

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF GOLDSBORO, NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Kaye A. Scott
Director of Finance

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goldsboro
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Enen".

Executive Director

This page intentionally left blank

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2009

		<u>Page No.</u>
Introductory Section		
	Certificate of Achievement for Excellence in Financial Reporting	ii
	Table of Contents	iii-v
	City Officials and Staff	vi
	Organization Chart	vii
	Letter of Transmittal	viii-xv
Financial Section		
		1
	Independent Auditor's Report	2
	Management's Discussion and Analysis	3-16
<u>Exhibit</u>		
	Basic Financial Statements:	17
	Government-wide Financial Statements:	18
1	Statement of Net Assets	19
2	Statement of Activities	20
	Fund Financial Statements:	21
3	Balance Sheet – Governmental Funds	22
4	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	23-24
5	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –General Fund	25
6	Statement of Net Assets – Proprietary Fund	26
7	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	27
8	Statement of Cash Flows-Proprietary Fund – Utility Fund	28-29
	Notes to the Financial Statements	30-54
	Required Supplemental Financial Data:	55
A-1	Schedule of Funding Progress	56
A-2	Law Enforcement Officers' Special Separation Schedule of Employer Contributions	57a
A-3	Post-Employment Health Benefit Obligation	57b
	Individual Fund Statements and Schedules	58
	The General Fund:	59
B-1	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	60-65
	Non-Major Governmental Funds:	66
C-1	Combining Balance Sheet	67
	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	68
	Special Revenue Funds:	69
C-3	Community Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	70

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2009

C-4	Downtown District Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	71
C-5	Occupancy Tax Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72
	Capital Projects Fund:	73
D-1	Capital Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	74
D-2	City Hall Capital Project Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual	75
	Enterprise Fund:	76
E-1	Utility Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	77-78
E-2	Water and Sewer Capital Project Fund – Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	79
	Other Financial Information	80
F-1	Comparative Schedule of Governmental Capital Assets – By Source	81
F-2	Schedule of Changes in Governmental Capital Assets – By Function and Activity	82
	Additional Financial Data	83
G-1	Schedule of Ad Valorem Taxes Receivable	84
G-2	Analysis of Current Tax Levy – City-Wide Levy	85
G-3	All Fund – Schedule of Cash and Investment Balances	86

	Statistical Section	87
--	----------------------------	----

Table

1	Net Assets By Component	88
2	Change in Net Assets	89-90
3	Fund Balances, Governmental Funds	91
4	Changes in Fund Balances, Governmental Funds	92-93
5	Governmental Activities Tax Revenues By Source	94
6	General Governmental Tax Revenues By Source	95
7	Assessed Value and Estimated Actual Value of Taxable Property	96
8	Direct and Overlapping Property Tax Rates	97
9	Principal Property Tax Payers	98
10	Property Tax Levies and Collections	99
11	Ratios of Outstanding Debt By Type	100
12	Ratios of General Bonded Debt Outstanding	101
13	Legal Debt Margin Information	102
14	Direct and Overlapping Governmental Activities Debt	103
15	Demographic and Economic Statistics	104
16	Principal Employers	105
17	Full-Time Equivalent City Government Employees By Function	106
18	Operating Indicators by Function	107
19	Capital Asset Statistics By Function	108

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2009

	<u>Page No.</u>
Compliance Section	109
Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	110-111
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	112-113
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	114-115
Schedule of Findings and Questioned Costs	116-118
Summary Schedule of Prior Audit Findings	119
Schedule of Expenditures of Federal and State Awards	120-121

This page intentionally left blank

CITY COUNCIL

MAYOR AND CHAIRMAN
ALFONZO KING

MAYOR PRO TEM
CHUCK ALLEN

MICHAEL HEADEN
JACKIE WARRICK
DON CHATMAN
BOB WALLER
CHARLES J. WILLIAMS

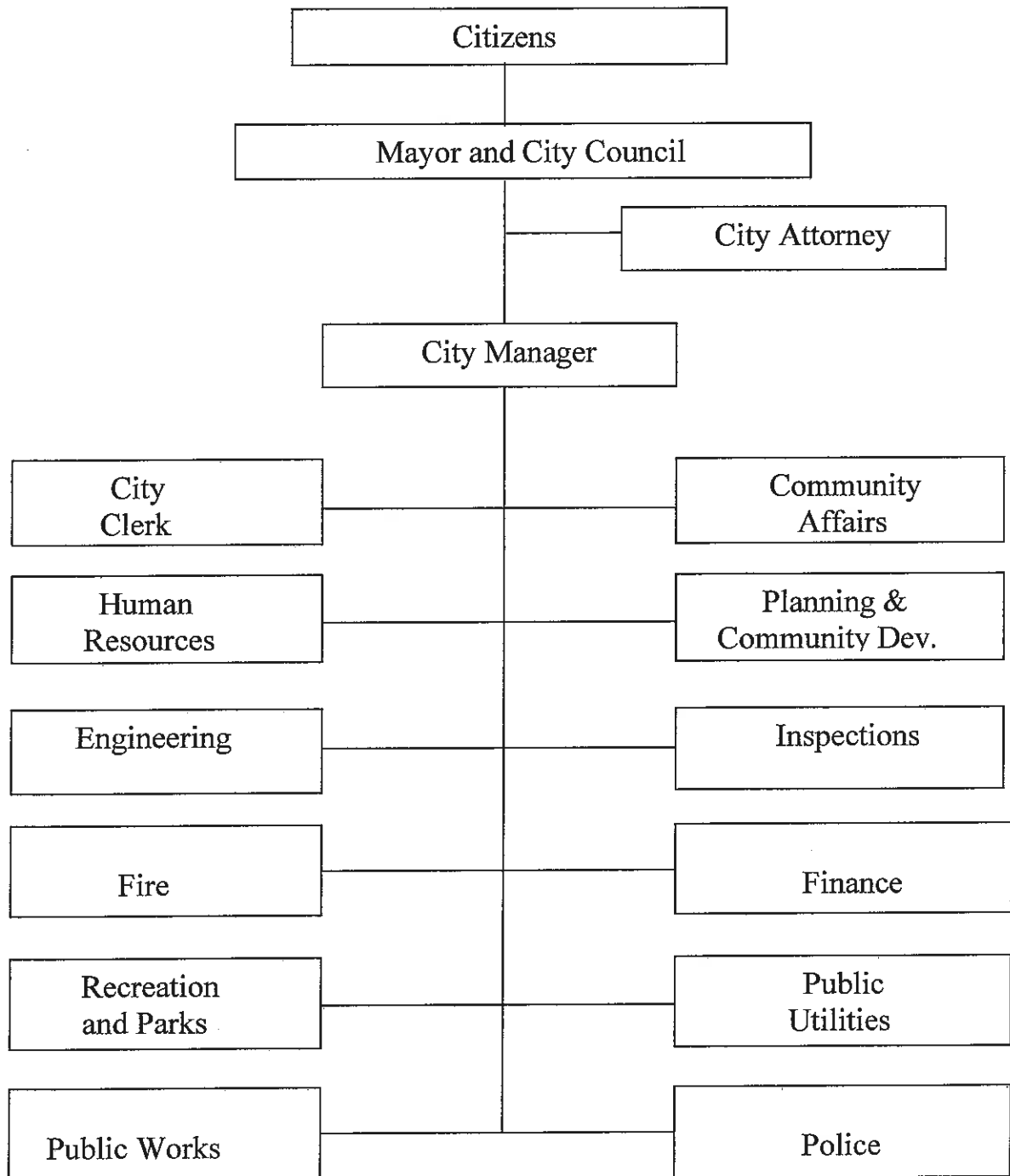
CITY MANAGER
JOSEPH R. HUFFMAN

DIRECTOR OF FINANCE
KAYE A. SCOTT

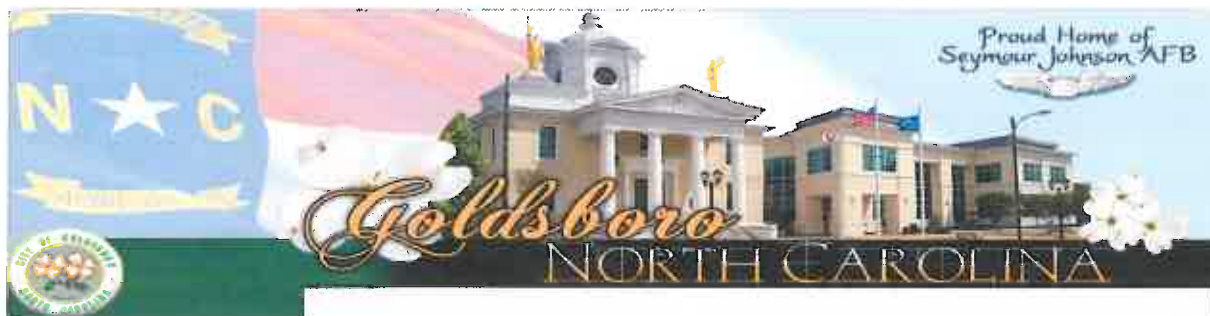
CITY ATTORNEY
JAMES D. WOMBLE, JR.

This page intentionally left blank

**CITY OF GOLDSBORO, NORTH CAROLINA
ORGANIZATIONAL CHART**



This page intentionally left blank



November 12, 2009

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

The Comprehensive Annual Financial Report of the City of Goldsboro, for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations 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.

Management of the City is responsible for establishing and maintaining a system of internal controls. These controls are designed to provide reasonable assurance that: (1) assets are safeguarded against loss, theft or unauthorized use and; (2) the financial records are reliable, allow for the preparation of financial statements in conformity with generally accepted accounting principles, and demonstrate compliance with applicable legal requirements. Reasonable assurance recognizes that the cost of a control should not exceed its benefit and that evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City must ensure that an adequate internal control system is in place to comply with the various laws and regulations of those financial assistance programs. As part of the City's single audit described earlier, the internal control system is tested and evaluated to determine compliance with the applicable legal requirements. The result of the City's single audit for the fiscal year ended June 30, 2009 disclosed no instances of material weaknesses in the internal control system or noncompliance with the applicable laws and regulations.

In addition, the City maintains a system of budgetary controls. These budgetary controls are designed to ensure compliance with the budget ordinances adopted by the City Council as well as compliance with the North Carolina General Statutes as they relate to budgetary control for local governments. All funds are included in the City's annual budget ordinance, grant project ordinances, or capital project ordinances. The level at which expenditures cannot legally exceed the appropriated amounts is at the department level. An encumbrance accounting system is used to achieve budgetary control with encumbered amounts lapsing at year-end. However, encumbrances that are planned to be honored are reported as a reserve of fund balance and re-appropriated in the following year's budget. The City continues to demonstrate its adherence to sound financial management principles and fiscal responsibility as evidenced by the statements and schedules included in this report.

The City is required by the North Carolina General Statutes to have an annual independent audit of its financial statements. In addition, Office of Management and Budget Circular A-133 and the State Single Audit Implementation Act require annual independent audits of the City's compliance with the applicable laws and regulations related to certain financial assistance received by the City.

The Management Discussion and Analysis (MD&A) immediately follows the report of the independent auditors. The MD&A provides users of the financial statements a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Goldsboro is located in the east-central part of North Carolina. Incorporated in 1847, the City is the largest municipality in Wayne County with an estimated population of 38,554 and a land area of approximately 26 square miles. Situated in the approximate geographic center of the County, the City also serves as the County seat.



The City operates under the Council-Manager form of government. The six members of the Council are elected from districts. The Mayor is elected at-large and is the presiding officer of the Council. The Mayor and Council members serve four-year terms. The Manager is appointed by the Council and serves as the chief administrative officer of the City and is responsible for administering the policies and ordinances of the Council.

The City provides its citizens with a wide range of services that includes police and fire protection, sanitation, transportation, cultural and recreational activities, planning and zoning, community development, building inspections, cemetery, and general administrative services. In addition, the City owns and operates water, water reclamation and compost utilities. This report includes all of the City's activities related to these services.

The City continues to maintain a system of budgetary controls as required by state statutes that promote a sound financial management and fiscal accountability. The City Manager annually submits to City Council by May 1st, a proposed budget for the upcoming fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. The annual budget is prepared by fund and department. During the fiscal year, the City Manager or designee is authorized to approve all transfers of revisions, but the City Council must approve any revisions that change the total budget of any fund. Budget-to-actual comparisons are presented in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund, the comparison is presented on page 25 as part of the basic financial statements for the governmental funds. Pages 74-75 include budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e. special revenue funds and capital projects funds).

FINANCIAL CONDITION

Local Economy

The City has a diversified economy based upon manufacturing, agriculture, and governmental institutions that are supported by a mix of wholesale and retail businesses as well as numerous service providers. This diversity is also reflected in the international composition of the firms. Manufacturers with foreign ownership have corporate ties with Great Britain, Japan and Mexico.

Local industries are involved in a range of operations from simple assembly to complex manufacturing processes, resulting in products ranging from bread and poultry feed to automobile parts and electric transformers. The Wayne County Development Alliance, Inc. recognizes 56 major manufacturers and distributors/wholesalers and machine shops in the County who account for more than 9,500 jobs. Substantial technological improvements in recent years involving modernization of plant facilities and the addition of sophisticated manufacturing equipment have resulted in enhanced profitability and productivity for many of the local manufacturing firms. During the last five years, the area has seen the location of several new manufacturing, warehousing and distribution facilities and the expansion of even more such operations. Increases in non-manufacturing employment also continue to contribute to a stable local economy. The state also is a significant economic presence thanks to a major psychiatric hospital and mentally handicapped facility each employing more than 1,000 healthcare professionals and staff.

AAR Cargo Systems acquired the 106,300 square foot shell building at ParkEast, the Wayne County Industrial and to date employs approximately 300 people. In 2007, AAR announced that Goldsboro has become the headquarters for their entire Cargo Systems operation and has set a long-term target of 500 jobs by the year 2011.

In 2007, AT&T announced the acquisition of a 47,000 square foot building to house a new technical support call center. The state's biggest phone company opened this call center in April 2008 and to date employs over 425 people. This center is among the 5,000 jobs that AT&T is repatriating from jobs that had been out-sourced overseas.

Wayne Memorial Hospital has been issued permits in excess of twenty-seven million dollars for several projects. A 17,200 square foot facility was built for an energy plant for the hospital, and it was completed in August 2008. The computer controlled energy management technology is so new that patents for the equipment have only recently been obtained. Upon completion, the plant will be the first in the nation with their technology. Additional projects include renovation of the air filtration system on four of the seven floors and an expansion of the Critical Care Facility.

The retail sector of the economy is holding steady. Goldsboro has opened an 184,000 square foot Walmart store and seventeen new retail shops are included within this shopping center. Ashley Furniture, a 35,000 square foot building, will serve as the anchor tenant in the Goldsboro Promenade which will also include a 17,100 square foot facility for various general business shops. Memorial Commons will consist of three anchor stores and various smaller shops. Permits have been issued for future projects, restaurants (i.e. Zaxby's, Ihop and Cookout), several office/administration buildings, retail stores and construction for a \$1.7 million veterinary hospital.

In addition to the commercial projects, several residential neighborhoods continue their construction. Glenda's Pointe, a subdivision for sixty-eight single family homes, has completed installation of utility services and streets and several homes have been completed. Bradbury Apartments, an apartment complex consisting of twelve multi-story buildings with two hundred eighty-eight high-end apartments, was finished this fiscal year. The City has issued building permits for ten (10) duplexes and plans have been submitted for eleven (11) more duplexes at the Windsor Creek Subdivision. Commercial development is expected to occur adjacent to this subdivision.



As a result of promotional and revitalization efforts undertaken over the past few years, the occupancy rate for rentable commercial space for the Downtown Service District has maintained at an approximate

94 percent level, with no significant decline anticipated in the foreseeable future. In fact, 15,000 square feet of a second floor commercial building that had been vacant for over 40 years experienced a nearly \$1,000,000 investment and is now nine (9) upscale apartments. Additionally, another key indicator that progress or maintenance of our relatively low vacancy rate is that we added approximately 70,000 square feet of useable, restored or reconstructed rentable space downtown through private investment. Add to that the public investment of the reconstructed Paramount Theater and the collective space added is 88,224 square feet in 2008-09 alone!

The efforts of the Downtown Goldsboro Development Corporation earned it recognition during 2008 for commercial district revitalization by meeting standards for performance set by the National Trust for Historic Preservation's National Main Street Center. The DGDC joined 625 other Main Street revitalization programs nationally recognized as 2008 Accredited National Main Street Program.

The NC Division of Tourism, Film & Sports Development, has just released the 2008 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$120.26 million in 2008. This is a 6.4% increase over 2007. Approximately 1,000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$17.20 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2008 amounted to \$9.04 million. Of the 100 counties in North Carolina, Wayne County is ranked 4th in percentage growth for 2008 and ranked 27th in the State for travel and tourism.

Seymour Johnson Air Force Base (the "Base"), located in the City, contributes significantly to the local economy. The Base is the home of the Air Combat Command's 4th Fighter Wing and 916th Air Refueling Wing, an Air Force Reserve unit and several small associate units. The Base currently employs approximately 4,320 active duty military personnel, 938 civilian personnel and 913 full-time air reserve technicians. The annual civilian and military payroll exceeds \$289 million.

Long-Term Financial Planning



The Paramount Theater was purchased by the City of Goldsboro in September 2008 for \$4.5 million. A private contractor rebuilt this facility that had been destroyed by fire in 2005. This 15,170 square foot performing arts facility boasts a soaring three story lobby and 500-seat auditorium reminiscent of the 1920's. The City of Goldsboro is planning on the construction of a \$12 million recreation facility in the Goldsboro Downtown area. The 58,000 square foot center will feature an indoor elevated track, full

gymnasium, swimming pool and multi-purpose fitness rooms.

Plans are also being developed for the Stoney Creek Park to include community garden areas, walking and biking paths, a multi-use lawn and an area devoted to observation of nature. In June 2009, the City of Goldsboro was awarded the Fit Community Grant. Part of the funds from this grant will be used to purchase climbing artificial boulders with fall zones and a section of the walking trail with Born Learning trail signs in the children's area at Stoney Creek Park. Also, a contract between the NC Dept of Environment and Natural Resources and the City of Goldsboro was approved for the construction of approximately one mile of new trails for walkers/joggers/bicyclers.

The City of Goldsboro has had a Utility Master Plan prepared in 2009. The scope of the Utility Master Plan is to project long-term water and sewer utility needs for water treatment and distribution, water supply, wastewater treatment and collection. The most pressing near term need is to upgrade the existing water treatment plant. It was originally constructed in 1952. The new EPA water regulations require higher water treatment standards than when the water plant was originally constructed. This has

caused the City to consider adding newer technologies to meet these standards. Also, recent drought years have pointed out the need for the City to explore options for alternative water supplies.

It has been announced that Seymour Johnson AFB will receive funding for more than \$12 million from the Duncan Hunter Defense Authorization Act to construct an energy-efficient consolidated service center. This new center will greatly increase efficiency and productivity on Seymour Johnson AFB.

The City of Goldsboro and NC Department of Transportation declared a partnership to combine resources to restore the historic Union Station; the NC Department of Transportation Rail Division purchased the Station back from private ownership during the summer of 2007. Listed in the National Register of Historic Places, the Goldsboro Union Station was built in 1909, designed in an eclectic style and is dubbed one of the most ambitious stations of its type in North Carolina, expressing Goldsboro's early position as a regional railroad center. The Union Depot operated passenger services until 1968 and in 1972 the station was sold to a private business. The two-story Depot building is nearly 10,000 square feet



in size situated on a property that encompasses two city blocks. The Depot is a critical component of three complimentary, master plans or goals. These include the North Carolina Department of Transportation's passenger rail service plan, the City of Goldsboro's Master Plan and Neighborhood Revitalizations Plan for the area, and the joint plans of the North Carolina Department of Transportation and the local Goldsboro/Wayne consolidated public transportation system, Gateway.

The NC Department of Transportation Rail Division has an established history of linking passenger and commuter rail lines to historic train stations renovated through their Passenger Station Rehabilitation Program. The Economic & Fiscal Impact Analysis of Station Revitalization Study completed in December 2003 evaluated the impact of seven station rehabilitation projects to determine the return expected from the investment and found: "The \$63 million (2003 dollars) investment to revitalize these stations is estimated to generate over \$94 million in wages for NC residents for a payback ratio of 1.47 across all stations over the forecast horizon." "Thus, the station revitalization program not only serves a transportation function, it provides economic stimulus for local economies."

The project has incurred nearly \$2,000,000 to-date in federal, state and local funds and is currently in the process of having the schematic designs completed by the architect, David E. Gall. To date we have conducted a series of environmental studies, hired a architectural conservator, George Fore, to conduct a Historic Finishes Analysis, hired a transportation consulting company, Martin, Alexiou and Bryson to conduct a Goldsboro Union Station Facility Plan, conducted select demolition of ancillary, non-historic buildings on the property, performed a Stabilization Assessment by David E. Gall and hired a contractor, JW Grand to do the stabilization work.

The City of Goldsboro recently conducted a Downtown Master Plan that was adopted August 2007. The plan covers 1.3 square miles and concentrates on the downtown commercial core as well as the surrounding historic residential neighborhoods. The Depot site anchors the western portion of the targeted plan area. The activity generated by a multi-modal transportation center housed in the Station building will help to solidify our existing investments in this plan and create opportunities for affordably priced historic homes relative to those available in nearby Raleigh, especially once the restoration of the station creates the momentum necessary to expand commuter service to Raleigh through Selma. The proposed plan identifies approximately \$157 million dollars of new private development. In addition to the Station, the final plan report also identified the reconstruction of the Paramount Theater, the Community Recreation facility, City Hall and Wayne County Courthouse as major anchors for downtown's future development. The targeted plan areas are located within a larger, locally certified historic district recognized by the State Historic Preservation Office and the National Park Service. Restoration of the

Depot will be accomplished in accordance with the Department of Interior Standards for Historic Rehabilitation and in cooperation with the State Historic Preservation Office.

The Depot restoration and reuse project will also directly and indirectly impact a current and ongoing City of Goldsboro Neighborhood Revitalization Plan created and adopted in early 2006. It is more a strategy and commitment than a Plan but the formulation of it created partnerships between the City of Goldsboro, Preservation NC, Self-Help and the Downtown Goldsboro Development Corporation (DGDC). A major emphasis is placed on saving our historic homes, securing them, and marketing them through PNC to people willing to restore and live in them in an owner-occupied situation. Since its adoption, we have gotten control of 39 historic properties either through donations, acquisitions or options. Thirty three of these are homes located within neighborhoods surrounding downtown. Fifteen of these we have sold to people from across the country as single-family, owner-occupied situations that are rehabilitating the homes. Two of these homes we have sold twice! A good indication that the restrictive covenants and rehabilitation agreements work! Six of these structures are commercial properties that the partnership with PNC has saved from demolition; one of which we hope to be the future home of the DGDC office and another was purchased and is now the home of PACC 10 TV. We have also built three affordable homes in partnership with Self-Help with in one of the three targeted neighborhoods and have sold two to date. The careful transformation of the historic Station into a functioning multi-modal transportation center will provide the investment, commitment, activity and presence needed to make the overall plan achieve its full potential.



Furthermore, the Public Transportation Division of the NCDOT is also supporting, endorsing and working in conjunction with the Rail Division, City of Goldsboro, Wayne County, and the local Goldsboro/Wayne consolidated public transportation system, Gateway, to develop this transportation center in the Union Station. The Public Transportation Division's mission is to create seamless transportation throughout the State. While serving as the initial catalyst for this project, Gateway will be housed in the Station and relocate their existing administrative offices and, at a minimum, locate a transfer station at the site. This team

effort will create a seamless system from point of origin to destination in the Wayne County area while maximizing limited resources. It will aid in meeting air quality thresholds, meet ridership, workforce, industry and military demands for accessible and affordable transportation and provide a vital access point to other origins and destinations along the existing rail system. Also, we anticipate that there will be future opportunities or future passenger rail service east to Morehead City. Currently, a community Transportation Plan is being conducted by consultants Martin, Alexiou, and Bryson with Gateway, City, County and NCDOT representatives and other stakeholders to create a short-term and long-term plan for Gateway services, facility needs, and community transportation needs.

The City annexed Phase XI, Study Area E of the annexation plan on September 30, 2008. With this annexation, staff members were added as part of the current budget to provide services in this area. Also, new equipment was purchased to accommodate these additional services. This phase of annexation added approximately 474 acres, 8.67 miles of paved street mileage and 1123 residents to the City of Goldsboro.

RELEVANT FINANCIAL POLICIES

The City utilized the pooled cash and investment concept in investing temporarily idle cash. The criteria for selecting investments are safety, liquidity and yield. The investment policy of the City is guided by state Statute and as a result, investments in certificates of deposit, short-term money market

arrangements, and the North Carolina Capital Management Trust, an SEC registered mutual fund, have been made. All deposits are either insured by federal depository insurance or collateralized by pledged securities.

During the course of each year's budget development process, the City's departments update the City of Goldsboro's capital projects ten year compensative plan. This plan is presented and reviewed by the City Manager and City Council each fiscal year and used as a planning tool in preparing the fiscal budget.

The City has contracted with Davenport Consultant, Inc. to provide financial advisory services and guidance in the development of debt and fund balance policies.

RISK MANAGEMENT

The City is self-insured for property damage for \$25,000; general liability, professional liability and automobile liability for \$50,000; and worker's compensation for \$100,000. The City utilizes commercial insurance carriers to provide coverage for claims in excess of the self-insured retentions.

All full-time employees are provided with health care coverage for hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. Stop-loss coverage is carried for individual claims in excess of \$110,000 per employee.

Coupled with the self-insurance program is an on-going comprehensive program of loss control and safety in the workplace. The administrative staff includes safety and management professionals who provide a continuous review of operations, management practices, property exposures, etc. to identify and minimize the City's exposure to risk.

Although the City is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the City has elected to carry flood insurance through the National Flood Insurance Plan (NFIP) on those buildings located within the 100 year flood area. The City has also purchased commercial flood insurance coverage of from \$5,100 to \$500,000 per structure based on specifically identified structures located in the 100 year flood area.

In accordance with G.S. 159-29, the finance officer and tax collector are each individually bonded for \$50,000 and \$55,000 respectively.

PENSION PLANS

The permanent full-time employees of the City participate in the Statewide North Carolina Local Government Employees' Retirements System (NCLGERS), a cost-sharing multiple-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the City equal to 4.91% of participant earnings for employees not engaged in law enforcement and 4.86% for law enforcement officers for the period of July 1, 2008 to June 30, 2009 and employee contributions of 6.0% of earnings.

The City is required by State statute to provide an annual separation allowance benefit to law enforcement officers. The qualified law enforcement officers are entitled to an annual retirement benefit of .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The City is responsible for management of this benefit program. An actuarial study has been conducted; however, the City has chosen to fund the amount necessary to cover the benefits earned as they become due.

The City is also required by State statute to contribute an amount equal to 5% of participant earnings to a supplemental retirement plan (401-K) for law enforcement officers. No contribution is required of the

participant in this plan, but voluntary contributions are permitted up to the legally allowed maximum under tax deferral law. The City has no fiduciary responsibility for this plan.

The State of North Carolina contributes on behalf of the City an amount to the Fireman's and Rescue Squad Worker's Pension Fund. The City has no liability for the funding of this pension fund.

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 Goldsboro for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1990-1993 and 1995-2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial records.

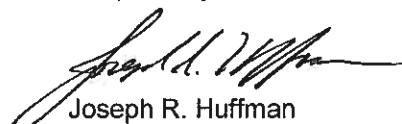
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

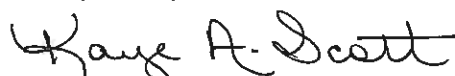
ACKNOWLEDGEMENT

Preparation of this report could not have been accomplished without the efficient and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent Certified Public Accountants, Pittard Perry & Crone, Inc. Special thanks to the Wayne County Sheriff's Office Aviation Unit for the aerial photographs provided for this report. We would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,



Joseph R. Huffman
City Manager



Kaye A. Scott
Director of Finance

FINANCIAL SECTION

This page intentionally left blank

Independent Auditor's Report

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

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 the City of Goldsboro, North Carolina as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Goldsboro's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 of Goldsboro, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reported dated November 12, 2009 on our consideration of the City of Goldsboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on 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 and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

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

Pittard Perry & Crone, Inc.

La Grange, North Carolina
November 12, 2009

This page intentionally left blank

Management's Discussion and Analysis

As management of the City of Goldsboro (The "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

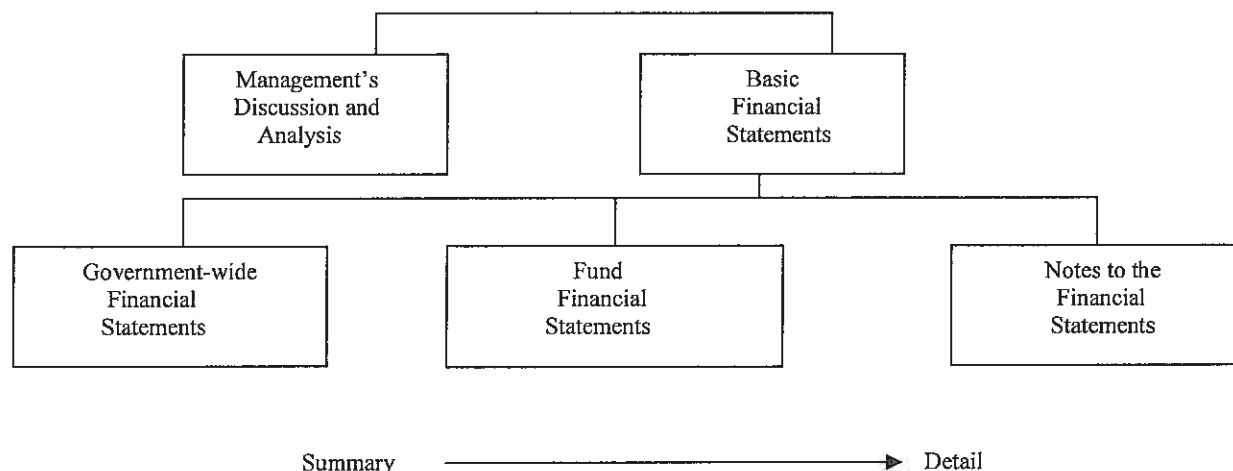
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$106,651,632 (*net assets*). Of this amount, \$19,793,593 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$9,529,226, primarily due to increases in both governmental and business type-activities net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,166,815, a decrease of \$1,679,734 in comparison with the prior year. Approximately 68.6 percent of this total amount, or \$11,786,549, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$5,437,961 or 15.36 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$446,946 (.91%) during the current fiscal year. The debt issuance was held to a minimum amount.

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. 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 reader's understanding of the financial condition of the City of Goldsboro.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental 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 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 statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide services. These include the water and sewer services offered by the City of Goldsboro.

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund Financial Statements

The fund financial statements 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 demonstrate 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate comparison to governmental activities in the government-wide financial statements.

The City adopts an annual budget for its 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 Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary Fund – The City maintains one proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30-54 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 56-57 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition.

In the case of the City of Goldsboro, assets exceeded liabilities by \$106,651,632 as of June 30, 2009. The significant portion of the City's net assets (72 percent) reflects its investment in capital assets (e.g. land, buildings, streets, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 assets \$4,239,142 (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$25,596,392 (24 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
The City of Goldsboro's Net Assets
As of June 30, 2009

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$21,609,233	\$23,236,302	\$12,409,116	\$14,125,506	\$34,018,349	\$37,361,808
Capital assets	56,730,915	41,985,945	68,967,130	71,432,372	125,698,045	113,418,317
Total assets	78,340,148	65,222,247	81,376,246	85,557,878	159,716,394	150,780,125
Long-term liabilities outstanding	16,995,118	15,234,123	26,833,652	34,414,783	43,828,770	49,648,906
Other liabilities	3,765,780	2,122,458	5,470,212	1,886,355	9,235,992	4,008,813
Total liabilities	20,760,898	17,356,581	32,303,864	36,301,138	53,064,762	53,657,719
Net assets:						
Invested in capital assets,						
net of related debt	43,352,105	28,179,346	39,266,792	37,208,215	82,618,897	65,387,561
Restricted	3,753,545	3,842,808	485,597	546,602	4,239,142	4,389,410
Unrestricted	10,473,600	15,843,512	9,319,994 ³	11,501,923	19,793,593	27,345,435
Total net assets	\$57,579,250	\$47,865,666	\$49,072,382	\$49,256,740	\$106,651,632	\$97,122,406

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental Activities – Governmental activities increased the City's net assets by \$9,713,584, thereby accounting for 98.1% of the total growth in the net assets of the City of Goldsboro. Key elements of this increase are as follows:

- Property tax revenue increased due to a continuing effort by the County to improve collections but the local option sales tax collections fell below budgeted estimates due to the economic downturn.
- The City recognized the current year's liability for post employment benefits (OPEB) \$357,931.
- The City realized a reduction in operating costs in the General Fund due to salary and operating expenditures savings resulting from freezing vacant non-essential positions and costs savings where departments spent less than budgeted for the year.

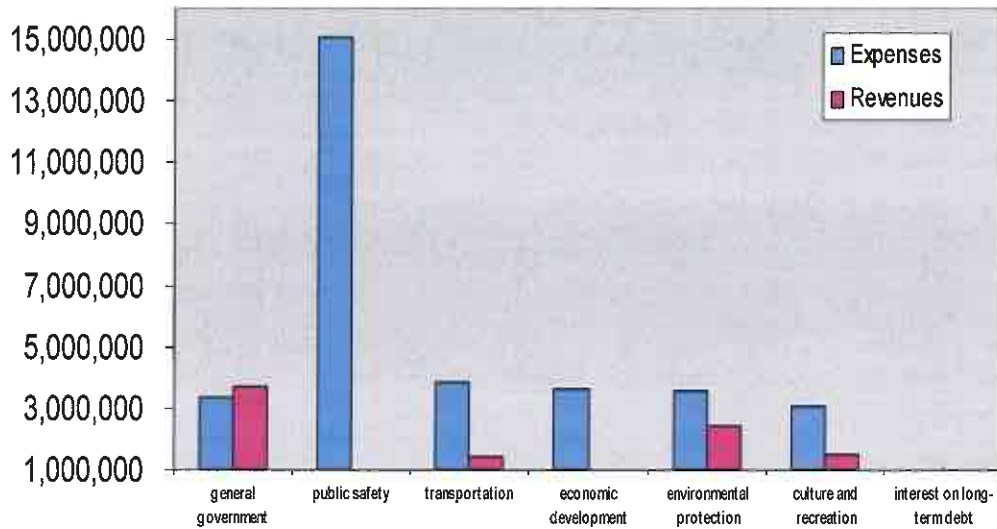
Business-type Activities – Business-type activities decreased the City's net assets by \$184,358 accounting for 1.9% reduction in the total growth in the government's net assets. Key elements of this increase are as follows:

- The decrease is attributable to costs associated with more stringent environmental regulations, the need to expand the Water Treatment Facility and the reduction in water usage from customers due to water conservation measures.
- The City realized an increase in operating costs in the Utility Fund due to costs associated with repairs to the Water Treatment Facility and additional costs connected with drought procedures.

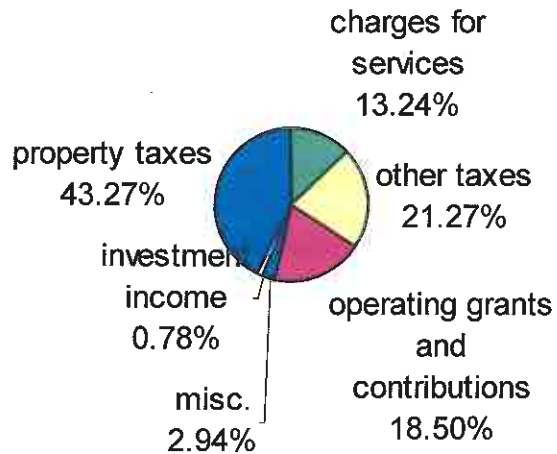
Table 2
Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 4,052,969	\$ 4,063,054	\$13,564,559	\$13,471,934	\$17,617,528	\$17,534,988
Operating grants and contributions	5,665,356	5,378,686	-	-	5,665,356	5,378,686
Capital grants and contributions	11,945,877	-	-	-	11,945,877	-
General revenues:						
Property taxes	13,246,454	12,845,928	-	-	13,246,454	12,845,928
Other taxes	6,512,124	6,902,494	-	-	6,512,124	6,902,494
Investment income	238,613	666,136	198,754	521,356	437,367	1,187,492
Miscellaneous	900,704	155,198	-	-	900,704	155,198
Total revenues	<u>42,562,097</u>	<u>30,011,496</u>	<u>13,763,313</u>	<u>13,993,290</u>	<u>56,325,410</u>	<u>44,004,786</u>
Expenses:						
General government	3,312,696	2,183,065	-	-	3,312,696	2,183,065
Public safety	15,075,632	13,645,026	-	-	15,075,632	13,645,026
Transportation	3,834,972	2,433,738	-	-	3,34,972	2,433,738
Environmental protection	3,632,243	2,731,841	-	-	3,632,243	2,731,841
Economic and physical development	3,579,950	1,753,132	-	-	3,579,950	1,753,132
Culture and recreation	3,075,009	2,922,101	-	-	3,075,009	2,922,101
Interest on long-term debt	338,011	532,923	-	-	338,011	532,923
Water and sewer	-	-	13,947,671	13,253,063	13,947,671	13,253,063
Total expenses	<u>32,848,513</u>	<u>26,201,826</u>	<u>13,947,671</u>	<u>13,253,063</u>	<u>46,796,184</u>	<u>39,454,889</u>
Increase in net assets	9,713,584	3,809,670	(184,358)	740,227	9,529,226	4,549,897
Net assets - July 1	<u>47,865,666</u>	<u>44,055,996</u>	<u>49,256,740</u>	<u>48,516,513</u>	<u>97,122,406</u>	<u>92,572,509</u>
Net assets - June 30	<u>\$57,579,250</u>	<u>\$47,865,666</u>	<u>\$49,072,382</u>	<u>\$49,256,740</u>	<u>\$106,651,632</u>	<u>\$97,122,406</u>

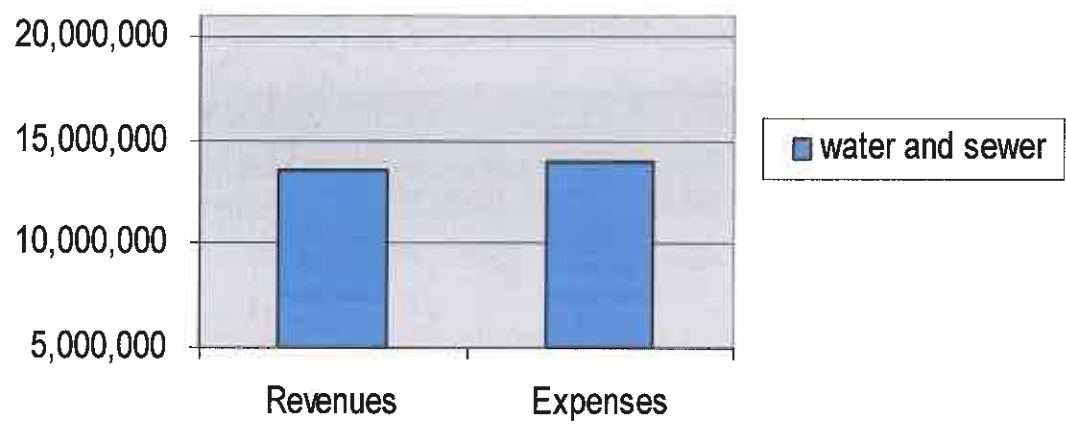
Expenses and Program Revenues Governmental Activities



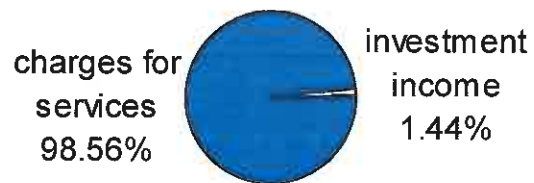
Revenues by Source Governmental Activities



Expenses and Program Revenues Business-type Activities



Revenue by Source Business-type Activities



Financial Analysis of the City's Funds

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

Government 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. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,437,961, while total fund balance reached \$10,785,426. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.4 percent of total General Fund expenditures, while total fund balance represents 30.5 percent of that same amount.

At June 30, 2009, the governmental funds of the City reported a combined fund balance of \$17,166,815, an 11.7 percent decrease over last year. In the general fund, the actual budget basis fund balance change was a decrease for fiscal year 2009 of \$1,679,734 and is due to actual revenues being less than budgeted and actual expenditures being less than budgeted. Decreases in fund balance are reported in the Occupancy Tax, Community Development and Downtown Goldsboro Development Funds which is associated with revenue collections less than projected and withdrawal from fund balance for downtown façade program.

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

The most significant amendments during the fiscal year included the following:

- Appropriation of \$64,187 for the design and operating feasibility study of the community recreation center.
- Appropriation of \$75,000 for additional funds necessary to demolish residential structures which did not meet minimum housing requirements.
- Appropriation of \$73,305 for the survey work, roadway design, design of a storm water management pond and environmental permitting for the Berkeley Blvd project.
- Appropriation of \$120,000 for the City's share of the Union Station project.
- Appropriation of \$179,000 for large worker's compensation claim.
- Appropriation of \$43,200 for a contract with Marlowe and Company to assist in securing federal funding for City projects.

Several differences occurred between the original and final adopted budgets for the fiscal year. Ad valorem tax, franchise tax, and Powell Bill revenues were not received as these revenues related to the proposed Phase XI annexation which was challenged in court and did not occur until September 30, 2008. The expenditures were used to purchase equipment and hire personnel so that services could begin in this newly annexed area on October 1, 2008. The difference in unrestricted intergovernmental revenues resulted from the receipt of Federal and State Forfeiture funds based on undercover operations performed by the Police Department. The difference in restricted intergovernmental revenues resulted from grants received from the Office of Justice for police equipment purchases and the North Carolina Department of Crime Control and Public Safety for salaries for officers patrolling targeted areas of illegal activity. The permits and fees revenues were down due to the decline in new construction as it related to the economy. Transportation budgeted expenditures increased due to the fees associated with the Berkeley Blvd project. Public Safety budget was amended to cover expenses related to a large worker's compensation claim. Physical development budgeted expenditure increased due to the engineering and construction costs associated with the computerization project. Cultural and recreational expenditures increased due to operating expenses and acquisition costs associated in purchasing the Paramount Theater.

Several significant differences occurred between the final amended budget and actual results. Sales tax revenues are responsive to fluctuations in the economy and this year's tax collections were less than anticipated. Transportation planning grant funds received were less than expected due to a decrease in work completed on the authorized projects. Sales and service revenues were less than budgeted due to the decrease in recreation and golf course revenues. Investment earnings decreased due to decline in rates due to the economy. Overall expenditures were less than budgetary estimates, except cultural and recreational expenditures, which increased due to the purchase of the Paramount Theater.

Proprietary Fund: The City's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the Utility Fund at the end of the fiscal year amounted to \$9,319,994. The total decrease in net assets for the fund was \$184,358. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$125,698,045 (net of accumulated depreciation). These assets include buildings, streets, land, equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- Purchase of a new 2009 Freightliner Refuse Truck in the sanitation division for the annexation area.
- Purchase of 24 cubic yard leaf trailer in sanitation for the annexation area.
- Purchase of two replacement F150 pickup trucks for the sanitation division.
- Repainted the Center Street Water Storage Tank in the Utility Fund.
- Replaced the New Hope Lift Station Generator.
- Purchase administrative vehicle for the Recreation and Parks Department.

- Replacement purchase of personal computers and new barracuda message server in the information technology department.
- Replacement purchase of two patrol automobiles and two administrative vehicles in the police department.
- Replacement purchase of a Fire Command Vehicle in the Fire Department.
- Acquired approximately 4,875 feet of curb and gutter in the amount of \$121,875 and 40,287 feet of paved streets in the amount \$11,268,252 donated by developers and Phase XI, Study Area E annexation.
- Replacement purchase for the mixing truck at the Compost Plant.
- No major demolitions were recorded this year.
- Finalized purchase of the Paramount Theater at a cost of \$4.5 million.

Table 3
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,740,830	\$6,727,090	\$1,558,406	\$1,558,406	\$8,299,236	\$8,285,496
Buildings	13,363,273	9,268,303	-	-	13,363,273	9,268,303
Plant and Distribution Systems	-	-	65,956,543	68,790,056	65,956,543	68,790,056
Streets and Improvements	33,524,867	22,736,803	-	-	33,524,867	22,736,803
Vehicles	2,715,200	2,730,192	635,178	768,494	3,350,378	3,498,686
Equipment	361,528	523,557	214,899	213,647	576,427	737,204
Construction in Progress	25,217		602,104	101,769	627,321	101,769
Total	\$56,730,915	\$41,985,945	\$68,967,130	\$71,432,372	\$125,698,045	\$113,418,317

Additional information on the City's capital assets can be found in note 5 or pages 39-40 of the Basic Financial Statements.

Long-Term Debt

Long-term Debt. As of June 30, 2009, the City had total bonded debt outstanding of \$47,109,108. Of this amount, \$22,444,983 represents bonded debt backed by the full faith and credit of the City, while the remainder represents several capitalized leases and notes payable.

Table 4
Outstanding Debt at Year-End
General Obligation Bonds

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$5,613,477	\$6,059,336	\$16,831,506	\$18,831,875	\$22,444,983	\$24,891,211
Capitalized leases	236,169	378,679	-	-	236,169	378,679
Notes payable	11,073,528	7,368,584	13,354,428	15,392,282	24,427,956	22,760,866
Total	\$16,923,174	\$13,806,599	\$30,185,934	\$34,224,157	\$47,109,108	\$48,030,756

The City of Goldsboro's total debt decreased by \$921,648 (1.92%) during the past fiscal year due to paying off current debt and issuing the least amount of debt needed for the Paramount Theater of \$4.5 million.

The City maintains an A1 rating from Moody's Investor Services and the rating from Standard and Poor's Corporation increased from A+ to AA- on its general obligation bonds.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$131,508,232. The City has \$16,100,000 in bonds authorized but un-issued at June 30, 2009.

Additional information regarding the City's long-term debt can be found in note 5 on pages 47-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The average unemployment rate for the Goldsboro Metropolitan Statistical Area (MSA) is currently 8.8% compared to the state average of 10.8%.

The City of Goldsboro and NC Department of Transportation declared a partnership to combine resources to restore the Historic Union Station. The NC Department of Transportation Rail Division has an established history of linking passenger and commuter rail lines to historic train stations renovated through their Passenger Station Rehabilitation Program. The program covers 1.3 square miles and concentrates on the downtown commercial core as well as the surrounding historic residential neighborhoods.

Budget Highlights for the Fiscal Year Ending June 30, 2009

During the current fiscal year, unreserved fund balance in the general fund decreased to \$5,961,878. The City has appropriated \$523,917 of this amount for spending in the 2010 fiscal year budget.

Governmental Activities: Property Tax, Franchise Tax, Cable TV, Powell Bill and Refuse Service revenues include amounts estimated for the proposed Phase XI, Study Area E annexation.

Refuse fees will increase \$3.25 per month for residential users.

Business-type Activities: Water rates in the City will increase by 15% and sanitary sewer rates will increase 5% for upcoming upgrade of the water treatment facility and increased costs to water and sanitary sewer 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 financial information should be directed to the Director of Finance, City of Goldsboro, P.O. Drawer A, Goldsboro, North Carolina 27533.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

City of Goldsboro, North Carolina
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,191,413	\$ 7,441,583	\$ 20,632,996
Receivables (net)	4,452,307	3,708,076	8,160,383
Inventories	211,968	773,860	985,828
Total current assets	<u>17,855,688</u>	<u>11,923,519</u>	<u>29,779,207</u>
Non-current assets:			
Restricted assets:			
Cash and investments	3,753,545	485,597	4,239,142
Capital assets:			
Land, improvements, and construction in progress	6,766,047	1,660,175	8,426,222
Other capital assets, net of depreciation	49,964,868	67,306,955	117,271,823
Total capital assets	<u>56,730,915</u>	<u>68,967,130</u>	<u>125,698,045</u>
Total non-current assets	<u>60,484,460</u>	<u>69,452,727</u>	<u>129,937,187</u>
Total assets	<u>78,340,148</u>	<u>81,376,246</u>	<u>159,716,394</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,945,101	759,359	2,704,460
Customer deposits	229	757,189	757,418
Unearned revenue	7,806	393,118	400,924
Current portion of long-term liabilities	1,812,644	3,560,546	5,373,190
Total current liabilities	<u>3,765,780</u>	<u>5,470,212</u>	<u>9,235,992</u>
Long-term liabilities:			
Due in more than one year	16,995,118	26,833,652	43,828,770
Total liabilities	<u>20,760,898</u>	<u>32,303,864</u>	<u>53,064,762</u>
NET ASSETS			
Invested in capital assets, net of related debt	43,352,105	39,266,792	82,618,897
Restricted for capital projects	3,753,545	485,597	4,239,142
Unrestricted	10,473,600	9,319,993	19,793,593
Total net assets	<u>\$ 57,579,250</u>	<u>\$ 49,072,382</u>	<u>\$ 106,651,632</u>

The accompanying notes are an integral part of this statement

City of Goldsboro, North Carolina
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental Activities:						
General government	\$ 3,312,696	\$ 488,376	\$ 3,182,764	\$ -	\$ 358,444	\$ -
Public safety	15,075,632	393,189	266,932	-	(14,415,511)	-
Transportation	3,834,972	-	1,406,872	11,945,877	9,517,777	-
Economic and physical development	3,632,243	-	29,822	-	(3,602,421)	-
Environmental protection	3,579,950	2,453,812	-	-	(1,126,138)	-
Cultural and recreation	3,075,009	717,592	778,966	-	(1,578,451)	-
Interest on long-term debt	338,011	-	-	-	(338,011)	-
Total governmental activities (See Note 1)	32,848,513	4,052,969	5,665,356	11,945,877	(11,184,311)	-
Business-type activities:						
Water and sewer	13,947,671	13,564,559	-	-	-	(383,112)
Total business-type activities	13,947,671	13,564,559	-	-	-	(383,112)
Total primary government	\$ 46,796,184	\$ 17,617,528	\$ 5,665,356	\$ 11,945,877	(11,184,311)	(11,567,423)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					13,246,454	-
Local option sales taxes					5,615,126	-
Other taxes and licenses					896,998	-
Unrestricted investment earnings					238,613	198,754
Miscellaneous					900,704	-
Total general revenues					20,897,895	198,754
Change in net assets					9,713,584	(184,358)
Net assets - beginning					47,865,666	49,256,740
Net assets - ending					\$ 57,579,250	\$ 49,072,382
						\$ 106,651,632

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

This page intentionally left blank

City of Goldsboro, North Carolina

Balance Sheet

Governmental Funds

June 30, 2009

	Major Funds		Total Governmental Funds
	General	Total Nonmajor Funds	
ASSETS			
Cash and cash equivalents	\$ 10,434,785	\$ 2,756,628	\$ 13,191,413
Receivables (net):			
Taxes	1,393,505	4,626	1,398,131
Accounts	3,054,176	-	3,054,176
Due from other funds	100,000	-	100,000
Inventories	211,968	-	211,968
Restricted assets:			
Cash and investments	8,008	3,745,537	3,753,545
Total assets	<u>\$ 15,202,442</u>	<u>\$ 6,506,791</u>	<u>\$ 21,709,233</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,294,970	\$ 20,547	\$ 1,315,517
Customer deposits	-	229	229
Accrued compensation payable	629,584	-	629,584
Due to other funds	-	100,000	100,000
Deferred revenue	2,492,462	4,626	2,497,088
Total liabilities	<u>4,417,016</u>	<u>125,402</u>	<u>4,542,418</u>
Fund balances:			
Reserved for inventories	211,968	-	211,968
Reserved for encumbrances	2,548,554	-	2,548,554
Reserved by State statute	2,063,026	-	2,063,026
Unreserved			
Designated for subsequent years' expenditures	523,917	32,801	556,718
Undesignated	5,437,961	-	5,437,961
Undesignated, reported in nonmajor:			
Special revenue funds	-	2,603,051	2,603,051
Capital project funds	-	3,745,537	3,745,537
Total fund balances	<u>10,785,426</u>	<u>6,381,389</u>	<u>17,166,815</u>
Total liabilities and fund balances	<u>\$ 15,202,442</u>	<u>\$ 6,506,791</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore in the funds.	56,730,915
Liabilities for earned but deferred revenues in fund statements	2,489,282
Some liabilities, including bonds payable, are not due and payable in the current period are not reported in the funds (Note 4).	(18,807,762)
Net assets of governmental activities	<u>\$ 57,579,250</u>

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 12,956,068	\$ 68,399	\$ 13,024,467
Penalties and interest	93,537	245	93,782
Local option sales taxes	5,615,126	-	5,615,126
Other taxes and licenses	313,077	490,139	803,216
Unrestricted intergovernmental	3,304,003	-	3,304,003
Restricted intergovernmental	1,582,387	778,966	2,361,353
Permits and fees	362,497	-	362,497
Sales and services	3,673,117	-	3,673,117
Investment earnings	189,027	49,586	238,613
Miscellaneous	911,782	6,277	918,059
Total revenues	<u>29,000,621</u>	<u>1,393,612</u>	<u>30,394,233</u>
EXPENDITURES			
Current:			
General government	2,992,379	-	2,992,379
Public safety	14,611,706	-	14,611,706
Transportation	2,663,689	-	2,663,689
Economic and physical development	2,361,150	1,218,427	3,579,577
Environmental protection	3,316,240	-	3,316,240
Cultural and recreational	7,725,638	-	7,725,638
Debt service:			
Principal	1,383,425	-	1,383,425
Interest and other charges	338,011	-	338,011
Total expenditures	<u>35,392,238</u>	<u>1,218,427</u>	<u>36,610,665</u>
Excess (deficiency) of revenues over expenditures	(6,391,617)	175,185	(6,216,432)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	4,500,000	-	4,500,000
Transfer (to) from other funds			
Transfer (to) from Occupancy Tax Fund	333,000	(333,000)	-
Transfer (to) from City Hall Project Fund	88,559	(88,559)	-
Total other financing sources (uses)			
Total other financing sources and uses	<u>4,921,559</u>	<u>(421,559)</u>	<u>4,500,000</u>
Net change in fund balance	(1,470,058)	(246,374)	(1,716,432)
Fund balances-beginning	12,218,786	6,627,763	18,846,549
Increase (decrease) in inventory	36,698	-	36,698
Fund balances-ending	<u>\$ 10,785,426</u>	<u>\$ 6,381,389</u>	<u>\$ 17,166,815</u>

City of Goldsboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2009

The accompanying notes are an integral part of this statement.

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

Net changes in fund balances - total governmental funds	\$ (1,716,432)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,945,061
Assets recorded from annexation - streets	11,945,877
Cost of asset disposed	(145,968)
Proceeds from note payable	(4,500,000)
Increase in inventory	36,698
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	221,987
Some expenses (revenues) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures(revenues) in governmental fi	(457,064)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,383,425
Total changes in net assets of governmental activities	<u>\$ 9,713,584</u>

City of Goldsboro, North Carolina

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad Valorem taxes	\$ 14,097,051	\$ 14,097,051	\$ 13,049,605	\$ (1,047,446)
Other taxes and licenses	6,453,420	6,453,420	5,928,203	(525,217)
Unrestricted intergovernmental	3,011,274	3,110,091	3,304,003	193,912
Restricted intergovernmental	2,592,240	1,965,492	1,582,387	(383,105)
Permits and fees	629,405	603,805	362,497	(241,308)
Sales and services	4,889,621	3,781,228	3,673,117	(108,111)
Investment earnings	495,630	508,990	189,027	(319,963)
Miscellaneous	262,490	330,630	911,782	581,152
Total revenues	32,431,131	30,850,708	29,000,621	(1,850,087)
EXPENDITURES				
Current:				
General government	3,615,403	4,427,803	2,992,379	1,435,424
Transportation	3,568,368	3,666,132	2,663,689	1,002,443
Economic and physical development	2,271,895	4,594,738	2,361,150	2,233,588
Public safety	14,731,366	14,926,588	14,611,706	314,882
Environmental protection	3,475,023	3,485,825	3,316,240	169,585
Cultural and recreational	3,650,127	7,935,008	7,725,638	209,370
Debt Service:				
Principal	1,729,316	1,383,425	1,383,425	(0)
Interest	526,376	435,961	338,011	97,950
Total expenditures	33,567,874	40,855,481	35,392,238	5,463,243
Revenue over (under) expenditures	(1,136,743)	(10,004,774)	(6,391,617)	3,613,157
Other financing sources (uses):				
Loan Proceeds	-	4,500,000	4,500,000	-
Transfer (to) from other funds				
Transfer from Occupancy Tax Fund	-	333,000	333,000	-
Transfer from City Hall Project Fund	-	-	88,559	88,559
Total other financing sources (uses)	-	4,833,000	4,921,559	88,559
Revenue and other financing sources over (under) expenditures and other financing uses	(1,136,743)	(5,171,774)	(1,470,058)	3,701,716
Fund balance appropriated	1,136,743	5,171,774	-	(5,171,774)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	(1,470,058)	\$ (1,470,058)
Fund balances - beginning			12,218,786	
Increase (decrease) in inventory			36,698	
Fund balances - ending			\$ 10,785,426	

City of Goldsboro, North Carolina
Statement of Net Assets
Proprietary Fund
June 30, 2009

ASSETS

Current assets:	
Cash and equivalents	\$ 7,441,583
Accounts receivables (net)	3,708,076
Inventories	773,860
Total current assets	<u>11,923,519</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	485,597
Capital assets:	
Land and other non-depreciable assets	1,660,175
Other capital assets (net)	67,306,955
Capital assets (net)	<u>68,967,130</u>
Total assets	<u>81,376,246</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	759,359
Customer deposits	757,189
Unearned revenue	393,118
Note payable - current	1,475,565
General obligation bonds payable - current	2,032,915
Total current assets	<u>5,418,146</u>
Noncurrent liabilities:	
Compensated absences payable	208,264
Note payable, net of current	11,878,863
General obligation bonds payable - net of current	14,798,591
Total noncurrent liabilities	<u>26,885,718</u>
Total liabilities	<u>32,303,864</u>

Net Assets

Investment in capital assets	39,266,792
Restricted for capital projects	485,597
Unrestricted	9,319,993
Total net assets	<u>\$ 49,072,382</u>

The accompanying notes are an integral part of this statement.

This page intentionally left blank

City of Goldsboro, North Carolina
**Statements of Revenues, Expenses and
 Changes in Fund Net Assets - Proprietary Fund**
 For the Fiscal Year Ended June 30, 2009

Operating revenues:	
Charges for service	\$ 12,964,103
Assessments	91,402
Water and sewer taps	54,952
Other operating revenues	454,102
Total operating revenues	<u>13,564,559</u>
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,013,059
Utilities	835,959
Supplies and other expenses	5,495,353
Depreciation	3,256,422
Total operating expenses	<u>12,600,793</u>
Operating income	963,766
Nonoperating revenues (expenses):	
Investment earnings	198,754
Interest and fees	<u>(1,346,878)</u>
Total nonoperating expenses	<u>(1,148,124)</u>
Change in net assets	(184,358)
Total net assets - beginning	<u>49,256,740</u>
Total net assets - ending	<u><u>\$ 49,072,382</u></u>

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina
Utility Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 12,240,614
Cash paid for goods and services	(6,362,678)
Cash paid to employees for services	(2,996,640)
Customer deposits received	478
Other operating revenues	454,102
Net cash provided by operating activities	<u>3,335,876</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on long-term borrowings	(2,037,854)
Interest paid on long-term borrowings	(568,238)
Proceeds from long-term borrowings	-
Acquisition and construction of capital assets	(791,181)
Principal paid on bond maturities	(2,000,369)
Interest paid on bond maturities	<u>(778,640)</u>
Net cash used in capital and related financing activities	(6,176,282)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>198,754</u>
Net increase in cash and cash equivalents	(2,641,652)
Cash and cash equivalents, July 1	<u>10,568,832</u>
Cash and cash equivalents, June 30	<u><u>\$ 7,927,180</u></u>

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 963,766
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,256,422
Change in assets and liabilities	
(Increase)decrease in accounts receivable	(869,843)
(Increase)decrease in inventory	(55,419)
Increase(decrease) in accounts payable and accrued liabilities	(15,752)
Increase(decrease) in customer deposits	478
Increase(decrease) in compensated absences	16,419
Increase(decrease) in deferred revenues	39,805
Net cash provided by operating activities	<u>\$ 3,335,876</u>

The accompanying notes are an integral part of this statement.

This page intentionally left blank

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Goldsboro is a municipal corporation that is governed by an elected mayor and a six-member council. The City of Goldsboro has no component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating 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 funds:

General Fund. This is the City's primary operating fund. The general fund accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

The City reports the following non-major governmental funds:

Occupancy Tax Fund. The fund is established to account for occupancy tax revenues derived from a tax levied upon the gross receipts from the rental of any room lodging or similar accommodation to the purpose of a feasibility study on the construction of a Civic Center in Goldsboro or the establishment of a Tourism Council.

City Hall Capital Project. This fund is established to account for the loan proceeds that are being used to renovate City Hall.

Capital Project Fund. This fund accounts for funds used in the construction of streets.

Community Development Fund. This fund is established to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act of 1974.

Downtown District Fund. The fund is established to account for property tax revenue generated from special assessments to downtown property owners for purpose of downtown revitalization.

The City reports the following major enterprise funds:

Utility Fund. This fund is established to account for the City's water and sewer services provided to residents of the City.

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

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

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned 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 assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

C. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Funds, Special Revenue Funds, (excluding the Community Development Fund) and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development and Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The city budget officer can transfer appropriations within a department or between departments within a fund in an amount not to exceed 10% of the departmental appropriation without the approval of the governing body; however, any revisions that alter total expenditures of any fund in excess of the 10% threshold must be approved by the governing board. During the year several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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 City's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

2. Cash and Cash Equivalents

The City pools moneys 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.

3. Restricted Assets

The unexpended proceeds of the Local Law Enforcement Block Grant are classified as restricted assets for the general fund because their use is completely restricted to the purpose for which the grant was issued.

The unexpended bond proceeds of Water and Sewer Fund serial bonds and State Capital Project Fund issued by the City are classified as restricted assets for the respective funds because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

6. Inventories and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported as estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated on a straight-line basis over the following estimated useful lives:

	Estimated Useful Lives
Buildings	50
Infrastructure	30
Improvements	10-20
Furniture and equipment	10
Vehicles	3-5
Computer equipment	5

8. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

9. Compensated Absences

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

The sick leave policies of the City provide 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the City.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

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

Reserved for encumbrances – portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved by State Statute - portion of fund balance in addition to reserves for encumbrances and reserves for inventories 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 that are not offset by deferred revenues.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2009-2010 budget ordinance.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the government fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the governmental-wide statement of net assets. The net adjustment of \$40,412,435 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 97,505,192
Less accumulated depreciation	<u>(40,774,277)</u>
Net capital assets	56,730,915
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,489,282
Bonds, leases, and installment financing	(16,923,174)
Compensated absences	(1,323,867)
Net OPEB obligation	(357,931)
Net pension obligation	<u>(202,790)</u>
	<u>(18,807,762)</u>
Total adjustment	\$ <u>40,412,435</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$11,430,016 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 5,464,133
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	<u>(2,519,072)</u>
	2,945,061
Assets recorded from annexation – streets	11,945,877
Cost of disposed capital asset not recorded in fund statements	(145,968)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(4,500,000)

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Principle payments on debt owed are recorded as a use of funds on the fund statement but again affect only the statement of net assets in the government-wide statements	1,383,425
Increase in inventory	36,698
Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(392,802)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(64,262)
Increase in deferred tax revenue for year ended June 30, 2009	<u>221,987</u>
	\$ <u>11,430,016</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City in the unit's 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 their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or with 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 in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The city has no formal policy regarding custodial credit risk, but relies on the state treasurer to enforce standards of minimum capitalization for all pooling methods financial institutions and to monitor them for compliance. The City complies with the provisions of G.S 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the City's deposits had a carrying amount of \$5,679,604 and a bank balance of \$5,925,868. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,675,868 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2009, City of Goldsboro had \$1,680 cash on hand.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

2. Investments

At June 30, 2009, the City of Goldsboro had invested with the North Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no policy regarding credit risk.

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

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust: Cash Portfolio	\$ 19,190,852	\$ 19,190,852

Interest Rate Risk

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

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

Governmental Fund:	
Taxes receivable	\$ 1,398,131
Accounts receivable	3,374,326
Allowance for uncollectible	<u>(320,150)</u>
Net governmental receivables	4,452,307
Enterprise Fund:	
Accounts receivable	4,344,723
Allowance for uncollectible	<u>(636,647)</u>
Net enterprise receivables	3,708,076
Total net receivables	<u>\$ 8,160,383</u>

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

4. Capital Assets

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

Governmental Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,727,090	\$ 17,670	\$ 3,930	\$ 6,740,830
Construction in process	-	143,862	118,645	25,217
	<u>6,727,090</u>	<u>161,532</u>	<u>122,575</u>	<u>\$ 6,766,047</u>
Capital assets being depreciated:				
Buildings	12,490,402	4,557,515		17,047,917
Equipment	2,072,859	36,470		2,109,329
Streets and infrastructure	48,837,551	12,064,522		60,902,073
Vehicles and motor equipment	10,185,796	589,971	95,941	10,679,826
Total capital assets being depreciated	<u>73,586,608</u>	<u>17,248,478</u>	<u>95,941</u>	<u>90,739,145</u>
Less accumulated depreciation for:				
Buildings	3,222,099	462,545		3,684,644
Equipment	1,549,302	198,499		1,747,801
Streets and improvements	26,100,748	1,276,458		27,377,206
Vehicles and motor equipment	7,455,604	581,570	72,548	7,964,626
Total accumulated depreciation	<u>38,327,753</u>	<u>\$ 2,519,072</u>	<u>\$ 72,548</u>	<u>40,774,277</u>
Total capital assets being depreciated, net	<u>35,258,855</u>			<u>49,964,868</u>
Governmental activity capital assets, net	<u>\$ 41,985,945</u>			<u>\$ 56,730,915</u>

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

General government	\$ 377,308
Public safety	298,877
Transportation	1,207,631
Economic and physical development	38,349
Environmental protection	403,286
Cultural and recreation	193,621
Total depreciation expense	<u>\$ 2,519,072</u>

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Business-type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Utility Fund				
Capital assets not being depreciated:				
Land	\$ 1,558,406			\$ 1,558,406
Construction in Process	101,769	635,232	134,897	602,104
Total capital assets not being depreciated	1,660,175	635,232	134,897	2,160,510
Capital assets being depreciated:				
Plant and distribution systems	108,758,865	134,897	-	108,893,762
Furniture and maintenance equipment	479,057	52,605	-	531,662
Vehicles	2,351,496	126,210	106,749	2,370,957
Total capital assets being depreciated	111,589,418	313,712	106,751	111,796,381
Less accumulated depreciation for:				
Plant and distribution systems	39,968,809	2,968,410	-	42,937,219
Furniture and maintenance equipment	265,410	51,353	-	316,763
Vehicles	1,583,002	237,427	84,650	1,735,779
Total accumulated depreciation	41,817,221	\$ 3,257,190	\$ 84,650	44,989,761
Total capital assets being depreciated, net	69,772,197			66,806,620
Utility fund capital assets, net	\$ 71,432,372			\$ 68,967,130

Construction commitments

The government has active construction projects as of June 30, 2009. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2009, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Utility Fund	\$ 602,104	\$ 93,166
General Fund		
Streets	68,562	-
Recreation	-	-
Total	\$ 602,104	\$ 93,166

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.86%, respectively, for both of annual covered payroll. The contribution requirements of members and of City of Goldsboro are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$903,226, \$848,807, and \$795,434, respectively. The contributions made by the City equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description.*

City of Goldsboro 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 .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 City law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Active plan members	101
Total	<u>113</u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies:*

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

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

3. Contributions.

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

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

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

Annual required contribution	\$ 163,118
Interest on net pension obligation	12,174
Adjustment to annual required contribution	(10,266)
Annual pension cost	<u>165,026</u>
Contributions made	<u>130,155</u>
Increase (decrease) in net pension obligation	34,871
Net pension obligation beginning of year	<u>167,919</u>
Net pension obligation end of year	<u>\$ 202,790</u>

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 150,430	83.23%	\$ 144,663
2008	154,411	84.94%	167,919
2009	165,026	78.87%	202,790

4. Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$1,666,569, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,666,569. The covered payroll (annual payroll of active employees covered by the plan) was \$4,145,370 and the ratio of the UAAL to the covered payroll was 40.2%.

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009 were \$214,977, which was paid entirely by the City.

d. Firemen's and Rescue Squad Workers' Pension Fund

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

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

For the fiscal year ended June 30, 2009, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$1,690 for the 24 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by member contributions, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure on-behalf payment for fringe benefits and salaries of \$26,289 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2009. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

e. Other Post-employment Benefit

Healthcare benefits

Plan Description. Under the terms of a City resolution, The City of Goldsboro administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System), were 55 years of age and have at least 20 years of experience or participated in the System and have 30 years of experience at any age. The retiree pays the full cost of the blended rate group health insurance premium. Also, the City retirees can purchase coverage for their dependents at the City's group rates if enrolled in dependent coverage at the time of retirement. Dependent coverage continues after the retiree's death. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees and dependents receiving benefits	16	7
Active plan members	358	102
Total	<u>374</u>	<u>109</u>

Funding Policy. The City does not pay any post employment benefits on behalf of retired employees. Retired employees are allowed to purchase health insurance at the City's prevailing rate.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, and 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.

Annual required contribution	\$ 357,931
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>357,931</u>
Contributions made	-
Increase in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 357,931</u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$357,931	0%	\$357,931

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,738,326. The covered payroll (annual payroll of active employees covered by the plan) was \$16,528,775, and the ratio of the UAAL to the covered payroll was 22.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and 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 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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.00% 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 11.00% and 5.00% annually. Both rates included a 3.75% inflation assumption. The actuarial value of assets, of any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 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, 2007, was 30 years.

2. Other Employment Benefits

The City has also 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. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

3. Deferred / Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	General Fund	Special Revenue Fund	Enterprise Fund
Taxes receivable, net	\$ 1,393,505	\$ 4,626	\$ -
Cemetery receivable	30,667	-	-
Refuse receivable	316,383	-	-
Assessments receivable	202,721	-	-
Prepaid assessments-unearned	7,806	-	385,998
Prepaid revenues-unearned	-	-	7,120
Miscellaneous receivable	541,380	-	-
Total	<u>\$ 2,492,463</u>	<u>\$ 4,626</u>	<u>\$ 393,118</u>

4. Risk Management

The City of Goldsboro is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently has a protected self-insurance program to provide for these exposures. The City retains the first 25 thousand dollars of any property loss, the first 50 thousand dollars of any liability loss, and 100 thousand dollars for any workers compensation loss. In a multiple coverage occurrence, the higher of the retentions applies.

Reinsurance has been purchased in excess of the retentions state above. The property coverage limit is \$90,000,000. The liability coverage limit is statutory benefits set by North Carolina Statue. The City contracts adjudication and loss control services with a Third Party Administrator. Settlements have not exceeded insurance coverage in each of the past five fiscal years. Estimated claims for each year are budgeted in each year's budget based on prior experience. Changes in the balances of claims liabilities for the years ended June 30, are as follows:

	2009	2008
Claims liability beginning of year	\$ -	\$ -
Claims incurred during the year	1,473,189	2,488,145
Changes in estimates for prior claims	-	-
Payments on claims during year	1,473,189	2,488,145
Claims liability end of year	<u>\$ -</u>	<u>\$ -</u>

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Although the City is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the City has elected to carry flood insurance through the National Flood Insurance Plan (NFIP) on those buildings located within the 100 year flood area. The City has also purchased commercial flood insurance coverage of from \$5,100 to \$500,000 per structure based on specifically identified structures located in the 100 year flood area.

In accordance with G.S. 159-29, the finance officer and tax collector are each individually bonded for \$50,000 and \$55,000 respectively.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

5. Claims, Judgments and Contingent Liabilities

At June 30, 2009, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

6. Long-Term Obligations

a. Capital Lease Obligations

Serviced by the General Fund:

The City has entered into an agreement to lease certain equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. An agreement was executed February 27, 2006 to acquire a fire truck, refuse packer, dumpmaster and backhoe which require 60 monthly fixed payments of \$12,799 including interest of 3.53%. In accordance with the purchase agreements, title passes to the City at the end of the lease term.

The following is an analysis of the asset recorded under capital leases at June 30, 2009:

Vehicles	\$	645,551
Equipment		106,032
Less accumulated depreciation		(198,683)
	\$	<u>552,900</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

Year ending June 30	Amounts
2010	\$ 153,586
2011	89,591
Total minimum lease payments	<u>243,177</u>
Less: amount representing interest	<u>(7,008)</u>
Present value of the minimum lease payments	<u>\$ 236,169</u>

b. General Obligation Indebtedness

All general obligation bonds serviced by the City's general fund are collateralized by the full faith, credit, and taxing power of the City. City of Goldsboro issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Utility Fund, are collateralized by the full faith, credit, and taxing power of the City. Principal and interest payments are appropriated when due.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

The City's general obligation bonds payable at June 30, 2009 are comprised of the following individual issues:

Serviced by the City's General Fund and Utility Fund:

Serviced by the City's General Fund:

\$435,486 2001 Refunding Serial Bonds (Streets Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2012, interest at 3.0 to 4.0 percent payable with each installment	\$ 175,246
\$1,000,000 2001 Public Improvements Serial Bonds (Streets Portion) due in annual principal installments of \$50,000 through June 1, 2022 plus varying semi-annual interest installments through June 1, 2022, interest at 4.25 to 4.5 percent payable with each installment	650,000
\$600,225 2003 Refunding Serial Bonds (Streets Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2011, interest at 2.25 to 4.25 percent payable with each installment	47,759
\$268,446 2005 Refunding Serial Bonds (Streets Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2015, interest at 3.00 to 4.00 percent payable with each installment	217,232
\$1,500,000 2005 Public Improvements Serial Bonds (Street Portion) due in annual principal installments of \$75,440 through June 1, 2025 plus varying semi-annual interest through June 1, 2024, interest at 3.00 to 4.40 percent payable with each installment	1,198,240
\$3,500,000 2008 Public Improvements Serial Bonds (Street Portion) due in annual principal installments of \$175,000 through June 1, 2028 plus varying semi-annual interest through June 1, 2028, interest at 3.76 to 4.5 percent payable with each installment	<u>3,325,000</u>
Total	<u>\$ 5,613,477</u>

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Serviced by the Utility fund

\$7,000,000 1998 Sanitary Sewer Serial Bonds due in annual installments of various amounts through June 1, 2017, interest at 4.2 to 4.3 percent payable semi-annually	\$ 4,500,000
\$4,534,514 2001 Refunding Serial Bonds (Sanitary Sewer and Water portions) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2012, interest at 3.0 to 4.0 percent payable with each installment	1,824,754
\$4,000,000 2001 Public Improvements Serial Bonds (Sanitary Sewer portion) due in varying annual principal installments of \$200,000 and varying semi-annual interest installments through June 1, 2022, interest at 4.25 to 4.5 percent payable with each installment	2,600,000
\$2,673,736 2003 Refunding Serial Bonds (Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2011, interest at 2.25 to 4.25 percent payable with each installment	250,137
\$1,546,039 2003 Refunding Serial Bonds (Water Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2011, interest at 2.25 to 4.25 percent payable with each installment	142,103
\$1,973,083 2005 Refunding Serial Bonds (Water Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2015, interest at 3.00 to 4.00 percent payable with each installment	1,596,664
\$3,223,058 2005 Refunding Serial Bonds (Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2015, interest at 3.00 to 4.00 percent payable with each installment	2,661,104
\$4,465,000 2005 Public Improvements Serial Bonds (Sewer Portion) due in annual principal installments of \$224,560 through June 1, 2025 plus varying semi-annual interest through June 1, 2024 interest at 3.00 to 4.40 percent payable with each installments	<u>3,566,760</u>
Total	\$ 17,141,522
Less: deferred issuance costs of refunding bonds	<u>(310,016)</u>
	<u>\$ 16,831,506</u>

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

At June 30, 2009, City of Goldsboro had bonds authorized but unissued of \$16,100,000 and a legal debt margin of \$131,508,232.

Annual debt service requirements to maturity for long-term obligations are as follows:

Year ending June 30	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	427,086	234,482	1,964,143	709,403	2,391,229	943,885
2011	395,824	217,246	1,940,404	633,083	2,336,228	850,329
2012	395,590	200,061	1,987,713	553,437	2,383,303	753,498
2013	359,178	183,926	1,937,230	472,034	2,296,408	655,960
2014	358,450	169,043	1,884,365	388,955	2,242,815	557,998
2015-2019	1,508,509	649,107	5,196,491	949,443	6,705,000	1,598,550
2010-2024	1,402,200	341,533	1,722,800	243,210	3,125,000	584,743
2025-2028	766,640	77,526	198,360	8,728	965,000	86,254
Principal and interest payment totals	<u>\$ 5,613,477</u>	<u>\$ 2,072,924</u>	<u>\$ 16,831,506</u>	<u>\$ 3,958,293</u>	<u>\$ 22,444,983</u>	<u>\$ 6,031,217</u>

c. Notes Payable

Serviced by the General Fund

On December 20, 2004, the City entered into a financing agreement for \$4,413,380 with RBC Centura for the construction of a new City Hall. The installment agreement is collateralized by all real and personal property acquired or constructed at the new City Hall. The terms of the agreement require 30 semi-annual installments of \$147,113 plus interest at 3.62% per annum beginning June 20, 2005. The balance outstanding at June 30, 2009 was \$3,089,366.

On April 13, 2007, the City entered into a financing agreement for \$4,000,000 with Branch Banking and Trust Company for renovation of City Hall. The installment agreement is collateralized by all real and personal property acquired or constructed at City Hall. The terms of the agreement require 30 semi-annual installments of \$133,333 plus interest at 3.87% per annum beginning October 13, 2007. The balance outstanding at June 30, 2009 was \$3,466,667.

On April 1, 2008, the City entered into a financing agreement for \$237,606 with RBC Centura for the acquisition of golf course equipment. The installment agreement is collateralized by all personal property acquired. The terms of the agreement require 10 semi-annual installments of \$25,395 plus interest at 3.02% per annum April 1, 2008. The balance outstanding at June 30, 2009 was \$167,495.

On September 10, 2008, the City entered into a financing agreement for \$4,500,000 with RBC Centura for the purchase of the Paramount. The installment is collateralized by all real and personal property acquired at the Paramount. The terms of the agreement require 30 semi-annual installments of \$150,000 plus interest at 4.54% per annual beginning March 10, 2009. The balance outstanding at June 30, 2009 was \$4,350,000.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Serviced by the Utility Fund

On October 12, 2006, the City entered into a financing agreement for \$1,604,335 with RBC Centura for the purchase and installation of an automatic meter reading system. The installment agreement is collateralized by the equipment. The term of the agreement required 30 semi-annual installments of \$53,478 plus interest at 4.06% per annum beginning April 12, 2007. The balance outstanding at June 30, 2009 was \$1,336,946.

The City has entered into a long-term loan agreement with the North Carolina Department of Environment, Health and Natural Resources' North Carolina Water Pollution Control Revolving Fund for sanitary sewer improvements. The loan agreement was executed for \$3,000,000 for water improvements. At June 30, 2009, the outstanding balance is \$1,050,000. The terms of the agreement require 20 annual installments of \$150,000 plus interest at 5.85% per annum.

During the fiscal year ended June 30, 2001, the City began a water and sewer system improvement project with cost estimates in excess of \$21,000,000. This project is being funded by a \$3,000,000 state grant and \$18,359,551 in Water Pollution Control Revolving Loan Funds. An additional \$2,429,360 has been granted by the Clean Water Management Trust Fund for an associated wet-lands project. Total advances received at June 30, 2009 under all the agreements were \$18,279,137, with an outstanding balance at June 30, 2009 of \$10,967,482. The terms of the agreements require 15 annual installments of \$1,000,000 and \$218,609 plus interest at 2.55% and 2.57% per annum beginning May 1, 2004, respectively.

Annual debt service requirements to maturity for the above notes, including interest of \$1,907,514 for the Utility Fund and \$3,012,155 for the Governmental Funds, are as follows:

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2010	\$ 906,969	\$ 439,550	\$ 1,475,565	\$ 375,894
2011	908,371	403,557	1,475,565	343,797
2012	909,815	367,522	1,475,565	299,781
2013	885,908	296,473	1,475,565	255,170
2014	860,892	331,442	1,475,565	191,416
2015-2019	4,304,460	963,503	5,709,215	4,251,171
2020-2024	2,297,113	210,068	267,388	16,284
	<u>\$ 11,073,528</u>	<u>\$ 3,012,115</u>	<u>\$ 13,354,428</u>	<u>\$ 1,907,514</u>

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

d. Long-Term Obligation Activity

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 6,059,336	\$ -	\$ 445,859	\$ 5,613,477	\$ 427,086
Capitalized leases	378,679	-	142,510	236,169	147,622
Notes payable	7,368,584	4,500,000	795,056	11,073,528	906,969
Net pension obligation	167,919	34,871	-	202,790	-
Net OPEB obligation	-	357,931	-	357,931	-
Compensated absences	1,259,605	544,866	480,604	1,323,867	330,967
Total governmental activities	<u>\$ 15,234,123</u>	<u>\$ 5,437,668</u>	<u>\$ 1,864,029</u>	<u>\$ 18,807,762</u>	<u>\$ 1,812,644</u>
Business-type activities:					
General obligation debt	\$ 18,831,875	\$ -	\$ 2,000,369	\$ 16,831,506	\$ 2,032,915
Notes payable	15,392,282	-	2,037,854	13,354,428	1,475,565
Compensated absences	191,845	77,739	61,320	208,264	52,066
Total business-type activities	<u>\$ 34,416,002</u>	<u>\$ 77,739</u>	<u>\$ 4,099,543</u>	<u>\$ 30,394,198</u>	<u>\$ 3,560,546</u>

Compensated absences for governmental activities typically have been liquidated in the general fund.

C. Interfund Balances and Activity

Transfers to/from other funds

Fund	Due to	Due from
General	\$ 100,000	
Community Development		100,000
Total	<u>\$ 100,000</u>	<u>\$ 100,000</u>

General fund transferred \$100,000 to the Community Development for operating expenses.

D. Revenues, Expenditures, and Expenses

On-behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2009, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$1,690 for the 24 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by member contributions, investment income, and a State appropriation.

Also, the City has recognized as revenue and an expenditure on-behalf payment for fringe benefits and salaries of \$26,289 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2009. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

III. JOINT VENTURES

The City, in conjunction with Wayne County, participates in a regional airport. Each participating government appoints three members to the six-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for a number of years, but it is not yet self-sustaining. The City has an ongoing financial responsibility for the Airport because it and the County are legally obligated for certain capital expenditures under their intergovernmental agreement. The City contributed \$0 to the Airport during the fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 240 Aviation Road, Pikeville, NC 27863.

The City, in conjunction with Wayne County, participates in a regional transportation authority. Each participating government appoints four members to the nine member board with one joint appointee. The Authority is a joint venture established to facilitate the transportation within the County and improve the quality of life for its citizens. The Authority designates its own management. Wayne County and the City provide financial support for the Authority, but are not responsible for the debts or entitled to the surpluses of the Authority. The City contributed \$50,000 to the Authority during fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Authority can be obtained from the Authority administrative offices at 1615 E. Beech Street, Goldsboro, NC 27530.

The City also participates in a joint venture to operate a regional library with the County. Each participating government appoints five board members to the ten-member board of the Library. 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, 2009. In accordance with the intergovernmental agreement between the participating governments, the City appropriated \$174,015 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 1001 East Ash Street, Goldsboro, NC 27530.

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

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2009. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

The City and the Paramount Foundation each appoint two members to the four-member local board of trustees for the Paramount Foundation. The City contributed \$92,031 to the Foundation during fiscal year ended June 30, 2009. (see note VI)

IV. RELATED ORGANIZATION

The seven-member board of the Goldsboro Housing Authority is appointed by the Mayor of Goldsboro. 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. The City of Goldsboro is also disclosed as a related organization in the notes to the financial statements for the Goldsboro Housing Authority.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Federal and State Assisted Programs

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

VI. SUBSEQUENT EVENT

In January 2008, the Goldsboro City Council authorized the Mayor and City Clerk to execute an agreement with the North Carolina Department of Transportation for the implementation of a computerized signal system. The City of Goldsboro utilized the \$3.5 million street improvement bonds and allocated \$1.6 million from the fund balance of the General Fund. In June 2009, North Carolina Department of Transportation reimbursed the City of Goldsboro 79% of the engineering fees. The North Carolina Department of Transportation will fund the construction cost with stimulus funds and the City of Goldsboro's share will be 21% of the street bond funds.

On September 8, 2009, the Goldsboro City Council agreed to proceed with the bidding for the construction of the recreation center. The projected cost of construction is expected to be around \$10 million. Several funding commitments are available for this project, the Community Building Trustees will donate \$1,000,000 from the insurance proceeds and the Community Development funds will be accessible for a portion of future debt payments.

On October 19, 2009, the Goldsboro City Council authorized the Director of Finance to pursue long-term financing in the amount of \$2.7 million to purchase capital equipment, extension of fiber to water plant, waste reclamation facility, Paramount Theater and the golf course; and construction for the park maintenance facility.

On September 30, 2008, the City annexed Phase XI, Study Area E. With this annexation, the City of Goldsboro is preparing to extend the sanitary sewer service to this neighborhood. The City will issue sanitary sewer general obligation bonds to fund the construction of the vacuum sewer system to this area.

This page intentionally left blank

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
 - Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
 - Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
-
- Schedule of Funding Progress for the Post Employment Health Benefit Obligation.
 - Schedule of Employer Contributions for the Post Employment Health Benefit Obligation
 - Notes to the Required Schedules for the Post Employment Health Benefit Obligation

City of Goldsboro
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1999	-	\$ 793,411	\$ 793,411	0%	\$ 2,866,741	27.68%
12/31/2000	-	1,065,006	1,065,006	0%	2,906,661	36.64%
12/31/2001	-	1,125,660	1,125,660	0%	3,344,223	33.66%
12/31/2002	-	1,166,010	1,166,010	0%	3,227,859	36.12%
12/31/2003	-	1,161,475	1,161,475	0%	3,255,778	35.67%
12/31/2004	-	1,407,832	1,407,832	0%	3,728,127	37.76%
12/31/2005	-	1,370,701	1,370,701	0%	4,010,457	34.18%
12/31/2006	-	1,410,445	1,410,445	0%	4,023,061	35.06%
12/31/2007	-	1,600,809	1,600,809	0%	3,952,482	40.50%
12/31/2008	-	1,666,569	1,666,569	0%	4,145,370	40.20%

City of Goldsboro
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Exhibit A-2

Year Ended June 30,	Annual Required Contribution*	Percentage Contributed*
2005	127,034	96.21%
2006	156,479	89.91%
2007	148,804	84.14%
2008	152,812	85.83%
2009	163,118	79.79%

* Presented for all years for which data is available.

Notes to the Required Schedules:

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent pf pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

City of Goldsboro, North Carolina
Post-Employment Health Benefit Obligation
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 3,738,326	\$ 3,738,326	0.00%	\$ 16,528,775	22.60%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2009	357,931	2.16%

Notes to the Required Schedules:

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

Valuation date	12/31/07
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Annual medical cost trend increase*	11% and 5%
* Includes inflation at	3.75%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This page intentionally left blank

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.

This page intentionally left blank

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 1 of 6

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 14,011,361	\$ 12,956,068	\$ (1,055,293)
Penalties and interest	85,690	93,537	7,847
Total	14,097,051	13,049,605	(1,047,446)
 Other taxes and licenses:			
Local option sales taxes	6,146,835	5,615,126	(531,709)
Privilege licenses	266,150	267,663	1,513
Vehicle taxes - rental/leases	37,450	32,413	(5,037)
Penalties and interest	2,985	1,762	(1,223)
Solid waste disposal tax	-	11,239	11,239
Total	6,453,420	5,928,203	(525,217)
 Unrestricted intergovernmental			
Payment in lieu of taxes	76,875	64,657	(12,218)
Utility taxes	2,549,525	2,776,936	227,411
Beer and wine tax	175,200	167,697	(7,503)
Wayne County School Resource	30,000	30,000	-
ABC revenues	100,000	93,800	(6,200)
Cherry Hospital reimbursement	79,674	79,674	-
DEA funds	98,817	91,239	(7,578)
Travel and tourism reimbursement	-	-	-
Total	3,110,091	3,304,003	193,912
 Restricted intergovernmental:			
Powell Bill allocation	1,181,789	1,108,216	(73,573)
Controlled substance tax	29,252	30,666	1,414
Homeland Security Grant	113,306	101,459	(11,847)
Transportation planning grant	316,400	32,215	(284,185)
Local Law Enforcement Block Grant	-	13,568	13,568
NC Governors Hwy Safety Program	-	27,957	27,957
GWTA garage reimbursement	293,250	238,484	(54,766)
East Carolina Housing Grant	31,495	29,822	(1,673)
Total	1,965,492	1,582,387	(383,105)
 Permits and fees:			
Building and inspection permits	202,600	83,353	(119,247)
Mechanical permits	95,650	66,458	(29,192)
Plumbing, gas and electric inspections	200,400	122,224	(78,176)
Miscellaneous permits	105,155	90,462	(14,693)
Total	603,805	362,497	(241,308)

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 2 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and services:			
Recreation fees	219,216	138,742	(80,474)
Golf course revenue	647,375	572,573	(74,802)
Recyclable materials sold	2,300	18,041	15,741
Cemetery services	60,500	111,267	50,767
Refuse services	2,443,024	2,422,818	(20,206)
Cable franchise fees	380,828	377,109	(3,719)
Stormwater management fees	-	12,953	12,953
Miscellaneous fees and services	27,985	19,614	(8,371)
Total	<u>3,781,228</u>	<u>3,673,117</u>	<u>(108,111)</u>
Investment earnings	508,990	189,027	(319,963)
Miscellaneous:			
Cemetery lot sales	19,500	47,589	28,089
Officers fees	25,625	30,692	5,067
Sale of property	27,500	25,848	(1,652)
Assessments	26,680	33,590	6,910
Other miscellaneous	231,325	774,063	542,738
Total	<u>330,630</u>	<u>911,782</u>	<u>581,152</u>
Total revenues	30,850,708	29,000,621	(1,850,086)
EXPENDITURES			
General government			
Governing body:			
Salaries and employee benefits		237,630	
Operating expenses		684,767	
Capital outlay		-	
Total	<u>1,080,978</u>	<u>922,397</u>	<u>158,581</u>
Administration:			
Salaries and employee benefits		631,737	
Operating expenditures		1,009,226	
Capital outlay		-	
Reimbursement-enterprise fund		(247,798)	
Total	<u>2,528,493</u>	<u>1,393,165</u>	<u>1,135,328</u>
Finance:			
Salaries and employee benefits		677,297	
Operating expenditures		305,651	
Capital outlay		-	
Reimbursement-enterprise fund		(708,817)	
Total	<u>387,951</u>	<u>274,131</u>	<u>113,820</u>

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 3 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public building and grounds:			
Salaries and employee benefits		158,240	
Operating expenditures		244,446	
Capital outlay		-	
Total	<u>430,382</u>	<u>402,686</u>	<u>27,696</u>
Total general government	4,427,803	2,992,379	1,435,424
Transportation:			
Street and highways:			
Salaries and employee benefits		1,652,137	
Street lights		566,409	
Operating expenditures		395,143	
Capital outlay		-	
Total	<u>3,466,132</u>	<u>2,613,689</u>	<u>852,443</u>
Goldsboro/Wayne Transportation Authority:	<u>200,000</u>	<u>50,000</u>	<u>150,000</u>
Total transportation	3,666,132	2,663,689	1,002,443
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits		718,994	
Operating expenditures		984,128	
Capital Outlay		29,528	
Total	<u>3,822,046</u>	<u>1,732,650</u>	<u>2,089,396</u>
Community affairs			
Salaries and employee benefits		170,319	
Operating expenditures		17,951	
Total	<u>199,905</u>	<u>188,270</u>	<u>11,635</u>
Downtown district			
Salaries and employee benefits		189,159	
Operating expenditures		191,071	
Total	<u>512,786</u>	<u>380,230</u>	<u>132,556</u>
Other appropriations			
Project Uplift		10,000	
WATCH		20,000	
Seymour Support Council		30,000	
Total	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total economic and physical development	4,594,738	2,361,150	2,233,588

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 4 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Personnel and safety:			
Salaries and employee benefits		353,615	
Operating expenditures		115,318	
Total	<u>(25,000)</u>	<u>468,933</u>	<u>(493,933)</u>
Building and traffic maintenance:			
Salaries and employee benefits		326,928	
Operating expenditures		107,695	
Capital outlay		-	
Reimbursement-enterprise fund		(48,623)	
Total	<u>418,452</u>	<u>386,000</u>	<u>32,452</u>
Engineering:			
Salaries and employee benefits		406,324	
Operating expenditures		53,210	
Reimbursement-enterprise fund		(47,256)	
Total	<u>508,418</u>	<u>412,278</u>	<u>96,140</u>
Fire:			
Salaries and employee benefits		4,432,469	
Operating expenditures		556,565	
Capital outlay		28,486	
Total	<u>5,071,752</u>	<u>5,017,520</u>	<u>54,232</u>
Police:			
Salaries and employee benefits		6,336,154	
Operating expenditures		1,034,541	
Capital expenditures		76,577	
Total	<u>8,057,275</u>	<u>7,447,272</u>	<u>610,003</u>
Animal control:			
Salaries and employee benefits		50,823	
Operating expenditures		27,801	
Total	<u>78,626</u>	<u>78,624</u>	<u>2</u>
Inspections:			
Salaries and employee benefits		558,513	
Operating expenditures		237,566	
Total	<u>812,066</u>	<u>796,079</u>	<u>15,987</u>
Other appropriations:			
Assistance to Stop the Funeral	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total public safety	14,926,588	14,611,706	314,882

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 5 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Cemetery:			
Salaries and employee benefits		250,351	
Operating expenditures		39,715	
Total	<u>309,511</u>	<u>290,066</u>	<u>19,445</u>
Sanitation:			
Salaries and employee benefits		2,000,562	
Operating expenditures		846,664	
Capital outlay		178,948	
Total	<u>3,176,314</u>	<u>3,026,174</u>	<u>150,140</u>
Total environmental protection	3,485,825	3,316,240	169,585
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		1,412,252	
Operating expenditures		632,438	
Capital outlay		40,837	
Total	<u>2,196,835</u>	<u>2,085,527</u>	<u>111,308</u>
Golf Course:			
Salaries and employee benefits		480,312	
Operating expenditures		232,462	
Capital outlay		238,322	
Total	<u>1,049,158</u>	<u>951,096</u>	<u>98,062</u>
Libraries:			
Assistance to regional library	<u>174,015</u>	<u>174,015</u>	<u>-</u>
Dues:			
Dues to Eastern Carolina Council	<u>-</u>	<u>-</u>	<u>-</u>
Arts:			
Purchase of Paramount Theater	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>
Clubs:			
Assistance to Boys & Girls Club of Wayne Cty	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total cultural and recreational	7,935,008	7,725,638	209,370

City of Goldsboro, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

Page 6 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service:			
Principal		1,383,425	
Interest		338,011	
Total debt service	<u>1,819,386</u>	<u>1,721,436</u>	<u>97,950</u>
Total expenditures	<u>40,855,481</u>	<u>35,392,238</u>	<u>5,463,243</u>
Revenue over expenditures	(10,004,774)	(6,391,617)	3,613,157
Other financing sources (uses):			
Loan Proceeds	4,500,000	4,500,000	-
Transfer from Occupancy Tax Fund	333,000	333,000	-
Transfer from City Hall Project Fund		88,559	
Total other financing sources (uses)	<u>4,833,000</u>	<u>4,921,559</u>	<u>88,559</u>
Revenue and other financing sources over (under) expenditures and other financing uses	(5,171,774)	(1,470,058)	3,701,716
Fund balance appropriated	<u>5,171,774</u>	<u>-</u>	<u>(5,171,774)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,470,058)</u>	<u>\$ (1,470,058)</u>
Fund balances, beginning		12,218,786	
Increase (decrease) in inventory		36,698	
Fund balances - ending		<u>\$ 10,785,426</u>	

NON-MAJOR GOVERNMENTAL FUNDS

This page intentionally left blank

City of Goldsboro, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund-Street	Capital Project Fund - City Hall	Totals
ASSETS						
Cash and investments	\$ 63,232	\$ 2,518,375	\$ 175,021	\$ -	\$ -	\$ 2,756,628
Accounts receivable	4,626	-		-	-	4,626
Restricted assets						
Cash and investments	-	-	-	3,668,335	77,202	3,745,537
Total assets	\$ 67,858	\$ 2,518,375	\$ 175,021	\$ 3,668,335	\$ 77,202	\$ 6,506,791
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,775	\$ -	\$ 16,772	\$ -	\$ -	\$ 20,547
Customer deposits	-	-	229	-	-	229
Due to other funds	-	-	100,000	-	-	100,000
Deferred revenues	4,626	-	-	-	-	4,626
Total liabilities	8,401	-	117,001	-	-	125,402
Fund balances:						
Reserved for encumbrances	-	-	-	-	-	-
Reserved by state statute	-	-		-	-	-
Unreserved						
Designated for subsequent years' expenditures	32,801	-	-	-	-	32,801
Undesignated	26,656	2,518,375	58,020	3,668,335	77,202	6,348,588
Total equity	59,457	2,518,375	58,020	3,668,335	77,202	6,381,389
Total liabilities and fund balances	\$ 67,858	\$ 2,518,375	\$ 175,021	\$ 3,668,335	\$ 77,202	\$ 6,506,791

City of Goldsboro, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For The Fiscal Year Ended June 30, 2009

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund - Street	Capital Project Fund - City Hall	Totals
Revenues:						
Restricted intergovernmental						
Community Development Block Grant	\$ -	\$ -	\$ 400,026	\$ -	\$ -	\$ 400,026
Home Partnership Program	-	-	376,851	-	-	376,851
Program income	-	-	2,089	-	-	2,089
Ad valorem taxes	68,399	-	-	-	-	68,399
Penalties and interest	245	-	-	-	-	245
Other taxes and licenses	-	490,139	-	-	-	490,139
Investment earnings	1,094	44,124	3,575	-	793	49,586
Other income	-	-	6,277	-	-	6,277
Total revenues	69,738	534,263	788,818	-	793	1,393,612
Expenditures						
Economic and physical development						
Operating expenditures	-	303,477	153,911	5,635	-	463,023
Downtown revitalization	104,699	-	650,705	-	-	755,404
Total expenditures	104,699	303,477	804,616	5,635	-	1,218,427
Revenues over (under) expenditures	(34,961)	230,786	(15,798)	(5,635)	793	175,185
Other financing sources (uses)						
Proceeds from bond issuance	-	-	-	-	-	-
Transfer to general fund	-	(333,000)	-	-	(88,559)	(421,559)
Total other financing sources	-	(333,000)	-	-	(88,559)	(421,559)
Revenues and other financing sources over (under) expenditures and other financing uses	(34,961)	(102,214)	(15,798)	(5,635)	(87,766)	(246,374)
FUND BALANCES, beginning of year	94,418	2,620,589	73,818	3,673,970	164,968	6,627,763
FUND BALANCES, end of year	\$ 59,457	\$ 2,518,375	\$ 58,020	\$ 3,668,335	\$ 77,202	\$ 6,381,389

SPECIAL REVENUE FUNDS

The Special Revenue Funds are established to account for specific revenues that are legally restricted to expenditures for specified purposes.

INDIVIDUAL FUND DESCRIPTIONS

- **Community Development Fund**

The Community Development Fund is established to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act of 1974.

- **Downtown District Fund**

The Downtown District Fund is established to account for property tax revenues generated from special assessments to downtown property owners for purposes of downtown revitalization.

- **Occupancy Tax Fund**

The Occupancy Tax Fund is established to account for occupancy tax revenues derived from a tax levied upon the gross receipts received from the rental of any room, lodging or similar accommodation for the purpose of a feasibility study on the construction of a Civic Center in Goldsboro or the establishment of a Tourism Council

This page intentionally left blank

City of Goldsboro, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For The Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
Community Development Block Grant	\$ -	\$ 3,840,626	\$ 400,026	\$ 4,240,652	
Home Partnership Program		2,117,754	376,851	2,494,605	
Hazard Mitigation Grant Program		410,394	-	410,394	
State Acquisition and Relocation Fund		16,079,451	-	16,079,451	
Program income		172,430	2,089	174,519	
Investment earnings		17,404	3,575	20,979	
Miscellaneous		13,717	6,277	19,994	
Total revenues	<u>28,034,274</u>	<u>22,651,776</u>	<u>788,818</u>	<u>23,440,594</u>	<u>(4,593,680)</u>
Expenditures:					
Administration		1,034,333	153,911	1,188,244	
Acquisition		8,814,804	-	8,814,804	
Clearance activities		1,259,484	-	1,259,484	
Relocation assistance		4,037,040	-	4,037,040	
Rehabilitation		1,504,605	98,773	1,603,378	
After school enrichment		118,375	55,035	173,410	
Other		5,809,317	496,897	6,306,214	
Total expenditures	<u>28,034,274</u>	<u>22,577,958</u>	<u>804,616</u>	<u>23,382,574</u>	<u>4,651,700</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 73,818</u>	<u>(15,798)</u>	<u>\$ 58,020</u>	<u>\$ 58,020</u>
Fund balance, beginning of year			<u>73,818</u>		
Fund balance, end of year			<u>\$ 58,020</u>		

City of Goldsboro, North Carolina
Downtown District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 66,710	\$ 68,399	\$ 1,689
Penalties and interest	145	245	100
Investment earnings	2,675	1,094	(1,581)
Total revenues	<u>69,530</u>	<u>69,738</u>	<u>208</u>
Expenditures:			
Salaries and employee benefits	-	-	-
Downtown revitalization	148,991	104,699	44,292
Total expenditures	<u>148,991</u>	<u>104,699</u>	<u>44,292</u>
Revenue over (under) expenditures	(79,461)	(34,961)	44,500
Fund balance appropriated	<u>79,461</u>	<u>-</u>	<u>(79,461)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(34,961)</u>	<u>\$ (34,961)</u>
Fund balance, beginning of year		<u>94,418</u>	
Fund balance, end of year		<u>\$ 59,457</u>	

City of Goldsboro, North Carolina
Occupancy Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 493,780	\$ 490,139	\$ (3,641)
Investment earnings	114,127	44,124	(70,003)
Total revenues	<u>607,907</u>	<u>534,263</u>	<u>(73,644)</u>
Expenditures:			
Operating expenditures	<u>587,994</u>	<u>303,477</u>	<u>284,517</u>
Revenues over (under) expenditures	19,913	230,786	210,873
Other financing sources (uses)			
Transfer to general fund	<u>333,000</u>	<u>(333,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>333,000</u>	<u>(333,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(313,087)	(102,214)	210,873
Fund balance appropriated	<u>313,087</u>	<u>-</u>	<u>313,087</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	(102,214)	<u>\$ (102,214)</u>
Fund balance, beginning of year		<u>2,620,589</u>	
Fund balance, end of year		<u>\$ 2,518,375</u>	

This page intentionally left blank

CAPITAL PROJECTS FUND

The Capital Projects Fund is established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

INDIVIDUAL FUND DESCRIPTIONS

- **Capital Projects Fund**

The Capital Projects Fund is established to account for general street capital projects.

- **City Hall Capital Project Fund**

The City Hall Capital Project Fund is established to account for the construction of a new city hall and renovations to the existing city hall facility.

This page intentionally left blank

City of Goldsboro, North Carolina
Capital Project Fund - Street
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues					
Street Project					
Investment earnings	\$ -	\$ 445,223		\$ 445,223	\$ 445,223
Expenditures					
Street Project Fund					
Construction costs		1,775,216	5,635	1,780,851	
Technical services		52,534		52,534	
Right of way		-		-	
Total expenditures	<u>5,135,000</u>	<u>1,827,750</u>	<u>5,635</u>	<u>1,833,385</u>	<u>3,301,615</u>
Revenues over (under) expenditures	(5,135,000)	(1,382,527)	(5,635)	(1,388,162)	3,746,838
Other financing sources (uses)					
Proceeds from bond issuance	3,500,000	3,500,000		3,500,000	-
Transfer to (from) other funds	1,635,000	1,556,497	-	1,556,497	(78,503)
Total other financing sources	<u>5,135,000</u>	<u>5,056,497</u>	<u>-</u>	<u>5,056,497</u>	<u>(78,503)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,673,970</u>	<u>(5,635)</u>	<u>\$ 3,668,335</u>	<u>\$ 3,668,335</u>
Fund balance, beginning of year			<u>3,673,970</u>		
Fund balance, end of year			<u>\$ 3,668,335</u>		

City of Goldsboro, North Carolina
City Hall Capital Project Fund
**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	\$ 104,576	\$ 125,837	\$ 793	\$ 126,630	\$ 22,054
Expenditures					
Construction	8,517,956	8,374,249		8,374,249	143,707
Revenues over (under) expenditures	(8,413,380)	(8,248,412)	793	(8,247,619)	165,761
Other financing sources (uses)					
Transfer to general fund	-	-	(88,559)	(88,559)	(88,559)
Proceeds from loans	8,413,380	8,413,380	-	8,413,380	-
Total other financing sources (uses)	8,413,380	8,413,380	(88,559)	8,324,821	(88,559)
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 164,968</u>	<u>\$ (87,766)</u>	<u>\$ 77,202</u>	<u>\$ 77,202</u>
Fund Balance, beginning of year			164,968		
Fund Balance, end of year			<u>\$ 77,202</u>		

ENTERPRISE FUND

The Enterprise Fund is established to account for services provided to the general public and the related costs of such services. Although General Statutes and generally accepted accounting principles do not require an annual balanced budget for Enterprise Funds, the City does adopt a balanced budget for this fund.

INDIVIDUAL FUND DESCRIPTION

- **Utility Fund**

The Utility Fund is established to account for revenues and expenses related to the provision of water and sewer services to residents of the City and adjacent areas. The financial statements that follow present the two main activities of this fund - operations and construction - separately in detailed schedules. The combining financial statements reflect the activities of the Water and Sewer Operating and Capital Project Funds together as the Utility Fund.

City of Goldsboro, North Carolina
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

Exhibit E-1
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues:			
Charges for services	\$ 14,139,772	\$ 12,964,103	\$ (1,175,669)
Assessments	88,050	91,402	3,352
Water and sewer taps	64,550	54,952	(9,598)
Other operating revenues	365,175	476,971	111,796
Total operating revenues	<u>14,657,547</u>	<u>13,587,428</u>	<u>(1,070,119)</u>
Nonoperating revenues:			
Investment earnings	614,510	198,282	(416,228)
Total nonoperating revenues	<u>614,510</u>	<u>198,282</u>	<u>(416,228)</u>
Total revenues	<u>15,272,057</u>	<u>13,785,710</u>	<u>(1,486,347)</u>
Expenditures			
Maintenance			
Salaries and employee benefits		1,241,385	
Travel		312	
Supplies		336,679	
Insurance		33,269	
Other expenses		295,167	
	<u>2,151,604</u>	<u>1,906,812</u>	<u>244,792</u>
Water Plant			
Salaries and employee benefits		581,692	
Travel		2,600	
Supplies		747,528	
Insurance		55,796	
Utilities		245,019	
Other expenses		1,053,542	
Utility service fee		545,497	
	<u>3,872,220</u>	<u>3,231,674</u>	<u>640,546</u>
Waste Treatment Plant			
Salaries and employee benefits		965,923	
Travel		3,065	
Supplies		141,038	
Insurance		142,295	
Utilities		590,940	
Other expenses		1,156,577	
Utility service fee		526,247	
	<u>4,553,171</u>	<u>3,526,085</u>	<u>1,027,086</u>

City of Goldsboro, North Carolina
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

Exhibit E-1
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public works department			
Salaries and employee benefits	\$ -	\$ 224,059	\$ -
Supplies		14,383	
Insurance		31,608	
Other expenses		153,306	
Utility service fee		50,649	
	<u>651,825</u>	<u>474,005</u>	<u>177,820</u>
Other			
General operating expenses	574,216	144,317	429,899
Budgetary appropriations			
Bond principal and other debt payments		4,106,995	
Bond interest		1,278,105	
Capital outlay		814,049	
	<u>7,247,692</u>	<u>6,199,149</u>	<u>1,048,543</u>
Total expenditures	<u>19,050,729</u>	<u>15,482,042</u>	<u>3,568,687</u>
Revenues over (under) expenditures	(3,778,672)	(1,696,332)	2,082,340
Other financing sources (uses):			
Fund balance appropriated	3,778,672	-	(3,778,672)
	<u>3,778,672</u>	<u>-</u>	<u>(3,778,672)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,696,332)</u>	<u>\$ (1,696,332)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,696,332)	
Reconciling items:			
Capital outlay		814,049	
Loss on disposal of capital assets		(22,869)	
Income earned on projects		720	
System maintenance from project		(61,727)	
Amortization of bond issuance costs		(93,028)	
Amortization of bond premium costs		24,256	
Bad accounts written off		-	
Bond principal and other debt payments		4,106,995	
Depreciation expense		<u>(3,256,422)</u>	
		1,511,974	
Net income		<u>\$ (184,358)</u>	

City of Goldsboro, North Carolina
Water and Sewer Capital Project Fund
Schedule of Revenues and Expenditures-
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues-water projects					
Investment earnings	\$ 50,000	\$ 85,974	\$ 720	\$ 86,694	\$ 36,694
Other income	50,000	22,974	-	22,974	(27,026)
Total revenues-water projects	100,000	108,948	720	109,668	9,668
Revenues-sewer projects					
Restricted intergovernmental revenue	3,000,000	1,356,713	-	1,356,713	(1,643,287)
Investment earnings	200,000	438,258	-	438,258	238,258
Other income	100,000	101,485	-	101,485	1,485
Total revenues-sewer projects	3,300,000	1,896,456	-	1,896,456	(1,403,544)
Total revenues	3,400,000	2,005,404	720	2,006,124	(1,393,876)
Expenditures-water projects					
Construction		1,549,519	-	1,549,519	
Total expenditures-water projects	1,604,335	1,549,519	-	1,549,519	54,816
Expenditures-sewer projects					
Construction		19,677,242	-	19,677,242	
Legal and administrative		115,513	61,725	177,238	
Total expenditures-sewer projects	21,759,551	19,792,755	61,725	19,854,480	1,905,071
Total expenditures	23,363,886	21,342,274	61,725	21,403,999	1,959,887
Revenues over (under) expenditures	(19,963,886)	(19,336,870)	(61,005)	(19,397,875)	566,011
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Proceeds from long-term borrowings	19,963,886	19,883,472		19,883,472	(80,414)
Total other financing sources	19,963,886	19,883,472	-	19,883,472	(80,414)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 546,602	\$ (61,005)	\$ 485,597	\$ 485,597

OTHER FINANCIAL INFORMATION

To provide additional insight into the City's operations, both past and present, the following additional financial information is included in subsequent sections of the comprehensive report:

- **Governmental Capital Assets**

This section includes additional information about the City's investment in governmental fixed assets, including a summary of assets benefiting each governmental function.

- **Additional Financial Data**

Additional financial data includes information on property tax collections, uncollected property taxes, and additional information about the City's finances.

- **Statistical Information**

The statistical section includes ten year comparison data on various aspects of City finances as well as other information to enhance understanding of City operations.

- **Single Audit Information**

The Single Audit section includes auditors reports on federal and state compliance matters and details on the expenditures of federal and state awards.

This page intentionally left blank

City of Goldsboro, North Carolina
**Comparative Schedule of Governmental Capital Assets -
 By Source**

Exhibit F-1

For the Year Ended June 30, 2009

(With Comparative Actual Amounts As Of June 30, 2008)

<u>Governmental Capital Assets</u>	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 6,740,830	\$ 6,727,090
Construction in process	25,217	-
Buildings	17,047,917	12,490,402
Streets and infrastructure	60,902,073	48,837,551
Vehicles and equipment	12,789,155	12,258,655
Total	<u>\$ 97,505,192</u>	<u>\$ 80,313,698</u>

Investments in Governmental Capital Assets by Source

Fund source is not readily available at this time. Appropriate information will be available in the future.

City of Goldsboro, North Carolina
Schedule of Changes in Governmental Capital Assets
By Function and Activity
For the Year Ended June 30, 2009

Exhibit F-2

Functional and Activity	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
General government	\$ 15,217,459	\$ 82,045	\$ 3,930	\$ 15,295,574
Transportation	49,328,146	12,057,784	43,345	61,342,585
Economic and physical development	2,556,538	-	-	2,556,538
Public safety	3,875,998	143,048	41,243	3,977,803
Environmental protection	2,005,249	178,948	-	2,184,197
Cultural ad recreational	7,330,308	4,948,185	129,998	12,148,495
Total	<u>\$ 80,313,698</u>	<u>\$ 17,410,010</u>	<u>\$ 218,516</u>	<u>\$ 97,505,192</u>

ADDITIONAL FINANCIAL DATA

The accompanying financial schedules represent additional information pertaining to the City's activities in the current fiscal year.

This page intentionally left blank

City of Goldsboro, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008 - 2009	\$ -	\$ 13,145,099	\$ 12,502,285	\$ 642,814
2007 - 2008	602,721		434,311	168,410
2006 - 2007	150,753		60,929	89,824
2006 and prior	552,502		60,045	492,457
	<u>\$ 1,305,976</u>	<u>\$ 13,145,099</u>	<u>\$ 13,057,570</u>	<u>\$ 1,393,505</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 13,049,605
Reconciling items:	
Interest collected	(93,537)
Taxes written off	101,502
Total collections and credits	<u>\$ 13,057,570</u>

Downtown District Fund

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008 - 2009	\$ -	\$ 70,203	\$ 67,999	\$ 2,204
2007 - 2008	1,419	-	333	1,086
2006 - 2007	1,032	-	558	474
2006 and prior	386	476		862
	<u>\$ 2,837</u>	<u>\$ 70,679</u>	<u>\$ 68,890</u>	<u>\$ 4,626</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 68,644
Reconciling items:	
Interest collected	(245)
Taxes written off	491
Total collections and credits	<u>\$ 68,890</u>

City of Goldsboro, North Carolina
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2009

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy-City:					
Property taxed at current years' rate	\$ 1,966,058,462	\$ 0.65	\$ 12,779,380	\$ 11,255,467	\$ 1,523,913
Discoveries	78,313,846	0.65	509,040	509,040	-
Abatements	<u>(22,049,385)</u>		<u>(143,321)</u>	<u>(34,856)</u>	<u>(108,465)</u>
Total property valuation	<u>\$ 2,022,322,923</u>				
Net levy			\$ 13,145,099	\$ 11,729,651	\$ 1,415,448
Uncollected taxes at June 30, 2009			<u>(642,814)</u>	<u>(326,624)</u>	<u>(316,190)</u>
Current year's taxes collected			<u>\$ 12,502,285</u>	<u>\$ 11,403,027</u>	<u>\$ 1,099,258</u>
Current levy collection percentage			<u>95.11%</u>	<u>97.22%</u>	<u>77.66%</u>
Original levy-Downtown District:					
Property taxed at current years' rate	\$ 26,734,800	\$ 0.25	\$ 66,837	\$ 63,352	\$ 3,485
Discoveries	1,418,400	0.25	3,546	3,546	-
Abatements	<u>(72,000)</u>		<u>(180)</u>	<u>(84)</u>	<u>(96)</u>
Total property valuation	<u>\$ 28,081,200</u>				
Net levy			\$ 70,203	\$ 66,814	\$ 3,389
Uncollected taxes at June 30, 2009			<u>(2,204)</u>	<u>(1,724)</u>	<u>(480)</u>
Current year's taxes collected			<u>\$ 67,999</u>	<u>\$ 65,090</u>	<u>\$ 2,909</u>
Current levy collection percentage			<u>96.86%</u>	<u>97.42%</u>	<u>85.84%</u>

City of Goldsboro, North Carolina
ALL FUND
SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2009

Exhibit G-3

		<u>Market Value</u>
Cash		
On Hand	\$ 1,680	
NOW, SuperNOW, and Money Market	<u>5,679,604</u>	
Total Cash		5,681,284
Other Investments		
North Carolina Capital Management Trust		<u>19,190,854</u>
Total Cash and Investments		<u>\$ 24,872,138</u>
Distributed by Fund:		<u>Carrying Value</u>
General Fund		
Unrestricted	\$ 10,434,785	
Restricted	<u>8,008</u>	\$ 10,442,793
Special Revenue Fund		
Community Development Fund	175,021	
Downtown District Fund	63,232	
Occupancy Tax Fund	<u>2,518,375</u>	2,756,628
Capital Project Fund - Restricted		
Street	3,668,335	
City Hall	<u>77,202</u>	3,745,537
Enterprise Fund		
Unrestricted	7,441,583	
Restricted	<u>485,597</u>	<u>7,927,180</u>
Total Distributed by Fund		<u>\$ 24,872,138</u>

This page intentionally left blank

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the 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 City's financial report relates to the services the City 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. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

This page intentionally left blank

CITY OF GOLDSBORO, NORTH CAROLINA
NET ASSETS BY COMPONENT
Last Five Fiscal Years
(accrual basis of accounting)

Table 1

	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net of related debt	\$ 7,140,788	\$ 24,367,481	\$ 23,819,777	\$ 28,179,346	\$ 43,352,105
Restricted	4,824,678	1,434,487	4,381,889	3,842,808	3,753,545
Unrestricted	15,075,042	14,792,325	15,854,330	15,843,512	10,473,600
Total governmental activities net assets	\$ 27,040,508	\$ 40,594,293	\$ 44,055,996	\$ 47,865,666	\$ 57,579,250
Business-type activities					
Invested in capital assets, net of related debt	\$ 31,283,611	\$ 33,388,957	\$ 35,131,179	\$ 37,208,215	\$ 39,266,792
Restricted	3,608,762	2,353,571	993,147	546,602	485,597
Unrestricted	8,596,157	9,299,744	12,392,187	11,501,923	9,319,993
Total business-type activities net assets	\$ 43,488,530	\$ 45,042,272	\$ 48,516,513	\$ 49,256,740	\$ 49,072,382
Primary government					
Invested in capital assets, net of related debt	\$ 38,424,399	\$ 57,756,438	\$ 58,950,956	\$ 65,387,561	\$ 82,618,897
Restricted	8,433,440	3,788,058	5,375,036	4,389,410	4,239,142
Unrestricted	23,671,199	24,092,069	28,246,517	27,345,435	19,793,593
Total primary government net assets	\$ 70,529,038	\$ 85,636,565	\$ 92,572,509	\$ 97,122,406	\$ 106,651,632

CITY OF GOLDSBORO, NORTH CAROLINA
CHANGE IN NET ASSETS
Last Five Fiscal Years
(accrual basis of accounting)

Table 2

	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General government					
Public safety	\$ 1,925,858	\$ 2,532,305	\$ 2,905,578	\$ 2,183,065	\$ 3,312,696
Transportation	13,429,108	13,278,867	13,228,803	13,645,026	15,075,632
Economic and physical development	2,894,082	3,248,984	3,715,936	2,433,738	3,834,972
Environmental protection	1,672,661	2,475,876	3,067,360	1,753,132	3,632,243
Cultural and recreational	2,581,701	2,664,612	3,179,927	2,731,841	3,579,950
Interest on long-term debt	3,046,066	3,157,751	2,781,964	2,922,101	3,075,009
Total governmental activities expense	140,456	337,845	307,088	532,923	338,011
	<u>\$ 25,689,932</u>	<u>\$ 27,696,240</u>	<u>\$ 29,186,656</u>	<u>\$ 26,201,826</u>	<u>\$ 32,848,513</u>
Total business-type activities - water and sewer	\$ 11,200,793	\$12,340,861	12,049,765	\$ 13,253,063	\$ 13,947,671
Total primary government expenses	<u>\$ 36,890,725</u>	<u>\$ 40,037,101</u>	<u>\$ 41,236,421</u>	<u>\$ 39,454,889</u>	<u>\$ 46,796,184</u>
Program revenues					
Governmental activities:					
Charges for services					
General government	\$ 317,026	\$ 308,289	\$ 355,581	\$ 446,166	\$ 488,376
Public safety	335,880	532,062	545,375	536,438	393,189
Environmental protection	2,257,166	2,251,753	2,276,846	2,370,956	2,453,812
Cultural and recreational	717,638	677,264	637,745	709,494	717,592
Operating grants and contributions					
General government	2,209,901	2,257,500	2,363,004	2,533,730	3,182,764
Public safety	271,860	247,860	400,607	165,883	266,932
Transportation	2,067,259	1,358,235	1,431,108	1,700,532	1,406,872
Economic and physical development	28,482	35,057	30,042	31,276	29,822
Cultural and recreational	581,599	1,096,697	942,812	947,265	778,966
Capital grants and contributions					
Economic and physical development	-	-	-	-	-
Transportation	-	-	2,697,377	-	11,945,877
Total governmental activities program revenues	<u>\$ 8,786,811</u>	<u>\$ 8,764,717</u>	<u>\$ 11,680,497</u>	<u>\$ 9,441,740</u>	<u>\$ 21,664,202</u>
Business-type activities:					
Charges for services	\$ 11,777,788	\$13,357,001	\$ 14,827,552	\$ 13,471,934	\$ 13,564,559
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-

	2005	2006	2007	2008	2009
Total business-type activities program revenues	\$ 11,777,788	\$ 13,357,001	\$ 14,827,552	\$ 13,471,934	\$ 13,564,559
Total primary government program revenues	\$ 20,564,599	\$ 22,121,718	\$ 26,508,049	\$ 22,913,674	\$ 35,228,761
Net revenue (Expense)					
Governmental activities	<\$16,903,121>	<\$18,931,523>	<\$17,506,159>	<\$16,760,086>	<\$11,184,311>
Business-type activity	576,995	1,016,140	2,777,787	218,871	<383,112>
Total primary government net expense	<\$16,326,126>	<\$17,915,383>	<\$14,728,372>	<\$16,541,215>	<\$11,567,423>
General revenues and other changes in net assets					
Governmental activities:					
Ad valorem taxes	\$ 11,015,681	\$ 11,756,930	\$ 12,659,906	\$ 12,845,928	\$ 13,246,454
Other taxes	6,373,821	6,468,446	6,875,376	6,902,494	6,512,124
Investment earnings, net of market adjustment	287,656	611,380	895,367	666,136	238,613
Miscellaneous revenue	383,254	445,623	537,213	155,198	900,704
Special item	-	-	-	-	-
Transfers	154,500	-	-	-	-
Total governmental activities	\$ 18,214,912	\$ 19,282,379	\$ 20,967,862	\$ 20,569,756	\$ 20,897,895
Business-type activity:					
Investment earnings, net of market adjustment	\$ 258,361	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754
Miscellaneous revenue	<2,741>	-	-	-	-
Transfers	<154,500>	-	-	-	-
Total business-type activity	\$ 101,120	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754
Total primary government	\$ 18,316,032	\$ 537,602	\$ 21,664,316	\$ 21,091,112	\$ 21,096,649
Change in net assets					
Governmental activities	\$ 1,311,791	\$ 350,856	\$ 3,461,703	\$ 3,809,670	9,713,584
Business-type activities	678,115	1,553,742	3,474,241	740,227	<184,358>
Total primary government	\$ 1,989,906	\$ 1,904,598	\$ 6,935,944	\$ 4,549,897	\$ 9,529,226

NOTE: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

This page intentionally left blank

CITY OF GOLDSBORO, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Five Fiscal Years
(modified accrual basis of accounting)

Table 3

	2005	2006	2007	2008	2009
General fund					
Reserved	\$ 3,658,065	\$ 3,605,087	\$ 3,201,459	\$ 5,079,907	\$ 4,823,548
Designated	876,439	406,195	748,358	1,136,743	523,917
Unreserved, undesignated	7,223,157	7,703,922	8,409,725	6,002,136	5,437,961
Total general fund	<u>\$ 11,757,661</u>	<u>\$ 11,715,204</u>	<u>\$ 12,359,542</u>	<u>\$ 12,218,786</u>	<u>\$ 10,785,426</u>
All other governmental funds					
Reserved	\$ 3,165,260	\$ 544,090	\$ 3,531,711	\$ 165,124	-
Unreserved, reported in:					
Special revenue funds	1,776,641	2,080,955	2,048,151	2,788,825	2,635,852
Capital projects funds	1,781,274	940,262	1,352,397	3,673,814	3,745,537
Total all other governmental funds	<u>\$ 6,723,175</u>	<u>\$ 3,565,307</u>	<u>\$ 6,932,259</u>	<u>\$ 6,627,763</u>	<u>\$ 6,381,389</u>

CITY OF GOLDSBORO, NORTH CAROLINA
CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
Last Five Fiscal Years
(modified accrual basis of accounting)

Table 4

	FISCAL YEAR				
	2005	2006	2007	2008	2009
REVENUES					
Ad valorem taxes	\$ 11,127,791	\$ 11,999,749	\$ 12,478,490	\$ 12,677,755	\$ 13,118,249
Local option sales taxes	5,620,443	5,724,056	6,071,408	6,111,961	5,615,126
Other taxes and licenses	752,930	744,390	803,710	790,213	803,216
Unrestricted intergovernmental	2,452,872	2,403,650	2,709,153	2,607,138	3,304,003
Restricted intergovernmental	2,706,229	2,591,699	2,458,420	2,771,548	2,361,353
Permits and fees	309,332	500,104	519,127	510,574	362,497
Sales and services	3,319,984	3,269,225	3,291,673	3,545,763	3,673,117
Investment earnings, net of market adjustment	288,367	611,380	895,367	666,136	238,613
Miscellaneous	548,102	445,662	551,256	350,332	918,059
TOTAL REVENUES	\$ 27,126,050	\$ 28,289,915	\$ 29,778,604	\$ 30,031,420	\$ 30,394,233
EXPENDITURES					
General government	1,905,413	2,433,772	2,897,200	5,608,847	2,992,379
Public safety	12,407,732	12,824,672	12,881,312	13,478,699	14,506,643
Transportation	2,906,548	2,852,845	2,876,364	3,403,367	2,663,689
Economic and physical development	1,978,081	3,746,983	2,820,467	3,847,716	3,550,049
Environmental protection	2,595,598	2,658,158	2,761,659	2,902,092	3,137,292
Cultural and recreational	2,772,061	2,748,623	2,686,856	2,917,297	7,446,479
Capital outlay	2,330,217	3,565,262	1,502,553	210,314	592,698
Debt service:					
Principal	877,026	1,068,508	1,075,199	1,330,752	1,383,425
Interest and other charges	214,985	337,845	307,088	483,920	338,011
TOTAL EXPENDITURES	27,987,661	32,236,668	29,808,698	34,183,004	36,610,665
REVENUES OVER (UNDER) EXPENDITURES	<861,611>	<3,946,753>	<30,094>	<4,151,584>	<6,216,432>

	FISCAL YEAR				
	2005	2006	2007	2008	2009
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	268,446	-	-	-	-
Bonds issued	1,500,000	-	4,000,000	-	-
Capital leases	-	705,100	-	-	-
Loans	4,413,380	-	-	3,737,606	4,500,000
Transfers out	154,500	-	-	-	-
Payments to bond escrow agent	<268,446>	-	-	-	-
Total other financing sources (uses)	6,067,880	705,100	4,000,000	3,737,606	4,500,000
Net change in fund balances	\$ 5,206,269	<\$3,241,653>	3,969,906	<413,978>	<\$1,716,432>
Debt services as a percentage of noncapital expenditures	4.45%	5.16%	5.13%	6.44%	5.41%

CITY OF GOLDSBORO, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Five Fiscal Years
 (accrual basis of accounting)

Table 5

Fiscal Year	Property Tax	Sales Tax	Occupancy Tax	Privilege License Tax	Rental/Lease Tax	Penalties/Interest	Total
2005	11,015,681	5,620,443	463,450	257,627	28,895	3,406	17,389,502
2006	11,756,930	5,724,056	455,171	257,033	29,740	2,446	18,225,376
2007	12,659,906	6,071,408	506,042	259,342	35,451	3,133	19,535,282
2008	12,845,928	6,111,961	485,030	271,201	31,244	3,058	19,748,422
2009	13,246,454	5,615,126	490,139	267,663	32,413	2,983	19,654,778

Source: Comprehensive Annual Financial Report

CITY OF GOLDSBORO, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Five Fiscal Years
 (accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Sales Tax	Occupancy Tax	Privilege License Tax	Rental/Lease Tax	Penalties/Interest	Total
2005	11,127,343	5,620,443	463,450	257,627	28,895	3,406	17,501,164
2006	11,999,749	5,724,056	455,171	257,033	29,740	2,446	18,468,195
2007	12,478,232	6,071,408	506,042	259,342	35,451	3,133	19,353,608
2008	12,677,435	6,111,961	485,030	271,201	31,244	3,058	19,579,929
2009	13,024,467	5,615,126	490,139	267,663	32,413	2,983	19,432,791

Source: Comprehensive Annual Financial Report

CITY OF GOLDSBORO, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30	Real Property	Personal Property	Corporate Excess	Total Taxable Assessed Value	Total Direct Tax Rate Per \$100
2000	965,851,538	383,468,559	34,004,705	1,383,324,802	0.57
2001	968,715,885	413,349,640	34,303,019	1,416,368,544	0.62
2002	998,437,524	401,693,722	37,728,676	1,437,859,922	0.62
2003	1,008,601,127	398,880,514	36,361,357	1,443,842,998	0.60
2004	1,415,820,973	330,410,490	44,154,526	1,790,385,989	0.60
2005	1,559,288,811	229,216,140	45,206,049	1,833,711,000	0.65
2006	1,566,856,334	233,192,978	46,274,226	1,846,323,538	0.65
2007	1,643,112,824	217,201,698	51,957,478	1,912,272,000	0.65
2008	1,680,215,516	251,413,598	48,584,886	1,980,214,000	0.65
2009	1,747,795,112	222,147,829	52,379,982	2,022,322,923	0.65

SOURCE: Wayne County Tax Administrator/Collector

Note: Property in the county is reassessed once every eight years on average. The last county-wide revaluation occurred January 1, 2003. The county assesses property at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**CITY OF GOLDSBORO, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Table 8

Fiscal Year Ended June 30	<u>City Direct Rates</u>		Downtown Service District Rate	<u>Overlapping Rates</u>	
	General Fund Rate	Total Direct Rate		County Rate	Total Direct and Overlapping Rates
2000	0.57	0.57	0.19	0.65	1.41
2001	0.62	0.62	0.19	0.65	1.46
2002	0.62	0.62	0.19	0.70	1.51
2003	(1) 0.60	0.60	0.25	0.66	1.51
2004	0.60	0.60	0.25	0.66	1.51
2005	0.65	0.65	0.25	0.735	1.635
2006	0.65	0.65	0.25	0.735	1.635
2007	0.65	0.65	0.25	0.735	1.635
2008	0.65	0.65	0.25	0.764	1.664
2009	0.65	0.65	0.25	0.764	1.664

(1) Tax rate decrease due to revaluation

NOTES: There is a N.C. statutory tax rate limit of \$1.50 per hundred dollars valuation for operating expenses, but no limitation on the rate of tax which may be levied for debt service.

Tax rates are established on a per \$100 valuation basis.

CITY OF GOLDSBORO, NORTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Table 9

	Fiscal Year 2009				Fiscal Year 2000			
	Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
	Walmart Stores	Retail Department Store	\$ 37,612,401	1	1.52	-		- %
	Berkeley Mall, LLC	Mall Shopping Center	22,597,120	2	1.12	14,970,690	3	1.08
	Progress Energy	Public Utility	20,066,290	3	0.99	11,351,272	6	0.82
	Berkeley Place Apartments LLC	Real Estate	16,808,340	4	0.83			
	Franklin Baking Company, Inc.	Bread Making Company	16,016,698	5	0.79	14,419,772	4	1.04
	Time Warner Entertainment	Public Utility	13,370,681	6	0.66			
	BellSouth Telephone Company	Public Utility	13,310,535	7	0.65			
	Dixie Trail, LLC	Real Estate	11,236,930	8	0.55	16,224,214	2	1.17
	Cooper Standard, Inc.	Rubber and Plastic Auto Parts Manufacturer	11,011,952	9	0.54	18,567,043	1	1.34
	Piedmont Natural Gas Company	Public Utility	10,872,220	10	0.53			
	APV Baker FM, Inc.	Commercial Baking Equipment Manufacturer	-			12,086,893	5	0.87
	K5 Associates, LLC	Real Estate	-	-				
	K2 Properties, LLC	Real Estate	-			11,041,870	7	0.80
	General Electric Company	Electrical Equipment Manufacturer	-			8,532,467	10	0.62
	The VAP, LLC	Real Estate				8,908,850	9	0.64
	Borden Manufacturing Co.	Carded Textile Yarn Manufacturer				10,654,150	8	0.77
	TOTALS		<u>\$ 172,903,167</u>		8.18%	<u>\$126,757,221</u>		9.15%

Source: Wayne County Tax Administrator/Collector

**CITY OF GOLDSBORO, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Table 10

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	7,762,443	<190>	7,762,253	7,177,537	92.46%	540,944	7,718,481	99.44%
2001	8,761,109	<233>	8,760,876	8,084,863	92.29%	632,029	8,716,892	99.50%
2002	8,923,174	<235,082>	8,688,092	8,258,217	92.55%	373,866	8,632,083	99.36%
2003	8,982,196	<146,122>	8,816,074	8,274,523	92.33%	484,304	8,758,827	99.35%
2004	10,752,966	1,147	10,754,113	10,193,246	94.79%	492,222	10,685,468	99.36%
2005	11,002,266	<2,945>	10,999,321	10,474,578	95.20%	433,622	10,908,200	99.17%
2006	12,001,103	<120,995>	11,880,108	11,405,024	95.03%	309,750	11,714,774	98.61%
2007	12,429,768	-	12,429,768	11,819,050	95.09%	-	11,819,050	95.09%
2008	12,871,391	<357>	12,871,034	12,268,670	95.32%	315,922	12,584,592	95.43%
2009	13,145,099	-	13,145,099	12,502,285	95.11%	433,521	12,935,806	98.93%

Sources: Wayne County Tax Collector

CITY OF GOLDSBORO, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities			Business-type Activities					Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General		Total		Per Capita (1)	
				Obligation Bonds	Installment Loans	Primary Government			
2000	1,873,470	2,343,242	-	25,541,530	7,460,602	37,218,844	772	1.59%	
2001	1,699,470	2,106,394	478,208	23,920,530	6,748,313	34,952,915	895	1.39%	
2002	2,545,991	1,858,583	363,438	26,245,018	6,036,023	37,049,053	962	1.45%	
2003	2,327,853	1,595,596	251,347	24,422,604	22,436,077	51,033,477	1,288	1.95%	
2004	2,113,264	1,303,694	350,077	22,547,372	21,727,020	48,041,427	1,247	1.81%	
2005	3,411,556	5,268,701	141,579	25,013,329	19,741,075	53,576,240	1,391	1.88%	
2006	3,121,622	4,663,556	673,252	22,932,038	17,810,176	49,200,644	1,288	1.65%	
2007	2,835,050	8,048,443	516,253	20,877,381	17,430,135	49,707,262	1,329	N/A	
2008	6,059,336	7,368,584	378,679	18,831,875	15,392,282	48,030,756	1,286	N/A	
2009	5,613,477	11,073,528	236,169	16,831,506	13,354,428	47,109,108	1,222	N/A	

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

(1) See Table 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF GOLDSBORO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 12

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Personal Income(1)</u>	<u>Percentage of Actual Taxable Value of Property(2)</u>	<u>Per Capita(3)</u>
2000	27,415,000	1.17%	1.98%	569
2001	25,620,000	1.02%	1.81%	656
2002	28,791,009	1.13%	2.00%	747
2003	26,750,457	1.02%	1.85%	675
2004	24,660,636	0.93%	1.38%	640
2005	28,424,885	1.00%	1.55%	738
2006	26,053,660	0.88%	1.41%	682
2007	23,712,431	N/A	1.24%	634
2008	24,891,211	N/A	1.26%	667
2009	22,444,983	N/A	1.11%	582

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

(1) See Table 15 for personal income and population data. This ratio is calculated using personal income and population for the prior calendar year.

(2) See Table 6 for property value data.

(3) See Table 14 for population data. These amounts are as of July 1 of the fiscal year.

City of Goldsboro, North Carolina
Legal Debt Margin Information,
Last Ten Fiscal Years

Table 13

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 110,665,984	\$ 113,309,484	\$ 115,028,794	\$ 115,507,440	\$ 143,230,879	\$ 146,696,880	\$ 147,705,883	\$ 152,981,760	\$ 158,417,120	\$ 161,785,834
Total net debt applicable to limit	17,677,312	18,787,601	29,921,058	31,610,873	30,494,058	32,082,913	29,768,607	32,325,777	29,224,280	30,277,602
Legal Debt Margin	\$ 92,988,672	\$ 94,521,883	\$ 85,107,736	\$ 83,896,567	\$ 112,736,822	\$ 114,633,967	\$ 117,937,276	120,655,983	129,192,840	131,508,232
Total net debt applicable to the limit as a percentage of debt limit	15.37%	16.58%	26.01%	27.37%	21.29%	21.86%	18.57%	21.13%	18.45%	18.71%
Legal Debt Margin Calculation for Fiscal Year 2006										
							Assessed Value	2,022,322,923		
							Debt Limit (8% of Assessed Value)	161,785,834		
							Debt Applicable to Limit:			
							General Obligation Bonds	5,613,477		
							Other Debt	24,664,125		
							Legal Debt Margin	\$ 131,508,232		

Note: NC Statute GS159-55 limits the city's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water and sewer purposes. The legal debt margin is the difference between the debt limit and the City's net debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

CITY OF GOLDSBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2009

Table 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Wayne County General Obligation Debt	\$ 2,070,000	31.26%	\$ 647,082
Other Debt			
Wayne County Installment Purchase Loans	13,551,050	31.26%	4,236,058
Wayne County Promissory Notes	1,706,365	31.26%	533,410
Subtotal, overlapping debt			<u>5,416,550</u>
Total direct debt			<u>16,923,174</u>
Total direct and overlapping debt			<u>\$ 22,339,724</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Wayne County Tax Collector/Assessor. Debt outstanding data provided by the county.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Goldsboro. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total taxable assessed value.

**CITY OF GOLDSBORO, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Table 15

Fiscal Year	(1) Population	(2) Personal income (in thousands)	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate Percentage
2000	48,211	2,503,799	22,089	34.88	19,383	4.06%
2001	39,043 (5)	2,554,616	22,573	35.03	19,205	4.72%
2002	38,526	2,616,183	23,136	35.18	18,851	6.34%
2003	39,634	2,653,268	23,448	35.33	19,031	6.24%
2004	38,522	2,847,346	24,982	35.46	19,113	5.67%
2005	38,519	2,975,545	26,141	35.60	19,117	5.23%
2006	38,186	N/A	18,243	35.70	19,425	4.93%
2007	37,396	N/A	18,243	34.30	19,352	4.75%
2008	37,341	N/A	18,243	35.68	19,373	6.00%
2009	38,554	N/A	18,243	35.50	19,386	10.3%

Sources:

- (1) NC Office of State Planning - State Demographer
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Wayne County Board of Education
- (4) Employment Security Commission of North Carolina
- (5) US Census 2000

Notes:

Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**CITY OF GOLDSBORO, NORTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Table 16

Employer	2009			2000		
	Employees	Rank	Percentage of Total MSA Employment (2)	Employees	Rank	Percentage of Total MSA Employment (2)
Seymour Johnson Air Force Base	6,171	1	12.81 %	6,450	1	13.34 %
Wayne County Board of Education	3,100	2	6.43 %	3,000	2	6.20 %
Wayne Memorial Hospital	1,631	3	3.38 %	1,397	3	3.46 %
O'Berry Center	1,150	4	2.38 %	1,047	5	2.16 %
Cherry Hospital	1,011	5	2.09 %	1,300	4	2.68 %
Wayne County	1,077	6	2.23 %	877	6	1.81 %
Case Farms	1,030	7	2.14 %	850	7	1.75 %
Wal-Mart Associates, Inc.	763	8	1.58 %	-	-	-
City of Goldsboro	523	9	1.08 %	468	10	0.96 %
Cooper Standard Automotive	397	10	0.82 %	622	8	1.28 %
Excell Home Fashions, Inc.	-	-	-	500	9	1.03 %
Total	16,853		34.94 %	16,511		34.67 %

Sources:

(1) Telephone survey conducted by City of Goldsboro staff.

(2) NC Employment Security Commission for the Goldsboro Metropolitan Statistical Area.

CITY OF GOLDSBORO, NORTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Table 17

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	30	30	31	30	30	31	30	31	30	31
Transportation										
Streets & Highways	25	30	30	27	27	27	28	28	28	28
Garage	12	12	12	12	12	12	12	12	12	12
Economic & Physical Development	16	16	16	16	15	15	18	19	19	19
Public Safety										
Police										
Officers	107	111	110	112	112	116	116	117	117	116
Civilians	23	23	24	12	12	12	12	10	10	10
Fire										
Firefighters & Officers	95	95	95	81	81	81	81	82	82	82
Civilians	1	1	1	1	1	1	1	1	1	1
Other	34	34	32	29	28	28	30	28	28	32
Environmental Protection	56	56	57	54	54	56	56	56	56	56
Cultural & Recreational	38	41	40	38	39	39	39	37	39	40
Maintenance	33	31	31	28	28	29	29	28	25	25
Water	9	9	9	11	11	11	11	11	11	11
Sewer	16	16	17	19	20	21	22	23	23	24
TOTAL	495	505	505	470	470	479	485	483	481	487

CITY OF GOLDSBORO, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Table 18

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical arrests	3,881	4,139	4,351	4,193	4,111	4,458	4,246	4,150	3,949	3,657
Traffic violations	5,852	6,976	9,636	7,511	7,993	9,705	9,433	8,460	12,276	12,753
Fire										
Number of calls answered	2,598	2,976	2,939	2,237	2,033	2,169	1,973	3,111	2,348	2,192
Inspections	N/A	N/A	N/A	415	684	996	853	471	518	533
Building Inspections										
New construction permits	679	584	310	107	254	268	330	214	152	89
Highways and streets										
Street resurfacing (miles)	6.0	0	7.8	0	0	11.2	0	0	5.37	0.5
Potholes repaired	N/A	N/A	142	270	283	335	209	404	210	573
Sanitation										
Refuse collected (tons/day)	N/A	N/A	61.5	61.8	60.4	59.2	57.6	58.5	54.0	55.8
Recyclables collected (tons/day)	N/A	N/A	6.4	9.7	7.9	5.6	5.3	5.6	5.9	6.2
Culture and recreation										
Athletic field permits issued	N/A	N/A	N/A	372	388	416	324	349	2	3
Community center admissions	N/A	N/A	134,276	126,519	106,379	103,270	109,650	99,300	99,992	104,106
Water										
New connections	109	90	85	78	55	68	46	30	69	85
Water mains breaks	N/A	N/A	54	86	91	80	104	63	55	30
Average daily consumption (millions of gallons)	6.1	7.0	6.0	6.0	6.0	6.0	6.0	5.6	5.1	4.6
Number of customers	12,900	12,900	13,285	13,285	13,285	13,285	13,285	13,563	13,533	13,388
Wastewater										
New connections	142	98	117	112	121	87	62	48	71	104
Average daily sewage treatment (millions of gallons)	10.0	9.0	8.0	8.0	8.0	8.0	7.1	8.4	5.6	7.1
Number of customers	10,965	10,965	11,292	11,292	11,297	11,297	11,541	11,628	11,687	11,597

Sources: Various city departments.

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

**CITY OF GOLDSBORO, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years**

Table 19

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	60	59	59	59	59	59	59	59	59	59
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	11	11	11	11	11	11	11	11	12
Highways and streets										
Streets (miles)	148	148	148	156	156	156	156	156	158	169
Streetlights	2,862	2,862	2,862	2,758	2,758	2,758	2,836	2,868	2,903	2,943
Culture and recreation										
Parks acreage	339	339	339	339	339	339	339	339	339	339
Parks	13	13	13	13	13	13	13	13	13	13
Swimming pools	3	3	3	3	3	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	3	3	3	3	3	2	2	2	2	2
Water										
Water mains (miles)	229	229	229	236	236	236	240	240	241	287
Maximum daily capacity (millions of gallons)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Sewer										
Sanitary sewers (miles)	199	199	199	207	207	207	212	238	239	243
Maximum daily treatment capacity (millions of gallons)	10.1	10.8	10.8	14.2	14.2	14.2	14.2	14.2	14.2	14.2

Sources: Various city departments.

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

1) The increase is due to the opening of a municipal golf course.

COMPLIANCE SECTION

This page intentionally left blank

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of City of Goldsboro, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises City of Goldsboro's basic financial statements, and have issued our report thereon dated November 12, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goldsboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which would 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 City of Goldsboro, in a separate letter dated November 12, 2009.

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

Pittard Perry & Crone, Inc.

La Grange, North Carolina 28551
November 12, 2009

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

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

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the Audits 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 the City of Goldsboro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Goldsboro's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City of Goldsboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Goldsboro's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

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

Pittard Perry & Crane Inc.

La Grange, North Carolina 28551
November 12, 2009

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

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

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Government, 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 the City of Goldsboro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Goldsboro's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City of Goldsboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Goldsboro's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

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

Pittard Perry & Crane, Inc.

La Grange, North Carolina 28551
November 12, 2009

City of Goldsboro, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency identified that are not considered to be material weaknesses _____ yes X none reported
- Noncompliance material to financial statements notes _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency identified that are not considered to be material weaknesses _____ yes X no

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

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 programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.239	HOME Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

City of Goldsboro, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency identified that are not considered to be material weaknesses _____ yes X none reported

Type of auditor's report issued on compliance for major state programs: Unqualified, for all State programs.

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

_____ yes X no

Identification of major state program:

Program Name
Non-State System Street – Aid Allocation (Powell Bill)

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

City of Goldsboro, North Carolina
CORRECTIVE PLAN
For the Fiscal Year Ended June 30, 2009

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

City of Goldsboro, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2009

None reported.

City of Goldsboro, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures
Federal Grants:				
Cash Programs:				
<u>US Department of Housing and Urban Development</u>				
Passed through N.C. Department of Commerce:				
Community Development Block Grant – Entitlement Grants	14.218	98-R-0004	\$ 400,027	\$ -
Passed-through N.C. State Housing Finance Agency:				
HOME Investment Partnership Program	14.239	M-98-MC-3702090	363,938	-
<u>U.S. Department of Transportation</u>				
Passed-through N.C. Department of Transportation:				
Metropolitan Planning Organizations	20.205		32,215	-
Highway Planning and Construction	20.205-1		497,858	-
<u>Department of Homeland Security</u>				
Homeland Security Grant Program	97.044		101,459	-
State Grants:				
Cash Assistance:				
<u>N.C. Department of Transportation</u>				
Powell Bill			-	1,108,216
Highway Safety Equipment Project			-	5,314
<u>N.C. Department of Environment and Natural Resources</u>				
Clean Water Bond Program				
Clean Water Management Trust Grant			-	195,108
Clean Water Management Trust Grant – Mosquito Control			-	2,614
<u>NC Department of Crime Control and Public Safety</u>				
Governor's Crime Commission – Gang Prevention			-	22,643
<u>U.S. Department of Justice</u>				
Passed through N.C. Department of Crime Central and Public Safety Local Law Enforcement Block Grant				
	16.580		13,568	-
Total assistance			\$ 1,049,929	\$ 1,333,895

This page intentionally left blank