

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF GOLDSBORO, NORTH CAROLINA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Kaye A. Scott**  
**Director of Finance**



## **INTRODUCTORY SECTION**



# 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, 2009

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.

President

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

Executive Director



City of Goldsboro  
Goldsboro, North Carolina  
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# **CITY OF GOLDSBORO MAYOR & COUNCIL**



From left to right standing: Michael Headen (District 1), Bob Waller (District 2), Jackie Warrick (District 6) and Rev. Charles J Williams, Sr. (District 4). From left to right seated: Donnie R. Chatman, Sr. (District 3), Mayor Al King, and Chuck Allen (District 5).

**CITY MANAGER  
JOSEPH R. HUFFMAN**

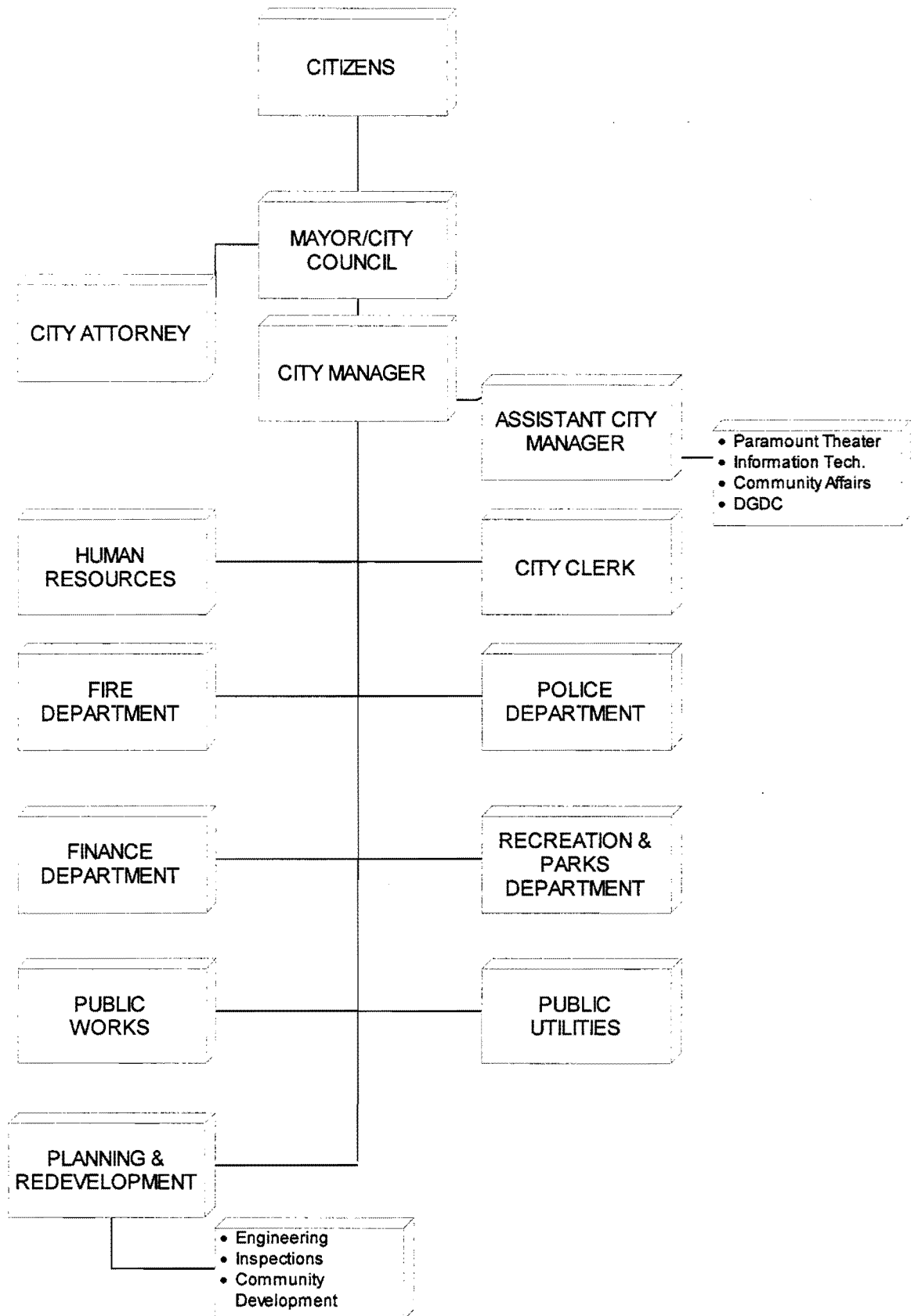
**ASSISTANT CITY MANAGER  
LATASHA LOGAN**

**CITY ATTORNEY  
JAMES D. WOMBLE, JR.**

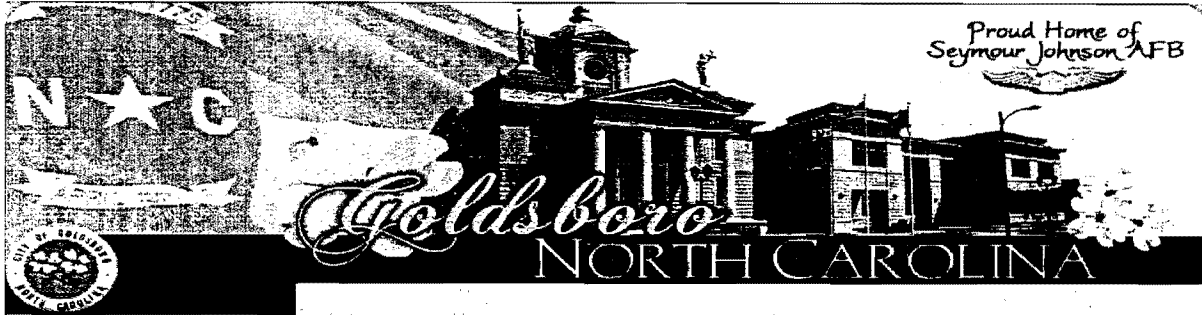
**FINANCE DIRECTOR  
KAYE A. SCOTT**

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# CITY OF GOLDSBORO



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December 14, 2010

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, 2010, 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, 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, 2010 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 38,313 and a land area of approximately 27.2 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 Mayor Pro-Tempore is selected by the Council. 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. Page 72-73 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 64 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.

Wayne Community College ("WCC"), located in the City, has approximately 5,000 students enrolled annually in its 836 curriculum courses in 87 programs of study in college transfer, technical and vocational areas. Approximately 23,000 additional students enroll each year in academic, occupational and vocational courses offered in Wayne Community College's Division of Continuing and Adult Education.

Progress Energy has begun construction of a \$900 million natural gas-fueled power plant in Wayne County. This construction project is estimated to create up to 500 construction jobs at the height of this 24-month building process. This plant is expected to open in 2013 and generate 950 megawatts of electricity, more than doubling the existing output.

Governor Beverly Perdue announced the construction of a new 410,000 square-foot psychiatric facility for Goldsboro. This new facility will be located approximately one-half mile from the current facility and will house residential patient care units, therapy and medical facilities and service and administrative support areas. This \$93.34 million construction project is expected to create an additional 650 jobs for Goldsboro and Wayne County.

AAR Cargo Systems acquired the 106,300 square foot shell building at ParkEast, the Wayne County Industrial Park 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.

The Kitty Askins Hospice Center, originally built in 1995, is expanding from a 12 bed to a 24 bed facility. This \$2.5 million expansion will increase the center's size by 13,000 square feet. In addition to more patient rooms, it will include a new chapel, new all-purpose room for volunteer activities and family gatherings and new family kitchen.

The City serves as the medical care center for the County and portions of surrounding counties. Wayne Memorial Hospital, located in the City, is a 316-bed acute-care facility offering a wide range of major medical services. Its original main tower was constructed in 1970 and, in 1993 a new four-story wing was completed to provide greater service to patients and families. In 1997, 2001 and 2003 additional renovations were completed, including renovation of the surgical, telemetry and pediatric units; reconditioning and remodeling of the psychiatric unit, medical unit and oncology unit; and upgrading the front entrance lobby and the ground floor. In 2004, expansion of the hospital cafeteria was completed. In 2005, a new Southeast wing was added and currently serves the endoscopy, pharmacy, rehabilitation services and clinical engineering departments, in addition to providing space for classrooms and an auditorium. In 2007, the existing MRI unit was replaced with a new state-of-the-art MRI unit to expand imaging services. Completed in early 2008 was the replacement of the Hospital's energy plant, in-house





laundry, and maintenance shop as well the installation of an upgraded electrical distribution system to support the growing needs of the Hospital campus.

The retail sector of the economy is holding steady. Goldsboro has opened an 184,000 square foot Wal-mart 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. O'Reilly Automotive, Employment Security Commission Office, Uncle Yammy's Rib shack, Dollar General Store and Murphy Gas Station), several office/administration buildings, retail stores and construction for a \$1 million day care facility.



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. Plans have been submitted for twelve (12) more duplexes at the Windsor Creek Subdivision. Commercial development is expected to occur adjacent to this subdivision.

The economic conditions state and nationwide are beginning to impact the small businesses in downtown Goldsboro. We realized a net loss of eight businesses this year, the first year we had a net loss in over five years. However, due to our promotional and revitalization efforts, we did have some positive situations occur. We realized \$3,297,841 of public investments and \$2,005,685 in the private sector. A significant \$600,000 private investment was made in a building that has been vacant for decades to covert it into a multi-use building with a model railroad club on the first floor and three beautiful apartments on the second floor, putting 6,000 square feet of space back into positive production for downtown. The Downtown Goldsboro Development Corporation and the City of Goldsboro won a Main Street award this year for the "Best Public Building Improvement" for the restoration of historic City Hall.

The efforts of the Downtown Goldsboro Development Corporation (DGDC) earned it recognition during 2009 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 640 other Main Street revitalization programs nationally recognized as 2009 Accredited National Main Street Program.

The NC Division of Tourism, Film & Sports Development, has just released the 2009 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$113 million in 2009. This is a 6.1% decrease over 2008. Approximately 910 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$16 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2009 amounted to \$9 million. Of the 100 counties in North Carolina, Wayne County is ranked 29th in the State for travel and tourism.

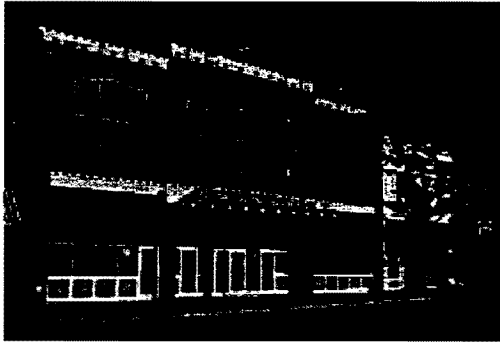


Seymour Johnson Air Force Base (the "Base"), located in the City, contributes significantly to the local economy. The Base is the home of the Air Combat Command's 4<sup>th</sup> Fighter Wing and 916<sup>th</sup> Air Refueling Wing, an Air Force Reserve unit and several small associate units. Seymour Johnson Air Force Base occupies over 50,000 acres in the southeast section of Goldsboro. The Base currently employs approximately 4,557

active duty military personnel, 974 civilian personnel and 1,047 full-time air reserve technicians. The annual civilian and military payroll exceeds \$331 million.

During fiscal year 2009-10, economic problems started to be seen; the City began various expenditure management efforts to help maintain its AA-/Aa2 bond ratings. These actions included reductions in operating expenses and postponement of capital projects during the period of financial uncertainty.

#### 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 Stoney Creek Park to include bike paths/trails, a natural amphitheater, open green space development, picnic/activity area, bathrooms and entranceway enhancements. The enhancement of this park is contingent upon us receiving funds through the PARTF grant. We are currently creating a park master plan and applying for the PARTF grant. In June 2009, the City of Goldsboro was awarded the Fit Community Grant. Part of the funds from this grant were used to purchase three 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. We're also close to installing the first phase of our dog park at Stoney Creek. A community butterfly garden was recently installed. 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 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. Also, recent drought years have pointed out the need for the City to explore options for alternative water supplies.

In December 2009, the City of Goldsboro began construction of Phase 1 of the Water Treatment Plant Improvements. This began a \$6.4 million project, part of an overall multi-stage improvement program on the water treatment system. This Phase 1 project rehabilitates the City's 1952 water treatment plant by rebuilding filters, replacing valves and old piping, recoating sedimentation basin walls, converting pump motors from 2300 volts to 4800 volts, replacing Neuse River Pre-sedimentation pumps with variable speed drives, and rebuilding water plant roof.

In April 2010, Seymour Johnson AFB broke ground for the construction of the 4<sup>th</sup> Mission Support Group Consolidated Support Center. This new \$12 million building will house five organizations: the 4<sup>th</sup> Mission Support Group headquarters, 4<sup>th</sup> Comptroller Squadron, 4<sup>th</sup> Contracting Squadron, 4<sup>th</sup> Force Support Squadron and the legal service office. This building is set for completion by the summer of 2011.

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 over \$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 completed the stabilization work and, lastly, we have rehired David E. Gall, Architect, to conduct the Design Development and Construction Document phase of the project to prepare construction bid documents. We are 98% complete with this portion of the project as of September 2010.



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. We have sold seventeen of the

homes 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 is to be the future home of the DGDC office, one was purchased and renovated at a private investment of over \$500,000 and the remaining four others have been sold with plans to restore and reuse by a private developer for retail/commercial. We have also built three affordable homes in partnership with Self-Help within one of the three targeted neighborhoods and have sold all three. Two ended up selling to people above the low-to-moderate income parameters and bought the homes without any of the homebuyer subsidies we have available; thus selling at market-rate value. Statistics are reported each year to each year to the NC Main Street Center as part of our annual certification requirements and represent investment within the Municipal Service Tax District.

#### **Statistics for the Three Years prior to Neighborhood Plan**

	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>
Public Investment	\$ 691,197	\$ 1,886,112	\$ 4,541,287
Private Investment	<u>549,251</u>	<u>543,676</u>	<u>1,028,464</u>
Total	\$1,240,448	\$ 2,429,788	\$ 5,569,751

Total Investment over 3 Year Period: \$9,239,987

#### **Statistics for the Three Years after the Neighborhood Plan**

	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>
Public Investment	\$6,385,411	\$ 5,870,489	\$ 3,631,840
Private Investment	<u>4,168,142</u>	<u>10,415,724</u>	<u>3,117,669</u>
Total	\$10,553,553	\$16,286,213	\$ 6,749,509

Total Investment over 3 Year Period: \$33,589,275



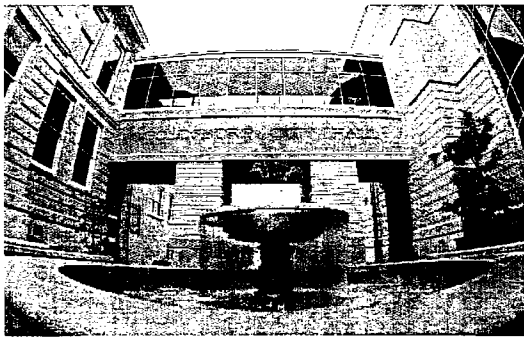
Furthermore, the Public Transportation Division of the NCDOT is also supporting, endorsing and working in conjunction with the Rail Division, City of Goldsboro, Wayne County, and the local Goldsboro/Wayne consolidated public transportation system, Gateway, to develop this transportation center in the 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. We have received \$1,355,000 in federal funding for this project where the state and local governments will be required to match funding at a 10% level each. This team effort will create a seamless system from point of origin to destinations 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 for 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.

U.S. Highway 70 is one of the primary East-West corridors traversing eastern North Carolina. The vision is to transform U.S. 70 into a freeway from Interstate 40 to the coast. The corridor is a major facility connecting the Raleigh, Smithfield, Goldsboro, Kinston, Havelock, and Morehead City areas. With a major deep-water port located in Morehead City and Kinston, the Global Transpark, the corridor will be heavily used for freight movement. Seymour Johnson Air Force Base in Goldsboro and Cherry Point Marine Corps Air Station in Havelock are two military bases located just off U.S. 70. The importance of this corridor has also been recognized in the Rural Prosperity Task Force Report, as one of three corridors statewide that should be improved to assist economic development in the primarily rural areas. North Carolina Department of Transportation began construction on this section of the corridor for Wayne County in 2008 with a projected completion date December 2011.

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. Goldsboro is in the process of expanding sanitary sewer services to these residents.

### **RELEVANT FINANCIAL POLICIES**



The City utilizes 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 Goldsboro City Council adopted fiscal policy guidelines in April 2010. This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practice of Goldsboro. The City's debt policy ratio of direct net debt service expenditures as a percent of total governmental fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 55% or better. The City will strive to maintain available fund balance in the General Fund at a level sufficient to meet its objectives. The City will target an available fund balance at the close of each fiscal year equal to 15% of the General Fund Operating Budget.

### **RISK MANAGEMENT**

The City is self-insured for property damage for \$50,000; general liability, professional liability and automobile liability for \$10,000; 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 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, 2009 to June 30, 2010 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 1995-2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial records.

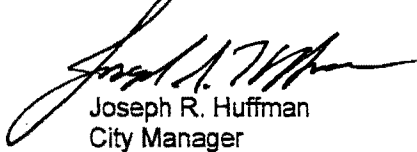
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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**



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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, 2010, 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 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, based on our audit, 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, 2010, 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 December 14, 2010 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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's and Other Postemployment Benefits' 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 Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Goldsboro, North Carolina. The combining and individual fund statements, budgetary schedules and other 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 fund statements, budgetary schedules, other schedules 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.

*Pittard Perry & Crone, Inc.*

La Grange, North Carolina  
December 14, 2010

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## 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, 2010. 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

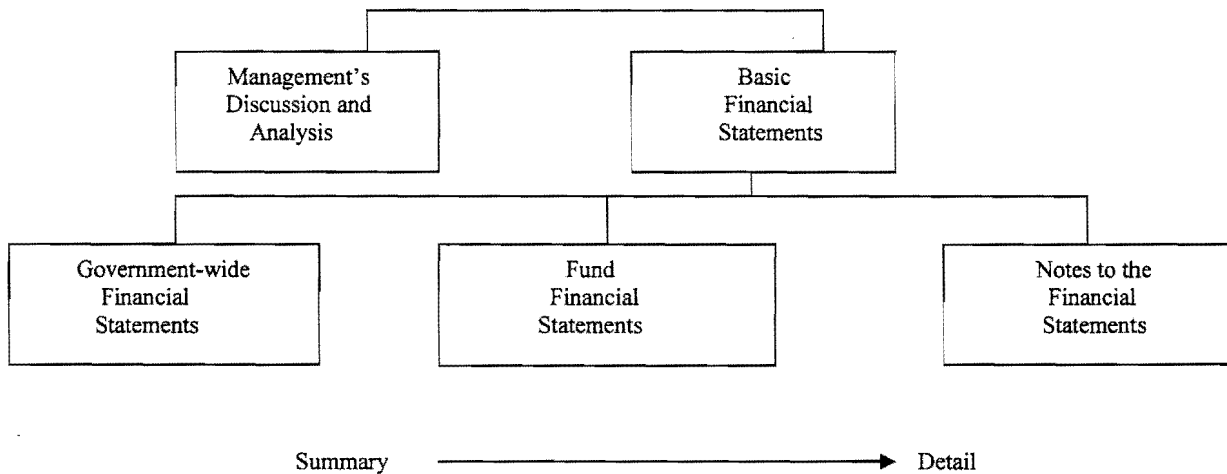
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$106,000,288 (*net assets*). Of this amount, \$20,746,848 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$651,344, primarily due to decreases 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 \$16,888,772, a decrease of \$278,043 in comparison with the prior year. Approximately 69.3 percent of this total amount, or \$11,703,686, 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 \$5,304,810 or 16.69 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt increased by \$12,554,552 (26.65%) during the current fiscal year, primarily due to the debt issuance of \$8.6 million sanitary sewer bond sale for Phase XI annexation and the installment loan for capital equipment for \$2.7 million. The City initiated a state revolving loan in the amount of \$6.4 million for the Phase I upgrade of the Water Treatment Plant.

### 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 Council 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 Council; 2) the final budget as amended by the Council; 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 30-52 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 54-56 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 \$106,000,288 as of June 30, 2010. The significant portion of the City's net assets (80 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. The unrestricted net assets \$20,746,848 (20 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, 2010**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$21,145,130	\$21,609,233	\$26,698,836	\$12,409,116	\$47,843,966	\$34,018,349
Capital assets	56,264,827	56,730,915	69,083,908	68,967,130	125,348,735	125,698,045
<b>Total assets</b>	<b>77,409,957</b>	<b>78,340,148</b>	<b>95,782,744</b>	<b>81,376,246</b>	<b>173,192,701</b>	<b>159,716,394</b>
Long-term liabilities outstanding	18,071,312	16,995,118	38,264,422	26,833,652	56,335,734	43,828,770
Other liabilities	3,800,472	3,765,780	7,056,207	5,470,212	10,856,679	9,235,992
<b>Total liabilities</b>	<b>21,871,784</b>	<b>20,760,898</b>	<b>45,320,629</b>	<b>32,303,864</b>	<b>67,192,413</b>	<b>53,064,762</b>
<b>Net assets:</b>						
Invested in capital assets,						
net of related debt	43,695,950	43,352,105	41,557,490	39,266,792	85,253,440	82,618,897
Restricted	-	3,753,545	-	485,597	-	4,239,142
Unrestricted	11,842,223	10,473,600	8,904,625	9,319,993	20,746,848	19,793,593
<b>Total net assets</b>	<b>\$55,538,173</b>	<b>\$57,579,250</b>	<b>\$50,462,115</b>	<b>\$49,072,382</b>	<b>\$106,000,228</b>	<b>\$106,651,632</b>



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 decreased the City's net assets by \$2,041,077, due to a number of reasons. Key elements of this decrease are as follows:

- Due to the economic downturn, local sales tax, Powell Bill and utility franchise tax collections fell below budgeted estimates collections.
- Investment earnings decreased for governmental activities due to the drop in interest rates and weak market.
- Capital equipment was funded by the issuance of installment financing of \$2.4 million for governmental activities.
- The City recognized the current year's liability for post employment benefits (OPEB) \$326,713.

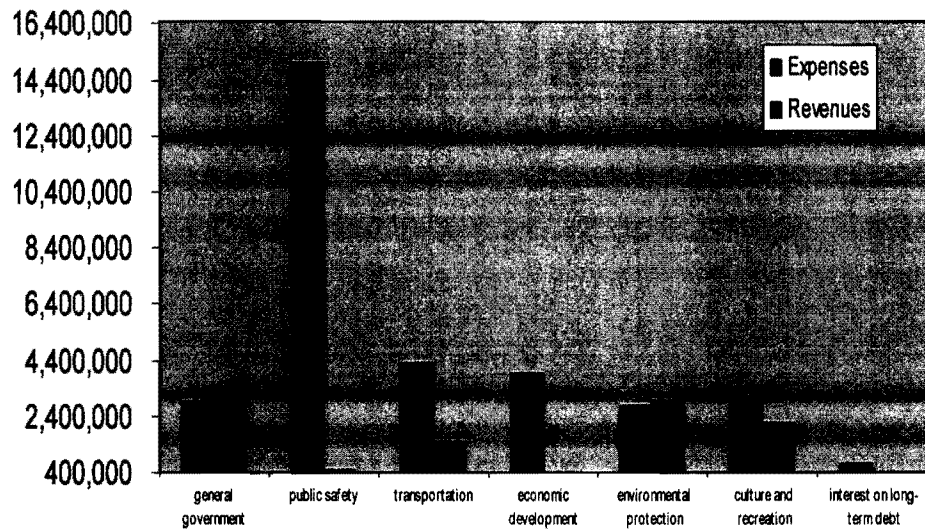
**Business-type Activities** – Business-type activities increased the City's net assets by \$1,389,733. Key elements of this increase are as follows:

- Charges for water services increased by 15 percent and sanitary sewer services by 5 percent. The increase is attributable to costs associated with more stringent environmental regulations and the need to upgrade the 50 year old Water Treatment Plant and operating efficiency.
- The City realized a reduction in operating costs in the Utility Fund due to costs being less than amounts budgeted for the year.
- In the last half of the fiscal year, departments reduced spending in the enterprise fund.

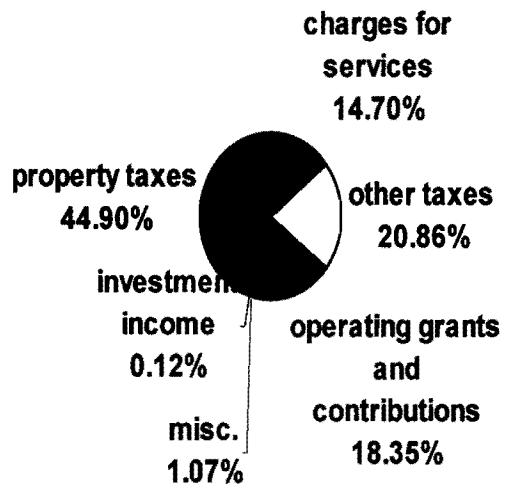
**Table 2**  
**Changes in Net Assets**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 4,511,486	\$ 4,052,969	\$13,756,931	\$13,564,559	\$18,268,417	\$17,617,528
Operating grants and contributions	5,631,258	5,665,356	-	-	5,631,258	5,665,356
Capital grants and contributions		11,945,877	502,904	-	502,904	11,945,877
General revenues:						
Property taxes	13,782,127	13,246,454	-	-	13,782,127	13,246,454
Other taxes	6,401,448	6,512,124	-	-	6,401,448	6,512,124
Investment income	37,793	238,613	57,687	198,754	95,480	437,367
Miscellaneous	329,222	900,704	-	-	329,222	900,704
Total revenues	<u>30,693,334</u>	<u>42,562,097</u>	<u>14,317,522</u>	<u>13,763,313</u>	<u>45,010,856</u>	<u>56,325,410</u>
Expenses:						
General government	2,945,434	3,312,696	-	-	2,945,434	3,312,696
Public safety	15,031,290	15,075,632	-	-	15,031,290	15,075,632
Transportation	4,256,885	3,834,972	-	-	4,256,885	3,834,972
Environmental protection	2,797,958	3,632,243	-	-	2,797,958	3,632,243
Economic and physical development	3,915,549	3,579,950	-	-	3,915,549	3,579,950
Culture and recreation	3,062,944	3,075,009	-	-	3,062,944	3,075,009
Interest on long-term debt	724,351	338,011	-	-	724,351	338,011
Water and sewer	-	-	12,927,789	13,947,671	12,927,789	13,947,671
Total expenses	<u>32,734,411</u>	<u>32,848,513</u>	<u>12,927,789</u>	<u>13,947,671</u>	<u>45,662,200</u>	<u>46,796,184</u>
Increase (Decrease) in net assets	(2,041,077)	9,713,584	1,389,733	(184,358)	(651,344)	9,529,226
Net assets - July 1	<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>
Net assets - June 30	<u>\$55,538,173</u>	<u>\$57,579,250</u>	<u>\$50,462,115</u>	<u>\$49,072,382</u>	<u>\$106,000,228</u>	<u>\$106,651,632</u>

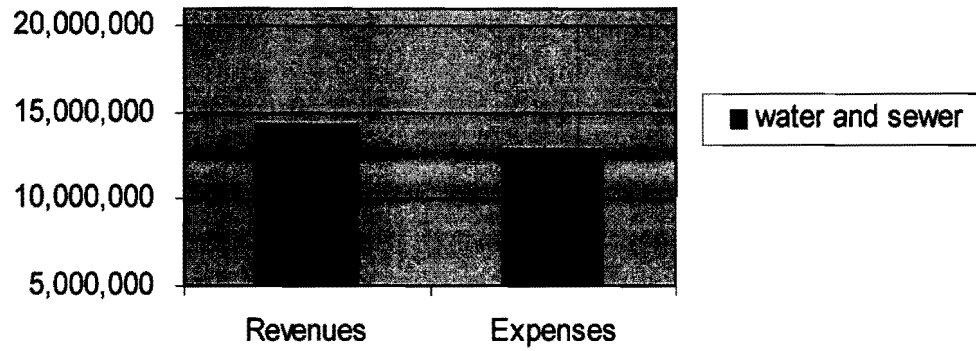
### Expenses and Program Revenues Governmental Activities



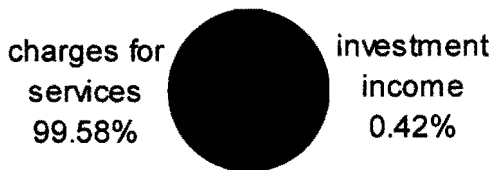
### Revenues by Source Governmental Activities



### 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 \$5,304,810, while total fund balance reached \$10,489,896. 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 16.7 percent of total General Fund expenditures, while total fund balance represents 33 percent of that same amount.

At June 30, 2010, the governmental funds of the City reported a combined fund balance of \$16,888,772, 1.62 percent decrease over last year. In the general fund, the actual budget basis fund balance change was a decrease for fiscal year 2010 of \$278,043 and is due to actual revenues less than budgeted. The uncertain economic times have affected the City's revenues in licenses, permits, Powell Bill allocations and local option sales tax revenues. Increases in fund balance are reported in the Occupancy Tax, Community Development and Downtown Goldsboro Development Funds which is associated with revenue collections more than projected and expenditures less than budgeted.

**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 \$340,990 for the design and bid specifications for the recreation center.
- Appropriation of \$50,000 for additional funds necessary to demolish residential structures which did not meet minimum housing requirements.
- Appropriation of \$150,000 for health insurance claims.
- Appropriation of \$105,000 for the purchase of land relocation of fire station and additional land for Stoney Creek Park.

- Appropriation of \$289,216 for renovation of fire station on Harris Street.
- Appropriation of \$21,600 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. Some of the more significant variances are as follows:

- Ad valorem taxes were below budgeted due to Phase XI annexation.
- With the fluctuation in the economy and taxable sales, the local options sales taxes experienced decreased collections.
- The difference in unrestricted intergovernmental revenues resulted from decreased collections in utility franchise taxes and beer and wine tax.
- Restricted intergovernmental revenues decreased due to Gateway Transit conservation of garage expenditures. Also, Powell Bill revenues were not received as anticipated.
- The permits and fees revenues were down due to the decline in new construction as it related to the economy.
- Several departmental budgets were amended due to the capital equipment financing purchases and replacements.
- Overall, due to the changeability in the economy and decline in revenues, vacant positions were frozen and departments reduced spending in the last part of the fiscal year.

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 cable franchise fees and miscellaneous fees. Investment earnings decreased due to decline in rates due to the economy. Overall expenditures were less than budgetary estimates, due to frozen positions and reduction in spending by all departments.

**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 \$8,904,625. The total increase in net assets for the fund was \$1,389,733. 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, 2010, totals \$125,348,735 (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 administrative vehicles for Human Resources and Public Works at a cost of \$33,005.
- Replacement of F350 Truck that cost \$33,346 for the Fire Department.
- Purchase street sweeper for the Street & Storms Division costing \$177,275.
- Completion of addition to Harris Street Fire Station at a cost of \$346,051.
- Purchase of 2010 Freightliner Limb Loader and Tandem Dump Truck that cost \$180,937 for the Sanitation Division.
- Purchase of 2010 John Deere Tractor costing \$52,132 for Streets & Storms Division.
- Construction of sidewalks on Wayne Memorial Drive that cost \$79,782.
- Replacement of jet vacuum truck that cost \$271,000 for the Utility Maintenance Division.
- Replacement of UV bulbs in the Waste Reclamation Facility for a cost of \$81,600.
- Replacement purchase of ten patrol automobiles and two administrative vehicles in the police department at a cost of \$285,702.
- Construction in progress for Phase I upgrade of Water Treatment Plant. Phase I construction costs is \$6.4 million.
- No major demolitions were recorded this year.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 6,740,830	\$ 6,740,830	\$1,558,406	\$1,558,406	\$ 8,299,236	\$8,299,236
Buildings	13,210,787	13,363,273	-	-	13,210,787	13,363,273
Plant and Distribution Systems	-	-	63,154,637	65,956,543	63,154,637	65,956,543
Streets and Improvements	32,966,937	33,524,867	-	-	32,966,937	33,524,867
Vehicles	2,942,735	2,715,200	673,442	635,178	3,616,177	3,350,378
Equipment	249,233	361,528	163,440	214,899	412,673	576,427
Construction in Progress	154,305	25,217	3,533,983	602,104	3,688,288	627,321
<b>Total</b>	<b>\$56,264,827</b>	<b>\$56,730,915</b>	<b>\$69,083,908</b>	<b>\$68,967,130</b>	<b>\$125,348,735</b>	<b>\$125,698,045</b>

Additional information on the City's capital assets can be found in note 4 or pages 38-39 of the Basic Financial Statements.

## Long-Term Debt

Long-term Debt. As of June 30, 2010, the City had total bonded debt outstanding of \$59,663,660. Of this amount, \$28,494,152 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$5,186,392	\$5,613,477	\$23,307,760	\$16,831,506	\$28,494,152	\$22,444,983
Capitalized leases	88,547	236,169	-	-	88,547	236,169
Notes payable	<u>12,483,544</u>	<u>11,073,528</u>	<u>18,597,417</u>	<u>13,354,428</u>	<u>31,080,961</u>	<u>24,427,956</u>
Total	<u>\$17,758,483</u>	<u>\$16,923,174</u>	<u>\$41,905,177</u>	<u>\$30,185,934</u>	<u>\$59,663,660</u>	<u>\$47,109,108</u>

During this fiscal year, the City refunded its sanitary sewer general obligation bonds, with expected savings of approximately \$202,381 over the next eight years. Also, the City sold sanitary sewer bonds in the amount of \$8.6 million for the Phase XI annexation project. As part of the Water Plant Facility upgrade, the City committed to a state revolving loan with a 2.5 percent interest rate for the term of the loan.

The City maintains an AA- rating from Standard and Poor's Corporation and the rating from Moody's Investor Services increased from A1 to Aa2 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 \$147,615,102. The City has \$7,495,000 in bonds authorized but un-issued at June 30, 2010.

Additional information regarding the City's long-term debt can be found in note 6 on pages 44-50 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 7.9% compared to the state average of 9.6%.

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, 2010**

During the current fiscal year, unreserved fund balance in the general fund decreased to \$5,347,989. The City has appropriated \$43,179 of this amount for spending in the 2011 fiscal year budget.

**Governmental Activities:** The City's adopted budget for 2011 includes a 5% increase for health care benefit costs for all employees and the City's required contribution to the N.C. Local Government Retirement System increase from 4.91% to 6.45%. Council and departments worked carefully to improve efficiencies and hold costs. The City's budget does include 14 frozen positions for the entire fiscal year.

Effective July 1, 2010, the North Carolina Insurance Commissioner updated the City's fire rating from 5 to a rating of 3. The NCRRS rating system ranges from one (highest) to ten (lowest). Higher ratings can significantly lower homeowners insurance rates in that fire district.

Refuse fees will increase \$2.00 per month for residential users.

**Business-type Activities:** Effective July 1, 2010, water service rates increased by 15 percent and sanitary sewer rates increased by 5 percent. These increases were needed for debt service obligations for the Water Plant Facility upgrade and increased costs for 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**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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City of Goldsboro, North Carolina  
**STATEMENT OF NET ASSETS**  
June 30, 2010

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 11,301,293	\$ 7,505,801	\$ 18,807,094
Receivables (net)	4,420,786	3,906,298	8,327,084
Inventories	233,445	907,978	1,141,423
Total current assets	<u>15,955,524</u>	<u>12,320,077</u>	<u>28,275,601</u>
Non-current assets:			
Restricted assets:			
Cash and investments	5,189,606	14,378,759	19,568,365
Capital assets:			
Land, improvements, and construction in progress	6,895,135	5,092,389	11,987,524
Other capital assets, net of depreciation	49,369,692	63,991,519	113,361,211
Total capital assets	<u>56,264,827</u>	<u>69,083,908</u>	<u>125,348,735</u>
Total non-current assets	<u>61,454,433</u>	<u>83,462,667</u>	<u>144,917,100</u>
Total assets	<u>77,409,957</u>	<u>95,782,744</u>	<u>173,192,701</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,824,802	1,937,109	3,761,911
Customer deposits	-	764,192	764,192
Unearned revenue	2,090	444,023	446,113
Current portion of long-term liabilities	1,973,580	3,910,883	5,884,463
Total current liabilities	<u>3,800,472</u>	<u>7,056,207</u>	<u>10,856,679</u>
Long-term liabilities:			
Due in more than one year	18,071,312	38,264,422	56,335,734
Total liabilities	<u>21,871,784</u>	<u>45,320,629</u>	<u>67,192,413</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	43,695,950	41,557,490	85,253,440
Restricted for capital projects	-	-	-
Unrestricted	11,842,223	8,904,625	20,746,848
Total net assets	<u>\$ 55,538,173</u>	<u>\$ 50,462,115</u>	<u>\$ 106,000,288</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 2,945,434	\$ 409,691	\$ 2,771,467	\$ -	\$ 235,724	\$ -	\$ 235,724
Public safety	15,031,290	361,261	94,866	-	(14,575,163)	-	(14,575,163)
Transportation	4,256,885	-	1,435,682	-	(2,821,203)	-	(2,821,203)
Economic and physical development	3,915,549	-	32,266	-	(3,883,283)	-	(3,883,283)
Environmental protection	2,797,958	2,910,753	-	-	112,795	-	112,795
Cultural and recreation	3,062,944	829,781	1,296,977	-	(936,186)	-	(936,186)
Interest on long-term debt	724,351	-	-	-	(724,351)	-	(724,351)
Total governmental activities (See Note 1)	32,734,411	4,511,486	5,631,258	-	(22,591,667)	-	(22,591,667)
Business-type activities:							
Water and sewer	12,927,789	13,756,931	-	502,904	-	1,332,046	1,332,046
Total business-type activities	12,927,789	13,756,931	-	502,904	-	1,332,046	1,332,046
Total primary government	\$ 45,662,200	\$ 18,268,417	\$ 5,631,258	\$ 502,904	(22,591,667)	1,332,046	(21,259,621)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					13,782,127	-	13,782,127
Local option sales taxes					5,479,518	-	5,479,518
Other taxes and licenses					921,930	-	921,930
Unrestricted investment earnings					37,793	57,687	95,480
Miscellaneous					329,222	-	329,222
Total general revenues not including transfers					20,550,590	57,687	20,608,277
Transfers					-	-	-
Total general revenues and transfers					20,550,590	57,687	20,608,277
Change in net assets					(2,041,077)	1,389,733	(651,344)
Net assets - beginning					57,579,250	49,072,382	106,651,632
Net assets - ending					\$ 55,538,173	\$ 50,462,115	\$ 106,000,288

The accompanying notes are an integral part of this statement

## **FUND FINANCIAL STATEMENTS**



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City of Goldsboro, North Carolina  
**Balance Sheet**  
 Governmental Funds  
 June 30, 2010

	Major Funds		Total Governmental Funds
	General	Total Nonmajor Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,347,444	\$ 2,953,849	\$ 11,301,293
Receivables (net):			
Taxes	1,487,720	5,318	1,493,038
Accounts	2,927,749	-	2,927,749
Due from other funds	100,000	-	100,000
Inventories	233,445	-	233,445
Restricted assets:			
Cash and investments	1,629,006	3,560,600	5,189,606
Total assets	<u>\$ 14,725,364</u>	<u>\$ 6,519,767</u>	<u>\$ 21,245,131</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,207,371	\$ 15,573	\$ 1,222,944
Customer deposits	-	-	-
Accrued compensation payable	601,857	-	601,857
Due to other funds	-	100,000	100,000
Deferred revenue	2,426,239	5,318	2,431,557
Total liabilities	<u>4,235,467</u>	<u>120,891</u>	<u>4,356,358</u>
Fund balances:			
Reserved for inventories	233,445	-	233,445
Reserved for encumbrances	2,817,142	-	2,817,142
Reserved by State statute	2,091,320	-	2,091,320
Unreserved			
Designated for subsequent years' expenditures	43,179		43,179
Undesignated	5,304,810	273,657	5,578,467
Undesignated, reported in nonmajor:			
Special revenue funds	-	2,564,619	2,564,619
Capital project funds	-	3,560,600	3,560,600
Total fund balances	<u>10,489,896</u>	<u>6,398,876</u>	<u>16,888,772</u>
Total liabilities and fund balances	<u>\$ 14,725,363</u>	<u>\$ 6,519,767</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.

Gross capital assets at historical cost	98,987,000	
Accumulated depreciation	<u>(42,722,173)</u>	56,264,827

Liabilities for earned but deferred revenues in fund statements 2,429,466

Some liabilities, including bonds payable, are not due and payable in the current period are not reported in the funds (Note 4). (20,044,892)

Net assets of governmental activities \$ 55,538,173

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, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 13,771,859	\$ 70,082	\$ 13,841,941
Penalties and interest	101,613	426	102,039
Local option sales taxes	5,479,518	-	5,479,518
Other taxes and licenses	363,686	456,205	819,891
Unrestricted intergovernmental	2,810,713	-	2,810,713
Restricted intergovernmental	1,549,604	1,270,941	2,820,545
Permits and fees	334,980	-	334,980
Sales and services	4,164,426	-	4,164,426
Investment earnings	27,470	10,323	37,793
Miscellaneous	339,283	2,019	341,302
Total revenues	<u>28,943,152</u>	<u>1,809,996</u>	<u>30,753,148</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,616,031	-	2,616,031
Public safety	15,256,680	-	15,256,680
Transportation	3,417,876	-	3,417,876
Economic and physical development	2,131,748	1,715,307	3,847,055
Environmental protection	3,226,162	-	3,226,162
Cultural and recreational	2,799,819	-	2,799,819
Debt service:			
Principal	1,619,070	-	1,619,070
Interest and other charges	724,351	-	724,351
Total expenditures	<u>31,791,737</u>	<u>1,715,307</u>	<u>33,507,044</u>
Excess (deficiency) of revenues over expenditures	(2,848,585)	94,689	(2,753,896)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	2,454,376	-	2,454,376
Transfer (to) from other funds			
Transfer (to) from City Hall Project Fund	77,202	(77,202)	-
Total other financing sources and uses	<u>2,531,578</u>	<u>(77,202)</u>	<u>2,454,376</u>
Net change in fund balance	(317,007)	17,487	(299,520)
Fund balances-beginning	10,785,426	6,381,389	17,166,815
Increase (decrease) in inventory	21,477	-	21,477
Fund balances-ending	<u>\$ 10,489,896</u>	<u>\$ 6,398,876</u>	<u>\$ 16,888,772</u>

City of Goldsboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**

For the Fiscal Year Ended June 30, 2010

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

Net changes in fund balances - total governmental funds		\$ (299,520)
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 depreciation expense exceeded capital outlay in the current period.		
Capital outlay expenditures which were capitalized	2,185,934	
Depreciation expense for governmental assets	<u>(2,652,022)</u>	(466,088)
Increase in inventory		21,477
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(59,818)
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 funds.		
Compensated absences	(61,551)	
Net pension obligation	(13,557)	
Other postemployment benefits	<u>(326,713)</u>	(401,821)
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.		
New long-term debt issued	(2,454,376)	
Principal payments on long-term debt	<u>\$ 1,619,069</u>	<u>(835,307)</u>
Total changes in net assets of governmental activities		<u><u>\$ (2,041,077)</u></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, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Ad Valorem taxes	\$ 14,201,345	\$ 14,201,345	\$ 13,873,472	\$ (327,873)
Other taxes and licenses	6,079,531	6,079,531	5,843,204	(236,327)
Unrestricted intergovernmental	3,152,587	3,161,833	2,810,713	(351,120)
Restricted intergovernmental	1,686,321	2,027,267	1,549,604	(477,663)
Permits and fees	420,500	420,500	334,980	(85,520)
Sales and services	4,170,939	4,169,861	4,164,426	(5,435)
Investment earnings	130,000	139,250	27,470	(111,780)
Miscellaneous	271,550	347,300	339,283	(8,017)
Total revenues	30,112,773	30,546,887	28,943,152	(1,603,735)
<b>EXPENDITURES</b>				
Current:				
General government	3,818,987	4,102,798	2,616,031	1,486,767
Transportation	2,706,815	3,462,561	3,417,876	44,685
Economic and physical development	2,241,545	4,152,160	2,131,748	2,020,412
Public safety	14,217,205	16,932,750	15,256,680	1,676,070
Environmental protection	3,268,023	3,682,888	3,226,162	456,726
Cultural and recreational	3,108,408	3,511,189	2,799,819	711,370
Debt Service:				
Principal	1,881,678	1,999,100	1,619,070	380,030
Interest	882,828	780,657	724,351	56,306
Total expenditures	32,125,489	38,624,105	31,791,737	6,832,368
Revenue over (under) expenditures	(2,012,716)	(8,077,217)	(2,848,585)	5,228,632
Other financing sources (uses):				
Loan Proceeds	-	2,454,376	2,454,376	-
Transfer (to) from other funds	-	1,052,493	-	1,052,493
Transfer from Occupancy Tax Fund	-	436,306	-	436,306
Transfer from City Hall Project Fund	-	523,917	77,202	(446,715)
Total other financing sources (uses)	-	4,467,092	2,531,578	(1,935,514)
Revenue and other financing sources over (under) expenditures and other financing uses	(2,012,716)	(3,610,125)	(317,007)	3,293,118
Fund balance appropriated	2,012,716	3,610,125	-	(3,610,125)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	(317,007)	\$ (317,007)
Fund balances - beginning			10,785,426	
Increase (decrease) in inventory			21,477	
Fund balances - ending			<u>\$ 10,489,896</u>	

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina  
**Statement of Net Assets**  
**Proprietary Fund**  
June 30, 2010

**ASSETS**

Current assets:	
Cash and equivalents	\$ 7,505,801
Accounts receivables (net)	3,906,298
Inventories	907,978
Total current assets	<u>12,320,077</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	14,378,759
Capital assets:	
Land and other non-depreciable assets	5,092,389
Other capital assets (net)	<u>63,991,519</u>
Capital assets (net)	<u>69,083,908</u>
Total assets	<u>95,782,744</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued liabilities	1,937,109
Customer deposits	764,192
Unearned revenue	444,023
Note payable - current	1,825,818
General obligation bonds payable - current	<u>2,029,174</u>
Total current assets	7,000,316
Noncurrent liabilities:	
Compensated absences payable	223,565
Net OPEB Obligation	46,563
Note payable, net of current	16,771,599
General obligation bonds payable - net of current	<u>21,278,586</u>
Total noncurrent liabilities	<u>38,320,313</u>
Total liabilities	<u>45,320,629</u>

**Net Assets**

Investment in capital assets	41,557,490
Restricted for capital projects	-
Unrestricted	<u>8,904,625</u>
Total net assets	<u>\$ 50,462,115</u>

The accompanying notes are an integral part of this statement.

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City of Goldsboro, North Carolina  
**Statements of Revenues, Expenses and  
 Changes in Fund Net Assets - Proprietary Fund**  
 For the Fiscal Year Ended June 30, 2010

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Operating revenues:	
Charges for service	\$ 13,207,525
Assessments	80,094
Water and sewer taps	54,198
Other operating revenues	415,114
Total operating revenues	<u>13,756,931</u>
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,069,978
Utilities	743,579
Supplies and other expenses	4,690,019
Depreciation	3,268,350
Total operating expenses	<u>11,771,926</u>
Operating income	1,985,005
Nonoperating revenues (expenses):	
Investment earnings	57,687
Interest and fees	(1,155,863)
Capital contribution	502,904
Total nonoperating expenses	<u>(595,272)</u>
Change in net assets	1,389,733
Total net assets - beginning	<u>49,072,382</u>
Total net assets - ending	<u><u>\$ 50,462,115</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, 2010

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 13,143,595
Cash paid for goods and services	(4,339,058)
Cash paid to employees for services	(3,054,677)
Customer deposits received	7,003
Other operating revenues	415,114
Net cash provided by operating activities	<u>6,218,540</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal paid on long-term borrowings	(1,488,906)
Interest paid on long-term borrowings	(529,743)
Proceeds from long-term borrowings	6,731,894
Acquisition and construction of capital assets	(3,385,130)
Capital Contribution	502,904
Proceeds from bond issuance	8,705,000
Principal paid on bond maturities	(2,228,746)
Interest paid on bond maturities	(626,120)
Net cash used in capital and related financing activities	<u>7,681,153</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	<u>57,687</u>
Net cash proved by investing activities	<u>57,687</u>

Net increase in cash and cash equivalents	13,957,380
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Cash and cash equivalents, July 1	<u>7,927,180</u>
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Cash and cash equivalents, June 30	<u><u>\$ 21,884,560</u></u>
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Reconciliation of operating income to net cash  
provided by operating activities:

Operating income	\$ 1,985,005
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,268,350
Change in assets and liabilities	
(Increase)decrease in accounts receivable	(198,222)
(Increase)decrease in inventory	(134,118)
Increase(decrease) in accounts payable and accrued liabilities	1,177,752
Increase(decrease) in customer deposits	7,003
Increase(decrease) in compensated absences	15,301
Increase(decrease) in net OPEB obligation	46,563
Increase(decrease) in deferred revenues	50,906
Net cash provided by operating activities	<u>\$ 6,218,540</u>

The accompanying notes are an integral part of this statement.

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City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2010

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**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.

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.

City of Goldsboro, North Carolina  
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*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.

*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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and offset by deferred revenues.

City of Goldsboro, North Carolina  
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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.

**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.

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**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, 2009.

**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.

**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:

	<u>Estimated Useful Lives</u>
Buildings	50
Infrastructure	30
Improvements	10-20
Furniture and equipment	10
Vehicles	3-5
Computer Software	5
Computer equipment	5

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**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.

**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.



City of Goldsboro, North Carolina  
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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	(2,454,376)
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	1,619,069
Increase in inventory	21,477
Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(340,270)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(61,551)
Decrease in deferred tax revenue for year ended June 30, 2010	<u>(59,818)</u>
	\$ <u>1,741,557</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.

The Federal Depository Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provided unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage for depository accounts is scheduled to expire on December 31, 2013. At June 30, 2010, the City's deposits had a carrying amount of \$19,117,345 and a bank balance of \$17,020,503. Of the bank balance, \$250,000 was covered by federal depository insurance and \$16,520,503 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2010, City of Goldsboro had \$1,880 cash on hand.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Investments**

At June 30, 2010, 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, 2010, the City's investment balances were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust:		
Cash Portfolio	\$ 19,256,234	\$ 19,256,234

***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	\$ 1,493,038
Accounts receivable	3,265,196
Allowance for uncollectible	(337,448)
Net governmental receivables	<u>4,420,786</u>
Enterprise Fund:	
Accounts receivable	4,477,938
Allowance for uncollectible	(571,640)
Net enterprise receivables	<u>3,906,298</u>
Total net receivables	<u>\$ 8,327,084</u>

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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

**Governmental Activities:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,740,830	\$ -	\$ -	\$ 6,740,830
Construction in process	25,217	129,088	-	154,305
	<u>6,766,047</u>	<u>129,088</u>	<u>-</u>	<u>6,895,135</u>
Capital assets being depreciated:				
Buildings	17,047,917	346,051	-	17,393,968
Equipment	2,109,329	83,234	447,920	1,744,643
Streets and infrastructure	60,902,073	769,500	-	61,671,573
Vehicles and motor equipment	10,679,826	858,061	256,206	11,281,681
Total capital assets being depreciated	<u>90,739,145</u>	<u>2,056,846</u>	<u>704,126</u>	<u>92,091,865</u>
Less accumulated depreciation for:				
Buildings	3,684,644	498,537	-	4,183,181
Equipment	1,747,801	195,529	447,920	1,495,410
Streets and improvements	27,377,206	1,327,430	-	28,704,636
Vehicles and motor equipment	7,964,626	630,526	256,206	8,338,946
Total accumulated depreciation	<u>40,774,277</u>	<u>\$ 2,652,022</u>	<u>\$ 704,126</u>	<u>42,722,173</u>
Total capital assets being depreciated, net	<u>49,964,868</u>			<u>49,369,692</u>
Governmental activity capital assets, net	<u>\$ 56,730,915</u>			<u>\$ 56,264,827</u>

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

General government	\$ 402,222
Public safety	125,998
Transportation	1,665,022
Economic and physical development	68,494
Environmental protection	67,580
Cultural and recreation	322,706
Total depreciation expense	<u>\$ 2,652,022</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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	602,104	3,085,808	153,929	3,533,983
Total capital assets not being depreciated	2,160,510	3,085,808	153,929	5,092,389
Capital assets being depreciated:				
Plant and distribution systems	108,893,762	165,127	-	109,058,889
Furniture and maintenance equipment	531,662	17,125	81,263	467,524
Vehicles	2,370,955	271,000	-	2,641,955
Total capital assets being depreciated	111,796,379	453,252	81,263	112,168,368
Less accumulated depreciation for:				
Plant and distribution systems	42,937,219	2,967,033	-	45,904,252
Furniture and maintenance equipment	316,763	68,583	81,262	304,084
Vehicles	1,735,779	232,734	-	1,968,513
Total accumulated depreciation	44,989,761	3,268,350	81,262	48,176,849
Total capital assets being depreciated, net	66,806,618			63,991,519
Utility fund capital assets, net	\$ 68,967,128			\$ 69,083,908

**Construction commitments**

The government has active construction projects as of June 30, 2010. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2010, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Utility Fund	\$ 1,980,675	\$ 4,480,219
Total	\$ 1,980,675	\$ 4,480,219

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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 2010-2011 budget ordinance.

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

**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 \$38,649,401 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)	\$ 98,987,000
Less accumulated depreciation	<u>(42,722,173)</u>
Net capital assets	56,264,827
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,429,466
Bonds, leases, and installment financing	(17,758,483)
Compensated absences	(1,385,418)
Net OPEB obligation	(684,644)
Net pension obligation	<u>(216,347)</u>
	<u>(20,044,892)</u>
Total adjustment	\$ <u>38,649,401</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 \$1,741,557 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,185,934
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>(2,652,022)</u>
	(466,088)

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 4.92% 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, 2010, 2009, and 2008 were \$919,501, \$903,226, and \$848,807, 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	14
Active plan members	109
Total	<u>123</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.

**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.

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The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases 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. The actual value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

**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	\$ 176,342
Interest on net pension obligation	14,702
Adjustment to annual required contribution	<u>(12,774)</u>
Annual pension cost	178,270
Contributions made	<u>164,713</u>
Increase (decrease) in net pension obligation	13,557
Net pension obligation beginning of year	<u>202,790</u>
Net pension obligation end of year	<u>\$ 216,347</u>

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	154,411	84.94%	167,919
2009	165,026	78.87%	202,790
2010	178,270	92.40%	216,347

#### **4. Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$2,247,781, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,247,781. The covered payroll (annual payroll of active employees covered by the plan) was \$4,656,713 and the ratio of the UAAL to the covered payroll was 48.27%.

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.

#### **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.

City of Goldsboro, North Carolina  
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*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, 2010 were \$226,992, 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, 2010, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$1,500 for the 25 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 \$27,149 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, 2010. 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.

**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, 2009, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees and dependents receiving benefits	13	9
Active plan members	348	109
Total	<u>361</u>	<u>118</u>



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**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	\$ 371,353
Interest on net OPEB obligation	14,008
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>385,361</u>
Contributions made	<u>12,085</u>
Increase in net OPEB obligation	373,276
Net OPEB obligation, beginning of year	357,931
Net OPEB obligation, end of year	<u>\$ 731,207</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$385,361	3.1%	\$731,207
2009	357,931	0.0%	357,931

**Funded Status and Funding Progress.** As of December 31, 2009, 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 \$3,581,472. The covered payroll (annual payroll of active employees covered by the plan) was \$16,969,315, and the ratio of the UAAL to the covered payroll was 18.9%. 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, 2009 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 10.50% 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, 2009, was 30 years.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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.

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2010, 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, 2010:

Vehicles	\$	645,551
Equipment		106,032
Less accumulated depreciation		(262,889)
	\$	<u>488,694</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

<u>Year ending June 30</u>	<u>Amounts</u>
2011	<u>89,591</u>
Total minimum lease payments	89,591
Less: amount representing interest	(1,044)
Present value of the minimum lease payments	<u>\$ 88,547</u>

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**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.

**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	\$ 1,487,720	\$ 5,318	\$ -
Cemetery receivable	18,796	-	-
Refuse receivable	323,077	-	-
Assessments receivable	183,650	-	-
Prepaid assessments-unearned	2,090	-	436,903
Prepaid revenues-unearned	-	-	7,120
Miscellaneous receivable	410,906	-	-
Total	<u>\$ 2,426,239</u>	<u>\$ 5,318</u>	<u>\$ 444,023</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 50 thousand dollars of any property loss, the first 10 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:

	2010
Claims liability beginning of year	\$ -
Claims incurred during the year	2,924,677
Changes in estimates for prior claims	
Payments on claims during year	<u>2,924,677</u>
Claims liability end of year	<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.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2010

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**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.

The City's general obligation bonds payable at June 30, 2010 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	\$ 103,811
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\$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	600,000
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\$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	12,452
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\$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	197,329
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\$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	1,122,800
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\$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>3,150,000</u>
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Total	<u>\$ 5,186,392</u>
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City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2010

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*Serviced by the Utility Fund*

\$4,600,000 2010 Refunding Serial Bonds (Sewer Portion) due in varying annual principle installments and varying semi-annual interest installments through June 1, 2017 interest at 25-40 percent payable with each installment

\$ 4,270,000

\$8,605,000 2010 Public Improvement Serial Bonds (Sanitary Sewer Portion) due in varying annual principle installments and varying semi-annual interest installments through June 1, 2030 interest at 3.0-4.125 percent payable with each installment

8,605,000

\$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

1,161,189

\$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

2,400,000

\$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

55,472

\$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

32,076

\$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

1,450,377

\$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 3.00 to 4.00 percent payable with each installment

2,417,293

\$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

3,342,200

Total

23,733,607

Less: deferred issuance costs of funding bonds

(425,847)

\$ 23,307,760

City of Goldsboro, North Carolina  
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At June 30, 2010, City of Goldsboro had bonds authorized but unissued of \$7,495,000 and a legal debt margin of \$147,615,102.

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
2011	\$ 395,824	\$ 217,246	\$ 1,941,943	\$ 935,645	\$ 2,337,767	\$ 1,152,891
2012	395,590	200,061	2,139,253	829,363	2,534,843	1,029,424
2013	359,178	183,926	2,093,770	747,310	2,452,948	931,236
2014	358,450	169,043	2,074,498	666,031	2,432,948	835,074
2015	306,750	154,188	1,706,199	585,448	2,012,949	739,636
2016-2020	1,502,200	587,722	5,925,497	2,096,886	7,427,697	2,684,607
2021-2025	1,343,400	282,945	4,351,600	1,129,011	5,695,000	1,411,956
2026-2030	525,000	43,313	3,075,000	372,844	3,600,000	416,157
Principal and interest payment totals	<u>\$ 5,186,392</u>	<u>\$ 1,838,444</u>	<u>\$ 23,307,760</u>	<u>\$ 7,362,538</u>	<u>\$ 28,494,152</u>	<u>\$ 9,200,981</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, 2010 was \$2,795,141.

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, 2010 was \$3,200,000.

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, 2010 was \$121,419.

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 annum beginning March 10, 2009. The balance outstanding at June 30, 2010 was \$4,050,000.

On December 9, 2009, the City entered into a financing agreement for \$343,976 with Bank of America for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 10 semi-annual installments of \$38,409 plus interest at 2.77% per annum. The balance outstanding at June 30, 2010 was \$307,274.

On December 9, 2009, the City entered into a financing agreement for \$2,110,400 with Bank of America for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 20 semi-annual installments of \$105,731 plus interest at 2.77% per annum. The balance outstanding at June 30, 2010 was \$2,009,710.

City of Goldsboro, North Carolina  
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*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, 2010 was \$1,229,990.

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, 2010, the outstanding balance is \$900,000. 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, 2010 of \$9,748,873. 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.

On December 9, 2009, the City entered into a financing agreement for \$271,000 with Bank of America for the purchase of a jet vac. The installment agreement is collateralized by the equipment acquired with the loan. The terms of the agreement require 20 semi-annual installments of \$13,604 plus interest at 2.77% per annum. The balance outstanding at June 30, 2010 was \$257,658.

On February 2, 2010, the City 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 water reclamation improvements. The loan agreement was executed for \$6,460,894 for water improvements. The terms of the agreement require 20 installments of \$323,044 plus interest at 2.5% per annum.

Annual debt service requirements to maturity for the above notes, including interest of \$3,203,044 for the Utility Fund and \$2,971,811 for the Governmental Funds, are as follows:

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2011	\$ 1,158,242	\$ 481,833	\$ 1,825,818	\$ 441,383
2012	1,159,686	437,263	1,825,818	461,720
2013	1,135,780	392,649	1,825,818	408,004
2014	1,110,763	349,146	1,825,818	335,144
2015	1,110,765	306,021	1,825,818	290,578
2016-2020	5,224,975	883,759	6,077,446	815,515
2021-2025	1,583,333	121,140	1,775,657	329,558
2026-2030	-	-	1,615,224	121,142
	<u>\$ 12,483,544</u>	<u>\$ 2,971,811</u>	<u>\$ 18,597,417</u>	<u>\$ 3,203,044</u>

**d. Advanced Refunding**

On April 27, 2010, the City issued \$4,600,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purchase of general resources for all future debt service payments of \$4,500,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the next carrying amount of the old debt by \$100,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$202,381.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2010

**e. 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, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 5,613,477	\$ -	\$ 427,085	\$ 5,186,392	\$ 395,824
Capitalized leases	236,169	-	147,622	88,547	88,547
Notes Payable	11,073,528	2,454,376	1,044,360	12,483,544	1,158,252
Net pension obligation	202,790	13,557	-	216,347	-
Net OPEB obligation	357,931	338,798	12,085	684,644	-
Compensated absences	1,323,867	549,893	488,342	1,385,418	330,967
Total governmental activities	<u>\$ 18,807,762</u>	<u>\$ 3,356,624</u>	<u>\$ 2,119,494</u>	<u>\$ 20,044,892</u>	<u>\$ 1,973,580</u>
Business-type activities:					
General obligation debt	\$ 16,831,506	\$ 13,205,000	\$ 6,728,746	\$ 23,307,760	2,029,174
Notes Payable	13,354,428	6,731,894	1,488,905	18,597,417	1,825,818
Net OPEB obligation	-	46,563	-	46,563	-
Compensated absences	208,264	80,387	65,086	223,565	55,891
Total-business type activities	<u>\$ 30,394,198</u>	<u>\$ 20,063,844</u>	<u>\$ 8,282,737</u>	<u>\$ 42,175,305</u>	<u>\$ 3,910,883</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, 2010, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$1,500 for the 25 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 \$27,149 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, 2010. 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  
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### **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, 2010. 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, 2010. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 240 Aviation Road, Pikeville, NC 27863. Council voted to transfer the City's portion of the Airport to the County upon passage of the local bill by the General Assembly. This transferred was finalized on July 29, 2010. Wayne County will assume all financial obligations of the airport.

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 \$139,489 to the Authority during fiscal year ended June 30, 2010. 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, 2010. 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, 2010. 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 Goldsboro City Council agreed to deed the land of the Library to Wayne County. Effective, July 1, 2010 Wayne County will accept all financial operations of the library.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these 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, 2010. 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.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2010

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**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.

**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 October 4, 2010, the Goldsboro City Council agreed to extend the low bids for the construction of the recreation center until January 13, 2011. The low bid for this construction project is \$9,256,800. Several funding commitments are available for this project, the Community Building Trustees will contribute \$1,000,000 from the insurance proceeds and the Community Development funds will be accessible for a portion of future debt payments.

The City of Goldsboro began construction for Phase I of the Water Treatment Plant Improvements in FY 2009-10. The City's has a multi-stage water plant improvement plant program. Applications for funding have been submitted to the North Carolina Department Environmental Natural Resources for Phase II water utility upgrade costs for approximately \$7 million.

Management has evaluated subsequent events through December 14, 2010, the date on which the financial statements were available to be issued.

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### **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles

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- 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.

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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 Ration (a/b)	Covered Payrol ©	UAAL as a % of Covered Payroll ((b-a)/c)
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%
12/31/2009	-	2,247,781	2,247,781	0%	4,656,713	48.27%

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	154,411	84.94%
2009	165,026	78.87%
2010	176,342	93.40%

\* 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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	5.00%
Projected Salary Increase*	4.5 - 12.3%
*Includes inflation at	3.75%
Cost of living adjustment	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%
12/31/2009	\$ -	\$ 3,581,472	\$ 3,581,472	0.00%	\$ 16,969,315	21.10%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2009	357,931	0.00%
2010	371,353	3.25%

**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	12/31/09
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected pay open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Annual medical cost trend rate*	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of ultimate trend rate	2017
* Includes inflation at	3.75%



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**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## **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.

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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, 2010

Page 1 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 14,112,345	\$ 13,771,859	\$ (340,486)
Penalties and interest	89,000	101,613	12,613
Total	<u>14,201,345</u>	<u>13,873,472</u>	<u>(327,873)</u>
Other taxes and licenses:			
Local option sales taxes	5,771,881	5,479,518	(292,363)
Privilege licenses	259,150	302,847	43,697
Vehicle taxes - rental/leases	24,500	32,433	7,933
Penalties and interest	2,800	1,853	(947)
Solid waste disposal tax	21,200	26,553	5,353
Total	<u>6,079,531</u>	<u>5,843,204</u>	<u>(236,327)</u>
Unrestricted intergovernmental			
Payment in lieu of taxes	65,000	71,165	6,165
Utility taxes	2,693,952	2,483,786	(210,166)
Beer and wine tax	183,960	54,988	(128,972)
Wayne County School Resource	30,000	30,000	-
ABC revenues	100,000	101,772	1,772
Cherry Hospital reimbursement	79,675	59,756	(19,919)
DEA funds	9,246	9,246	-
Travel and tourism reimbursement	-	-	-
Total	<u>3,161,833</u>	<u>2,810,713</u>	<u>(351,120)</u>
Restricted intergovernmental:			
Powell Bill allocation	1,027,486	911,055	(116,431)
Controlled substance tax	23,394	24,705	1,311
Homeland Security Grant	-	1,764	1,764
Transportation planning grant	371,268	313,724	(57,544)
Stoney Creek Trails Grant	32,744	29,151	(3,593)
NC Governors Hwy Safety Program	10,500	10,485	(15)
GWTA garage reimbursement	470,400	200,418	(269,982)
Fit Community Grant	60,000	26,036	(33,964)
East Carolina Housing Grant	31,475	32,266	791
Total	<u>2,027,267</u>	<u>1,549,604</u>	<u>(477,663)</u>
Permits and fees:			
Building and inspection permits	128,500	76,530	(51,970)
Mechanical permits	72,000	58,554	(13,446)
Plumbing, gas and electric inspections	137,000	114,044	(22,956)
Miscellaneous permits	83,000	85,852	2,852
Total	<u>420,500</u>	<u>334,980</u>	<u>(85,520)</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, 2010

Page 2 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and services:			
Recreation fees	254,722	255,341	620
Golf course revenue	540,700	572,421	31,721
Recyclable materials sold	25,600	18,954	(6,646)
Cemetery services	82,000	77,498	(4,502)
Refuse services	2,847,640	2,879,810	32,170
Cable franchise fees	342,319	332,193	(10,126)
Stormwater management fees	7,500	11,989	4,489
Miscellaneous fees and services	69,380	16,220	(53,160)
Total	<u>4,169,861</u>	<u>4,164,426</u>	<u>(5,435)</u>
Investment earnings	139,250	27,470	(111,780)
Miscellaneous:			
Cemetery lot sales	21,000	13,123	(7,877)
Officers fees	26,125	26,281	156
Sale of property	17,500	45,620	28,120
Assessments	22,100	15,948	(6,152)
Other miscellaneous	260,575	238,311	(22,264)
Total	<u>347,300</u>	<u>339,283</u>	<u>(8,017)</u>
Total revenues	30,546,887	28,943,152	(1,603,735)
<b>EXPENDITURES</b>			
General government			
Governing body:			
Salaries and employee benefits		254,516	
Operating expenses		475,316	
Total	<u>822,798</u>	<u>729,832</u>	<u>92,966</u>
Administration:			
Salaries and employee benefits		620,870	
Operating expenditures		819,366	
Reimbursement-enterprise fund		(247,798)	
Total	<u>1,821,579</u>	<u>1,192,438</u>	<u>629,141</u>
Finance:			
Salaries and employee benefits		688,814	
Operating expenditures		333,685	
Reimbursement-enterprise fund		(708,817)	
Total	<u>1,034,613</u>	<u>313,682</u>	<u>720,931</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, 2010

Page 3 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public building and grounds:			
Salaries and employee benefits		161,613	
Operating expenditures		199,203	
Capital outlay		19,263	
Total	<u>423,809</u>	<u>380,079</u>	<u>43,730</u>
<b>Total general government</b>	<b>4,102,798</b>	<b>2,616,031</b>	<b>1,486,767</b>
Transportation:			
Street and highways:			
Salaries and employee benefits		1,639,048	
Street lights		598,546	
Operating expenditures		640,426	
Capital outlay		400,367	
Total	<u>3,311,430</u>	<u>3,278,387</u>	<u>33,043</u>
Goldsboro/Wayne Transportation Authority:	<u>151,131</u>	<u>139,489</u>	<u>11,642</u>
<b>Total transportation</b>	<b>3,462,561</b>	<b>3,417,876</b>	<b>44,685</b>
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits		725,087	
Operating expenditures		767,515	
Total	<u>3,361,105</u>	<u>1,492,602</u>	<u>1,868,503</u>
Community affairs			
Salaries and employee benefits		171,355	
Operating expenditures		17,487	
Total	<u>199,672</u>	<u>188,842</u>	<u>10,830</u>
Downtown district			
Salaries and employee benefits		207,845	
Operating expenditures		227,459	
Total	<u>556,383</u>	<u>435,304</u>	<u>121,079</u>
Other appropriations			
Project Uplift		10,000	
Seymour Support Council		5,000	
Total	<u>35,000</u>	<u>15,000</u>	<u>20,000</u>
<b>Total economic and physical development</b>	<b>4,152,160</b>	<b>2,131,748</b>	<b>2,020,412</b>



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, 2010

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Personnel and safety:			
Salaries and employee benefits		525,090	
Operating expenditures		99,850	
Capital outlay		33,346	
Total	<u>688,151</u>	<u>658,286</u>	<u>29,865</u>
Building and traffic maintenance:			
Salaries and employee benefits		355,679	
Operating expenditures		104,551	
Reimbursement-enterprise fund		(48,623)	
Total	<u>559,776</u>	<u>411,607</u>	<u>148,169</u>
Engineering:			
Salaries and employee benefits		410,781	
Operating expenditures		79,322	
Reimbursement-enterprise fund		(47,256)	
Total	<u>504,616</u>	<u>442,847</u>	<u>61,769</u>
Fire:			
Salaries and employee benefits		4,447,578	
Operating expenditures		449,804	
Capital outlay		162,934	
Total	<u>6,280,379</u>	<u>5,060,316</u>	<u>1,220,063</u>
Police:			
Salaries and employee benefits		6,654,978	
Operating expenditures		987,404	
Capital expenditures		251,706	
Total	<u>8,081,644</u>	<u>7,894,088</u>	<u>187,556</u>
Animal control:			
Salaries and employee benefits		50,385	
Operating expenditures		27,391	
Total	<u>77,801</u>	<u>77,776</u>	<u>25</u>
Inspections:			
Salaries and employee benefits		572,960	
Operating expenditures		137,300	
Total	<u>738,883</u>	<u>710,260</u>	<u>28,623</u>
Other appropriations:			
Assistance to Stop the Funeral	<u>1,500</u>	<u>1,500</u>	<u>-</u>
<b>Total public safety</b>	<b>16,932,750</b>	<b>15,256,680</b>	<b>1,676,070</b>

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, 2010

Page 5 of 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Cemetery:			
Salaries and employee benefits		213,592	
Operating expenditures		40,621	
Capital Outlay		32,485	
Total	<u>341,945</u>	<u>286,698</u>	<u>55,247</u>
Sanitation:			
Salaries and employee benefits		1,999,185	
Operating expenditures		838,119	
Capital outlay		102,160	
Total	<u>3,340,943</u>	<u>2,939,464</u>	<u>401,479</u>
<b>Total environmental protection</b>	<b>3,682,888</b>	<b>3,226,162</b>	<b>456,726</b>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		1,397,900	
Operating expenditures		460,631	
Capital outlay		68,544	
Total	<u>2,561,518</u>	<u>1,927,075</u>	<u>634,443</u>
Golf Course:			
Salaries and employee benefits		454,529	
Operating expenditures		229,200	
Total	<u>760,657</u>	<u>683,729</u>	<u>76,928</u>
Libraries:			
Assistance to regional library	<u>174,015</u>	<u>174,015</u>	<u>-</u>
Clubs:			
Assistance to Boys & Girls Club of Wayne Cty	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>Total cultural and recreational</b>	<b>3,511,189</b>	<b>2,799,819</b>	<b>711,370</b>

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, 2010

Page 6 of 6

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Debt Service:			
Principal		1,619,070	
Interest		724,351	
Total debt service	<u>2,779,757</u>	<u>2,343,421</u>	<u>436,336</u>
<b>Total expenditures</b>	<u>38,624,105</u>	<u>31,791,737</u>	<u>6,832,368</u>
Revenue over expenditures	(8,077,217)	(2,848,585)	5,228,633
Other financing sources (uses):			
Loan Proceeds	2,454,376	2,454,376	-
Transfer from Utility Fund	1,052,493	-	(1,052,493)
Transfer from Community Development Fund	436,306	-	(436,306)
Transfer from City Hall Project Fund	523,917	77,202	(446,715)
Total other financing sources (uses)	<u>4,467,092</u>	<u>2,531,578</u>	<u>(1,935,514)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	(3,610,125)	(317,007)	3,293,119
Fund balance appropriated	<u>3,610,125</u>	<u>-</u>	<u>(3,610,125)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(317,007)</u>	<u>\$ (317,007)</u>
Fund balances, beginning		10,785,426	
Increase (decrease) in inventory		21,477	
Fund balances - ending		<u>\$ 10,489,896</u>	

**NON-MAJOR GOVERNMENTAL FUNDS**

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City of Goldsboro, North Carolina  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
June 30, 2010

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund-Street	Capital Project fund - City Hall	Totals
<b>ASSETS</b>						
Cash and investments	\$ 87,585	\$ 2,627,954	\$ 238,310	\$ -	\$ -	\$ 2,953,849
Accounts receivable	5,318	-	-	-	-	5,318
Restricted assets						
Cash and investments	-	-	-	3,560,600	-	3,560,600
Total assets	<u>\$ 92,903</u>	<u>\$ 2,627,954</u>	<u>\$ 238,310</u>	<u>\$ 3,560,600</u>	<u>\$ -</u>	<u>\$ 6,519,767</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,301	\$ -	\$ 11,272	\$ -	\$ -	\$ 15,573
Customer deposits	-	-	-	-	-	-
Due to other funds	-	-	100,000	-	-	100,000
Deferred revenues	5,318	-	-	-	-	5,318
Total liabilities	<u>9,619</u>	<u>-</u>	<u>111,272</u>	<u>-</u>	<u>-</u>	<u>120,891</u>
Fund balances:						
Reserved for encumbrances	-	-	-	-	-	-
Reserved by state statute	-	-	-	-	-	-
Unreserved						
Designated for subsequent years' expenditures	-	273,657	-	-	-	273,657
Undesignated	83,284	2,354,297	127,038	3,560,600	-	6,125,219
Total equity	<u>83,284</u>	<u>2,627,954</u>	<u>127,038</u>	<u>3,560,600</u>	<u>-</u>	<u>6,398,876</u>
Total liabilities and fund balances	<u>\$ 92,903</u>	<u>\$ 2,627,954</u>	<u>\$ 238,310</u>	<u>\$ 3,560,600</u>	<u>\$ -</u>	<u>\$ 6,519,767</u>

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, 2010

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund - Street	Capital Project Fund- City Hall	Totals
<b>Revenues:</b>						
Restricted intergovernmental						
Community Development Block Grant	\$ -	\$ -	\$ 665,965	\$ -	\$ -	\$ 665,965
Home Partnership Program	-	-	602,020	-	-	602,020
Program income	-	-	2,956	-	-	2,956
Ad valorem taxes	70,082	-	-	-	-	70,082
Penalties and interest	426	-	-	-	-	426
Other taxes and licenses	-	456,205	-	-	-	456,205
Investment earnings	139	5,412	4,772	-	-	10,323
Other income	1,468	47	504	-	-	2,019
Total revenues	72,115	461,664	1,276,217	-	-	1,809,996
<b>Expenditures</b>						
Economic and physical development						
Operating expenditures	-	302,085	107,177	107,735	-	516,997
Downtown revitalization	48,288	-	1,100,022	-	-	1,148,310
Capital Outlay	-	50,000	-	-	-	50,000
Total expenditures	48,288	352,085	1,207,199	107,735	-	1,715,307
Revenues over (under) expenditures	23,827	109,579	69,018	(107,735)	-	94,689
<b>Other financing sources (uses)</b>						
Proceeds from bond issuance	-	-	-	-	-	-
Transfer to general fund	-	-	-	-	(77,202)	(77,202)
Total other financing sources	-	-	-	-	(77,202)	(77,202)
Revenues and other financing sources over (under) expenditures and other financing uses	23,827	109,579	69,018	(107,735)	(77,202)	17,487
FUND BALANCES, beginning of year	59,457	2,518,375	58,020	3,668,335	77,202	6,381,389
FUND BALANCES, end of year	\$ 83,284	\$ 2,627,954	\$ 127,038	\$ 3,560,600	\$ -	\$ 6,398,876

## **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



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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, 2010

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental					
Community Development Block Grant	\$ -	\$ 4,240,652	\$ 665,965	\$ 4,906,617	
Home Partnership Program		2,494,605	602,020	3,096,625	
Hazard Mitigation Grant Program		410,394	-	410,394	
State Acquisition and Relocation Fund		16,079,451	-	16,079,451	
Program income		174,519	2,956	177,475	
Investment earnings		20,979	4,772	25,751	
Miscellaneous		19,994	504	20,498	
Total revenues	<u>29,384,928</u>	<u>23,440,594</u>	<u>1,276,217</u>	<u>24,716,811</u>	<u>(4,668,117)</u>
<b>Expenditures:</b>					
Administration		1,188,244	107,177	1,295,421	
Acquisition		8,814,804	369,828	9,184,632	
Clearance activities		1,259,484	-	1,259,484	
Relocation assistance		4,037,040	-	4,037,040	
Rehabilitation		1,603,378	4,690	1,608,068	
After school enrichment		173,410	1,550	174,960	
Other		6,306,214	723,954	7,030,168	
Total expenditures	<u>29,384,928</u>	<u>23,382,574</u>	<u>1,207,199</u>	<u>24,589,773</u>	<u>4,795,155</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 58,020</u>	69,018	<u>\$ 127,038</u>	<u>\$ 127,038</u>
Fund balance, beginning of year			58,020		
Fund balance, end of year			<u>\$ 127,038</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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 65,625	\$ 70,082	\$ 4,457
Penalties and interest	250	426	176
Investment earnings	1,000	139	(861)
Other income	-	1,468	1,468
Total revenues	<u>66,875</u>	<u>72,115</u>	<u>5,240</u>
Expenditures:			
Salaries and employee benefits	-	-	-
Downtown revitalization	106,150	48,288	57,862
Total expenditures	<u>106,150</u>	<u>48,288</u>	<u>57,862</u>
Revenue over (under) expenditures	(39,275)	23,827	63,102
Fund balance appropriated	<u>39,275</u>	<u>-</u>	<u>(39,275)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>23,827</u>	<u>\$ 23,827</u>
Fund balance, beginning of year		<u>59,457</u>	
Fund balance, end of year		<u>\$ 83,284</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, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 495,000	\$ 456,205	\$ (38,795)
Investment earnings	9,800	5,412	(4,388)
Other income	-	47	47
Total revenues	<u>504,800</u>	<u>461,664</u>	<u>(43,136)</u>
Expenditures:			
Operating expenditures	613,000	302,085	310,915
Capital Outlay	<u>50,000</u>	<u>50,000</u>	-
Total Expenses	<u>663,000</u>	<u>352,085</u>	<u>310,915</u>
Revenues over (under) expenditures	(158,200)	109,579	267,779
Other financing sources (uses)			
Transfer to general fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(158,200)	109,579	267,779
Fund balance appropriated	<u>158,200</u>	<u>-</u>	<u>158,200</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>109,579</u>	<u>\$ 109,579</u>
Fund balance, beginning of year		<u>2,518,375</u>	
Fund balance, end of year		<u>\$ 2,627,954</u>	

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## **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.

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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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Street Project					
Investment earnings	\$ -	\$ 445,223		\$ 445,223	\$ 445,223
Expenditures					
Street Project Fund					
Construction costs		1,780,851	107,735	1,888,586	
Technical services		52,534		52,534	
Right of way		-		-	
Total expenditures	<u>5,135,000</u>	<u>1,833,385</u>	<u>107,735</u>	<u>1,941,120</u>	<u>3,193,880</u>
Revenues over (under) expenditures	(5,135,000)	(1,388,162)	(107,735)	(1,495,897)	3,639,103
Other financing sources (uses)					
Proceeds from bond issuance	3,500,000	3,500,000		3,500,000	-
Transfer to (from) other funds	<u>1,635,000</u>	<u>1,556,497</u>	<u>-</u>	<u>1,556,497</u>	<u>(78,503)</u>
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>\$ 3,668,335</u>	<u>\$ (107,735)</u>	<u>\$ 3,560,600</u>	<u>\$ 3,560,600</u>
Fund balance, beginning of year			<u>3,668,335</u>		
Fund balance, end of year			<u>\$ 3,560,600</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	\$ 104,576	\$ 126,630	\$ -	\$ 126,630	\$ 22,054
Expenditures					
Construction	8,517,956	8,374,249		8,374,249	143,707
Revenues over (under) expenditures	(8,413,380)	(8,247,619)	-	(8,247,619)	165,761
Other financing sources (uses)					
Transfer to general fund	-	(88,559)	(77,202)	(165,761)	(165,761)
Proceeds from loans	8,413,380	8,413,380	-	8,413,380	-
Total other financing sources (uses)	8,413,380	8,324,821	(77,202)	8,247,619	(165,761)
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 77,202</u>	<u>\$ (77,202)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning of year			<u>77,202</u>		
Fund Balance, end of year			<u>\$ -</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, 2010

Exhibit E-1  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 13,816,581	\$ 13,207,525	\$ (609,056)
Assessments	79,000	80,094	1,094
Water and sewer taps	57,000	54,198	(2,802)
Other operating revenues	355,125	918,018	562,893
Total operating revenues	14,307,706	14,259,835	(47,871)
Nonoperating revenues:			
Investment earnings	148,700	54,528	(94,172)
Total nonoperating revenues	148,700	54,528	(94,172)
Total revenues	14,456,406	14,314,363	(142,043)
<b>Expenditures</b>			
Maintenance			
Salaries and employee benefits		1,208,075	
Travel		390	
Supplies		364,464	
Insurance		12,029	
Repairs and maintenance		20,278	
Other expenses		547,839	
	2,350,031	2,153,075	196,956
Water Plant			
Salaries and employee benefits		600,575	
Travel		1,792	
Supplies		611,708	
Insurance		53,468	
Utilities		208,166	
Repairs and maintenance		262,191	
Other expenses		305,616	
Utility service fee		526,247	
	3,429,670	2,569,763	859,907
Waste Treatment Plant			
Salaries and employee benefits		1,004,695	
Travel		2,002	
Supplies		86,863	
Insurance		110,000	
Utilities		535,413	
Repairs and maintenance		388,747	
Other expenses		429,199	
Utility service fee		526,247	
	5,912,307	3,083,166	2,829,141

City of Goldsboro, North Carolina  
Utility Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2010

Exhibit E-1  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Public works department			
Salaries and employee benefits	\$ -	\$ 256,633	\$ -
Supplies		5,732	
Insurance		25,023	
Repairs and maintenance		53,577	
Other expenses		39,518	
Utility service fee		57,837	
	<u>532,488</u>	<u>438,320</u>	<u>94,168</u>
Other			
General operating expenses	762,324	259,252	503,072
Budgetary appropriations			
Bond principal and other debt payments		3,617,652	
Bond interest		1,091,059	
Capital outlay		394,394	
	<u>4,943,764</u>	<u>5,103,105</u>	<u>(159,341)</u>
Total expenditures	<u>17,930,584</u>	<u>13,606,681</u>	<u>4,323,903</u>
Revenues over (under) expenditures	(3,474,178)	707,682	4,181,860
Other financing sources (uses):			
Loan proceeds	271,000	271,000	-
Refunding bonds issued	-	4,600,000	4,600,000
Payment to refund bond escrow agent	-	(4,500,000)	(4,500,000)
Fund balance appropriated	3,203,178	-	(3,203,178)
	<u>3,474,178</u>	<u>371,000</u>	<u>(3,103,178)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,078,682</u>	<u>\$ 1,078,682</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,078,682	
Reconciling items:			
Capital outlay		394,394	
Income earned on projects		3,159	
Loan proceeds		(271,000)	
Refunding bonds issued		(4,600,000)	
Payment to refund bond escrow agent		4,500,000	
Refund of sales tax from project		3,988	
Amortization of bond issuance costs		(93,028)	
Amortization of bond premium costs		24,256	
Bond principal and other debt payments		3,617,652	
Depreciation expense		(3,288,350)	
		<u>311,051</u>	
Net income		<u>\$ 1,389,733</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues-water projects					
Investment earnings	\$ 50,000	\$ 86,694	\$ -	\$ 86,694	\$ 36,694
Other income	50,000	22,974	-	22,974	(27,026)
Total revenues-water projects	100,000	109,668	-	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	3,159	441,417	241,417
Other income	100,000	101,485	-	101,485	1,485
Total revenues-sewer projects	3,300,000	1,896,456	3,159	1,899,615	(1,400,385)
Total revenues	3,400,000	2,006,124	3,159	2,009,283	(1,390,717)
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	3,144,666	22,821,908	
Legal and administrative		177,238	-	177,238	
Total expenditures-sewer projects	36,825,445	19,854,480	3,144,666	22,999,146	13,826,299
Total expenditures	38,429,780	21,403,999	3,144,666	24,548,665	13,881,115
Revenues over (under) expenditures	(35,029,780)	(19,397,875)	(3,141,507)	(22,539,382)	12,490,398
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Proceeds from long-term borrowings	35,029,780	19,883,472	15,065,894	34,949,366	(80,414)
Total other financing sources	35,029,780	19,883,472	15,065,894	34,949,366	(80,414)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 485,597	\$ 11,924,387	\$ 12,409,984	\$ 12,409,984

## 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.

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

Exhibit F-1

For the Year Ended June 30, 2010  
 (With Comparative Actual Amounts As Of June 30, 2009)

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<u>Governmental Capital Assets</u>	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 6,740,830	\$ 6,740,830
Construction in process	154,305	25,217
Buildings	17,393,968	17,047,917
Streets and infrastructure	61,671,573	60,902,073
Vehicles and equipment	13,026,324	12,789,155
Total	<u>\$ 98,987,000</u>	<u>\$ 97,505,192</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, 2010

Exhibit F-2

Functional and Activity	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
General government	\$ 15,295,574	\$ 72,819	\$ 355,422	\$ 15,012,971
Transportation	61,342,585	804,540	-	62,147,125
Economic and physical development	2,556,538	-	-	2,556,538
Public safety	3,977,803	753,209	28,127	4,702,885
Environmental protection	2,184,197	495,784	157,566	2,522,415
Cultural ad recreational	12,148,495	59,582	163,011	12,045,066
Total	<u>\$ 97,505,192</u>	<u>\$ 2,185,934</u>	<u>\$ 704,126</u>	<u>\$ 98,987,000</u>

#### **ADDITIONAL FINANCIAL DATA**

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

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City of Goldsboro, North Carolina  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 June 30, 2010

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2009</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2010</b>
2009-2010	-	14,045,573	13,390,703	654,870
2008-2009	642,814	112	450,896	192,030
2007-2008	168,410	-	49,957	118,453
2007 and prior	582,281	-	59,914	522,367
	<u>\$ 1,393,505</u>	<u>\$ 14,045,685</u>	<u>\$ 13,951,470</u>	<u>\$ 1,487,720</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 13,873,472
Reconciling items:	
Interest collected	(101,613)
Taxes written off	179,611
<b>Total collections and credits</b>	<u>\$ 13,951,470</u>

Downtown District Fund

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2009</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2010</b>
2009-2010	\$ -	\$ 70,970	\$ 69,033	\$ 1,937
2008-2009	2,204	-	1,178	1,026
2007-2008	1,086	-	54	1,032
2007 and prior	1,336	-	13	1,323
	<u>\$ 4,626</u>	<u>\$ 70,970</u>	<u>\$ 70,278</u>	<u>\$ 5,318</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 70,508
Reconciling items:	
Interest collected	(426)
Taxes written off	196
<b>Total collections and credits</b>	<u>\$ 70,278</u>

City of Goldsboro, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
For the Fiscal Year Ended June 30, 2010

	<b>Total Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
<b>Original levy-City:</b>					
Property taxed at current years' rate	\$ 2,115,267,223	\$ 0.65	\$ 13,749,237	\$ 12,342,536	\$ 1,406,701
Discoveries	67,150,154	0.65	\$ 436,476	436,476	-
Abatements	<u>(21,560,068)</u>		<u>\$ (140,140)</u>	<u>(51,792)</u>	<u>(88,348)</u>
Total property valuation	<u><u>\$ 2,160,857,309</u></u>				
Net levy			\$ 14,045,573	\$ 12,727,220	\$ 1,318,353
Uncollected taxes at June 30, 2010			<u>(654,870)</u>	<u>(361,509)</u>	<u>(293,361)</u>
Current year's taxes collected			<u><u>\$ 13,390,703</u></u>	<u><u>\$ 12,365,711</u></u>	<u><u>\$ 1,024,992</u></u>
Current levy collection percentage			<u><u>95.34%</u></u>	<u><u>97.16%</u></u>	<u><u>77.75%</u></u>
<b>Original levy-Downtown District:</b>					
Property taxed at current years' rate	\$ 27,119,200	\$ 0.25	\$ 67,798	\$ 65,137	\$ 2,661
Discoveries	1,326,000	0.25	3,315	3,315	-
Abatements	<u>(57,200)</u>		<u>(143)</u>	<u>(80)</u>	<u>(63)</u>
Total property valuation	<u><u>\$ 28,388,000</u></u>				
Net levy			\$ 70,970	\$ 68,372	\$ 2,598
Uncollected taxes at June 30, 2010			<u>(1,937)</u>	<u>(1,545)</u>	<u>(392)</u>
Current year's taxes collected			<u><u>\$ 69,033</u></u>	<u><u>\$ 66,827</u></u>	<u><u>\$ 2,206</u></u>
Current levy collection percentage			<u><u>97.27%</u></u>	<u><u>97.74%</u></u>	<u><u>84.91%</u></u>

City of Goldsboro, North Carolina  
**ALL FUND**  
**SCHEDULE OF CASH AND INVESTMENT BALANCES**  
June 30, 2010

Exhibit G-3

		<u>Market Value</u>
Cash		
On Hand		\$ 1,880
NOW, SuperNOW, and Money Market		<u>19,117,345</u>
Total Cash		<u>19,119,225</u>
Other Investments		
North Carolina Capital Management Trust		<u>19,256,234</u>
Total Cash and Investments		<u>\$ 38,375,459</u>
Distributed by Fund:		
		<u>Carrying Value</u>
General Fund		
Unrestricted	\$ 8,347,444	
Restricted	<u>1,629,006</u>	\$ 9,976,450
Special Revenue Fund		
Community Development Fund	238,310	
Downtown District Fund	87,585	
Occupancy Tax Fund	<u>2,627,954</u>	2,953,849
Capital Project Fund - Restricted		
Street	<u>3,560,600</u>	3,560,600
Enterprise Fund		
Unrestricted	7,505,801	
Restricted	<u>14,378,759</u>	<u>21,884,560</u>
Total Distributed by Fund		<u>\$ 38,375,459</u>

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## 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.



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

**Table 1**

	2006	2007	2008	2009	2010
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 24,367,481	\$ 23,819,777	\$ 28,179,346	\$ 43,352,105	\$ 43,695,950
Restricted	1,434,487	4,381,889	3,842,808	3,753,545	-
Unrestricted	14,792,325	15,854,330	15,843,512	10,473,600	11,869,337
<b>Total governmental activities net assets</b>	<b>\$ 40,594,293</b>	<b>\$ 44,055,996</b>	<b>\$ 47,865,666</b>	<b>\$ 57,579,250</b>	<b>\$ 55,565,287</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 33,388,957	\$ 35,131,179	\$ 37,208,215	\$ 39,266,792	\$ 41,557,490
Restricted	2,353,571	993,147	546,602	485,597	-
Unrestricted	9,299,744	12,392,187	11,501,923	9,319,993	8,904,625
<b>Total business-type activities net assets</b>	<b>\$ 45,042,272</b>	<b>\$ 48,516,513</b>	<b>\$ 49,256,740</b>	<b>\$ 49,072,382</b>	<b>\$ 50,462,115</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 57,756,438	\$ 58,950,956	\$ 65,387,561	\$ 82,618,897	\$ 85,253,440
Restricted	3,788,058	5,375,036	4,389,410	4,239,142	-
Unrestricted	24,092,069	28,246,517	27,345,435	19,793,593	20,773,962
<b>Total primary government net assets</b>	<b>\$ 85,636,565</b>	<b>\$ 92,572,509</b>	<b>\$ 97,122,406</b>	<b>\$106,651,632</b>	<b>\$ 106,027,402</b>

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

**Table 2**

	2006	2007	2008	2009	2010
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,532,305	\$ 2,905,578	\$ 2,183,065	\$ 3,312,696	\$ 2,945,434
Public safety	13,278,867	13,228,803	13,645,026	15,075,632	15,004,176
Transportation	3,248,984	3,715,936	2,433,738	3,834,972	4,256,885
Economic and physical development	2,475,876	3,067,360	1,753,132	3,632,243	3,915,549
Environmental protection	2,664,612	3,179,927	2,731,841	3,579,950	2,797,958
Cultural and recreational	3,157,751	2,781,964	2,922,101	3,075,009	3,062,944
Interest on long-term debt	337,845	307,088	532,923	338,011	724,351
Total governmental activities expense	<u>\$ 27,696,240</u>	<u>\$ 29,186,656</u>	<u>\$ 26,201,826</u>	<u>\$ 32,848,513</u>	<u>\$ 32,707,297</u>
Total business-type activities - water and sewer	<u>\$12,340,861</u>	<u>12,049,765</u>	<u>\$ 13,253,063</u>	<u>\$ 13,947,671</u>	<u>\$ 12,927,789</u>
Total primary government expenses	<u>\$ 40,037,101</u>	<u>\$ 41,236,421</u>	<u>\$ 39,454,889</u>	<u>\$ 46,796,184</u>	<u>\$ 45,635,086</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services					
General governmental	\$ 308,289	\$ 355,581	\$ 446,166	\$ 488,376	\$ 409,691
Public safety	532,062	545,375	536,438	393,189	361,261
Environmental protection	2,251,753	2,276,846	2,370,956	2,453,812	2,910,753
Cultural and recreational	677,264	637,745	709,494	717,592	829,781
Operating grants and contributions					
General governmental	2,257,500	2,363,004	2,533,730	3,182,764	2,771,467
Public safety	247,860	400,607	165,883	266,932	94,866
Transportation	1,358,235	1,431,108	1,700,532	1,406,872	1,435,682
Economic and physical development	35,057	30,042	31,276	29,822	32,266
Cultural and recreational	1,096,697	942,812	947,265	778,966	1,296,977
Capital grants and contributions					
Economic and physical development	-	-	-	-	-
Transportation	-	2,697,377	-	11,945,877	-
Total governmental activities program revenues	<u>\$ 8,764,717</u>	<u>\$ 11,680,497</u>	<u>\$ 9,441,740</u>	<u>\$ 21,664,202</u>	<u>\$ 10,142,744</u>
Business-type activities:					
Charges for services	\$13,357,001	\$ 14,827,552	\$ 13,471,934	\$ 13,564,559	\$ 13,756,931
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	502,904

	2006	2007	2008	2009	2010
Total business-type activities program revenues	\$ 13,357,001	\$ 14,827,552	\$ 13,471,934	\$ 13,564,559	\$ 14,259,835
Total primary government program revenues	\$ 22,121,718	\$ 26,508,049	\$ 22,913,674	\$ 35,228,761	\$ 24,402,579
Net revenue (Expense)					
Governmental activities	\$ (18,931,523)	\$ (17,506,159)	\$ (16,760,086)	\$ (11,184,311)	\$ (22,253,185)
Business-type activity	1,016,140	2,777,787	218,871	(383,112)	1,332,046
Total primary government net expense	\$ (17,915,383)	\$ (14,728,372)	\$ (16,541,215)	\$ (11,567,423)	\$ (20,921,139)
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Ad valorem taxes	\$ 11,756,930	\$ 12,659,906	\$ 12,845,928	\$ 13,246,454	\$ 13,782,127
Other taxes	6,468,446	6,875,376	6,902,494	6,512,124	6,401,448
Investment earnings, net of market adjustment	611,380	895,367	666,136	238,613	37,793
Miscellaneous revenue	445,623	537,213	155,198	900,704	329,222
Special item	-	-	-	-	-
Transfers	-	-	-	-	-
Total governmental activities	\$ 19,282,379	\$ 20,967,862	\$ 20,569,756	\$ 20,897,895	\$ 20,550,590
Business-type activity:					
Investment earnings, net of market adjustment	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687
Miscellaneous revenue	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activity	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687
Total primary government	\$ 537,602	\$ 21,664,316	\$ 21,091,112	\$ 21,096,649	\$ 20,608,277
<b>Change in net assets</b>					
Governmental activities	\$ 350,856	\$ 3,461,703	\$ 3,809,670	9,713,584	\$ (1,702,595)
Business-type activities	1,553,742	3,474,241	740,227	(184,358)	1,389,733
Total primary government	\$ 1,904,598	\$ 6,935,944	\$ 4,549,897	\$ 9,529,226	\$ (312,862)

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

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

**Table 3**

	2006	2007	2008	2009	2010
<b>General fund</b>					
Reserved	\$ 3,605,087	\$ 3,201,459	\$ 5,079,907	\$ 4,823,548	\$ 5,141,907
Designated	406,195	748,358	1,136,743	556,718	43,179
Unreserved, undesignated	7,703,922	8,409,725	6,002,136	5,437,961	5,304,810
<b>Total general fund</b>	<u>\$ 11,715,204</u>	<u>\$ 12,359,542</u>	<u>\$ 12,218,786</u>	<u>\$ 10,785,426</u>	<u>\$ 10,489,896</u>
<b>All other governmental funds</b>					
Reserved	\$ 544,090	\$ 3,531,711	\$ 165,124	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	2,080,955	2,048,151	2,788,825	2,635,852	2,838,276
Capital projects funds	940,262	1,352,397	3,673,814	3,745,537	3,560,600
<b>Total all other governmental funds</b>	<u>\$ 3,565,307</u>	<u>\$ 6,932,259</u>	<u>\$ 6,627,763</u>	<u>\$ 6,381,389</u>	<u>\$ 6,398,876</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				
	2006	2007	2008	2009	2010
<b>REVENUES</b>					
Ad valorem taxes	\$ 11,999,749	\$ 12,478,490	\$ 12,677,755	\$ 13,118,249	\$ 13,943,980
Local option sales taxes	5,724,056	6,071,408	6,111,961	5,615,126	5,479,518
Other taxes and licenses	744,390	803,710	790,213	803,216	819,891
Unrestricted intergovernmental	2,403,650	2,709,153	2,607,138	3,304,003	2,810,713
Restricted intergovernmental	2,591,699	2,458,420	2,771,548	2,361,353	2,820,545
Permits and fees	500,104	519,127	510,574	362,497	334,980
Sales and services	3,269,225	3,291,673	3,545,763	3,673,117	4,164,426
Investment earnings, net of market adjustment	611,380	895,367	666,136	238,613	37,793
Miscellaneous	445,662	551,256	350,332	918,059	341,302
<b>TOTAL REVENUES</b>	<b>\$ 28,289,915</b>	<b>\$ 29,778,604</b>	<b>\$ 30,031,420</b>	<b>\$ 30,394,233</b>	<b>\$ 30,753,148</b>
<b>EXPENDITURES</b>					
General government	\$ 2,433,772	\$ 2,897,200	\$ 5,608,847	\$ 2,992,379	\$ 2,596,768
Public safety	12,824,672	12,881,312	13,478,699	14,506,643	14,808,694
Transportation	2,852,845	2,876,364	3,403,367	2,663,689	3,017,509
Economic and physical development	3,746,983	2,820,467	3,847,716	3,550,049	3,847,055
Environmental protection	2,658,158	2,761,659	2,902,092	3,137,292	3,091,517
Cultural and recreational	2,748,623	2,686,856	2,917,297	7,446,479	2,731,275
Capital outlay	3,565,262	1,502,553	210,314	592,698	1,070,805
Debt service:					
Principal	1,068,508	1,075,199	1,330,752	1,383,425	1,619,070
Interest and other charges	337,845	307,088	483,920	338,011	724,351
<b>TOTAL EXPENDITURES</b>	<b>\$ 32,236,668</b>	<b>\$ 29,808,698</b>	<b>\$ 34,183,004</b>	<b>\$ 36,610,665</b>	<b>\$ 33,507,044</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (3,946,753)</b>	<b>\$ (30,094)</b>	<b>\$ (4,151,584)</b>	<b>\$ (6,216,432)</b>	<b>\$ (2,753,896)</b>

	FISCAL YEAR				
	2006	2007	2008	2009	2010
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding bonds issued	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued	-	4,000,000	-	-	-
Capital leases	705,100	-	-	-	-
Loans	-	-	3,737,606	4,500,000	2,454,376
Transfers out	-	-	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 705,100</u>	<u>\$ 4,000,000</u>	<u>\$ 3,737,606</u>	<u>\$ 4,500,000</u>	<u>\$ 2,454,376</u>
Net change in fund balances	<u>\$ (3,241,653)</u>	<u>\$ 3,969,906</u>	<u>\$ (413,978)</u>	<u>\$ (1,716,432)</u>	<u>\$ (299,520)</u>
Debt services as a percentage of noncapital expenditures	4.91%	4.88%	5.34%	4.78%	7.22%



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

**Table 5**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Occupancy Tax</b>	<b>Privilege License Tax</b>	<b>Rental/ Lease Tax</b>	<b>Penalties/ Interest</b>	<b>Total</b>
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
2010	13,782,127	5,479,518	456,205	302,847	32,433	2,279	20,055,409

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Occupancy Tax</b>	<b>Privilege License Tax</b>	<b>Rental/ Lease Tax</b>	<b>Penalties/ Interest</b>	<b>Total</b>
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	2,007	19,431,815
2010	13,841,941	5,479,518	456,205	302,847	32,433	2,279	20,115,223

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**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Corporate Excess</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate Per \$100</b>
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
2010	1,880,435,595	227,136,544	53,285,170	2,160,857,309	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>		<u>Overlapping Rates</u>		
	General Fund Rate	Total Direct Rate	Downtown Service District Rate	County Rate	Total Direct and Overlapping Rates
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
2010	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**

Taxpayer	Type of Business	Fiscal Year 2010		Fiscal Year 2001		Percentage of Total Assessed Valuation	Percentage of Total Assessed Valuation
		Assessed Valuation	Rank	Assessed Valuation	Rank		
Walmart Stores	Retail Department Store	\$ 36,952,772	1	1.71	-	-	%
Berkeley Mall, LLC	Mall Shopping Center	22,597,120	2	1.05	14,970,690	3	1.08
Progress Energy	Public Utility	22,182,102	3	1.03	11,351,272	6	0.82
BRC Goldsboro LLC	Real Estate	17,333,890	4	0.80			
Franklin Baking Company, Inc.	Bread Making Company	17,051,854	5	0.79	14,419,772	4	1.04
Berkeley Place Apartments LLC	Real Estate	16,808,340	6	0.78			
Time Warner Entertainment	Public Utility	15,135,101	7	0.70			
BellSouth Telephone Company	Public Utility	13,067,512	8	0.60	16,224,214	2	1.17
Cooper Standard, Inc.	Rubber and Plastic Auto Parts Manufacturer	12,356,249	9	0.57	18,567,043	1	1.34
Dixie Trail, LLC	Real Estate	11,236,930	10	0.52			
APV Baker FM, Inc.	Commercial Baking Equipment Manufacturer	-			12,086,893	5	0.87
K5 Associates, LLC	Real Estate	-	-		11,041,870	7	0.80
K2 Properties, LLC	Real Estate	-			8,532,467	10	0.62
General Electric Company	Electrical Equipment Manufacturer	-			8,908,850	9	0.64
The VAP, LLC	Real Estate				10,654,150	8	0.77
Borden Manufacturing Co.	Carded Textile Yarn Manufacturer						
<b>TOTALS</b>		<u>\$ 184,721,870</u>		<b>8.55%</b>	<u>\$126,757,221</u>		<b>9.15%</b>

Source: Wayne County Tax Administrator/Collector

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

**Table 10**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
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	8,962,196	<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%
2010	14,043,576	1,997	14,045,573	13,390,703	95.34%	413,655	13,804,358	99.05%

Sources: Wayne County Tax Collector

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

**Table 11**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>			<b>Per Capita (1)</b>	<b>Percentage of Personal Income (1)</b>
	<b>General Obligation Bonds</b>	<b>Installment Loans</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>	<b>Installment Loans</b>	<b>Total Primary Government</b>		
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
2010	5,186,392	12,483,544	88,547	23,307,760	18,597,417	59,663,660	1,557	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>
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
2010	28,494,152	N/A	1.32%	744

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 7 for property value data.

(3) See Table 15 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 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	\$ 172,868,585
Total net debt applicable to limit	18,787,601	29,921,058	31,610,873	30,494,058	32,062,913	29,768,607	32,325,777	29,224,280	30,277,602	25,253,483
Legal Debt Margin	<u>\$ 94,521,883</u>	<u>\$ 85,107,736</u>	<u>\$ 83,896,567</u>	<u>\$ 112,736,822</u>	<u>\$ 114,633,967</u>	<u>\$117,937,276</u>	<u>120,655,983</u>	<u>129,192,840</u>	<u>131,508,232</u>	<u>147,615,102</u>
Total net debt applicable to the limit as a percentage of debt limit	16.58%	26.01%	27.37%	21.29%	21.86%	18.57%	21.13%	18.45%	18.71%	17.29%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Value	2,160,857,309
Debt Limit (8% of Assessed Value)	172,868,585
Debt Applicable to Limit:	
General Obligation Bonds	5,186,392
Other Debt	<u>20,067,091</u>
Legal Debt Margin	<u>\$ 147,615,102</u>

Note: NC Statute GS159-55 limits the city's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water 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, 2010

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>
<b>Debt repaid with property taxes</b>			
Wayne County General Obligation Debt	\$ 280,000	37.71%	\$ 105,588
<b>Other Debt</b>			
Wayne County Installment Purchase Loans	12,087,036	37.71%	4,558,021
Wayne County Promissory Notes	26,712	37.71%	<u>10,073</u>
<b>Subtotal, overlapping debt</b>			4,673,682
<b>Total direct debt</b>			<u>17,758,483</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 22,432,165</u></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**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal income (in thousands)</b>	<b>(2) Per Capita Personal Income</b>	<b>(1) Median Age</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate Percentage</b>
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%
2010	38,313	N/A	18,243	35.30	19,608	8.70%

**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	2010			2001		
	Employees	Rank	Percentage of Total MSA Employment (2)	Employees	Rank	Percentage of Total MSA Employment (2)
Seymour Johnson Air Force Base	6,578	1	12.41 %	5,800	1	11.36 %
Wayne County Board of Education	2,966	2	5.60 %	3,000	2	5.87 %
Case Farms	2,500	3	4.72 %	850	7	1.66 %
Wayne Memorial Hospital	1,800	4	3.40 %	1,300	3	2.55 %
O'Berry Center	1,100	5	2.08 %	995	5	1.95 %
Wayne County	1,016	6	1.92 %	850	6	1.66 %
Cherry Hospital	845	7	1.59 %	1,066	4	2.09 %
Wal-Mart Associates, Inc.	636	8	1.20 %	-	-	-
City of Goldsboro	519	9	0.98 %	470	9	0.92 %
Cooper Standard Automotive	443	10	0.84 %	750	8	1.47 %
Excell Home Fashions, Inc.	-	-	-	400	10	0.78 %
Total	18,403		34.74 %	15,481		30.31 %

**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>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>	<u>2010</u>
General Government	30	31	30	30	31	30	31	30	31	30
Transportation										
Streets & Highways	30	30	27	27	27	28	28	28	28	27
Garage	12	12	12	12	12	12	12	12	12	12
Economic & Physical Development	16	16	16	15	15	18	19	19	19	19
Public Safety										
Police										
Officers	111	110	112	112	116	116	117	117	116	115
Civilians	23	24	12	12	12	12	10	10	10	10
Fire										
Firefighters & Officers	95	95	81	81	81	81	82	82	82	82
Civilians	1	1	1	1	1	1	1	1	1	1
Other	34	32	29	28	28	30	28	28	32	32
Environmental Protection	56	57	54	54	56	56	56	56	56	56
Cultural & Recreational	41	40	38	39	39	39	37	39	40	39
Maintenance	31	31	28	28	29	29	28	25	25	25
Water	9	9	11	11	11	11	11	11	11	11
Sewer	<u>16</u>	<u>17</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>24</u>
<b>TOTAL</b>	<b>505</b>	<b>505</b>	<b>470</b>	<b>470</b>	<b>479</b>	<b>485</b>	<b>483</b>	<b>481</b>	<b>487</b>	<b>483</b>

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

**Table 18**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Physical arrests	4,139	4,351	4,193	4,111	4,458	4,248	4,150	3,949	3,857	3,180
Traffic violations	6,976	9,636	7,511	7,993	9,705	9,433	8,400	12,270	12,753	13,037
<b>Fire</b>										
Number of calls answered	2,976	2,939	2,237	2,033	2,109	1,973	3,111	2,348	2,192	2,222
Inspections	N/A	N/A	415	684	996	853	471	518	533	806
<b>Building Inspections</b>										
New construction permits	584	310	107	254	268	330	214	152	89	147
<b>Highways and streets</b>										
Street resurfacing (miles)	N/A	7.8	N/A	N/A	11.2	N/A	N/A	5.37	0.5	N/A
Potholes repaired	N/A	142	270	283	335	209	404	210	573	929
<b>Sanitation</b>										
Refuse collected (tons/day)	N/A	61.5	61.8	60.4	59.2	57.6	58.5	54.0	55.8	44.6
Recyclables collected (tons/day)	N/A	6.4	9.7	7.9	5.6	5.3	5.6	5.9	6.2	5.7
<b>Culture and recreation</b>										
Athletic field permits issued	N/A	N/A	372	388	416	324	349	2	3	5
Community center admissions	N/A	134,276	126,519	106,379	103,270	109,050	99,300	99,992	104,106	87,608
<b>Water</b>										
New connections	90	85	78	55	68	46	30	69	85	23
Water mains breaks	N/A	54	86	91	80	104	63	55	30	47
Average daily consumption (millions of gallons)	7.0	6.0	6.0	6.0	6.0	6.0	5.6	5.1	4.6	4.7
Number of customers	12,900	13,285	13,285	13,285	13,285	13,285	13,563	13,533	13,388	13,875
<b>Wastewater</b>										
New connections	98	117	112	121	87	62	48	71	104	35
Average daily sewage treatment (millions of gallons)	9.0	8.0	8.0	8.0	8.0	7.1	8.4	5.0	7.1	7.8
Number of customers	10,965	11,292	11,292	11,297	11,297	11,541	11,628	11,687	11,597	11,665

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	59	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	12	12
Highways and streets										
Streets (miles)	148	148	156	156	156	156	156	158	169	169
Streetlights	2,862	2,862	2,758	2,758	2,758	2,836	2,868	2,903	2,943	3,057
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	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	3	3	3	3	2	2	2	2	2	2
Water										
Water mains (miles)	229	229	236	236	236	240	240	241	287	270
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	207	207	207	212	238	239	243	239
Maximum daily treatment capacity (millions of gallons)	10.8	10.8	14.2	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**



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

To the 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, 2010, which collectively comprises City of Goldsboro's basic financial statements, and have issued our report thereon dated December 14, 2010. 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 on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exist when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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 December 14, 2010.

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.  
December 14, 2010

**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 OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Goldsboro's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Member: North Carolina Association of Certified Public Accountants

American Institute of Certified Public Accountants

CPAmerica International Network

A 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected 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 was not designed to identify all deficiencies in internal control that might be deficiencies, 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, others within the entity, 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  
December 14, 2010

**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 could have a direct and material effect on each of its major state programs for the year ended June 30, 2010. 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 could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the organization, 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

December 14, 2010

City of Goldsboro, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2010

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**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
20.205-1	Highway Planning and Construction

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, 2010

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**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)  
Clean Water Management Trust Fund

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**Section II. Financial Statement Findings**

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None reported.

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**Section III. Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV. State Award Findings and Questioned Cost**

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None reported.

City of Goldsboro, North Carolina  
**CORRECTIVE PLAN**  
For the Fiscal Year Ended June 30, 2010

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**Section II. Financial Statement Findings**

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None reported.

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**Section III. Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV. State Award Findings and Questioned Costs**

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None reported.

City of Goldsboro, North Carolina  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2010

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None reported.

City of Goldsboro, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2010

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures
<b>Federal Grants:</b>				
<b>Cash Programs:</b>				
<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	\$ 674,551	\$ -
ARRA Recovery Funds – Community Development Block Grant			107,437	
Passed-through N.C. State Housing Finance Agency:				
HOME Investment Partnership Program	14.239	M-98-MC-3702090	493,725	-
<u>U.S. Department of Transportation</u>				
Passed-through N.C. Department of Transportation:				
Highway Planning and Construction	20.205-1		313,724	-
<u>Department of Homeland Security</u>				
Homeland Security Grant Program	97.044		1,764	-
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<u>N.C. Department of Transportation</u>				
Powell Bill			-	911,055
Highway Safety Equipment Project			-	10,485
<u>N.C. Department of Environment and Natural Resources</u>				
Clean Water Bond Program				
Clean Water Management Trust Grant			-	491,938
Stoney Creek Trails Grant			-	29,151
<u>N.C. Institute of Public Health</u>				
Health and Wellness Trust Fund				
Fit Community Grant			-	26,036
Total assistance			\$ 1,591,201	\$ 1,468,665

City of Goldsboro, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2010

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

1. Basis of Presentation

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