

# City of New Bern

North Carolina



## Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

Prepared by: City of New Bern Finance Department  
Joseph R. Sabatelli, Director of Finance



## **Table of Contents**

### **INTRODUCTORY SECTION**

Letter of Transmittal.....	i
GFOA Certificate of Achievement .....	xv
List of Principal Officials .....	xvi
Organizational Chart.....	xvii

### **FINANCIAL SECTION**

#### **Report of Certified Public Accountants**

Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited) .....	5

#### **Basic Financial Statements**

##### Exhibit

##### **Government-Wide Financial Statements**

A	Statement of Net Position .....	16
B	Statement of Activities.....	18

##### **Fund Financial Statements**

###### *Governmental Funds*

C	Balance Sheet.....	20
D	Statement of Revenues, Expenditures and Changes in Fund Balances.....	22
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	23
F	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund Annually Budgeted Major Fund .....	25

###### *Proprietary Funds*

G	Statement of Fund Net Position .....	26
H	Statement of Revenues, Expenses and Changes in Fund Net Position .....	28
I	Statement of Cash Flows.....	30

<b>Notes to Financial Statements .....</b>	<b>37</b>
--	-----------

#### **Required Supplemental Financial Data (Unaudited)**

##### Schedule

A-1	Law Enforcement Officers' Special Separation Allowance .....	77
A-2	Other Postemployment Benefits .....	78
A-3	Local Government Employees' Retirement System .....	79

### **OTHER SUPPLEMENTARY INFORMATION**

#### **Government Fund Financial Statements**

##### **General Fund**

B-1	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	86
-----	--	----

##### **Non-Major Governmental Funds**

C-1	Combining Balance Sheet.....	94
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	95

**OTHER SUPPLEMENTARY INFORMATION (Continued)**

**Government Fund Financial Statements (Continued)**

Schedule

<b>Non-Major Special Revenue Funds</b>		
D-1	Combining Balance Sheet.....	99
D-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) .....	102
	Schedules of Revenue and Expenses and Changes in Fund Balances (Deficits) - Budget and Actual:	
D-3	Community Development Fund .....	106
D-4	Emergency Telephone System Fund.....	107
D-5	Police Special Revenue Fund.....	108
D-6	Grants Special Revenue Fund.....	109
D-7	COPS Hiring Program.....	110
D-8	Public-Private Partnership .....	111
D-9	FEMA Hurricane Irene .....	112
D-10	CDBG Talent Enhancement Grant .....	113
D-11	2012 CDBG NC Catalyst Grant .....	114
D-12	2013 Urgent Repair Grant.....	115
D-13	Municipal Planning Grant (MPO) .....	116
D-14	Wayfinding Sign Grant Program .....	117
D-15	Entitlement Cities CDBG Grant Program.....	118
D-16	Elizabeth Avenue Safe Routes to School Grant Program .....	119
D-17	2014 Justice Assistance Grant .....	120
D-18	2014 Bullet-Proof Vest Partnership Grant Program.....	121
D-19	Glenburnie Road Multi-Use Path Project Grant Program .....	122
D-20	Neuse Boulevard Sidewalk Improvements - Phase I.....	123
D-21	Neuse Boulevard Sidewalk Improvements - Phase II.....	124
<b>Non-Major Capital Projects Funds</b>		
E-1	Combining Balance Sheet.....	126
E-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) .....	127
	Schedules of Revenue and Expenses and Changes in Fund Balances (Deficits) - Budget and Actual:	
E-3	Radio System Equipment Capital Project.....	128
E-4	General Capital Project.....	129
E-5	IT Network Merger Capital Project.....	130
<b>Proprietary Fund Financial Statements</b>		
<b>Major Enterprise Funds</b>		
Schedules of Revenues and Expenditures, Budget and Actual (Non-GAAP):		
<i>Electric Fund</i>		
F-1	Electric Operating Fund .....	134
F-2	Electric Substation Capital Project Fund .....	136
<i>Water Fund</i>		
F-3	Water Operating Fund .....	137
F-4	Water Capital Reserve Fund .....	139

**City of New Bern, North Carolina**

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**OTHER SUPPLEMENTARY INFORMATION (Continued)**

**Government Fund Financial Statements (Continued)**

Schedule

**Proprietary Fund Financial Statements (Continued)**

***Major Enterprise Funds (Continued)***

Schedules of Revenues and Expenditures, Budget and Actual (Non-GAAP)  
(Continued):

*Sewer Fund*

F-5	Sewer Operating Fund.....	140
F-6	Sewer Capital Reserve Fund.....	142
F-7	Sewer Debt Service Reserve.....	143
F-8	Stormwater Operating Fund .....	144

***Non-Major Enterprise Funds***

Schedules of Revenues and Expenditures, Budget and Actual (Non-GAAP):

*Enterprise Capital Project Funds*

F-9	AMI/DSM System .....	148
F-10	Kale Road Project Fund.....	149

**Internal Service Fund**

Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP):

	Employee Benefit Insurance Internal Service Fund.....	152
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**Additional Financial Data**

A-4	Schedule of Ad Valorem Taxes Receivable.....	154
A-5	Analysis of Current Year Tax Levy - City-Wide Levy .....	155

**STATISTICAL SECTION (Unaudited)**

Table

1	Net Position by Component - Last Ten Fiscal Years .....	160
2	Changes in Net Position - Last Ten Fiscal Years.....	162
3	Program Revenues by Function/Program - Last Ten Fiscal Years.....	168
4	Fund Balances - Governmental Funds - Last Ten Fiscal Years .....	170
5	Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years.....	172
6	The Electric System - Electricity Purchased, Consumed and Unbilled - Last Ten Fiscal Years.....	174
7	Electric Rates - Last Ten Fiscal Years .....	176
8	Electric System - Major Users - Current Year and Nine Years Ago.....	178
9	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	180
10	Property Tax Levies and Collections - Last Ten Fiscal Years .....	182
11	Principal Taxpayers - Current and Nine Years Ago .....	184
12	Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years .....	187
13	Direct and Overlapping Governmental Activities Debt.....	188
14	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....	189
15	Legal Debt Margin Information - Last Ten Fiscal Years.....	192
16	Demographic and Economic Statistics - Last Ten Fiscal Years .....	195
17	Principal Employers - Current Year and Nine Years Ago .....	196
18	Full-Time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years .....	198

**City of New Bern, North Carolina**

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**STATISTICAL SECTION (Unaudited) (Continued)**

Table

19	Operating Indicators by Function/Program - Last Ten Fiscal Years .....	200
20	Capital Asset Statistics by Function/Program - Last Ten Fiscal Years .....	202

**SINGLE AUDIT AND COMPLIANCE SECTION**

<b>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>207</b>
<b>Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act.....</b>	<b>209</b>
<b>Independent Auditors' Report on Compliance for the Major State Program and on Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.....</b>	<b>211</b>
Schedule of Findings and Questioned Costs .....	213
Summary Schedule of Prior Year Findings .....	215
Schedule of Expenditures of Federal and State Awards .....	216
Notes to the Schedule of Expenditures of Federal and State Awards.....	218

## ***Introductory Section***

**Letter of Transmittal**

**Certificate of Achievement for Excellence in Financial Reporting**

**List of Principal Officials**

**Organizational Chart**

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# NEW BERN

CITY OF NEW BERN

300 Pollock Street, P.O. Box 1129  
New Bern, NC 28563-1129  
(252)636-4000

## Aldermen

Dallas O. Blackiston  
Victor J. Taylor  
Patricia C. Schaible  
Johnnie Ray Kinsey  
Bernard W. White  
Jeffrey T. Odham

Dana E. Outlaw  
Mayor

Mark A. Stephens  
City Manager

Joseph R. Sabatelli  
Director of Finance

Brenda Blanco  
Deputy City Clerk

December 9, 2015

Honorable Mayor, the Board of Aldermen, and Citizens of the **CITY OF NEW BERN**:

The Comprehensive Annual Financial Report of the **CITY OF NEW BERN**, North Carolina (the City) for the fiscal year ended June 30, 2015, is hereby submitted. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Dixon Hughes Goodman, LLP, a firm of licensed certified public accountants, and their unmodified opinion is included in the financial section. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls 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. To the best of our knowledge and belief, the data enclosed is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position and, where applicable, the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all the funds of the City. The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of streets and other infrastructure; community development services including planning and zoning; and parks and recreational services. In addition to general governmental activities, the City owns and operates electric, water, sewer and stormwater utilities; therefore, these activities are included in the reporting entity. The New Bern Housing Authority, the New Bern-Craven County Public Library, Swiss Bear Downtown Development Corporation, and Friends of the Fireman's Museum do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of New Bern's MD&A can be found immediately following the independent auditors' report.

*Everything comes together here.*

The City is required to undergo a “Single Audit” in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and the auditors’ reports on the internal control over financial reporting and compliance with applicable laws, regulations, and contract and grants agreements, is included in a separate reporting package.

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## **ECONOMIC CONDITION AND OUTLOOK**

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New Bern, settled in 1710 at the confluence of the Trent and Neuse Rivers, is located 110 miles east of Raleigh, the State Capitol, and 35 miles west of the Atlantic Ocean. New Bern is the largest municipality in Craven County and serves as the County seat. Rich in history, it is the site of North Carolina’s Colonial Capital and its first State Capitol. New Bern is also the Birthplace of Pepsi Cola, a drink first created by Caleb Bradham, a local pharmacist, in 1898. Downtown New Bern offers museums, shops, galleries, restaurants, historic sites, waterfront hotels, bed and breakfast accommodations, marinas, a convention center, parks, historic homes and churches. Tryon Palace Historic Sites & Gardens, the first permanent seat of colonial government in North Carolina, offers visitors an opportunity to experience over 300 years of American history and acres of period-inspired gardens. The City is centrally located to several growing communities including Jacksonville, Morehead City, Greenville, and Kinston, all around 40 miles and less than an hour away. The City is easily accessible by US 70, US 17, and NC 43. As of April 2015, the community had an unemployment rate of 5.4 percent compared to a statewide rate of 5.5 percent. The 2014 census population for the city was reported as 30,291.

The City is a council-manager form of government with a Board of Aldermen and Mayor. The Board is composed of six members who are elected by ward, and a mayor who is elected at-large. Each serves for four year coincident terms. The City Manager, Director of Finance, City Attorney, and City Clerk are appointed by, and serve at the pleasure of the Mayor and Board of Aldermen. The City Manager serves as the chief executive officer of the organization, and is responsible for carrying out Board of Aldermen policy through the administration of the various departments and their staff.

The City thrives on tourism as it has over 150 sites included in the National Register of Historic Places. Stretching 248 miles, the Neuse River, located in New Bern, is the longest river in North Carolina and the widest river in America (6 miles across). The City is centrally located to 157,000 acres of the Croatan National Forest which is nationally recognized for its trails and recreation opportunities.

Government (federal, state and local) is the largest single employer in the County with 24 percent of all jobs. CarolinaEast Health System is the City’s largest single employer serving approximately 185,000 patients a year and employing over 2,200 people and with an average utility payment of \$1.3 million per year, CarolinaEast Health Systems contributes significantly to the City’s economy.

New Bern is home to two large manufacturing facilities: Moen, Inc. and BSH Appliances, Corp. Moen is the number one faucet brand in North America. BSH Appliances, a German based manufacturer, is the world's third-largest home appliance manufacturer specializing in cooking, washing/drying, refrigeration/freezing, and other consumer products. New Bern is host to the largest of the three U.S based factories.

For those looking to start a business in New Bern, the City has an economic development tool that attracts companies and creates jobs, the Commercial Real Estate Mapping & Economic Development website. City of New Bern Development Services has created a prospector website ([www.newbernprospector.com](http://www.newbernprospector.com)) that can lead potential companies to non-single family residential and commercial buildings the City has to offer. The website contents include: the City's new brand, photographs, maps and information on demographics, consumer expenses, and the labor force. This will be an essential tool used to bring more business to New Bern.

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## **MAJOR INITIATIVES FOR THE YEAR**

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Fiscal year 2014-2015 included the planning and implementation phases of several initiatives as well as the continuation or completion of projects begun during the previous fiscal year.

### **Website Redesign**

After undergoing an extensive branding initiative, the City of New Bern initiated a website redesign. Our previous site dated back more than ten years, lacked functionality and user-friendliness, and had lost its appeal and relevance for our users and website visitors. It also lacked brand significance. The City hired Evolve, Inc. of Greenville, NC to begin this redesign project and in July 2014 debuted a new, modern site designed to deliver information to users in a friendly format while increasing functionality and appeal. The new website also supports the City's new brand. The new site offers video playback linked to the City's YouTube channel and easier access to connect with through social media. We've created online forms to facilitate communication with all of our City departments. We've increased cyber-security, and made it easier to contact our governmental and quasi-governmental boards. We also have a new way – right on the homepage – to report water, sewer, and power outages that send messages directly to Utility Control. We've received several positive comments on our website and it is easier to update for our departmental administrative assistants. The new website cost the City \$18,000.

### **Credit Exposure Risk Reduction**

Effective Fiscal Year 2015, the Board of Aldermen directed the City to phase in initiatives to bring write off levels closer to other public utilities our size based upon recommendations from our American Public Power Organizational Check Up in 2012. This paradigm shift significantly changed from "finding a way to say yes" in place for decades to a more limited credit policy. Deposits for delinquent activity and limitations on the number of pay arrangements offered - which will reduce over a few years' time, are the crux of the initiatives. We see progress in our efforts and expect the trend to continue. The average monthly number of payment arrangements has dropped 31%. Deposit collection performance for utility service surety increased 369%.

## **AMI Project**

We are entering the second phase of our Advanced Metering Infrastructure (AMI) \$3.45 million project in conjunction with the Public Utilities Department. The project will improve the electric and water systems and provide customers with the data and tools necessary to better manage energy consumption and costs. By augmenting the City's Load Management Program, AMI will boost reliability, save energy, and control costs for customers. Customer electric and water meters will be replaced with AMI meters. These meters have two way communication capabilities and can be read remotely, offering better tools to manage energy use, and providing enhanced customer service. Utility Business Office Meter Technicians, Meter Readers and Billing Service Representatives have been the core implementation team in exchanging the new AMI electric meters in our service area. Approximately 2,500 meters have been installed and 5,000 more will be installed in the next 12 months, or roughly 35% of our entire system. The approximate total of electric meters in our service area is 21,500.

The scope of this project involves the expansion of an Advanced Metering Infrastructure System (AMI), capable of two-way communications with the City of New Bern electric and water meters, and load management devices, capable of two-way communications for more effective load shedding. This system will provide the opportunity for residential electric customers to participate in "pay as you go" rates and "time of use" rates, allowing customers to better control their consumption of electricity and manage payment schedules more effectively. This system will be able to furnish electric and water consumption data to customers. The electric meters can also detect outages and deliver this information to the Utility Communications and Control Division operators for enhanced outage management. The Department of Public Utilities was approved for a budget of \$2,500,000 for the second phase of the AMI Project. This second phase is comprised of the installation of 5,000 electric meters, 5,000 water meters, and 1,000 load management devices to enable customers of the Public Utilities Department to actively monitor and control their electric and water consumption. The cost of this system is divided between the Electric and Water Funds based upon the meters, devices, and core system allocation for each fund. The largest driver behind better implementing this technology will be the ability to reduce system demand through load management. This ability will directly affect the power supply costs for the City as the system is expanded.

## **Kale Rd. Project**

The scope of this project is the relocation of the following Department of Public Utilities divisions; Administration, City Engineer Administration, Warehouse, and Distribution Operations from the buildings at 303 First St. and 205 First St. to the Kale Rd. site. This project fund includes the expense for all the necessary construction and additions to the Kale Rd. building and site to facilitate the relocation of the above operations. The estimated expense for the site and building project is \$1,636,000.

This project will include two phases. The first phase was the renovations on the Kale Rd. building to allow for the organizations within 303 First St. to occupy the building. This included minor remodeling, the installation of an emergency generator, the installation of the necessary information technology equipment to add the building to the City network, and an uninterruptible power supply to support the System Control operations that will be housed within the building. This work was completed in October of 2014. The second phase is currently underway and will

include the site work, remodeling of the existing out buildings and construction of the shelters for the City Warehouse and Distribution Operations organizations to move to the Kale Rd. property. This work was completed by November 1<sup>st</sup>, 2015.

### **New Bern CONNECTS Load Management Rewards/Round Up Programs**

The City of New Bern has launched New Bern CONNECTS, a series of programs designed to benefit City utility customers. The programs communicate and solidify our organization's commitment to have an active role and "connection" with our community, to focus on customer needs, and to provide cost efficient service. *Load Management Rewards* provides an opportunity for customers to receive bill credits by helping limit peak demand for energy and control our utility's wholesale power costs to mitigate retail rate increases. Customers requiring a utility deposit also receive deposit reductions. Our Round Up program allows participants to voluntarily "round up" bills to the next dollar. The "round up" funds are used to help customers in crisis by assisting with bill payment. The City partnered with a nonprofit agency that screens applicants and awards assistance. One time donations are accepted from customers, corporate entities and others wanting to help. Over 880 customers have signed up for the CONNECTS programs.

### **2014 Public Power Award of Excellence**

The City of New Bern Utility Business Office was awarded the 2014 Public Power Award of Excellence for Service Excellence. The Service Excellence award recognizes outstanding efforts by the City to communicate with customers through advertisements, online resources, social media, and other community-based methods. The award also addresses emergency communications and community public power celebrations.

### **Customer Communication and Community Involvement**

We continue to develop our Speaker's Bureau and other community involvement initiatives based upon recommendations from our American Public Power Organizational Check Up in 2012. Collaborative projects with fellow departments such as the Police Department, Public Utilities and City elected officials in National Night Out and the Ward 6 homeowner AMI energy efficiency round table meeting are some of the events we've participated in to support our mission. Additionally, a member of the Utility Business Office supervisory team was recently named Co-Chair/Treasurer for the Trent-Neuse Alliance, a collaborative of over 40 nonprofits, government and community advocates in the New Bern area.

### **Building Renovations - Workgroup Relocations**

The Fort Totten facility has undergone a series of improvements and upgrade projects since 2011. In late 2014, billing personnel were relocated to the first floor to improve servicing to customers and make room for the Accounting Division which moved back after a few years downtown due to the sale of the Dunn Building across from City Hall. The meter shop was relocated onsite to augment efficiencies for the field services meter technician team which is also based at the facility.

Renovations of 303 First Street began after the property was vacated by the Public Utilities Department. These renovations allowed for improved space and office use to accommodate the Department of Development Services and Human Resources Department, whom were also previously located at the Dunn Building.

### **Neuse Boulevard Sidewalk Improvements - Phase I**

The first phase Neuse Boulevard Sidewalk Project is being implemented to enhance the safety for pedestrian access to the hospital campus. The project will involve installation of new sidewalks along Neuse Boulevard from the existing sidewalk at Chattawka Lane to the hospital campus. In addition to the new sidewalks, the existing sidewalk between Chattawka Lane and Gaston Boulevard will be retrofitted with new ADA compliant curb ramps. Providing these improvements will establish safe pedestrian access to the hospital campus for thousands of residents living in Duffyfield, Five Points, and other areas of downtown New Bern. The proposed improvements are being implemented in part with NCDOT Local Enhancement program funding, which the City was granted in November of 2013. The NCDOT program will reimburse the City for \$49,700 of total project costs, with the balance being funded from the approved Public Works Sidewalk Improvements budget line item. The contract for the project was awarded to T.E. Davis Construction Co. in July 2014 for \$58,085. The project was completed in December 2014.

### **Information Technology Consolidation and Upgrade**

A significant milestone has been completed in this \$520,000 project. The overall goal of the project is to consolidate the Police Department (PD) Information Technology (IT) environment with the City's IT environment in order to gain financial and operational efficiencies by eliminating duplicative equipment and systems. The merger of the two physical networks was completed in early calendar year 2015. While the results of achieving this milestone are not obvious to the average City IT system user, it has resulted in a significant reduction in the duplication of the effort required to manage two separate networks, and was a necessary precursor to additional milestones with more visible impacts. Work on the second major milestone, the consolidation of the PD and City Active Directory domains and email systems, is underway and expected to be completed by the end of 2015. Completion of this milestone will result in additional reductions in the duplication of equipment and systems and will be more visible to the average IT system user. For example, address book information for PD and City employees will appear together in the Outlook Global Address List. Several additional milestones remain in this project, which is now projected to be completed in the first half of 2016. Although not of the magnitude of the first two, achievement of these milestones will make positive contributions to the capabilities and operational efficiencies of the City's IT systems.

### **FY 2015 Misc. Water System Improvements Project**

This project involved replacing aging portions of the City water distribution system at various locations throughout the City. At most of these locations, existing 2" galvanized water mains will be replaced with 6" ductile iron and PVC piping. These changes to the water distribution system will improve system pressures and firefighting capabilities. The engineering design and construction administration services for this project will be performed by City of New Bern staff. This project was awarded to Bear Construction, Inc. for \$121,865 and was completed in July 2015.

### **Morgan Park/Riverwalk Extension**

Additional recreational opportunities are available at Morgan Park, made possible by the Public Beach and Estuarine Access Grant provided by the NC Department of Environment and Natural Resources Division of Coastal Management. Promoted as the “riverwalk extension”, the park features additional piers, gazebos, hardened greenway trail, benches, area lighting, a small parking area, and a small beach area for launching kayaks, paddleboats, and canoes.

### **CDBG**

For 2015 - 2016, the City’s allotment was \$259,784. A public hearing to receive comments from the public on a proposed amendment to the grant was conducted by the Board of Aldermen on January 13, 2015. No comments were received and the amendment has been approved. Housing Minor Rehabilitation program information is available on the City’s website. 17 applications have been received. Environmental Review Reports are being prepared on the eligible houses. Seven (7) houses have been inspected and work write-ups are being prepared. Sub recipients for the new housing construction projects have been identified and contracts are being finalized. Environmental reviews for the proposed sites are underway with the environmental review for one site is in the comment period prior to requesting release of funds. Phase 1 Environmental Site Review for First Avenue has been completed. Locations for installation of assessable sidewalks have been identified. The environmental review for the project is in the comment period prior to requesting release of funds. Environmental Review for project to install sunshades at the children’s playground at Henderson Park is in the comment period prior to requesting release of funds.

### **GIS Upgrades**

\$15,000 project dedicated to upgrading the City’s GIS enterprise software and create a public portal for citizen access to City GIS services.

### **UNC School of Government Property Study**

\$110,000 project: City contracted with UNC School of Government to engage in city owned property utilization study. The initiative will engage in simultaneous pre-development processes for 4 project sites in New Bern’s Central business District in order to attract private investment and further the City’s community and economic development goals as they relate to New Bern’s historic downtown.

### **Entrepreneur Center**

Secured a \$30,000 grant from the Golden leaf foundation for planning efforts focused on the creation of an entrepreneur center at 501 Broad Street in New Bern.

## **2012 CDBG NC Catalyst Grant** (Ongoing)

The grant is funded with \$500,000 of CDBG funds, a \$105,000 local match, and \$20,000 from the NC Housing Finance Agency's Single Family Rehabilitation program (administered by Coastal Community Action). The grant will rehabilitate or clear and reconstruct six (6) homes (selected prior to submission of the application). The application also includes two (2) green infrastructure facilities to reduce periodic flooding and storm water run-off - one on K Street, near the community garden, and one on Third Avenue.

At the Board of Aldermen meeting of September 23, 2014, a public hearing was conducted to receive comment on the contents of a proposed amendment to this grant. The amendment would remove two (2) houses from the grant and replace them with other houses. It would also remove one of the green infrastructure facilities from the grant and move the other one to a location in Henderson Park. At the public hearing an advocate for one of the homeowners requested that, rather than removing the house at 817 North Craven Street from the program, that it remain in the program as a rehabilitation activity. At the meeting of November 12, 2014, the Board of Aldermen authorized staff to proceed with submission of the proposed amendment. The amendment has been approved.

Three (3) houses (613 First Avenue, 936 Main Street, and 827 Clark Avenue) are under reconstruction. The first two houses are approximately 95% complete, while construction of the house on Clark Avenue is approximately 80% complete.

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## **MAJOR INITIATIVES FOR THE FUTURE**

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Fiscal year 2015-2016 includes the planning and implementation phases of several initiatives as well as the continuation or completion of projects begun during the previous fiscal year.

### **Neuse Boulevard Sidewalk Improvements - Phase II**

This project will extend sidewalk improvements along Neuse Boulevard from Hospital Drive to Glenburnie Road. At Glenburnie Road, this project will connect with another NCDOT TIP project that will provide for a new multiuse path along Glenburnie Road from Neuse Boulevard to Elizabeth Avenue. At Hospital Drive, the project will connect with another sidewalk improvement project that is scheduled for completion this summer. Completion of these projects will greatly enhance the opportunity for safe pedestrian access through the core of New Bern. NCDOT and the Federal Highway Administration (FHWA) have agreed to provide \$500,000 towards the project design, preparation of environmental documentation, right-of-way acquisition, and construction of the proposed project. This funding is being provided with FHWA contributing 80% (\$400,000) and NCDOT contributing 20% (\$100,000). As part of this agreement, there will not be a cash contribution that is required from the City of New Bern. The City of New Bern will only have to provide cash funding in the event that the total project cost exceeds \$500,000. At this point the preliminary cost estimate for the proposed construction is \$300,000. In order to keep the total project costs to a minimum, the City will be handling all of the engineering design, contract procurement, construction administration, and CEI services in-house for this project. With the City providing these services, the NCDOT and FHWA funding should be sufficient to cover all project costs without the need of a cash contribution from the City. The contract for the project construction was awarded in September 2015.

### **Glenburnie Road Multiuse Path**

This project will implement a new multiuse path project along Glenburnie Road aimed at enhancing safety for bike and pedestrian travel along this corridor. Together, we have developed a proposed project that will extend a multiuse path along Glenburnie Road from the existing sidewalks at Elizabeth Avenue to Neuse Boulevard. At Neuse Boulevard, this project will connect with another NCDOT TIP project that will provide for new sidewalks along Neuse Boulevard from Glenburnie Road to Hospital Drive. Completion of these two projects will greatly enhance the opportunity for safe pedestrian access through the core of New Bern. NCDOT and the Federal Highway Administration (FHWA) have agreed to provide \$540,000 towards the project design, preparation of environmental documentation, right-of-way acquisition, and construction of the proposed project. This funding is being provided with FHWA contributing 80% (\$432,000) and NCDOT contributing 20% (\$108,000). As part of this agreement, there will not be a cash contribution that is required from the City of New Bern. The City of New Bern will only have to provide cash funding in the event that the total project cost exceeds \$540,000. At this point the preliminary cost estimate for the proposed construction is \$350,000. In order to keep the total project costs to a minimum, the City will be handling all of the engineering design, contract procurement, construction administration, and CEI services in-house for this project. With the City providing these services, the NCDOT and FHWA funding should be sufficient to cover all project costs without the need of a cash contribution from the City. The contract for the project construction was awarded in September 2015.

### **FY 2016 Misc. Water System Improvements Project**

This project will involve replacing aging portions of the City water distribution system at various locations throughout the City. At most of these locations, existing 2” galvanized water mains will be replaced with 6” ductile iron and PVC piping. These changes to the water distribution system will improve system pressures and firefighting capabilities. The engineering design and construction administration services for this project will be performed by City of New Bern staff. This project is scheduled to be awarded March 2016.

### **Township No. 7 Sewer Improvements Project**

Due to the limited treatment capacity of the S.T.E.P. system, a reduction in system users will be required in order to ensure that the New Bern Seven Treatment Facility operates within its permit limitations. To accomplish this reduction, approximately 1,100 STEP system users will be transferred to the City's Conventional system. The proposed infrastructure will also be utilized to expand the Conventional system coverage area and reduce overall system operating pressures (reduced maintenance costs). This project will be designed and permitted in the fall of 2015, with construction beginning in January 2016. The engineer's estimate for the project is \$525,000.

### **AMI/DSM Smart Grid Project Phase III**

The Department of Public Utilities will be requesting a budget of \$5,000,000 for the third and last phase of the AMI Project. This third phase will be comprised of the installation of 14,000 electric meters, 10,000 water meters, and 6,000 load management devices to enable customers of the Public Utilities Department to actively monitor and control their electric and water consumption. The cost of this system is divided between the Electric and Water Funds based upon the meters, devices, and core system allocation for each fund. The largest driver behind better implementing this technology will be the ability to reduce system demand through load management. This ability will directly affect the power supply costs for the City as the system is expanded. This will complete the deployment of the AMI technology throughout the electric and water systems.

### **Trent Road Substation Transformer Bank A Replacement**

As identified in our five year Capital Projects plan, the 50 MVA transformer bank at the Trent Rd. Substation will require replacement. This transformer bank was built in 1960 and through recent testing there have been indications that the units are reaching the end of their useful life. During periods of peak demand the electric system requires the capacity provided by this transformer bank and cannot provide service to its customers if the unit were to fail. A new substation transformer installation to replace this unit is estimated at a cost of \$1,000,000. The replacement cost of this unit is expected to be financed as its useful life exceeds 30 years.

### **2015 Building Renovations - Customer Servicing Area**

The Board of Aldermen have approved \$100,000 in the Utility Business Office Budget for interior safety renovations and updating the Ft. Totten facility. The project will include improved physical security, lighting, and customer focused aesthetic improvements based on APPA Organizational Check Up recommendations to model our customer servicing area similarly to other municipal utility operations.

## **Customer Communication and Community Involvement**

In support of organizational efficiencies, the Energy Management Representative position has been transferred to the Utility Business Office division from the Public Utilities Department to consolidate functional resources and enhance servicing levels. Based upon recommendations from our American Public Power Organizational Check Up in 2012, this position will be the main contact in developing a Key Accounts Program to help support our commercial/industrial customer base, providing a foundation for growth in the future.

In our ongoing commitment to having an active role in the community, the UBO, Governing Board Members, and City Senior Management is collaboratively working with the Eastern Carolina Council Department on Aging for dementia awareness to help us better recognize issues that arise in the regular contact our group has with customers. All UBO staff will be participating in virtual dementia training exercises to help identify customers who may be at risk. Other parts of the initiative include the Eastern Carolina Council Department on Aging participation in our annual Public Power Customer Appreciation Week to meet with customers to promote dementia awareness and educate customers on resources available to help those in need.

## **Prepay**

AMI technology will afford us the opportunity to offer customers prepay utility services, similar to no contract cell phone service, but for utilities. Prepay services will also help mitigate our credit exposure risk initiatives as directed by the Governing Board in Fiscal Year 2015. Two way communication capabilities allow us to connect and disconnect service remotely for AMI meters equipped with the functionality which eliminates collection service order truck rolls. Over 1,000 meters with this capability have been placed at select service addresses within AMI reception range in our service area to accommodate prepay services. Staffs from the Utility Business Office, Accounting, and the IT group are working collaboratively on the prepay project.

## **CIS/Accounting Software**

We are reviewing our CIS and Accounting Software for efficiencies and possible upgrade needs. Plans are for the Finance group to work collaboratively with IT to evaluate the need for an outside consultant in determining system(s) migration and/or conversion.

## **Parks and Recreation**

Our Parks and Recreation department is looking to make several improvements around the City to include: Greenway trail system, expanding the George Street Park spray ground, installing playground equipment at Craven Terrace and Trent Court, and implementing more recreation activities for 'tweens'. The vision of the Greater Duffyfield and Five Points Community will be a community rich in opportunity with a diverse and unique network of well-connected parks and greenspaces, which links residents, young and old, to facilities, services, recreational amenities, and each other, promotes physical and mental wellness, strengthens the ties between families and neighbors, and promotes pride in the community and its heritage.

## **CDBG**

The City's allotment is \$259,784. Annual Action Plan was adopted by the Board of Aldermen. Funding agreement has been received. The plan allocates those funds in the following:

Administration: \$46,784

Services to Homeless: \$30,000

Infrastructure Improvements: \$75,000

Housing rehabilitation: \$40,000

Parks and Rec Improvements: \$16,000

Construction of Sidewalks: \$20,000

Affordable Housing Assistance: \$32,000

## **Entrepreneur Center**

The City has applied for \$420,000 in grant funds to complete an up fit of 501 Broad Street.

## **IT Financial Servers**

This \$19,768 project is a required upgrade for the server that houses the database for our financial systems. Oracle, the database vendor, is discontinuing support for the version of the database that we currently use. In order to upgrade to a supported version of the Oracle database, the server must also be upgraded. Discontinuation of support means that Oracle will no longer provide security patches or technical support for the version of the database that we are currently using. This would leave the City's financial data vulnerable to compromise and would severely limit the IT division's ability to correct database malfunctions.

## **IT Domain Controller Replacement**

One of the City's domain controllers, which is a critical element of the underlying infrastructure that allows the City's computer network to operate, has reached the end of its service life and must be replaced. This \$9,000 project is intended to replace this domain controller.

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## **OTHER INFORMATION**

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### **Budget Preparation Process**

Preparation of the City's fiscal year budget is a process that involves the citizens of New Bern, the New Bern Board of Aldermen, individual city departments, and the City Manager's Budget Committee.

A budget retreat is held by the City Manager in February. During this meeting, a preview of the economic forecast for the coming fiscal year is presented and the Board's goals and objectives for the upcoming fiscal year are confirmed. This important meeting provides valuable insight and feedback from board members for the management team to use in developing the proposed budget.

The next major phase in the preparation of the budget occurs after the retreat with the distribution of the new budget preparation package instructions to department heads to be used in submitting their proposed budgets.

Budget review meetings are scheduled as necessary in March with department heads and the Budget Committee to study their requests. The City Manager is given a briefing on any new programs, new position requests, as well as major increases in budget requests.

In April, the City Manager makes any final revisions to the proposed budget along with the proposed utility and tax rate for the new fiscal year.

In late April, the City Manager's proposed budget is presented to the Board, the press, and the public. The proposed budget is made available for public inspection in the office of the City Clerk, the library, and on the City's website (which can be viewed by visiting <http://www.newbern-nc.org/departments/finance/budget/>).

In May, the Board holds a series of budget workshops in which intense study of the proposed budget occurs. During these meetings the Board reviews the budget and makes any necessary adjustments.

North Carolina General Statutes require one public hearing be held for public comment on the proposed budget. In a concentrated attempt to give an opportunity to the Citizens of New Bern, a public hearing is scheduled by the Board for public input on the budget. This hearing is usually conducted in late May or early June. The Board formally adopts the budget at a regular Board of Aldermen meeting on or prior to June 30<sup>th</sup>.

### **Acknowledgements**

This report is the work of the efficient and dedicated services of the City of New Bern Accounting Staff: Ginger Heath, Lori Mullican, Jennifer Rawls, Davonna Short, Tracey Lewis, Cynthia West, Theresa Evans and Deidre Wrought. Each member of the accounting division has our sincere appreciation for the contributions made in the preparation of this report and in their continued professional excellence in accounting for the fiscal actions of the City. We also acknowledge the valuable professional service provided by the accounting firm of Dixon Hughes Goodman LLP and appreciate their assistance in preparing this report.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Bern for the fiscal year ended June 30, 2014, which was the third year the City prepared a comprehensive annual financial report (CAFR). The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA to determine its eligibility for another certificate.

## **Independent Audit**

The City is required by the North Carolina General Statutes to have an annual independent audit of its financial statements. In addition, the Federal Single Audit Act Amendments of 1996 and the State Single Audit Implementation Act require annual independent audits of the City's compliance with the applicable law and regulations related to certain statements. Combining and individual fund statements and schedules are included in the financial section of this report. The independent auditors' reports on the compliance matters are included in the financial section of this report.

In closing, we would like to express our appreciation to the Mayor, Board of Aldermen, Department Heads, and all City staff for their leadership, interest, and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Joseph R. Sabatelli, CPA  
Director of Finance

  
\_\_\_\_\_  
Mark A. Stephens  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of New Bern**  
**North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

**CITY OF NEW BERN, NORTH CAROLINA**

**List of Principal Officers**

June 30, 2015

**BOARD OF ALDERMEN**

***Dana E. Outlaw***  
Mayor

***Johnnie Ray Kinsey***  
Mayor Pro Tem

***Dallas O. Blackiston***

***Victor J. Taylor***

***Patricia C. Schaible***

***Johnnie R. Kinsey***

***Bernard W. White***

***Jeffrey T. Odham***

**CITY ADMINISTRATION**

***Mark Stephens***  
City Manager

***Joseph R. Sabatelli***  
Director of Finance

***Brenda Blanco***  
Deputy City Clerk

***Thurman Hardison***  
Director of Parks & Recreation

***Jonathan Rynne***  
Director of Utilities

***Jeffrey Ruggieri***  
Director of Development Services

***Bobby Boyd***  
Fire Chief

***Sonya Hayes***  
Director of Human Resources

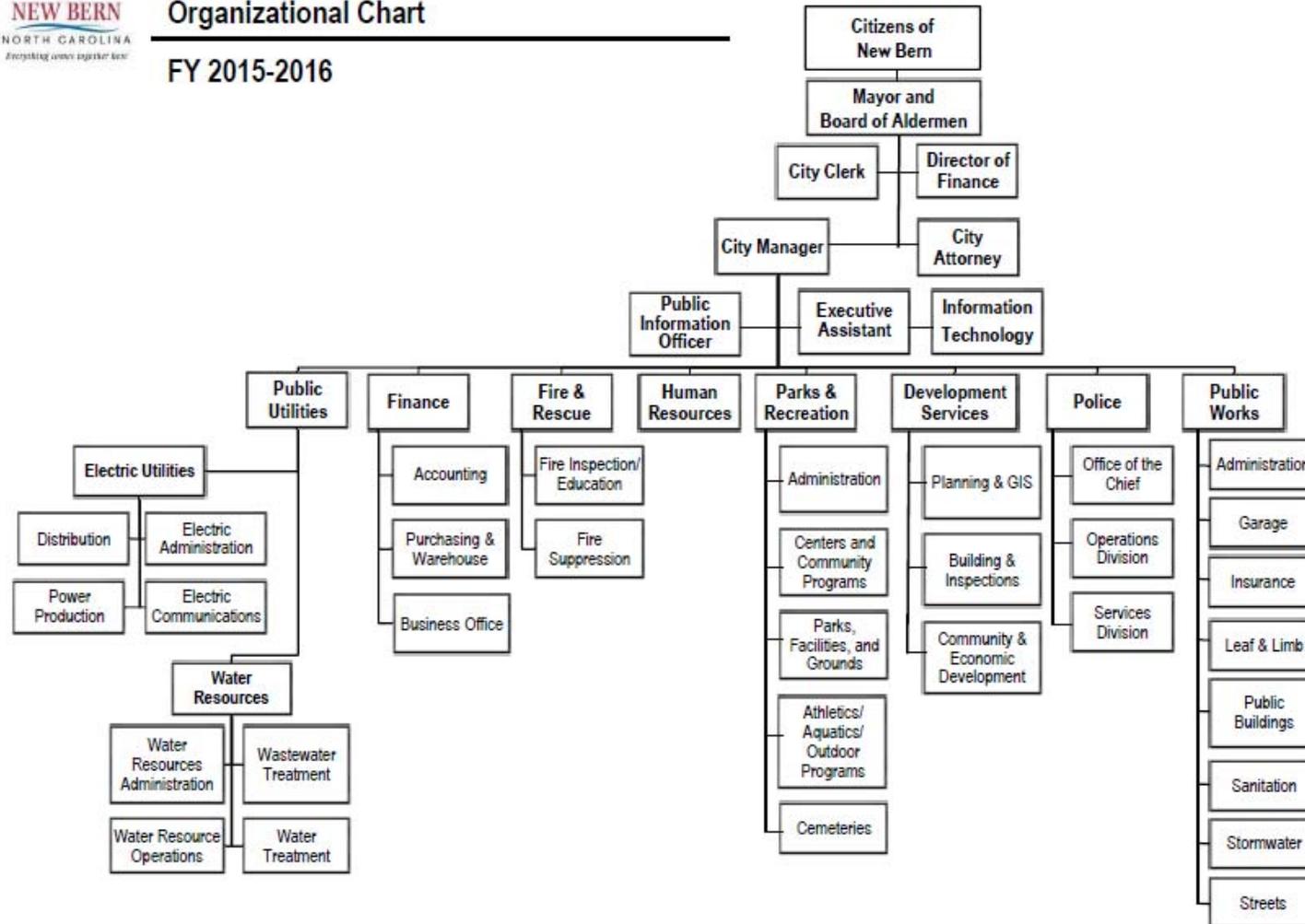
***Matthew Montanye***  
Director of Public Works

***Toussaint Summers***  
Chief of Police



# City of New Bern Organizational Chart

FY 2015-2016



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## ***Financial Section***

**Independent Auditors' Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Notes to the Basic Financial Statements**

**Required Supplemental Financial Data**

**Combining and Individual Fund Statements and Schedules**

**Additional Financial Data**

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## **Independent Auditors' Report**

Honorable Mayor and Members of the Board of Aldermen  
City of New Bern  
New Bern, North Carolina

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' 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.

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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

***Emphasis-of-Matter***

***Change in Accounting Principle***

As discussed in Note 17 to the financial statements, the financial statements as of the beginning of the year were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Our opinion is not modified with respect to these changes.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 13, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on page 77, the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions on page 78, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Asset and Contributions on page 79 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 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 consisted 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's basic financial statements. The individual fund financial statements and schedules, budgetary schedules and other financial data listed in the table of contents as "other supplementary information," as well as the Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 other supplementary information 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 section and statistical tables of the Comprehensive Annual Financial Report are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
December 9, 2015**

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**City of New Bern, North Carolina  
Management's Discussion and Analysis**

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## **Management's Discussion and Analysis**

As management of the City of New Bern, we offer readers of the City of New Bern's (the "City") financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to read 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 overall financial position of the City increased in 2015 as evidenced by an increase in the total net position of \$11.2 million. This was from governmental activities which increased \$5.4 million and business-type activities increased \$5.8 million. This increase is partially offset by the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*, which resulted in a restatement of net position of an approximately \$2.0 million and \$1.0 million decrease in Governmental and Business-Type Activities respectively.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$174.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20.7 million with a net increase of \$5.9 million in fund balance. Approximately 68.6% of the total fund balance, or \$14.2 million, is unassigned and available for spending at the government's discretion and approximately 31.4%, or \$6.5 million, is non-spendable, restricted, or committed.
- At the end of the current fiscal year, fund balance available for appropriation (statutory formula) for the general fund was \$14.8 million (without including restricted cash) or 52.05% of the total general fund expenditures and transfers out for the fiscal year. In 2014, available fund balance in the general fund was \$8.3 million (without including restricted cash) or 29.1% of total expenditures and transfers out. The informal fund balance goal of the City is 25%.
- The City's total debt decreased by \$1.33 million (1.9%) during the current fiscal year, primarily due to \$7.35 million in principal payments made against existing debt which was partially offset by \$6.02 million in new debt.
- The City is in compliance with all bond covenants
- Continued low cost of debt due to the City's continued fiscal health.

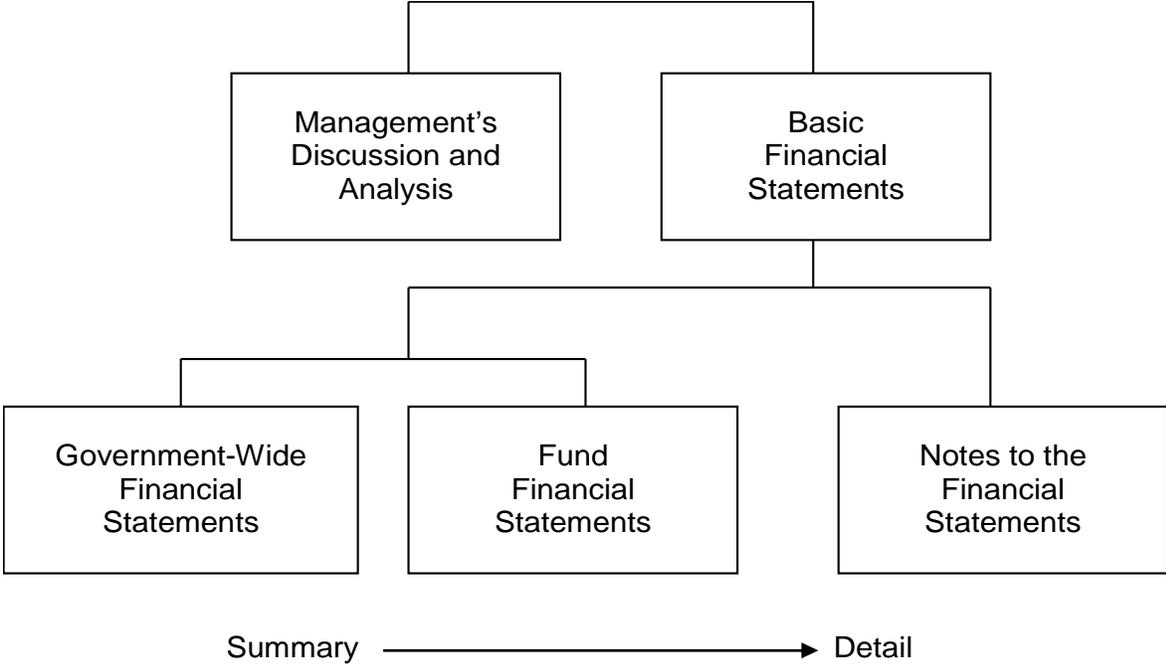
### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers understanding of the financial condition of the City.

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

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**Required Components of Annual Financial Report  
Figure 1**



***Basic Financial Statements***

The first two statements (Exhibits A and B) in the basic financial statements are ***Government-wide Financial Statements*** that provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through I) 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 funds 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 the reader with a broad overview of the City's finances, similar in format to a financial statement of 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 they have 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 gage the City's financial condition.

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

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The government-wide statements are divided into two categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, streets, parks and recreation, and general administration. Property, sales and other taxes, operating transfers, and state and federal grant funds finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of services provided. The City's water, sewer, electric and stormwater services are included here.

The government-wide financial statements are Exhibits A and B of this report.

***Fund Financial Statements***

The fund financial statements (see Figure 1) provide a more detailed 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, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which 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 a part of the fund financial statements.

The City adopts an annual budget for the General Fund, as required by the 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 Governing 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 reflects the following: (a) the original budget as adopted by the Board, (b) the final budget as amended by the Board, (c) the actual resources, charges to appropriations, and ending balances in the general fund, and (d) the difference or variance between the final budget and the actual resources and charges. A reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement to account for the difference between the budgetary basis of accounting and the modified accrual basis.

**Proprietary Funds** - The City 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 uses enterprise funds to account for its water and sewer activity and for its electric and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are used to report activities that provide supplies and services for the City's other programs and activities. The City uses an internal service fund to account for one activity - its self-insured health benefit plan. Because this operation provides benefits to all City employees, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

**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 begin on page 37 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of New Bern's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 77 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 governments and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis**

**City of New Bern's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 29,249,464	\$ 22,020,003	\$ 46,667,548	\$ 40,598,471	\$ 75,917,012	\$ 62,618,474
Capital assets	48,556,472	49,424,463	145,423,966	145,045,872	193,980,438	194,470,335
Deferred outflows of resources	1,035,389	-	500,505	-	1,535,894	-
Total assets and deferred outflows of resources	<u>78,841,325</u>	<u>71,444,466</u>	<u>192,592,019</u>	<u>185,644,343</u>	<u>271,433,344</u>	<u>257,088,809</u>
Long-term liabilities outstanding	20,912,421	19,359,592	59,810,583	60,753,935	80,723,004	80,113,527
Other liabilities	2,218,307	3,356,009	8,304,260	7,029,942	10,522,567	10,385,951
Deferred inflows of resources	3,632,644	16,658	1,755,169	-	5,387,813	16,658
Total liabilities and deferred inflows of resources	<u>26,763,372</u>	<u>22,732,259</u>	<u>69,870,012</u>	<u>67,783,877</u>	<u>96,633,384</u>	<u>90,516,136</u>
Net position:						
Net investment in capital assets	35,607,933	36,694,879	88,323,492	86,397,864	123,931,425	123,092,743
Restricted	6,181,074	6,851,966	-	-	6,181,074	6,851,966
Unrestricted	10,288,946	5,165,362	34,398,515	31,462,602	44,687,461	36,627,964
Total net position	<u>\$ 52,077,953</u>	<u>\$ 48,712,207</u>	<u>\$ 122,722,007</u>	<u>\$ 117,860,466</u>	<u>\$ 174,799,960</u>	<u>\$ 166,572,673</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows exceed liabilities and deferred inflows by \$174.8 million as of June 30, 2015. The City's net position increased by \$11.2 million for the fiscal year ended June 30, 2015. However, the largest portion \$123.9 million (70.9%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure, and distribution systems). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net position, \$6.2 million (3.5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$44.7 million (25.6%) is unrestricted. Also, the City implemented GASB Statement 68 this year. With the new reporting change, the City is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

beginning net position by \$3 million. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City's management.

Several particular aspects of the City's financial operations positively influenced the total unrestricted net position:

- Governmental Revenues have increased approximately \$1 million
- Proceeds from the sale of capital assets were about \$801,000, largely due to the sale of the Dunn Building
- Continued low cost of debt due to the City's positive financial position
- Operating Grants and contributions increased \$304,000

**City of New Bern's Changes in Net Position  
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,084,707	\$ 5,535,157	\$ 84,531,353	\$ 86,532,169	\$ 89,616,060	\$ 92,067,326
Operating grants and contributions	1,679,429	1,834,222	1,298,924	839,978	2,978,353	2,674,200
Capital grants and contributions	1,224,635	68,424	114,804	1,399,998	1,339,439	1,468,422
General revenues:						
Property taxes	13,696,904	13,701,543	-	-	13,696,904	13,701,543
Other taxes	9,852,122	8,946,724	-	-	9,852,122	8,946,724
Unrestricted investment earnings	12,470	12,210	6,115	5,199	18,585	17,409
Miscellaneous	189,166	-	-	-	189,166	-
Total revenues	<u>31,739,433</u>	<u>30,098,280</u>	<u>85,951,196</u>	<u>88,777,344</u>	<u>117,690,629</u>	<u>118,875,624</u>
<b>Expenses:</b>						
General government	3,687,719	3,175,305	-	-	3,687,719	3,175,305
Public safety	14,532,403	15,369,029	-	-	14,532,403	15,369,029
Public works	4,927,792	4,295,470	-	-	4,927,792	4,295,470
Environmental protection	1,616,542	1,825,829	-	-	1,616,542	1,825,829
Culture and recreation	2,508,718	2,503,892	-	-	2,508,718	2,503,892
Economic development	1,954,457	2,077,157	-	-	1,954,457	2,077,157
Interest on long-term debt & Fees	384,309	342,703	-	-	384,309	342,703
Electric	-	-	57,874,790	59,713,453	57,874,790	59,713,453
Water	-	-	8,503,552	8,665,646	8,503,552	8,665,646
Sewer	-	-	9,945,031	9,727,442	9,945,031	9,727,442
Stormwater	-	-	551,635	633,072	551,635	633,072
Total expenses	<u>29,611,940</u>	<u>29,589,385</u>	<u>76,875,008</u>	<u>78,739,613</u>	<u>106,486,948</u>	<u>108,328,998</u>
Increase in net position before transfers	2,127,493	508,895	9,076,188	10,037,731	11,203,681	10,546,626
Transfers	3,244,722	1,896,452	(3,244,722)	(1,896,452)	-	-
Increase in net position	5,372,215	2,405,347	5,831,466	8,141,279	11,203,681	10,546,626
Net position, July 1 (consolidated)	48,712,207	46,306,860	117,860,466	109,719,187	166,572,673	156,026,047
Net position, beginning, restated	46,705,738	46,306,860	116,890,541	109,719,187	163,596,279	156,026,047
Net position, June 30	<u>\$ 52,077,953</u>	<u>\$ 48,712,207</u>	<u>\$ 122,722,007</u>	<u>\$ 117,860,466</u>	<u>\$ 174,799,960</u>	<u>\$ 166,572,673</u>

## **City of New Bern, North Carolina Management's Discussion and Analysis**

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**Governmental Activities.** Governmental activities, after transfers, increased the City's net position by \$5.4 million, accounting for 47.95% of the total growth in the net position. Key elements of this increase are as follows:

- The increase in net position was the result of concerted effort to control costs and manage expenditures to minimize the impact on our citizens. City management has continued to reduce non-essential programs to a minimum and implemented cost saving strategies across City departments. Certain nonrecurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the City will result in additional revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.96% versus 98.6% in the prior year. Property taxes are collected by Craven County on behalf of the City.
- Sales tax and utilities franchise tax increased \$365,000 and \$549,000 respectively due to economic growth in the City.
- The increase in transfers from other funds is due to the city increasing the rate of return on the investment in the electric system up to 5% of the gross annual revenues of the system.

**Business-Type Activities.** Business-type activities, after transfers, increased the City's net position by \$5.8 million, accounting for 52.05% of the total growth in the government's net position. Key elements of this increase are as follows:

- \$6.0 million in capital assets in the electric, water, sewer, and stormwater systems
- \$1.2 million increase in transfers to General Fund as an increase in the City's return on investment in the Electric Fund
- \$2.0 million reduction in charges for services due to decrease in demand assisted in \$1.86 million reduction in expenses and production costs

### ***Financial Analysis of the City's Funds***

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

**Governmental Funds.** The focus of the City'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's financing requirements.

The general fund is the chief operating fund of the City of New Bern. At the end of the current fiscal year, the City's fund balance available was \$14.8 million (without including restricted cash); total fund balance reached \$20.3 million. Total fund balance in the general fund increased \$5.9 million. The City of New Bern has informally determined that the City should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 52.05% (without including restricted cash) of general fund expenditures, while total fund balance represents 71.5% of the same amount.

At June 30, 2015, the governmental funds of the City of New Bern reported a combined fund balance of \$20.7 million, which is an increase of \$5.9 million.

**General Fund Budgetary Highlights:** During the fiscal year, the Board of Aldermen 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.

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

- Overall revenues exceeded budget by \$2.3 million. The increase is due in part to current year ad valorem taxes, sales taxes, and utilities franchise taxes exceeding budgeted revenues by \$470,000, \$803,000 and \$608,000 respectively.
- Total expenditures were \$3.3 million under budget primarily due to \$974,000 in reduced employee-related costs including job vacancies; \$1.15 million due to open encumbrances; and the balance of due to cost savings measurers and reduced spending.

**Proprietary Funds.** Proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position at the end of the year amounted to \$16.8 million in the electric fund, \$11.1 million in the water fund and \$6.4 million in the sewer fund, and \$0.2 million in the stormwater fund.

All four proprietary funds, electric, water, sewer and stormwater experienced growth in net position of \$1.4 million, \$2.3 million, \$2.0 million, and \$.1 million respectively. The primary reason for the increases in net position for these funds are requirements for revenues to exceed operational expenses sufficient enough to meet debt service requirements.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2015, the City had \$ 194.0 million (net of accumulated depreciation) in capital assets consisting primarily of land, roads, buildings and systems, machinery and equipment, park facilities, vehicles, infrastructure and construction in process. This amount represents a net decrease of \$490,000, or 0.25% under last year.

Major capital asset transactions during the year include the following:

- Construction in progress for the purchase of Advanced Metering Infrastructure/Demand Side Management System totaling \$2.2 million.
- Construction in progress for the Kale Road project totaling \$1.2 million.
- Completion of police department radio system project of \$4.48 million
- Completion of police department CAD/RMS system project of \$1 million
- Vehicles and motorized equipment purchased throughout the year totaling of \$3.7 million

**City of New Bern's Capital Assets  
(Net of depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 14,516,119	\$ 14,473,733	\$ 14,186,277	\$ 14,186,277	\$ 28,702,396	\$ 28,660,010
Buildings and systems	12,264,593	13,201,798	120,081,094	123,064,605	132,345,687	136,266,403
Equipment, furniture, and fixtures	7,801,672	2,480,869	5,830,376	5,606,878	13,632,048	8,087,747
Infrastructure	10,991,409	11,616,981	-	-	10,991,409	11,616,981
Vehicles and motorized equipment	2,600,578	1,488,014	1,135,014	1,077,251	3,735,592	2,565,265
Construction in progress	382,101	6,163,068	4,191,205	1,110,861	4,573,306	7,273,929
Total	<u>\$ 48,556,472</u>	<u>\$ 49,424,463</u>	<u>\$ 145,423,966</u>	<u>\$ 145,045,872</u>	<u>\$ 193,980,438</u>	<u>\$ 194,470,335</u>

Additional information on the City's capital assets can be found in the notes of the Basic Financial Statements.

**City of New Bern, North Carolina  
Management's Discussion and Analysis**

Long-Term Debt

**City of New Bern Outstanding Debt  
General Obligation, Installment Purchases and Notes Payable**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ -	\$ -	\$ 17,608,515	\$ 15,576,277	\$ 17,608,515	\$ 15,576,277
Installment purchases	12,948,539	12,729,584	3,648,020	4,209,693	16,596,559	16,939,277
Notes payable	-	-	35,843,939	38,862,038	35,843,939	38,862,038
OPEB and Net Pension Obligation	6,583,227	8,838,873	2,130,905	3,335,443	8,714,132	12,174,316
Compensated Absences	1,380,655	1,689,652	579,204	590,813	1,959,859	2,280,465
Total:	<u>\$ 20,912,421</u>	<u>\$ 23,258,109</u>	<u>\$ 59,810,583</u>	<u>\$ 62,574,264</u>	<u>\$ 80,723,004</u>	<u>\$ 85,832,373</u>

The City's long-term liabilities decreased by \$1.33 million (1.9%) during the fiscal year, primarily due to \$7.35 million in principal payments made against existing debt which was offset by \$6.02 million in new debt to finance the purchase of vehicles and equipment as well as the City's advanced metering infrastructure project.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$229.1 million.

Additional information regarding the City's long-term debt can be found in Note 10 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators impact the City:

- Building permits issued during 2015 was 511, which is lower compared to 529 permits issued in the prior year. Total value of all permits was \$32.6 million, which was a decrease from a \$40.6 million level in the prior year.
- Retail sales during 2015 are estimated at \$953.2 Million compared to \$856.4 Million in 2014, an 11.3% increase.
- The June 2015 unemployment rate for Craven County was 6.3% compared to 5.8% for the State and 5.3% for the nation. This compares to June 2014 rates of 7.1% for Craven County, 6.5% for the State and 6.1% for the nation.

**Governmental Activities**

The most significant factor negatively impacting the fiscal year 2016 budget was the removal of the local authority to levy privilege license taxes by the North Carolina General Assembly that created an approximately \$300,000 revenue shortfall.

The City has chosen not to increase property tax rates in the 2016 budget. In addition, the City has chosen not to appropriate fund balance either. Management believes that continued restrictions on spending will maintain the City's financial position and all vacant positions are evaluated thoroughly for need of funded positions.

The City has contracted for a study with the UNC School of Government's Development Finance Initiative to prepare a market analysis for development potential of four parcels located in the City's central business district. This study will assist with redevelopment and positive future economic growth within the district.

## **City of New Bern, North Carolina Management's Discussion and Analysis**

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The North Carolina General Assembly has approved an expansion of the statewide sales tax to select services and additional items not previously taxed as well as modifications to the distribution of sales tax with a lesser emphasis on point of sale and more emphasis per capita. These modifications are expected to have a positive impact on the City's budget once implemented in March 2016.

### **Business-Type Activities**

The fiscal year 2016 budget includes rate decreases effective July 1 in the electric (3%), water (6%), and sewer (4.5%), and no rate change for stormwater funds. These decreases were made possible by reductions in rents and shared services to the General Fund, review and reduction of open/vacant positions and other operational efficiencies.

NCEMPA and Duke Entergy Progress Agreement:

The North Carolina Eastern Municipal Power Agency (NCEMPA) and Duke Entergy Progress (DEP) announced in July 2014 that both companies' boards of directors have approved an agreement for DEP to purchase the Power Agency's generating assets. The \$1.2 billion transaction was completed in August 2015 and lowered wholesale electric rates for NCEMPA's 32 member communities across eastern North Carolina (which includes the City of New Bern).

This is a complicated transaction that required federal and state approvals. The sale reduced NCEMPA debt by more than 70%. The City of New Bern experienced an immediate decrease in wholesale power supply costs of 16% which the Board of Alderman elected to pass completely on to the customers with a 12% electric rate decrease effective September 1, 2015. Wholesale power supply costs to the City are expected to increase each April over the beginning in 2016 through 2020.

The sale of NCEMPA's electric generation assets did not affect distribution assets. Public power communities (like the City of New Bern) continue to own the power lines, substations and transformers that carry electricity directly to the consumers. In addition, they continue to employ their own utility staff and be responsible for issues such as maintenance, customer service and billing.

The New Bern Board of Aldermen established an electric rate stabilization fund ("ERSF"). The ERSF will be funded through operating transfers from the electric system as excess funds are available. These funds would be used to help mitigate electric rate increases based on the NCEMPA projected rate increases discussed earlier in this report. Excess funds are defined as those that exceed the 90 day cash-on-hand level. As of June 30, 2015 the electric fund has 91 days of cash on hand. The adequacy of a 90 day reserve level is currently under review to ensure continuity of operations.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of New Bern, P.O. Box 1129, New Bern, NC 28563-1129. One can also call (252) 639-2711, visit our website [www.newbern-nc.org](http://www.newbern-nc.org) or send an email to [finadm@newbern-nc.org](mailto:finadm@newbern-nc.org) for more information.

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***Basic Financial Statements***

**City of New Bern, North Carolina**  
**Statement of Net Position**  
**June 30, 2015**

**Exhibit A**  
**(2 pages)**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 23,046,918	\$ 27,972,303	\$ 51,019,221
Taxes receivable, net	331,581	-	331,581
Accounts receivable, net	2,897,255	9,943,507	12,840,762
Due from other governments	994,144	128,097	1,122,241
Internal balances	(179,113)	179,113	-
Inventories	138,418	1,749,303	1,887,721
Prepaid items	8,000	-	8,000
Cash and investments, restricted	522,509	5,975,081	6,497,590
Total current assets	<u>27,759,712</u>	<u>45,947,404</u>	<u>73,707,116</u>
Noncurrent assets:			
Net pension asset	1,489,752	720,144	2,209,896
Land, and other non-depreciable assets	14,898,220	18,377,482	33,275,702
Other capital assets, net of depreciation	33,658,252	127,046,484	160,704,736
Total noncurrent assets	<u>50,046,224</u>	<u>146,144,110</u>	<u>196,190,334</u>
Total assets	<u>77,805,936</u>	<u>192,091,514</u>	<u>269,897,450</u>
<b>Deferred outflows of resources</b>			
Contributions to pension plan	<u>1,035,389</u>	<u>500,505</u>	<u>1,535,894</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,161,436	5,485,714	7,647,150
Customer deposits	-	2,632,193	2,632,193
Accrued interest payable	56,871	186,353	243,224
Current portion of long-term liabilities	2,884,277	6,210,154	9,094,431
Total current liabilities	<u>5,102,584</u>	<u>14,514,414</u>	<u>19,616,998</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities	<u>18,028,144</u>	<u>53,600,429</u>	<u>71,628,573</u>
Total liabilities	<u>23,130,728</u>	<u>68,114,843</u>	<u>91,245,571</u>
<b>Deferred inflows of resources</b>			
Prepaid taxes	1,752	-	1,752
Pension deferrals	3,630,892	1,755,169	5,386,061
Total inflows of resources	<u>3,632,644</u>	<u>1,755,169</u>	<u>5,387,813</u>

**See accompanying notes.**

**City of New Bern, North Carolina**  
**Statement of Net Position**  
**June 30, 2015**

**Exhibit A**  
**(2 pages)**

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	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Net position</b>			
Net investment in capital assets	\$ 35,607,933	\$ 88,323,492	\$ 123,931,425
Restricted for:			
Stabilization by state statute	5,269,235	-	5,269,235
Public safety	515,803	-	515,803
Public works	275,859	-	275,859
Economic and physical development	120,177	-	120,177
Unrestricted	10,288,946	34,398,515	44,687,461
Total net position	\$ 52,077,953	\$ 122,722,007	\$ 174,799,960

**See accompanying notes.**

**City of New Bern, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 3,687,719	\$ 1,282,636	\$ 353,805	\$ 929,785
Public safety	14,532,403	270,426	417,906	26,845
Public works	4,927,792	2,878,437	49,700	187,745
Environmental protection	1,616,542	-	-	-
Cultural and recreational	2,508,718	133,290	143,168	-
Economic and physical development	1,954,457	519,918	714,850	80,260
Interest and fees	384,309	-	-	-
Total governmental activities	29,611,940	5,084,707	1,679,429	1,224,635
Business-type activities:				
Electric	57,874,790	62,405,986	24,883	33,208
Water	8,503,552	10,582,049	295,774	-
Sewer	9,945,031	10,869,545	978,027	76,311
Stormwater	551,635	673,773	240	5,285
Total business-type activities	76,875,008	84,531,353	1,298,924	114,804
Total primary government	\$ 106,486,948	\$ 89,616,060	\$ 2,978,353	\$ 1,339,439

General revenues  
Ad valorem taxes  
Sales and use taxes  
Utilities franchise tax  
Payments in lieu of taxes  
Other taxes  
Investment earnings  
Miscellaneous  
Total general revenues not including transfers

Transfers  
Total general revenues and transfers

Change in net position

Net position beginning, as restated  
Previously reported  
Restatement  
Net position beginning, as restated  
Net position, ending

**See accompanying notes.**

<b>Net Revenues (Expenses) and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (1,121,493)	\$ -	\$ (1,121,493)
(13,817,226)	-	(13,817,226)
(1,811,910)	-	(1,811,910)
(1,616,542)	-	(1,616,542)
(2,232,260)	-	(2,232,260)
(639,429)	-	(639,429)
(384,309)	-	(384,309)
(21,623,169)	-	(21,623,169)
-	4,589,287	4,589,287
-	2,374,271	2,374,271
-	1,978,852	1,978,852
-	127,663	127,663
-	9,070,073	9,070,073
(21,623,169)	9,070,073	(12,553,096)
13,696,904	-	13,696,904
5,881,437	-	5,881,437
2,013,029	-	2,013,029
901,752	-	901,752
1,055,904	-	1,055,904
12,470	6,115	18,585
189,166	-	189,166
23,750,662	6,115	23,756,777
3,244,722	(3,244,722)	-
26,995,384	(3,238,607)	23,756,777
5,372,215	5,831,466	11,203,681
48,712,207	117,860,466	166,572,673
(2,006,469)	(969,925)	(2,976,394)
46,705,738	116,890,541	163,596,279
<u>\$ 52,077,953</u>	<u>\$ 122,722,007</u>	<u>\$ 174,799,960</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Balance Sheet - Governmental Funds**  
**June 30, 2015**

**Exhibit C**  
**(2 pages)**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and investments	\$ 17,461,556	\$ 606,410	\$ 18,067,966
Taxes receivable, net	331,581	-	331,581
Accounts receivable, net	2,804,030	84,395	2,888,425
Due from other governments	651,717	342,427	994,144
Due from other funds	490,660	-	490,660
Inventories	138,418	-	138,418
Restricted cash and cash equivalents	522,509	-	522,509
	<u>522,509</u>	<u>-</u>	<u>522,509</u>
Total assets	<u>\$ 22,400,471</u>	<u>\$ 1,033,232</u>	<u>\$ 23,433,703</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
Accounts payable and accrued liabilities	\$ 1,377,160	\$ 80,588	\$ 1,457,748
Due to other funds	179,113	490,660	669,773
Total liabilities	<u>1,556,273</u>	<u>571,248</u>	<u>2,127,521</u>
<b>Deferred inflows of resources</b>			
Property taxes receivable	239,634	-	239,634
Prepaid taxes and licenses	1,752	-	1,752
Liens and other receivables	337,632	8,146	345,778
Total deferred inflows of resources	<u>579,018</u>	<u>8,146</u>	<u>587,164</u>
<b>Fund balances</b>			
Nonspendable			
Inventory	138,418	-	138,418
Spendable			
Restricted			
Stabilization by state statute	4,850,559	418,676	5,269,235
Public safety	246,650	269,153	515,803
Public works	275,859	-	275,859
Economic and physical development	-	120,177	120,177
Committed			
Economic and physical development	-	13,077	13,077
General government	-	172,200	172,200
Unassigned	14,753,694	(539,445)	14,214,249
Total fund balances	<u>20,265,180</u>	<u>453,838</u>	<u>20,719,018</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,400,471</u>	<u>\$ 1,033,232</u>	<u>\$ 23,433,703</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position - Governmental Activities**  
**June 30, 2015**

**Exhibit C**  
**(2 pages)**

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

Total fund balances for governmental funds	\$	20,719,018
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds		48,556,472
Net pension asset		1,489,752
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,035,389
Deferred inflows in the governmental funds used to offset accounts receivable not expected to be available within 60 days of year end. These are a component of net position in the statement of net position		585,412
Internal service funds are used by management to charge the costs of dental and health insurance costs to individual funds, provide for vehicle replacements and charge the costs of fleet maintenance to individual funds. The assets and liabilities are included in the governmental activities in the statement of net position		4,292,094
Long-term liabilities, including compensated absences, unfunded other postemployment benefits and unfunded pension obligations and accrued interest are not due and payable in the current period and therefore, are not reported in the funds		(20,969,292)
Pension related deferrals		<u>(3,630,892)</u>
Net position of governmental activities	\$	<u><u>52,077,953</u></u>

**See accompanying notes.**

**City of New Bern, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

Exhibit D

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 13,776,239	\$ -	\$ 13,776,239
Other taxes	264,759	-	264,759
Unrestricted intergovernmental	9,799,879	-	9,799,879
Restricted intergovernmental	929,785	1,305,852	2,235,637
Licenses, permits and fees	473,631	-	473,631
Sales and services	4,610,076	-	4,610,076
Investment earnings	11,583	53	11,636
Other revenues	301,688	188,745	490,433
Total revenues	<u>30,167,640</u>	<u>1,494,650</u>	<u>31,662,290</u>
<b>Expenditures</b>			
Current:			
General government	4,127,567	-	4,127,567
Public safety	16,155,308	478,216	16,633,524
Public works	5,404,847	57,909	5,462,756
Environmental protection	1,805,268	-	1,805,268
Cultural and recreational	2,510,586	8,565	2,519,151
Economic and physical development	1,369,159	1,190,146	2,559,305
Interfund reimbursements	(3,412,228)	-	(3,412,228)
Debt service:			
Principal retirement	1,750,718	-	1,750,718
Interest and fees	369,686	-	369,686
Total expenditures	<u>30,080,911</u>	<u>1,734,836</u>	<u>31,815,747</u>
Excess of revenues over (under) expenditures	<u>86,729</u>	<u>(240,186)</u>	<u>(153,457)</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	801,075	-	801,075
Debt issued	1,969,673	-	1,969,673
Transfers from other funds	3,267,126	236,028	3,503,154
Transfers to other funds	(236,028)	(22,404)	(258,432)
Total other financing sources	<u>5,801,846</u>	<u>213,624</u>	<u>6,015,470</u>
Net change in fund balances	5,888,575	(26,562)	5,862,013
<b>Fund balances</b>			
Beginning of year	<u>14,376,605</u>	<u>480,400</u>	<u>14,857,005</u>
End of year	<u>\$ 20,265,180</u>	<u>\$ 453,838</u>	<u>\$ 20,719,018</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance of the Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Exhibit E

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	5,862,013
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.		2,550,645
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(2,806,727)
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net position		(611,909)
Expenses related to other postemployment benefits, compensated absences, LGERS pension, and law enforcement officer's separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.		473,432
There are differences in the revenues in the statement of activities and revenues in the funds for:		
Property tax		(79,335)
Fines and forfeitures and other revenues		(33,522)
Accrued interest on debt		(14,623)
Proceeds from issuance of long-term debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities.		(1,969,673)
Principal repayments on long-term debt are reported as expenditures in the governmental funds statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.		1,750,718
The internal service fund is used by management to charge the costs of employee insurance costs. The net revenue of the internal service fund is determined to be governmental-type.		251,196
Change in net position of governmental activities	\$	<u><u>5,372,215</u></u>

**See accompanying notes.**

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**City of New Bern, North Carolina**  
**General Fund Annually Budgeted Major Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

Exhibit F

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 13,244,300	\$ 13,244,300	\$ 13,776,239	\$ 531,939
Other taxes	260,000	260,000	264,759	4,759
Unrestricted intergovernmental	8,273,953	8,273,953	9,799,879	1,525,926
Restricted intergovernmental	870,000	870,000	929,785	59,785
Licenses, permits and fees	336,965	336,965	473,631	136,666
Sales and services	4,616,624	4,616,624	4,610,076	(6,548)
Investment earnings	14,560	14,560	11,583	(2,977)
Other revenues	165,250	229,803	301,688	71,885
Total revenues	<u>27,781,652</u>	<u>27,846,205</u>	<u>30,167,640</u>	<u>2,321,435</u>
<b>Expenditures</b>				
Current:				
General government	4,934,306	4,921,590	4,127,567	794,023
Public safety	15,923,372	16,794,168	16,155,308	638,860
Public works	6,542,511	6,740,236	5,404,847	1,335,389
Environmental protection	2,050,000	2,050,000	1,805,268	244,732
Economic and physical development	1,661,692	1,559,188	1,369,159	190,029
Cultural and recreational	2,779,762	2,809,436	2,510,586	298,850
Interfund reimbursements	(3,432,779)	(3,432,779)	(3,412,228)	(20,551)
Debt service:				
Principal retirement	1,610,260	1,610,260	1,750,718	(140,458)
Interest and other charges	348,858	348,858	369,686	(20,828)
Total expenditures	<u>32,417,982</u>	<u>33,400,957</u>	<u>30,080,911</u>	<u>3,320,046</u>
Revenues over (under) expenditures	<u>(4,636,330)</u>	<u>(5,554,752)</u>	<u>86,729</u>	<u>5,641,481</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	15,500	15,500	801,075	785,575
Transfers from other funds	3,244,722	3,267,124	3,267,126	2
Transfers to other funds	(65,093)	(306,028)	(236,028)	70,000
Contingency	(160,000)	(109,500)	-	109,500
Debt issued	1,601,201	1,641,754	1,969,673	327,919
Total other financing sources (uses)	<u>4,636,330</u>	<u>4,508,850</u>	<u>5,801,846</u>	<u>1,292,996</u>
Revenues and other sources over (under) expenditures and other uses	-	(1,045,902)	5,888,575	6,934,477
Appropriated fund balance	-	1,045,902	-	(1,045,902)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,888,575</u>	<u>\$ 5,888,575</u>
Fund balance, beginning of year			<u>14,376,605</u>	
Fund balance, end of year			<u>\$ 20,265,180</u>	

See accompanying notes.

**City of New Bern, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Major Enterprise Funds</b>	
	<b>Electric Fund</b>	<b>Water Fund</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 12,018,276	\$ 9,860,670
Accounts receivable, net	7,556,030	1,141,210
Due from other governments	-	-
Due from other funds	179,113	-
Inventories	1,559,457	115,540
Prepaid item	-	-
Restricted cash and cash equivalents	4,777,825	1,063,900
Total current assets	<u>26,090,701</u>	<u>12,181,320</u>
Noncurrent assets		
Net pension assets	<u>371,330</u>	<u>182,981</u>
Land and construction in progress	5,135,492	852,479
Other capital assets, net	24,373,049	46,601,284
Capital assets	<u>29,508,541</u>	<u>47,453,763</u>
Total noncurrent assets	<u>29,879,871</u>	<u>47,636,744</u>
Total assets	<u>55,970,572</u>	<u>59,818,064</u>
<b>Deferred Outflows of Resources</b>		
Contributions to pension plan	<u>258,077</u>	<u>127,173</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,904,596	196,852
Customer deposits	2,632,193	-
Accrued interest payable	13,960	103,185
Current portion of compensated absences	254,603	104,892
Health claims payable	-	-
Current portion of long-term debt	875,745	2,200,212
Total current liabilities	<u>8,681,097</u>	<u>2,605,141</u>
Noncurrent liabilities		
Noncurrent portion of compensated absences	86,570	26,766
Noncurrent portion of OPEB	1,125,971	541,917
Noncurrent portion of long-term debt	6,414,342	27,529,471
Total noncurrent liabilities	<u>7,626,883</u>	<u>28,098,154</u>
Total liabilities	<u>16,307,980</u>	<u>30,703,295</u>
<b>Deferred Inflows of Resources</b>		
Pension deferrals	<u>905,023</u>	<u>445,970</u>
<b>Net position</b>		
Net investment in capital assets	22,218,454	17,724,080
Unrestricted net position	16,797,192	11,071,892
Total net position	<u>\$ 39,015,646</u>	<u>\$ 28,795,972</u>

See accompanying notes.

Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
Sewer Fund	Stormwater Fund		
\$ 5,867,155	\$ 226,202	\$ 27,972,303	\$ 4,978,952
1,214,409	31,858	9,943,507	8,830
128,097	-	128,097	-
-	-	179,113	-
74,306	-	1,749,303	-
-	-	-	8,000
133,350	6	5,975,081	-
<u>7,417,317</u>	<u>258,066</u>	<u>45,947,404</u>	<u>4,995,782</u>
150,305	15,528	720,144	-
12,389,511	-	18,377,482	-
54,087,388	1,984,763	127,046,484	-
<u>66,476,899</u>	<u>1,984,763</u>	<u>145,423,966</u>	<u>-</u>
66,627,204	2,000,291	146,144,110	-
<u>74,044,521</u>	<u>2,258,357</u>	<u>192,091,514</u>	<u>4,995,782</u>
104,463	10,792	500,505	-
377,738	6,528	5,485,714	9,092
-	-	2,632,193	-
66,878	2,330	186,353	-
82,788	7,853	450,136	-
-	-	-	694,596
2,619,879	64,182	5,760,018	-
<u>3,147,283</u>	<u>80,893</u>	<u>14,514,414</u>	<u>703,688</u>
14,290	1,442	129,068	-
411,990	51,027	2,130,905	-
16,975,606	421,037	51,340,456	-
<u>17,401,886</u>	<u>473,506</u>	<u>53,600,429</u>	<u>-</u>
20,549,169	554,399	68,114,843	703,688
<u>366,331</u>	<u>37,845</u>	<u>1,755,169</u>	<u>-</u>
46,881,414	1,499,544	88,323,492	-
6,352,070	177,361	34,398,515	4,292,094
<u>\$ 53,233,484</u>	<u>\$ 1,676,905</u>	<u>\$ 122,722,007</u>	<u>\$ 4,292,094</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Net Fund Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Major Enterprise Funds</b>	
	<b>Electric Fund</b>	<b>Water Fund</b>
<b>Operating revenues</b>		
Charges for services	\$ 62,405,986	\$ 10,582,049
Other operating revenues	-	-
Employee and retiree contributions	-	-
Employer and other contributions	-	-
Total operating revenues	<u>62,405,986</u>	<u>10,582,049</u>
<b>Operating expenses</b>		
Administrative and general	5,892,879	2,177,390
Operations and maintenance	2,772,766	4,071,019
Production	47,023,872	-
Depreciation and amortization	2,049,087	1,569,706
Claims and payments to third-party administrators	-	-
Total operating expenses	<u>57,738,604</u>	<u>7,818,115</u>
Operating income	<u>4,667,382</u>	<u>2,763,934</u>
<b>Nonoperating revenues (expenses)</b>		
Investment earnings	3,224	1,751
Other revenue	24,883	295,774
Loss on disposal of capital assets	(26,891)	-
Interest expense	(109,295)	(685,437)
Total nonoperating revenues (expenses)	<u>(108,079)</u>	<u>(387,912)</u>
Income before transfers and contributions	4,559,303	2,376,022
Capital contributions	33,208	-
Transfers to other funds	<u>(3,173,832)</u>	<u>(70,890)</u>
Change in net position	<u>1,418,679</u>	<u>2,305,132</u>
<b>Net position</b>		
Beginning of year, as previously reported	38,097,093	26,737,287
Restatement	(500,126)	(246,447)
Beginning of year, as restated	<u>37,596,967</u>	<u>26,490,840</u>
End of year	<u>\$ 39,015,646</u>	<u>\$ 28,795,972</u>

See accompanying notes.

Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
Sewer Fund	Stormwater Fund		
\$ 10,869,545	\$ 673,773	\$ 84,531,353	\$ -
568,382	-	568,382	-
-	-	-	625,891
-	-	-	6,078,387
<u>11,437,927</u>	<u>673,773</u>	<u>85,099,735</u>	<u>6,704,278</u>
1,753,758	-	9,824,027	-
5,727,155	474,457	13,045,397	-
-	-	47,023,872	-
1,973,090	62,645	5,654,528	-
-	-	-	6,453,916
<u>9,454,003</u>	<u>537,102</u>	<u>75,547,824</u>	<u>6,453,916</u>
<u>1,983,924</u>	<u>136,671</u>	<u>9,551,911</u>	<u>250,362</u>
1,105	35	6,115	834
409,645	240	730,542	-
-	-	(26,891)	-
(491,028)	(14,533)	(1,300,293)	-
<u>(80,278)</u>	<u>(14,258)</u>	<u>(590,527)</u>	<u>834</u>
1,903,646	122,413	8,961,384	251,196
76,311	5,285	114,804	-
-	-	(3,244,722)	-
<u>1,979,957</u>	<u>127,698</u>	<u>5,831,466</u>	<u>251,196</u>
51,455,966	1,570,120	117,860,466	4,040,898
(202,439)	(20,913)	(969,925)	-
<u>51,253,527</u>	<u>1,549,207</u>	<u>116,890,541</u>	<u>4,040,898</u>
<u>\$ 53,233,484</u>	<u>\$ 1,676,905</u>	<u>\$ 122,722,007</u>	<u>\$ 4,292,094</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Major Enterprise Funds</b>	
	<b>Electric Fund</b>	<b>Water Fund</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 61,940,347	\$ 10,601,713
Other operating receipts	-	-
Cash paid to vendors	(50,656,660)	(3,441,526)
Customer deposits received	1,329,213	-
Cash paid to employees	(5,312,493)	(2,703,635)
Net cash provided by operating activities	<u>7,300,407</u>	<u>4,456,552</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers to other funds	(3,173,832)	(70,890)
Miscellaneous revenues	24,883	295,774
Net cash provided by (used in) noncapital financing activities	<u>(3,148,949)</u>	<u>224,884</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(4,984,704)	(707,116)
Debt proceeds	2,947,769	1,063,900
Principal repayments of long-term debt	(742,896)	(2,157,608)
Interest and other debt-related expenses	(106,259)	(690,986)
Net cash used in capital and related financing activities	<u>(2,886,090)</u>	<u>(2,491,810)</u>
<b>Cash flows from investing activities</b>		
Interest received on investments	3,224	1,751
Net cash provided by investing activities	<u>3,224</u>	<u>1,751</u>
Net increase in cash and cash equivalents	1,268,592	2,191,377
Cash and cash equivalents:		
Beginning	<u>15,527,509</u>	<u>8,733,193</u>
Ending	<u>\$ 16,796,101</u>	<u>\$ 10,924,570</u>

See accompanying notes.

Major Enterprise Funds		Total Enterprise Fund	Internal Service Fund
Sewer Fund	Stormwater Water		
\$ 10,870,532	\$ 675,903	\$ 84,088,495	\$ 6,701,389
581,118	-	581,118	-
(5,588,563)	(238,276)	(59,925,025)	(6,412,886)
-	-	1,329,213	-
(2,112,765)	(258,176)	(10,387,069)	-
<u>3,750,322</u>	<u>179,451</u>	<u>15,686,732</u>	<u>288,503</u>
-	-	(3,244,722)	-
409,645	240	730,542	-
<u>409,645</u>	<u>240</u>	<u>(2,514,180)</u>	<u>-</u>
(220,322)	(32,566)	(5,944,708)	-
40,900	-	4,052,569	-
(2,635,418)	(64,182)	(5,600,104)	-
(502,582)	(14,908)	(1,314,735)	-
<u>(3,317,422)</u>	<u>(111,656)</u>	<u>(8,806,978)</u>	<u>-</u>
1,105	35	6,115	834
<u>1,105</u>	<u>35</u>	<u>6,115</u>	<u>834</u>
843,650	68,070	4,371,689	289,337
<u>5,156,855</u>	<u>158,138</u>	<u>29,575,695</u>	<u>4,689,615</u>
<u>\$ 6,000,505</u>	<u>\$ 226,208</u>	<u>\$ 33,947,384</u>	<u>\$ 4,978,952</u>

See accompanying notes.

**City of New Bern, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Major Enterprise Funds</u>	
	<u>Electric Fund</u>	<u>Water Fund</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 4,667,382	\$ 2,763,934
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,049,087	1,569,706
Bad debt expense	250,758	40,917
Pension expense	25,342	12,489
Net change in assets and liabilities:		
Increase in accounts receivable	(716,397)	(21,253)
Decrease in due from other governments	-	-
(Increase) decrease in due from other funds	(179,113)	82,020
Decrease in inventories	166,908	967
Increase (decrease) in accounts payable and accrued expenses	276,654	98,670
Decrease in due to other funds	(495,919)	-
Increase in customer deposits	1,329,213	-
Increase (decrease) in compensated absences	(5,053)	(1,986)
Increase in health claims payable	-	-
Increase in deferred outflows of resources for pensions	(249,852)	(123,120)
Increase (decrease) in other postemployment benefits accrual	181,397	34,208
	<u>\$ 7,300,407</u>	<u>\$ 4,456,552</u>
Net cash provided by operating activities		
Noncash capital and related financing activities		
Capital contributions	<u>\$ 33,208</u>	<u>\$ -</u>

See accompanying notes.

<u>Major Enterprise Funds</u>		<u>Total Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Stormwater Water</u>		
\$ 1,983,924	\$ 136,671	\$ 9,551,911	\$ 250,362
1,973,090	62,645	5,654,528	-
60,131	2,332	354,138	-
10,258	1,060	49,149	-
(59,144)	(202)	(796,996)	(2,889)
12,736	-	12,736	-
-	-	(97,093)	-
3,296	-	171,171	-
(43,066)	1,324	333,582	4,859
(125,281)	-	(621,200)	-
-	-	1,329,213	-
1,352	(5,922)	(11,609)	-
-	-	-	36,171
(101,134)	(10,448)	(484,554)	-
34,160	(8,009)	241,756	-
<u>\$ 3,750,322</u>	<u>\$ 179,451</u>	<u>\$ 15,686,732</u>	<u>\$ 288,503</u>
<u>\$ 76,311</u>	<u>\$ 5,285</u>	<u>\$ 114,804</u>	<u>\$ -</u>

See accompanying notes.

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***Notes to Financial Statements***

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## **Notes to Financial Statements**

### **1. Summary of Significant Accounting Policies and Reporting Entity**

The City of New Bern, North Carolina (the "City") is located in the coastal plains area of the State and has a population of approximately 30,000. The City, as authorized by its charter, operates its own police and fire departments, provides sanitation and street maintenance services, and maintains public parks and recreation facilities, among other services for its citizens. In addition, the City provides electric, water, sewer and stormwater utilities within the incorporated area and some surrounding areas. Electricity is purchased from North Carolina Eastern Municipal Power Agency.

#### ***Summary of Significant Accounting Policies***

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### ***Reporting Entity***

The City is a municipal corporation that is governed by an elected mayor and a six- member Board of Alderman and managed by a City Manager hired by the governing board. As required by generally accepted accounting principles, the City's financial statements include the operations of all funds, agencies, boards, and authorities for which the City is financially accountable. The City has no component units nor is it the component unit of any other entity.

#### ***Basis of Presentation***

##### **Government-Wide Statements**

The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non- exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

##### **Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental, proprietary, and, fiduciary, as applicable, 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 non-major funds.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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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, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental fund:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State-shared revenue, and various other taxes and licenses. The primary expenditures are for public safety, public works, parks and recreation, and general government services.

The City reports the following major enterprise funds:

**Electric Fund** - This fund is used to account for the operation of providing power to residents. The City maintains one separate electric capital project fund for accounting purposes: the Electric Substation Capital Project Fund. For financial reporting purposes, this fund is consolidated into the Electric Fund.

**Water Fund** - This fund is used to account for the operation of providing water to residents. The City maintains one separate water capital project fund for accounting purposes: the Water Capital Reserve Fund. For financial reporting purposes, this fund is consolidated into the Water Fund.

**Sewer Fund** - This fund is used to account for the operation of providing sewer services to residents. The City maintains two separate sewer capital project funds for accounting purposes: the Sewer Capital Reserve Fund and the Sewer Debt Reserve. For financial reporting purposes, these funds are consolidated into the Sewer Fund.

**Stormwater Fund** - This fund is used to account for funds used in the construction of facilities to manage stormwater runoff and maintain stormwater drainage ditches. Although the Stormwater Fund does not meet the criteria for a major fund, management prefers to present this fund as major.

**Internal Service Fund** - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City has one internal service fund: the Employee Benefit Insurance Fund which is used to account for the City's self-insured health benefit plan.

The City reports the following non-major governmental funds, by type:

**Special Revenue Funds** - The special revenue funds account for specific revenue sources (other than expendable trusts and agency funds or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City maintains nineteen special revenue funds: Community Development, Emergency Telephone System, Police, Grants, COPS Hiring Program, Public Private Partnership, FEMA Hurricane Irene, CDBG Talent Enhancement Grant, 2012 CDBG NC Catalyst, 2013 Urgent Repair, Municipal Planning Organization, Wayfinding Sign Program, Entitlement Cities CDBG Program, Elizabeth Avenue Safe Routes to School Program, 2014 Justice Assistance Program, 2014 Bullet Proof Vest Partnership, Glenburnie Road Multi-use Path Project, and the Neuse Boulevard Sidewalk Improvement Projects - Phase I and Phase II.

**Capital Projects Funds** - The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). As of June 30, 2015, the City has the following three capital project funds that were open during the fiscal year, covering various construction projects: Radio System Equipment, General Capital Projects and IT Network Merger Capital Project.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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Additionally, the City reports the following non-major enterprise funds:

**Enterprise Capital Projects Funds** - The enterprise capital project funds account for financial resources to be used to finance improvements to the City's combined enterprise systems. As of June 30, 2015, the City maintains two enterprise capital project funds: AMI/DSM Capital Project Fund and the Kale Road Capital Project Fund. For financial reporting purposes, these funds are consolidated into the Electric, Water, and Sewer Funds, respectively, based on each fund's respective participation in the enterprise capital projects.

***Measurement Focus and Basis of Accounting***

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

**Government-Wide and Proprietary Fund Financial Statements**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is 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, 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 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 between 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 enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer systems. 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 and debt principal payments 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 taxes receivable that are not collected within 60 days after year-end are not accrued as 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 except as noted above to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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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 City are recognized as revenue. Sales taxes are considered shared revenues for the City because the tax is levied by Craven County and then remitted to and distributed to the State. Some intergovernmental revenues and sales and services are not susceptible to accrual because generally they are 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 are 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.

**Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, certain special revenue funds, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the grant-related special revenue project funds, the capital projects fund, and the enterprise capital projects funds, which are consolidated with the enterprise funds for reporting purposes. Project ordinance appropriations lapse at the end of the project. The City's Employee Benefit Insurance Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared on the modified accrual basis of accounting as required by the General Statutes. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be accepted 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.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

**Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the City 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 investments in the NCCMT are exempt from risk categorization, because the City does not own any identifiable securities, but is a shareholder of a percentage of the fund. The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

---

**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.

**Restricted Assets**

The unexpended bond and installment purchase obligation proceeds issued by the City are classified as restricted assets because their use is restricted to the purpose for which the debt was originally issued. Revenue bond and certain installment purchase obligation proceeds are placed with a trustee for safekeeping and disbursing as needed. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Certain unexpended revenues are also classified as restricted assets since their use is restricted by law. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.1.

**Restricted Cash**

Governmental activities:

General fund	
Public works	\$ 275,859
Economic development	<u>246,650</u>
Total governmental activities	<u>522,509</u>

Business-type activities:

Water fund	
Unexpended debt proceeds	1,063,900
Sewer fund	
Unexpended debt proceeds	133,350
Electric fund	
Unexpended debt proceeds	2,145,632
Customer deposits	2,632,193
Stormwater fund	
Unexpended debt proceeds	<u>6</u>
Total business-type activities	<u>5,975,081</u>

Total restricted cash	<u>\$ 6,497,590</u>
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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 1st, the beginning of the fiscal year. The taxes are due September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2014. Uncollected taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

**Utility Service Revenues - Unbilled Usage**

An estimated amount has been recorded for utility services provided but not billed as of the end of the year, and is included in accounts receivable, net of uncollectible amounts.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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**Allowance for Doubtful Accounts**

An allowance for doubtful accounts is maintained for ad valorem taxes receivable and other receivables which historically experience uncollectible accounts. An allowance for doubtful accounts is also maintained for enterprise fund customer receivables. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**Inventories and Prepaid Items**

Inventories consist of major items held for consumption by the governmental funds and for all enterprise fund materials and supplies. Inventories are valued at cost using the first-in, first-out (“FIFO”) method, which approximates market. Disbursements for inventory-type items of the City are considered to be expenses/expenditures at the time of use (“consumption method” of accounting). Supplies transferred to and consumed by the individual departments are considered a reduction of the inventory and an expenditure of the user department.

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

**Long-Term Loan Receivables**

The City has entered into two financing arrangements with an unrelated third party for the renovation and rehab of certain structures within the City limits, which have resulted in long-term loan receivables for the City. These receivables are collateralized by a third position deed of trust on the underlying property; however the City has considered the possibility of receiving these funds as remote and, accordingly, has not recorded them as part of the City’s financial statements.

These notes include two (2) promissory notes collateralized by a third lien position, deed of trust on Green Park Terrace, LLC (for Autumn Chase Apartments, elderly low income housing) in the amount totaling \$ 130,000, at 1% interest with payment in full plus accrued interest on November 7, 2017 for the \$100,000 loan and June 30, 2018 for a \$ 30,000 loan.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements and are defined by the government as assets with an initial individual cost of more than a certain amount and estimated useful life in excess of two years. The capitalization threshold for assets are as follows: land, \$1; infrastructure, \$100,000; land improvements, \$25,000; buildings and improvements, \$25,000; and equipment, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Commencing with the fiscal year ended 2010, donated intangible assets which have an indefinite life such as street right-of-ways or utility easements have been recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on business- type construction in progress to the extent that it exceeds income.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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The estimated useful lives are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25 - 60 years
Improvements	20 - 50 years
Infrastructure	30 - 50 years
Plants and distribution systems	30 - 50 years
Vehicles and service equipment	3 - 10 years
Furniture and equipment	5 - 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 one item that meets this criteria, contributions made to the pension plan in the 2015 fiscal year. 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's accounts that meet the criterion for this category are prepaid taxes, receivables in the governmental fund financial statements which do not meet the "availability" criterion to be considered revenue, and deferrals of pension expense that result from the implementation of GASB Statement No. 68.

**Long-Term Obligations**

In the government-wide and proprietary 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 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 term of the related debt. For business-type activities, the debt service requirements are being financed by the revenues of these funds.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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. Principal payments are reported as debt service expenditures. The full taxing power of the City is pledged to make payments if applicable fund revenues should be insufficient.

**Compensated Absences**

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. 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. These amounts are not recognized as expenditures in governmental funds until they are paid.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

Nonspendable 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 balances of ending inventories, which are not spendable resources.

Restricted fund balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The City's restricted fund balance consists of the following:

*Restricted for stabilization by state statute* - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred inflows of resources.

*Restricted for public safety* - portion of fund balance that is restricted by revenue source for public safety expenditures. These revenue sources include revenues restricted by source for certain emergency telephone system expenditures and for unspent grant funds

*Restricted for public works* - portion of fund balance that is restricted by revenue source for unspent grant funds.

*Restricted for economic and physical development* - portion of fund balance that is restricted by revenue source for unspent grant funds.

Committed fund balance: The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for economic and physical development* - portion of fund balance committed by the Board of Aldermen for radio system equipment purchases.

*Committed for general government* - portion of fund balance committed by the Board of Aldermen for general capital projects.

Assigned fund balance: portion of fund balance that the City intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The City Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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Unassigned: portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds.

The City has a revenue spending policy for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-City funds and City funds. For the purposes of the fund balance classifications, the expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and unassigned fund balances. The finance officer may deviate from this order if it is in the best interest of the City. The City has not adopted a formal fund balance policy.

**Pensions**

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

**2. Stewardship, Compliance and Accountability**

***Deficit in Fund Balance or Net Position of Individual Funds***

At June 30, 2015, the Public-Private Partnership Special Revenue Fund and the IT Network Merger Capital Project Fund had deficits in fund balance of \$348 and \$269,081, respectively. These deficits will be rectified once the City makes a contribution from the General Fund for its share of expenditures.

**3. Deposits and Investments Deposits**

***Deposits***

All of the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in its name. 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, these deposits are considered to be held by the City's agent in their 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 or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase during 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 has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the City's deposits had a carrying amount of \$6,359,633 and a bank balance of \$7,771,255. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder of \$7,271,255 covered by collateral held under the pooling method. The City's cash on hand at June 30, 2015 consisted of various petty cash funds totaling \$8,350.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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The City is contractually required to maintain a compensating balance of \$400,000 for banking services in lieu of fees.

***Investments***

At June 30, 2015, the City had \$51,148,828 invested with the North Carolina Capital Management Trust's Cash Portfolio.

**Interest Rate Risk**

The City has no formal policy regarding interest rate risk.

**Credit Risk**

The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of North Carolina G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The City's investment in the NCCMT-Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade market instruments as permitted under North Carolina G.S. 159- 30, as amended.

**4. Allowance for Doubtful Accounts**

Accounts and taxes receivable are shown net of the following allowances for doubtful accounts:

Governmental activities:	
Taxes receivable - General Fund	\$ 235,086
Taxes receivable - Municipal Service District	1,285
Accounts receivable - General Fund	5,300
Interest receivable - General Fund	24,056
Lien receivable Green Park Terrace - General Fund	<u>130,000</u>
Total governmental activities	<u>\$ 395,727</u>
Business-type activities:	
Accounts receivable - Electric Fund	\$ 217,500
Accounts receivable - Water Fund	74,275
Accounts receivable - Sewer Fund	105,505
Accounts receivable - Stormwater Fund	<u>35,000</u>
Total business-type activities	<u>\$ 432,280</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

**5. Capital Assets**

Capital asset activity for the City's capital assets used in governmental activities for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,473,733	\$ 42,386	\$ -	\$ 14,516,119
Construction in progress	<u>6,163,068</u>	<u>396,462</u>	<u>(6,177,429)</u>	<u>382,101</u>
Total capital assets not being depreciated	<u>20,636,801</u>	<u>438,848</u>	<u>(6,177,429)</u>	<u>14,898,220</u>
Capital assets being depreciated:				
Buildings and improvements	18,761,704	95,784	(839,146)	18,018,342
Equipment	6,922,659	4,924,257	(59,358)	11,787,558
Furniture and fixtures	3,954,244	1,668,151	(112,126)	5,510,269
Transformers	70,275	-	-	70,275
Infrastructure	17,758,760	34,760	-	17,793,520
Vehicles	<u>7,783,325</u>	<u>1,566,274</u>	<u>(309,905)</u>	<u>9,039,694</u>
Total capital assets being depreciated	<u>55,250,967</u>	<u>8,289,226</u>	<u>(1,320,535)</u>	<u>62,219,658</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,559,906)	(459,573)	265,730	(5,753,749)
Equipment	(5,068,606)	(800,051)	28,725	(5,839,932)
Furniture and fixtures	(3,370,999)	(430,250)	104,266	(3,696,983)
Transformers	(26,704)	(2,811)	-	(29,515)
Infrastructure	(6,141,779)	(660,332)	-	(6,802,111)
Vehicles	<u>(6,295,311)</u>	<u>(453,710)</u>	<u>309,905</u>	<u>(6,439,116)</u>
Total accumulated depreciation	<u>(26,463,305)</u>	<u>(2,806,727)</u>	<u>708,626</u>	<u>(28,561,406)</u>
Total capital assets being depreciated, net	<u>28,787,662</u>			<u>33,658,252</u>
Governmental activities capital assets, net	<u>\$ 49,424,463</u>			<u>\$ 48,556,472</u>

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

General government	\$ 323,941
Public safety	1,379,271
Cultural and recreational	384,235
Public works	<u>719,280</u>
Total	<u>\$ 2,806,727</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

A summary of changes in the City's capital assets used in business-type activities follows. The following schedules represent business-type activity capital assets managed by the City. Capital asset activity for the Electric fund for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Electric fund activities:				
Capital assets not being depreciated:				
Land	\$ 944,287	\$ -	\$ -	\$ 944,287
Construction in progress	1,110,861	3,299,931	(219,587)	4,191,205
Total capital assets not being depreciated	<u>2,055,148</u>	<u>3,299,931</u>	<u>(219,587)</u>	<u>5,135,492</u>
Capital assets being depreciated:				
Buildings	1,633,634	44,128	-	1,677,762
Equipment	6,178,800	591,131	(43,276)	6,726,655
Furniture and fixtures	35,504	7,860	(7,860)	35,504
Transformers	4,421,904	47,407	-	4,469,311
Distribution systems	45,606,349	1,134,371	-	46,740,720
Vehicles	2,777,618	112,671	(85,138)	2,805,151
Total capital assets being depreciated	<u>60,653,809</u>	<u>1,937,568</u>	<u>(136,274)</u>	<u>62,455,103</u>
Less accumulated depreciation for:				
Buildings	(529,974)	(51,412)	-	(581,386)
Equipment	(4,220,909)	(264,846)	23,262	(4,462,493)
Furniture and fixtures	(35,504)	(983)	983	(35,504)
Transformers	(3,201,490)	(77,808)	-	(3,279,298)
Distribution systems	(26,087,917)	(1,435,936)	-	(27,523,853)
Vehicles	(2,066,556)	(218,102)	85,138	(2,199,520)
Total accumulated depreciation	<u>(36,142,350)</u>	<u>(2,049,087)</u>	<u>109,383</u>	<u>(38,082,054)</u>
Total capital assets being depreciated, net	<u>24,511,459</u>			<u>24,373,049</u>
Electric fund capital assets, net	<u>\$ 26,566,607</u>			<u>\$ 29,508,541</u>

Depreciation of \$2,049,087 was charged to the Electric Fund.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

Capital asset activity for the Water fund for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Water fund activities:				
Capital assets not being depreciated:				
Land	\$ 852,479	\$ -	\$ -	\$ 852,479
Total capital assets not being depreciated	<u>852,479</u>	<u>-</u>	<u>-</u>	<u>852,479</u>
Capital assets being depreciated:				
Buildings	33,963,928	228,741	-	34,192,669
Equipment	1,980,281	103,525	(48,729)	2,035,077
Furniture and fixtures	7,731	-	-	7,731
Distribution systems	23,225,831	184,494	-	23,410,325
Vehicles	<u>750,002</u>	<u>190,356</u>	<u>(40,597)</u>	<u>899,761</u>
Total capital assets being depreciated	<u>59,927,773</u>	<u>707,116</u>	<u>(89,326)</u>	<u>60,545,563</u>
Less accumulated depreciation for:				
Buildings	(2,797,740)	(857,339)	-	(3,655,079)
Equipment	(1,299,644)	(94,872)	48,729	(1,345,787)
Furniture and fixtures	(7,731)	-	-	(7,731)
Distribution systems	(7,788,977)	(549,771)	-	(8,338,748)
Vehicles	<u>(569,807)</u>	<u>(67,724)</u>	<u>40,597</u>	<u>(596,934)</u>
Total accumulated depreciation	<u>(12,463,899)</u>	<u>(1,569,706)</u>	<u>89,326</u>	<u>(13,944,279)</u>
Total capital assets being depreciated, net	<u>47,463,874</u>			<u>46,601,284</u>
Water fund capital assets, net	<u>\$ 48,316,353</u>			<u>\$ 47,453,763</u>

Depreciation of \$1,569,706 was charged to the Water Fund.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

Capital asset activity for the Sewer fund for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Sewer fund activities:				
Capital assets not being depreciated:				
Land	\$ 12,389,511	\$ -	\$ -	\$ 12,389,511
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>12,389,511</u>	<u>-</u>	<u>-</u>	<u>12,389,511</u>
Capital assets being depreciated:				
Buildings	39,268,740	-	-	39,268,740
Equipment	3,769,365	138,254	-	3,907,619
Furniture and fixtures	48,820	-	-	48,820
Distribution systems	37,147,188	76,311	-	37,223,499
Vehicles	1,411,292	82,069	(62,819)	1,430,542
Total capital assets being depreciated	<u>81,645,405</u>	<u>296,634</u>	<u>(62,819)</u>	<u>81,879,220</u>
Less accumulated depreciation for:				
Buildings	(15,027,599)	(961,556)	-	(15,989,155)
Equipment	(2,029,808)	(202,303)	-	(2,232,111)
Furniture and fixtures	(40,441)	(1,733)	-	(42,174)
Distribution systems	(7,526,488)	(744,996)	-	(8,271,484)
Vehicles	(1,257,225)	(62,502)	62,819	(1,256,908)
Total accumulated depreciation	<u>(25,881,561)</u>	<u>(1,973,090)</u>	<u>62,819</u>	<u>(27,791,832)</u>
Total capital assets being depreciated, net	<u>55,763,844</u>			<u>54,087,388</u>
Sewer Fund capital assets, net	<u>\$ 68,153,355</u>			<u>\$ 66,476,899</u>

Depreciation of \$1,973,090 was charged to the Sewer Fund.

Capital asset activity for the Stormwater fund for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Stormwater fund activities:				
Capital assets being depreciated:				
Lines	\$ 2,021,834	\$ -	\$ -	\$ 2,021,834
Equipment	-	5,285	-	5,285
Vehicles	36,144	32,566	-	68,710
Total capital assets being depreciated	<u>2,057,978</u>	<u>37,851</u>	<u>-</u>	<u>2,095,829</u>
Less accumulated depreciation for:				
Lines	(44,204)	(50,546)	-	(94,750)
Equipment	-	(528)	-	(528)
Vehicles	(4,217)	(11,571)	-	(15,788)
Total accumulated depreciation	<u>(48,421)</u>	<u>(62,645)</u>	<u>-</u>	<u>(111,066)</u>
Total capital assets being depreciated, net	<u>2,009,557</u>			<u>1,984,763</u>
Stormwater fund capital assets	<u>\$ 2,009,557</u>			<u>\$ 1,984,763</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

Depreciation of \$62,645 was charged to the Stormwater Fund.

***Construction commitments***

The City has active construction projects as of June 30, 2015. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining</u>
2012 CDBG NC Catalyst	\$ 183,062	\$ 197,887
AMI/DSM Project	2,932,036	83,065
Kale Road	1,159,773	277,734
IT Network Merger	<u>269,081</u>	<u>72,244</u>
Total	<u>\$ 4,543,952</u>	<u>\$ 630,930</u>

**6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities and other liabilities disaggregated information for the year ended June 30, 2015 is as follows:

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Trade payables	\$ 720,479	\$ 5,256,277	\$ 5,976,756
Accrued liabilities	603,381	229,437	832,818
Performance and bid deposits held	142,980	-	142,980
Health claims incurred, but not reported (IBNR)	<u>694,596</u>	<u>-</u>	<u>694,596</u>
Total	<u>\$ 2,161,436</u>	<u>\$ 5,485,714</u>	<u>\$ 7,647,150</u>

**7. Pension Plans**

***A. Local Governmental Employees' Retirement System***

Plan Description

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

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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**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 contribution.

**Contributions**

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement offices and 7.07% for general employees and firefighters, 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 was \$1,486,944 for the year ended June 30, 2015.

**Refunds of Contributions**

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

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

At June 30, 2015, the City reported an asset of \$2,209,896 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 0.3747%, which was a decrease of 0.0065% from its proportion measured as of June 30, 2013.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

---

For the year ended June 30, 2015, the City recognized pension expense of \$150,818. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 241,470
Net difference between projected and actual earnings on pension plan investments	-	5,144,591
Changes in proportion and differences between City contributions and proportionate share of contributions	48,950	-
City contributions subsequent to the measurement date	1,486,944	-
<b>Total</b>	<b>\$ 1,535,894</b>	<b>\$ 5,386,061</b>

The City reported \$1,486,944 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30,**

2016	\$ (1,334,398)
2017	(1,334,398)
2018	(1,334,398)
2019	(1,333,917)
<b>Total</b>	<b>\$ (5,337,111)</b>

**Actuarial Assumptions**

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

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including Inflation

The plan currently uses mortality tables that vary by age, gender, employee groups (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 health mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Fixed income	36.0%	2.5%
Global equity	40.5%	6.1%
Real estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation protection	<u>4.5%</u>	<u>3.7%</u>
Total	<u>100%</u>	<u>3.7%</u>

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset and investment policy study for the North Carolina Retirement System, 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 the nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at the statutorily required rates, actuarially determined.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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**Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability (asset)	\$ 7,501,347	\$ (2,209,896)	\$ (10,386,450)

**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.

***B. Law Enforcement Officers' Special Separation Allowance***

**Plan Description**

The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits and terminated	9
Active plan members	75
Total	84

A separate report is not issued for the plan.

***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 67 and 68:

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

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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**Method Used to Value Investments**

No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

**Funding Policy**

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

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method.

The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014, was 16 years.

**Annual Pension Cost and Net Pension Obligation**

The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$	225,534
Interest on net pension obligation		105,203
Adjustment to annual required contribution		<u>(177,742)</u>
Annual pension cost		152,995
Employer contributions made for fiscal year ending June 30, 2015		<u>100,608</u>
Increase in net pension obligation		52,387
Net pension obligation:		
Beginning of year, July 1		<u>2,104,069</u>
End of year, June 30	\$	<u><u>2,156,456</u></u>

**Three-Year Trend Information**

Historical trend information for the Law Enforcement Officers' annual pension costs is presented below for the past three years.

<b><u>For Year Ended June 30,</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
2013	\$ 149,314	64.40%	\$ 2,090,390
2014	114,287	88.03%	2,104,069
2015	152,995	65.76%	2,156,456

**Funded Status and Funding Progress**

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability ("UAAL") was \$1,809,886. The covered payroll (annual payroll of active employees covered by the plan) was \$4,105,427, and the ratio of the UAAL to the covered payroll was 44.09 percent.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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

***C. Supplemental Retirement Income Plan for Law Enforcement Officers***

**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 five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$379,318, which consisted of \$217,219 from the City and \$162,099 from the law enforcement officers.

***D. Supplemental Retirement Income Plan for Non-Law Enforcement Officers***

**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. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. All non-law enforcement employees employed by the City participate in the Plan after a six-month probationary period with the City. The City has no requirement or obligation under State statutes to contribute to this Plan.

**Funding Policy**

The City contributes each month an amount equal to six percent of each covered non-law enforcement employee’s compensation, and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$1,194,460, which consisted of \$807,844 from the City and \$386,616 from the non-law enforcement employees.

**7. 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 (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System 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 the 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.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the City made contributions to the State for death benefits of \$-0-. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>Number Years Contributing</u>	<u>Years Relief</u>	<u>Fiscal Year Contributions Resume</u>
10 - 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The City will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**8. Other Postemployment Benefits**

***Plan Description***

In addition to providing pension benefits, the City has elected to provide healthcare benefits to employees who retire under the provisions of the LGERS under a single-employer defined benefit plan. Healthcare benefits include healthcare, prescription drug coverage, vision insurance, and dental insurance. Vision coverage is provided to retirees under age 65. Dental coverage is only available to "maximum retirees." Retirees may receive benefits under one of the following provisions:

	<u>City's Participation</u>
"Maximum Retirees"	
30 or more years of public service and at least 15 years of those years was with the City	100%
27 or more years of service with the City and 3 years of prior military service	100%
"Other Retiree"	
25 to 29 years of service with at least 15 of those years with the City	See A
20 years of service with the City	See B
A - May remain on the City health plan until they reach age 65, with 100% of the cost paid by the retiree.	
B - May remain on the City health plan for up to 36 months, or until they reach age 65 (whichever occurs earlier), with 100% of the cost paid by the retiree.	

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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Either class of retiree may purchase healthcare benefits for their dependents as long as they are enrolled in dependent coverage at the time of retirement. Retirees pay 100% of the cost of dependent coverage.

Currently, 58 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the City made payments for post-retirement health benefit premiums of \$121,248. A separate report was not issued for the plan.

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

	<b>General Employees</b>	<b>Law Enforcement Officers</b>	<b>Firefighter Officers</b>
Retirees and dependents receiving benefits	58	N/A	N/A
Terminated plan members entitled to, but not receiving benefits	-	-	-
Active plan members	298	81	57
Total	359	81	57

***Funding Policy***

The City's obligation in the cost of coverage for the healthcare benefits provided to qualified retirees is provided under a City resolution that can be amended by the Board of Aldermen. The City's members pay the current active employee rate for dependent coverage, which has an estimated savings to the retiree of 35%, if the retiree elects to purchase the coverage. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 7.85% of annual covered payroll. For the current year, the City contributed \$610,051 or 2.95% of annual covered payroll. The City is self-insured for healthcare coverage and purchases catastrophic loss coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement, and for law enforcement officers represented 2.90% and 1.05% of covered payroll, respectively. For the fiscal year ended June 30, 2015, the total retiree contributions for health insurance were \$91,852.

***Summary of Significant Accounting Policies***

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

***Annual OPEB Cost and Net OPEB Obligation***

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

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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

Annual required contribution	\$ 1,525,637
Interest on net OPEB obligation	225,281
Adjustments to annual required contribution	<u>(215,213)</u>
Annual OPEB cost (expense)	1,535,705
Contributions made	<u>(610,051)</u>
Increase in net OPEB obligation	925,654
Net OPEB obligation:	
Net OPEB obligation, beginning of year	<u>5,632,022</u>
Net OPEB obligation, end of year	<u><u>\$ 6,557,676</u></u>

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

<u>Year Ended June 30</u>	<u>Annual Pension OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013 \$	1,392,044	41.2%	\$ 4,850,864
2014	1,489,872	47.6%	5,632,022
2015	1,535,705	39.7%	6,557,676

***Funded Status and Funding Progress:***

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$21,178,934, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,178,934. The covered payroll (annual payroll of active employees covered by the plan) was \$20,698,206, and the ratio of the UAAL to the covered payroll was 102.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions:***

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5 to 5 percent annually.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

**9. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To mitigate the financial impact of any losses, the City has established a program to manage its financial risks through a self-funded arrangement in combination with purchased insurance.

The City's Internal Service Fund was established to account for an employee self- insurance health benefit program. The purpose of the fund is to pay medical claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Funding is provided by employee contributions and charges to the various funds of the City based upon estimated claim and employee participation. Expected claims are determined annually by the reinsurance carrier. The City carries aggregate stop loss insurance coverage of 125% of annual expected paid claims and individual stop loss coverage of \$100,000 per covered individual and an aggregating specific deductible of \$250,000 through the plan administrator utilizing a reinsurance carrier. The City has recognized a provision for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon actuarial claims history utilizing a two month lag on outstanding claims.

The City is self-insured for workers' compensation claims up to \$600,000 for all employees. The City has re-insurance through a commercial company for single occurrence claims up to \$1,000,000. The City also purchased an Occupational Accident Buffer Layer Insurance Policy which covers all employees at \$400,000 (attachment point) with a coverage limit of \$200,000. The City's Internal Service Fund is also used to account for this program.

The City also purchases commercial insurance to protect against claims for property, general liability, auto liability, public officials, and employee bonds. Claims have not exceeded coverage in the past three years. There have been no significant reductions in insurance coverage in the past three years.

The City carries \$1,000,000 of flood insurance, subject to a \$50,000 deductible, included in its commercial property coverage. The City does not have any property that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

For the Employee Benefit Insurance Internal Service Fund, a total of \$4,722,111 in claims and changes in estimates were incurred for benefits during the year ended June 30, 2015. Changes in the fund's claims liability amounts in the years ended June 30, 2015 and 2014, were as follows:

<u>Year Ended June 30</u>	<u>Liability at Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Fiscal Year</u>
2014	\$ 627,934	\$ 4,369,639	\$ 4,339,148	\$ 658,425
2015	658,425	4,722,111	4,685,940	694,596

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

**10. Long-Term Obligations**

***Changes in Long-Term Debt***

The following is a summary of changes in the long-term obligations of the City for the year ended June 30, 2015.

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
<b>Governmental activities:</b>						
Installment notes payable	\$ 12,729,584	\$ 1,969,673	\$ (1,750,718)	\$ -	\$ 12,948,539	\$ 1,914,435
Net pension and OPEB obligation	8,838,873	736,283	(2,991,929)	-	6,583,227	-
*Compensated absences	<u>1,689,652</u>	<u>877,900</u>	<u>(1,186,897)</u>	<u>-</u>	<u>1,380,655</u>	<u>969,842</u>
<b>Total</b>	<u>\$ 23,258,109</u>	<u>\$ 3,583,856</u>	<u>\$ (5,929,544)</u>	<u>\$ -</u>	<u>\$ 20,912,421</u>	<u>\$ 2,884,277</u>
<b>Business-type activities:</b>						
<b>Water fund:</b>						
Notes payable	\$ 26,885,300	\$ -	\$ (1,680,332)	\$ -	\$ 25,204,968	\$ 1,680,331
Installment notes payable	495,837	-	(70,174)	-	425,663	57,633
Revenue bonds payable	3,442,254	1,063,900	(407,102)	-	4,099,052	462,248
Net pension and OPEB obligation	875,197	34,208	(367,488)	-	541,917	-
*Compensated absences	<u>133,644</u>	<u>104,488</u>	<u>(106,474)</u>	<u>-</u>	<u>131,658</u>	<u>104,892</u>
<b>Total</b>	<u>31,832,232</u>	<u>1,202,596</u>	<u>(2,631,570)</u>	<u>-</u>	<u>30,403,258</u>	<u>2,305,104</u>
<b>Sewer Fund:</b>						
Notes payable	11,976,738	-	(1,337,767)	-	10,638,971	1,371,219
Installment notes payable	2,722,492	-	(514,283)	-	2,208,209	451,146
Revenue bonds payable	7,490,772	40,900	(783,367)	-	6,748,305	797,514
Net pension and OPEB obligation	679,694	34,160	(301,864)	-	411,990	-
*Compensated absences	<u>95,726</u>	<u>82,987</u>	<u>(81,635)</u>	<u>-</u>	<u>97,078</u>	<u>82,788</u>
<b>Total</b>	<u>22,965,422</u>	<u>158,047</u>	<u>(3,018,916)</u>	<u>-</u>	<u>20,104,553</u>	<u>2,702,667</u>
<b>Electric Fund:</b>						
Installment notes payable	441,963	222,569	(135,603)	-	528,929	134,032
Revenue bonds payable	4,643,251	2,725,200	(607,293)	-	6,761,158	741,713
Net pension and OPEB obligation	1,690,331	181,397	(745,757)	-	1,125,971	-
*Compensated absences	<u>346,226</u>	<u>253,321</u>	<u>(258,374)</u>	<u>-</u>	<u>341,173</u>	<u>254,603</u>
<b>Total</b>	<u>7,121,771</u>	<u>3,382,487</u>	<u>(1,747,027)</u>	<u>-</u>	<u>8,757,231</u>	<u>1,130,348</u>
<b>Stormwater Fund:</b>						
Installment notes payable	549,402	-	(64,183)	-	485,219	64,182
Net pension and OPEB obligation	90,221	-	(39,194)	-	51,027	-
*Compensated absences	<u>15,217</u>	<u>6,934</u>	<u>(12,856)</u>	<u>-</u>	<u>9,295</u>	<u>7,853</u>
<b>Total</b>	<u>654,840</u>	<u>6,934</u>	<u>(116,233)</u>	<u>-</u>	<u>545,541</u>	<u>72,035</u>
<b>Total business-type activities</b>	<u>\$ 62,574,265</u>	<u>\$ 4,750,064</u>	<u>\$ (7,513,746)</u>	<u>\$ -</u>	<u>\$ 59,810,583</u>	<u>\$ 6,210,154</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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The General Fund is used to liquidate the liability for compensated absences in the governmental activities. The Electric, Water, Sewer, and Stormwater Funds are used to liquidate the liability for compensated absences for business-type activities. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. The City's legal debt margin as of June 30, 2015 was \$229,059,955.

***Installment Purchases***

The City finances various property acquisitions under installment purchase agreements. Under these agreements, the assets acquired collateralize the debt. The financing contracts require principal payments with interest rates ranging from 1.39% to 5.50%.

The installment purchase contracts payable at June 30, 2015 are comprised of the following individual contracts:

<u>Serviced by the General Fund</u>	<u>Principal Balance June 30, 2015</u>
\$553,988 installment agreement with BB&T issued in September 2003 - for restroom facility and fire station in installments of \$10,073 through 2017 with interest at 4.11%.	\$ 80,580
\$1,330,360 installment agreement with Bank of America issued in May 2005 - for streetscape improvements, 200 and 300 Block Craven Street, various construction projects, and fire classroom in installments of \$44,345 through 2020 with interest of 3.72%.	443,460
\$1,320,679 installment agreement with Bank of America issued in June 2006 - for streets division complex and Lawson Creek Park in installments of \$44,023 through 2021 with interest at 4.12%.	528,272
\$564,594 installment agreement with SunTrust Bank issued in November 2006 - for a fire truck in installments of \$16,927 through 2017 with interest at 3.67%.	98,378
\$395,000 installment agreement with First Citizens Bank issued in April 2007 - for improvements to Lawson Creek and Henderson Park in installments of \$19,750 through 2017 with interest at 3.40%	79,000
\$5,063,453 installment agreement with BB&T issued in May 2008 - for Aquatic Center and swimming pool project, downCity streetscape improvements, and Elizabeth Avenue Fire Station improvements in installments of \$84,001 through 2023 with interest at 2.92%.	2,688,046
\$2,368,452 installment agreement with USDA issued in June 2009 - for Kale Road property in installments of \$136,329 through 2045 with interest at 4.625%.	2,187,636
\$660,460 installment agreement with BB&T issued in March 2010 - for Stanley White Recreation Center renovations in installments of \$33,023 through 2020 with interest at 3.73%.	330,230
\$199,817 installment agreement with SunTrust Bank issued in June 2011 - for various vehicles and equipment in installments of \$10,955 through 2016 with interest at 1.645%.	32,595
\$567,076 installment agreement with Bank of America issued in June 2012 - for various vehicles and equipment in installments of \$56,708 through 2017 with interest at 1.49%.	226,830
\$3,485,500 installment agreement with BB&T issued in June 2012 - for radio network in installments of \$193,539 through 2022 with interest at 2.04%.	2,513,074

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

\$465,315 installment agreement with BB&T issued in May 2013 - for South Front Street Streetscape improvements in installments of \$15,510 through 2028 with interest at 2.54%.	\$ 403,273
\$1,740,891 installment agreement with BB&T issued February 2014 - for various vehicles in installments of \$174,089 through 2019 with interest at 1.39%.	1,392,713
\$756,633 installment agreement with SunTrust Bank issued in July 2014 - for a fire truck in installments of \$25,221 through 2025 with interest at 2.86%.	731,412
\$1,213,040 installment agreement with BB&T issued in June 2015 - for various vehicles in installments of \$121,304 through 2020 with interest at 1.50%.	<u>1,213,040</u>
<b>Total</b>	<b><u>\$ 12,948,539</u></b>

The future minimum payments of the installment purchases payable as of June 30, 2015, including \$2,913,587 of interest, are as follows:

<u><b>Year Ending June 30</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2016	\$ 1,914,435	\$ 353,069	\$ 2,267,504
2017	1,858,794	307,005	2,165,799
2018	1,640,956	264,267	1,905,223
2019	1,649,941	224,707	1,874,648
2020	1,310,987	186,284	1,497,271
2021 - 2025	2,499,493	585,188	3,084,681
2026 - 2030	622,603	399,461	1,022,064
2031 - 2035	379,344	302,301	681,645
2036 - 2040	475,630	206,015	681,645
2041 - 2045	<u>596,356</u>	<u>85,290</u>	<u>681,646</u>
<b>Total</b>	<b><u>\$ 12,948,539</u></b>	<b><u>\$ 2,913,587</u></b>	<b><u>\$ 15,862,126</u></b>

<u><b>Serviced by the Water Fund</b></u>	<u><b>Principal Balance June 30, 2015</b></u>
\$305,500 installment agreement with Bank of America issued in May 2005 - for Carolina Colors Subdivision water line extensions in variable installments through 2020 with interest at 3.72%.	\$ 121,348
\$527,720 installment agreement with BB&T issued in May 2008 - for New Street water improvements and Stillwater Harbor water project in variable installments through 2023 with interest at 2.92%.	<u>304,315</u>
<b>Total</b>	<b><u>\$ 425,663</u></b>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

The future minimum payments of the installment purchases payable as of June 30, 2015, including \$49,880 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 57,633	\$ 12,637	\$ 70,270
2017	59,277	10,766	70,043
2018	60,966	8,860	69,826
2019	62,713	6,908	69,621
2020	64,528	4,910	69,438
2021 - 2025	<u>120,546</u>	<u>5,799</u>	<u>126,345</u>
Total	<u>\$ 425,663</u>	<u>\$ 49,880</u>	<u>\$ 475,543</u>

<u>Serviced by the Sewer Fund</u>	<u>Principal Balance June 30, 2015</u>
\$265,000 installment agreement with US Bank issued March 2002 - for Cityship 7 Sanitary Sewer in variable installments through 2016 with interest at 5.50%.	\$ 5,000
\$280,179 installment agreement with BB&T issued September 2003 - for N. 2nd Ave. and N. Glenburnie sewer lines in installments of \$5,094 through 2017 with interest at 4.11%.	40,753
\$2,228,620 installment agreement with BB&T issued in May 2005 - for Carolina Colors subdivision sewer line extension in variable installments through 2020 with interest at 3.72%.	885,187
\$517,886 installment agreement with First Citizens Bank issued in June 2007 - for Evans Mill sewer line and facilities in installments of \$30,973 through 2017 with interest at 3.4%.	118,801
\$1,107,757 installment agreement with BB&T issued in May 2008 - for street improvements and WWTP maintenance building in variable installments through 2023 with interest at 2.92%.	640,148
\$647,900 installment agreement with BB&T issued February 2014 - for various vehicles in installments of \$64,790 through 2019 with interest at 1.39%.	<u>518,320</u>
Total	<u>\$ 2,208,209</u>

The future minimum payments of the installment purchases payable as of June 30, 2015, including \$191,349 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 451,146	\$ 59,969	\$ 511,115
2017	456,151	46,779	502,930
2018	383,586	34,505	418,091
2019	392,093	24,012	416,105
2020	271,303	13,907	285,210
2021 - 2025	<u>253,930</u>	<u>12,177</u>	<u>266,107</u>
Total	<u>\$ 2,208,209</u>	<u>\$ 191,349</u>	<u>\$ 2,399,558</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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<u><b>Serviced by the Stormwater Fund</b></u>	<u><b>Principal Balance June 30, 2015</b></u>
\$833,470 installment agreement with BB&T issued in May 2008 - for Aquatic Center and swimming pool project, downCity streetscape improvements, and Elizabeth Avenue Fire Station improvements in installments of \$14,281 through 2023 with interest at 2.92%	\$ 456,979
\$35,300 installment agreement with BB&T issued February 2014 - for various vehicles in installments of \$3,530 through 2019 with interest at 1.39%.	<u>28,240</u>
<b>Total</b>	<u><b>\$ 485,219</b></u>

The future minimum payments of the installment purchases payable as of June 30, 2015, including \$55,921 of interest, are as follows:

<u><b>Year Ending June 30</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2016	\$ 64,182	\$ 13,086	\$ 77,268
2017	64,182	11,320	75,502
2018	64,182	9,554	73,736
2019	64,182	7,784	71,966
2020	57,122	6,046	63,168
2021 - 2025	<u>171,369</u>	<u>8,131</u>	<u>179,500</u>
<b>Total</b>	<u><b>\$ 485,219</b></u>	<u><b>\$ 55,921</b></u>	<u><b>\$ 541,140</b></u>

<u><b>Serviced by the Electric Fund</b></u>	<u><b>Principal Balance June 30, 2015</b></u>
\$66,500 installment agreement with BB&T issued in May 2008 - for DownCity improvements in installments of \$1,108 through 2023 with interest at 2.92%.	\$ 35,467
\$141,912 installment agreement with SunTrust Bank issued in June 2011 - for Altec aerial lift in installments of \$7,780 through 2016 with interest at 1.645%.	23,149
\$309,680 installment agreement with BB&T issued February 2014 - for various vehicles in installments of \$30,968 through 2019 with interest at 1.39%.	247,744
\$222,569 installment agreement with BB&T issued in June 2015 - for various vehicles in installments of \$22,257 through 2020 with interest at 1.50%.	<u>222,569</u>
<b>Total</b>	<u><b>\$ 528,929</b></u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

The future minimum payments of the installment purchases payable as of June 30, 2015, including \$21,267 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 134,032	\$ 7,557	\$ 141,589
2017	110,883	5,712	116,595
2018	110,883	4,059	114,942
2019	110,883	2,369	113,252
2020	48,948	939	49,887
2021 - 2025	<u>13,300</u>	<u>631</u>	<u>13,931</u>
Total	<u>\$ 528,929</u>	<u>\$ 21,267</u>	<u>\$ 550,196</u>

**Notes Payable**

The City entered into promissory notes with the North Carolina Department of Environment and Natural Resources to finance the construction of a sewer wastewater treatment facility and water lines. These agreements are reported as long-term debt in the Water and Sewer Funds, respectively, since the resources of the funds are being used to retire the notes. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

<u>Serviced by the Water Fund</u>	<u>Principal Balance June 30, 2015</u>
\$33,606,624 note payable with NCDENR issued in July 2010 - for Water Trust Revolving Loan in installments of \$1,680,331 through 2030 with interest at 2.265%.	<u>\$ 25,204,968</u>

The future minimum payments of the note payable as of June 30, 2015, including \$4,567,142 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,680,331	\$ 570,893	\$ 2,251,224
2017	1,680,331	532,833	2,213,164
2018	1,680,331	494,774	2,175,105
2019	1,680,331	456,714	2,137,045
2020	1,680,331	418,655	2,098,986
2021 - 2025	8,401,656	1,522,380	9,924,036
2026 - 2030	<u>8,401,657</u>	<u>570,893</u>	<u>8,972,550</u>
Total	<u>\$ 25,204,968</u>	<u>\$ 4,567,142</u>	<u>\$ 29,772,110</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

<u><b>Serviced by the Sewer Fund</b></u>	<u><b>Principal Balance June 30, 2016</b></u>
\$3,534,043 note payable with NCDENR issued in March 2002 - for Sanitary Sewer in variable installments through 2018 with interest at 2.91%.	\$ 755,069
\$20,110,036 note payable with NCDENR issued in February 2003- for Wastewater Treatment Plant upgrade in variable installments through 2023 with interest at 2.57%.	9,275,747
\$1,351,452 note payable with NCDENR issued in March 2003 - for Wastewater Treatment Diffuser Project in installments of \$67,573 through 2024 with interest at 2.66%.	<u>608,155</u>
	<u><u>\$ 10,638,971</u></u>

The future minimum payments of the note payable as of June 30, 2015, including \$1,229,726 of interest, are as follows:

<u><b>Year Ending June 30</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2016	\$ 1,371,219	\$ 276,536	\$ 1,647,755
2017	1,405,554	240,404	1,645,958
2018	1,440,796	203,365	1,644,161
2019	1,210,490	165,395	1,375,885
2020	1,239,863	134,224	1,374,087
2021 - 2025	<u>3,971,049</u>	<u>209,802</u>	<u>4,180,851</u>
Total	<u><u>\$ 10,638,971</u></u>	<u><u>\$ 1,229,726</u></u>	<u><u>\$ 11,868,697</u></u>

***Revenue Bonds Payable***

The City has pledged future water, sewer, and electric customer revenues, net of specified operating expenses to repay \$21,010,000 in revenue bonds. The bonds are payable solely from water, sewer, and electric customer net revenues.

<u><b>Serviced by the Water Fund</b></u>	<u><b>Principal Balance June 30, 2015</b></u>
\$3,796,666 revenue bonds with STI Institutional & Government, Inc. issued in June 2013 -for water projects and refund of installment notes in annual installments through 2023 with interest at 1.56%.	\$ 3,083,120
\$1,063,900 revenue bonds with Carter Bank & Trust issued in December 2014 - for water projects in annual installments through 2025 with interest at 2.15%.	<u>1,015,932</u>
	<u><u>\$ 4,099,052</u></u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

The future minimum payments of the revenue bonds payable as of June 30, 2015, including \$321,103 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 462,248	\$ 68,003	\$ 530,251
2017	470,068	60,183	530,251
2018	478,023	52,228	530,251
2019	486,115	44,136	530,251
2020	494,347	35,904	530,251
2021 - 2025	<u>1,708,251</u>	<u>60,649</u>	<u>1,768,900</u>
Total	<u>\$ 4,099,052</u>	<u>\$ 321,103</u>	<u>\$ 4,420,155</u>

<u>Serviced by the Sewer Fund</u>	<u>Principal Balance June 30, 2015</u>
\$8,262,017 revenue bonds with STI Institutional & Government, Inc. issued in June 2013 - for Sewer projects and to refund installment notes in annual installments through 2023 with interest at 1.56%.	\$ 6,709,253
\$40,900 revenue bonds with Carter Bank & Trust issued in December 2014 - for sewer projects in annual installments through 2025 with interest at 2.15%.	<u>39,052</u>
	<u>\$ 6,748,305</u>

The future minimum payments of the revenue bonds payable as of June 30, 2015, including \$457,803 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 797,514	\$ 102,402	\$ 899,916
2017	810,026	89,890	899,916
2018	822,734	77,182	899,916
2019	835,642	64,274	899,916
2020	848,753	51,163	899,916
2021 - 2025	<u>2,633,636</u>	<u>72,892</u>	<u>2,706,528</u>
Total	<u>\$ 6,748,305</u>	<u>\$ 457,803</u>	<u>\$ 7,206,108</u>

<u>Serviced by the Electric Fund</u>	<u>Principal Balance June 30, 2015</u>
\$5,121,317 revenue bonds with STI Institutional and Government, Inc. issued in June 2013 - for Electric projects and to refund installment notes in annual installments through 2023 with interest at 1.56%.	\$ 4,158,816
\$2,725,200 revenue bonds with Carter Bank & Trust issued in December 2014 - for Electric projects in annual installments through 2025 with interest at 2.15%.	<u>2,602,342</u>
	<u>\$ 6,761,158</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

The future minimum payments of the revenue bonds payable as of June 30, 2015, including \$569,786 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 741,713	\$ 117,579	\$ 859,292
2017	754,816	104,476	859,292
2018	768,156	91,136	859,292
2019	781,738	77,554	859,292
2020	795,566	63,726	859,292
2021 - 2025	<u>2,919,169</u>	<u>115,315</u>	<u>3,034,484</u>
Total	<u>\$ 6,761,158</u>	<u>\$ 569,786</u>	<u>\$ 7,330,944</u>

The City is in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of Water, Sewer and Electric Revenue Bonds, Series 2013. Section 704(a) of the Bond Order requires the debt service coverage ratio to be no less than 120% of the Long-Term Debt Service Requirement. This covenant is applicable for fiscal year ended June 30, 2015 and for each fiscal year thereafter.

***Debt Covenants***

The City is in compliance with the covenants as to rates, fees, rentals and charges in Section 704 and Section 711 of the Bond Order, authorizing the issuance of the Electric, Water and Sewer Revenue Bonds, Series 2013, secured solely by the pledge of net revenue of the City's combined enterprise funds (Electric, Water and Sewer). Pursuant to Section 704(a) of the Bond and related agreements, the City has made certain covenants that provide for rates to be set at levels to provide annually to maintain a debt service coverage ratio of 120% (1.20) for parity indebtedness and 100% (1.0) for parity and subordinated indebtedness. In addition, pursuant to Section 711 of the Bond agreement, the principal amount of installment debt (liens) cannot exceed 15% of invested in capital, net of related debt. The debt service coverage requirements for the year ended June 30, 2015, are as follows:

Revenues	
User charges	\$ 84,425,962
Interest earned on investments	<u>6,080</u>
Total revenue	84,432,042
Expenses (excluding depreciation)	<u>69,418,839</u>
Available income for debt service	15,013,203
15% of unrestricted net position	<u>5,133,173</u>
Income available for debt service plus 15% of unrestricted net position	20,146,376
Debt service, principal and interest paid (revenue bond only)	<u>2,073,552</u>
Debt service coverage for parity debt	<u>9.72</u>
Income available for debt service	\$ 15,013,203
Debt service, principal and interest paid (parity and subordinated only)	<u>6,012,389</u>
Debt service coverage for parity and subordinated debt	<u>2.50</u>
Total principal outstanding	\$ 3,162,801
Invested in capital assets net of related debt	<u>86,823,948</u>
Lien covenant	<u>3.64</u>

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

**11. Interfund Transfers**

Interfund balances as of June 30, 2015 consisted of the following:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 490,660	\$ -	Temporary cash deficit
Neuse Blvd Phase			
II Special Revenue Fund	-	66,682	
FEMA Hurricane Irene Special			
Revenue Fund	-	14,525	
MPO Plan Special Revenue Fund	-	85,454	
Glenburnie Rd Multi-Use Path Project			
Grant Program Special Revenue Fund	-	13,578	
Public Private Partnership Special			
Revenue Fund	-	348	
Entitlement Cities CDBG Grant Program			
Special Revenue Fund	-	37,779	
Elizabeth Avenue Safe Routes to School			
Grant Program Special Revenue Fund	-	36,665	
2014 Justice Assistance Grant Program			
Special Revenue Fund	-	548	
IT Network Merger Capital Project Fund	-	235,081	
Electric Fund	179,113	-	Debt service payment
General Fund	<u>-</u>	<u>179,113</u>	
	<u>\$ 669,773</u>	<u>\$ 669,773</u>	

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ -	\$ 3,173,832	Budgeted contribution
Electric Fund	3,173,832	-	
General Fund	-	70,890	Budgeted contribution
Water Fund	70,890	-	
General Fund	236,028	-	Budgeted contribution
MPO Grant Fund	-	17,063	
Emergency Telephone System Fund	-	26,795	
Public Private Partnership Fund	-	2,936	
General Capital Projects Fund	-	172,200	
Neuse Boulevard Sidewalk Project Fund	-	11,290	
2014 Bullet Proof Vest Partnership Fund	-	5,744	
General Fund	-	22,404	Residual equity transfer
Wayfinding Sign Grant Fund	19,323	-	
Neuse Boulevard Sidewalk Project Fund	<u>3,081</u>	<u>-</u>	
Total	<u>\$ 3,503,154</u>	<u>\$ 3,503,154</u>	

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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The City's enterprise funds reimburse the General Fund for administrative expenses. The reimbursements are based on actual expenditures in the General Fund and management's estimate of the portion of the expenses attributable to each enterprise fund. Reimbursements were as follows for the year ended June 30, 2015:

<u>Reimbursing Fund</u>	<u>Administration</u>
Electric	\$ 1,716,131
Water	857,367
Sewer	782,731
Stormwater	<u>55,999</u>
Total	<u>\$ 3,412,228</u>

**12. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources at June 30, 2015 is composed of \$1,535,894 related to contributions to the LGERS pension plan in the current fiscal year.

Deferred inflows of resources consists of pension deferrals of \$5,386,061 and the following at June 30, 2015:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
General Fund:		
Prepaid taxes and licenses	\$ -	\$ 1,752
Taxes receivable, net	239,634	-
Liens and other receivables	<u>337,632</u>	<u>-</u>
Total	<u>\$ 577,266</u>	<u>\$ 1,752</u>
Special Revenue Fund:		
Loans receivable	<u>\$ 8,146</u>	<u>\$ -</u>

**14. Joint Ventures, Jointly Governed Organization, and Related Organizations**

***Joint Venture***

The City participates in a joint venture with Craven County to operate the New Bern/Craven County Library. The City appoints five members of the ten-member board. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2015. The City contributed \$75,000 to the Library during the year ended June 30, 2015.

***Jointly Governed Organizations***

Eastern Carolina Council

The City, in conjunction with nine counties and twenty-eight other municipalities, established the Eastern Carolina Council (the "Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership and administrative fees of \$10,564 to the Council during the year ended June 30, 2015.

**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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North Carolina Eastern Municipal Power Agency

The North Carolina Eastern Municipal Power Agency (“NCEMPA”) is a joint agency organized and existing pursuant to Chapter 159B of the General Statutes of North Carolina to enable municipalities owning electric distribution systems, through the organization of NCEMPA, to finance, construct, own, operate, and maintain electric generation and transmission facilities. NCEMPA is a joint agency formed by 32 municipal entities, including the City, which has ownership interests in two coal-fired and three nuclear-fueled generation plants. NCEMPA has entered into power sales agreements with each of its members for supplying the total electric power requirements of the members in excess of power allotments from the Southeastern Power Administration (SEPA). NCEMPA is obligated to provide all electric power required by each member at the respective delivery points. Each member is obligated to pay its share of the operating and debt service costs of the project. The City is obligated to pay its share of the indebtedness regardless of the ability of NCEMPA to provide electricity or to meet the City’s need for the electricity. This contract constitutes an obligation of the Electric Enterprise Fund to make debt service payments from operating revenues. Each municipality may appoint one commissioner to serve on NCEMPA’s board. The Board elects its own officers and is responsible for the selection of management to run the daily operations of NCEMPA. NCEMPA is responsible for budgeting and receiving its financing.

The City has made no investment in this joint venture. The City’s only financial involvement with NCEMPA relates to the power sales agreement for power purchases. Complete financial statements for NCEMPA can be obtained from the administrative offices at P.O. Box 29513, Raleigh, North Carolina 27626-0513. The City’s purchases of power from NCEMPA for the year ended June 30, 2015 were \$46,133,187.

***Related Organizations***

New Bern Housing Authority

The Board of Aldermen of the New Bern Housing Authority (“Housing Authority”) is appointed by the Mayor of the City. 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.

Friends of New Bern Firemen’s Museum, Inc.

The Board of Directors of the Friends of New Bern Firemen’s Museum (“Museum”) is appointed by the Board of Aldermen of the City. The City is accountable for the Museum because it appoints the governing board; however, the City is not financially accountable for the Museum.

**15. Claims and Judgments**

The City is a defendant in various litigation incidental to carrying out its functions. In the opinion of the City’s chief legal counsel, these claims should not result in judgments which, in the aggregate, would have a material adverse effect on the City’s financial statements. In the event of an unfavorable outcome, the City could be liable up to its general liability insurance deductible.

**16. Commitments and Contingencies**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end. Outstanding encumbrances in the Governmental funds types at June 30, 2015 are as follows:

General Fund	\$ 1,149,837
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**City of New Bern, North Carolina**  
**Notes to Financial Statements**

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The City had commitments for construction contracts outstanding at June 30, 2015. The projects are accounted for in the General Fund, Capital Projects Funds, and Enterprise Capital Projects Funds and are mainly funded by debt proceeds. See Note 5, Capital Assets for more detail.

***Federal and State-Assisted Programs***

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

***Duke Energy Progress Purchase of North Carolina Eastern Municipal Power Agency:***

Duke Energy Progress and the North Carolina Eastern Municipal Power Agency (NCEMPA) board of directors have approved an agreement for Duke Energy Progress to purchase the Power Agency's ownership in certain generating assets. The City purchases power from NCEMPA. Once the purchase is finalized, the City will be purchasing power directly from Duke Energy Progress with the possibility of lower rates.

***Alfred Cunningham Bridge***

As of June 30, 2015, all construction projects related to the bridge have been completed. Pursuant to the March 21, 2006 agreement between the NC Department of Transportation (NCDOT) and the City, the NCDOT may transfer ownership to the City. The transfer has not taken place as of the date of this report.

**17. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position of the governmental and business-type activities decreased by \$2,006,469 and \$969,925, respectively.

## ***Required Supplemental Financial Data***

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

### **Law Enforcement Officers' Special Separation Allowance:**

Schedule of Funding Progress

Schedule of Employer Contributions

### **Other Postemployment Benefits:**

Schedule of Funding Progress

Schedule of Employer Contributions

### **Local Government Employees' Retirement System:**

Proportionate Share of Net Pension Liability (Asset)

Schedule of Employer Contributions

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**City of New Bern, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

Schedule A-1

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability Projected Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ -	\$ 1,601,680	\$ 1,601,680	0.00%	\$ 3,780,160	42.37%
12/31/2013	-	1,705,430	1,705,430	0.00%	3,933,124	43.36%
12/31/2014	-	1,809,886	1,809,886	0.00%	4,105,427	44.09%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contributions (ARC)	Amount Percentage of ARC Contributed
2013	\$ 174,231	55.19%
2014	180,076	55.87%
2015	225,534	44.61%

**Notes to the Required Schedules:**

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

Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**See independent auditors' report on the supplementary information.**

**City of New Bern, North Carolina  
Other Post-Employment Benefits  
Required Supplementary Information  
For the Year Ended June 30, 2015**

Schedule A-2

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a) /c )
12/31/2010	\$ -	\$ 15,666,249	\$ 15,666,249	0.00%	\$ 20,111,064	77.9%
12/31/2012	-	17,801,370	17,801,370	0.00%	19,485,653	91.4%
12/31/2014	-	21,178,934	21,178,934	0.00%	20,698,206	102.3%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2013	\$ 1,384,837	41.37%
2014	1,481,201	47.85%
2015	1,525,637	39.99%

**Notes to the Required Schedules:**

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

Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	5.00 - 7.50%
Year of ultimate trend rate	2020
*Includes inflation at	3%

**See independent auditors' report on the supplementary information.**

**City of New Bern, North Carolina  
Local Government Employees' Retirement System  
Required Supplementary Information  
For the Year Ended June 30, 2015**

**Schedule A-3**

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**Proportionate Share of Net Pension Liability (Asset)**

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	<b>2015</b>	<b>2014</b>
City's proportion of the net pension liability (asset) (%)	-0.37472%	0.36820%
City's proportion of the net pension liability (asset) (\$)	\$ (2,209,896)	\$ 4,438,224
City's covered-employee payroll	\$ 20,561,521	\$ 19,998,382
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.75%	22.19%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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**Schedule of Employer Contributions**

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	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,486,944	\$ 1,461,830
Contributions in relation to the contractually required contribution	1,486,944	1,461,830
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 20,791,805	\$ 20,561,521
Contributions as a percentage of covered-employee payroll	7.15%	7.11%

**See independent auditors' report on the supplementary information.**

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***Other Supplementary Information***

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***Government Fund Financial Statements***

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## ***General Fund***

The General Fund accounts for the revenues and expenditures in operating the general government functions of a nonproprietary nature. This fund receives ad valorem tax revenues, state shared revenues, licenses, permits and fees. The major operating activities include general government, police, fire, public works, parks and recreation as well as other governmental service functions.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Ad valorem taxes:				
Current year	\$ 12,864,000	\$ 13,332,977	\$ 468,977	\$ 13,176,147
Prior year	183,500	242,066	58,566	314,016
Municipal service district	191,800	195,687	3,887	200,090
Interest and penalties	5,000	5,509	509	114,370
Total ad valorem taxes	<u>13,244,300</u>	<u>13,776,239</u>	<u>531,939</u>	<u>13,804,623</u>
Other taxes and licenses:				
Privilege licenses	<u>260,000</u>	<u>264,759</u>	<u>4,759</u>	<u>278,850</u>
Unrestricted intergovernmental:				
Local options sales tax	5,078,000	5,881,437	803,437	5,516,792
Video programming tax	277,000	275,116	(1,884)	264,839
Telecommunications sales tax	333,100	312,913	(20,187)	325,757
Payment in lieu of taxes	863,337	901,752	38,415	863,337
Utilities franchise tax	1,405,000	2,013,029	608,029	1,464,128
Piped natural gas tax	94,500	60,564	(33,936)	109,367
Public Education Television	32,000	28,518	(3,482)	31,747
Beer and wine tax	125,000	142,552	17,552	130,910
Fire protection reimbursement	14,016	13,580	(436)	14,016
ABC distributions	52,000	170,418	118,418	(53,019)
Total unrestricted intergovernmental	<u>8,273,953</u>	<u>9,799,879</u>	<u>1,525,926</u>	<u>8,667,874</u>
Restricted intergovernmental:				
Powell Bill allocation	870,000	869,925	(75)	871,986
FEMA Public Assistance grant	-	44,895	44,895	-
State Disaster Assistance grant	-	14,965	14,965	-
Total restricted intergovernmental	<u>870,000</u>	<u>929,785</u>	<u>59,785</u>	<u>871,986</u>
Licenses, permits and fees:				
Building permits and inspection fees	294,840	414,949	120,109	431,573
Auto and taxi fees	28,000	45,076	17,076	195,994
Beer and wine licenses	2,100	2,082	(18)	2,170
Other permits	12,025	11,524	(501)	-
Total licenses, permits and fees	<u>336,965</u>	<u>473,631</u>	<u>136,666</u>	<u>629,737</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Sales and services:</b>				
Public works fees	\$ 85,000	\$ 85,690	\$ 690	\$ 108,169
Refuse collection fees	2,745,000	2,781,747	36,747	2,817,704
Planning and inspections	89,913	103,969	14,056	120,378
Public safety fees	54,250	54,966	716	14,566
Cultural and recreation fees	121,107	133,290	12,183	135,639
Rent income	305,046	191,065	(113,981)	303,855
Rent income - enterprise funds	993,738	993,738	-	862,631
Other sales and services	222,570	265,611	43,041	334,756
Total sales and services	<u>4,616,624</u>	<u>4,610,076</u>	<u>(6,548)</u>	<u>4,697,698</u>
Investment earnings	<u>14,560</u>	<u>11,583</u>	<u>(2,977)</u>	<u>11,265</u>
<b>Other revenues:</b>				
Proceeds from insurance	25,000	34,094	9,094	29,424
Cemetery	80,000	86,150	6,150	89,370
Other revenues	124,803	181,444	56,641	55,971
Total other revenues	<u>229,803</u>	<u>301,688</u>	<u>71,885</u>	<u>174,765</u>
Total revenues	<u>27,846,205</u>	<u>30,167,640</u>	<u>2,321,435</u>	<u>29,136,798</u>
<b>Expenditures</b>				
<b>General government:</b>				
Governing body:				
Salaries and employee benefits	187,826	170,083	17,743	218,004
Special appropriations	317,771	321,657	(3,886)	440,728
Operating expenditures	125,745	106,024	19,721	93,325
	<u>631,342</u>	<u>597,764</u>	<u>33,578</u>	<u>752,057</u>
Administration:				
Salaries and employee benefits	442,925	348,313	94,612	312,061
Operating expenditures	149,154	79,388	69,766	84,578
	<u>592,079</u>	<u>427,701</u>	<u>164,378</u>	<u>396,639</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
Public Education Television (PEG):				
Salaries and employee benefits	\$ 4,789	\$ -	\$ 4,789	\$ 1,811
Operating expenditures	59,450	24,270	35,180	26,487
	<u>64,239</u>	<u>24,270</u>	<u>39,969</u>	<u>28,298</u>
Finance:				
Salaries and employee benefits	1,552,193	1,418,453	133,740	1,519,574
Operating expenditures	1,096,436	901,626	194,810	968,262
Capital outlay	206,578	38,181	168,397	398,360
	<u>2,855,207</u>	<u>2,358,260</u>	<u>496,947</u>	<u>2,886,196</u>
Legal:				
Operating expenditures	209,965	209,690	275	319,972
Human resources				
Salaries and employee benefits	498,290	452,237	46,053	449,855
Operating expenditures	70,468	57,645	12,823	68,791
	<u>568,758</u>	<u>509,882</u>	<u>58,876</u>	<u>518,646</u>
Total general government	<u>4,921,590</u>	<u>4,127,567</u>	<u>629,645</u>	<u>4,505,169</u>
Public safety:				
Police:				
Salaries and employee benefits	7,797,460	7,698,898	98,562	7,564,062
Operating expenditures	1,686,628	1,495,534	191,094	1,585,396
Capital outlay	876,609	641,847	234,762	690,138
	<u>10,360,697</u>	<u>9,836,279</u>	<u>524,418</u>	<u>9,839,596</u>
Fire:				
Salaries and employee benefits	5,041,895	5,021,245	20,650	5,023,530
Operating expenditures	588,003	532,761	55,242	506,762
Capital outlay	803,573	765,023	38,550	145,351
	<u>6,433,471</u>	<u>6,319,029</u>	<u>114,442</u>	<u>5,675,643</u>
Total public safety	<u>16,794,168</u>	<u>16,155,308</u>	<u>638,860</u>	<u>15,515,239</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Public works:				
Streets:				
Salaries and employee benefits	\$ 1,388,338	\$ 1,216,482	\$ 171,856	\$ 1,263,431
Operating expenditures	1,955,472	1,216,828	738,644	1,205,126
Capital outlay	145,000	141,089	3,911	143,698
	<u>3,488,810</u>	<u>2,574,399</u>	<u>914,411</u>	<u>2,612,255</u>
Public buildings:				
Salaries and employee benefits	417,370	391,772	25,598	375,144
Operating expenditures	611,585	492,013	119,572	497,040
Capital outlay	100,000	95,784	4,216	64,099
	<u>1,128,955</u>	<u>979,569</u>	<u>149,386</u>	<u>936,283</u>
Administration:				
Salaries and employee benefits	563,388	426,361	137,027	486,651
Operating expenditures	478,905	461,692	17,213	512,741
Capital outlay	53,960	28,132	25,828	6,194
	<u>1,096,253</u>	<u>916,185</u>	<u>180,068</u>	<u>1,005,586</u>
Leaf and limb:				
Salaries and employee benefits	423,542	395,024	28,518	416,434
Operating expenditures	237,676	174,670	63,006	190,985
Capital outlay	365,000	365,000	-	266,298
	<u>1,026,218</u>	<u>934,694</u>	<u>91,524</u>	<u>873,717</u>
Total public works	<u>6,740,236</u>	<u>5,404,847</u>	<u>1,335,389</u>	<u>5,427,841</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
Environmental protection:				
Sanitation:				
Operating expenditures	\$ 2,050,000	\$ 1,805,268	\$ 244,732	\$ 1,772,657
	<u>2,050,000</u>	<u>1,805,268</u>	<u>244,732</u>	<u>1,772,657</u>
Cultural and recreation:				
Parks and recreation:				
Salaries and employee benefits	1,799,361	1,679,262	120,099	1,677,350
Operating expenditures	846,511	762,972	83,539	760,910
Capital outlay	163,564	68,352	95,212	142,924
	<u>2,809,436</u>	<u>2,510,586</u>	<u>298,850</u>	<u>2,581,184</u>
Economic and physical development:				
Planning:				
Salaries and employee benefits	1,265,717	1,190,951	74,766	1,227,879
Operating expenditures	276,471	161,748	114,723	227,523
	<u>1,542,188</u>	<u>1,352,699</u>	<u>189,489</u>	<u>1,455,402</u>
Municipal service district				
Operating expenditures	17,000	16,460	540	16,386
Total economic and physical development	<u>1,559,188</u>	<u>1,369,159</u>	<u>190,029</u>	<u>1,471,788</u>
Reimbursements from enterprise funds	<u>(3,432,779)</u>	<u>(3,412,228)</u>	<u>(20,551)</u>	<u>(3,310,269)</u>
Debt service				
Principal retirement	1,610,260	1,750,718	(140,458)	1,461,189
Interest and other charges	348,858	369,686	(20,828)	349,093
	<u>1,959,118</u>	<u>2,120,404</u>	<u>(161,286)</u>	<u>1,810,282</u>
Total expenditures	<u>33,400,957</u>	<u>30,080,911</u>	<u>3,320,046</u>	<u>30,170,530</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule B-1  
(6 pages)

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Revenue over (under) expenditures	\$ (5,554,752)	\$ 86,729	\$ 5,641,481	\$ (1,033,732)
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	15,500	801,075	785,575	-
Transfers from other funds	3,267,124	3,267,126	2	2,005,077
Transfers to other funds	(306,028)	(236,028)	70,000	(188,205)
Contingency	(109,500)	-	109,500	-
Installment purchase obligations issued	1,641,754	1,969,673	327,919	1,740,891
Total other financing uses	<u>4,508,850</u>	<u>5,801,846</u>	<u>1,292,996</u>	<u>3,557,763</u>
Revenues and other sources over (under) expenditures and other uses	(1,045,902)	5,888,575	6,934,477	2,524,031
Appropriated fund balance	<u>1,045,902</u>	<u>-</u>	<u>(1,045,902)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,888,575	<u>\$ 5,888,575</u>	2,524,031
Fund balance, beginning		<u>14,376,605</u>		<u>11,852,574</u>
Fund balance, ending		<u>\$ 20,265,180</u>		<u>\$ 14,376,605</u>

See independent auditors' report on the supplementary information.

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***Non-Major Governmental Funds***

**City of New Bew Bern, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

Schedule C-1

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 421,133	\$ 185,277	\$ 606,410
Accounts receivable, net	84,395	-	84,395
Due from other governments	342,427	-	342,427
	<u>342,427</u>	<u>-</u>	<u>342,427</u>
Total assets	<u>\$ 847,955</u>	<u>\$ 185,277</u>	<u>\$ 1,033,232</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 46,588	\$ 34,000	\$ 80,588
Due to other funds	255,579	235,081	490,660
Total liabilities	<u>302,167</u>	<u>269,081</u>	<u>571,248</u>
Deferred inflows of resources:			
CDBG receivables	8,146	-	8,146
	<u>8,146</u>	<u>-</u>	<u>8,146</u>
Fund balances:			
Restricted			
Stabilization by state statute	418,676	-	418,676
Public safety	269,153	-	269,153
Economic and physical development	120,177	-	120,177
Committed			
Economic and physical development	-	13,077	13,077
General government	-	172,200	172,200
Unassigned (deficits)	(270,364)	(269,081)	(539,445)
Total fund balances (deficits)	<u>537,642</u>	<u>(83,804)</u>	<u>453,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 847,955</u>	<u>\$ 185,277</u>	<u>\$ 1,033,232</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Year Ended June 30, 2015**

Schedule C-2

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Revenues</b>			
Restricted intergovernmental	\$ 1,305,852	\$ -	\$ 1,305,852
Investment earnings	53	-	53
Other revenues	1,000	187,745	188,745
Total revenues	<u>1,306,905</u>	<u>187,745</u>	<u>1,494,650</u>
<b>Expenditures</b>			
Cultural and recreational	8,565	-	8,565
Public safety	478,216	-	478,216
Public works	57,909	-	57,909
Economic and physical development	921,065	269,081	1,190,146
Total expenditures	<u>1,465,755</u>	<u>269,081</u>	<u>1,734,836</u>
Deficiency of revenues under expenditures	<u>(158,850)</u>	<u>(81,336)</u>	<u>(240,186)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	63,828	172,200	236,028
Transfers to other funds	(22,404)	-	(22,404)
Total other financing sources (uses)	<u>41,424</u>	<u>172,200</u>	<u>213,624</u>
Net change in fund balances	(117,426)	90,864	(26,562)
<b>Fund balances (deficits)</b>			
Fund balances (deficits), beginning of year	<u>655,068</u>	<u>(174,668)</u>	<u>480,400</u>
Fund balances (deficits), end of year	<u>\$ 537,642</u>	<u>\$ (83,804)</u>	<u>\$ 453,838</u>

See independent auditors' report on the supplementary information.

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## ***Non-Major Special Revenue Funds***

### ***Community Development Fund***

The Community Development and Home Program Fund is established to account for United States Department of Housing and Urban Development (HUD) block grant and home program grant proceeds allocated to the City for community development programs.

### ***Emergency Telephone System Fund***

The Emergency Telephone System Fund is used to account for funds for the new radio system equipment.

### ***Police Special Revenue Fund***

The Police Special Revenue Fund is used to account for funds utilized for the investigation and mitigation of drug crime in the City.

### ***COPS Hiring Grant Special Revenue Fund***

The COPS Hiring Grant Fund accounts for the revenues and expenditures of the COPS Hiring Grant.

### ***Grants Special Revenue Fund***

The Grants Fund accounts for the receipt and disbursement of Federal and State grants, excluding those for which it may be deemed necessary for a separate fund be established due to the size or nature of the grant.

### ***Public-Private Partnership Special Revenue Fund***

The Public-Private Partnership Fund is used to account for revenues and expenditures of special projects that may arise in keeping with the City's strategic goals and objectives.

### ***FEMA Hurricane Irene Special Revenue Fund***

The FEMA Hurricane Irene Special Revenue Fund is used to account for the revenues and expenditures associated with Hurricane Irene.

### ***Neuse Boulevard Sidewalk Improvements - Phase II Project Special Revenue Fund***

The Neuse Boulevard Phase II Project Special Revenue Fund is used to account for the revenues and expenditures associated with the federal bicycle and pedestrian transportation engagement program grant.

### ***CDBG Talent Enhancement Grant Special Revenue Fund***

The CDBG Talent Enhancement Grant Special Revenue Fund is used to account for the revenues and expenditures associated with the CDBG Talent Enhancement Grant.

## ***Non-Major Special Revenue Funds (Continued)***

### ***2012 CDBG NC Catalyst Special Revenue Fund***

The 2012 CDBG NC Catalyst Special Revenue Fund is used to account for the revenues and expenditures associated with the 2012 CDBG Catalyst Grant.

### ***2013 Urgent Repair Special Revenue Fund***

The 2013 Urgent Repair Special Revenue Fund is used to account for the revenues and expenditures associated with the 2013 Urgent Repair Grant.

### ***Municipal Planning Organization (MPO) Special Revenue Fund***

The MPO Special Revenue Fund is used to account for the revenues and expenditures associated with the MPO Grant.

### ***Neuse Boulevard Sidewalk Improvements - Phase I Special Revenue Fund***

The Neuse Boulevard Phase I Project Special Revenue Fund is used to account for the revenues and expenditures associated with sidewalk repairs.

### ***Wayfinding Sign Grant Program Special Revenue Fund***

The Wayfinding Sign Grant Program Special Revenue Fund is used to account for the revenues and expenditures associated with the Wayfinding Sign Grant Program.

### ***Glenburnie Road Multi-Use Path Grant Program Special Revenue Fund***

The Glenburnie Road Multi-Use Path Grant Program Special Revenue Fund is used to account for the revenues and expenditures associated with the federal bicycle and pedestrian transportation engagement program grant.

### ***Entitlement Cities CDBG Grant Program Special Revenue Fund***

The Entitlement Cities CDBG Grant Program Special Revenue Fund is used to account for the revenues and expenditures associated with the Entitlement Cities CDBG Grant.

### ***Elizabeth Avenue Safe Routes to School Grant Program Special Revenue Fund***

The Elizabeth Avenue Safe Routes to School Grant Program Special Revenue Fund is used to account for the revenues and expenditures associated with the Safe Routes to School Grant.

### ***2014 Justice Assistance Special Revenue Fund***

The 2014 Justice Assistance Special Revenue Fund is used to account for the revenues and expenditures associated with the 2014 Justice Assistance Grant.

### ***2014 Bullet Proof Vest Partnership Grant Program Special Revenue Fund***

The 2014 Bullet Proof Vest Partnership Grant Program Special Revenue Fund is used to account for the revenues and expenditures associated with the 2014 Bullet Proof Vest Partnership Grant.

**City of New Bew Bern, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

Schedule D-1  
(3 pages)

	<u>Community Development Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Police Special Revenue Fund</u>	<u>Grants Special Revenue Fund</u>
<b>Assets</b>				
Assets:				
Cash and cash equivalents	\$ 16,434	\$ 161,038	\$ 124,842	\$ 15,076
Accounts receivable, net	8,146	24,008	-	-
Due from other governments	4,015	-	-	116,621
	<u>4,015</u>	<u>-</u>	<u>-</u>	<u>116,621</u>
Total assets	<u>\$ 28,595</u>	<u>\$ 185,046</u>	<u>\$ 124,842</u>	<u>\$ 131,697</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 15,195	\$ 1,532	\$ 24,709
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>15,195</u>	<u>1,532</u>	<u>24,709</u>
Deferred inflows of resources:				
CDBG receivables	8,146	-	-	-
Total deferred inflows of resources	<u>8,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted				
Stabilization by State Statute	4,015	24,008	-	116,621
Public safety	-	145,843	123,310	-
Economic and physical development	16,434	-	-	-
Unassigned (deficits)	-	-	-	(9,633)
Total fund balance (deficits)	<u>20,449</u>	<u>169,851</u>	<u>123,310</u>	<u>106,988</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,595</u>	<u>\$ 185,046</u>	<u>\$ 124,842</u>	<u>\$ 131,697</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Glenburnie Road Multi-use Path Project Special Revenue Fund</b>	<b>Public - Private Partnership Special Revenue Fund</b>	<b>FEMA Hurricane Irene Special Revenue Fund</b>	<b>2012 CDBG NC Catalyst Special Revenue Fund</b>
<b>Assets</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 103,743
Accounts receivable, net	-	-	-	-
Due from other governments	13,578	-	14,525	-
	<u>13,578</u>	<u>-</u>	<u>14,525</u>	<u>-</u>
Total assets	<u>\$ 13,578</u>	<u>\$ -</u>	<u>\$ 14,525</u>	<u>\$ 103,743</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	13,578	348	14,525	-
Total liabilities	<u>13,578</u>	<u>348</u>	<u>14,525</u>	<u>-</u>
Deferred inflows of resources:				
CDBG receivables	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted				
Stabilization by State Statute	13,578	-	14,525	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	103,743
Unassigned (deficits)	<u>(13,578)</u>	<u>(348)</u>	<u>(14,525)</u>	<u>-</u>
Total fund balance (deficits)	<u>-</u>	<u>(348)</u>	<u>-</u>	<u>103,743</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,578</u>	<u>\$ -</u>	<u>\$ 14,525</u>	<u>\$ 103,743</u>

See independent auditors' report on the supplementary information.

<b>MPO Plan Special Revenue Fund</b>	<b>Entitlement Cities CDBG Program Special Revenue Fund</b>	<b>Elizabeth Avenue Safe Routes to School Special Revenue Fund</b>	<b>Neuse Boulevard Sidewalk Special Revenue Fund</b>	<b>2014 Bullet- Proof Vest Partnership Program Special Revenue Fund</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,133
52,241	-	-	-	-	84,395
50,664	39,129	36,665	66,682	548	342,427
<u>\$ 102,905</u>	<u>\$ 39,129</u>	<u>\$ 36,665</u>	<u>\$ 66,682</u>	<u>\$ 548</u>	<u>\$ 847,955</u>
\$ 3,802	\$ 1,350	\$ -	\$ -	\$ -	\$ 46,588
85,454	37,779	36,665	66,682	548	255,579
89,256	39,129	36,665	66,682	548	302,167
-	-	-	-	-	8,146
-	-	-	-	-	8,146
102,905	39,129	36,665	66,682	548	418,676
-	-	-	-	-	269,153
-	-	-	-	-	-
-	-	-	-	-	120,177
(89,256)	(39,129)	(36,665)	(66,682)	(548)	(270,364)
13,649	-	-	-	-	537,642
<u>\$ 102,905</u>	<u>\$ 39,129</u>	<u>\$ 36,665</u>	<u>\$ 66,682</u>	<u>\$ 548</u>	<u>\$ 847,955</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended June 30, 2015**

	Community Development Fund	Emergency Telephone System Fund	Police Special Revenue Fund	COPS Hiring Program Special Revenue Fund
<b>Revenues</b>				
Restricted intergovernmental	\$ 4,015	\$ 288,096	\$ 26,845	\$ 104,122
Investment earnings	4	19	27	-
Program income	1,000	-	-	-
Total revenues	<u>5,019</u>	<u>288,115</u>	<u>26,872</u>	<u>104,122</u>
<b>Expenditures</b>				
Cultural and recreational	-	-	-	-
Public safety	-	281,623	67,660	104,122
Economic and physical development	11,188	-	-	-
Total expenditures	<u>11,188</u>	<u>281,623</u>	<u>67,660</u>	<u>104,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,169)</u>	<u>6,492</u>	<u>(40,788)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	26,795	-	-
Total other financing sources (uses)	<u>-</u>	<u>26,795</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,169)	33,287	(40,788)	-
<b>Fund balances (deficits)</b>				
Beginning of year	<u>26,618</u>	<u>136,564</u>	<u>164,098</u>	<u>-</u>
End of year	<u>\$ 20,449</u>	<u>\$ 169,851</u>	<u>\$ 123,310</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

<b>Grants Special Revenue Fund</b>	<b>Glenburnie Road Multi-Use Path Project Special Revenue Fund</b>	<b>Public- Private Partnership Special Revenue Fund</b>	<b>CDBG Talent Enhancement Special Revenue Fund</b>	<b>FEMA Hurricane Irene Special Revenue Fund</b>	<b>2012 CDBG NC Catalyst Special Revenue Fund</b>
\$ 122,950	\$ 13,578	\$ -	\$ 14,226	\$ -	\$ 172,596
-	-	-	-	-	-
-	-	-	-	-	-
<u>122,950</u>	<u>13,578</u>	<u>-</u>	<u>14,226</u>	<u>-</u>	<u>172,596</u>
8,565	-	-	-	-	-
2,979	-	-	-	-	-
<u>161,385</u>	<u>13,578</u>	<u>2,936</u>	<u>14,226</u>	<u>-</u>	<u>170,400</u>
<u>172,929</u>	<u>13,578</u>	<u>2,936</u>	<u>14,226</u>	<u>-</u>	<u>170,400</u>
<u>(49,979)</u>	<u>-</u>	<u>(2,936)</u>	<u>-</u>	<u>-</u>	<u>2,196</u>
-	-	2,936	-	-	-
-	-	2,936	-	-	-
<u>(49,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,196</u>
<u>156,967</u>	<u>-</u>	<u>(348)</u>	<u>-</u>	<u>-</u>	<u>101,547</u>
<u>\$ 106,988</u>	<u>\$ -</u>	<u>\$ (348)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,743</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended June 30, 2015**

	2013 Urgent Repair Special Revenue Fund	MPO Plan Special Revenue Fund	Wayfinding Sign Grant Program Special Revenue Fund	Entitlement Cities CDBG Program Special Revenue Fund
<b>Revenues</b>				
Restricted intergovernmental	\$ -	\$ 189,877	\$ 100,000	\$ 39,129
Investment earnings	3	-	-	-
Program income	-	-	-	-
Total revenues	<u>3</u>	<u>189,877</u>	<u>100,000</u>	<u>39,129</u>
<b>Expenditures</b>				
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Economic and physical development	37,506	206,940	99,147	39,129
Total expenditures	<u>37,506</u>	<u>206,940</u>	<u>99,147</u>	<u>39,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,503)</u>	<u>(17,063)</u>	<u>853</u>	<u>-</u>
<b>Other financing sources</b>				
Transfers from other funds	-	17,063	-	-
Transfers out to other funds	-	-	(19,323)	-
Total other financing sources (uses)	<u>-</u>	<u>17,063</u>	<u>(19,323)</u>	<u>-</u>
Net change in fund balances	(37,503)	-	(18,470)	-
<b>Fund balances (deficits)</b>				
Beginning of year	<u>37,503</u>	<u>13,649</u>	<u>18,470</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ 13,649</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

Elizabeth Avenue Safe Routes to School Special Revenue Fund	2014 Justice Assistance Grant Program Special Revenue Fund	Neuse Boulevard Sidewalk Special Revenue Fund	Neuse Boulevard Sidewalk Special Revenue Fund	2014 Bullet-Proof Vest Partnership Program Special Revenue Fund	Total
\$ 97,948	\$ 15,540	\$ 49,700	\$ 66,682	\$ 548	\$ 1,305,852
-	-	-	-	-	53
-	-	-	-	-	1,000
<u>97,948</u>	<u>15,540</u>	<u>49,700</u>	<u>66,682</u>	<u>548</u>	<u>1,306,905</u>
-	-	-	-	-	8,565
-	15,540	-	-	6,292	478,216
-	-	57,909	-	-	57,909
-	-	-	-	-	-
97,948	-	-	66,682	-	921,065
<u>97,948</u>	<u>15,540</u>	<u>57,909</u>	<u>66,682</u>	<u>6,292</u>	<u>1,465,755</u>
-	-	(8,209)	-	(5,744)	(158,850)
-	-	11,290	-	5,744	63,828
-	-	(3,081)	-	-	(22,404)
-	-	8,209	-	5,744	41,424
-	-	-	-	-	(117,426)
-	-	-	-	-	655,068
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,642</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Community Development Fund**  
**Schedule of Revenues and Expenditures, and**  
**Changes In Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-3

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental				
Historic grant program	\$ -	\$ 4,015	\$ 4,015	\$ -
Program income	-	1,000	1,000	
Investment earnings	-	4	4	6
Total revenues	<u>-</u>	<u>5,019</u>	<u>5,019</u>	<u>6</u>
<b>Expenditures</b>				
Economic and physical development				
Operating expenditures	<u>15,000</u>	<u>11,188</u>	<u>3,812</u>	<u>7,512</u>
Revenues over (under) expenditures	<u>(15,000)</u>	<u>(6,169)</u>	<u>8,831</u>	<u>(7,506)</u>
Appropriated fund balance	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,169)</u>	<u>\$ (6,169)</u>	<u>(7,506)</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>26,618</u>		<u>34,124</u>
End of year - June 30		<u>\$ 20,449</u>		<u>\$ 26,618</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-4

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental				
Wireless 911 funds	\$ 288,096	\$ 288,096	\$ -	\$ 235,011
Investment earnings	100	19	(81)	26
Total revenues	<u>288,196</u>	<u>288,115</u>	<u>(81)</u>	<u>235,037</u>
<b>Expenditures</b>				
Public safety				
Salaries and employee benefits	87,136	84,104	3,032	117,463
Operating expenditures	208,025	197,519	10,506	176,319
Total expenditures	<u>295,161</u>	<u>281,623</u>	<u>13,538</u>	<u>293,782</u>
Revenues over (under) expenditures	<u>(6,965)</u>	<u>6,492</u>	<u>13,457</u>	<u>(58,745)</u>
<b>Other financing sources (uses)</b>				
Transfers in	26,795	26,795	-	-
Transfers out	<u>(19,830)</u>	<u>-</u>	<u>19,830</u>	<u>-</u>
Total other financing sources (uses)	<u>6,965</u>	<u>26,795</u>	<u>19,830</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>33,287</u>	<u>\$ 33,287</u>	<u>(58,745)</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>136,564</u>		<u>195,309</u>
End of year - June 30		<u>\$ 169,851</u>		<u>\$ 136,564</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Police Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-5

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental				
Police grants	\$ 59,600	\$ 26,845	\$ (32,755)	\$ 66,414
Investment earnings	10	27	17	21
Total revenues	<u>59,610</u>	<u>26,872</u>	<u>(32,738)</u>	<u>66,435</u>
<b>Expenditures</b>				
Public safety				
Operating expenditures	40,490	36,347	4,143	9,987
Capital outlay	33,400	31,313	2,087	-
Total expenditures	<u>73,890</u>	<u>67,660</u>	<u>6,230</u>	<u>9,987</u>
Revenues over (under) expenditures	(14,280)	(40,788)	(26,508)	56,448
Appropriated fund balance	<u>14,280</u>	<u>-</u>	<u>(14,280)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(40,788)	<u>\$ (40,788)</u>	56,448
<b>Fund balance</b>				
Beginning of year - July 1		<u>164,098</u>		<u>107,650</u>
End of year - June 30		<u>\$ 123,310</u>		<u>\$ 164,098</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-6

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental:				
Police grants	\$ 51,766	\$ -	\$ (51,766)	\$ 116,534
Fire grants	50,460	-	(50,460)	2,790
Cultural and recreational grants	344,895	116,621	(228,274)	-
NC Community Transformation	-	-	-	28,380
2011 Main Street Solutions grant	-	-	-	50,000
Infrastructure Hook-up	36,491	2,329	(34,162)	24,140
BCBS of NC Foundation grant	-	-	-	5,000
ElectriCities grant	-	4,000	4,000	2,000
Investment earnings	-	-	-	3
Total revenues	<u>483,612</u>	<u>122,950</u>	<u>(360,662)</u>	<u>228,847</u>
<b>Expenditures</b>				
Public safety				
Operating expenditures	107,666	2,979	104,687	129,865
Cultural and recreational				
Operating expenditures	212,210	8,565	203,645	22,117
Physical and economic development				
Operating expenditures	239,245	161,385	77,860	109,408
Total expenditures	<u>559,121</u>	<u>172,929</u>	<u>386,192</u>	<u>261,390</u>
Revenues over (under) expenditures	<u>(75,509)</u>	<u>(49,979)</u>	<u>25,530</u>	<u>(32,543)</u>
<b>Other financing sources</b>				
Transfers in	65,440	-	(65,440)	41,049
Revenues and other financing sources over (under) expenditures	(10,069)	(49,979)	(39,910)	8,506
Appropriated fund balance	10,069	-	(10,069)	-
Net change in fund balance	<u>\$ -</u>	<u>(49,979)</u>	<u>\$ (49,979)</u>	
<b>Fund balance</b>				
Beginning of year - July 1		<u>156,967</u>		<u>148,461</u>
End of year - June 30		<u>\$ 106,988</u>		<u>\$ 156,967</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**COPS Hiring Program**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-7

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental: U.S. Department of Justice	\$ 781,025	\$ 676,903	\$ 104,122	\$ 781,025	\$ -
<b>Expenditures</b>					
Public safety Salaries and employee benefits	<u>781,025</u>	<u>676,903</u>	<u>104,122</u>	<u>781,025</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Public-Private Partnership**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Deficit) - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-8

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental Grants and private contributions	\$ 15,000	\$ -	\$ (15,000)	\$ -
<b>Expenditures</b>				
Economic and physical development				
Operating expenditures	17,936	2,936	15,000	23,218
Revenues under expenditures	(2,936)	(2,936)	-	(23,218)
<b>Other financing sources</b>				
Transfers in	2,936	2,936	-	-
Total other financing sources	2,936	2,936	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	(23,218)
<b>Fund balance (deficit)</b>				
Beginning of year - July 1		(348)		22,870
End of year - June 30		<u>\$ (348)</u>		<u>\$ (348)</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**FEMA Hurricane Irene**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted					
intergovernmental					
Federal Public					
Assistance Disaster					
grant	\$ 142,149	\$ 110,226	\$ -	\$ 110,226	\$ (31,923)
State Public Assistance					
Disaster grant	47,383	36,742	-	36,742	(10,641)
Miscellaneous	78,112	78,112	-	78,112	-
Total revenues	<u>267,644</u>	<u>225,080</u>	<u>-</u>	<u>225,080</u>	<u>(42,564)</u>
<b>Expenditures</b>					
Public safety					
Operating expenditures	<u>267,644</u>	<u>225,080</u>	<u>-</u>	<u>225,080</u>	<u>42,564</u>
Revenues over					
expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina  
CDBG Talent Enhancement Grant  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental NC Department of Commerce	\$ 50,000	\$ 20,304	\$ 14,226	\$ 34,530	\$ (15,470)
<b>Expenditures</b>					
Economic and physical development Operating expenditures	<u>50,000</u>	<u>20,304</u>	<u>14,226</u>	<u>34,530</u>	<u>15,470</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**2012 CDBG NC Catalyst Grant**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted					
intergovernmental:					
NC Department of Commerce Coastal Community Action	\$ 500,000	\$ 9,208	\$ 172,596	\$ 181,804	\$ (318,196)
Investment earnings	20,000	-	-	-	(20,000)
Total revenues	<u>520,000</u>	<u>9,209</u>	<u>172,596</u>	<u>181,805</u>	<u>(338,195)</u>
<b>Expenditures</b>					
Economic and physical development					
Operating expenditures	<u>625,000</u>	<u>12,662</u>	<u>170,400</u>	<u>183,062</u>	<u>441,938</u>
Revenues over (under) expenditures	(105,000)	(3,453)	2,196	(1,257)	103,743
<b>Other financing sources</b>					
Transfers in	<u>105,000</u>	<u>105,000</u>	<u>-</u>	<u>105,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 101,547</u>	2,196	<u>\$ 103,743</u>	<u>\$ 103,743</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>101,547</u>		
End of year - June 30			<u>\$ 103,743</u>		

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**2013 Urgent Repair Grant**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-12

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental NC Housing Finance Agency	\$ 75,000	\$ 37,500	\$ -	\$ 37,500	\$ (37,500)
Investment earnings	-	3	3	6	6
Total revenues	<u>75,000</u>	<u>37,503</u>	<u>3</u>	<u>37,506</u>	<u>(37,494)</u>
<b>Expenditures</b>					
Economic and physical development Operating expenditures	<u>75,000</u>	<u>-</u>	<u>37,506</u>	<u>37,506</u>	<u>37,494</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 37,503</u>	<u>(37,503)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>37,503</u>		
End of year - June 30			<u>\$ -</u>		

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Municipal Planning Grant (MPO)**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule D-13

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental				
NC Department of Transportation	\$ 201,030	\$ 189,877	\$ (11,153)	\$ 74,009
<b>Expenditures</b>				
Economic and physical development				
Salaries and employee benefits	137,679	127,608	10,071	35,269
Operating expenditures	85,321	79,332	5,989	47,977
Total expenditures	<u>223,000</u>	<u>206,940</u>	<u>16,060</u>	<u>83,246</u>
Revenues over (under) expenditures	(21,970)	(17,063)	4,907	(9,237)
<b>Other financing sources</b>				
Transfers in	<u>21,970</u>	<u>17,063</u>	<u>(4,907)</u>	<u>22,886</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>13,649</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>13,649</u>		<u>-</u>
End of year - June 30		<u>\$ 13,649</u>		<u>\$ 13,649</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Wayfinding Sign Grant Program**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-14

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted					
intergovernmental					
NC Department of					
Transportation	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Tourism Development					
Authority	35,000	35,000	-	35,000	-
Investment earnings	1	1	-	1	-
Total revenues	<u>135,001</u>	<u>35,001</u>	<u>100,000</u>	<u>135,001</u>	<u>-</u>
<b>Expenditures</b>					
Economic and physical					
development					
Operating expenditures	<u>134,950</u>	<u>35,801</u>	<u>99,147</u>	<u>134,948</u>	<u>2</u>
Revenues over					
(under) expenditures	<u>51</u>	<u>(800)</u>	<u>853</u>	<u>53</u>	<u>2</u>
<b>Other financing sources</b>					
Transfers in	19,270	19,270	-	19,270	-
Transfers out - residual					
equity	<u>(19,321)</u>	<u>-</u>	<u>(19,323)</u>	<u>(19,323)</u>	<u>(2)</u>
Total other financing					
sources	<u>(51)</u>	<u>19,270</u>	<u>(19,323)</u>	<u>(53)</u>	<u>(2)</u>
Net change in fund					
balance	<u>\$ -</u>	<u>\$ 18,470</u>	<u>(18,470)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1			<u>18,470</u>		
End of year - June 30			<u>\$ -</u>		

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**Entitlement Cities CDBG Grant Program**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-15

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental NC Department of Commerce	\$ 263,375	\$ -	\$ 39,129	\$ 39,129	\$ (224,246)
<b>Expenditures</b>					
Economic and physical development Operating expenditures	<u>263,375</u>	<u>-</u>	<u>39,129</u>	<u>\$ 39,129</u>	<u>224,246</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**Elizabeth Avenue Safe Routes to School Grant Program**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-16

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
<b>Restricted</b>					
intergovernmental					
NC Department of Transportation	\$ 120,000	\$ -	\$ 97,948	\$ 97,948	\$ (22,052)
<b>Expenditures</b>					
Economic and physical development					
Operating expenditures	120,000	-	97,948	97,948	22,052
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**2014 Justice Assistance Grant Program**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-17

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental U.S. Department of Justice	\$ 15,540	\$ -	\$ 15,540	\$ 15,540	\$ -
<b>Expenditures</b>					
Public safety Operating expenditures	15,540	-	15,540	15,540	-
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**2014 Bullet-Proof Vest Partnership Grant Program**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-18

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental U.S. Department of Justice	\$ 5,744	\$ -	\$ 548	\$ 548	\$ (5,196)
<b>Expenditures</b>					
Public safety Operating expenditures	<u>11,488</u>	<u>-</u>	<u>6,292</u>	<u>6,292</u>	<u>5,196</u>
Revenues under expenditures	(5,744)	-	(5,744)	(5,744)	-
<b>Other financing sources</b>					
Transfers in	<u>5,744</u>	<u>-</u>	<u>5,744</u>	<u>5,744</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bern, North Carolina**  
**Glenburnie Road Multi-Use Path Project**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-19

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental NC Department of Transportation	\$ 540,000	\$ -	\$ 13,578	\$ 13,578	\$ (526,422)
<b>Expenditures</b>					
Economic and physical development					
Capital outlay - right-of-way	100,000	-	13,578	13,578	86,422
Capital outlay - construction	440,000	-	-	-	440,000
Total expenditures	<u>540,000</u>	<u>-</u>	<u>13,578</u>	<u>13,578</u>	<u>526,422</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Neuse Boulevard Sidewalk Improvements - Phase I**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-20

	Project Authorization Budget	Prior Years	Actual Current Actual	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental NC Department of Transportation	\$ 49,700	\$ -	\$ 49,700	\$ 49,700	\$ -
<b>Expenditures</b>					
Public works Operating expenditures	57,909	-	57,909	57,909	-
Revenues under expenditures	(8,209)	-	(8,209)	(8,209)	-
<b>Other financing sources</b>					
Transfers in	11,290	-	11,290	11,290	-
Transfers out - residual equity	(3,081)	-	(3,081)	(3,081)	-
Total other financing sources	8,209	-	8,209	8,209	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Neuse Boulevard Sidewalk Improvements - Phase II**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule D-21

	<u>Project Authorization Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental NC Department of Transportation	\$ 500,000	\$ -	66,682	\$ 66,682	\$ (433,318)
<b>Expenditures</b>					
Economic and physical development Capital outlay - right-of-way	100,000	-	66,682	66,682	33,318
Capital outlay - construction	400,000	-	-	-	400,000
Total expenditures	<u>500,000</u>	<u>-</u>	<u>66,682</u>	<u>66,682</u>	<u>433,318</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

## ***Non-Major Capital Projects Funds***

### ***Radio System Equipment Capital Project Fund***

The Radio System Equipment Capital Project Fund is used to account for revenues and expenditures for the Radio System Equipment Project.

### ***General Capital Project Fund***

The General Capital Project Fund is used to account for revenues and expenditures of various capital projects for the benefit of the City.

### ***IT Network Merger Capital Project Fund***

The IT Network Merger Capital Project Fund is used to account for revenues and expenditures for the IT Network Merger project.

**City of New Bern, North Carolina**  
**Non-Major Capital Project Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

Schedule E-1

	Radio System Equipment Capital Project	General Capital Project	IT Network Merger Capital Project	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 13,077	\$ 172,200	\$ -	\$ 185,277
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 34,000	\$ 34,000
Due to other funds	-	-	235,081	235,081
Total liabilities	-	-	269,081	269,081
<b>Fund balances (deficits)</b>				
Economic and physical development	13,077	-	-	13,077
General government	-	172,200	-	172,200
Unassigned	-	-	(269,081)	(269,081)
Total fund balances (deficits)	13,077	172,200	(269,081)	(83,804)
Total liabilities and fund balances (deficits)	\$ 13,077	\$ 172,200	\$ -	\$ 185,277

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Non-Major Capital Project Funds**  
**Combing Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended June 30, 2015**

Schedule E-2

	<u>Radio System Equipment Capital Project</u>	<u>General Capital Project</u>	<u>IT Network Merger Capital Project</u>	<u>Total</u>
<b>Revenues</b>				
Miscellaneous revenues	\$ 187,745	\$ -	\$ -	\$ 187,745
<b>Expenditures</b>				
Economic and physical development	-	-	269,081	269,081
Revenues over (under) expenditures	187,745	-	(269,081)	(81,336)
<b>Other financing sources</b>				
Transfers in	-	172,200	-	172,200
Net change in fund balances	187,745	172,200	(269,081)	90,864
<b>Fund balances (deficits)</b>				
Beginning of year	(174,668)	-	-	(174,668)
End of year	<u>\$ 13,077</u>	<u>\$ 172,200</u>	<u>\$ (269,081)</u>	<u>\$ (83,804)</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Radio System Equipment Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Deficit) - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule E-3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Other revenues					
Investment earnings	\$ -	\$ 16	\$ -	\$ 16	\$ 16
Miscellaneous revenues	495,537	280,566	187,745	468,311	(27,226)
Total revenues	<u>495,537</u>	<u>280,582</u>	<u>187,745</u>	<u>468,327</u>	<u>(27,210)</u>
<b>Expenditures</b>					
General government					
Radio system equipment	4,342,697	4,242,030	-	4,242,030	100,667
Revenues over (under) expenditures	<u>(3,847,160)</u>	<u>(3,961,448)</u>	<u>187,745</u>	<u>(3,773,703)</u>	<u>73,457</u>
<b>Other financing sources</b>					
Installment purchase obligations	3,545,880	3,485,500	-	3,485,500	(60,380)
Transfers in	301,280	301,280	-	301,280	-
Total other financing sources	<u>3,847,160</u>	<u>3,786,780</u>	<u>-</u>	<u>3,786,780</u>	<u>(60,380)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (174,668)</u>	187,745	<u>\$ 13,077</u>	<u>\$ 13,077</u>
<b>Fund balance (deficit)</b>					
Beginning of year - July 1			<u>(174,668)</u>		
End of year - June 30			<u>\$ 13,077</u>		

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**General Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule E-4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>					
General government					
Capital outlay	\$ 172,200	\$ -	\$ -	\$ -	\$ 172,200
Revenues under expenditures	(172,200)	-	-	-	172,200
<b>Other financing sources</b>					
Transfers in	172,200	-	172,200	172,200	-
Total other financing sources	172,200	-	172,200	172,200	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	172,200	<u>\$ 172,200</u>	<u>\$ 172,200</u>
<b>Fund balances</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 172,200</u>		

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**IT Network Merger Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Deficit) - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule E-5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>					
Economic and physical development					
Engineering services	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Capital outlay	330,000	-	269,081	269,081	60,919
Contingency	40,500	-	-	-	40,500
Total expenditures	<u>520,500</u>	<u>-</u>	<u>269,081</u>	<u>269,081</u>	<u>251,419</u>
Revenues under expenditures	(520,500)	-	(269,081)	(269,081)	251,419
<b>Other financing sources</b>					
Proceeds from issuance of long-term debt	<u>520,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(269,081)</u>	<u>\$ (269,081)</u>	<u>\$ (269,081)</u>
<b>Fund balance (deficit)</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (269,081)</u>		

See independent auditors' report on the supplementary information.

***Proprietary Fund Financial Statements***

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## ***Enterprise Funds***

Enterprise Funds are established to account for enterprise operations that are financed and operated in a manner similar to private business. The intent is that the cost of providing goods and services to the general public will be recovered primarily through user charges.

### ***Major Funds***

#### ***Electric Fund***

The Electric Fund is established to account for the enterprise operation of providing power to the residents of the City.

#### ***Water Fund***

The Water Fund is established to account for the enterprise operation of providing water to the residents of the City.

#### ***Sewer Fund***

The Sewer Fund is established to account for the enterprise operation of providing sewer services to the residents of the City.

#### ***Stormwater Fund***

The Stormwater Fund is established to account for the enterprise operation of managing stormwater runoff and maintaining stormwater drainage ditches.

**City of New Bew Bern, North Carolina**  
**Electric Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues, Expenditures, Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule F-1  
(2 pages)

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Operating revenues:				
Rates and charges	\$ 62,238,058	\$ 62,405,986	\$ 167,928	\$ 63,763,783
Nonoperating revenues:				
Interest on investments	2,000	3,223	1,223	2,375
FEMA grant revenue	-	-	-	161,217
Miscellaneous	6,000	24,883	18,883	10,328
Total nonoperating revenues	8,000	28,106	20,106	173,920
Total revenues	62,246,058	62,434,092	188,034	63,937,703
<b>Expenditures</b>				
Administration	3,680,191	3,273,144	407,047	3,576,318
Production	47,758,177	47,026,122	732,055	48,695,744
Distribution	3,419,845	2,294,135	1,125,710	3,132,084
Reimbursed expenditures - General Fund	2,392,436	2,392,436	-	2,019,903
Reimbursed expenditures - interfund	(625,453)	(625,453)	-	(715,848)
Capital outlay	2,015,104	1,577,634	437,470	982,774
Debt service	1,031,089	849,155	181,934	720,209
Total expenditures	59,671,389	56,787,173	2,884,216	58,411,184
Excess of revenues over expenditures	2,574,669	5,646,919	3,072,250	5,526,519
<b>Other financing sources (uses)</b>				
Installment purchase proceeds	299,722	222,569	(77,153)	309,680
Transfers in - residual equity	278,892	278,887	(5)	8,427
Transfers out	(3,173,832)	(3,173,832)	-	(1,966,882)
Transfer out: general fund payment in lieu of taxes	(257,119)	(257,107)	12	(234,119)
Total other financing sources (uses)	(2,852,337)	(2,929,483)	(77,146)	(1,882,894)
Revenues and other financing sources over expenditures and other financing uses	(277,668)	2,717,436	2,995,104	3,643,625
Appropriated fund balance	277,668	-	(277,668)	-
Net change in fund balance	\$ -	\$ 2,717,436	\$ 2,717,436	\$ 3,643,625

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Electric Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues, Expenditures, Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015 with Comparative**  
**Actual Amounts for the Year Ended June 30, 2014**

Schedule F-1  
(2 pages)

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Reconciliation to full accrual basis from modified accrual basis:</b>				
Revenues over expenditures		\$ 2,717,436		\$ 3,643,625
Capital project interest revenue		1		146
Capital outlay		1,577,634		982,774
Repairs in capital outlay		(869,434)		(162,586)
Depreciation		(2,049,087)		(1,988,542)
Loss on sale of capital assets		(26,891)		-
Contributed capital		33,208		-
Intra-fund transfers (in) out		(278,887)		-
Proceeds from the issuance of debt		(222,569)		(309,680)
Principal payment on debt		742,896		608,311
Change in accrued interest		(3,036)		1,288
Bad debt expense		(250,758)		(404,197)
Change in accrued compensated absences		5,053		(18,461)
Deferred outflows of resources for contributions made to pension plan in current year		249,852		-
Pension expense		(25,342)		-
Changes in OPEB liability		(181,397)		(86,737)
		<u>\$ 1,418,679</u>		<u>\$ 2,265,941</u>
Change in net position		<u>\$ 1,418,679</u>		<u>\$ 2,265,941</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Electric Substation Capital Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

Schedule F-2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Investment earnings	\$ 3,250	\$ 3,245	\$ -	\$ 3,245	\$ (5)
<b>Expenditures</b>					
Substation capital outlay	1,914,358	1,914,358	-	1,914,358	-
Revenues under expenditures	(1,911,108)	(1,911,113)	-	(1,911,113)	(5)
<b>Other financing sources (uses)</b>					
Debt issued	2,190,000	2,190,000	-	2,190,000	-
Transfers out	(278,892)	-	(278,887)	(278,887)	5
Total other financing sources (uses)	1,911,108	2,190,000	(278,887)	1,911,113	5
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 278,887</u>	<u>\$ (278,887)</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Water Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-3**  
**(2 pages)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Operating revenues:				
Rates and charges	\$ 10,280,500	\$ 10,582,049	\$ 301,549	\$ 10,423,585
Nonoperating revenues:				
Interest on investments	1,700	1,568	(132)	1,460
Miscellaneous	2,500	45	(2,455)	13,234
Total nonoperating revenues	4,200	1,613	(2,587)	14,694
Total revenues	10,284,700	10,583,662	298,962	10,438,279
<b>Expenditures</b>				
Administration	2,164,838	2,153,993	10,845	2,213,323
System maintenance and extensions	2,512,865	2,131,935	380,930	2,255,830
Reimbursed expenditures - interfund	(147,339)	(148,173)	834	(146,175)
Treatment	2,209,506	1,898,947	310,559	1,816,681
Capital outlay	898,836	707,116	191,720	416,702
Debt service	2,869,593	2,848,594	20,999	2,837,579
Total expenditures	10,508,299	9,592,412	915,887	9,393,940
Excess of revenues over (under) expenditures	(223,599)	991,250	1,214,849	1,044,339
<b>Other financing sources (uses)</b>				
Debt proceeds	225,570	-	(225,570)	-
Transfers in	-	-	-	114,396
Transfers in - residual equity	-	-	-	382,577
Transfers out	(333,755)	(70,890)	262,865	-
Transfer out: general fund payment in lieu of taxes	(249,205)	(249,199)	6	(246,805)
Total other financing sources (uses)	(357,390)	(320,089)	37,301	250,168
Revenues and other financing sources over (under) expenditures and other financing uses	(580,989)	671,161	1,252,150	1,294,507
Appropriated fund balance	580,989	-	(580,989)	-
	<u>\$ -</u>	<u>\$ 671,161</u>	<u>\$ 671,161</u>	<u>\$ 1,294,507</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Water Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-3**  
**(2 pages)**

	<u>2015</u>		<u>Variance Positive (Negative)</u>	<u>2014 Actual</u>
	<u>Final Budget</u>	<u>Actual</u>		
<b>Reconciliation to full accrual basis from modified accrual basis</b>				
Revenues over (under) expenditures		\$ 671,161		\$ 1,294,507
Capital project investment revenue		183		185
Capital project fee revenue		295,729		232,455
Capital assets purchased		707,116		416,702
Depreciation		(1,569,706)		(1,477,354)
Contributed capital assets		-		152,400
Intra-fund transfers (in) out		-		(407,858)
Bad debt expense		(40,917)		(61,618)
Principal payment on debt		2,157,608		2,116,268
Change in accrued interest payable		5,549		7,882
Change in accrued compensated absences		1,986		(9,265)
Deferred outflows of resources for contributions made to pension plan in current year		123,120		-
Pension expense		(12,489)		-
Changes in OPEB liability		(34,208)		(17,516)
Change in net position		<u>\$ 2,305,132</u>		<u>\$ 2,246,788</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Water Capital Reserve Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

Schedule F-4

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Capital recovery fee	\$ 277,200	\$ 295,729	\$ 18,529	\$ 232,455
Investment earnings	300	183	(117)	169
Total revenues	<u>277,500</u>	<u>295,912</u>	<u>18,412</u>	<u>232,624</u>
<b>Other financing uses</b>				
Transfers out	<u>(306,000)</u>	<u>(306,000)</u>	<u>-</u>	<u>-</u>
Revenues over (under) other financing uses	(28,500)	(10,088)	18,412	232,624
Appropriated fund balance	<u>28,500</u>	<u>-</u>	<u>(28,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,088)</u>	<u>\$ (10,088)</u>	<u>\$ -</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Sewer Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-5**  
**(2 pages)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Operating revenues:				
Rates and charges	\$ 11,032,550	\$ 10,869,545	\$ (163,005)	\$ 11,084,424
Availability fees	581,118	568,382	(12,736)	584,787
Total operating revenues	<u>11,613,668</u>	<u>11,437,927</u>	<u>(175,741)</u>	<u>11,669,211</u>
Nonoperating revenues:				
Interest on investments	1,000	861	(139)	706
Miscellaneous	3,000	45	(2,955)	3,150
Total nonoperating revenues	<u>4,000</u>	<u>906</u>	<u>(3,094)</u>	<u>3,856</u>
Total revenues	<u>11,617,668</u>	<u>11,438,833</u>	<u>(178,835)</u>	<u>11,673,067</u>
<b>Expenditures</b>				
Administration	1,693,627	1,693,627	-	1,698,904
System maintenance and extensions	2,930,677	2,814,074	116,603	2,324,882
Treatment	2,694,348	2,582,902	111,446	2,753,610
Capital outlay	448,128	220,322	227,806	530,449
Debt service	3,138,245	3,138,000	245	3,010,288
Total expenditures	<u>10,905,025</u>	<u>10,448,925</u>	<u>456,100</u>	<u>10,318,133</u>
Excess of revenues over expenditures	<u>712,643</u>	<u>989,908</u>	<u>277,265</u>	<u>1,354,934</u>
<b>Other financing sources (uses)</b>				
Debt proceeds	159,800	-	(159,800)	647,900
Transfers in - residual equity	-	-	-	104,337
Transfers out	(601,431)	(299,501)	301,930	(432,765)
Transfer out: general fund payment in lieu of taxes	(385,613)	(385,543)	70	(382,413)
Total other financing sources (uses)	<u>(827,244)</u>	<u>(685,044)</u>	<u>142,200</u>	<u>(62,941)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(114,601)</u>	<u>304,864</u>	<u>419,465</u>	<u>1,291,993</u>
Appropriated fund balance	<u>114,601</u>	<u>-</u>	<u>(114,601)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 304,864</u>	<u>\$ 304,864</u>	<u>\$ 1,291,993</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Sewer Operating Fund - Major Enterprise Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-5**  
**(2 pages)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Reconciliation to full accrual basis from modified accrual basis:</b>				
Revenues over expenditures		\$ 304,864		\$ 1,291,993
Capital project revenues		409,600		419,594
Capital project interest earnings		244		117
Capital assets purchased		220,322		530,449
Depreciation		(1,973,090)		(1,958,934)
Contributed capital assets		76,311		233,027
Bad debt expense		(60,131)		(48,702)
Principal payment on debt		2,635,418		2,458,921
Bond issuance		-		(647,900)
Transfer (to) from capital project fund		299,501		222,459
Change in miscellaneous liability		-		10,840
Change in accrued interest payable		11,554		4,774
Change in accrued compensated absences		(1,352)		(3,846)
Deferred outflows of resources for contributions made to pension plan in current year		101,134		-
Pension expense		(10,258)		-
Changes in OPEB liability		(34,160)		(20,398)
Change in net position		<u>\$ 1,979,957</u>		<u>\$ 2,492,394</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Sewer Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

Schedule F-6

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Capital recovery fee	\$ 387,600	\$ 409,600	\$ 22,000	\$ 419,594
Investment earnings	250	186	(64)	107
Total revenues	<u>387,850</u>	<u>409,786</u>	<u>21,936</u>	<u>419,701</u>
<b>Expenditures</b>				
Capital outlay	<u>387,850</u>	<u>-</u>	<u>387,850</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	409,786	<u>\$ 409,786</u>	419,701
<b>Fund balances</b>				
Beginning of year - July 1		<u>818,356</u>		<u>398,655</u>
End of year - June 30		<u>\$ 1,228,142</u>		<u>\$ 818,356</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Sewer Debt Service Reserve**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015**

Schedule F-7

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Investment earnings	\$ -	58	\$ 58
<b>Expenditures</b>			
Debt service	299,502	-	299,502
<b>Other financing sources</b>			
Transfer from Sewer Fund	<u>299,502</u>	<u>299,501</u>	<u>(1)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 299,559</u>	<u>\$ 299,559</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Stormwater Operating Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-8**  
**(2 pages)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Operating revenues:				
Rates and charges	\$ 690,000	\$ 673,773	\$ (16,227)	\$ 675,590
Nonoperating revenues:				
Interest on investments	-	35	35	210
Miscellaneous	-	240	240	-
Total nonoperating revenues	-	275	275	210
Total revenues	690,000	674,048	(15,952)	675,800
<b>Expenditures</b>				
Stormwater system maintenance	610,964	495,444	115,520	549,716
Capital outlay	40,000	32,566	7,434	36,144
Debt service	79,036	79,090	(54)	73,176
Total expenditures	730,000	607,100	122,900	659,036
Excess of revenues over (under) expenditures	(40,000)	66,948	106,948	16,764
<b>Other financing sources</b>				
Proceeds from installment purchase	40,000	-	(40,000)	35,300
Transfer in - residual equity	-	-	-	78,857
Total other financing sources	40,000	-	(40,000)	114,157
Revenues and other financing sources over expenditures	\$ -	\$ 66,948	\$ 66,948	\$ 130,921

See independent auditors' report on the supplementary information.

**City of New Baw Bern, North Carolina**  
**Stormwater Operating Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

**Schedule F-8**  
**(2 pages)**

	<u>2015</u>	<u>2014</u>
<b>Reconciliation to full accrual basis from modified accrual basis</b>		
Revenues over expenditures	\$ 66,948	\$ 130,921
Capital assets purchased	32,566	36,144
Depreciation	(62,645)	(48,422)
Capital contributions	5,285	1,014,571
Principal payment on debt	64,182	57,122
Proceeds of installment purchase	-	(35,300)
Change in accrued interest payable	375	74
Bad debt expense	(2,332)	(8,599)
Change in accrued compensated absences	5,922	(2,381)
Deferred outflows of resources for contributions made to pension plan in current year	10,448	-
Pension expense	(1,060)	-
Changes in OPEB liability	8,009	(7,974)
	<u>8,009</u>	<u>(7,974)</u>
Change in net position	<u>\$ 127,698</u>	<u>\$ 1,136,156</u>

See independent auditors' report on the supplementary information.

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## ***Enterprise Funds***

Enterprise Funds are established to account for enterprise operations that are financed and operated in a manner similar to private business. The intent is that the cost of providing goods and services to the general public will be recovered primarily through user charges.

## ***Non-Major Funds***

AMI/DSM System Enterprise Capital Project

Kale Road Project Enterprise Capital Project Fund

**City of New Bew Bern, North Carolina**  
**AMI/DSM System Enterprise Capital Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

**Schedule F-9**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Investment earnings - Electric Fund	\$ -	\$ 87	\$ 1	\$ 88	\$ 88
<b>Expenditures</b>					
Professional services - Electric Fund	154,600	-	131,182	131,182	23,418
Capital outlay - Electric Fund	3,295,400	764,781	2,036,073	2,800,854	494,546
Total expenditures	<u>3,450,000</u>	<u>764,781</u>	<u>2,167,255</u>	<u>2,932,036</u>	<u>517,964</u>
Revenues under expenditures	<u>(3,450,000)</u>	<u>(764,694)</u>	<u>(2,167,254)</u>	<u>(2,931,948)</u>	<u>518,052</u>
<b>Other financing sources</b>					
Transfers in - Water Capital Reserve	265,100	-	265,100	265,100	-
Bonds issued - Electric Fund	2,121,000	950,000	1,171,000	2,121,000	-
Bonds issued - Water Fund	1,063,900		1,063,900	1,063,900	-
Total other financing sources	<u>3,450,000</u>	<u>950,000</u>	<u>2,500,000</u>	<u>3,450,000</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 185,306</u>	<u>\$ 332,746</u>	<u>\$ 518,052</u>	<u>\$ 518,052</u>

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Kale Road Project Enterprise Capital Project Fund** **Schedule F-10**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>					
Kale Road project capital outlay - Electric Fund	\$ 1,636,000	\$ 169,393	\$ 990,380	\$ 1,159,773	\$ 476,227
<b>Other financing sources</b>					
Transfers in - Water Capital Reserve	40,900	-	40,900	40,900	-
Debt issued - Electric Fund	1,554,200	-	1,554,200	1,554,200	-
Debt issued - Sewer Fund	40,900	-	40,900	40,900	-
Total other financing sources	<u>1,636,000</u>	<u>-</u>	<u>1,636,000</u>	<u>1,636,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (169,393)</u>	<u>\$ 645,620</u>	<u>\$ 476,227</u>	<u>\$ 476,227</u>

See independent auditors' report on the supplementary information.

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### ***Internal Service Fund***

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

### ***Employee Benefit Insurance Fund***

The Employee Benefit Insurance Fund is established to account for the self-insured financing of the City's employee benefits insurance program.

**City of New Bew Bern, North Carolina**  
**Employee Benefit Insurance Internal Service Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2015, with Comparative Actual Amounts**  
**For the Year Ended June 30, 2014**

Schedule G-1

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Employee and retiree contributions	\$ 635,000	\$ 625,891	\$ (9,109)	\$ 635,629
Employer and other contributions	6,018,984	6,078,387	59,403	6,103,475
Stop-loss reimbursements	-			
Investment earnings	835	834	(1)	857
Total revenue	<u>6,654,819</u>	<u>6,705,112</u>	<u>50,293</u>	<u>6,739,961</u>
<b>Expenditures</b>				
Employee insurance plan benefits	<u>6,978,709</u>	<u>6,417,745</u>	<u>560,964</u>	<u>5,587,627</u>
Revenues over expenditures	(323,890)	287,367	611,257	1,152,334
<b>Other financing sources</b>				
Appropriated fund balance	<u>323,890</u>	<u>-</u>	<u>(323,890)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	287,367	<u>\$ 287,367</u>	1,152,334
<b>Reconciliation from budgetary basis to full accrual basis</b>				
Change in IBNR		<u>(36,171)</u>		<u>(31,031)</u>
Change in net position		<u>\$ 251,196</u>		<u>\$ 1,121,303</u>

See independent auditors' report on the supplementary information.

***Additional Financial Data***

This section contains the following:

***Schedule of Ad Valorem Taxes Receivable***

***Analysis of Current Year Levy***

**City of New Bew Bern, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**Required Supplementary Information**  
**June 30, 2015**

Schedule A-4

Fiscal Year	Balance July 1, 2014	Additions	Collections and Credits	Balance June 30, 2015
2014 - 2015	\$ -	\$ 13,488,271	\$ 13,358,748	\$ 129,523
2013 - 2014	179,609	-	113,675	65,934
2012 - 2013	97,094	-	31,010	66,084
2011 - 2012	61,261	-	20,175	41,086
2010 - 2011	51,536	-	17,084	34,452
2009 - 2010	45,842	-	14,989	30,853
2008 - 2009	46,687	-	13,129	33,558
2007 - 2008	41,273	-	11,588	29,685
2006 - 2007	23,681	-	1,087	22,594
2005 - 2006	20,889	-	1,217	19,672
2004 - 2005	18,716	-	18,716	-
	<u>\$ 586,588</u>	<u>\$ 13,488,271</u>	<u>\$ 13,601,418</u>	473,441

Plus: Municipal Service District taxes receivable, all years, net of allowance	1,631
Plus: Ad Valorem Un-Tagged MV-Current	100
Plus: Motor vehicle taxes collected but not received from the County	91,495
Less allowance for uncollectible accounts, General Fund	<u>(235,086)</u>

Ad valorem taxes receivable net \$ 331,581

**Reconciliation with revenues**

Ad valorem taxes	\$ 13,776,239
Reconciling Items:	
Amount written off per statute	18,716
Less interest collected	(37,066)
Releases, ad valorem	35,022
Less Municipal Service District taxes, penalty, and interest collected all years	<u>(191,493)</u>

Total collections and credits \$ 13,601,418

See independent auditors' report on the supplementary information.

**City of New Bew Bern, North Carolina**  
**Analysis of Current Year Tax Levy**  
**City-Wide Levy**  
**For the Year Ended June 30, 2015**

Schedule A-5

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,217,754,016	0.41	\$ 13,192,788	\$ 12,155,211	\$ 1,037,577
Penalties	-		4,815	4,815	-
Total	<u>3,217,754,016</u>		<u>13,197,603</u>	<u>12,160,026</u>	<u>1,037,577</u>
Discoveries:					
Current year taxes	63,778,049	0.41	263,379	263,379	-
Penalties	-		19,615	19,615	-
Addbacks	-		28,527	28,527	-
Total	<u>63,778,049</u>		<u>311,521</u>	<u>311,521</u>	<u>-</u>
Abatements	<u>(4,206,491)</u>		<u>(20,853)</u>	<u>(19,348)</u>	<u>(1,505)</u>
Total property valuation	<u><u>\$ 3,277,325,574</u></u>				
Net levy			13,488,271	12,452,199	1,036,072
Uncollected taxes as of June 30, 2015			<u>129,523</u>	<u>129,350</u>	<u>173</u>
Current year's taxes collected			<u><u>\$ 13,358,748</u></u>	<u><u>\$ 12,322,849</u></u>	<u><u>\$ 1,035,899</u></u>
Current levy collection percentage			<u><u>99.04%</u></u>	<u><u>98.96%</u></u>	<u><u>99.98%</u></u>
Prior year collection percentage			<u><u>98.59%</u></u>	<u><u>98.83%</u></u>	<u><u>92.75%</u></u>

See independent auditors' report on the supplementary information.

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***Statistical Section***

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## ***Statistical Section***

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

### ***Financial Trends Information***

These schedules contain trend information intended to help the reader understand how the City's financial position has changed over time.

### ***Revenue Capacity Information***

These schedules contain information intended to help the reader assess the City's most significant revenue sources, tax collections, and utilities revenue base.

### ***Debt Capacity Information***

These schedules provide demographic and economic indicators intended to help the reader understand the socio-economic environment within which the City's financial activities take place.

### ***Demographic and Economic Information***

These schedules provide demographic and economic indicators intended to help the reader understand the socio-economic environment within which the City's financial activities take place.

### ***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.

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**City of New Bern, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 25,064,130	\$ 27,941,069	\$ 31,404,726	\$ 32,315,686
Restricted	-	-	-	-
Unrestricted	<u>7,225,434</u>	<u>6,149,098</u>	<u>5,203,061</u>	<u>4,219,981</u>
Total governmental activities net position	<u>\$ 32,289,564</u>	<u>\$ 34,090,167</u>	<u>\$ 36,607,787</u>	<u>\$ 36,535,667</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 59,491,097	\$ 66,649,066	\$ 72,480,430	\$ 73,993,249
Unrestricted	<u>4,957,739</u>	<u>5,543,157</u>	<u>2,920,879</u>	<u>7,218,811</u>
Total business-type activities net position	<u>\$ 64,448,836</u>	<u>\$ 72,192,223</u>	<u>\$ 75,401,309</u>	<u>\$ 81,212,060</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 84,555,227	\$ 94,590,135	\$ 103,885,156	\$ 106,308,935
Restricted	-	-	-	-
Unrestricted	<u>12,183,173</u>	<u>11,692,255</u>	<u>8,123,940</u>	<u>11,438,792</u>
Total primary government net position	<u>\$ 96,738,400</u>	<u>\$ 106,282,390</u>	<u>\$ 112,009,096</u>	<u>\$ 117,747,727</u>

Table 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 31,419,739	\$ 34,018,646	\$ 34,826,041	\$ 36,383,138	\$ 36,694,879	\$ 35,607,933
-	3,840,612	4,317,526	5,611,591	6,851,966	6,181,074
3,051,269	760,319	1,952,892	4,312,131	5,165,362	10,288,946
<u>\$ 34,471,008</u>	<u>\$ 38,619,577</u>	<u>\$ 41,096,459</u>	<u>\$ 46,306,860</u>	<u>\$ 48,712,207</u>	<u>\$ 52,077,953</u>
\$ 760,160,558	\$ 78,578,999	\$ 80,159,948	\$ 83,796,943	\$ 87,019,064	\$ 88,323,492
14,211,130	21,659,418	23,829,737	25,922,244	30,841,402	34,398,515
<u>\$ 774,371,688</u>	<u>\$ 100,238,417</u>	<u>\$ 103,989,685</u>	<u>\$ 109,719,187</u>	<u>\$ 117,860,466</u>	<u>\$ 122,722,007</u>
\$ 107,580,297	\$ 112,597,645	\$ 114,985,989	\$ 120,180,081	\$ 123,713,943	\$ 123,931,425
-	3,840,612	4,317,526	5,611,591	6,851,966	6,181,074
17,262,399	22,419,737	25,782,629	30,234,375	36,006,764	44,687,461
<u>\$ 124,842,696</u>	<u>\$ 138,857,994</u>	<u>\$ 145,086,144</u>	<u>\$ 156,026,047</u>	<u>\$ 166,572,673</u>	<u>\$ 174,799,960</u>

**City of New Bern, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,031,066	\$ 2,611,090	\$ 1,740,209	\$ 1,607,896
Public safety	12,204,473	12,850,444	14,256,696	16,013,462
Public works	3,584,042	1,764,001	4,155,602	4,473,588
Environmental protection	1,820,183	1,553,143	1,857,096	1,913,120
Culture and recreation	2,376,169	1,930,009	2,447,858	2,589,437
Economic and physical development	1,230,911	1,793,777	1,573,632	1,762,996
Interest on long-term debt	354,053	504,338	352,293	536,679
Total governmental activities expenses	<u>22,600,897</u>	<u>23,006,802</u>	<u>26,383,386</u>	<u>28,897,178</u>
Business-type activities:				
Electric	47,888,167	49,951,891	51,942,501	57,412,727
Water	4,037,711	4,580,662	6,003,170	5,688,144
Sewer	8,724,347	9,605,872	9,919,852	10,052,081
Stormwater	-	-	-	-
Total business-type activities expenses	<u>60,650,225</u>	<u>64,138,425</u>	<u>67,865,523</u>	<u>73,152,952</u>
Total primary government expenses	<u>83,251,122</u>	<u>87,145,227</u>	<u>94,248,909</u>	<u>102,050,130</u>
<b>Program revenue</b>				
Governmental activities:				
Charges for services:				
General government	2,281,002	2,216,435	3,646,342	2,734,955
Public safety	442,835	68,505	74,246	464,430
Public works	986,196	1,173,852	162,910	198,964
Environmental protection	1,242,068	1,367,977	1,418,840	1,502,513
Culture and recreation	56,098	74,426	93,681	98,533
Economic and physical development	4,053	-	-	6,000
Operating grants and contributions:				
General government	-	-	236,608	-
Public safety	281,036	551,151	891,411	349,007
Public works	-	-	-	9,048
Environmental protection	-	-	-	563
Culture and recreation	-	-	5,762	107,531
Economic and physical development	607,712	596,071	356,331	32,120

**Table 2  
(6 pages)**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 1,715,925	\$ 1,959,814	\$ 2,737,701	\$ 2,980,543	\$ 3,175,305	\$ 3,687,719
17,093,862	15,232,805	15,127,179	15,660,542	15,369,029	14,532,403
4,376,173	3,970,149	5,223,903	2,998,765	4,295,470	4,927,792
2,033,675	2,054,485	2,053,938	1,663,347	1,825,829	1,616,542
2,708,074	2,280,243	2,549,680	2,497,152	2,503,892	2,508,718
1,791,932	1,405,498	1,731,687	2,378,028	2,077,157	1,954,457
563,132	518,903	509,077	365,826	342,703	384,309
<b>30,282,773</b>	<b>27,421,897</b>	<b>29,933,165</b>	<b>28,544,203</b>	<b>29,589,385</b>	<b>29,611,940</b>
60,061,164	61,298,449	60,325,099	57,737,100	59,713,453	57,874,790
6,331,408	6,699,559	9,195,478	8,677,687	8,665,646	8,503,552
10,677,006	10,233,465	10,442,463	10,830,003	9,727,442	9,945,031
-	-	74,153	671,691	633,072	551,635
<b>77,069,578</b>	<b>78,231,473</b>	<b>80,037,193</b>	<b>77,916,481</b>	<b>78,739,613</b>	<b>76,875,008</b>
<b>107,352,351</b>	<b>105,653,370</b>	<b>109,970,358</b>	<b>106,460,684</b>	<b>108,328,998</b>	<b>106,486,948</b>
2,919,172	3,158,508	1,945,596	1,554,015	1,591,361	1,282,636
414,458	355,296	185,272	519,536	337,912	270,426
179,765	247,586	130,132	987	11,000	2,878,437
1,550,860	1,861,267	2,149,340	2,280,468	2,817,704	-
133,105	133,623	167,033	152,022	227,068	133,290
3,300	1,600	565,279	962,406	550,112	519,918
-	-	-	-	174,765	353,805
479,895	125,120	601,199	1,526,387	676,810	417,906
-	-	1,320,993	812,542	871,986	49,700
63,892	145,054	161,299	-	-	-
7,875	12,383	-	-	-	143,168
120,605	52,762	293,530	1,290,569	110,661	714,850

**City of New Bern, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Capital grants and contributions:				
General government	\$ 11,695	\$ -	\$ -	\$ -
Public safety	-	-	432,429	105,509
Public works	-	-	910,462	824,445
Environmental protection	777,808	784,016	-	-
Culture and recreation	-	-	12,732	-
Economic and physical development	-	-	33,841	-
Total governmental activities program revenue	<u>6,690,503</u>	<u>6,832,433</u>	<u>8,275,595</u>	<u>6,433,618</u>
Business-type activities:				
Charges for services:				
Electric	48,908,431	51,077,708	53,551,679	61,694,281
Water	4,640,399	5,377,310	6,095,579	6,877,360
Sewer	10,012,321	10,864,324	11,945,455	11,406,773
Stormwater	-	-	-	-
Capital grants and contributions:				
Electric	120,618	34,858	-	-
Water	73,848	755,828	-	360,626
Sewer	3,108,072	4,211,536	598,245	841,156
Stormwater	-	-	-	-
Operating grants and contributions:				
Electric	-	-	-	-
Water	-	-	-	-
Sewer	-	-	-	-
Stormwater	-	-	-	-
Total business-type activities program revenues	<u>66,863,689</u>	<u>72,321,564</u>	<u>72,190,958</u>	<u>81,180,196</u>
Total primary government program revenues	<u>73,554,192</u>	<u>79,153,997</u>	<u>80,466,553</u>	<u>87,613,814</u>
Net (expenses) revenue:				
Governmental activities	(15,910,394)	(16,174,369)	(18,107,791)	(22,463,560)
Business-type activities	<u>6,213,464</u>	<u>8,183,139</u>	<u>4,325,435</u>	<u>8,027,244</u>
Total primary government net expense	<u>\$ (9,696,930)</u>	<u>\$ (7,991,230)</u>	<u>\$ (13,782,356)</u>	<u>\$ (14,436,316)</u>

**Table 2  
(6 pages)**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 929,785
89,130	542,146	397,053	-	-	26,845
738,519	754,012	834,142	323,776	-	187,745
-	-	-	-	-	-
27,186	460,082	-	-	-	-
-	758,500	-	-	68,424	80,260
<b>6,727,762</b>	<b>8,607,939</b>	<b>8,750,868</b>	<b>9,422,708</b>	<b>7,437,803</b>	<b>7,988,771</b>
64,846,861	65,916,870	60,516,535	61,909,426	63,763,783	62,405,986
9,768,948	11,130,551	10,890,900	10,431,265	10,423,585	10,582,049
12,383,344	12,298,288	12,091,162	11,945,804	11,669,211	10,869,545
-	-	87,917	712,500	675,590	673,773
-	44,523	-	-	152,400	33,208
342,085	341,531	-	-	233,027	-
449,829	303,631	-	-	1,014,571	76,311
-	-	-	-	-	5,285
-	-	1,417,005	539,058	171,545	24,883
-	-	273,795	177,669	245,689	295,774
-	-	382,268	358,422	422,744	978,027
-	-	-	452	-	240
<b>87,791,067</b>	<b>90,035,394</b>	<b>85,659,582</b>	<b>86,074,596</b>	<b>88,772,145</b>	<b>85,945,081</b>
<b>94,518,829</b>	<b>98,643,333</b>	<b>94,410,450</b>	<b>95,497,304</b>	<b>96,209,948</b>	<b>93,933,852</b>
(23,555,011)	(18,813,958)	(21,182,297)	(19,121,495)	(22,151,582)	(21,623,169)
10,721,489	11,803,921	5,622,389	8,158,115	10,032,532	9,070,073
<b>\$ (12,833,522)</b>	<b>\$ (7,010,037)</b>	<b>\$ (15,559,908)</b>	<b>\$ (10,963,380)</b>	<b>\$ (12,119,050)</b>	<b>\$ (12,553,096)</b>

**City of New Bern, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 9,397,697	\$ 10,004,106	\$ 11,394,396	\$ 11,976,146
Sales taxes	4,722,848	4,886,739	5,050,076	4,992,972
Utility franchise tax	-	-	-	1,455,896
Payment in Lieu of Taxes	-	-	-	-
Other taxes	1,957,366	2,206,366	2,762,008	1,672,945
Grants and contributions not restricted to specific programs	-	268,561	-	-
Investment earnings	210,979	-	220,341	56,074
Miscellaneous	-	-	-	-
Transfers	847,500	609,202	1,198,590	2,237,407
Total governmental activities	<u>17,136,390</u>	<u>17,974,974</u>	<u>20,625,411</u>	<u>22,391,440</u>
Business-type activities:				
Investment earnings	86,642	169,450	82,241	20,914
Transfers	(847,500)	(609,202)	(1,198,590)	(2,237,407)
Total business-type activities	<u>(760,858)</u>	<u>(439,752)</u>	<u>(1,116,349)</u>	<u>(2,216,493)</u>
Total primary government	<u>16,375,532</u>	<u>17,535,222</u>	<u>19,509,062</u>	<u>20,174,947</u>
Changes in net position:				
Governmental activities	1,225,996	1,800,605	2,517,620	(72,120)
Business-type activities	5,452,606	7,743,387	3,209,086	5,810,751
Total primary government	<u>\$ 6,678,602</u>	<u>\$ 9,543,992</u>	<u>\$ 5,726,706</u>	<u>\$ 5,738,631</u>

**Table 2  
(6 pages)**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 12,043,657	\$ 12,919,994	\$ 13,315,629	\$ 13,251,107	\$ 13,701,543	\$ 13,696,904
4,707,615	4,892,122	5,331,248	6,039,107	6,231,042	5,881,437
1,482,365	1,520,306	1,408,725	1,406,786	1,573,495	2,013,029
-	-	-	860,496	863,337	901,752
1,663,842	1,658,465	1,702,043	315,351	278,850	1,055,904
-	-	-	-	-	-
12,916	16,880	16,472	18,930	12,210	12,470
-	-	-	-	-	189,166
1,579,957	1,954,758	1,885,062	2,440,119	1,896,452	3,244,722
<u>21,490,352</u>	<u>22,962,525</u>	<u>23,659,179</u>	<u>24,331,896</u>	<u>24,556,929</u>	<u>26,995,384</u>
18,096	17,566	13,941	11,506	5,199	6,115
(1,579,957)	(1,954,758)	(1,885,062)	(2,440,119)	(1,896,452)	(3,244,722)
<u>(1,561,861)</u>	<u>(1,937,192)</u>	<u>(1,871,121)</u>	<u>(2,428,613)</u>	<u>(1,891,253)</u>	<u>(3,238,607)</u>
<u>19,928,491</u>	<u>21,025,333</u>	<u>21,788,058</u>	<u>21,903,283</u>	<u>22,665,676</u>	<u>20,518,170</u>
(2,064,659)	4,148,567	2,476,882	5,210,401	2,405,347	5,372,215
<u>9,159,628</u>	<u>9,866,729</u>	<u>3,751,268</u>	<u>5,729,502</u>	<u>8,141,279</u>	<u>5,831,466</u>
<u>\$ 7,094,969</u>	<u>\$ 14,015,296</u>	<u>\$ 6,228,150</u>	<u>\$ 10,939,903</u>	<u>\$ 10,546,626</u>	<u>\$ 11,203,681</u>

**City of New Bern, North Carolina**  
**Program Revenues by Function/Program**  
**Net of Expense**  
**Last Ten Fiscal Years\***  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

Function/Program	2006	2007	2008	2009
Governmental activities:				
General government	\$ 1,261,631	\$ (394,655)	\$ 2,142,741	\$ 1,127,059
Public safety	(11,480,602)	(12,230,788)	(12,858,610)	(15,094,516)
Public works	(2,597,846)	(590,149)	(3,082,230)	(3,441,131)
Environmental protection	199,693	598,850	(438,256)	(410,044)
Culture and recreation	(2,320,071)	(1,855,583)	(2,335,683)	(2,383,373)
Economic and physical development	(619,146)	(1,197,706)	(1,183,460)	(1,724,876)
Interest on long-term debt	(354,053)	(504,338)	(352,293)	(536,679)
Total governmental activities	<u>(15,910,394)</u>	<u>(16,174,369)</u>	<u>(18,107,791)</u>	<u>(22,463,560)</u>
Business-type activities:				
Electric	1,140,882	1,160,675	1,609,178	4,281,554
Water	676,536	1,552,476	92,409	1,549,842
Sewer	4,396,046	5,469,988	2,623,848	2,195,848
Stormwater	-	-	-	-
Total business-type activities	<u>6,213,464</u>	<u>8,183,139</u>	<u>4,325,435</u>	<u>8,027,244</u>
Total government	<u>\$ (9,696,930)</u>	<u>\$ (7,991,230)</u>	<u>\$ (13,782,356)</u>	<u>\$ (14,436,316)</u>

Source: City Records

Table 3

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 1,203,247	\$ 1,198,694	\$ (792,105)	\$ (1,426,528)	\$ (1,409,179)	\$ (1,121,493)
(16,110,379)	(14,210,243)	(13,943,655)	(13,614,619)	(14,354,307)	(13,817,226)
(3,457,889)	(2,968,551)	(2,938,636)	(1,861,460)	(3,412,484)	(1,811,910)
(418,923)	(48,164)	256,701	617,121	991,875	(1,616,542)
(2,539,908)	(1,674,155)	(2,382,647)	(2,345,130)	(2,276,824)	(2,232,260)
(1,668,027)	(592,636)	(872,878)	(125,053)	(1,347,960)	(639,429)
(563,132)	(518,903)	(509,077)	(365,826)	(342,703)	(384,309)
<u>(23,555,011)</u>	<u>(18,813,958)</u>	<u>(21,182,297)</u>	<u>(19,121,495)</u>	<u>(22,151,582)</u>	<u>(21,623,169)</u>
4,785,697	4,662,944	1,608,441	4,711,384	4,221,875	4,589,287
3,779,625	4,772,523	1,969,217	1,931,247	2,156,028	2,374,271
2,156,167	2,368,454	2,030,967	1,474,223	2,597,540	1,978,852
-	-	13,764	41,261	1,057,089	127,663
<u>10,721,489</u>	<u>11,803,921</u>	<u>5,622,389</u>	<u>8,158,115</u>	<u>10,032,532</u>	<u>9,070,073</u>
<u>\$ (12,833,522)</u>	<u>\$ (7,010,037)</u>	<u>\$ (15,559,908)</u>	<u>\$ (10,963,380)</u>	<u>\$ (12,119,050)</u>	<u>\$ (12,553,096)</u>

**City of New Bern, North Carolina**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:				
Reserved	\$ 2,707,995	\$ 2,829,693	\$ 6,189,102	\$ 3,227,265
Unreserved	4,286,951	3,402,295	253,896	2,701,696
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 6,994,946</u>	<u>\$ 6,231,988</u>	<u>\$ 6,442,998</u>	<u>\$ 5,928,961</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ 266,831
Unreserved, reported in:				
Special revenue funds	373,245	388,722	133,373	(84,129)
Major capital projects funds	-	-	-	-
Capital projects funds	-	(68,360)	3,966,334	327,441
Permanent fund				
Stabilization by state statute	-	-	-	-
Restricted in capital project	-	-	-	-
Committed in capital project	-	-	-	-
Unassigned in capital project	-	-	-	-
Restricted in special revenue fund	-	-	-	-
Assigned in special revenue fund	-	-	-	-
Unassigned in special revenue fund	-	-	-	-
Total all other governmental funds	<u>\$ 373,245</u>	<u>\$ 320,362</u>	<u>\$ 4,099,707</u>	<u>\$ 510,143</u>

Table 4

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,201,334	\$ -	\$ -	\$ -	\$ -	\$ -
2,035,562	-	-	-	-	-
-	168,263	141,201	140,908	148,408	<b>138,418</b>
-	2,771,830	3,397,888	4,261,890	5,911,293	<b>5,373,068</b>
-	-	-	-	-	-
-	4,604,056	6,786,387	7,449,776	8,316,904	<b>14,753,694</b>
<u>\$ 5,236,896</u>	<u>\$ 7,544,149</u>	<u>\$ 10,325,476</u>	<u>\$ 11,852,574</u>	<u>\$ 14,376,605</u>	<u>\$ 20,265,180</u>
\$ 87,798	\$ -	\$ -	\$ -	\$ -	\$ -
1,270,581	-	-	-	-	-
-	-	-	-	-	-
-	-	-	735,341	304,226	<b>418,676</b>
-	394,325	326,614	324,372	455,346	-
-	391,977	322,202	289,988	181,101	<b>185,277</b>
-	(2,348)	(4,412)	(33,941)	-	<b>(269,081)</b>
-	1,288,530	733,213	-	-	<b>389,330</b>
-	5,500	-	-	-	-
-	(799,068)	(73,786)	(368,626)	(460,273)	<b>(270,364)</b>
<u>\$ 1,358,379</u>	<u>\$ 1,278,916</u>	<u>\$ 1,303,831</u>	<u>\$ 947,134</u>	<u>\$ 480,400</u>	<u>\$ 453,838</u>

**City of New Bern, North Carolina**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:				
Taxes	\$ 9,411,957	\$ 9,997,047	\$ 11,355,453	\$ 11,916,033
Other taxes	258,431	276,852	286,108	282,833
Intergovernmental	8,681,444	9,005,926	10,175,984	9,258,155
Permits and fees	606,136	744,445	519,042	537,054
Charges for services	3,055,465	3,192,832	3,260,934	4,021,657
Investment Earnings	-	-	-	-
Other	676,235	640,628	451,825	249,061
Total revenues	<u>22,689,668</u>	<u>23,857,730</u>	<u>26,049,346</u>	<u>26,264,793</u>
Expenditures:				
General government	982,572	496,371	735,151	594,586
Public safety	11,362,991	13,033,632	14,389,262	14,640,876
Transportation	-	-	-	-
Public works	3,086,885	3,350,136	3,665,542	3,763,739
Environmental protection	1,698,419	1,738,901	1,789,423	1,856,632
Culture and recreation	2,147,898	2,102,302	2,262,132	2,304,822
Economic and physical development	1,230,911	1,793,777	2,463,087	1,669,949
Miscellaneous	-	-	-	-
Interfund reimbursements	-	-	-	-
Capital outlay	2,163,453	1,767,427	3,726,453	6,243,472
Debt service:				
Principal	2,242,325	1,978,519	2,001,293	2,434,480
Interest	354,053	504,339	352,562	536,681
Total expenditures	<u>25,269,507</u>	<u>26,765,404</u>	<u>31,384,905</u>	<u>34,045,237</u>
Excess of revenues (under) expenditures	<u>(2,579,839)</u>	<u>(2,907,674)</u>	<u>(5,335,559)</u>	<u>(7,780,444)</u>
Other financing sources (uses):				
Transfers in	799,847	662,989	1,605,312	1,308,391
Transfers out	(47,653)	(53,787)	(406,722)	-
Sale of Capital Assets	-	-	-	-
Issuance of long-term debt	1,799,069	1,482,631	8,127,324	2,368,452
Total other financing sources	<u>2,551,263</u>	<u>2,091,833</u>	<u>9,325,914</u>	<u>3,676,843</u>
Changes in fund balance	<u>\$ (28,576)</u>	<u>\$ (815,841)</u>	<u>\$ 3,990,355</u>	<u>\$ (4,103,601)</u>
Debt service as a percentage of noncapital expenditures	<u>11.7%</u>	<u>10.9%</u>	<u>9.4%</u>	<u>11.2%</u>

Table 5

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 11,935,701	\$ 12,882,798	\$ 13,364,849	\$ 13,297,524	\$ 13,804,623	\$ 13,776,239
268,819	255,333	262,984	264,417	278,850	264,759
9,112,105	10,477,875	11,706,136	12,628,746	10,570,520	12,035,516
557,945	573,392	601,753	584,906	629,737	473,631
3,930,456	4,308,027	4,214,282	4,154,506	4,697,698	4,610,076
-	-	-	17,917	11,353	11,636
217,419	393,056	440,448	240,121	186,493	490,433
<u>26,022,445</u>	<u>28,890,481</u>	<u>30,590,452</u>	<u>31,188,137</u>	<u>30,179,274</u>	<u>31,662,290</u>
553,996	703,279	962,957	4,490,858	4,503,448	4,127,567
15,115,471	14,838,939	18,309,272	15,543,189	15,596,236	16,633,524
-	-	-	-	-	-
3,394,160	3,491,813	4,801,869	4,436,086	4,947,552	5,462,756
1,959,738	1,997,630	1,952,131	1,792,211	1,772,657	1,805,268
2,309,096	3,150,315	2,123,400	2,956,433	2,460,377	2,519,151
1,647,002	2,249,191	1,872,267	3,222,067	2,121,975	2,559,305
-	-	-	-	-	-
-	-	-	(2,891,799)	(3,310,269)	(3,412,228)
457,895	130,547	538,108	1,052,794	1,857,062	-
2,196,177	2,128,628	2,153,397	1,997,458	1,461,189	1,750,718
563,134	518,901	445,677	380,588	349,093	369,686
<u>28,196,669</u>	<u>29,209,243</u>	<u>33,159,078</u>	<u>32,979,885</u>	<u>31,759,320</u>	<u>31,815,747</u>
<u>(2,174,224)</u>	<u>(318,762)</u>	<u>(2,568,626)</u>	<u>(1,791,748)</u>	<u>(1,580,046)</u>	<u>(153,457)</u>
1,907,075	2,447,741	2,056,879	2,980,737	2,193,282	3,503,154
(327,118)	(492,983)	(664,812)	(161,701)	(296,830)	(258,432)
-	-	-	-	-	801,075
750,438	199,817	4,052,576	465,315	1,740,891	1,969,673
<u>2,330,395</u>	<u>2,154,575</u>	<u>5,444,643</u>	<u>3,284,351</u>	<u>3,637,343</u>	<u>6,015,470</u>
<u>\$ 156,171</u>	<u>\$ 1,835,813</u>	<u>\$ 2,876,017</u>	<u>\$ 1,492,603</u>	<u>\$ 2,057,297</u>	<u>\$ 5,862,013</u>
<u>10.1%</u>	<u>9.9%</u>	<u>9.0%</u>	<u>7.8%</u>	<u>6.2%</u>	<u>7.7%</u>

**City of New Bern, North Carolina**  
**The Electric System**  
**Electricity Purchased, Consumed and Unbilled**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	KWH Purchased	Power Cost FY	KWH Residential Usage	KWH Commercial/ Industrial Usage
2005 - 2006	462,020,148	\$ 37,001,560	227,603,547	218,170,922
2006 - 2007	460,583,341	38,870,115	223,987,205	211,669,357
2007 - 2008	477,754,039	39,479,853	226,623,790	218,653,367
2008 - 2009	477,446,638	45,681,067	234,671,967	216,874,513
2009 - 2010	484,521,876	47,105,382	240,353,947	214,345,062
2010 - 2011	498,840,126	48,546,194	250,929,048	221,371,906
2011 - 2012	458,824,995	45,846,007	222,729,647	219,827,592
2012 - 2013	469,665,593	46,711,774	233,508,677	218,582,492
2013 - 2014	480,049,085	47,455,824	240,283,626	217,521,976
<b>2014 - 2015</b>	<b>479,022,050</b>	<b>46,103,643</b>	<b>237,853,174</b>	<b>212,831,495</b>

Source: City Records

Table 6

<b>KWH Other Usage</b>	<b>KWH Total Usage</b>	<b>KWH Unbilled</b>	<b>KWH Unbilled %</b>	<b>Purchased Electric Rate (.00/KWH)</b>	<b>Daily Average Usage (KWH)</b>
258,000	446,032,469	15,987,679	3%	\$ 0.0801	1,265,809
344,640	436,001,202	24,582,139	5%	0.0844	1,261,872
356,160	445,633,317	32,120,722	7%	0.0826	1,308,915
345,600	451,892,080	25,554,558	5%	0.0957	1,308,073
322,320	455,021,329	29,500,547	6%	0.0972	1,327,457
272,880	472,573,834	26,266,292	5%	0.0973	1,366,685
101,760	442,658,999	16,165,996	4%	0.0999	1,257,055
14,640	452,105,809	17,559,784	4%	0.0995	1,286,755
114,000	457,919,602	22,129,483	5%	0.0989	1,315,203
<b>246,240</b>	<b>450,930,909</b>	<b>28,091,141</b>	<b>6%</b>	<b>0.0962</b>	<b>1,312,389</b>

**City of New Bern, North Carolina**  
**Electric Rates**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Electric Rates</b>	<b>Cents per KWH</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Residential	\$ 0.1135	\$ 0.1119	\$ 0.1220	\$ 0.1410
Commercial	0.1030	0.1021	0.1114	0.1278
Large Commercial/Industrial	0.0829	0.0688	0.0699	0.0920
Other	0.0967	0.0952	0.0964	0.1221

*Source: City records*

Table 7

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<b>Cents per KWH</b>					
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 0.1442	\$ 0.1439	\$ 0.1373	\$ 0.1307	\$ 0.1439	\$ <b>0.1214</b>
0.1348	0.1367	0.1334	0.1331	0.1305	<b>0.1391</b>
0.0883	0.0882	0.0837	0.0827	0.0842	<b>0.0861</b>
0.1248	0.1238	0.1358	0.1738	0.1275	<b>0.1284</b>

**City of New Bern, North Carolina**  
**Electric System - Major Users**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

2015				
Rank	Customer	Annual KWH	Annual Revenues	Percentage of Total Electric Sales
01	Carolina East Medical Center	17,793,600	\$ 1,320,316	2.16%
02	Craven Community College	7,580,400	622,841	1.02%
03	Hatteras Yachts	5,906,400	383,553	0.63%
04	Wal-Mart Havelock	4,735,800	392,690	0.64%
05	City of New Bern STP	4,567,920	424,684	0.70%
06	Craven Terrace	3,011,520	363,769	0.60%
07	Lowe's	2,540,400	230,077	0.38%
08	Carolina Telephone	2,102,800	242,163	0.40%
09	Sonoco Products Co	1,999,000	245,142	0.40%
10	Trent Court 5-3	1,935,840	225,204	0.37%
	<u>Revenue for All</u>			
<b>Total</b>	<b>\$ 60,993,635</b>	<b>52,173,680</b>	<b>\$ 4,450,439</b>	

*\*Information not readily available.  
Source: City Records*

Table 8

2006				
Rank	Customer	Annual KWH	Annual Revenues	Percentage of Total Electric Sales
01	Carolina East Medical Center	16,413,600	\$ 1,156,949	2.42%
02	Hatteras Yachts	12,050,400	1,085,438	2.27%
03	Maola	5,443,200	553,613	1.16%
04	City of New Bern STP	5,327,760	362,019	0.76%
05	Craven Community College	4,837,200	532,188	0.41%
06	Lowe's	3,680,400	210,296	0.52%
07	Craven Terrace 5-2	2,867,040	330,404	0.26%
08	Trent Court 5-3	1,981,680	240,550	0.50%
09	Carolina Telephone	1,757,200	179,121	0.38%
10	*			
	Revenue for All			
	\$ 47,732,584	54,358,480	\$ 4,650,578	

**City of New Bern, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year Ended June 30	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
2006	\$ 948,859,492	\$ 564,474,814	\$ 221,440,493	\$ 235,255,510
2007	1,009,184,721	600,579,392	240,416,975	248,109,734
2008	1,076,646,139	641,116,122	244,900,964	261,991,233
2009	1,146,888,181	682,642,384	233,661,254	274,327,842
2010	1,175,109,254	698,743,698	215,576,429	263,121,567
2011	1,654,793,516	983,704,603	217,961,102	268,536,167
2012	1,691,989,475	1,004,138,358	227,578,581	221,190,195
2013	1,699,293,395	1,007,925,555	233,561,473	269,508,198
2014	1,721,521,337	1,007,745,243	133,550,747	250,894,383
<b>2015</b>	<b>1,740,351,357</b>	<b>1,012,722,260</b>	<b>850,794</b>	<b>288,674,310</b>

Source: Craven County Tax Office

Notes:

(1) per \$100 of value.

(2) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales within Craven County which took place in the calendar year ending during the fiscal year.

(3) Property tax is reassessed every eight years by Craven County. The last reassessment was on January 1, 2010 and was the basis for fiscal 2011 taxes.

(4) The State of North Carolina collects motor vehicle taxes on behalf of the City during the vehicle license renewal process. The assessed values of motor vehicles on personal property are not available for this report.

Table 9

<u>Less Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (1)</u>	<u>Assessed Value as a Percentage of Actual Value (2)</u>
\$ 6,058,434	\$ 1,963,971,875	0.470	\$ 2,388,679,001	82.22%
6,080,824	2,092,209,998	0.470	3,049,424,279	68.61%
5,836,701	2,218,817,757	0.505	3,354,221,855	66.15%
6,720,461	2,330,844,200	0.505	3,495,567,187	66.68%
8,048,686	2,344,502,262	0.505	2,346,849,111	99.90%
11,783,558	3,113,211,830	0.410	3,075,384,599	101.23%
14,850,508	3,130,046,101	0.410	2,931,029,217	106.79%
15,828,940	3,194,459,681	0.410	2,826,455,212	113.02%
16,129,202	3,097,582,508	0.410	2,737,831,455	113.14%
<b>17,492,541</b>	<b>3,025,106,180</b>	<b>0.410</b>	<b>2,742,616,664</b>	<b>110.30%</b>

**City of New Bern, North Carolina**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year Ended June 30,	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 8,384,515	\$ 8,321,117	99.24%	\$ 39,850
2007	8,911,639	8,856,640	99.38%	26,275
2008	10,256,118	10,175,877	99.22%	33,771
2009	10,882,144	10,731,998	98.62%	93,472
2010	11,031,702	10,769,066	97.62%	206,425
2011	12,150,856	11,833,088	97.38%	244,008
2012	13,034,415	12,694,505	97.39%	203,288
2013	13,113,654	12,801,046	97.62%	215,515
2014	12,713,363	12,533,754	98.59%	100,722
<b>2015</b>	<b>12,411,797</b>	<b>11,974,859</b>	<b>96.48%</b>	<b>-</b>

Source: City Property Tax Records

Notes:

(1) The State of North Carolina collects motor vehicle taxes on behalf of the City during the vehicle license renewal process. The assessed values of motor vehicles on personal property are not available for this report.

Table 10

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<b>Total Collections to Date</b>		
<b>Amount</b>	<b>Percentage of Levy</b>	
\$ 8,360,967	99.72%	
8,882,915	99.68%	
10,209,648	99.55%	
10,825,470	99.48%	
10,975,491	99.49%	
12,077,096	99.39%	
12,897,793	98.95%	
13,016,561	99.26%	
125,339,754	98.59%	
<b>11,974,859</b>	<b>96.48%</b>	

**City of New Bern, North Carolina  
Principal Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

Name of Taxpayer	Nature of Property	2015		
		Assessed Value	Rank	Percentage of Total Assessed Value
BSH Home Appliances	Household Appliances	\$ 90,356,905	1	2.99%
New Bern Riverfront	Developer (Condos)	25,094,731	2	0.83%
New Bern Apartments, LLC	Residential Rental	15,232,489	3	0.50%
DRA Woodland Crossing LP	Residential Rental	15,029,380	4	0.50%
ATTA Holdings	Medical Offices	14,497,300	5	0.48%
Carolina Telephone	Telephone Services	13,829,506	6	0.46%
Navis HCY Real Estate LLC	Boat Manufacturing	13,285,490	7	0.44%
Overlook Holdings, LLC	Developer	12,754,670	8	0.42%
WalMart Real Estate Business Trust	Retail Sales	12,542,170	9	0.41%
RPG Hospitality	Hotel	9,891,471	10	0.33%
<b>Total Assessed Valuation of Top Ten Taxpayers</b>		<b>\$ 222,514,112</b>		<b>7.36%</b>
<b>Balance of Assessed Valuation</b>		<b>\$ 2,802,592,068</b>		<b>92.64%</b>
<b>Total Assessed Valuation</b>		<b>\$ 3,025,106,180</b>		<b>100.00%</b>

Source: City Property Tax Records

Table 11

2006				
Name of Taxpayer	Nature of Property	Assessed Value	Rank	Percentage of Total Assessed Value
BSH Home Appliances	Household Appliances	\$ 94,409,993	1	4.81%
Hatteras Yachts, Inc.	Boat Manufacturing	27,381,128	2	1.39%
Carolina Telephone	Telephone Services	20,841,991	3	1.06%
Amital Spinning Corp	Yarn/Textile Mfg.	15,307,018	4	0.78%
DDR Xenia & New Bern LLC	Developer	13,200,773	5	0.67%
Twin Rivers Mall	Retail Shopping Center	12,368,230	6	0.63%
Thomas F. & Karen Webb		11,781,700	7	0.60%
Tredegar Film Products	Plastics Mfg.	9,383,545	8	0.48%
Trent Neuse Hotel	Hotel	8,272,721	9	0.42%
Maola Milk & Ice Cream Co.	Dairy Products	7,510,900	10	0.38%
Total Assessed Valuation of Top Ten Taxpayers		<u>\$ 220,457,999</u>		11.23%
Balance of Assessed Valuation		<u>\$ 1,743,513,876</u>		88.77%
Total Assessed Valuation		<u>\$ 1,963,971,875</u>		100.00%

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**City of New Bern, North Carolina**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 12

Fiscal Year Ended June 30,	Direct Rate City	Overlapping Rate Craven County
2006	0.4700	0.6100
2007	0.4700	0.6100
2008	0.5050	0.6100
2009	0.5050	0.6100
2010	0.5050	0.6100
2011	0.4100	0.4728
2012	0.4100	0.4728
2013	0.4100	0.4728
2014	0.4100	0.4675
<b>2015</b>	<b>0.4100</b>	<b>0.4675</b>

Notes:

- (1) Source of county tax rates from Craven County Tax Office.
- (2) City of New Bern tax rate excludes Municipal Service District tax rates.  
This rate covers a small area and is nominal in amount.
- (3) Real property was revalued on January 1, 2010.

**City of New Bern, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**For the Year Ended June 30, 2015**  
**(Unaudited)**

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Craven County debt	<u>\$ 66,918,841</u>	30.23%	<u>\$ 20,232,144</u>
Subtotal, overlapping debt	66,918,841		20,232,144
City direct debt	<u>12,948,539</u>	100.00%	<u>12,948,539</u>
Total direct and overlapping debt	<u><u>\$ 79,867,380</u></u>		<u><u>\$ 33,180,683</u></u>

*Notes:*

- (1) Includes general obligation bonds for Enterprise Fund and General Long-Term Debt Account Group.*
- (2) Determined by ratio of assessed valuation of property subject to taxation in Craven County \$9,904,145,988.*
- (3) Amount in debt outstanding column multiplied by percentage applicable.*

**City of New Bern, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table14  
(3 pages)

<b>Governmental Activities</b>				
<b>Fiscal Year</b>	<b>General Obligations Bonds</b>	<b>Capitalized Leases</b>	<b>Installment Notes Payable</b>	<b>Capitalized Leases</b>
2006	\$ -	\$ -	\$ 10,996,091	\$ -
2007	-	-	10,500,274	-
2008	-	-	16,626,035	-
2009	-	-	16,106,428	-
2010	-	-	14,660,687	-
2011	-	-	12,731,877	-
2012	-	-	14,610,371	-
2013	-	-	12,449,882	-
2014	-	-	12,729,584	-
<b>2015</b>	-	-	<b>12,948,539</b>	-

*Notes:*

- (1) Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.*
- (2) The City has no outstanding general obligation bonds.*
- (3) Population can be found in the Demographic and Economic Statistics Table.*

**City of New Bern, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Business-Type Activities</b>				
<b>Fiscal Year</b>	<b>Notes Payable</b>	<b>Installment Notes Payable</b>	<b>General Obligations Bonds</b>	<b>Revenue Bonds</b>
2006	\$ 23,856,434	\$ 15,524,234	\$ 1,270,000	\$ -
2007	22,977,831	16,696,784	1,000,000	-
2008	27,648,632	16,830,785	740,000	-
2009	44,894,829	26,528,141	485,000	-
2010	49,785,268	23,739,189	240,000	-
2011	47,724,116	23,617,057	-	-
2012	44,801,300	21,270,822	-	-
2013	41,847,545	3,868,205	-	17,180,000
2014	38,862,038	4,209,693	-	15,576,277
<b>2015</b>	<b>35,843,939</b>	<b>3,648,020</b>	-	<b>17,608,515</b>

*Notes:*

- (1) Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.*
- (2) The City has no outstanding general obligation bonds.*
- (3) Population can be found in the Demographic and Economic Statistics Table.*

**Table 14  
(3 pages)**

<b>Business-Type Activities</b>		
<b>Total Primary Government</b>	<b>Total Debt per Capita</b>	<b>Total Debt as Percentage of Personal Income</b>
\$ 51,646,759	\$ 1,878	1731%
51,174,889	1,818	1636%
61,845,452	2,164	1824%
88,014,398	3,036	2450%
88,425,144	2,983	2466%
84,073,050	2,812	2291%
80,682,493	2,699	2103%
75,345,632	2,485	1964%
71,377,592	2,360	1861%
<b>70,049,013</b>	<b>2,316</b>	<b>1826%</b>

**City of New Bern, North Carolina**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years\***  
*(dollars in thousands)*  
**(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 157,566,000	\$ 167,377,000	\$ 177,506,221	\$ 186,561,090
Total net debt applicable to limit	-	-	5,244,681	-
Legal debt margin	<u>\$ 157,566,000</u>	<u>\$ 167,377,000</u>	<u>\$ 172,261,540</u>	<u>\$ 186,561,090</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	3.04%	0.00%

*Notes:*

*Debt includes installment proceeds and notes payable.*

Legal debt margin calculation for fiscal year 2015:

Assessed Valuation	\$ 3,025,106,180
8%	242,008,494
Less applicable debt	<u>(12,948,539)</u>
Debt margin	<u>\$ 229,059,955</u>

Table 15

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 187,560,181	\$ 249,056,946	\$ 251,991,678	\$ 255,556,774	\$ 247,806,601	<b>\$ 242,008,494</b>
<u>240,000</u>	<u>12,731,877</u>	<u>14,610,371</u>	<u>12,449,882</u>	<u>12,729,584</u>	<u><b>12,948,539</b></u>
<u><u>\$ 187,320,181</u></u>	<u><u>\$ 236,325,069</u></u>	<u><u>\$ 237,381,307</u></u>	<u><u>\$ 243,106,892</u></u>	<u><u>\$ 235,077,017</u></u>	<u><u><b>\$ 229,059,955</b></u></u>
0.13%	5.39%	6.15%	5.12%	5.14%	<b>5.65%</b>

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**City of New Bern, North Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 16

<b>Fiscal Year Ended June 30,</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (2)</b>	<b>Personal Income (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2006	27,508 *	\$ 24,141	\$ 2,982,972	7,805	3.90%
2007	28,156 *	24,141	3,127,571	7,864	3.60%
2008	28,584 *	24,141	3,390,907	7,413	4.00%
2009	28,992 *	24,141	3,592,542	7,433	7.70%
2010	29,646 *	24,141	3,585,722	7,457	9.60%
2011	29,899	22,762	3,669,572	7,652	9.50%
2012	30,316	22,762	3,836,260	7,633	9.20%
2013	30,242	23,235	4,094,203	8,202	9.90%
2014	30,291	22,555	5,365,822	7,633	7.10%
<b>2015</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>6.30%</b>

Notes:

(1) Population and personal income provided U.S. Census Bureau.

(2) Provided by AmericanFact Finder/U.S. Census Bureau.

(3) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are as of the end of the calendar year ended during the fiscal year.

(4) Provided by N.C. School Report Cards.

(5) Provided by U.S. Bureau of Labor Statistics.

(6) Information is not presently available.

**City of New Bern, North Carolina  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

2015			
Employer	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,018	1	13.20%
Carolina East Health Systems	2,239	2	5.89%
Craven County Schools	1,951	3	5.13%
BSH Home Appliances	1,150	4	3.02%
Moen Incorporated	900	5	2.37%
State of North Carolina	886	6	2.33%
WalMart	790	7	2.08%
Craven County	588	8	1.55%
City of New Bern	479	9	1.26%
Craven Community College	451	10	1.19%
	<u>14,452</u>		<u>38.01%</u>

Sources: Craven County, N.C. Employment Security Commission

Note:

(1) Excludes 8,734 active military personnel based in Craven County. It includes civilian employment at Fleet Readiness Center, Naval Health Clinic, 2nd MAW and MCAS Cherry Point.

Total County employment per ESC 38,026

Table 17

<b>2006</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Department of Defense	5,515	1	13.50%
Carolina East Health Systems	1,992	2	4.88%
Craven County Schools	1,819	3	4.45%
Hatteras	1,215	4	2.97%
BSH Home Appliances	1,105	5	2.70%
Moen Incorporated	1,010	6	2.47%
State of North Carolina	951	7	2.33%
Craven County	596	8	1.46%
WalMart	525	9	1.29%
Craven Community College	518	10	1.27%
	<u>15,246</u>		37.32%

**City of New Bern, North Carolina**  
**Full-Time Equivalent City Government Employees by Functions/Programs**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 18  
(2 pages)

Functions/Program	Full-Time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Governing board	1	1	1	1	1	1	1	1	1	1
Administration	3	3	3	3	3	3	4	4	4	4
Finance:										
Accounting	12	12	12	12	12	11	10	10	10	10
Warehouse	5	5	5	5	5	4	4	4	4	4
Information technology	7	7	7	7	7	7	7	8	8	8
Tax collection	3	3	3	3	3	3	3	3	1	-
Human resources	6	6	6	6	6	6	5	5	6	6
Police	*	116	116	138	141	128	114	112	112	116
Animal control	2	2	2	-	-	-	-	-	-	-
Communications	*	17	19	-	-	-	-	-	-	-
Fire	*	59	68	69	68	66	66	67	67	67
Parks and recreation:										
Administration	2	2	3	2	2	2	2	2	2	2
West New Bern recreation center	4.4	4.3	5	5	5	5	5	5	5	5
Stanley White recreation center	4	3.3	4	5	5	4	4	4	4	4
Parks	17	17	17	17	17	14.6	13	14	14	14
Aquatics	-	-	-	1	1	0.4	0.4	-	-	-
Special programs	1	1	1	-	-	-	-	-	-	-
Athletics	3.5	3.5	4	3	3	3	3.6	3	3	3
Planning and inspections:										
Planning and inspections	*	19	19	19	19	17	17	16	17	17
GIS	1	1	1	1	1	1	1	1	-	-
Public works:										
Administration	4	4	4	4	4	3.5	3	3	3	3
Garage	4	4	4	4	4	4	4	4	4	4
Public buildings	6	6	7	7	7	6	5	6	6	6
Streets	*	30	31	31	31	26	25	25	25	25
Cemeteries	1	1	1	1	1	1	1	-	-	-
Leaf & limb	9	9	9	9	9	9	8	7	7	7
Sanitation	-	1	1	1	1	-	-	-	-	-
Engineering	6	6	10	10	10	9	-	-	-	-
Water:										
Water resources administration	-	-	-	-	-	-	7	7	7	7
Water treatment	3	3	3	3	5	7	12	11	11	11
Water distribution system maintenance	21	21	21	21	23	20	25	30	30	30
Hydrant maintenance	3	3	4	4	4	4	-	-	-	-

**City of New Bern, North Carolina**  
**Full-Time Equivalent City Government Employees by Functions/Programs**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 18  
(2 pages)

	Full-Time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sewer:										
Sewer treatment	18	17	20	20	20	19	21	21	21	<b>20</b>
Sewer collection system maintenance	23	30	32	33	37	27	21	16	14	<b>14</b>
Pretreatment	1	1	1	1	1	2	-	-	-	-
Electric:										
Electric administration	6	6	7	7	7	7	7	7	7	<b>7</b>
Utility billing	5	5	5	5	16	5	5	5	5	-
Utility service	15	15	17	16	15	16	15	15	10	-
Distribution O&M	33	33	33	33	33	30	32	32	36	<b>36</b>
Power supply	3	4	4	4	4	4	4	4	4	<b>4</b>
Communications control	6	5	5	5	5	5	5	6	6	<b>7</b>
Customer service	15	15	16	16	16	16	16	16	16	<b>30</b>
Stormwater:										
Stormwater	-	-	-	-	-	-	-	5	5	<b>5</b>
Other										
Emergency telephone system (E911)	2	2	2	2	2	2	2	2	2	<b>2</b>
Municipal service district	2	2	2	2	2	2	-	-	-	-
Total	<u>258</u>	<u>505</u>	<u>535</u>	<u>536</u>	<u>556</u>	<u>500</u>	<u>478</u>	<u>481</u>	<u>477</u>	<u>479</u>

Source: Prior years' budget records.

Note:

\*Information is not readily available.

**City of New Bern, North Carolina**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Function/Program:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Police:</b>				
Calls for service	**	**	**	**
Conduct DUI/Traffic check points	**	**	**	**
Answer 90% of 911 class in 10 seconds	**	**	**	**
Dispatch emergency call in 90 seconds	**	**	**	**
Dispatch non-emergency call in 90 seconds	**	**	**	**
Maintain 100% state certification for sworn and non-sworn	**	**	**	**
Conduct directed radar enforcement campaigns	**	**	**	**
Arrests	**	**	**	**
<b>Fire:</b>				
Calls for Service	1,186	1,206	1,231	1,022
Value of endangered property	**	**	**	**
Value of property loss	\$ 2,309,425	\$ 2,573,590	\$ 2,124,686	\$ 1,549,760
Fire inspections	**	**	**	**
Fire investigations	**	**	**	**
People educated by fire education programs	**	**	**	**
Child passenger safety seat inspections	**	**	**	**
Permits issued	**	**	**	**
Firefighter training hours	**	**	**	**
<b>Recreation and attendance:</b>				
Athletics	**	74,500	77,000	80,000
Centers and parks	**	268,304	269,190	269,546
Other programs	**	90,825	90,875	90,900
<b>Planning and Development:</b>				
Total building permits	766	831	651	553
Total value of all permits	\$ 80,764,491	\$ 148,822,321	\$ 112,408,779	\$ 48,034,918
<b>Public service:</b>				
Garbage collected (ton)	7,665	7,659	7,618	7,562
Recycle collected (ton)***	1,575	1,630	1,628	1,848
<b>Stormwater:</b>				
Calls for service	**	**	**	**
Yearly rainfall	**	**	**	**
Stormwater fee	**	**	**	**
Residential ERUs	**	**	**	**
Commercial ERUs	**	**	**	**

Source: Various city records

**Notes:**

\*\* Data not available.

\*\*\* Numbers are derived from Craven County Recycling tonnages. Only totals were available, however based on the percentage of households in the city to county, 33.53% was used from the total collected to generate an approximate city value.

Table 19

2010	2011	2012	2013	2014	2015
44,980	38,397	36,818	48,532	42,819	43,113
**	**	**	70	118	157
**	**	**	99.60%	97.50%	98.05%
**	**	**	85.30%	91.15%	72.35%
**	**	**	97.80%	75.00%	74.40%
**	**	**	100.00%	98.78%	98.78%
**	**	**	1	4	21
**	**	**	1,944	1,750	1,595
1,034	1,124	1,090	992	1,115	1,223
**	**	**	**	\$ 50,260,192	\$ 13,718,938
\$ 850,040	\$ 1,658,581	\$ 6,131,061	\$ 1,386,713	2,811,003	656,825
**	**	1,860	1,787	1,519	1,568
**	**	43	32	36	33
**	**	7,033	7,298	8,857	9,929
**	**	299	295	268	227
**	**	140	82	126	91
**	**	**	**	19,176	19,522
95,500	95,750	98,500	98,500	99,000	99,500
270,551	278,501	285,500	286,000	286,500	306,000
95,825	90,550	96,775	97,000	97,225	100,000
645	573	652	605	529	511
\$ 56,899,190	\$ 38,992,626	\$ 47,994,419	\$ 37,189,233	\$ 40,634,053	\$ 32,604,601
			97,000	97,225	
7,495	7,640	7,719	7,626	7,854	8,135
1,644	1,791	2,403	1,795	2,191	2,222
**	**	**	450	178	264
**	**	**	43.99"	37.14"	54.91"
**	**	**	\$2.10/ERU	\$2.10/ERU	\$2.10/ERU
**	**	**	**	12,516	12,756
**	**	**	**	20,452	20,006

**City of New Bern, North Carolina**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Function/Program:	2006	2007	2008	2009
Police:				
Capital assets	4	4	4	4
Fire & rescue:				
Fire stations	3	3	3	3
Fire training academy building	1	1	1	1
Fire training academy classroom	1	1	1	1
Parks & recreation:				
Acreage	270	270	275	275
Parks & recreation:	17	17	18	18
Frisbee golf course	-	-	1	1
Baseball/softball diamonds	9	10	10	10
Soccer/football fields	2	2	2	2
Basketball courts	3	4	4	4
Tennis courts	4	4	4	4
Swimming pools	-	-	-	1
Parks & playground equipment	8	8	8	9
Picnic shelters	6	7	8	8
Community centers	3	3	3	3
Natural sites	4	4	4	4
Gymnasium	2	2	2	2
Spray ground	-	-	1	1
Dog park	-	-	-	1
Boat launch/ramp/pier	6	6	6	7
Picnic tables	60	70	70	70
Park benches	80	90	90	100
Multi-purpose fields	2	2	2	2
Walking trails	3	3	4	5
Outdoor restrooms	7	8	9	9
Public parking lots	9	10	10	10
Public art	3	3	3	3
Horseshoe courts	1	1	2	2
Outdoor volleyball courts	1	1	2	2
Bike racks	6	6	6	7
Wastewater:				
*Sanitary sewers (*miles)	209.40	211.20	211.40	211.40
*Storm sewers (miles)	62.30	62.30	62.40	62.40
*Average daily flow	4.46	4.41	3.72	3.57
Electric:				
Average daily usage (kWh)	1,265,809	1,261,872	1,308,915	1,308,073
Miles of distribution lines	450	470	515	515

Source: Various city records

\*Beginning in FY14 the STEP system and vacuum system sewer mains are included.

Table 20

2010	2011	2012	2013	2014	2015
4	4	4	5	5	5
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
282	312	312	312	350	360
19	21	21	21	23	24
1	1	1	1	1	1
10	10	10	10	10	10
2	2	2	2	2	2
4	4	4	4	4	4
4	4	4	4	4	4
1	1	1	1	1	1
9	9	9	10	11	12
8	8	8	9	10	10
3	3	3	3	3	3
4	4	4	4	4	4
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
7	8	8	8	8	10
75	75	75	87	90	95
108	108	108	126	130	138
2	2	2	2	2	2
6	6	6	6	6	6
9	9	9	9	9	9
11	11	11	11	11	11
3	3	4	4	5	5
3	3	3	3	3	3
2	2	2	2	2	2
7	7	7	7	25	25
211.40	211.40	211.70	211.70	414.88	416.77
62.40	62.40	62.50	62.50	74.35	74.62
4.01	3.82	3.63	3.63	3.89	3.88
1,327,457	1,366,685	1,257,055	1,286,755	1,254,574	1,304,406
515	515	515	518	520	630

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## ***Compliance Section***

The Compliance Section contains various schedules and auditor opinions reflecting federal, state and local matching participation in various projects and programs of the City. The Single Audit Act Amendments of 1996 established audit requirements for state and local governments that receive federal and state assistance. The audit requirements were established to insure that audits are conducted on an organization wide basis, rather than on a grant-by-grant basis.

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

Honorable Mayor and  
Board of Aldermen  
City of New Bern, 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 statements 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, each major fund, and the aggregate remaining fund information of City of New Bern, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of New Bern's basic financial statements, and have issued our report thereon dated December 9, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of New Bern's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of New Bern's internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Bern'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



***Compliance and Other Matters***

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

We noted certain matters that we reported to management of the City of New Bern in a separate letter dated December 9, 2015.

***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 City's internal control or on compliance. This report is an integral part of the audit performed in accordance *with Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
December 9, 2015**

## **Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act**

Honorable Mayor and  
Board of Aldermen  
City of New Bern, North Carolina

### ***Report on Compliance for the Major Federal Program***

We have audited the City of New Bern, North Carolina's, compliance with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of New Bern's major federal programs for the year ended June 30, 2015. The City of New Bern's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of New Bern'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; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of New Bern'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 on City of New Bern's compliance.

### ***Opinion on Each Major Federal Program***

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

***Report on Internal Control over Compliance***

Management of City of New Bern 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 City of New Bern's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of New Bern'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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 the 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.

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

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
December 9, 2015**

## **Independent Auditors' Report on Compliance with Requirements Applicable for Each Major State Program and on Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

Honorable Mayor and  
Board of Aldermen  
City of New Bern, North Carolina

### ***Report on Compliance for Each Major State Program***

We have audited City of New Bern, 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 the City of New Bern's major State program for the year ended June 30, 2015. City of New Bern's major State program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the City of New Bern's major State program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of New Bern'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 the major State Program. However, our audit does not provide a legal determination on City of New Bern's compliance.

### ***Opinion on Each Major State Program***

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

***Report on Internal Control over Compliance***

Management of City of New Bern 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 City of New Bern's internal control over compliance with the types of requirements that could have a direct and material effect on its major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major State program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of New Bern'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, noncompliance 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 a reasonable possibility that material noncompliance 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 the 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.

This 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 applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
December 9, 2015**

**City of New Bern, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2015**

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**1. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major federal program:

\_\_\_\_\_ Program Name \_\_\_\_\_

20.205 Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No



**City of New Bern, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2015**

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There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

**City of New Bern, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2015**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor's Number</b>
<b>Federal awards</b>		
U.S. Department of Transportation		
Passed through the N.C. Department of Transportation		
Enhancement Programs: Safe, Accountable, Flexible, Efficient		
Transportation Equity Act: A Legacy for Users (SAFETEA-LU)	20.205	3602.3.13
Highway Planning, Research, and Construction	20.205	39225.1.30
Highway Planning, Research, and Construction	20.205	36230.42.1.1
Safe Routes to School Program	20.205	40924.3.F69
Bicycle and Pedestrian Transportation Enhancement Program	20.205	EB-5502
Bicycle and Pedestrian Transportation Enhancement Program	20.205	EB-5501
Highway Planning and Construction Cluster		
Governor's Highway Safety Program	20.612	52014.3.3
U.S. Department of Transportation		
U.S. Department of Housing and Urban Development		
Passed through the N.C. Department of Commerce		
2012 Community Development Block Grant Catalyst Program	14.218	
Community Development Block Grant Talent Enhancement	14.218	
Community Development Block Grant Entitlement Cities	14.218	
2011 Infrastructure Hook Up	14.218	
U.S. Department of Commerce		
U.S. Department of Justice		
Direct Assistance		
Public Safety Partnership and Community Policing Grants	16.710	
Edward Byrne Memorial Justice Assistance Grant	16.738	
Bullet Proof Vest Program	N/A	
U.S. Department of the Interior National Park Service		
Passed through the N.C. Department of Cultural Resources		
Dryborough Grant	15.904	
<b>Total federal awards</b>		
<b>State awards</b>		
N.C. Department of Transportation		
Nonstate System Street Aid Allocation (Powell Bill)		38570
Highway Construction Program		48089
Total N.C. Department of Transportation		
N.C. Department of Environment and Natural Resources		
Public Beach and Water Access		
N.C. Housing Finance Agency		
2013 Urgent Repair Program		
<b>Total state awards</b>		
<b>Total federal and state awards</b>		

**See notes to the schedule of expenditures of federal and state awards.**

<b>Expenditures</b>		
<b>Federal</b>	<b>State</b>	<b>Local</b>
\$ 39,760	\$ 9,940	\$ 8,209
145,552	-	36,388
22,500	-	2,500
97,948	-	-
53,346	13,336	-
10,862	2,716	-
<u>369,968</u>	<u>25,992</u>	<u>47,097</u>
1,804	-	-
<u>371,772</u>	<u>25,992</u>	<u>47,097</u>
170,400	-	-
14,226	-	-
39,129	-	-
5,890	-	-
<u>229,645</u>	<u>-</u>	<u>-</u>
104,122	-	-
15,540	-	-
548	-	5,744
<u>120,210</u>	<u>-</u>	<u>5,744</u>
4,015	-	1,485
<u>725,642</u>	<u>25,992</u>	<u>54,326</u>
-	594,169	-
-	100,000	-
-	<u>694,169</u>	-
-	116,621	38,874
-	27,295	-
-	<u>838,085</u>	<u>38,874</u>
<u>\$ 725,642</u>	<u>\$ 864,077</u>	<u>\$ 93,200</u>

**See notes to the schedule of expenditures of federal and state awards.**

**City of New Bern, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2015**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards ("SEFSA") includes the federal and state grant activity of City of New Bern, North Carolina under the programs of the federal government and the state of North Carolina for the year ended June 30, 2015. The information is presented in accordance with the requirements of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. 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 costs principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or cost principals contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

**3. Outstanding Loans**

The City of New Bern has outstanding loan balances from federal and state funding sources that are not required to be presented within the Schedule of Expenditures of Federal and State Awards because there are no continuing requirements beyond repayment of the loan balances in accordance with loan agreement provisions. The outstanding balances of the loans were as follows:

10.766 - USDA loan	\$ 2,187,636
66.458 - Clean Water Trust Revolving Loan	25,204,968
66.458 - Sanitary Sewer State Loan	755,069
66.458 - Wastewater Treatment Plant State Loan	9,275,747
66.458 - Wastewater Treatment Diffuser State Loan	608,155