,000	30,000	(2,000)	20,000
Net change in fund balance	\$ -	8,955	\$ 8,955	3,225
Fund Balance:				
Beginning of year - July 1		28,201		24,976
End of year - June 30		\$ 37,156		\$ 28,201

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - WAY FINDING PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 3,038	\$ 3,039	\$ 345	\$ 3,384	\$ 346
Expenditures:					
Economic and Physical Development:					
Design	49,913	49,913	-	49,913	-
Installation	122,725	79,132	43,582	122,714	11
Total expenditures	172,638	129,045	43,582	172,627	11
Revenues over (under) expenditures	(169,600)	(126,006)	(43,237)	(169,243)	357
Other Financing Sources (Uses):					
Transfer from other funds	169,600	160,000	9,600	169,600	-
Net change in fund balance	\$ -	\$ 33,994	(33,637)	\$ 357	\$ 357
Fund Balance:					
Beginning of year - July 1			33,994		
End of year - June 30			\$ 357		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - HAVENS GARDEN PARK PIER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Coastal Management grant	\$ 83,700	\$ 81,131	\$ 1,489	\$ 82,620	\$ (1,080)
Expenditures:					
Economic and Physical Development:					
Professional services	1,001	1,001	-	1,001	-
Construction	96,999	94,430	-	94,430	2,569
Total expenditures	98,000	95,431	-	95,431	2,569
Revenues over (under) expenditures	(14,300)	(14,300)	1,489	(12,811)	1,489
Other Financing Sources (Uses):					
Transfer from other funds	14,300	14,300	(1,489)	12,811	(1,489)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - FINANCIAL AND UTILITY SOFTWARE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Interest earnings	\$ -	\$ 2,938	\$ 2,103	\$ 5,041	\$ 5,041
Expenditures:					
General government:					
Software	400,000	236,655	120,250	356,905	43,095
Revenues over (under) expenditures	(400,000)	(233,717)	(118,147)	(351,864)	48,136
Other Financing Sources (Uses):					
Transfer from other funds	400,000	400,000	-	400,000	-
Net change in fund balance	\$ -	\$ 166,283	(118,147)	\$ 48,136	\$ 48,136
Fund Balance:					
Beginning of year - July 1			166,283		
End of year - June 30			\$ 48,136		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - DOWNTOWN REVITALIZATION GRANT 2018
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grant	\$ 50,000	\$ 47,578	\$ 2,422	\$ 50,000	\$ -
Expenditures:					
Economic and Physical Development:					
Downtown improvements	50,000	47,578	2,422	50,000	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - CASTLE ISLAND CDBG GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
CDBG grant funds	\$ 500,000	\$ -	\$ 95,693	\$ 95,693	\$ (404,307)
Expenditures:					
Economic and Physical Development:					
Building rehabilitation	500,000	-	95,693	95,693	404,307
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - STREETSCAPE IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Water tap fees	\$ -	\$ -	\$ 24,000	\$ 24,000	\$ 24,000
Interest earnings	12,599	5,363	9,834	15,197	2,598
Total revenues	12,599	5,363	33,834	39,197	26,598
Expenditures:					
Economic and Physical Development:					
Improvements	4,092,178	47,294	992,326	1,039,620	3,052,558
Revenues over (under) expenditures	(4,079,579)	(41,931)	(958,492)	(1,000,423)	3,079,156
Other Financing Sources (Uses):					
Transfer from other funds	4,079,579	400,000	3,679,579	4,079,579	-
Net change in fund balance	\$ -	\$ 358,069	2,721,087	\$ 3,079,156	\$ 3,079,156
Fund Balance:					
Beginning of year - July 1			358,069		
End of year - June 30			\$ 3,079,156		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - LIBRARY EXPANSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Economic and Physical Development:					
Grant administration	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Revenues over (under) expenditures	(2,000)	-	-	-	2,000
Other Financing Sources (Uses):					
Transfer from other funds	2,000	1,000	1,000	2,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,000</u>	1,000	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Fund Balance:					
Beginning of year - July 1			1,000		
End of year - June 30			<u>\$ 2,000</u>		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - KAYAK ACCESS GRANT #7663
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>to Date</u>	<u>Over/Under</u>
Revenues:					
NCDEQ grant	\$ 37,578	\$ -	\$ 18,137	\$ 18,137	\$ (19,441)
Sound Rivers, local contribution	30,549	-	30,549	30,549	-
Total revenues	<u>68,127</u>	<u>-</u>	<u>48,686</u>	<u>48,686</u>	<u>(19,441)</u>
Expenditures:					
Cultural and Recreation:					
Construction	<u>68,127</u>	<u>-</u>	<u>48,686</u>	<u>48,686</u>	<u>19,441</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - EPA BROWNSFIELD GRANT #00D72918

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
EPA grant funds	\$ 300,000	\$ 48,128	\$ 68,828	\$ 116,956	\$ (183,044)
Expenditures:					
Economic and Physical Development:					
Professional services	296,000	48,128	68,828	116,956	179,044
Administration/training	4,000	-	-	-	4,000
Total expenditures	300,000	48,128	68,828	116,956	183,044
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL PROJECT FUND - CDBG-NR #14-D-2971
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
NC Dept. of Commerce grant	\$ 750,000	\$ 23,199	\$ 38,456	\$ 61,655	\$ (688,345)
Expenditures:					
Economic and Physical Development:					
Program administration	72,000	23,199	38,456	61,655	10,345
Planning	3,000	-	-	-	3,000
Rehabilitation	310,000	-	-	-	310,000
Relocation assistance	110,000	-	-	-	110,000
Demolition	25,000	-	-	-	25,000
Acquisition	255,000	-	-	-	255,000
Total expenditures	775,000	23,199	38,456	61,655	713,345
Revenues over (under) expenditures	(25,000)	-	-	-	25,000
Other Financing Sources (Uses):					
Transfer from other funds	25,000	25,000	-	25,000	-
Net change in fund balance	\$ -	\$ 25,000	-	\$ 25,000	\$ 25,000
Fund Balance:					
Beginning of year - July 1			25,000		
End of year - June 30			\$ 25,000		

Nonmajor Governmental Funds

Permanent Funds

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

- Library Trust Fund - This fund is used to account for the corpus of the George H. and Laura E. Brown Trust which was transferred to the City for the benefit of the Brown Library. Interest earned on the corpus is paid to the General Fund to help defray a portion of the costs associated with the upkeep of the library.
- Cemetery Trust Fund - This fund is used to account for payments which have been received for the continued upkeep of certain lots within the City's two cemeteries. Interest earned on the corpus is paid to the Cemetery Fund to help defray a portion of the costs associated with the upkeep of the cemeteries.

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

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

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Library Fund	Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:			
Interest earnings	\$ 1,623	\$ 7,849	\$ 9,472
Expenditures:			
Current:			
Environmental protection	-	7,849	7,849
Cultural and recreation	1,623	-	1,623
Total expenditures	1,623	7,849	9,472
Net change in fund balances	-	-	-
Fund Balances:			
Beginning of year - July 1	95,395	454,458	549,853
End of year - June 30	\$ 95,395	\$ 454,458	\$ 549,853

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUND - LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest earnings	\$ 3,000	\$ 1,623	\$ (1,377)	\$ 1,953
Expenditures:				
Administration	3,000	1,623	1,377	1,953
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		95,395		95,395
End of year - June 30		\$ 95,395		\$ 95,395

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR PERMANENT FUND - CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest earnings	\$ 11,000	\$ 7,849	\$ (3,151)	\$ 9,393
Expenditures:				
Administration	11,000	7,849	3,151	9,393
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		454,458		454,458
End of year - June 30		\$ 454,458		\$ 454,458

Major Enterprise Funds

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

- Water Fund - This fund is used to account for the City's water utility operations.
- Sewer Fund - This fund is used to account for the City's sewer utility operations.
- Electric Fund - This fund is used to account for the City's electric utility operations.
- Stormwater Utility Fund - This fund is used to account for the City's stormwater operations.
- Warren Field Airport Fund - This fund is used to account for the operations of the City's airfield operations.
- Water Capital Reserve Fund - This fund is used to account for the accumulation of funds for future water fund capital outlays.
- DOT Bridge #3 Pipeline Relocation - This fund is used to account for the construction of DOT bridge #3 pipeline relocation.
- Water Capital Project Fund - This fund is used to account for expansion or upgrades to the water system.
- Water Asset Inventory Grant #H-AIA-D-20-0192 - This fund is used to account for the existing water system and document condition of the inventoried items.
- Sewer Capital Reserve Fund - This fund is used to account for the accumulation of funds for future sewer fund capital outlays.
- Wastewater Asset Inventory Grant Fund – This fund is used to account for a wastewater asset inventory and assessment grant.
- Sewer Plant Expansion Fund – This fund is used to account for future sewer plant expansion.

- DOT Highway 17 Electric Relocation – This fund is used to account for the construction of DOT Highway 17 relocation.
- Electric Capital Project Fund – This fund is used to account for the design and construction of electrical improvements.
- Stormwater Capital Project Fund - This fund is used to account for the design and construction of stormwater improvements.
- Airport Runway Capital Project Fund - This fund is used to account for the NC Division of Aviation Runway 5-23 Pavement Rehabilitation Overlay Design Project.
- Airport Rehabilitation Capital Project Fund - This fund is used to account for the rehabilitation projects at the airport.
- Corporate Hanger Design Grant Capital Project Fund - This fund is used to account for the NC Division of Aviation Corporate Hanger Design Project.
- Airport Taxiway/Apron Pavement Rehabilitation 36244.51.11.2 - This fund is used to account for the construction, administration of runway 5/23 taxiway, A, B, C, and terminal Airport Rehab.
- Airport Pavement Rehabilitation 36237.38.17.1 - This fund is used to account for the construction, administration of runway 5/23 taxiway, A, B, C, and terminal Airport Rehab.

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	\$ 3,100,000	\$ 3,156,660	\$ 56,660	\$ 3,203,283
Other Operating Revenues:				
Connection and reconnection fees	40,000	47,903	7,903	58,075
Water taps	18,000	33,800	15,800	34,202
Fire hydrants	15,000	15,000	-	15,000
Late penalty charges	22,000	16,333	(5,667)	21,085
Total operating revenues	3,195,000	3,269,696	74,696	3,331,645
Non-Operating Revenues:				
Rents	37,400	39,811	2,411	37,552
Recovery of doubtful accounts	300	1,103	803	1,413
Interest earnings	72,000	61,854	(10,146)	77,241
Sale of surplus and scrap	-	490	490	4,577
FEMA assistance	-	-	-	39,226
Miscellaneous	500	693	193	1,111
Total non-operating revenues	110,200	103,951	(6,249)	161,120
Total revenues	3,305,200	3,373,647	68,447	3,492,765
Operating Expenditures:				
Water Administration:				
Public Works Director:				
Salaries and employee benefits	125,458	115,250	10,208	106,760
Supplies	1,400	746	654	1,218
Employee development	1,000	570	430	-
Telephone	800	740	60	695
Professional services	5,500	1,892	3,608	221
Total public works director	134,158	119,198	14,960	108,894
Miscellaneous - Non-Departmental:				
Workers' compensation	7,943	6,459	1,484	5,773
Unemployment wages	4,032	239	3,793	392
Insurance and bonds	46,166	44,966	1,200	44,235
Printing and publishing	2,700	2,228	472	2,366
Utility service fee - General Fund	575,134	575,134	-	599,712
Utility service fee - Electric Fund	192,495	192,495	-	185,754
Repair and maintenance	500	-	500	-
Hurricane FEMA grant expenses	-	-	-	19,177
Contingency	43,549	-	43,549	-
Other expenses	3,376	2,376	1,000	2,376
Total miscellaneous - non-departmental	875,895	823,897	51,998	859,785
Total water administration	1,010,053	943,095	66,958	968,679

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Water Treatment and Distribution:				
Water Meter Services:				
Salaries and employee benefits	112,803	110,127	2,676	104,227
Telephone	3,000	2,889	111	2,635
Employee development	1,400	520	880	490
Repair and maintenance	58,700	9,047	49,653	54,335
Supplies	2,000	1,759	241	1,575
Materials	4,500	602	3,898	3,272
OSHA safety mandates	500	90	410	-
Professional services	500	72	428	-
Total water meter services	183,403	125,106	58,297	166,534
Water Treatment Plant:				
Salaries and employee benefits	537,924	532,727	5,197	477,292
OSHA safety mandates	2,500	2,277	223	1,568
Employee development	5,500	3,462	2,038	2,097
Telephone	5,500	3,528	1,972	3,766
Printing and publishing	500	305	195	537
Water and electric services	250,000	215,013	34,987	219,342
Repair and maintenance	138,075	127,198	10,877	107,649
Supplies	5,049	4,875	174	4,905
Chemicals and lab supplies	361,600	327,147	34,453	287,154
Dues and subscriptions	7,500	5,560	1,940	5,669
Professional services	2,500	700	1,800	597
Contract services	9,228	9,144	84	12,052
Employee advertisement	300	221	79	308
Total water treatment plant	1,326,176	1,232,157	94,019	1,122,936
Water Distribution Maintenance:				
Salaries and employee benefits	166,328	165,969	359	157,458
Contract services	53,840	53,839	1	50,039
Water and electric services	8,000	7,519	481	8,924
Employee advertising	100	-	100	-
Repair and maintenance	10,253	9,910	343	8,915
Supplies	1,800	754	1,046	1,887
Materials	11,925	11,919	6	8,990
Professional services	200	108	92	-
Total water distribution maintenance	252,446	250,018	2,428	236,213
Total water treatment and distribution	1,762,025	1,607,281	154,744	1,525,683
Capital outlay	437,825	325,084	112,741	461,236
Total operating expenditures	3,209,903	2,875,460	334,443	2,955,598

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	95,297	498,187	402,890	537,167
Other Financing Sources (Uses):				
Appropriated net position	468,711	-	(468,711)	-
Transfers from:				
Capital Project Fund	-	-	-	204,114
Transfers to:				
Capital Project Fund	(413,595)	(413,595)	-	(26,250)
Economic Development Fund	(78,450)	(78,450)	-	(77,684)
General Fund	(71,963)	(71,963)	-	(71,963)
Total other financing sources (uses)	(95,297)	(564,008)	(468,711)	28,217
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (65,821)	\$ (65,821)	\$ 565,384
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,821)		\$ 565,384
Capital outlay		325,084		461,236
Change in compensated absences		(9,360)		(7,420)
Change in OPEB liability		(30,757)		(32,493)
Change in deferred outflows of resources - OPEB		17,197		39,245
Change in deferred inflows of resources - OPEB		1,969		3,048
Change in deferred outflows of resources - pension		(32,794)		72,407
Change in deferred inflows of resources - pension		2,144		4,303
Change in net pension liability		(27,499)		(87,959)
Depreciation		(762,109)		(746,965)
Bad debt provision		(40,972)		(12,429)
Inventory adjustment		318		(376)
Capital contributions		-		35,755
Transfer to Water Capital Project		40,300		-
Transfer from Water Capital Project		-		(77,221)
Capital contributions, revenue from:				
Water Capital Reserve Fund		5,513		6,475
Water Capital Project Fund		60,455		46,147
Change in net position		\$ (516,332)		\$ 269,137

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Sewer sales	\$ 3,370,276	\$ 3,259,524	\$ (110,752)	\$ 3,231,537
Other Operating Revenues:				
Sewer taps	10,000	23,600	13,600	23,554
Late penalty charges	26,000	21,879	(4,121)	26,245
Total operating revenues	3,406,276	3,305,003	(101,273)	3,281,336
Non-Operating Revenues:				
Recovery of doubtful accounts	100	1,280	1,180	1,954
Interest earnings	44,000	42,880	(1,120)	48,822
Sewer assessments	1,596	1,597	1	3,109
FEMA assistance	-	-	-	12,245
Miscellaneous	-	7,622	7,622	7,916
Total non-operating revenues	45,696	53,379	7,683	74,046
Total revenues	3,451,972	3,358,382	(93,590)	3,355,382
Operating Expenditures:				
Sewer Administration:				
Public Works Director:				
Salaries and employee benefits	116,093	115,249	844	106,759
Supplies	1,000	245	755	150
Employee development	1,000	-	1,000	-
Dues and subscriptions	200	194	6	-
Telephone	800	740	60	695
Professional services	1,353	-	1,353	-
Total public works director	120,446	116,428	4,018	107,604
Miscellaneous - Non-Departmental:				
Workers' compensation	7,943	6,459	1,484	5,729
Printing and publishing	3,000	2,228	772	2,366
Insurance and bonds	47,120	44,871	2,249	44,911
Utility service fee - General Fund	630,784	630,784	-	642,687
Repair and maintenance	500	-	500	-
Other expenses	15,186	2,631	12,555	2,768
Utility service fee - Electric Fund	64,390	64,390	-	62,735
Hurricane FEMA grant expenses	-	-	-	4,020
Total miscellaneous - non-departmental	768,923	751,363	17,560	765,216
Total sewer administration	889,369	867,791	21,578	872,820

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Waste Collection and Treatment:				
Wastewater Treatment:				
Salaries and employee benefits	526,665	524,913	1,752	469,107
Employee advertising	100	-	100	-
Employee development	4,600	4,083	517	3,726
Telephone	900	796	104	786
Printing and publishing	500	-	500	50
Water and electric service	282,245	246,191	36,054	274,999
Repair and maintenance	117,050	106,593	10,457	83,915
Supplies	101,296	74,124	27,172	82,373
Dues	6,600	6,290	310	6,161
Professional services	350	344	6	54
Contract services	119,000	118,257	743	93,649
Licenses and permits	7,485	7,345	140	8,220
OSHA safety mandates	2,500	2,412	88	1,566
Total wastewater treatment	1,169,291	1,091,348	77,943	1,024,606
Wastewater Collection Maintenance:				
Salaries and employee benefits	161,633	160,057	1,576	159,230
OSHA safety mandates	750	663	87	291
Employee development	3,400	3,030	370	255
Telephone	3,700	2,521	1,179	2,785
Repair and maintenance	19,600	13,081	6,519	16,862
Supplies	3,000	1,263	1,737	2,236
Materials	28,000	20,244	7,756	5,750
Contract services	99,500	14,613	84,887	41,384
Professional services	10,710	10,068	642	-
Total wastewater collection maintenance	330,293	225,540	104,753	228,793
Sewer Pumping Station:				
Salaries and employee benefits	70,801	70,668	133	68,296
Water and electrical service	164,382	140,873	23,509	161,320
Repair and maintenance	114,200	108,584	5,616	118,495
Supplies	1,470	1,210	260	2,856
Professional services	600	36	564	-
Total sewer pumping station	351,453	321,371	30,082	350,967
Total waste collection and treatment	1,851,037	1,638,259	212,778	1,604,366

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
State Loan:				
Principal retirement	215,379	215,378	1	202,432
Interest	19,139	18,618	521	21,808
Total debt service	234,518	233,996	522	224,240
Capital outlay	930,769	440,294	490,475	302,209
Total operating expenditures	3,905,693	3,180,340	725,353	3,003,635
Revenues over (under) expenditures	(453,721)	178,042	631,763	351,747
Other Financing Sources (Uses):				
Appropriated net position	794,519	-	(794,519)	-
Transfer to:				
Economic Development Fund	(78,450)	(78,450)	-	(77,684)
Capital Project Fund	(221,816)	(221,816)	-	(26,250)
General Fund	(40,532)	(40,532)	-	(40,532)
Total other financing sources (uses)	453,721	(340,798)	(794,519)	(144,466)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (162,756)	\$ (162,756)	\$ 207,281

Reconciliation from Budgetary Basis

(Modified Accrual) to Full Accrual Basis:

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (162,756)	\$ 207,281
Capital outlay	440,294	302,209
Principal retirement	215,378	202,432
Change in compensated absences	(8,080)	(3,442)
Change in OPEB liability	21,743	(36,398)
Change in deferred outflows of resources - OPEB	11,036	40,067
Change in deferred inflows of resources - OPEB	3,760	3,186
Change in deferred outflows of resources - pension	(32,794)	72,407
Change in deferred inflows of resources - pension	2,144	4,303
Change in net pension liability	(27,499)	(87,959)
Depreciation	(922,396)	(900,885)
Bad debt (provision) recovery	(49,406)	(14,600)
Inventory adjustment	(1,336)	(1,365)
Loss on disposal of capital assets	-	(1,587)

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Capital contributions, revenue from:				
Sewer Capital Reserve Fund		1,745		2,049
Sewer Capital Project funds		-		59,432
Transfer to Water Project Fund		125,000		-
Transfer to Water Fund		-		(126,893)
Capital contributions		-		34,837
Change in net position		<u>\$ (383,167)</u>		<u>\$ (244,926)</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Electric sales	\$ 34,213,269	\$ 31,668,331	\$ (2,544,938)	\$ 33,457,900
Other Operating Revenues:				
Underground services	45,000	38,133	(6,867)	30,178
Reconnection fees	60,000	38,445	(21,555)	55,195
Facility connection fees	5,000	5,017	17	5,017
Pole attachment fees - cable TV	18,000	-	(18,000)	-
Connection fees	45,000	56,489	11,489	64,790
Late penalty charges	280,000	176,565	(103,435)	237,420
New construction fee	1,500	-	(1,500)	150
Total operating revenues	34,667,769	31,982,980	(2,684,789)	33,850,650
Non-Operating Revenues:				
Recovery of doubtful accounts	2,500	10,375	7,875	11,288
Interest earnings	303,900	254,346	(49,554)	357,567
Sale of surplus and scrap	28,000	14,081	(13,919)	39,382
Fines and meters	13,000	10,091	(2,909)	12,570
FEMA assistance	303,607	247,170	(56,437)	401,229
Miscellaneous	65,300	79,341	14,041	25,840
Total non-operating revenues	716,307	615,404	(100,903)	847,876
Total revenues	35,384,076	32,598,384	(2,785,692)	34,698,526
Operating Expenditures:				
Administration:				
Office of Electric Director:				
Salaries and employee benefits	268,325	190,382	77,943	163,491
Employee development	17,000	10,409	6,591	20,879
Professional services	276,245	186,689	89,556	96,961
Telephone	2,500	1,120	1,380	1,278
Printing and publishing	2,200	1,732	468	2,397
Maintenance	6,599	5,126	1,473	5,389
Supplies	4,300	820	3,480	4,832
Dues and subscriptions	1,000	-	1,000	-
Total Office of Electric Director	578,169	396,278	181,891	295,227
Miscellaneous - Non-Departmental:				
Printing and publishing	5,500	4,403	1,097	4,733
Dues and subscriptions	1,777	1,358	419	1,333
Insurance and bonds	131,126	131,057	69	125,872
Workers' compensation	63,208	59,448	3,760	65,773
Rents	10,000	10,000	-	10,000
Maintenance	1,000	-	1,000	-

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Utility service fee - General Fund	1,418,071	1,418,071	-	1,403,789
Utility assistance contribution	10,000	10,000	-	10,000
Hurricane FEMA grant expenses	270,000	264,828	5,172	305,015
Other expenses	391,611	361,239	30,372	352,683
Total miscellaneous - non-departmental	2,302,293	2,260,404	41,889	2,279,198
 Total administration	 2,880,462	 2,656,682	 223,780	 2,574,425
 Utility Communications:				
Salaries and employee benefits	274,171	274,102	69	261,796
Employee advertising	100	-	100	-
Employee development	200	-	200	-
Professional services	8,300	3,383	4,917	3,647
Telephone	10,150	9,174	976	8,992
Water and electric services	2,500	1,276	1,224	1,714
Rents	17,320	17,320	-	17,320
Maintenance	2,920	1,307	1,613	5,784
Supplies	1,000	954	46	3,035
Total utility communications	316,661	307,516	9,145	302,288
 Meter Services:				
Salaries and employee benefits	440,432	432,326	8,106	451,325
Employee advertising	200	-	200	-
Employee development	4,000	890	3,110	2,494
Telephone	5,935	3,663	2,272	3,786
Water and electric service	10,000	6,758	3,242	7,694
Maintenance	88,000	78,331	9,669	95,478
Supplies	3,500	2,033	1,467	2,760
Materials	6,000	72	5,928	5,449
Professional services	500	144	356	-
Other expenses	4,500	3,302	1,198	2,497
Contract services	40,000	1,072	38,928	29,158
Reimbursement from other funds	(256,885)	(256,885)	-	(248,489)
Total meter services	346,182	271,706	74,476	352,152
 Power Line Maintenance:				
Salaries and employee benefits	1,546,125	1,421,220	124,905	893,277
Employee advertising	250	-	250	-
Employee development	29,123	18,194	10,929	38,590
Telephone	9,300	9,019	281	7,474
Water and electric service	150,700	146,393	4,307	149,520
Printing and publishing	200	-	200	144
Maintenance	166,400	115,171	51,229	133,583

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Supplies	61,500	54,833	6,667	62,711
Materials	224,500	140,106	84,394	185,835
Contract services	511,850	469,033	42,817	549,716
Professional services	10,000	551	9,449	9,721
Insurance	6,000	476	5,524	2,675
Other expenses	5,750	5,477	273	5,665
Total power line maintenance	2,721,698	2,380,473	341,225	2,038,911
Substation Maintenance:				
Salaries and employee benefits	188,758	172,311	16,447	164,900
Employee advertisement	200	-	200	-
Employee development	3,000	743	2,257	1,089
Professional services	25,925	15,417	10,508	1,996
Telephone	4,000	3,565	435	3,312
Water and electric service	26,000	23,976	2,024	24,254
Maintenance	148,477	129,454	19,023	68,347
Supplies	2,000	1,893	107	1,361
Contract services	52,002	35,726	16,276	13,929
Other expenses	3,000	2,371	629	-
Total substation maintenance	453,362	385,456	67,906	279,188
Load Management:				
Salaries and employee benefits	102,906	87,593	15,313	92,369
Employee advertisement	100	-	100	-
Employee development	1,000	255	745	180
Supplies	500	305	195	107
Heat pump rebates	15,000	5,738	9,262	12,763
Maintenance	503,181	359,194	143,987	349,530
Materials	2,000	863	1,137	1,897
Marketing and promotions	20,000	5,695	14,305	5,805
Contract services	25,000	23,878	1,122	47,495
Other expenses	3,000	1,188	1,812	-
Total load management	672,687	484,709	187,978	510,146
Total electric operations	4,510,590	3,829,860	680,730	3,482,685
Electric power purchases	22,257,417	21,665,850	591,567	22,123,170
Capital outlay	3,899,616	2,729,155	1,170,461	3,149,077
Total operating expenditures	33,548,085	30,881,547	2,666,538	31,329,357

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	1,835,991	1,716,837	(119,154)	3,369,169
Other Financing Sources (Uses):				
Appropriated net position	4,172,119	-	(4,172,119)	-
Transfers to:				
Capital Project Fund	(4,289,883)	(4,289,883)	-	(542,991)
General Fund	(1,312,690)	(1,312,690)	-	(1,162,690)
Cemetery Fund	(126,607)	(126,607)	-	(116,713)
Economic Development Capital Reserve Fund	(278,930)	(278,930)	-	(276,212)
Total other financing sources (uses)	(1,835,991)	(6,008,110)	(4,172,119)	(2,098,606)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (4,291,273)	\$ (4,291,273)	\$ 1,270,563
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (4,291,273)		\$ 1,270,563
Capital outlay		2,729,155		3,149,077
Change in compensated absences		(13,743)		35,819
Change in OPEB liability		(115,571)		(58,419)
Change in deferred outflows of resources - OPEB		33,020		103,230
Change in deferred inflows of resources - OPEB		3,131		7,777
Change in deferred outflows of resources - pension		(74,956)		165,502
Change in deferred inflows of resources - pension		4,900		9,835
Change in net pension liability		(62,856)		(201,048)
Depreciation		(1,085,484)		(1,065,197)
Bad debt provision		(91,768)		(125,377)
Inventory adjustment		(23,767)		(13,245)
Transfer out		3,380,002		445,491
Capital contributions, revenue from:				
Electric Capital Project funds		1,739		93,023
Transfer of capital assets		(5,349)		(94,488)
Change in net position		\$ 387,180		\$ 3,722,543

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Public works fees	\$ 845,000	\$ 887,096	\$ 42,096	\$ 849,238
Miscellaneous	-	168	168	167
Late penalty charges	6,000	5,192	(808)	7,197
Permit fees	1,000	2,000	1,000	2,700
Total operating revenues	852,000	894,456	42,456	859,302
Non-Operating Revenues:				
Interest earnings	58,287	60,115	1,828	66,017
FEMA assistance	-	-	-	38,545
Total non-operating revenues	58,287	60,115	1,828	104,562
Total revenues	910,287	954,571	44,284	963,864
Operating Expenditures:				
Professional services	5,000	70	4,930	4,271
Water and electric service	25,000	19,181	5,819	25,659
Maintenance and repairs	47,500	37,140	10,360	19,557
Supplies	2,700	2,408	292	2,514
Contracted services	8,200	7,770	430	7,875
Materials	7,240	5,531	1,709	9,721
Insurance	7,742	7,560	182	1,174
Hurricane expenses	-	-	-	17,604
Miscellaneous	2,376	2,376	-	2,415
Total operating expenditures	105,758	82,036	23,722	90,790
Debt Service:				
Principal	333,334	333,333	1	333,333
Interest	102,084	101,726	358	118,417
Total debt service	435,418	435,059	359	451,750
Capital outlay	261,650	185,742	75,908	42,310
Total expenditures	802,826	702,837	99,989	584,850
Revenues over (under) expenditures	107,461	251,734	144,273	379,014

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfer to other funds	(428,190)	(428,190)	-	(250,000)
Appropriated net position	320,729	-	(320,729)	-
Total other financing sources (uses)	(107,461)	(428,190)	(320,729)	(250,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (176,456)	\$ (176,456)	\$ 129,014
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (176,456)		\$ 129,014
Depreciation		(247,129)		(144,586)
Capital outlay		185,742		42,310
Principal retirement		333,333		333,333
Transfer to Stormwater Capital projects		158,301		346,160
Transfer from Stormwater Capital projects		-		(96,160)
Investment earnings from Capital Project Fund		-		1,256
Bad debt expense (recoveries)		(9,345)		(3,354)
Change in net position		\$ 244,446		\$ 607,973

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Fuel sales	\$ 227,535	\$ 196,245	\$ (31,290)	\$ 197,999
Rentals	86,385	86,008	(377)	80,594
Miscellaneous revenue	1,750	15,863	14,113	3,797
Total operating revenues	315,670	298,116	(17,554)	282,390
Non-Operating Revenues:				
Interest earnings	-	499	499	1,738
FEMA assistance	-	-	-	1,404
Grant funds	190,000	67,698	(122,302)	-
Total non-operating revenues	190,000	68,197	(121,803)	3,142
Total revenues	505,670	366,313	(139,357)	285,532
Operating Expenditures:				
Salaries and employee benefits	70,887	65,310	5,577	58,102
Professional services	106,935	103,157	3,778	73,881
Utilities	28,600	26,342	2,258	25,144
Fuel purchases	160,000	144,017	15,983	144,842
Maintenance and repairs	91,469	80,541	10,928	60,376
Supplies	2,500	2,268	232	2,410
Contracted services	19,415	14,567	4,848	16,543
Equipment rental	7,984	6,903	1,081	6,651
Miscellaneous	3,702	3,131	571	4,459
Insurance	19,313	19,259	54	19,250
Grant expense	166,667	-	166,667	-
Utility service fee - General Fund	30,771	30,771	-	30,459
Total	708,243	496,266	211,977	442,117
Miscellaneous - Non-Departmental:				
Hurricane FEMA Grant expenses	-	-	-	1,570
Total miscellaneous - non-departmental	-	-	-	1,570
Capital outlay	45,000	44,753	247	25,101
Total expenditures	753,243	541,019	212,224	468,788

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(247,573)	(174,706)	72,867	(183,256)
Other Financing Sources (Uses):				
Appropriated net position	3,354	-	(3,354)	-
Transfer to airport capital project funds	-	-	-	(63,490)
Transfers from General Fund	244,219	244,219	-	244,769
Total other financing sources (uses)	247,573	244,219	(3,354)	181,279
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 69,513	\$ 69,513	\$ (1,977)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 69,513		\$ (1,977)
Capital outlay		44,753		25,101
Depreciation		(156,367)		(125,356)
Change in compensated absences		(933)		(669)
Change in OPEB liability		(311)		(3,906)
Change in deferred outflows of resources - OPEB		1,439		2,323
Change in deferred inflows of resources - OPEB		198		137
Transfer from other funds - project		630,031		84,156
Capital contributions, grant revenue from projects		5,145,437		532,108
Capital contributions		(8,057)		974
Bad debt expense (recoveries)		267		(14,561)
Change in net position		\$ 5,725,970		\$ 498,330

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 6,000	\$ 5,513	\$ (487)	\$ 6,475
Expenditures:				
Reserved for future capital expenditures	6,000	-	6,000	-
Revenues over (under) expenditures	<u>\$ -</u>	5,513	<u>\$ 5,513</u>	6,475
Fund Balance:				
Beginning of year - July 1		<u>317,178</u>		<u>310,703</u>
End of year - June 30		<u>\$ 322,691</u>		<u>\$ 317,178</u>

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - DOT BRIDGE #3 PIPELINE RELOCATION
 WATER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
DOT reimbursement	\$ 2,281,962	\$ 46,147	\$ 52,418	\$ 98,565	\$ (2,183,397)
Expenditures:					
Water Line:					
Professional services	232,376	46,147	52,418	98,565	133,811
Construction	2,049,586	-	-	-	2,049,586
Total water line expenditures	2,281,962	46,147	52,418	98,565	2,183,397
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER CAPITAL PROJECT FUND

WATER CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Expenditures:					
Water Line:					
Contract services	\$ 32,800	\$ -	\$ -	\$ -	\$ 32,800
Revenues over (under) expenditures	(32,800)	-	-	-	32,800
Other Financing Sources (Uses):					
Intrafund transfers	32,800	-	32,800	32,800	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	32,800	\$ 32,800	\$ 32,800
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 32,800		

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WATER ASSET INVENTORY GRANT # H-AIA-D-20-0192

WATER CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
State grant	\$ 150,000	\$ -	\$ 8,037	\$ 8,037	\$ (141,963)
Expenditures:					
Water Line:					
Professional services	157,500	-	8,460	8,460	149,040
Revenues over (under) expenditures	(7,500)	-	(423)	(423)	7,077
Other Financing Sources (Uses):					
Transfer from other funds	7,500	-	7,500	7,500	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	7,077	\$ 7,077	\$ 7,077
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 7,077		

This fund is consolidated into the Water Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 1,900	\$ 1,745	\$ (155)	\$ 2,049
Expenditures:				
Reserved for future capital expenditures	1,900	-	1,900	-
Revenues over (under) expenditures	<u>\$ -</u>	1,745	<u>\$ 1,745</u>	2,049
Fund Balance:				
Beginning of year - July 1		<u>102,350</u>		<u>100,301</u>
End of year - June 30		<u>\$ 104,095</u>		<u>\$ 102,350</u>

This fund is consolidated into the Sewer Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - WASTEWATER ASSET INVENTORY GRANT
 SEWER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
State grant funds	\$ 150,000	\$ 146,750	\$ -	\$ 146,750	\$ (3,250)
Expenditures:					
Professional services	157,500	154,250	-	154,250	3,250
Revenues over (under) expenditures	(7,500)	(7,500)	-	(7,500)	-
Other Financing Sources (Uses):					
Intrafund transfer	7,500	7,500	-	7,500	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

This fund is consolidated into the Sewer Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SEWER PLANT EXPANSION FUND

SEWER CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Expenditures:					
Contract services	\$ 125,000	\$ -	\$ -	\$ -	\$ 125,000
Revenues over (under) expenditures	(125,000)	-	-	-	125,000
Other Financing Sources (Uses):					
Intrafund transfer	125,000	-	125,000	125,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	125,000	\$ 125,000	\$ 125,000
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 125,000		

This fund is consolidated into the Sewer Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - DOT HIGHWAY 17 ELECTRIC RELOCATION
 ELECTRIC CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
DOT reimbursement	\$ 2,881,805	\$ 93,023	\$ 1,739	\$ 94,762	\$ (2,787,043)
Expenditures:					
Professional services	127,286	93,023	1,739	94,762	32,524
Construction	2,754,519	-	-	-	2,754,519
Total expenditures	2,881,805	93,023	1,739	94,762	2,787,043
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

This fund is consolidated into the Electric Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - ELECTRIC CAPITAL PROJECT FUND

ELECTRIC CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Years</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Construction	\$ 3,825,493	\$ -	\$ 399,326	\$ 399,326	\$ 3,426,167
Revenues over (under) expenditures	(3,825,493)	-	(399,326)	(399,326)	3,426,167
Other Financing Sources (Uses):					
Transfer from other funds	3,825,493	445,491	3,380,002	3,825,493	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 445,491	2,980,676	\$ 3,426,167	\$ 3,426,167
Fund Balance:					
Beginning of year, July 1			445,491		
End of year, June 30			\$ 3,426,167		

This fund is consolidated into the Electric Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - STORMWATER CAPITAL PROJECT FUND
 STORMWATER PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Years</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Economic and Physical Development:					
Construction	\$ 504,687	\$ -	\$ -	\$ -	\$ 504,687
Revenues over (under) expenditures	(504,687)	-	-	-	504,687
Other Financing Sources (Uses):					
Transfer from other funds	504,687	346,160	158,301	504,461	(226)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 346,160	158,301	\$ 504,461	\$ 504,461
Fund Balance:					
Beginning of year, July 1			346,160		
End of year, June 30			\$ 504,461		

This fund is consolidated into the Stormwater Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT RUNWAY
 WARREN FIELD AIRPORT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Years</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grant funds	\$ 412,214	\$ 296,338	\$ 98,738	\$ 395,076	\$ (17,138)
Expenditures:					
Professional services	458,017	335,235	103,738	438,973	19,044
Revenues over (under) expenditures	(45,803)	(38,897)	(5,000)	(43,897)	1,906
Other Financing Sources (Uses):					
Transfer from other funds	45,803	38,897	6,906	45,803	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	1,906	\$ 1,906	\$ 1,906
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 1,906		

This fund is consolidated into the Warren Field Airport Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT REHABILITATION
 WARREN FIELD AIRPORT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
State grant funds	\$ 325,000	\$ 324,999	\$ -	\$ 324,999	\$ (1)
Federal grant funds	89,109	74,547	-	74,547	(14,562)
Total revenues	<u>414,109</u>	<u>399,546</u>	<u>-</u>	<u>399,546</u>	<u>(14,563)</u>
Expenditures:					
Professional services	109,466	104,215	-	104,215	5,251
Airport rehabilitation	<u>350,655</u>	<u>335,135</u>	<u>-</u>	<u>335,135</u>	<u>15,520</u>
Total expenditures	<u>460,121</u>	<u>439,350</u>	<u>-</u>	<u>439,350</u>	<u>20,771</u>
Revenues over (under) expenditures	(46,012)	(39,804)	-	(39,804)	6,208
Other Financing Sources (Uses):					
Transfer from other funds	<u>46,012</u>	<u>46,012</u>	<u>-</u>	<u>46,012</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,208</u>	<u>-</u>	<u>\$ 6,208</u>	<u>\$ 6,208</u>
Fund Balance:					
Beginning of year, July 1			<u>6,208</u>		
End of year, June 30			<u>\$ 6,208</u>		

This fund is consolidated into the Warren Field Airport Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CORPORATE HANGER DESIGN GRANT

WARREN FIELD AIRPORT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
Federal grant funds	\$ 632,425	\$ 454,376	\$ 137,587	\$ 591,963	\$ (40,462)
Expenditures:					
Professional services	162,507	108,241	34,236	142,477	20,030
Construction	540,189	416,406	98,852	515,258	24,931
Total expenditures	702,696	524,647	133,088	657,735	44,961
Revenues over (under) expenditures	(70,271)	(70,271)	4,499	(65,772)	4,499
Other Financing Sources (Uses):					
Transfer from other funds	70,271	70,271	-	70,271	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	4,499	\$ 4,499	\$ 4,499
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 4,499		

This fund is consolidated into the Warren Field Airport Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT TAXIWAY/APRON PAVEMENT REHABILITATION 36244.51.11.2

WARREN FIELD AIRPORT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
State grant funds	\$ 2,969,709	\$ -	\$ 2,661,015	\$ 2,661,015	\$ (308,694)
Expenditures:					
Professional services	329,379	-	193,688	193,688	135,691
Construction	2,970,298	-	2,762,995	2,762,995	207,303
Total expenditures	3,299,677	-	2,956,683	2,956,683	342,994
Revenues over (under) expenditures	(329,968)	-	(295,668)	(295,668)	34,300
Other Financing Sources (Uses):					
Transfer from other funds	329,968	-	329,968	329,968	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	34,300	\$ 34,300	\$ 34,300
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 34,300		

This fund is consolidated into the Warren Field Airport Fund.

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - AIRPORT PAVEMENT REHABILITATION 36237.38.17.1

WARREN FIELD AIRPORT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Years	Total to Date	Variance Over/Under
Revenues:					
Federal grant funds	\$ 2,638,413	\$ -	\$ 2,248,097	\$ 2,248,097	\$ (390,316)
Expenditures:					
Construction	2,931,570	-	2,497,885	2,497,885	433,685
Revenues over (under) expenditures	(293,157)	-	(249,788)	(249,788)	43,369
Other Financing Sources (Uses):					
Transfer from other funds	293,157	-	293,157	293,157	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	43,369	\$ 43,369	\$ 43,369
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 43,369		

This fund is consolidated into the Warren Field Airport 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.

- Solid Waste Fund - This fund is used to account for the operations of the City's solid waste operations.
- Cemetery Fund - This fund is used to account for the operations of the City's cemetery operations.

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CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2020

	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 582,245	\$ 96,101	\$ 678,346
Accounts receivable, net	179,410	7,802	187,212
Total current assets	761,655	103,903	865,558
Non-Current Assets:			
Capital Assets:			
Non-depreciable capital assets	-	5,760	5,760
Other capital assets, net of accumulated depreciation	232,973	148,791	381,764
Total capital assets	232,973	154,551	387,524
Total non-current assets	232,973	154,551	387,524
Total assets	994,628	258,454	1,253,082
Deferred Outflows of Resources:			
Pension deferrals	149,825	49,942	199,767
OPEB deferrals	50,066	18,206	68,272
Total deferred outflows of resources	199,891	68,148	268,039
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	40,978	6,834	47,812
Current portion of compensated absences	52,951	11,311	64,262
Total current liabilities	93,929	18,145	112,074
Non-Current Liabilities:			
Net pension liability	253,663	84,554	338,217
Total OPEB liability	290,464	105,623	396,087
Total non-current liabilities	544,127	190,177	734,304
Total liabilities	638,056	208,322	846,378
Deferred Inflows of Resources:			
Pension deferrals	8,505	2,835	11,340
OPEB deferral	8,770	3,189	11,959
Total deferred inflows of resources	17,275	6,024	23,299
Net Position:			
Net investment in capital assets	232,973	154,551	387,524
Unrestricted	306,215	(42,295)	263,920
Total net position	\$ 539,188	\$ 112,256	\$ 651,444

CITY OF WASHINGTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for sales and services	\$ 1,392,706	\$ 177,329	\$ 1,570,035
Miscellaneous	4,595	115	4,710
Total operating revenues	<u>1,397,301</u>	<u>177,444</u>	<u>1,574,745</u>
Operating Expenditures:			
Operations	1,463,930	353,350	1,817,280
Depreciation	74,123	16,678	90,801
Total operating expenditures	<u>1,538,053</u>	<u>370,028</u>	<u>1,908,081</u>
Operating income (loss)	<u>(140,752)</u>	<u>(192,584)</u>	<u>(333,336)</u>
Non-Operating Revenues (Expenditures):			
Investment earnings	10,491	1,155	11,646
Solid waste disposal tax	7,135	-	7,135
Total non-operating revenues (expenditures)	<u>17,626</u>	<u>1,155</u>	<u>18,781</u>
Income (loss) before capital contributions and transfers	<u>(123,126)</u>	<u>(191,429)</u>	<u>(314,555)</u>
Capital Contributions and Transfers:			
Capital contributions	-	1,625	1,625
Transfers in	-	126,607	126,607
Total capital contributions and transfers	<u>-</u>	<u>128,232</u>	<u>128,232</u>
Change in net position	(123,126)	(63,197)	(186,323)
Net Position:			
Beginning of year - July 1	<u>662,314</u>	<u>175,453</u>	<u>837,767</u>
End of year - June 30	<u>\$ 539,188</u>	<u>\$ 112,256</u>	<u>\$ 651,444</u>

CITY OF WASHINGTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Solid Waste Fund	Cemetery Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,419,930	\$ 192,892	\$ 1,612,822
Cash paid to employees	(616,912)	(132,943)	(749,855)
Cash paid to suppliers	(823,993)	(182,566)	(1,006,559)
Net cash provided (used) by operating activities	<u>(20,975)</u>	<u>(122,617)</u>	<u>(143,592)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	<u>-</u>	<u>126,607</u>	<u>126,607</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(156,485)	(8,973)	(165,458)
Grant revenue	<u>7,135</u>	<u>-</u>	<u>7,135</u>
Net cash provided (used) by capital and related financing activities	<u>(149,350)</u>	<u>(8,973)</u>	<u>(158,323)</u>
Cash Flows from Investing Activities:			
Investment earnings	<u>10,491</u>	<u>1,155</u>	<u>11,646</u>
Net increase (decrease) in cash and cash equivalents/investments	(159,834)	(3,828)	(163,662)
Cash and Cash Equivalents/Investments:			
Beginning of year - July 1	<u>742,079</u>	<u>99,929</u>	<u>842,008</u>
End of year - June 30	<u><u>\$ 582,245</u></u>	<u><u>\$ 96,101</u></u>	<u><u>\$ 678,346</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (140,752)	\$ (192,584)	\$ (333,336)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	74,123	16,678	90,801
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	22,629	15,448	38,077
(Increase) decrease in deferred outflows of resources - pensions	28,109	9,369	37,478
(Increase) decrease in deferred outflows of resources - OPEB	(708)	(8,871)	(9,579)
Increase (decrease) in accounts payable and accrued liabilities	(3,519)	999	(2,520)
Increase (decrease) in deferred inflows of resources - pensions	(1,837)	(612)	(2,449)
Increase (decrease) in deferred inflows of resources - OPEB	(3,167)	205	(2,962)
Increase (decrease) in net pension liability	23,571	7,857	31,428
Increase (decrease) in compensated absences payable	3,251	1,556	4,807
Increase (decrease) in OPEB liability	<u>(22,675)</u>	<u>27,338</u>	<u>4,663</u>
Net cash provided (used) by operating activities	<u><u>\$ (20,975)</u></u>	<u><u>\$ (122,617)</u></u>	<u><u>\$ (143,592)</u></u>
Non-Cash Investing, Capital, and Financing Activities:			
Transfer of assets	<u>\$ -</u>	<u>\$ 1,625</u>	<u>\$ 1,625</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Garbage collection fees	\$ 1,398,000	\$ 1,414,853	\$ 16,853	\$ 1,351,170
Miscellaneous revenues	-	4,595	4,595	61
Total operating revenues	1,398,000	1,419,448	21,448	1,351,231
Non-Operating Revenues:				
Interest earnings	12,000	10,491	(1,509)	14,635
FEMA assistance	-	-	-	41,229
Disposal tax	6,000	7,135	1,135	6,623
Total non-operating revenues	18,000	17,626	(374)	62,487
Total revenues	1,416,000	1,437,074	21,074	1,413,718
Operating Expenditures:				
Salaries and employee benefits	658,681	643,456	15,225	611,828
Utilities	600	348	252	445
County tipping fees	287,310	249,373	37,937	280,558
Maintenance and repairs	197,950	165,519	32,431	172,144
Supplies	1,500	1,360	140	1,893
Materials	34,088	32,995	1,093	15,727
Miscellaneous	6,034	4,571	1,463	5,479
Insurance	18,250	16,552	1,698	11,562
Workers' compensation	93,264	91,780	1,484	24,737
Utility service fee - General Fund	231,432	231,432	-	243,850
Total operating expenditures	1,529,109	1,437,386	91,723	1,368,223
Miscellaneous - Non-Departmental:				
Hurricane FEMA Grant expenses	-	-	-	17,742
Capital outlay	802,948	156,485	646,463	-
Total expenditures	2,332,057	1,593,871	738,186	1,385,965
Revenues over (under) expenditures	(916,057)	(156,797)	759,260	27,753
Other Financing Sources (Uses):				
Appropriated net position	269,595	-	(269,595)	-
Long-term debt issued	646,462	-	(646,462)	-
Total other financing sources (uses)	916,057	-	(916,057)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (156,797)	\$ (156,797)	\$ 27,753

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis				
(Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ (156,797)		\$ 27,753
Depreciation		(74,123)		(63,475)
Capital outlay		156,485		-
Change in compensated absences		(3,251)		(5,286)
Change in OPEB liability		22,675		(91,248)
Change in deferred outflows of resources - OPEB		708		41,472
Change in deferred inflows of resources - OPEB		3,167		(620)
Change in deferred outflows of resources - pension		(28,109)		62,063
Change in deferred inflows of resources - pension		1,837		3,688
Change in net pension liability		(23,571)		(75,393)
Bad debt expense (recoveries)		(22,147)		(6,063)
Change in net position		<u>\$ (123,126)</u>		<u>\$ (107,109)</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for Sales and Services:				
Sale of cemetery plots	\$ 58,000	\$ 74,130	\$ 16,130	\$ 72,838
Cemetery grave openings	100,000	87,900	(12,100)	92,220
Administrative charges	19,000	15,599	(3,401)	17,893
Total operating revenues	<u>177,000</u>	<u>177,629</u>	<u>629</u>	<u>182,951</u>
Non-Operating Revenues:				
Interest earnings	400	1,155	755	374
FEMA assistance	-	-	-	5,617
Miscellaneous	-	115	115	2,162
Total non-operating revenues	<u>400</u>	<u>1,270</u>	<u>870</u>	<u>8,153</u>
Total revenues	<u>177,400</u>	<u>178,899</u>	<u>1,499</u>	<u>191,104</u>
Operating Expenditures:				
Salaries and employee benefits	183,890	169,785	14,105	166,181
Professional services	250	70	180	-
Other operating expenditures	45,438	44,423	1,015	22,452
Maintenance and repairs	39,000	34,652	4,348	13,035
Workers' compensation	42,517	42,022	495	2,575
Utility service fee - General Fund	25,556	25,556	-	24,029
Total operating expenditures	<u>336,651</u>	<u>316,508</u>	<u>20,143</u>	<u>228,272</u>
Miscellaneous - Non-Departmental:				
Hurricane FEMA grant expenses	-	-	-	2,377
Capital outlay	<u>9,350</u>	<u>8,973</u>	<u>377</u>	<u>57,013</u>
Total expenditures	<u>346,001</u>	<u>325,481</u>	<u>20,520</u>	<u>287,662</u>
Revenues over (under) expenditures	<u>(168,601)</u>	<u>(146,582)</u>	<u>22,019</u>	<u>(96,558)</u>
Other Financing Sources (Uses):				
Transfer from Electric Fund	126,607	126,607	-	116,713
Appropriated net position	41,994	-	(41,994)	-
Total other financing sources (uses)	<u>168,601</u>	<u>126,607</u>	<u>(41,994)</u>	<u>116,713</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (19,975)</u>	<u>\$ (19,975)</u>	<u>\$ 20,155</u>

CITY OF WASHINGTON, NORTH CAROLINA

ENTERPRISE FUND - CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis				
(Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ (19,975)		\$ 20,155
Depreciation		(16,678)		(13,882)
Capital outlay		8,973		57,013
Transfer of assets		1,625		-
Change in compensated absences		(1,556)		464
Change in OPEB liability		(27,338)		(11,718)
Change in deferred outflows of resources - OPEB		8,871		6,969
Change in deferred inflows of resources - OPEB		(205)		411
Change in deferred outflows of resources - pension		(9,369)		20,688
Change in deferred inflows of resources - pension		612		1,229
Change in net pension liability		(7,857)		(25,131)
Bad debt expense (recoveries)		(300)		-
Change in net position		<u>\$ (63,197)</u>		<u>\$ 56,198</u>

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Internal Service Funds

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

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

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2020

	Workers' Compensation Reserve Fund	Vehicle Replacement Fund	Facility Maintenance Fund	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 1,133,420	\$ 1,595,970	\$ 130,472	\$ 2,859,862
Accounts receivable, net	-	100	-	100
Total current assets	<u>1,133,420</u>	<u>1,596,070</u>	<u>130,472</u>	<u>2,859,962</u>
Non-Current Assets:				
Capital Assets:				
Other capital assets, net of accumulated depreciation	-	1,788,178	-	1,788,178
Total assets	<u>1,133,420</u>	<u>3,384,248</u>	<u>130,472</u>	<u>4,648,140</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>183,792</u>	-	-	<u>183,792</u>
Net Position:				
Net investment in capital assets	-	1,788,178	-	1,788,178
Unrestricted	<u>949,628</u>	<u>1,596,070</u>	<u>130,472</u>	<u>2,676,170</u>
Total net position	<u>\$ 949,628</u>	<u>\$ 3,384,248</u>	<u>\$ 130,472</u>	<u>\$ 4,464,348</u>

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Workers' Compensation Reserve Fund	Vehicle Replacement Fund	Facility Maintenance Fund	Total
Operating Revenues:				
Charges for sales and services	\$ 306,234	\$ 539,268	\$ -	\$ 845,502
Operating Expenses:				
Insurance claims	253,188	-	-	253,188
Construction	-	-	335,590	335,590
Depreciation	-	209,163	-	209,163
Total operating expenses	253,188	209,163	335,590	797,941
Operating income (loss)	53,046	330,105	(335,590)	47,561
Non-Operating Revenues (Expenses):				
Miscellaneous revenue	-	4,555	-	4,555
Investment earnings	16,101	28,970	5,741	50,812
Total non-operating revenues (expenses)	16,101	33,525	5,741	55,367
Change in net position	69,147	363,630	(329,849)	102,928
Net Position:				
Beginning of year - July 1	880,481	3,020,618	460,321	4,361,420
End of year - June 30	\$ 949,628	\$ 3,384,248	\$ 130,472	\$ 4,464,348

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Workers' Compensation Reserve Fund	Vehicle Replacement Fund	Facility Maintenance Fund	Total
Cash Flows From Operating Activities:				
Cash received from customers	\$ 306,234	\$ 544,686	\$ -	\$ 850,920
Cash paid to employees for services	(153,557)	-	-	(153,557)
Cash paid to suppliers	-	-	(368,215)	(368,215)
Net cash provided (used) by operating activities	<u>152,677</u>	<u>544,686</u>	<u>(368,215)</u>	<u>329,148</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	-	(690,755)	-	(690,755)
Cash Flows From Investing Activities:				
Investment earnings	<u>16,101</u>	<u>28,970</u>	<u>5,741</u>	<u>50,812</u>
Net increase (decrease) in cash and cash equivalents/investments	168,778	(117,099)	(362,474)	(310,795)
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	<u>964,642</u>	<u>1,713,069</u>	<u>492,946</u>	<u>3,170,657</u>
End of year - June 30	<u>\$ 1,133,420</u>	<u>\$ 1,595,970</u>	<u>\$ 130,472</u>	<u>\$ 2,859,862</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 53,046	\$ 330,105	\$ (335,590)	\$ 47,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	209,163	-	209,163
Non-operating revenues	-	4,555	-	4,555
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	863	-	863
Increase (decrease) in accounts payable and accrued liabilities	<u>99,631</u>	<u>-</u>	<u>(32,625)</u>	<u>67,006</u>
Net cash provided (used) by operating activities	<u>\$ 152,677</u>	<u>\$ 544,686</u>	<u>\$ (368,215)</u>	<u>\$ 329,148</u>

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND
 WORKERS' COMPENSATION RESERVE
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Contributions from employer	\$ 306,234	\$ 306,234	\$ -
Operating Expenditures:			
Workers' compensation claims	322,234	253,188	69,046
Operating income (loss)	(16,000)	53,046	(69,046)
Non-Operating Revenues:			
Investment earnings	16,000	16,101	101
Change in net position	\$ -	69,147	\$ 69,147
Net Position:			
Beginning of year - July 1		880,481	
End of year - June 30		\$ 949,628	

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND
 VEHICLE REPLACEMENT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Charges for services	\$ 539,268	\$ 539,268	\$ -
Non-Operating Revenues:			
Miscellaneous revenue	-	4,555	4,555
Investment earnings	18,000	28,970	10,970
Total non-operating revenues	18,000	33,525	15,525
Total revenues	557,268	572,793	15,525
Operating Expenditures:			
Vehicle replacement costs	748,483	690,755	57,728
Revenues over (under) expenditures	(191,215)	(117,962)	73,253
Other Financing Sources (Uses):			
Appropriated net position	191,215	-	(191,215)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (117,962)	\$ (117,962)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (117,962)	
Capital outlay		690,755	
Depreciation		(209,163)	
Change in net position		\$ 363,630	

CITY OF WASHINGTON, NORTH CAROLINA

INTERNAL SERVICE FUND
 FACILITY MAINTENANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Expenditures:			
Construction	\$ 343,590	\$ 335,590	\$ 8,000
Operating income (loss)	(343,590)	(335,590)	(8,000)
Non-Operating Revenues:			
Investment earnings	8,000	5,741	(2,259)
Other Financing Sources (Uses):			
Appropriated fund balance	<u>335,590</u>	<u>-</u>	<u>(335,590)</u>
Change in net position	<u>\$ -</u>	<u>(329,849)</u>	<u>\$ (329,849)</u>
Net Position:			
Beginning of year - July 1		<u>460,321</u>	
End of year - June 30		<u>\$ 130,472</u>	

Additional Financial Data

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

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

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CITY OF WASHINGTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2020

Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 4,576,304	\$ 4,498,211	\$ 78,093
2018-2019	80,293	-	40,625	39,668
2017-2018	33,690	-	12,185	21,505
2016-2017	19,500	-	5,208	14,292
2015-2016	14,739	-	2,307	12,432
2014-2015	9,289	-	1,333	7,956
2013-2014	22,926	-	1,602	21,324
2012-2013	29,431	-	625	28,806
2011-2012	18,414	-	983	17,431
2010-2011	12,292	-	434	11,858
2009-2010	17,176	-	17,176	-
Total	\$ 257,750	\$ 4,576,304	\$ 4,580,689	253,365
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				(176,979)
Ad Valorem Taxes Receivable, Net:				
General Fund				\$ 76,386
Reconciliation With Revenues:				
Ad valorem taxes - General Fund				\$ 4,593,630
Refunds				4,375
Write-offs and releases				17,176
Miscellaneous adjustments				(2,187)
Penalties and interest collected				(32,305)
Total collections and credits				\$ 4,580,689

CITY OF WASHINGTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	<u>\$ 865,373,962</u>	0.53	<u>\$ 4,586,482</u>	<u>\$ 4,158,138</u>	<u>\$ 428,344</u>
Discoveries	<u>2,579,623</u>	0.53	<u>13,672</u>	<u>13,672</u>	<u>-</u>
Abatements	<u>(4,500,000)</u>	0.53	<u>(23,850)</u>	<u>(23,850)</u>	<u>-</u>
Total property valuation	<u><u>\$ 863,453,585</u></u>				
Net Levy			4,576,304	4,147,960	428,344
Uncollected taxes at June 30, 2020			<u>78,093</u>	<u>78,093</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$ 4,498,211</u></u>	<u><u>\$ 4,069,867</u></u>	<u><u>\$ 428,344</u></u>
Current Levy Collection Percentage			98.29%	98.12%	100.00%

Statistical Section

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Statistical Section (Unaudited)

This part of the City of Washington's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the finance statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	158
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source.	162
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	169
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	173
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	176

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Table 1

CITY OF WASHINGTON, NORTH CAROLINA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$ 18,103,256	\$ 19,310,212	\$ 20,350,145	\$ 17,557,469	\$ 17,321,458	\$ 18,512,443	\$ 18,242,564	\$ 18,337,841	\$ 18,184,725	\$ 20,821,889
Restricted	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008	2,798,041	2,571,352	2,769,442	4,398,651	8,801,288
Unrestricted	6,206,219	6,317,546	6,700,404	6,770,380	6,194,333	5,698,464	6,889,944	6,371,710	6,690,424	88,748
Total governmental activities net position	<u>\$ 27,269,477</u>	<u>\$ 28,698,730</u>	<u>\$ 29,461,791</u>	<u>\$ 27,005,622</u>	<u>\$ 25,888,799</u>	<u>\$ 27,008,948</u>	<u>\$ 27,703,860</u>	<u>\$ 27,478,993</u>	<u>\$ 29,273,800</u>	<u>\$ 29,711,925</u>
Business-type activities										
Net investment in capital assets	\$ 59,355,152	\$ 60,476,100	\$ 61,070,809	\$ 62,593,894	\$ 64,051,002	\$ 67,569,334	\$ 68,989,708	\$ 70,652,126	\$ 72,956,375	\$ 80,272,842
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	13,195,618	13,476,598	13,520,587	13,370,623	13,441,414	17,107,621	20,286,870	23,925,040	26,422,937	24,378,244
Total business-type activities net position	<u>\$ 72,550,770</u>	<u>\$ 73,952,698</u>	<u>\$ 74,591,396</u>	<u>\$ 75,964,517</u>	<u>\$ 77,492,416</u>	<u>\$ 84,676,955</u>	<u>\$ 89,276,578</u>	<u>\$ 94,577,166</u>	<u>\$ 99,379,312</u>	<u>\$ 104,651,086</u>
Primary government										
Net investment in capital assets	\$ 77,458,408	\$ 79,786,312	\$ 81,420,954	\$ 80,151,363	\$ 81,372,460	\$ 86,081,777	\$ 87,232,272	\$ 88,989,967	\$ 91,141,100	\$ 101,094,731
Restricted	2,960,002	3,070,972	2,411,242	2,677,773	2,373,008	2,798,041	2,571,352	2,769,442	4,398,651	8,801,288
Unrestricted	19,401,837	19,794,144	20,220,991	20,141,003	19,635,747	22,806,085	27,176,814	30,296,750	33,113,361	24,466,992
Total primary government net position	<u>\$ 99,820,247</u>	<u>\$ 102,651,428</u>	<u>\$ 104,053,187</u>	<u>\$ 102,970,139</u>	<u>\$ 103,381,215</u>	<u>\$ 111,685,903</u>	<u>\$ 116,980,438</u>	<u>\$ 122,056,159</u>	<u>\$ 128,653,112</u>	<u>\$ 134,363,011</u>

CITY OF WASHINGTON, NORTH CAROLINA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 2,057,263	\$ 2,115,692	\$ 2,211,617	\$ 5,225,614	\$ 2,130,313	\$ 1,494,759	\$ 1,434,072	\$ 1,427,650	\$ 2,097,582	\$ 3,077,596
Public safety	6,342,206	6,272,982	5,769,373	5,784,755	5,683,135	6,000,378	6,198,994	6,164,328	6,438,362	6,930,662
Transportation	1,056,475	852,732	922,884	801,834	925,821	954,178	1,223,260	1,071,357	1,113,799	1,632,073
Environmental protection	642,630	657,371	654,618	670,441	637,164	656,104	386,877	405,821	448,486	553,906
Cultural and recreation	2,697,305	2,013,443	1,606,916	2,297,029	2,392,859	2,695,627	2,093,693	2,302,108	2,279,900	2,472,716
Economic and physical development	169,738	74,514	294,315	624,667	38,316	(158,340)	338,539	47,887	964,853	213,528
Interest on long term debt	125,094	156,808	116,070	71,970	53,203	48,440	44,582	40,141	36,494	32,865
Total governmental activities	13,090,711	12,143,542	11,575,793	15,476,310	11,860,811	11,691,146	11,720,017	11,459,292	13,379,476	14,913,346
Business-type activities:										
Water	2,747,337	2,859,068	3,016,643	3,025,019	3,063,667	3,219,750	3,189,163	3,171,942	3,250,572	3,391,267
Sewer	2,785,391	2,603,297	2,778,577	2,975,619	3,046,950	3,132,989	3,101,293	3,231,632	3,410,667	3,478,090
Electric	36,376,695	35,224,262	34,958,237	35,475,345	34,903,483	27,838,189	29,510,316	28,757,678	29,415,891	29,584,835
Stormwater utility	401,365	414,551	390,349	381,890	422,292	383,638	353,954	356,674	353,793	430,891
Warren Field Airport	394,575	457,044	696,759	505,289	414,818	396,621	451,717	552,756	571,158	652,240
Solid waste	1,363,882	1,332,906	1,256,031	1,293,733	1,201,615	1,236,236	1,283,818	1,315,358	1,514,764	1,538,053
Cemetery	269,614	276,551	285,546	280,857	273,134	315,980	279,012	237,847	251,619	370,028
Total business-type activities	44,338,859	43,167,679	43,382,142	43,937,752	43,325,959	36,523,403	38,169,273	37,623,887	38,768,464	39,445,404
Total primary government expenses	\$ 57,429,570	\$ 55,311,221	\$ 54,957,935	\$ 59,414,062	\$ 55,186,770	\$ 48,214,549	\$ 49,889,290	\$ 49,083,179	\$ 52,147,940	\$ 54,358,750
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 741,083	\$ 888,616	\$ 826,617	\$ 1,730,280	\$ 151,469	\$ 282,085	\$ 287,558	\$ 350,346	\$ 582,694	\$ 984,893
Public safety	8,000	493,962	650,174	637,212	658,239	760,965	753,024	621,370	571,206	626,924
Transportation	4,629	25,563	4,656	6,251	5,378	35,895	12,423	16,881	32,262	3,354
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	290,902	229,454	242,569	209,408	194,264	265,253	334,601	288,195	272,627	234,333
Economic and physical development	33,700	76,308	49,759	-	30,000	-	-	-	-	-
Operating grants and contributions:										
General government	10,722	10,900	7,247	2,483	2,583	34,311	41,001	40,109	39,799	30,126
Public safety	429,860	913,131	486,734	451,338	383,127	353,928	431,175	260,495	677,540	372,219
Transportation	-	-	-	-	-	-	-	-	-	-
Environmental protection	23,311	6,689	-	-	-	-	-	-	-	-
Cultural and recreation	35,611	19,396	156,363	26,259	61,393	36,609	37,329	45,309	55,959	28,468
Economic and physical development	168,152	41,418	17,790	155,244	3,529	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-

CITY OF WASHINGTON, NORTH CAROLINA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital grants and contributions:										
General Government	1,998	125,665	-	-	-	-	-	-	-	-
Public safety	237,712	49,931	330,935	-	36,974	7,691	-	-	-	-
Transportation	326,458	705,593	167,786	184,004	183,590	180,736	176,392	172,944	166,477	160,981
Cultural and recreation	31,145	258,579	29,428	48,989	37,166	333,052	36,013	35,239	35,222	35,105
Economic and physical development	-	313,288	15,375	518,266	54,234	352,400	114,407	20,771	894,838	281,297
Total governmental activities program revenues	2,343,283	4,158,493	2,985,433	3,969,734	1,801,946	2,642,925	2,223,923	1,851,659	3,328,624	2,757,700
Business-type activities:										
Charge for services:										
Water	3,146,469	3,151,154	2,983,399	3,154,780	3,175,688	3,311,991	2,944,752	3,312,707	3,363,869	3,270,821
Sewer	3,108,392	3,092,541	3,091,654	3,001,831	2,929,832	3,282,101	3,360,261	3,366,416	3,279,715	3,266,096
Electric	39,301,119	35,283,158	35,420,242	35,913,591	36,657,248	33,751,350	34,646,920	35,238,275	33,939,730	32,096,868
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	-	-	-	-	-	-	-	-	-	-
Aquatic center	-	-	-	-	-	-	-	-	-	-
Stormwater utility	511,951	501,578	500,827	509,015	509,775	589,980	684,400	693,218	855,948	885,111
Warren Field Airport	224,203	221,219	667,196	237,081	211,039	240,484	259,989	261,825	267,829	298,383
Solid Waste	1,294,121	1,241,221	1,260,476	1,273,038	1,256,817	1,328,604	1,352,010	1,324,244	1,351,791	1,404,436
Cemetery	162,923	171,643	171,998	246,884	200,039	204,230	206,441	228,202	185,113	177,444
Operating grants and contributions:										
Water	-	-	-	-	-	-	-	8,274	39,226	-
Sewer	-	-	-	-	-	-	33,439	12,158	12,245	-
Electric	-	-	-	-	-	-	55,296	122,163	401,229	247,170
Stormwater utility	-	-	-	-	-	-	-	-	38,545	-
Warren Field Airport	-	-	-	130,703	-	-	5,612	-	1,404	67,698
Solid Waste	-	-	-	-	-	-	71,210	-	41,229	-
Capital grants and contributions:										
Water	3,789	81,284	(113)	15,232	68,798	769,312	28,925	-	81,902	60,455
Sewer	71,924	129,583	(547)	62,963	116,048	747,274	264,165	380,493	94,269	-
Electric	414,496	1,496,643	249,451	585,475	35,700	-	-	-	93,023	1,739
Stormwater utility	100,000	-	-	-	-	-	-	-	-	-
Warren Field Airport	171,381	129,845	449,850	406,420	653,428	365,508	10,604	211,349	533,082	5,137,380
Solid Waste	-	-	95	-	-	-	5,224	-	-	-
Cemetery	-	8,075	-	-	-	-	-	-	5,617	1,625
Total business-type activities program revenues	48,510,768	45,507,944	44,794,528	45,537,013	45,814,412	44,590,834	43,929,248	45,159,324	44,585,766	46,915,226
Total primary government program revenues	\$ 50,854,051	\$ 49,666,437	\$ 47,779,961	\$ 49,506,747	\$ 47,616,358	\$ 47,233,759	\$ 46,153,171	\$ 47,010,983	\$ 47,914,390	\$ 49,672,926
Net (Expense)/Revenue										
Governmental activities	\$ (10,747,428)	\$ (7,985,049)	\$ (8,590,360)	\$ (11,506,576)	\$ (10,058,865)	\$ (9,048,221)	\$ (9,496,094)	\$ (9,607,633)	\$ (10,050,852)	\$ (12,155,646)
Business-type activities	4,171,909	2,340,265	1,412,386	1,599,261	2,488,453	8,067,431	5,759,975	7,535,437	5,817,302	7,469,822
Total primary government net (expense)/revenue	\$ (6,575,519)	\$ (5,644,784)	\$ (7,177,974)	\$ (9,907,315)	\$ (7,570,412)	\$ (980,790)	\$ (3,736,119)	\$ (2,072,196)	\$ (4,233,550)	\$ (4,685,824)

CITY OF WASHINGTON, NORTH CAROLINA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 4,168,418	\$ 4,090,923	\$ 4,291,705	\$ 4,507,481	\$ 4,331,693	\$ 4,345,971	\$ 4,469,620	\$ 4,520,054	\$ 4,568,299	\$ 4,595,065
Other Taxes	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864	2,686,421	2,850,545	2,977,219	3,294,377	3,063,012
Unrestricted intergovernmental	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278	2,059,167	2,043,145	2,081,556	2,087,548	2,072,502
Investment earnings	52,345	27,378	33,980	55,930	59,875	56,520	61,585	118,684	304,105	226,546
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Transfers	903,525	1,193,432	905,410	368,549	482,067	1,020,291	1,330,898	1,469,178	1,591,330	2,636,646
Total governmental activities:	9,223,446	9,414,302	9,353,421	9,050,408	9,742,777	10,168,370	10,755,793	11,166,691	11,845,659	12,593,771
Business-type activities:										
Investment earnings	80,873	140,065	131,722	142,409	137,291	137,399	170,546	276,952	576,174	438,598
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Capital contributions to/from other activities	-	-	-	-	-	-	-	-	-	-
Special item-Net asset transfer from Warren	-	-	-	-	-	-	-	-	-	-
Airport Commission to City of Washington	-	-	-	-	-	-	-	-	-	-
Transfers	(903,525)	(1,193,432)	(905,410)	(368,549)	(482,067)	(1,020,291)	(1,330,898)	(1,469,178)	(1,591,330)	(2,636,646)
Total business-type activities	(822,652)	(1,053,367)	(773,688)	(226,140)	(344,776)	(882,892)	(1,160,352)	(1,192,226)	(1,015,156)	(2,198,048)
Total primary government	\$ 8,400,794	\$ 8,360,935	\$ 8,579,733	\$ 8,824,268	\$ 9,398,001	\$ 9,285,478	\$ 9,595,441	\$ 9,974,465	\$ 10,830,503	\$ 10,395,723
Change in Net Position										
Governmental activities	\$ (1,523,982)	\$ 1,429,253	\$ 763,061	\$ (2,456,168)	\$ (316,088)	\$ 1,120,149	\$ 1,259,699	\$ 1,559,058	\$ 1,794,807	\$ 438,125
Business-type activities	3,349,257	1,286,898	638,698	1,373,121	2,143,677	7,184,539	4,599,623	6,343,211	4,802,146	5,271,774
Total primary government	\$ 1,825,275	\$ 2,716,151	\$ 1,401,759	\$ (1,083,047)	\$ 1,827,589	\$ 8,304,688	\$ 5,859,322	\$ 7,902,269	\$ 6,596,953	\$ 5,709,899

Table 3

CITY OF WASHINGTON, NORTH CAROLINA

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

Fiscal Year	Property Taxes	Sales Taxes	Occupancy Taxes	Auto Licenses	Rental Vehicle Tax	Business Licenses	Franchise Taxes	Total
2011	4,165,483	1,963,488	239,560	38,059	16,046	175,414	1,206,174	7,804,224
2012	4,189,504	2,046,708	250,930	39,039	20,718	182,685	1,130,064	7,859,648
2013	4,301,643	2,096,489	209,346	39,172	15,710	179,941	1,147,567	7,989,868
2014	4,598,572	2,088,807	222,208	68,140	16,686	123,152	1,140,964	8,258,529
2015	4,441,759	2,362,096	247,187	51,913	18,807	114,343	1,286,375	8,522,480
2016	4,340,444	2,330,383	259,553	47,080	19,929	1,504	1,284,505	8,283,398
2017	4,526,982	2,475,562	277,992	46,293	21,402	1,311	1,261,970	8,611,511
2018	4,536,434	2,524,023	358,832	45,615	20,369	2,000	1,247,332	8,734,606
2019	4,598,102	2,756,508	438,325	45,569	25,907	981	1,264,487	9,129,879
2020	4,593,630	2,680,618	293,437	44,791	22,743	1,140	1,230,024	8,866,383

Table 4

CITY OF WASHINGTON, NORTH CAROLINA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Non Spendable	\$ 97,932	\$ 85,930	\$ 121,327	\$ 123,653	\$ 191,555	\$ 176,585	\$ 71,783	\$ 99,364	\$ 89,441	\$ 47,197
Restricted	2,490,744	2,565,383	1,772,450	1,919,661	1,780,333	1,681,569	1,627,163	1,649,285	2,267,698	4,067,705
Committed	21	21	21	21	2,521	2,521	2,521	2,521	2,521	2,521
Assigned	-	189,471	189,471	243,945	67,735	148,100	-	168,704	-	-
Unassigned	5,378,942	5,542,226	5,962,328	6,238,713	4,819,600	5,261,097	6,700,195	7,732,736	8,510,751	2,694,758
Total General Fund	<u>\$ 7,967,639</u>	<u>\$ 8,383,031</u>	<u>\$ 8,045,597</u>	<u>\$ 8,525,993</u>	<u>\$ 6,861,744</u>	<u>\$ 7,269,872</u>	<u>\$ 8,401,662</u>	<u>\$ 9,652,610</u>	<u>\$ 10,870,411</u>	<u>\$ 6,812,181</u>
All Other Governmental Funds										
Non spendable:										
Permanent Funds	\$ 452,575	\$ 472,175	\$ 492,576	\$ 525,277	\$ 549,751	\$ 549,754	\$ 549,853	\$ 549,853	\$ 549,853	\$ 549,853
Special revenue funds	-	-	-	-	199,200	-	191,385	-	-	-
Restricted:										
Special revenue funds	51,617	25,897	72,863	6,356	12,638	207,268	19,330	212,908	214,788	216,511
Capital project funds	171,736	120,935	88,454	226,381	30,185	359,351	375,006	357,396	1,366,312	3,967,219
Permanent funds	-	-	-	-	102	99	-	-	-	-
Committed:										
Special revenue funds	-	5,575	-	-	-	-	-	-	-	-
Capital project funds	937,559	1,001,642	1,032,227	1,053,642	1,017,405	1,147,044	987,901	1,180,386	918,164	1,323,393
Assigned:										
Capital project funds	17,104	18,908	17,627	17,670	24,790	26,806	24,919	24,976	26,201	29,271
Unassigned:										
Special revenue funds	-	(14,197)	(69,006)	(2,501)	(4,570)	-	-	-	-	-
Capital project funds	(29,661)	(15,604)	(21,032)	(181,992)	(20,000)	(157,143)	(88)	(137)	(398,855)	(472,397)
Total all other governmental funds	<u>\$ 1,600,930</u>	<u>\$ 1,615,331</u>	<u>\$ 1,613,709</u>	<u>\$ 1,644,833</u>	<u>\$ 1,809,501</u>	<u>\$ 2,133,179</u>	<u>\$ 2,148,306</u>	<u>\$ 2,325,382</u>	<u>\$ 2,676,463</u>	<u>\$ 5,613,850</u>

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

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

Table 5

CITY OF WASHINGTON, NORTH CAROLINA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Ad valorem taxes	\$ 4,165,483	\$ 4,189,504	\$ 4,301,643	\$ 4,598,572	\$ 4,441,759	\$ 4,340,445	\$ 4,526,986	\$ 4,536,435	\$ 4,598,103	\$ 4,593,630
Other taxes and licenses	2,454,156	2,572,734	2,572,097	2,534,728	2,822,864	2,686,421	2,850,545	2,977,219	3,294,377	3,063,012
Unrestricted intergovernmental	1,645,002	1,529,835	1,550,229	1,583,720	2,046,278	2,059,167	2,043,145	2,081,556	2,087,548	2,072,502
Restricted intergovernmental	1,264,969	2,444,573	1,211,658	1,386,583	665,689	655,238	721,910	574,867	1,869,835	877,647
Permits and fees	62,564	91,530	64,266	89,360	86,346	95,652	122,492	108,853	111,208	118,230
Sales and services	1,278,048	1,432,739	1,491,966	2,390,422	947,930	1,081,231	1,107,998	975,587	951,770	925,534
Interest earnings	48,822	24,669	30,292	50,405	43,209	36,861	41,418	96,556	243,648	175,734
Miscellaneous	106,506	160,889	192,384	117,073	33,082	144,282	197,392	93,477	117,514	108,201
Total revenues	<u>11,025,550</u>	<u>12,446,473</u>	<u>11,414,535</u>	<u>12,750,863</u>	<u>11,087,157</u>	<u>11,099,297</u>	<u>11,611,886</u>	<u>11,444,550</u>	<u>13,274,003</u>	<u>11,934,490</u>
Expenditures										
General government	1,763,828	1,923,459	2,194,170	2,126,445	1,974,023	2,324,752	1,836,094	1,883,075	2,182,340	2,436,480
Public safety	5,975,774	6,144,320	5,767,186	5,410,997	5,515,067	5,644,347	6,027,734	5,914,802	6,256,498	7,447,591
Transportation	1,219,102	1,600,006	1,161,707	822,261	1,097,764	780,996	959,602	810,601	894,596	1,395,887
Environmental protection	369,782	391,087	366,545	390,625	381,415	374,367	371,084	397,122	422,319	441,799
Economic and physical development	171,193	1,111,726	294,315	893,340	-	-	-	47,887	1,079,239	1,262,777
Cultural and recreational	2,478,867	2,433,178	2,170,750	2,216,392	2,231,397	2,180,060	2,066,701	2,227,880	2,290,875	2,500,950
Debt Service:										
Principal retirement	557,194	234,504	2,893,053	694,725	211,036	205,250	177,160	164,190	134,083	137,516
Interest and fees	125,094	141,398	131,408	71,976	53,209	48,446	44,187	40,147	36,501	32,868
Total expenditures	<u>12,660,834</u>	<u>13,979,678</u>	<u>14,979,134</u>	<u>12,626,761</u>	<u>11,463,911</u>	<u>11,558,218</u>	<u>11,482,562</u>	<u>11,485,704</u>	<u>13,296,451</u>	<u>15,655,868</u>
Excess of revenues over (under) expenditures	<u>(1,635,284)</u>	<u>(1,533,205)</u>	<u>(3,564,599)</u>	<u>124,102</u>	<u>(376,754)</u>	<u>(458,921)</u>	<u>129,324</u>	<u>(41,154)</u>	<u>(22,448)</u>	<u>(3,721,378)</u>
Other Financing Sources (Uses)										
Transfers in	1,684,575	1,772,934	2,315,000	1,297,826	910,116	1,110,945	1,517,411	2,412,490	2,608,559	7,088,477
Transfers out	(762,000)	(579,502)	1,494,609	(910,309)	(2,197,611)	(243,896)	(514,945)	(943,312)	(1,017,229)	(4,451,831)
Proceeds from installment note	246,550	769,566	(584,066)	-	-	-	-	-	-	-
Long-term debt issued/repaid	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,169,125</u>	<u>1,962,998</u>	<u>3,225,543</u>	<u>387,517</u>	<u>(1,287,495)</u>	<u>867,049</u>	<u>1,002,466</u>	<u>1,469,178</u>	<u>1,591,330</u>	<u>2,636,646</u>
Net change in fund balances	<u>\$ (466,159)</u>	<u>\$ 429,793</u>	<u>\$ (339,056)</u>	<u>\$ 511,619</u>	<u>\$ (1,664,249)</u>	<u>\$ 408,128</u>	<u>\$ 1,131,790</u>	<u>\$ 1,428,024</u>	<u>\$ 1,568,882</u>	<u>\$ (1,084,732)</u>
Debt service as a percentage of total noncapital expenditures	122.19%	13.03%	186.92%	99.30%	46.25%	30.31%	39.94%	30.17%	23.10%	5.84%

Table 6

CITY OF WASHINGTON, NORTH CAROLINA

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

Fiscal Year	Real Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value (2)	Tax Rate (3)	Tax Levy
2011	671,068,810	152,090,950	12,500,840	835,660,600	0.50	4,178,303
2012	665,125,195	152,995,288	11,992,317	830,112,800	0.50	4,150,564
2013	666,689,015	166,223,118	11,983,267	844,895,400	0.50	4,224,477
2014	678,131,900	196,310,758	10,614,942	885,057,600	0.50	4,425,288
2015	679,010,980	182,651,303	10,678,917	872,341,200	0.50	4,361,706
2016	680,732,033	165,406,064	12,439,703	858,577,800	0.50	4,292,889
2017	679,155,518	172,632,540	12,465,788	864,253,846	0.52	4,494,120
2018	682,853,171	172,985,696	14,012,287	869,851,154	0.52	4,523,226
2019	671,175,120	179,615,554	13,122,722	863,913,396	0.53	4,578,741
2020(4)	676,572,776	174,287,061	12,593,748	863,453,585	0.53	4,576,304

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Public service companies valuations are provided to the City by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Estimated actual value equals assessed value.
- (3) Per \$100 of value.
- (4) Property in Beaufort County is reassessed every eight years. The last reassessment was on January 1, 2018.

Table 7

CITY OF WASHINGTON

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Years Ended June 30	City Direct Rate			Overlapping Rates
	City of Washington	Public Safety Capital Reserve	Total Direct	Beaufort County
2011	.4856	.0144	.50	.50
2012	.4856	.0144	.50	.53
2013	.4856	.0144	.50	.53
2014	.4856	.0144	.50	.53
2015	.4807	.0193	.50	.53
2016	.4807	.0193	.50	.53
2017	.5007	.0193	.52	.55
2018	.5007	.0193	.52	.55
2019	.5106	.0194	.53	.62
2020 (1)	.5108	.0192	.53	.64

Note: (1) Real property was last revalued on January 1, 2018

Table 8

CITY OF WASHINGTON

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR & 9 YEARS AGO

Fiscal Year 2020					Fiscal Year 2011				
Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed	Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed
				Valuation					Valuation
Victory Square LLC	Consulting	\$ 12,796,804	1	1.48%	National Spinning	Manufacturer	\$ 20,870,067	1	4.82%
Wal-Mart Real Estate Business	Real Estate & Retail	10,129,687	2	1.17%	Stanadyne Automotive	Gasket Manufacturer	14,094,424	2	3.25%
Flanders Filters, Inc.	Industrial Filter Manufacturer	9,548,157	3	1.11%	Developers Diversified	Real Estate	9,201,178	3	2.12%
Gregory Poole Leasing LLC	Heavy Equipment	9,536,117	4	1.10%	Pearl Brittain, Inc.	Real Estate	8,620,552	4	1.99%
Clarcor Engine Mobile Solutions	Air Filtration	8,921,974	5	1.03%	Flander's Filters	Industrial Filter Manufacturer	7,509,141	5	1.73%
Lowe's Home Centers, Inc	Retail	7,825,730	6	0.91%	Carolina Telephone and Telegraph	Utility	5,462,238	6	1.26%
Coeur Inc.	Medical Equipment	5,706,448	7	0.66%	Cox NC Publication	Marketing	4,044,592	7	0.93%
Flanders Solutions, LLC	Industrial Filter Manufacturer	5,462,339	8	0.63%	Rawls and Associates	Real Estate	3,335,670	8	0.77%
Rawls & Associates	Real Estate	5,416,928	9	0.63%	Hackney & Sons, Inc.	Manufacturer	3,203,911	9	0.74%
Lodging Associates LLC	Lodging	5,402,607	10	0.63%	Neil Realty Co.	Real Estate	2,912,104	10	0.67%
Totals		\$ 80,746,791		9.35%	Totals		\$ 79,253,877		18.30%
Valuation		\$ 863,453,585			Valuation		\$ 433,112,962		

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		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	4,214,170	(35,867)	4,178,303	3,938,237	94.25%	226,226	4,164,463	99.67%
2012	4,182,836	(32,272)	4,150,564	3,889,207	93.70%	239,607	4,128,814	99.48%
2013	4,212,028	12,449	4,224,477	3,962,116	93.79%	228,365	4,190,481	99.20%
2014	4,441,128	(15,840)	4,425,288	4,255,638	96.17%	135,067	4,390,705	99.22%
2015	4,359,070	2,636	4,361,706	4,249,037	97.42%	81,753	4,330,790	99.29%
2016	4,290,878	2,011	4,292,889	4,188,499	97.57%	32,968	4,221,467	98.34%
2017	4,577,317	(83,197)	4,494,120	4,416,681	98.28%	30,854	4,447,535	98.96%
2018	4,540,102	(16,876)	4,523,226	4,434,721	98.04%	33,690	4,468,411	98.79%
2019	4,596,871	(18,130)	4,578,741	4,498,448	98.25%	39,668	4,538,116	99.11%
2020	4,586,482	(10,178)	4,576,304	4,498,211	98.29%	-	4,498,211	98.29%

Source: Beaufort County Tax Department

Table 10

CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Percentage Per Capita (1)
	Installment Loans	USDA Loan	Recovery Zone Economic Dev. Bonds	General Obligation Bonds	State Revolving Loan	Installment Loans	Recovery Zone Economic Dev. Bonds			
2011	199,911	2,714,753	38,673	1,550,000	1,845,274	2,803,203	4,833,327	13,985,141	0.95%	44385%
2012	796,277	2,656,120	36,002	1,000,000	1,872,691	1,745,095	4,499,998	12,606,183	0.83%	38507%
2013	2,877,011	-	33,335	430,000	2,095,432	1,323,112	4,166,665	10,925,555	0.69%	31780%
2014	2,184,952	-	30,669	140,000	1,926,929	697,774	3,833,331	8,813,655	0.54%	25580%
2015	1,976,583	-	28,002	-	1,758,426	407,078	3,499,998	7,670,087	0.44%	21088%
2016	1,774,000	-	25,335	-	1,589,923	161,428	3,166,665	6,717,351	0.37%	17783%
2017	1,599,507	-	22,668	-	1,630,179	65,037	2,833,332	6,150,723	0.33%	15870%
2018	1,437,984	-	20,001	-	2,130,593	-	2,499,999	6,088,577	0.32%	14877%
2019	1,306,567	-	17,335	-	1,928,161	-	2,166,666	5,418,729	0.31%	13012%
2020	1,171,719	-	14,667	-	1,712,783	-	1,833,333	4,732,502	N/A	N/A

N/A - Information not yet available

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 14 for personal income and population data.

Table 11

CITY OF WASHINGTON, NORTH CAROLINA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Actual Taxable Value of Property(2)	Percentage of Personal Total Income	Percentage Per Capita(1)
2011	1,550,000	-	1,550,000	0.19%	0.11%	4919.23%
2012	1,000,000	-	1,000,000	0.12%	0.07%	3054.65%
2013	430,000	-	430,000	0.05%	0.03%	1250.76%
2014	140,000	-	140,000	0.02%	0.01%	406.33%
2015	-	-	0	0.00%	0.00%	0.00%
2016	-	-	0	0.00%	0.00%	0.00%
2017	-	-	0	0.00%	0.00%	0.00%
2018	-	-	0	0.00%	0.00%	0.00%
2019	-	-	0	0.00%	0.00%	0.00%
2020	-	-	0	0.00%	N/A	N/A

N/A-Information not yet available.

Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.

(1) See Table 14 for personal income and population data.

(2) See schedule 6 for property value data.

Table 12

CITY OF WASHINGTON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020

<u>Governmental Unit</u>	<u>Long-Term Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Washington	\$ 1,186,386	100.00%	\$ 1,186,386
Beaufort County	16,464,667	20.42%	3,362,085
Total direct and overlapping debt	\$ <u>17,651,053</u>		\$ <u>4,548,471</u>

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

Table 13

CITY OF WASHINGTON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Value of Property	\$ 835,660,600	\$ 836,567,200	\$ 842,405,600	\$ 888,225,600	\$ 871,814,000	\$ 858,175,600	\$ 864,253,846	\$ 869,851,154	\$ 863,913,396	\$ 863,453,585
Debt Limit, 8% of Assessed Value (Statutory Limitation)	66,852,848	66,925,376	67,392,448	71,058,048	69,745,120	68,654,048	69,140,308	69,588,092	69,113,072	69,076,287
Amount of Debt Applicable to Limit										
Gross debt	13,985,141	12,606,183	10,925,555	8,813,655	7,670,087	6,717,351	6,150,723	6,088,577	5,418,729	4,732,502
Less: Debt outstanding for water purposes	567,587	324,769	69,810	-	-	-	-	-	-	-
Debt outstanding for electric purposes	2,501,526	33,117	7,119	-	-	-	-	-	-	-
Total net debt applicable to limit	10,916,028	12,248,297	10,848,626	8,813,655	7,670,087	6,717,351	6,150,723	6,088,577	5,418,729	4,732,502
Legal Debt Margin	<u>\$ 55,936,820</u>	<u>\$ 54,677,079</u>	<u>\$ 56,543,822</u>	<u>\$ 62,244,393</u>	<u>\$ 62,075,033</u>	<u>\$ 61,936,697</u>	<u>\$ 62,989,585</u>	<u>\$ 63,499,515</u>	<u>\$ 63,694,343</u>	<u>\$ 64,343,785</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>16.33%</u>	<u>18.30%</u>	<u>16.10%</u>	<u>12.40%</u>	<u>11.00%</u>	<u>9.78%</u>	<u>8.90%</u>	<u>8.75%</u>	<u>7.84%</u>	<u>6.85%</u>

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)
2011	9,754	1,476	31,509	7,021	11.20%	155
2012	9,740	1,526	32,737	6,957	11.10%	213
2013	9,705	1,585	34,379	7,086	9.90%	173
2014	9,688	1,635	34,455	7,077	7.70%	167
2015	9,757	1,730	36,372	6,904	7.00%	172
2016	9,639	1,799	37,773	6,954	5.70%	151
2017	9,777	1,842	38,758	6,788	4.70%	167
2018	9,571	1,927	40,926	6,606	4.80%	174
2019	9,536	1,961	41,643	6,482	5.30%	176
2020	9,649	N/A	N/A	6,382	6.60%	160

N/A-Information not yet available.

Notes:

(1) N.C. State Data Center and/or U.S. Census.

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

(3) Beaufort County Board of Education

(4) N. C. Department of Commerce

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

Table 15

CITY OF WASHINGTON, NORTH CAROLINA

PRINCIPAL EMPLOYERS

Current Year and Five Years Ago *

Employer	2020		
	Employees (1)	Rank	Percentage of Total County Employment (2)
Beaufort County Schools	797	1	4.27%
Vidant Medical Center	409	2	2.19%
Beaufort County	355	3	1.90%
Air Filter Service	333	4	1.78%
City of Washington	222	5	1.19%
IDX Impressions	149	6	0.80%
Hackney Kidron	141	7	0.76%
Ridgewood Healthcare LLC	100	8	0.54%
PAS USA	90	9	0.48%
Lowes Home Center	78	10	0.42%
Total	2,674		

Employer	2015		
	Employees (1)	Rank	Percentage of Total County Employment (2)
Beaufort County Schools	1057	1	4.91%
State of NC	732	2	3.87%
Beaufort Co. Hospital	654	3	3.58%
Mega Force Staffing Group	563	4	2.01%
Flanders Filters	509	5	1.54%
Standadyne Corporation	431	6	1.49%
Beaufort County	296	7	1.28%
Wal-Mart	248	8	1.13%
City of Washington	242	9	1.11%
Hackney Division of SVC	157	10	0.69%
Total	4,889		

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

(2) N.C. Department of Commerce

Table 16

CITY OF WASHINGTON, NORTH CAROLINA

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary government:										
General government	27	26	26	23	23	23	23	24	24	26
Public safety	92	92	89	88	84	82	82	82	86	87
Transportation	13	13	12	12	11	11	12	12	12	12
Environmental protection	9	9	9	9	9	9	9	9	9	9
Cultural and recreation	16	16	14	15	15	15	14	16	17	17
Business-type activities:										
Water	14.5	14.5	14.5	14.5	14.5	13.5	14	14	14	14
Sewer	14.5	14.5	14.5	14.5	14.5	14.5	15	15	15	15
Electric	36	36	34	36	35	36	37	37	37	37
Stormwater utility	-	-	-	-	-	-	-	-	-	-
Solid waste	13	13	13	13	13	12	12	12	12	12
Beaufort county water districts	-	-	-	-	-	-	-	-	-	-
Civic center	1	1	1	1	1	-	-	-	-	1
Aquatic center	2	2	1	1	1	1	1	1	1	1
Cemetery	5	5	5	5	5	5	5	4	4	4
Airport	-	-	-	1	1	1	1	1	1	1
Total	243	242	233	233	227	223	225	227	232	236

Source: City Finance Department

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

Table 17

CITY OF WASHINGTON, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	989	1,180	1,626	1,561	1,008	771	731	608	662	720
Parking violations	52	155	103	173	335	58	66	117	207	260
Traffic violations	1,151	1,382	1,770	3,437	2,043	1,531	1,486	1,251	1,741	3,582
Fire										
Fire calls	698	689	653	596	533	875	1,355	1,287	1,335	1,031
EMS calls	2,170	2,319	2,345	2,463	2,485	2,878	3,263	2,682	2,372	2,374
Fire inspections	702	628	868	693	578	551	972	622	438	437
Streets										
Street resurfacing (miles)	2.18	-	-	-	1.76	-	1.55	-	-	4.32
New Construction (miles)	-	0.21	-	-	-	-	-	-	-	-
Solid Waste										
Refuse collected (tons/day)	21.2	20.9	20.37	19.93	20.04	19.97	20.37	19.99	20.02	20.29
Recyclables collected (tons/day)	1.62	1.96	1.9	1.81	1.85	2.01	1.97	2.10	2.06	1.16
Library										
Number of patrons	73,721	73,721	81,477	79,611	101,155	101,471	93,955	85,118	78,103	56,739
Number of Volumes	79,603	98,485	71,018	72,452	67,093	62,469	66,174	45,866	53,128	53,153
Water Utilities										
Number of customers										
Inside city	4,886	4,896	4,868	4,908	4,926	4,945	4,977	5,041	5,114	4,807
Outside city	232	244	257	258	254	257	256	272	265	279
Average daily consumption (millions of gallons)	2.312	2.289	2.256	2.295	2.274	2.288	2.198	2.305	2.322	2.375
Wastewater Utilities										
Number of customers										
Inside city	4,724	4,744	4,724	4,764	4,788	4,815	4,839	4,915	4,917	4,951
Outside city	121	128	137	138	136	141	142	159	159	176
Average daily treatment (millions of gallons)	1.727	1.486	1.942	2.035	1.972	2.081	2.503	2.458	2.657	2.229
Electric Utilities										
Number of customers	13,436	13,475	13,519	13,571	13,602	13,950	13,628	13,721	13,981	14,270
KWH Purchased	309,544,904	287,914,605	294,904,066	299,521,881	299,624,705	282,280,172	291,738,820	298,463,294	290,171,098	270,783,893
KWH Sold	297,422,463	274,920,134	280,051,176	280,590,510	281,465,066	268,070,585	275,360,200	290,173,339	276,146,473	256,561,731
Unaccounted KWH	12,122,441	12,994,471	14,852,890	18,931,371	18,159,639	14,209,586	16,378,620	8,289,955	14,024,625	14,222,162

Sources: Various city departments

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

Table 18
Page 1 of 2

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	13	14	14	14	16	13	15	16
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Streets										
Total miles	58.5	59.01	59.01	59.01	59.01	59.01	59.01	59.01	58.11	58.11
Paved miles	57.36	57.45	57.46	57.46	57.46	57.46	57.46	57.46	56.56	56.56
Unpaved miles	1.44	1.56	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
Recreation										
Neighborhood Centers	2	2	2	2	2	2	2	2	2	2
Civic Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Courts										
Tennis	2	2	2	2	2	2	-	-	-	-
Basketball	7	7	7	7	7	7	7	7	7	7
Shuffleboard	-	-	-	-	-	-	-	-	-	-
Horseshoes	2	2	2	2	2	2	2	2	0	0
Bocce	1	1	1	1	1	1	1	1	0	0
Skate Park	1	1	1	1	1	1	1	1	1	1
Boat ramps	4	4	4	4	4	4	4	4	4	4
Boat Slips										
Rental	36	36	36	36	36	36	36	36	36	36
Free	12	12	12	12	12	12	12	12	12	12
Piers										
Fishing	1	1	1	1	1	1	1	1	1	1
Boats	4	4	4	4	4	4	4	4	4	4
Parks										
Total Acreage	550	550	550	550	550	550	550	550	550	550
Open Space	162	162	162	162	162	162	162	162	162	162
Wilderness	300	300	300	300	300	300	300	300	300	300
Parks	88	88	88	88	88	88	88	88	88	88

CITY OF WASHINGTON, NORTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sports Fields										
Soccer	8	8	8	8	8	8	8	8	8	8
Football	-	-	-	-	-	-	-	-	-	-
Baseball	6	6	6	6	6	6	6	6	6	6
Softball	3	2	2	2	2	2	2	2	2	2
Water Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	687	697	697	700	701	701	701	701	701	701
Maximum daily capacity (millions of gallons)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Miles of water mains	82.19	82	82	82	82	82	82	82	82	82
Wastewater Utilities										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Lift stations	31	32	32	32	32	32	32	32	32	32
Maximum daily treatment capacity (millions of gallons)	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Miles of gravity mains	74.3	74.3	74.3	74.3	74.6	74.6	74.6	74.6	74.6	74.6
Miles of force mains	28.27	30.35	30.35	30.35	30.35	30.35	30.35	30.35	30.35	30.35
Electric Utilities										
Miles of distribution lines	400	400	400	400	400	450	475	480	482	482
Miles of transmission lines	15.2	15.2	15.2	15.2	15.2	15.2	37	54	67.5	68
Substations	8	8	8	8	8	8	6	6	6	6
Storm Water Utility										
Miles of storm mains	32	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1

Sources: Various city departments

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

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Compliance Section

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

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 24, 2020. The financial statements of the City of Washington Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of Washington Tourism Development Authority.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

City of Washington's Response to Finding

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
November 24, 2020

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

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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Washington, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Washington's major federal programs for the year ended June 30, 2020. The City of Washington's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Washington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Washington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
November 24, 2020

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Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Washington, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Washington's major state programs for the year ended June 30, 2020. The City of Washington's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Washington's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the City of Washington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
November 24, 2020

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	No

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance
for major state programs

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the State Single Audit Implementation Act?

No

Identification of major state programs:

Program Name

State Aid to Airports

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

2. Financial Statements Findings

Material Weakness

Finding 2020-001

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the City's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the City's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: Errors could occur in financial reporting.

Cause: There was accounts payable that should have been accrued, but due to the invoices being received after the City's cut-off period, it was not adjusted.

Recommendation: Management should examine the adjustments required as a result of our audit and should assure they are reconciled and posted prior to the audit.

Name of Contact Person: Matt Rauschenbach, Administrative Services Director/Assistant City Manager.

Views of Responsible Officials and Corrective Action Plan: Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

3. Federal Awards Findings and Questioned Costs

None reported.

4. State Awards Findings and Questioned Costs

None reported.

Mayor
Donald R. Sadler

City Manager
Jonathan Russell



Washington City Council
Richard Brooks
Virginia Finnerty
Elizabeth A. Kane
William Pitt
Mike Renn

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

Material Weakness:

Finding 2020-001:

Name of Contact Person: Matt Rauschenbach

Corrective Action: Confirm that vendors on all active major projects that rendered services as of June 30th have been invoiced prior to cut-off.

Proposed Completion Date: Immediately.

CITY OF WASHINGTON, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

None reported.

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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	Passed-Through to Subrecipients
Federal Awards:						
<u>U.S. Department of Homeland Security</u>						
Passed through the City of Bartow, Florida						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FIPS #105-03675-00	\$ 686,974	\$ 228,991	\$ -	\$ -
Total U.S. Department of Homeland Security			686,974	228,991	-	-
<u>U.S. Department of Housing and Urban Development</u>						
Assistant Secretary for Community Planning and Development						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-16-DC-37-0001	95,693	-	-	-
Total U.S. Department of Housing and Urban Development			95,693	-	-	-
<u>U.S. Department of Transportation</u>						
Passed through the North Carolina Department of Transportation						
Division of Aviation:						
COVID-19 CARES Act Grant Airport Improvement Program	20.106	36237.38.17.2	21,938	-	-	-
Airport Improvement Program - Corporate Hangar Design Project	20.106	36237.38.15.1	137,587	-	-	-
Airport Improvement Program - Airport Pavement Rehabilitation	20.106	36237.38.17.1	2,248,097	-	249,788	-
Total U.S. Department of Transportation			2,407,622	-	249,788	-
<u>U.S. Department of Health and Human Services</u>						
Passed through the North Carolina Department of Adult and Aging Services						
Passed through the Mid-East Commission Area Agency on Aging						
<u>Aging Cluster</u>						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2020	8,571	11,327	2,211	-
Total Aging Cluster			8,571	11,327	2,211	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2020	4,376	258	515	-
Passed through the Department of Health Resources and Services Administration						
COVID-19 Provider Relief Fund	93.498		23,842	-	-	-
Total U.S. Department of Health and Human Services			36,789	11,585	2,726	-
<u>U.S. Environmental Protection Agency</u>						
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	#00D72918	68,828	-	-	-
Total U.S. Environmental Protection Agency			68,828	-	-	-
Total Federal Awards			3,295,906	240,576	252,514	-
State Awards:						
<u>N.C. Department of Health and Human Services</u>						
Passed through the North Carolina Department of Adult and Aging Services						
Passed through the Mid-East Commission Area Agency on Aging						
Senior Center General Purpose		2020	-	10,574	3,525	-
<u>N.C. Department of Commerce</u>						
Downtown Revitalization Grant 2018		2018-080-12571534	-	2,422	-	-
CDBG-NR		14-D-2971	-	38,457	-	-
Total N.C. Department of Commerce			-	40,879	-	-
<u>N.C. Department of Environmental Quality</u>						
Waste Water Asset Inventory Grant		H-A1A-D-20-0192	-	8,037	-	-
Kayak Access		7663	-	18,137	-	-
Total N.C. Department of Environmental Quality			-	26,174	-	-
<u>N.C. Department of Cultural and Natural Resources</u>						
State Aid to Libraries		56-6001364-02	-	8,468	-	-
Total N.C. Department of Cultural Resources			-	8,468	-	-

CITY OF WASHINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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	Passed-Through to Subrecipients
<u>N.C. Department of Transportation</u>						
Non-State System Street-Aid Allocation (Powell Bill)		32570	-	160,981	-	-
State Aid to Airports Program - Airport Runway Project		36244.51.11.1	-	98,738	5,000	-
State Aid to Airports Program - Airport Taxiway/Apron Pavement Rehabilitation		36244.51.11.2		2,661,015	295,668	
DOT Bridge #3 Pipeline Relocation Project		35494.1.1	-	52,418	-	-
DOT Highway 17 Electric Relocation Project		Project R-2511	-	1,739	-	-
Total N.C. Department of Transportation			-	2,974,891	300,668	-
Total State Awards			-	3,301,562	556,707	-
Total Federal and State Awards			\$ 3,295,906	\$ 3,301,562	\$ 556,707	\$ -

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

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Washington under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Washington, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Washington.

Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.