

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF GOLDSBORO, NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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, 2010

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.



Linda C. Sandison

President

Jeffrey R. Enos

Executive Director

City of Goldsboro
Goldsboro, North Carolina
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CITY COUNCIL

MAYOR AND CHAIRMAN
ALFONZO KING

MAYOR PRO TEM
CHUCK ALLEN

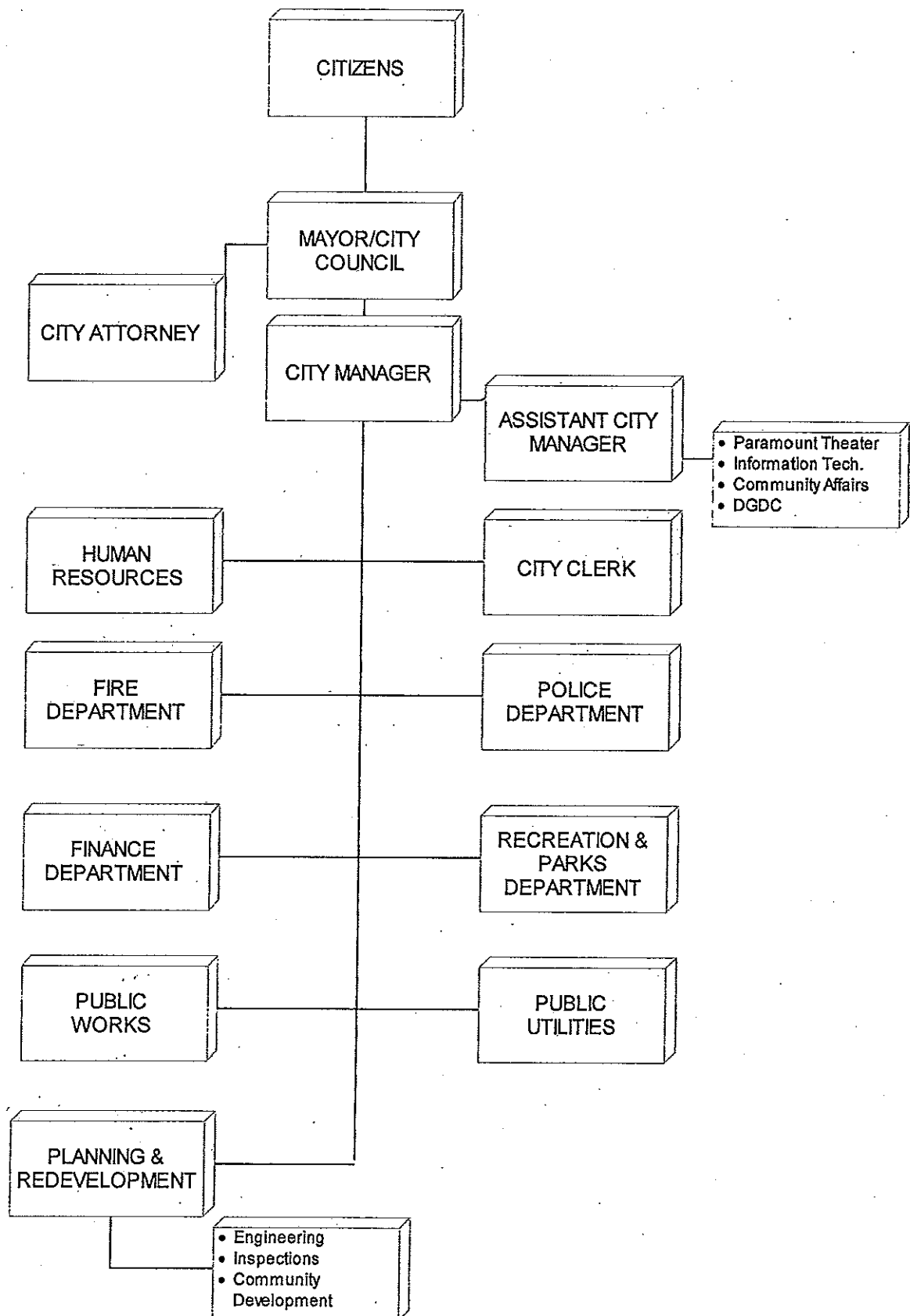
JIMMY BRYAN
JACKIE WARRICK
DON CHATMAN
BOB WALLER
CHARLES J. WILLIAMS

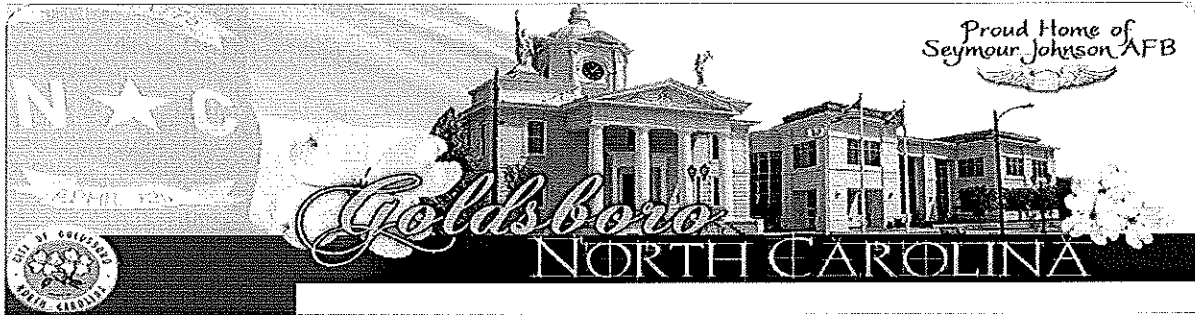
CITY MANAGER
SCOTT STEVENS

DIRECTOR OF FINANCE
KAYE SCOTT

CITY ATTORNEY
JAMES D. WOMBLE, JR.

CITY OF GOLDSBORO





November 29, 2011

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, 2011, 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, 2011 disclosed no instances of material weaknesses in the internal control system or noncompliance with the applicable laws and regulations.

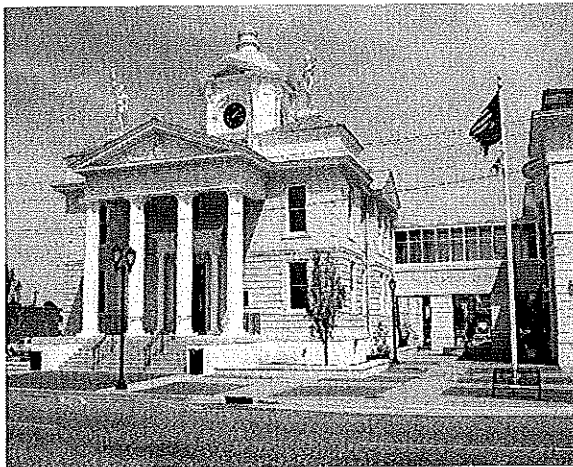
In addition, the City maintains a system of budgetary controls. These budgetary controls are designed to ensure compliance with the budget ordinances adopted by the City Council as well as compliance with the North Carolina General Statutes as they relate to budgetary control for local governments. All 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 36,437 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 69-73 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, aviation components 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 within the City, has approximately 5000 students enrolled annually in its 836 curriculum courses, 94 programs of study in college transfer, and technical and vocational areas. Approximately 10,000 additional students enroll each year in academic, occupational and vocational courses offered in Wayne Community College's Division of Continuing and Adult Education.

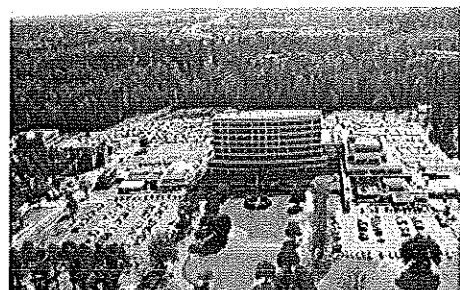
Progress Energy has begun construction of a \$900 million natural gas-fueled power plant in Wayne County. This construction project is estimated to create up to 500 construction jobs at the height of this 24-month building process. This plant is expected to open in 2013 and generate 950 megawatts of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

The construction of a new 410,000 square-foot psychiatric facility began the first of October 2010. 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 facility places the state midway through its plans to modernize and upgrade its mental health delivery system. The hospital will have 316 inpatient beds and will offer outpatient services. It will serve patients from 38 eastern counties and is expected to employ approximately 1,000 staff. This \$138.3 million construction project is expected to create an additional 650 jobs for Goldsboro and Wayne County.

Cooper Standard Automotive announced that they will be making a \$39.6 million investment to expand its Goldsboro's plant and be adding approximately 137 new jobs. Cooper Standard is a leading global automotive supplier of products for body sealing, fuel, brake and emissions, thermal management and anti-vibration segments of the automotive industry. This expansion will allow Cooper Standard to enlarge its body and chassis facility to accommodate new products and programs.

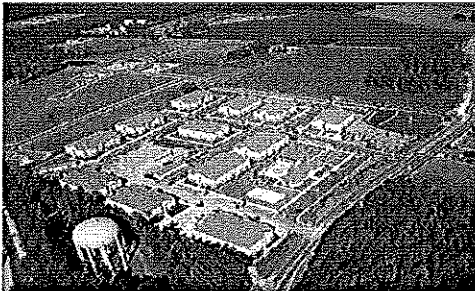
AAR Cargo Systems acquired the 106,300 square foot shell building at ParkEast, the Wayne County Industrial Park and to date employs 379 people. AAR is a global supplier of parts and service for military and commercial aircraft. In 2011, AAR announced that they will be adding another 100 employees to this facility.

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.



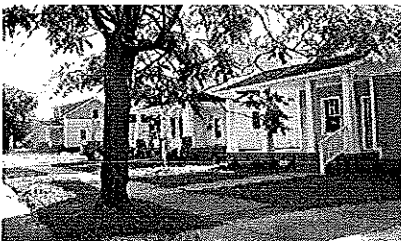
In 2005, a new Southeast wing was added and currently serves the endoscopy, pharmacy, rehabilitation services and clinical engineering departments, in addition to providing space for classrooms and an auditorium. In 2007, the existing MRI unit was replaced with a new state-of-the-art MRI unit to expand 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. Construction of the new emergency room is expected to cost an estimated \$18M. This new emergency room department will be almost three times as the big as the old one. Construction is expected to be completed by May 2012.

The City of Goldsboro's Inspection Division issued approximately \$174.4 million in building and miscellaneous permits. 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. Chloe 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 consists of three anchor stores, the Employment Security Commission Office and various smaller shops. Permits have been issued for restaurants, school renovations, several office/administration buildings, and retail stores.



In addition to the commercial projects, several residential neighborhoods continue their construction. Alpha Arms Apartments will be completing over \$3.9 million in restorations to their thirteen (104 apartments) buildings. Bradbury Apartments, an apartment complex consisting of twelve multi-story buildings with two hundred eighty-eight (288) high-end apartments, have been completed. Plans have been submitted for twelve (12) more duplexes at the Windsor Creek Subdivision. Commercial development is expected to occur adjacent to this subdivision.

Although we saw a loss in net new businesses during 2009-10 in downtown and claimed it was a result of Goldsboro finally succumbing to the economic conditions state and nationwide, we saw a small, yet significant, increase in business over the 2010-11 period. We realized a net gain of three businesses this year, after a net loss of eight last year. We believe we were able to redirect this trend positively due to our promotional and revitalization efforts. We realized \$1,960,887 of public investments and \$2,396,415 in the private sector. We received a state grant in the amount of \$200,000 to successfully recruit the Arts Council of Wayne County to downtown; a project that will retain or create eight full-time positions downtown within a three year period and leverage an additional \$600,000 in private and local government investment in downtown. An investor has purchased a vacant 18,000 square foot building to convert into a mixed-use property transforming the second and third floors into apartments. Work has also begun on four adjacent buildings to the rear of City Hall that will restore and reuse properties that have been neglected and vacant for decades. Another highlight includes the completion of a nearly \$750,000 private investment work project that converted a vacant lot caused by a building fire into an urban park-like space, resulting in the Wayne Veteran's Memorial.

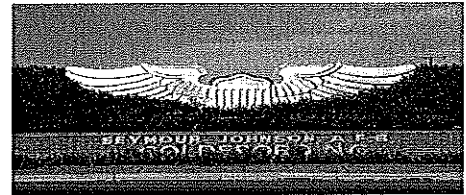


The Downtown Goldsboro Development Corporation and the City of Goldsboro won two Main Street awards this year; one for Best Public Relations Effort for "*DGDC Who? Downtown Where?*" and the other for Best Public-Private Partnership for our John Street Homes project. We continue to work towards the goals established in the Goldsboro Comprehensive Neighborhood Revitalization Plan and were able to accept a donation of a historic home through the DGDC and resell it for restoration and reuse as a single-family dwelling.

The efforts of the Downtown Goldsboro Development Corporation (DGDC) earned its recognition during 2010 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 2010 Accredited National Main Street Program. Due to our accreditation, Goldsboro was eligible and received over \$500,000 worth of grants and technical assistance in the areas of economic development and energy. We also had a record response to our call for sponsorships this year through the DGDC in both number of participants and funding with 92 participants, \$56,851 in cash donations and \$164,480 of in-kind donations

The NC Division of Tourism, Film & Sports Development, has just released the 2010 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$126.5 million in 2010. This is an 8.4% increase over 2009. Approximately 1000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$17 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2010 amounted to \$10.4 million. Of the 100 counties in North Carolina, Wayne County is ranked 27th in the State expenditures and far surpasses neighboring counties of Wilson, Duplin, Sampson, Lenoir, Greene and Craven.

Seymour Johnson Air Force Base (the "Base"), located in the City, contributes significantly to the local economy. The Base is the home of the Air Combat Command's 4th Fighter Wing and 916th Air Refueling Wing, an Air Force Reserve unit and several small associate units. Seymour Johnson Air Force Base occupies over 50,000 acres in the southeast section of Goldsboro. The Base currently employs approximately 5,213 active duty military personnel, 987 civilian personnel and 1,043 full-time air reserve technicians. The annual civilian and military payroll exceeds \$356 million.



Long-Term Financial Planning

The Paramount Theater was purchased by the City of Goldsboro in September 2008 for \$4.5 million. A private contractor rebuilt this facility that had been destroyed by fire in 2005. This 15,170 square foot performing arts facility boasts a soaring three story lobby and 500-seat auditorium reminiscent of the 1920's. The theater is located in the heart of downtown Goldsboro.

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. In May 2010, the North Carolina Recreation and Parks Authority announced that a \$132,750 PARTF grant was awarded to the Stoney Creek Park Alliance and the City of Goldsboro. These grant funds will be used for the family picnic shelters, an amphitheater, a volleyball area and restrooms.

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.

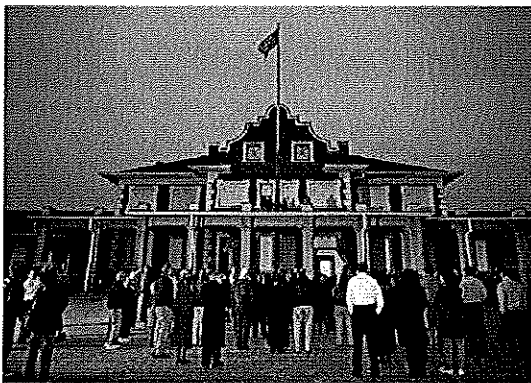
In December 2009, the City of Goldsboro began construction of Phase 1 of the Water Treatment Plant Improvements. This began a \$6.4 million project, part of an overall multi-stage improvement program on the water treatment system. This Phase 1 project rehabilitates the City's 1952 water treatment plant 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 the water plant roof. The Phase II Water Treatment Improvements project will begin in October 2011. This is a \$2.9 million project consisting of replacing the activated carbon feed

system, expansion of the waste equalization volume, replacing alum pumps, some building renovations, some asphalt replacement, and improvements to chemical spill containment.

In April 2010, Seymour Johnson AFB broke ground for the construction of the 4th Mission Support Group Consolidated Support Center. This new \$12 million building will house five organizations: the 4th Mission Support Group headquarters, 4th Comptroller Squadron, 4th Contracting Squadron, 4th 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 to date. The Design Development and Construction Drawings for the project, including the interior and exterior renovation of the Station, property improvements and the streetscape improvement plans associated with the project were completed and approved by local and state agencies in early 2011. The plans were completed by the architect, David E. Gall. Milestones of this project to date include: completion of a series of environmental studies (we are expecting a programmatic categorical exclusion from NEPA in early November of 2011), hired an 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, rehired David E. Gall, Architect, to conduct the Design Development and Construction Document phase of the project to prepare construction bid documents.

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 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 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. Funding has been secured for construction of the Goldsboro Bypass section of U.S. 70 with a projected completion date of 2015.

The City of Goldsboro has made significant investments to provide services to the Phase XI annexation area. The City sold \$8.6 million in sewer bonds to provide sanitary sewer service. The North Carolina General Assembly adopted a local bill which would allow the repeal of an annexation that was lawfully enacted and has been effective since 2008. Goldsboro plans to continue to evaluate the proposed legislation and its consistency with local, state and federal laws.

OTHER RELEVANT INFORMATION:

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 \$130,000 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 6.97% of participant earnings for employees not engaged in law enforcement and 7.04% for law enforcement officers for the period of July 1, 2010 to June 30, 2011 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.

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 1995-2010. 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,

Scott A. Stevens
City Manager

Kaye A. Scott
Director of Finance

FINANCIAL SECTION

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, 2011, 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 opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the 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, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reported dated November 29, 2011 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, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

Pittard Perry & Crone, Inc.
La Grange, North Carolina
November 29, 2011

Member: North Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants
CPAmerica International Network

City of Goldsboro, North Carolina

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, 2011. 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 that provide more specific detail.

Financial Highlights

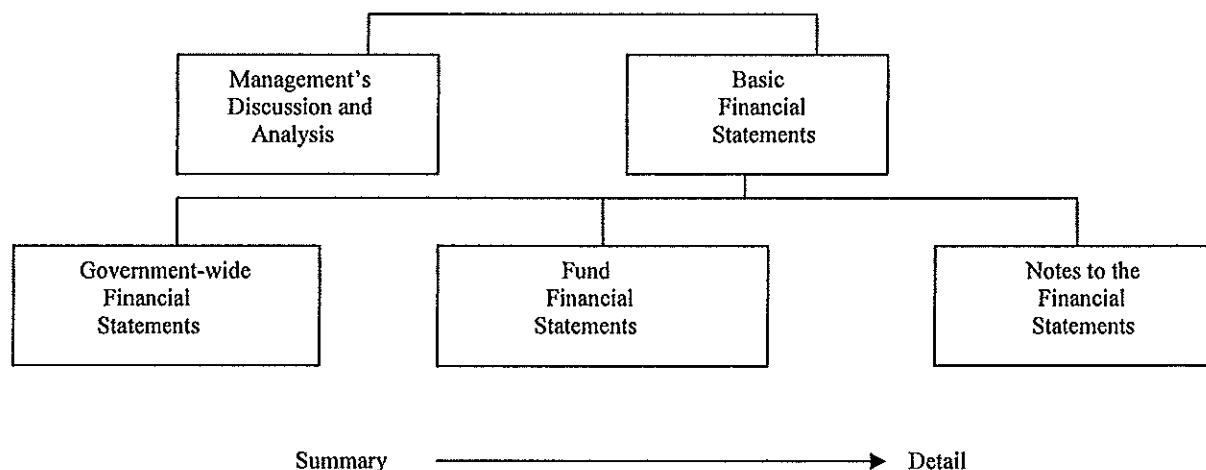
- The assets of the City exceeded its liabilities at the close of the recent fiscal year by \$105,559,276 (*net assets*). Of this amount, \$16,869,851 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$441,012, 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 \$14,246,715, a decrease of \$2,642,057 in comparison with the prior year. Approximately 53.5 percent of this total, or \$7,632,470, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$4,246,716 or 13.26 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$5,125,741 (8.59%) during the current fiscal year.

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.

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 pages 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 \$105,559,276 as of June 30, 2011. 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. A portion of the City's net assets (\$4,240,257) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$16,869,951 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, 2011

| | Governmental | | Business-type | | Total | |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$18,432,952 | \$21,145,130 | \$21,174,033 | \$26,698,836 | \$39,606,985 | \$47,843,966 |
| Capital assets | <u>55,834,080</u> | <u>56,264,827</u> | <u>71,451,994</u> | <u>69,083,908</u> | <u>127,286,074</u> | <u>125,348,735</u> |
| Total assets | <u>74,267,032</u> | <u>77,409,957</u> | <u>92,626,027</u> | <u>95,782,744</u> | <u>166,893,059</u> | <u>173,192,701</u> |
| Long-term liabilities outstanding | 16,783,069 | 18,071,312 | 34,359,371 | 38,264,422 | 51,142,440 | 56,335,734 |
| Other liabilities | <u>3,635,365</u> | <u>3,800,472</u> | <u>6,555,978</u> | <u>7,056,207</u> | <u>10,191,343</u> | <u>10,856,679</u> |
| Total liabilities | <u>20,418,434</u> | <u>21,871,784</u> | <u>40,915,349</u> | <u>45,320,629</u> | <u>61,333,783</u> | <u>67,192,413</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 43,486,935 | 43,695,950 | 40,962,133 | 41,557,490 | 84,449,068 | 85,253,440 |
| Restricted | | | | | | |
| Stabilization by State Statute | 4,240,257 | - | - | - | 4,240,257 | - |
| Unrestricted | <u>6,121,406</u> | <u>11,842,223</u> | <u>10,748,545</u> | <u>8,904,625</u> | <u>16,869,951</u> | <u>20,746,848</u> |
| Total net assets | <u>\$53,848,598</u> | <u>\$55,538,173</u> | <u>\$51,710,678</u> | <u>\$50,462,115</u> | <u>\$105,559,276</u> | <u>\$106,000,288</u> |

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 \$1,689,575, due to a number of reasons. Key elements of this decrease are as follows:

- Operating grant and contributions increased by \$857,007 as public safety received grants for police vehicles, in-car digital video cameras, and to upgrade communication system with mobile and portable radio equipment.
- City recognized additional health insurance and liability actions totaling \$373,886.
- Fuel expenses increased 25.1% due to escalating gasoline and diesel costs.
- Investment earnings decreased for governmental activities due to the drop in interest rates and weak market.
- The City recognized the current year's liability for post employment benefits (OPEB) \$338,798.

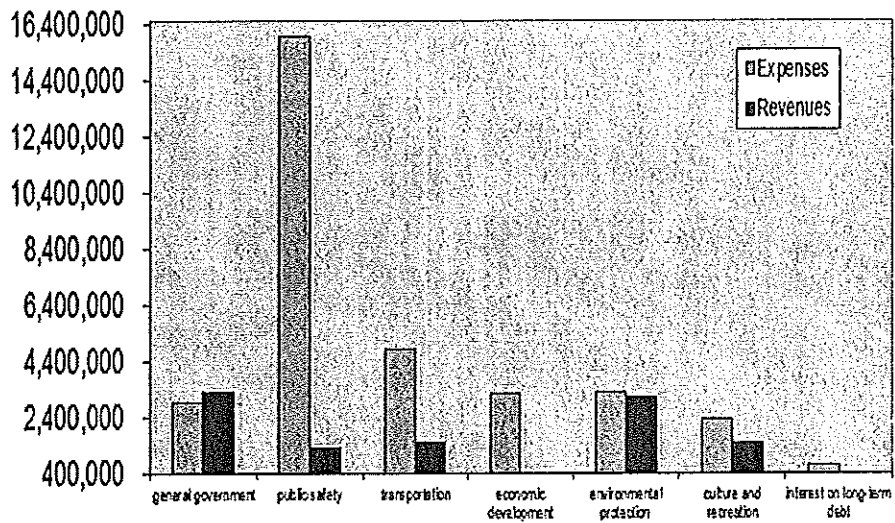
Business-type Activities – Business-type activities increased the City's net assets by \$1,248,563. Key elements of this increase are as follows:

- The City realized an increase in revenues for charges for water and sewer services due to rate increases in 2010.
- As previous noted, the City recognized the current's year's liability for post employment benefits (OPEB) \$46,563.
- Phase I Water Treatment Plant upgrade contributed to operational efficiency savings.
- Investment earnings decreased for Business-type activities due to the drop in interest rates and weak market.

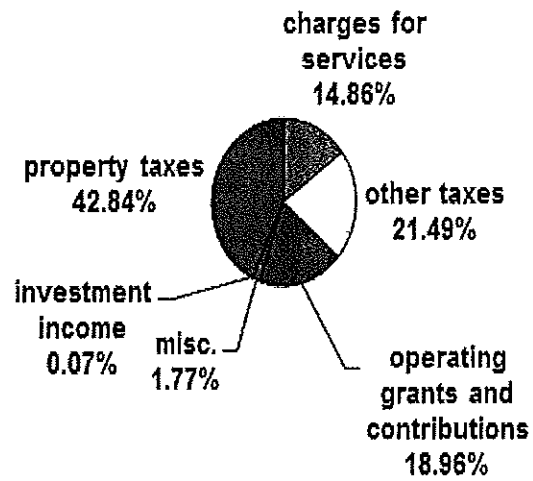
Table 2
Changes in Net Assets

| | Governmental | | Business-type | | Total | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 4,701,416 | \$ 4,511,486 | \$14,362,215 | \$13,756,931 | \$19,063,631 | \$18,268,417 |
| Operating grants and contributions | 5,999,629 | 5,631,258 | - | - | 5,999,629 | 5,631,258 |
| Capital grants and contributions | | | - | 502,904 | | 502,904 |
| General revenues: | | | | | | |
| Property taxes | 13,554,554 | 13,482,127 | - | - | 13,554,554 | 13,482,127 |
| Other taxes | 6,799,858 | 6,401,448 | - | - | 6,799,858 | 6,401,448 |
| Investment income | 23,079 | 37,793 | 21,748 | 57,687 | 44,827 | 95,480 |
| Miscellaneous | 560,261 | 329,222 | - | - | 560,261 | 329,222 |
| Total revenues | <u>31,638,797</u> | <u>30,693,334</u> | <u>14,383,963</u> | <u>14,317,522</u> | <u>46,022,760</u> | <u>45,010,856</u> |
| Expenses: | | | | | | |
| General government | 2,947,130 | 2,945,434 | - | - | 2,947,130 | 2,945,434 |
| Public safety | 15,954,680 | 15,031,290 | - | - | 15,954,680 | 15,031,290 |
| Transportation | 4,835,713 | 4,256,885 | - | - | 4,835,713 | 4,256,885 |
| Environmental protection | 3,221,967 | 2,797,958 | - | - | 3,221,967 | 2,797,958 |
| Economic and physical development | 3,307,854 | 3,915,549 | - | - | 3,307,854 | 3,915,549 |
| Culture and recreation | 2,370,322 | 3,062,944 | - | - | 2,370,322 | 3,062,944 |
| Interest on long-term debt | 690,706 | 724,351 | - | - | 690,706 | 724,351 |
| Water and sewer | - | - | 13,135,400 | 12,927,789 | 13,135,400 | 12,927,789 |
| Total expenses | <u>33,328,372</u> | <u>32,734,411</u> | <u>13,135,400</u> | <u>12,927,789</u> | <u>46,463,772</u> | <u>45,662,200</u> |
| Increase (Decrease) in net assets | (1,689,575) | (2,041,077) | 1,248,563 | 1,389,733 | (441,012) | (651,344) |
| Net assets - July 1 | <u>55,538,173</u> | <u>47,865,666</u> | <u>50,462,115</u> | <u>49,072,382</u> | <u>106,000,288</u> | <u>106,651,632</u> |
| Net assets - June 30 | <u>\$53,848,598</u> | <u>\$55,538,173</u> | <u>\$51,710,678</u> | <u>\$50,462,115</u> | <u>\$105,559,276</u> | <u>\$106,000,288</u> |

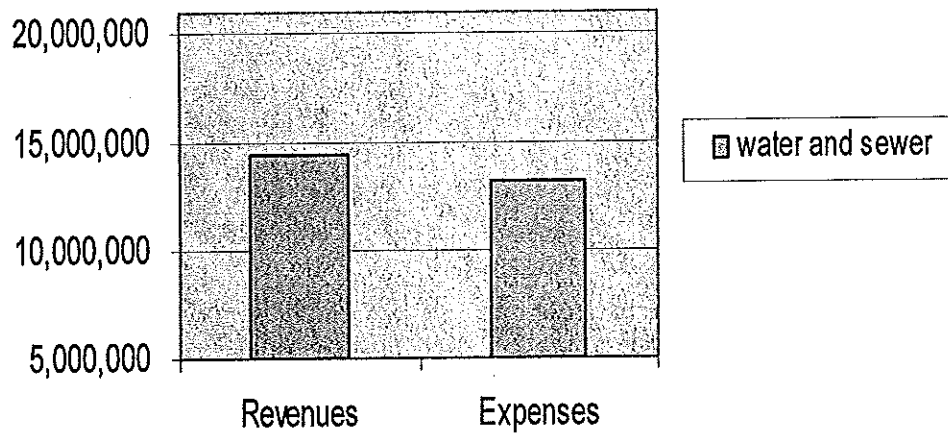
Expenses and Program Revenues Governmental Activities



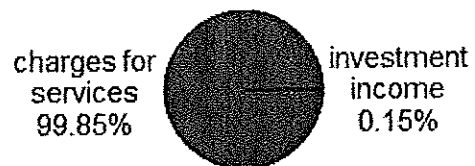
Revenues by Source Governmental Activities



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, unassigned 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, unassigned fund balance of the General Fund was \$4,246,716, while total fund balance reached \$8,672,958. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.3 percent of total General Fund expenditures, while total fund balance represents 42 percent of that same amount.

At June 30, 2011, the governmental funds of the City reported a combined fund balance of \$14,246,715, a 15.64 percent decrease over last year. In the general fund, the actual budget basis fund balance change was a decrease for fiscal year 2011 of \$1,816,938 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. Decreases in fund balance are reported in the Occupancy Tax, Community Development and Downtown Goldsboro Development Funds which are associated with budget amendments within the occupancy tax funds for debt service payment to Paramount Theater, renovation to visitors' center and funds needed to acquire building for Air Force Museum.

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 \$27,500 for the executive search contract for the city manager position.
- Appropriation of \$230,000 for additional funds necessary to pay increased fuel costs due to escalating gasoline and diesel prices.
- Appropriation of \$250,000 for health insurance claims and \$123,886 for worker's compensation and liability claims.
- Appropriation of \$25,000 for donation to Wings Over Wayne Air Show to Seymour Johnson Air Force Base.
- 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 decreased in vehicle tax collections and 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, Transportation Planning Grant and Clean Water Management Grant revenues were not received until following fiscal year.
- The permits and fees revenues increased due to the renovation projects and new construction.
- 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 \$10,748,545. The total increase in net assets for the fund was \$1,248,563. 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, 2011, totals \$127,286,074 (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 network servers for virtualization and disaster recovery at a cost of \$94,586.
- Refurbish Garage Fuel Island at a cost of \$62,706.
- Purchase ½ Ton Pickup Truck in the Building and Traffic Division costing \$35,040.
- Replacement purchases of Flatbed Dump Truck and 1 ½ Ton Truck in the Streets and Storms Division costing \$92,442.
- Replacement purchases of Garbage Packer costing \$134,470 and \$67,084 for Recycling Truck in the Sanitation Division.

- Partnering with Clean Water Management Fund on the Stoney Creek Stream Restoration Project at a cost of \$292,847.
- Replacement of two Fire Pumps at the Fire Department costing \$780,238.
- Replacement of air packs for the Fire Department that cost \$43,295 and Thermal Imaging Camera at \$18,530.
- Recreation and Parks Department replaced a lawnmower for \$16,417.
- Completed utility software upgrade that cost \$123,534.
- O'Berry Center water improvement project at a cost of \$98,658.
- Replacement of pickup truck that cost \$17,706 for the Utility Maintenance Division.
- 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 | |
|-----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 6,641,295 | \$ 6,740,830 | \$1,558,406 | \$1,558,406 | \$ 8,199,701 | \$8,299,236 |
| Buildings | 12,708,012 | 13,210,787 | - | - | 12,708,012 | 13,210,787 |
| Plant and Distribution Systems | - | - | 60,724,722 | 63,154,637 | 60,724,722 | 63,154,637 |
| Streets and Improvements | 32,297,634 | 32,966,937 | - | - | 32,297,634 | 32,966,937 |
| Vehicles | 3,398,056 | 2,942,735 | 511,438 | 673,442 | 3,909,494 | 3,616,177 |
| Equipment | 265,571 | 249,233 | 126,136 | 163,440 | 391,707 | 412,673 |
| Construction in Progress | 523,512 | 154,305 | 8,531,292 | 3,533,983 | 9,054,804 | 3,688,288 |
| Total | \$55,834,080 | \$56,264,827 | \$71,451,994 | \$69,083,908 | \$127,286,074 | \$125,348,735 |

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, 2011, the City had total bonded debt outstanding of \$54,537,919. Of this amount, \$26,156,384 represents bonded debt backed by the full faith and credit of the City, while the remainder represents several capitalized leases.

Table 4
Outstanding Debt at Year-End
General Obligation Bonds

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | \$4,783,535 | \$5,186,392 | \$21,372,849 | \$23,307,760 | \$26,156,384 | \$28,494,152 |
| Capitalized leases | - | 88,547 | - | - | - | 88,547 |
| Notes payable | 11,286,892 | 12,483,544 | 17,094,643 | 18,597,417 | 28,381,535 | 31,080,961 |
| Total | \$16,070,427 | \$17,758,483 | \$38,467,492 | \$41,905,177 | \$54,537,919 | \$59,663,660 |

The City maintains an AA- rating from Standard and Poor's Corporation and Aa2 rating from Moody's Investor Services 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 \$150,531,837.

Additional information regarding the City's long-term debt can be found in note 4 on pages 45-49 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 9% compared to the state average of 10.4%. Taxable sales within Wayne County increased from \$857,517,872 in 2010 to \$902,226,600 in 2011, which is an increase of 4.95%.

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, 2011

During the current fiscal year, unreserved fund balance in the general fund decreased to \$4,246,716. The City did not appropriate any fund balance in the 2012 fiscal year budget.

Governmental Activities: The City's adopted budget for 2012 reflects the tax revaluation calculations. City Council agreed that the tax rate should remain at the existing rate of 65 cents per \$100 valuation which increased the tax levy by \$1.2M. Council and departments worked carefully to improve efficiencies and hold costs. The cost of health care benefits costs increased by 5% for all employees and the City's required contribution to the N.C. Local Government Retirement System increase from 6.45% to 6.97%. The City's budget does include 14 frozen positions for the entire fiscal year.

Business-type Activities: Water and sewer usage is expected to remain constant in 2012. Phase II of the Water Treatment Plant Facility upgrade will begin in October 2011. These upgrades will continue to assist with operational savings

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Goldsboro, North Carolina
STATEMENT OF NET ASSETS
June 30, 2011

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 9,253,722 | \$ 8,883,493 | \$ 18,137,215 |
| Receivables (net) | 5,269,963 | 3,185,883 | 8,455,846 |
| Inventories | 185,985 | 1,127,027 | 1,313,012 |
| Total current assets | 14,709,670 | 13,196,403 | 27,906,073 |
| Non-current assets: | | | |
| Restricted assets: | | | |
| Cash and investments | 3,723,282 | 7,977,630 | 11,700,912 |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 7,164,807 | 10,089,698 | 17,254,505 |
| Other capital assets, net of depreciation | 48,669,273 | 61,362,296 | 110,031,569 |
| Total capital assets | 55,834,080 | 71,451,994 | 127,286,074 |
| Total non-current assets | 59,557,362 | 79,429,624 | 138,986,986 |
| Total assets | 74,267,032 | 92,626,027 | 166,893,059 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 1,675,519 | 690,727 | 2,366,246 |
| Customer deposits | - | 884,719 | 884,719 |
| Unearned revenue | 2,361 | 551,551 | 553,912 |
| Current portion of long-term liabilities | 1,957,485 | 4,428,981 | 6,386,466 |
| Total current liabilities | 3,635,365 | 6,555,978 | 10,191,343 |
| Long-term liabilities: | | | |
| Due in more than one year | 16,783,069 | 34,359,371 | 51,142,440 |
| Total liabilities | 20,418,434 | 40,915,349 | 61,333,783 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 43,486,935 | 40,962,133 | 84,449,068 |
| Stabilization by State Statute | 4,240,257 | - | 4,240,257 |
| Unrestricted | 6,121,406 | 10,748,545 | 16,869,951 |
| Total net assets | \$ 53,848,598 | \$ 51,710,678 | \$ 105,559,276 |

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, 2011

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 2,947,130 | \$ 380,695 | \$ 2,899,883 | \$ - | \$ 333,448 | \$ - | \$ 333,448 |
| Public safety | 15,954,680 | 449,256 | 863,878 | - | (14,641,546) | - | (14,641,546) |
| Transportation | 4,835,713 | - | 1,494,860 | - | (3,340,853) | - | (3,340,853) |
| Economic and physical development | 3,221,967 | - | 31,770 | - | (3,190,197) | - | (3,190,197) |
| Environmental protection | 3,307,854 | 3,120,888 | - | - | (186,966) | - | (186,966) |
| Cultural and recreation | 2,370,322 | 750,577 | 709,238 | - | (910,507) | - | (910,507) |
| Interest on long-term debt | 690,706 | - | - | - | (690,706) | - | (690,706) |
| Total governmental activities (See Note 1) | 33,328,372 | 4,701,416 | 5,999,629 | - | (22,627,327) | - | (22,627,327) |
| Business-type activities: | | | | | | | |
| Water and sewer | 13,135,400 | 14,362,215 | - | - | - | 1,226,815 | 1,226,815 |
| Total business-type activities | 13,135,400 | 14,362,215 | - | - | - | 1,226,815 | 1,226,815 |
| Total primary government | \$ 46,463,772 | \$ 19,063,631 | \$ 5,999,629 | \$ - | (22,627,327) | 1,226,815 | (21,400,512) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 13,554,554 | - | 13,554,554 |
| Local option sales taxes | | | | | 5,743,051 | - | 5,743,051 |
| Other taxes and licenses | | | | | 1,056,807 | - | 1,056,807 |
| Unrestricted investment earnings | | | | | 23,079 | 21,748 | 44,827 |
| Miscellaneous | | | | | 560,261 | - | 560,261 |
| Total general revenues not including transfers | | | | | 20,937,752 | 21,748 | 20,959,500 |
| Transfers | | | | | - | - | - |
| Total general revenues and transfers | | | | | 20,937,752 | 21,748 | 20,959,500 |
| Change in net assets | | | | | (1,689,575) | 1,248,563 | (441,012) |
| Net assets - beginning | | | | | 55,538,173 | 50,462,115 | 106,000,288 |
| Net assets - ending | | | | | \$ 53,848,598 | \$ 51,710,678 | \$ 105,559,276 |

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2011

| | <u>Major Funds</u> | | |
|--|----------------------|-------------------------|--------------------------------|
| | General | Total Nonmajor Funds | Total Governmental Funds |
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,840,169 | \$ 2,413,553 | \$ 9,253,722 |
| Receivables (net): | | | |
| Taxes | 1,565,114 | 6,765 | 1,571,879 |
| Accounts | 3,524,899 | 173,185 | 3,698,084 |
| Due from other funds | 100,000 | - | 100,000 |
| Inventories | 185,985 | - | 185,985 |
| Restricted assets: | | | |
| Cash and investments | 517,054 | 3,206,228 | 3,723,282 |
| Total assets | <u>\$ 12,733,221</u> | <u>\$ 5,799,731</u> | <u>\$ 18,532,952</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 915,595 | \$ 119,209 | \$ 1,034,804 |
| Customer deposits | - | - | - |
| Accrued compensation payable | 640,712 | - | 640,712 |
| Due to other funds | - | 100,000 | 100,000 |
| Deferred revenue | 2,503,956 | 6,765 | 2,510,721 |
| Total liabilities | <u>4,060,263</u> | <u>225,974</u> | <u>4,286,237</u> |
| Fund balances: | | | |
| Non Spendable | | | |
| Inventories | 185,985 | - | 185,985 |
| Restricted | | | |
| Stabilization by State Statute | 4,240,257 | - | 4,240,257 |
| Streets | - | 3,206,228 | 3,206,228 |
| Committed | | | |
| Downtown Development | - | 112,727 | 112,727 |
| Economic Development | - | 1,992,381 | 1,992,381 |
| Assigned | | | |
| Subsequent year's expenditures | - | 262,421 | 262,421 |
| Unassigned | | | |
| Total fund balances | <u>4,246,716</u> | <u>-</u> | <u>4,246,716</u> |
| Total liabilities and fund balances | <u>\$ 12,733,221</u> | <u>\$ 5,799,731</u> | <u>14,246,715</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 | 100,168,958 | |
| Accumulated depreciation | <u>(44,334,878)</u> | 55,834,080 |

| | |
|---|-----------|
| Liabilities for earned but deferred revenues in fund statements | 2,508,357 |
|---|-----------|

| | |
|--|---------------------|
| Some liabilities, including bonds payable, are not due and payable in the current period are not reported in the funds (Note 4). | <u>(18,740,554)</u> |
|--|---------------------|

| | |
|---------------------------------------|----------------------|
| Net assets of governmental activities | <u>\$ 53,848,598</u> |
|---------------------------------------|----------------------|

City of Goldsboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|--------------------------------|
| REVENUES | | | |
| Ad valorem taxes | \$ 13,406,434 | \$ 69,228 | \$ 13,475,662 |
| Penalties and interest | 89,886 | 475 | 90,361 |
| Local option sales taxes | 5,743,051 | - | 5,743,051 |
| Other taxes and licenses | 418,439 | 548,007 | 966,446 |
| Unrestricted intergovernmental | 2,955,689 | - | 2,955,689 |
| Restricted intergovernmental | 2,362,243 | 681,697 | 3,043,940 |
| Permits and fees | 417,718 | - | 417,718 |
| Sales and services | 4,265,434 | - | 4,265,434 |
| Investment earnings | 14,342 | 8,737 | 23,079 |
| Miscellaneous | 577,604 | 921 | 578,525 |
| Total revenues | <u>30,250,840</u> | <u>1,309,065</u> | <u>31,559,905</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,547,526 | - | 2,547,526 |
| Public safety | 16,713,108 | - | 16,713,108 |
| Transportation | 3,347,021 | - | 3,347,021 |
| Economic and physical development | 1,673,804 | 1,653,719 | 3,327,523 |
| Environmental protection | 3,445,247 | - | 3,445,247 |
| Cultural and recreational | 2,395,316 | - | 2,395,316 |
| Debt service: | | | |
| Principal | 1,388,055 | 300,000 | 1,688,055 |
| Interest and other charges | 510,241 | 180,465 | 690,706 |
| Total expenditures | <u>32,020,318</u> | <u>2,134,184</u> | <u>34,154,502</u> |
| Excess (deficiency) of revenues over expenditures | (1,769,478) | (825,119) | (2,594,597) |
| Fund balances-beginning | 10,489,896 | 6,398,876 | 16,888,772 |
| Increase (decrease) in inventory | (47,460) | - | (47,460) |
| Fund balances-ending | <u>\$ 8,672,958</u> | <u>\$ 5,573,757</u> | <u>\$ 14,246,715</u> |

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

| | | |
|--|---------------------|-----------------------|
| Net changes in fund balances - total governmental funds | | \$ (2,594,597) |
| 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 | 2,121,970 | |
| Depreciation expense for governmental assets | <u>(2,412,087)</u> | (290,117) |
| Loss on disposal of land to County | | (140,630) |
| Decrease in inventory | | (47,460) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | 78,891 |
| 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 | (17,352) | |
| Net pension obligation | (39,653) | |
| Other postemployment benefits | <u>(326,713)</u> | (383,718) |
| 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 | - | |
| Principal payments on long-term debt | <u>\$ 1,688,056</u> | <u>1,688,056</u> |
| Total changes in net assets of governmental activities | | <u>\$ (1,689,575)</u> |

The accompanying notes are an integral part of this statement.

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, 2011

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|---------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Ad Valorem taxes | \$ 14,106,678 | \$ 14,106,678 | \$ 13,496,320 | \$ (610,358) |
| Other taxes and licenses | 6,188,169 | 6,188,169 | 6,161,490 | (26,679) |
| Unrestricted intergovernmental | 3,110,908 | 3,134,329 | 2,955,689 | (178,640) |
| Restricted intergovernmental | 1,701,144 | 3,065,861 | 2,362,243 | (703,618) |
| Permits and fees | 344,600 | 344,600 | 417,718 | 73,118 |
| Sales and services | 4,402,586 | 4,317,586 | 4,265,434 | (52,152) |
| Investment earnings | 35,000 | 40,800 | 14,342 | (26,458) |
| Miscellaneous | 283,075 | 362,275 | 577,604 | 215,329 |
| Total revenues | 30,172,160 | 31,560,298 | 30,250,840 | (1,309,458) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,659,384 | 3,811,188 | 2,547,526 | 1,263,662 |
| Transportation | 2,740,774 | 3,374,935 | 3,347,021 | 27,914 |
| Economic and physical development | 2,161,519 | 2,413,203 | 1,673,804 | 739,399 |
| Public safety | 14,678,765 | 18,300,447 | 16,713,108 | 1,587,339 |
| Environmental protection | 3,230,654 | 3,537,659 | 3,445,247 | 92,412 |
| Cultural and recreational | 2,883,967 | 2,849,608 | 2,395,316 | 454,292 |
| Debt Service: | | | | |
| Principal | 1,389,010 | 1,388,702 | 1,388,055 | 647 |
| Interest | 523,758 | 524,818 | 510,241 | 14,577 |
| Total expenditures | 31,267,831 | 36,200,561 | 32,020,318 | 4,180,243 |
| Revenue over (under) expenditures | (1,095,671) | (4,640,262) | (1,769,478) | 2,870,784 |
| Other financing sources (uses): | | | | |
| Loan Proceeds | - | - | - | - |
| Transfer (to) from other funds | 1,052,493 | 1,052,493 | - | 1,052,493 |
| Total other financing sources (uses) | 1,052,493 | 1,052,493 | - | (1,052,493) |
| Revenue and other financing sources over (under) expenditures and other financing uses | (43,178) | (3,587,769) | (1,769,478) | 1,818,291 |
| Fund balance appropriated | 43,178 | 3,587,769 | - | (3,587,769) |
| Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses | \$ - | \$ - | (1,769,478) | \$ (1,769,478) |
| Fund balances - beginning | | | 10,489,896 | |
| Increase (decrease) in inventory | | | (47,460) | |
| Fund balances - ending | | | \$ 8,672,958 | |

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina
Statement of Net Assets
Proprietary Fund
June 30, 2011

ASSETS

Current assets:

| | |
|----------------------------|-------------------|
| Cash and equivalents | \$ 8,883,493 |
| Accounts receivables (net) | 3,185,883 |
| Inventories | 1,127,027 |
| Total current assets | <u>13,196,403</u> |

Noncurrent assets:

| | |
|---------------------------|-----------|
| Restricted assets | |
| Cash and cash equivalents | 7,977,630 |

Capital assets:

| | |
|---------------------------------------|-------------------|
| Land and other non-depreciable assets | 10,089,698 |
| Other capital assets (net) | 61,362,296 |
| Capital assets (net) | <u>71,451,994</u> |

| | |
|--------------|-------------------|
| Total assets | <u>92,626,027</u> |
|--------------|-------------------|

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | 690,727 |
| Customer deposits | 884,719 |
| Unearned revenue | 551,551 |
| Note payable - current | 1,825,818 |
| General obligation bonds payable - current | 2,534,843 |
| Total current assets | <u>6,487,658</u> |

Noncurrent liabilities:

| | |
|---|-------------------|
| Compensated absences payable | 227,735 |
| Net OPEB Obligation | 93,126 |
| Note payable, net of current | 15,268,825 |
| General obligation bonds payable - net of current | 18,838,005 |
| Total noncurrent liabilities | <u>34,427,691</u> |
| Total liabilities | <u>40,915,349</u> |

Net Assets

| | |
|------------------------------|----------------------|
| Investment in capital assets | 40,962,133 |
| Unrestricted | 10,748,545 |
| Total net assets | <u>\$ 51,710,678</u> |

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina
**Statements of Revenues, Expenses and
 Changes in Fund Net Assets - Proprietary Fund**
 For the Fiscal Year Ended June 30, 2011

| | |
|-----------------------------------|-----------------------------|
| Operating revenues: | |
| Charges for service | \$ 13,644,004 |
| Assessments | 24,262 |
| Water and sewer taps | 57,556 |
| Other operating revenues | 636,393 |
| Total operating revenues | <u>14,362,215</u> |
| Operating expenses: | |
| Water and sewer system: | |
| Salaries and employee benefits | 3,141,584 |
| Utilities | 772,223 |
| Supplies and other expenses | 4,589,475 |
| Depreciation | 3,221,473 |
| Total operating expenses | <u>11,724,755</u> |
| Operating income | 2,637,460 |
| Nonoperating revenues (expenses): | |
| Investment earnings | 21,748 |
| Interest and fees | <u>(1,410,645)</u> |
| Total nonoperating expenses | <u>(1,388,897)</u> |
| Change in net assets | 1,248,563 |
| Total net assets - beginning | <u>50,462,115</u> |
| Total net assets - ending | <u><u>\$ 51,710,678</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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Cash received from customers | \$ 14,446,237 |
| Cash paid for goods and services | (6,719,601) |
| Cash paid to employees for services | (3,090,851) |
| Customer deposits received | 120,527 |
| Other operating revenues | 636,393 |
| Net cash provided by operating activities | <u>5,392,705</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|---------------------|
| Principal paid on long-term borrowings | (1,502,774) |
| Interest paid on long-term borrowings | (475,000) |
| Acquisition and construction of capital assets | (5,589,560) |
| Principal paid on bond maturities | (1,934,911) |
| Interest paid on bond maturities | (935,645) |
| Net cash used in capital and related financing activities | <u>(10,437,890)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Interest on investments | 21,748 |
| Net cash proved by investing activities | <u>21,748</u> |

Net increase in cash and cash equivalents (5,023,437)

Cash and cash equivalents, July 1 21,884,560

Cash and cash equivalents, June 30 \$ 16,861,123

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

| | |
|---|---------------------|
| Operating income | \$ 2,637,460 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation | 3,221,473 |
| Change in assets and liabilities | |
| (Increase)decrease in accounts receivable | 720,415 |
| (Increase)decrease in inventory | (219,049) |
| Increase(decrease) in accounts payable and accrued liabilities | (1,246,383) |
| Increase(decrease) in customer deposits | 120,527 |
| Increase(decrease) in compensated absences | 4,170 |
| Increase(decrease) in net OPEB obligation | 46,563 |
| Increase(decrease) in deferred revenues | 107,529 |
| Net cash provided by operating activities | <u>\$ 5,392,705</u> |

The accompanying notes are an integral part of this statement.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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.

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 2010 through February 2011 apply to the fiscal year ended June 30, 2011.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

C. Budgetary Data

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

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

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.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

2. Cash and Cash Equivalents

The City pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

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

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010.

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.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

8. Long-term Obligations

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

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

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.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Streets – Bonds proceed portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total of unexpended Bond proceeds funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Goldsboro's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Economic Development – portion of fund balance assigned by the Board for economic development.

Committed for Downtown Development – portion of fund balance assigned by the Board for downtown development.

Assigned fund balance – portion of fund balance that City of Goldsboro intends to use for specific purposes

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resources or appropriation within funds in an amount not to exceed 10% of the departmental appropriation.

Undesignated - portion of total fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 government-wide statement of net assets. The net adjustment of \$39,601,883 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) | \$ 100,168,958 |
| Less accumulated depreciation | <u>(44,334,878)</u> |
| Net capital assets | 55,834,080 |
| Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide | 2,508,357 |
| Bonds, leases, and installment financing | (16,070,427) |
| Compensated absences | (1,402,770) |
| Net OPEB obligation | (1,011,357) |
| Net pension obligation | <u>(256,000)</u> |
| | <u>(18,740,554)</u> |
| Total adjustment | \$ <u>39,601,883</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 \$905,022 as follows:

| | |
|--|--------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | \$ 2,121,970 |
| 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>(2,412,087)</u> |
| | (290,117) |
| Loss on disposal of land to County; it has no effect on the statement of activities – it affects only the government-wide statement of net assets | (140,630) |
| 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 | 1,688,056 |
| Decrease in inventory | (47,460) |
| Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (366,366) |

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources

(17,352)

Increase in deferred tax revenue for year ended June 30, 2011

78,891

\$

905,022

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, 2011, the City's deposits had a carrying amount of \$12,238,029 and a bank balance of \$12,377,305. Of the bank balance, \$500,000 was covered by federal depository insurance and \$11,877,305 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2011, City of Goldsboro had \$1,880 cash on hand.

2. Investments

At June 30, 2011, 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, 2011, the City's investment balances were as follows:

| | <u>Reported Value</u> | <u>Fair Value</u> |
|------------------------------|-----------------------|-------------------|
| NC Capital Management Trust: | | |
| Cash Portfolio | \$ 17,598,218 | \$ 17,598,218 |

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 | \$ 1,571,879 |
| Accounts receivable | 4,020,217 |
| Allowance for uncollectible | (322,133) |
| Net governmental receivables | <u>5,269,963</u> |
| Enterprise Fund: | |
| Accounts receivable | 3,868,199 |
| Allowance for uncollectible | (682,316) |
| Net enterprise receivables | <u>3,185,883</u> |
| Total net receivables | <u>\$ 8,455,846</u> |

4. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------------|----------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,740,830 | \$ 41,095 | \$ 140,630 | 6,641,295 |
| Construction in process | 154,305 | 382,132 | 12,925 | 523,512 |
| | <u>6,895,135</u> | <u>423,227</u> | <u>153,555</u> | <u>7,164,807</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 17,393,968 | 5,990 | - | 17,399,958 |
| Equipment | 1,744,643 | 168,290 | 5,345 | 1,907,588 |
| Streets and infrastructure | 61,671,573 | 420,492 | - | 62,092,065 |
| Vehicles and motor equipment | 11,281,681 | 1,116,896 | 794,037 | 11,604,540 |
| Total capital assets being depreciated | <u>92,091,865</u> | <u>1,711,668</u> | <u>799,382</u> | <u>93,004,151</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,183,181 | 508,765 | - | 4,691,946 |
| Equipment | 1,495,410 | 151,952 | 5,345 | 1,642,017 |
| Streets and improvements | 28,704,636 | 1,089,795 | - | 29,794,431 |
| Vehicles and motor equipment | 8,338,946 | 661,575 | 794,037 | 8,206,484 |
| Total accumulated depreciation | <u>42,722,173</u> | <u>2,412,087</u> | <u>799,382</u> | <u>44,334,878</u> |
| Total capital assets being depreciated, net | <u>49,369,692</u> | | | <u>48,669,273</u> |
| Governmental activity capital assets, net | <u>\$ 56,264,827</u> | | | <u>\$ 55,834,080</u> |

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

| | |
|-----------------------------------|---------------------|
| General government | \$ 361,814 |
| Public safety | 129,047 |
| Transportation | 1,495,494 |
| Economic and physical development | 64,644 |
| Environmental protection | 64,161 |
| Cultural and recreation | 296,927 |
| Total depreciation expense | <u>\$ 2,412,087</u> |

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 progress | 3,533,983 | 5,405,333 | 408,024 | 8,531,292 |
| Total capital assets not being depreciated | <u>5,092,389</u> | <u>5,405,333</u> | <u>408,024</u> | <u>10,089,698</u> |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 109,058,889 | 547,021 | - | 109,605,910 |
| Furniture and maintenance equipment | 467,524 | 15,721 | - | 483,245 |
| Vehicles and motor equipment | 2,641,955 | 29,507 | - | 2,671,462 |
| Total capital assets being depreciated: | <u>112,168,368</u> | <u>592,249</u> | <u>-</u> | <u>112,760,617</u> |
| Less accum. depreciation for: | | | | |
| Plant and distribution systems | 45,904,252 | 2,976,935 | - | 48,881,187 |
| Furniture and maintenance equipment | 304,084 | 53,026 | - | 357,110 |
| Vehicles and motor equipment | 1,968,513 | 191,511 | - | 2,160,024 |
| Total accumulated depreciation | <u>48,176,849</u> | <u>3,221,472</u> | <u>-</u> | <u>51,398,321</u> |
| Total capital assets being depreciated, net | <u>63,991,519</u> | | | <u>61,362,296</u> |
| Utility fund capital assets, net | <u>\$ 69,083,908</u> | | | <u>\$ 71,451,994</u> |

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Construction commitments

The government has active construction projects as of June 30, 2011. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2011, the government's commitments with contractors are as follows:

| Project | Spent-to-date | Remaining Commitment |
|-------------------------------------|---------------|-------------------------|
| General Fund: | | |
| Stoney Creek stream enhancement | \$ 292,847 | \$ 467,933 |
| Central Heights Rd. sidewalk | - | 164,344 |
| Goldsboro energy efficient lighting | 108,094 | 75,506 |
| Street resurfacing | - | 412,919 |
| Peacock Park maintenance bldg | - | 263,532 |
| Total general fund | \$ 400,941 | 1,384,234 |
| Utility Fund-Annexation | \$ - | \$ 412,919 |
| Total | \$ 400,941 | \$ 1,797,153 |

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 6.45% and 6.41%, 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, 2011, 2010, and 2009 were \$1,208,008, \$919,501, and \$903,226, 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.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

| | |
|-----------------------------|------------|
| Retirees receiving benefits | 12 |
| Active plan members | 115 |
| Total | <u>127</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.

The annual required contribution for the current year was determined as part of the December 31, 2010 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 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The 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, 2010 was 20 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 | \$ 225,959 |
| Interest on net pension obligation | 10,817 |
| Adjustment to annual required contribution | <u>(11,582)</u> |
| Annual pension cost | 225,194 |
| Contributions made | <u>185,541</u> |
| Increase (decrease) in net pension obligation | 39,653 |
| Net pension obligation beginning of year | 216,347 |
| Net pension obligation end of year | <u>\$ 256,000</u> |

| 3 Year Trend Information | | | |
|---------------------------|---------------------------------|-------------------------------------|---------------------------|
| For Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 2009 | 165,026 | 78.87% | 202,790 |
| 2010 | 178,270 | 92.40% | 216,347 |
| 2011 | 225,194 | 82.39% | 256,000 |

City of Goldsboro, North Carolina
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4. Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$2,116,860, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,116,860. The covered payroll (annual payroll of active employees covered by the plan) was \$4,644,917 and the ratio of the UAAL to the covered payroll was 45.57%.

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.

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, 2011 were \$230,422, 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, 2011, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$2,880 for the 24 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by member contributions, investment income, and a State appropriation.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Also, the City has recognized as a revenue and an expenditure on-behalf payment for fringe benefits and salaries of \$27,242 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, 2011. 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> |

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 | <u>731,207</u> |
| Net OPEB obligation, end of year | <u>\$ 1,104,483</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 |
|---------------------------|---------------------|---|------------------------|
| 2011 | \$385,361 | 3.1% | \$1,104,483 |
| 2010 | 385,361 | 3.1% | 731,207 |
| 2009 | 357,931 | 2.2% | 357,931 |

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

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 | \$ 1,565,114 | \$ 6,765 | \$ - |
| Cemetery receivable | 14,631 | - | - |
| Refuse receivable | 421,560 | - | - |
| Assessments receivable | 115,133 | - | - |
| Prepaid assessments-unearned | - | - | 544,431 |
| Prepaid revenues-unearned | 2,361 | - | 7,120 |
| Miscellaneous receivable | 385,157 | - | - |
| Total | \$ 2,503,956 | \$ 6,765 | \$ 551,551 |

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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:

| | <u>2011</u> |
|---------------------------------------|------------------|
| Claims liability beginning of year | \$ - |
| Claims incurred during the year | 3,809,373 |
| Changes in estimates for prior claims | |
| Payments on claims during year | <u>3,809,373</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.

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, 2011, 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

b. General Obligation Indebtedness

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

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The City's general obligation bonds payable at June 30, 2011 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 | \$ 46,856 |
|---|-----------|

| | |
|--|---------|
| \$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 | 550,000 |
|--|---------|

| | |
|---|---------|
| \$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 | 164,319 |
|---|---------|

| | |
|---|-----------|
| \$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 | 1,047,360 |
|---|-----------|

| | |
|---|-----------|
| \$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 | 2,975,000 |
|---|-----------|

| | |
|-------|---------------------|
| Total | <u>\$ 4,783,535</u> |
|-------|---------------------|

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 | \$ 4,000,000 |
|---|--------------|

| | |
|---|-----------|
| \$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 | 568,144 |
|--|---------|

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

\$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 2,200,000

\$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 1,207,756

\$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 2,012,924

\$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 3,117,640

Total 21,711,464

Less: deferred issuance costs of funding bonds (338,615)
\$ 21,372,849

At June 30, 2011, City of Goldsboro had bonds authorized but unissued of \$0 and a legal debt margin of \$150,531,837.

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 |
| 2012 | \$ 388,558 | \$ 200,060 | \$ 2,146,285 | \$ 829,363 | \$ 2,534,843 | \$ 1,029,423 |
| 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 | 306,749 | 154,188 | 1,706,199 | 585,448 | 2,012,948 | 739,636 |
| 2016 | 300,440 | 142,154 | 1,636,100 | 516,319 | 1,936,540 | 658,473 |
| 2017-2021 | 1,502,200 | 525,949 | 5,258,957 | 1,879,899 | 6,761,157 | 2,405,848 |
| 2022-2026 | 1,217,960 | 226,187 | 3,997,040 | 953,447 | 5,215,000 | 1,179,634 |
| 2027-2030 | 350,000 | 19,688 | 2,460,000 | 249,076 | 2,810,000 | 268,764 |
| Principal and interest payment totals | <u>\$ 4,783,535</u> | <u>\$ 1,621,195</u> | <u>\$ 21,372,849</u> | <u>\$ 6,426,893</u> | <u>\$ 26,156,384</u> | <u>\$ 8,048,088</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, 2011 was \$2,500,915.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2011 was \$2,933,333.

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, 2011 was \$73,940.

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, 2011 was \$3,750,000.

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, 2011 was \$230,455.

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, 2011 was \$1,798,249.

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, 2011 was \$1,123,035.

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, 2011, the outstanding balance is \$750,000. 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, 2011 of \$8,530,264. 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, 2011 was \$230,450.

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. The balance outstanding at June 30, 2011 was \$6,460,894.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Annual debt service requirements to maturity for the above notes, including interest of \$2,761,661 for the Utility Fund and \$2,486,242 for the Governmental Funds, are as follows:

| Year Ending June 30, | Governmental Fund | | Utility Fund | |
|-------------------------|----------------------|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2012 | \$ 1,198,096 | \$ 439,396 | \$ 1,825,818 | \$ 461,720 |
| 2013 | 1,174,189 | 393,182 | 1,825,818 | 408,004 |
| 2014 | 1,149,172 | 348,079 | 1,825,818 | 335,144 |
| 2015 | 1,072,354 | 303,887 | 1,825,818 | 290,578 |
| 2016 | 1,072,354 | 261,295 | 1,825,818 | 246,012 |
| 2017-2021 | 4,604,060 | 681,588 | 4,681,627 | 655,692 |
| 2022-2026 | 1,016,667 | 58,815 | 1,668,702 | 283,750 |
| 2027-2030 | - | - | 1,615,224 | 80,762 |
| | <u>\$ 11,286,892</u> | <u>\$ 2,486,242</u> | <u>\$ 17,094,643</u> | <u>\$ 2,761,661</u> |

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, 2011:

| | Balance July 1, 2010 | Increases | Decreases | Balance June 30, 2011 | Current Portion of Balance |
|---|-------------------------|-------------------|---------------------|--------------------------|----------------------------------|
| Governmental activities: | | | | | |
| General obligation debt | \$ 5,186,392 | \$ - | \$ 402,857 | \$ 4,783,535 | \$ 388,558 |
| Capitalized leases | 88,547 | - | 88,547 | - | - |
| Notes Payable | 12,483,544 | - | 1,196,652 | 11,286,892 | 1,198,096 |
| Net pension obligation | 216,347 | 39,653 | - | 256,000 | - |
| Net OPEB obligation | 684,644 | 338,798 | 12,085 | 1,011,357 | - |
| Compensated absences | 1,385,418 | 576,027 | 558,675 | 1,402,770 | 420,831 |
| Total governmental Activities | <u>\$ 20,044,892</u> | <u>\$ 954,478</u> | <u>\$ 2,258,816</u> | <u>\$ 18,740,554</u> | <u>\$ 1,957,485</u> |
| Business-type activities: | | | | | |
| General obligation debt | \$ 23,307,760 | \$ - | \$ 1,934,911 | \$ 21,372,849 | \$ 2,534,843 |
| Notes Payable | 18,597,417 | - | 1,502,774 | 17,094,643 | 1,825,818 |
| Net OPEB obligation | 46,563 | 46,563 | - | 93,126 | - |
| Compensated absences | 223,565 | 70,877 | 66,707 | 227,735 | 68,320 |
| Total-business type activities | <u>\$ 42,175,305</u> | <u>\$ 7,440</u> | <u>\$ 3,504,392</u> | <u>\$ 38,788,353</u> | <u>\$ 4,428,981</u> |

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

C. Interfund Balances and Activity

Balances due 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 advanced \$100,000 to the Community Development for operating expenses.

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

D. Revenues, Expenditures, and Expenses

On-behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2011, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$2,880 for the 24 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by member contributions, investment income, and a State appropriation.

Also, the City has recognized as revenue and an expenditure on-behalf payment for fringe benefits and salaries of \$27,242 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, 2011. 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. Fund Balance

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

| | |
|-------------------------------------|--------------|
| Total fund balance – General Fund | \$ 8,672,958 |
| Less: | |
| Inventories | 185,985 |
| Stabilization by state statute | 4,240,257 |
| Working Capital/Fund Balance Policy | 4,246,716 |
| Remaining Fund Balance | <u>0</u> |

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

| | | |
|--------------|--------------|-----------------|
| Encumbrances | General Fund | Non-Major Funds |
| | \$ 1,551,841 | \$ 0 |

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, 2011. 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, 2011. 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 \$151,432 to the Authority during fiscal year ended June 30, 2011. The participating governments do not have any

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2011. In accordance with the intergovernmental agreement between the participating governments, the City appropriated \$0 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 lightening insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees.

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2011. 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.

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 North Carolina Department of Transportation funded the construction cost with stimulus funds. An allocation of \$1.2 million will be funded from street improvement bonds to cover the City's 21% match. This project has a projected completion date of February 2012.

The City of Goldsboro has a multi-stage water treatment plant improvement program. In December 2009, the City of Goldsboro began the construction for Phase I of the Water Treatment Plant at a cost of \$6.4 million. The

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

estimated completion date of Phase I is December 2011. Phase II of this multi-stage upgrade will begin in October 2011 at a cost of \$2.9 million. Both of these construction projects have been funded with financing from the North Carolina Department of Environmental and Natural Resources, Division of Water Quality.

Phase XI, Study Area E was annexed within Goldsboro's corporate limits on September 30, 2008. The North Carolina General Assembly adopted a local bill which would allow the repeal of an annexation that was lawfully enacted and effective since 2008. This Session Law 2011-177(HB56) provides significant changes to North Carolina's annexation laws and allows property owners in the Phase XI area to petition to remain in or to be removed from the corporate limits of Goldsboro. The City of Goldsboro has made significant investments to date in order to provide services to this area and sold \$8.6 million in sewer bonds to provide sanitary sewer. Goldsboro plans to continue to evaluate the proposed legislation and is consistent with local, state and federal laws.

Management has evaluated subsequent events through November 29, 2011, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

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

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

Exhibit A-1

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability(AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payrol © | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|---------------------------------|--------------------------|------------------------|---|
| 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% |
| 12/31/2010 | - | 2,116,860 | 2,116,860 | 0% | 4,644,917 | 45.57% |

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% |
| 2011 | 225,959 | 82.11% |

* 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 | 12/31/2010 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 20 years |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Investment rate of return* | 5.00% |
| Projected Salary Increase* | 4.25 - 7.85% |
| *Includes inflation at | 3.00% |
| 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% |
| 2011 | 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% |

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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.

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, 2011

Page 1 of 6

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------|---------------|------------------------------------|
| REVENUES | | | |
| Ad valorem taxes | \$ 14,016,678 | \$ 13,406,434 | \$ (610,244) |
| Penalties and interest | 90,000 | 89,886 | (114) |
| Total | 14,106,678 | 13,496,320 | (610,358) |
| Other taxes and licenses: | | | |
| Local option sales taxes | 5,793,469 | 5,743,051 | (50,418) |
| Privilege licenses | 340,000 | 348,402 | 8,402 |
| Vehicle taxes - rental/leases | 24,500 | 42,099 | 17,599 |
| Penalties and interest | 2,200 | 2,191 | (9) |
| Solid waste disposal tax | 28,000 | 25,747 | (2,253) |
| Total | 6,188,169 | 6,161,490 | (26,679) |
| Unrestricted intergovernmental | | | |
| Payment in lieu of taxes | 71,000 | 75,082 | 4,082 |
| Utility taxes | 2,660,893 | 2,413,681 | (247,212) |
| Beer and wine tax | 169,340 | 168,860 | (480) |
| Wayne County School Resource | 30,000 | 30,000 | - |
| ABC revenues | 100,000 | 142,667 | 42,667 |
| Cherry Hospital reimbursement | 79,675 | 99,593 | 19,918 |
| DEA funds | 23,421 | 25,806 | 2,385 |
| Travel and tourism reimbursement | - | - | - |
| Total | 3,134,329 | 2,955,689 | (178,640) |
| Restricted intergovernmental: | | | |
| Powell Bill allocation | 1,013,344 | 1,010,569 | (2,775) |
| Controlled substance tax | 15,750 | 14,755 | (995) |
| Local Law Enforcement Block Grant | 338,189 | 334,902 | (3,287) |
| Transportation planning grant | 436,400 | 88,273 | (348,127) |
| Clean Water Management Grant | 760,780 | 458,415 | (302,365) |
| GWTA garage reimbursement | 469,998 | 396,018 | (73,980) |
| Fit Community Grant | - | 27,541 | 27,541 |
| East Carolina Housing Grant | 31,400 | 31,770 | 370 |
| Total | 3,065,861 | 2,362,243 | (703,618) |
| Permits and fees: | | | |
| Building and inspection permits | 85,000 | 108,256 | 23,256 |
| Mechanical permits | 65,000 | 82,576 | 17,576 |
| Plumbing, gas and electric inspections | 112,000 | 132,982 | 20,982 |
| Miscellaneous permits | 82,600 | 93,904 | 11,304 |
| Total | 344,600 | 417,718 | 73,118 |

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, 2011

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| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|------------------|------------------|---|
| Sales and services: | | | |
| Recreation fees | 188,250 | 184,261 | (3,989) |
| Golf course revenue | 565,600 | 565,395 | (205) |
| Recyclable materials sold | 22,000 | 15,943 | (6,057) |
| Cemetery services | 85,000 | 63,392 | (21,608) |
| Refuse services | 3,082,336 | 3,088,875 | 6,539 |
| Cable franchise fees | 345,000 | 317,303 | (27,697) |
| Stormwater management fees | 10,000 | 16,070 | 6,070 |
| Miscellaneous fees and services | 19,400 | 14,195 | (5,205) |
| Total | <u>4,317,586</u> | <u>4,265,434</u> | <u>(52,152)</u> |
| Investment earnings | 40,800 | 14,342 | (26,458) |
| Miscellaneous: | | | |
| Cemetery lot sales | 15,000 | 5,917 | (9,083) |
| Officers fees | 26,575 | 31,538 | 4,963 |
| Sale of property | 17,500 | 51,893 | 34,393 |
| Assessments | 18,200 | 2,271 | (15,929) |
| Other miscellaneous | 285,000 | 485,985 | 200,985 |
| Total | <u>362,275</u> | <u>577,604</u> | <u>215,329</u> |
| Total revenues | 31,560,298 | 30,250,840 | (1,309,458) |
| EXPENDITURES | | | |
| General government | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 234,390 | |
| Operating expenses | | 472,878 | |
| Total | <u>778,200</u> | <u>707,268</u> | <u>70,932</u> |
| Administration: | | | |
| Salaries and employee benefits | | 625,759 | |
| Operating expenditures | | 822,496 | |
| Reimbursement-enterprise fund | | (247,798) | |
| Total | <u>1,617,876</u> | <u>1,200,457</u> | <u>417,419</u> |
| Finance: | | | |
| Salaries and employee benefits | | 688,943 | |
| Operating expenditures | | 310,402 | |
| Reimbursement-enterprise fund | | (708,817) | |
| Total | <u>1,030,247</u> | <u>290,528</u> | <u>739,719</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, 2011

Page 3 of 6

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Public building and grounds: | | | |
| Salaries and employee benefits | | 165,159 | |
| Operating expenditures | | 184,114 | |
| Capital outlay | | - | |
| Total | <u>384,866</u> | <u>349,273</u> | <u>35,593</u> |
| Total general government | 3,811,188 | 2,547,526 | 1,263,662 |
| Transportation: | | | |
| Street and highways: | | | |
| Salaries and employee benefits | | 1,613,618 | |
| Street lights | | 580,349 | |
| Operating expenditures | | 854,190 | |
| Capital outlay | | 147,432 | |
| Total | <u>3,195,589</u> | <u>3,195,589</u> | <u>(0)</u> |
| Goldsboro/Wayne Transportation Authority: | <u>179,346</u> | <u>151,432</u> | <u>27,914</u> |
| Total transportation | 3,374,935 | 3,347,021 | 27,914 |
| Economic and physical development: | | | |
| Planning and redevelopment | | | |
| Salaries and employee benefits | | 732,171 | |
| Operating expenditures | | 403,474 | |
| Total | <u>1,821,883</u> | <u>1,135,645</u> | <u>686,238</u> |
| Community affairs | | | |
| Salaries and employee benefits | | 187,738 | |
| Operating expenditures | | 13,031 | |
| Total | <u>206,097</u> | <u>200,769</u> | <u>5,328</u> |
| Downtown district | | | |
| Salaries and employee benefits | | 200,314 | |
| Operating expenditures | | 117,076 | |
| Total | <u>345,224</u> | <u>317,390</u> | <u>27,834</u> |
| Other appropriations | | | |
| WATCH | | 20,000 | |
| Seymour Support Council | | - | |
| Total | <u>40,000</u> | <u>20,000</u> | <u>20,000</u> |
| Total economic and physical development | 2,413,203 | 1,673,804 | 739,399 |

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, 2011

Page 4 of 6

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-----------------------------------|-------------------|-------------------|---|
| Public safety: | | | |
| Personnel and safety: | | | |
| Salaries and employee benefits | | 612,388 | |
| Operating expenditures | | 90,375 | |
| Capital outlay | | - | |
| Total | <u>724,765</u> | <u>702,763</u> | <u>22,002</u> |
| Building and traffic maintenance: | | | |
| Salaries and employee benefits | | 397,118 | |
| Operating expenditures | | 126,947 | |
| Capital outlay | | 35,040 | |
| Reimbursement-enterprise fund | | (48,623) | |
| Total | <u>573,787</u> | <u>510,482</u> | <u>63,305</u> |
| Engineering: | | | |
| Salaries and employee benefits | | 429,301 | |
| Operating expenditures | | 68,313 | |
| Capital outlay | | 292,847 | |
| Reimbursement-enterprise fund | | (47,256) | |
| Total | <u>1,284,674</u> | <u>743,205</u> | <u>541,469</u> |
| Fire: | | | |
| Salaries and employee benefits | | 4,547,235 | |
| Operating expenditures | | 509,356 | |
| Capital outlay | | 897,841 | |
| Total | <u>6,290,123</u> | <u>5,954,432</u> | <u>335,691</u> |
| Police: | | | |
| Salaries and employee benefits | | 6,829,305 | |
| Operating expenditures | | 1,240,626 | |
| Capital expenditures | | - | |
| Total | <u>8,407,425</u> | <u>8,069,931</u> | <u>337,494</u> |
| Animal control: | | | |
| Salaries and employee benefits | | 51,298 | |
| Operating expenditures | | 5,292 | |
| Total | <u>56,887</u> | <u>56,590</u> | <u>297</u> |
| Inspections: | | | |
| Salaries and employee benefits | | 567,833 | |
| Operating expenditures | | 81,672 | |
| Total | <u>936,585</u> | <u>649,505</u> | <u>287,080</u> |
| Other appropriations: | | | |
| Assistance to Stop the Funeral | <u>26,200</u> | <u>26,200</u> | <u>-</u> |
| Total public safety | 18,300,447 | 16,713,108 | 1,587,339 |

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, 2011

Page 5 of 6

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Environmental protection: | | | |
| Cemetery: | | | |
| Salaries and employee benefits | | 212,030 | |
| Operating expenditures | | 36,868 | |
| Capital Outlay | | - | |
| Total | <u>271,404</u> | <u>248,898</u> | <u>22,506</u> |
| Sanitation: | | | |
| Salaries and employee benefits | | 2,044,417 | |
| Operating expenditures | | 950,378 | |
| Capital outlay | | 201,554 | |
| Total | <u>3,266,254</u> | <u>3,196,349</u> | <u>69,905</u> |
| Total environmental protection | 3,537,659 | 3,445,247 | 92,412 |
| Cultural and recreational: | | | |
| Parks and recreation: | | | |
| Salaries and employee benefits | | 1,294,024 | |
| Operating expenditures | | 341,047 | |
| Capital outlay | | 29,074 | |
| Total | <u>2,072,593</u> | <u>1,664,145</u> | <u>408,448</u> |
| Golf Course: | | | |
| Salaries and employee benefits | | 450,503 | |
| Operating expenditures | | 268,668 | |
| Total | <u>765,015</u> | <u>719,171</u> | <u>45,844</u> |
| Assistance to museum: | <u>12,000</u> | <u>12,000</u> | <u>-</u> |
| Total cultural and recreational | 2,849,608 | 2,395,316 | 454,292 |

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, 2011

Page 6 of. 6

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|-----------------------|---|
| Debt Service: | | | |
| Principal | | 1,388,055 | |
| Interest | | 510,241 | |
| Total debt service | <u>1,913,521</u> | <u>1,898,296</u> | <u>15,225</u> |
| Total expenditures | <u>36,200,561</u> | <u>32,020,318</u> | <u>4,180,243</u> |
| Revenue over expenditures | (4,640,262) | (1,769,478) | 2,870,784 |
| Other financing sources (uses): | | | |
| Transfer from Utility Fund | <u>1,052,493</u> | | <u>(1,052,493)</u> |
| Total other financing sources (uses) | <u>1,052,493</u> | <u>-</u> | <u>(1,052,493)</u> |
| Revenue and other financing sources over (under) expenditures and other financing uses | (3,587,769) | (1,769,478) | 1,818,291 |
| Fund balance appropriated | <u>3,587,769</u> | <u>-</u> | <u>(3,587,769)</u> |
| Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses | <u>\$ -</u> | <u>(1,769,478)</u> | <u>\$ (1,769,478)</u> |
| Fund balances, beginning | | 10,489,896 | |
| Increase (decrease) in inventory | | <u>(47,460)</u> | |
| Fund balances - ending | | <u>\$ 8,672,958</u> | |

NON-MAJOR GOVERNMENTAL FUNDS

City of Goldsboro, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2011

| | Downtown District Fund | Occupancy Tax Fund | Community Development Fund | Capital Project Fund-Street | Totals |
|--|---------------------------|-----------------------|----------------------------------|--------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 115,480 | \$ 2,242,478 | \$ 55,595 | \$ - | \$ 2,413,553 |
| Accounts receivable | 6,765 | - | 173,185 | - | 179,950 |
| Restricted assets | | | | | |
| Cash and investments | - | - | - | 3,206,228 | 3,206,228 |
| Total assets | <u>\$ 122,245</u> | <u>\$ 2,242,478</u> | <u>\$ 228,780</u> | <u>\$ 3,206,228</u> | <u>\$ 5,799,731</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 2,753 | \$ - | \$ 116,456 | \$ - | \$ 119,209 |
| Due to other funds | - | - | 100,000 | - | 100,000 |
| Deferred revenues | 6,765 | - | - | - | 6,765 |
| Total liabilities | <u>9,518</u> | <u>-</u> | <u>216,456</u> | <u>-</u> | <u>225,974</u> |
| Fund balances: | | | | | |
| Restricted | | | | | |
| Streets | - | - | - | 3,206,228 | 3,206,228 |
| Committed | | | | | |
| Economic Development | - | 1,980,057 | 12,324 | - | 1,992,381 |
| Downtown Development | 112,727 | - | - | - | 112,727 |
| Assigned | | | | | |
| Subsequent year's expenditures | - | 262,421 | - | - | 262,421 |
| Unassigned | - | - | - | - | - |
| Total equity | <u>112,727</u> | <u>2,242,478</u> | <u>12,324</u> | <u>3,206,228</u> | <u>5,573,757</u> |
| Total liabilities and fund balances | <u>\$ 122,245</u> | <u>\$ 2,242,478</u> | <u>\$ 228,780</u> | <u>\$ 3,206,228</u> | <u>\$ 5,799,731</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, 2011

| | Downtown District Fund | Occupancy Tax Fund | Community Development Fund | Capital Project Fund - Street | Totals |
|---|---------------------------|-----------------------|----------------------------------|----------------------------------|---------------------|
| Revenues: | | | | | |
| Restricted intergovernmental | | | | | |
| Community Development Block Grant | \$ - | \$ - | \$ 65,026 | \$ - | \$ 65,026 |
| Home Partnership Program | - | - | 613,296 | - | 613,296 |
| Program income | - | - | 3,375 | - | 3,375 |
| Ad valorem taxes | 69,228 | - | - | - | 69,228 |
| Penalties and interest | 475 | - | - | - | 475 |
| Other taxes and licenses | - | 548,007 | - | - | 548,007 |
| Investment earnings | 159 | 3,904 | 4,674 | - | 8,737 |
| Other income | - | - | 921 | - | 921 |
| Total revenues | <u>69,862</u> | <u>551,911</u> | <u>687,292</u> | <u>-</u> | <u>1,309,065</u> |
| Expenditures | | | | | |
| Economic and physical development | | | | | |
| Operating expenditures | - | 431,922 | 40,037 | 354,372 | 826,331 |
| Downtown revitalization | 40,419 | - | 761,969 | - | 802,388 |
| Capital Outlay | - | 25,000 | - | - | 25,000 |
| Total Economic and physical development | <u>40,419</u> | <u>456,922</u> | <u>802,006</u> | <u>354,372</u> | <u>1,653,719</u> |
| Debt Service: | | | | | |
| Principal | - | 300,000 | - | - | 300,000 |
| Interest | - | 180,465 | - | - | 180,465 |
| Total debt service | <u>-</u> | <u>480,465</u> | <u>-</u> | <u>-</u> | <u>480,465</u> |
| Total expenditures | <u>40,419</u> | <u>937,387</u> | <u>802,006</u> | <u>354,372</u> | <u>2,134,184</u> |
| Revenues over (under) expenditures | 29,443 | (385,476) | (114,714) | (354,372) | (825,119) |
| FUND BALANCES, beginning of year | <u>83,284</u> | <u>2,627,954</u> | <u>127,038</u> | <u>3,560,600</u> | <u>6,398,876</u> |
| FUND BALANCES, end of year | <u>\$ 112,727</u> | <u>\$ 2,242,478</u> | <u>\$ 12,324</u> | <u>\$ 3,206,228</u> | <u>\$ 5,573,757</u> |

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

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, 2011

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---------------------------------------|--------------------------|-------------------|---------------------------|-------------------|------------------------------------|
| Revenues: | | | | | |
| Restricted intergovernmental | | | | | |
| Community Development Block Grant | \$ - | \$ 4,906,617 | \$ 65,026 | \$ 4,971,643 | |
| Home Partnership Program | | 3,096,625 | 613,296 | 3,709,921 | |
| Hazard Mitigation Grant Program | | 410,394 | - | 410,394 | |
| State Acquisition and Relocation Fund | | 16,079,451 | - | 16,079,451 | |
| Program income | | 177,475 | 3,375 | 180,850 | |
| Investment earnings | | 25,751 | 4,674 | 30,425 | |
| Miscellaneous | | 20,498 | 921 | 21,419 | |
| Total revenues | <u>29,384,928</u> | <u>24,716,811</u> | <u>687,292</u> | <u>25,404,103</u> | <u>(3,980,825)</u> |
| Expenditures: | | | | | |
| Administration | | 1,295,421 | 40,037 | 1,335,458 | |
| Acquisition | | 9,184,632 | 11,517 | 9,196,149 | |
| Clearance activities | | 1,259,484 | - | 1,259,484 | |
| Relocation assistance | | 4,037,040 | - | 4,037,040 | |
| Rehabilitation | | 1,608,068 | - | 1,608,068 | |
| After school enrichment | | 174,960 | - | 174,960 | |
| Other | | 7,030,168 | 750,452 | 7,780,620 | |
| Total expenditures | <u>29,384,928</u> | <u>24,589,773</u> | <u>802,006</u> | <u>25,391,779</u> | <u>3,993,149</u> |
| Revenue over (under) expenditures | <u>\$ -</u> | <u>\$ 127,038</u> | <u>(114,714)</u> | <u>\$ 12,324</u> | <u>\$ 12,324</u> |
| Fund balance, beginning of year | | | <u>127,038</u> | | |
| Fund balance, end of year | | | <u>\$ 12,324</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, 2011

| | Budget | Actual | Variance Positive (Negative) |
|---|---------------|-------------------|---------------------------------|
| Revenues: | | | |
| Ad valorem taxes | \$ 68,598 | \$ 69,228 | \$ 630 |
| Penalties and interest | 200 | 475 | 275 |
| Investment earnings | 300 | 161 | (139) |
| Other income | - | (2) | (2) |
| Total revenues | <u>69,098</u> | <u>69,862</u> | <u>764</u> |
| Expenditures: | | | |
| Salaries and employee benefits | - | - | - |
| Downtown revitalization | <u>97,130</u> | <u>40,419</u> | <u>56,711</u> |
| Total expenditures | <u>97,130</u> | <u>40,419</u> | <u>56,711</u> |
| Revenue over (under) expenditures | (28,032) | 29,443 | 57,475 |
| Fund balance appropriated | <u>28,032</u> | <u>-</u> | <u>(28,032)</u> |
| Revenues and appropriated fund balance over (under) expenditures | <u>\$ -</u> | <u>29,443</u> | <u>\$ 29,443</u> |
| Fund balance, beginning of year | | <u>83,284</u> | |
| Fund balance, end of year | | <u>\$ 112,727</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, 2011

| | Budget | Actual | Variance Positive (Negative) |
|--|----------------|---------------------|---------------------------------|
| Revenues: | | | |
| Other taxes and licenses | \$ 495,000 | \$ 548,007 | \$ 53,007 |
| Investment earnings | 6,200 | 3,904 | (2,296) |
| Total revenues | <u>501,200</u> | <u>551,911</u> | <u>50,711</u> |
| Tourism expenses: | | | |
| Operating expenditures | 431,992 | 431,922 | 70 |
| Capital Outlay | 25,000 | 25,000 | - |
| Total Expenses | <u>456,992</u> | <u>456,922</u> | <u>70</u> |
| Debt Service: | | | |
| Principal | | 300,000 | |
| Interest | | 180,465 | |
| Total debt service | <u>480,465</u> | <u>480,465</u> | <u>-</u> |
| Revenues over (under) expenditures | (436,257) | (385,476) | 50,781 |
| Fund balance appropriated | <u>436,257</u> | <u>-</u> | <u>436,257</u> |
| Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses | <u>\$ -</u> | <u>(385,476)</u> | <u>\$ (385,476)</u> |
| Fund balance, beginning of year | | <u>2,627,954</u> | |
| Fund balance, end of year | | <u>\$ 2,242,478</u> | |

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 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, 2011

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|--|--------------------------|---------------------|---------------------|---------------------|------------------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues | | | | | |
| Street Project | | | | | |
| Investment earnings | \$ 4,250 | \$ 445,223 | \$ - | \$ 445,223 | \$ 440,973 |
| Expenditures | | | | | |
| Street Project Fund | | | | | |
| Construction costs | | 1,888,586 | 354,372 | 2,242,958 | |
| Technical services | | 52,534 | - | 52,534 | |
| Right of way | | - | - | - | |
| Total expenditures | <u>5,139,250</u> | <u>1,941,120</u> | <u>354,372</u> | <u>2,295,492</u> | <u>2,843,758</u> |
| Revenues over (under) expenditures | (5,135,000) | (1,495,897) | (354,372) | (1,850,269) | 3,284,731 |
| Other financing sources (uses) | | | | | |
| Proceeds from bond issuance | 3,500,000 | 3,500,000 | - | 3,500,000 | - |
| Transfer to (from) other funds | 1,635,000 | 1,556,497 | - | 1,556,497 | (78,503) |
| Total other financing sources | <u>5,135,000</u> | <u>5,056,497</u> | <u>-</u> | <u>5,056,497</u> | <u>(78,503)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 3,560,600</u> | <u>\$ (354,372)</u> | <u>\$ 3,206,228</u> | <u>\$ 3,206,228</u> |
| Fund balance, beginning of year | | | <u>3,560,600</u> | | |
| Fund balance, end of year | | | <u>\$ 3,206,228</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, 2011

Exhibit E-1
Page 1 of 2

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------------|---------------|---------------|------------------------------------|
| Revenues | | | |
| Operating revenues: | | | |
| Charges for services | \$ 14,920,692 | \$ 13,644,004 | \$ (1,276,688) |
| Assessments | 53,000 | 24,262 | (28,738) |
| Water and sewer taps | 53,000 | 57,556 | 4,556 |
| Other operating revenues | 355,100 | 636,393 | 281,293 |
| Total operating revenues | 15,381,792 | 14,362,215 | (1,019,577) |
| Nonoperating revenues: | | | |
| Investment earnings | 63,300 | 21,748 | (41,552) |
| Total nonoperating revenues | 63,300 | 21,748 | (41,552) |
| Total revenues | 15,445,092 | 14,383,963 | (1,061,129) |
| Expenditures | | | |
| Maintenance | | | |
| Salaries and employee benefits | | 1,218,989 | |
| Travel | | 1,628 | |
| Supplies | | 392,895 | |
| Insurance | | 10,067 | |
| Repairs and maintenance | | 27,154 | |
| Other expenses | | 310,724 | |
| | 2,169,007 | 1,961,457 | 207,550 |
| Water Plant | | | |
| Salaries and employee benefits | | 625,674 | |
| Travel | | 2,152 | |
| Supplies | | 597,268 | |
| Insurance | | 55,948 | |
| Utilities | | 233,024 | |
| Repairs and maintenance | | 343,794 | |
| Other expenses | | 471,683 | |
| Utility service fee | | 526,247 | |
| | 3,533,393 | 2,855,790 | 677,603 |
| Waste Treatment Plant | | | |
| Salaries and employee benefits | | 1,045,398 | |
| Travel | | 2,266 | |
| Supplies | | 58,207 | |
| Insurance | | 114,316 | |
| Utilities | | 539,199 | |
| Repairs and maintenance | | 563,607 | |
| Other expenses | | 206,956 | |
| Utility service fee | | 526,247 | |
| | 6,865,885 | 3,056,196 | 3,809,689 |

City of Goldsboro, North Carolina
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

Exhibit E-1
Page 2 of 2

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|-------------------|---------------------|---|
| Public works department | | | |
| Salaries and employee benefits | \$ - | \$ 251,523 | \$ - |
| Supplies | | 8,552 | |
| Insurance | | 25,823 | |
| Repairs and maintenance | | 64,443 | |
| Other expenses | | 84,489 | |
| Utility service fee | | 45,096 | |
| | <u>550,944</u> | <u>479,926</u> | <u>71,018</u> |
| Other | | | |
| General operating expenses | 449,919 | 149,913 | 300,006 |
| Budgetary appropriations | | | |
| Bond principal and other debt payments | | 3,524,916 | |
| Bond interest | | 1,323,413 | |
| Capital outlay | | 210,160 | |
| | <u>5,080,510</u> | <u>5,058,489</u> | <u>22,021</u> |
| Total expenditures | <u>18,649,657</u> | <u>13,561,771</u> | <u>5,087,887</u> |
| Revenues over (under) expenditures | (3,204,565) | 822,192 | 4,026,758 |
| Other financing sources (uses): | | | |
| Fund balance appropriated | <u>3,204,565</u> | <u>-</u> | <u>(3,204,565)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 822,192</u> | <u>\$ 822,192</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 822,192 | |
| Reconciling items: | | | |
| Capital outlay | | 210,160 | |
| Amortization of bond issuance costs | | (111,488) | |
| Amortization of bond premium costs | | 24,256 | |
| Bond principal and other debt payments | | 3,524,916 | |
| Depreciation expense | | <u>(3,221,473)</u> | |
| | | <u>426,371</u> | |
| Net income | | <u>\$ 1,248,563</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, 2011

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|--------------------------|---------------|----------------|---------------|------------------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues-water projects | | | | | |
| Investment earnings | \$ 59,675 | \$ 86,694 | \$ - | \$ 86,694 | \$ 27,019 |
| Other income | 50,000 | 22,974 | - | 22,974 | (27,026) |
| Total revenues-water projects | 109,675 | 109,668 | - | 109,668 | (7) |
| Revenues-sewer projects | | | | | |
| Restricted intergovernmental revenue | 3,000,000 | 1,356,713 | - | 1,356,713 | (1,643,287) |
| Investment earnings | 200,000 | 441,417 | - | 441,417 | 241,417 |
| Other income | 100,000 | 101,485 | - | 101,485 | 1,485 |
| Total revenues-sewer projects | 3,300,000 | 1,899,615 | - | 1,899,615 | (1,400,385) |
| Total revenues | 3,409,675 | 2,009,283 | - | 2,009,283 | (1,400,392) |
| Expenditures-water projects | | | | | |
| Construction | | 3,924,808 | 4,073,663 | 7,998,471 | |
| Total expenditures-water projects | 8,324,634 | 1,549,519 | 4,073,663 | 7,998,471 | 326,163 |
| Expenditures-sewer projects | | | | | |
| Construction | | 19,695,950 | - | 19,695,950 | |
| Legal and administrative | | 177,238 | - | 177,238 | |
| Total expenditures-sewer projects | 21,769,226 | 22,999,146 | - | 19,873,188 | 1,896,038 |
| Total expenditures | 30,093,860 | 24,548,665 | 4,073,663 | 27,871,659 | 2,222,201 |
| Revenues over (under) expenditures | (26,684,185) | (22,539,382) | (4,073,663) | (25,862,376) | 821,809 |
| Other financing sources (uses) | | | | | |
| Transfers out | - | - | - | - | - |
| Proceeds from long-term borrowings | 26,684,185 | 34,949,366 | - | 34,949,366 | 8,265,181 |
| Total other financing sources | 26,684,185 | 34,949,366 | - | 34,949,366 | 8,265,181 |
| Revenues and other financing sources over (under) expenditures | \$ - | \$ 12,409,984 | \$ (4,073,663) | \$ 9,086,990 | \$ 9,086,990 |

City of Goldsboro, North Carolina
Annexation 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, 2011

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|---|--------------------------|--------------|----------------|----------------|------------------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues | | | | | |
| Investment earnings | | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | | |
| Construction | 8,605,000 | 750,669 | 1,305,735 | 2,056,404 | 6,548,596 |
| Revenues over (under) expenditures | (8,605,000) | (750,669) | (1,305,735) | (2,056,404) | 6,548,596 |
| Other financing sources (uses) | | | | | |
| Transfer to general fund | - | | | - | - |
| Proceeds from loans | 8,605,000 | | - | - | (8,605,000) |
| Total other financing sources (uses) | 8,605,000 | - | - | - | (8,605,000) |
| Revenues and other financing sources over (under) expenditures | \$ - | \$ (750,669) | \$ (1,305,735) | \$ (2,056,404) | \$ (2,056,404) |

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.

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

Exhibit F-1

For the Year Ended June 30, 2011
(With Comparative Actual Amounts As Of June 30, 2010)

| <u>Governmental Capital Assets</u> | <u>2011</u> | <u>2010</u> |
|------------------------------------|-----------------------|----------------------|
| Land and improvements | \$ 6,641,295 | \$ 6,740,830 |
| Construction in process | 523,512 | 154,305 |
| Buildings | 17,399,958 | 17,393,968 |
| Streets and infrastructure | 62,092,065 | 61,671,573 |
| Vehicles and equipment | 13,512,128 | 13,026,324 |
| Total | <u>\$ 100,168,958</u> | <u>\$ 98,987,000</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, 2011

Exhibit F-2

| Functional and Activity | Balance June 30, 2010 | Additions | Deductions | Balance June 30, 2011 |
|-----------------------------------|--------------------------|---------------------|-------------------|--------------------------|
| General government | \$ 15,012,971 | \$ 22,595 | \$ - | \$ 15,035,566 |
| Transportation | 62,147,125 | 147,432 | 205,925 | 62,088,632 |
| Economic and physical development | 2,556,538 | 170,200 | 41,087 | 2,685,651 |
| Public safety | 4,702,885 | 1,271,193 | 610,707 | 5,363,371 |
| Environmental protection | 2,522,415 | 201,554 | 59,699 | 2,664,270 |
| Cultural ad recreational | 12,045,066 | 321,921 | 35,519 | 12,331,468 |
| Total | <u>\$ 98,987,000</u> | <u>\$ 2,134,895</u> | <u>\$ 952,937</u> | <u>\$ 100,168,958</u> |

ADDITIONAL FINANCIAL DATA

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

City of Goldsboro, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2011

| Fiscal Year | Uncollected Balance June 30, 2010 | Additions | Collections and Credits | Uncollected Balance June 30, 2011 |
|--------------------|--|----------------------|------------------------------------|--|
| 2010-2011 | - | 13,536,434 | 12,881,538 | 654,896 |
| 2009-2010 | 654,870 | - | 451,760 | 203,110 |
| 2008-2009 | 192,030 | - | 70,934 | 121,096 |
| 2008 and prior | 640,820 | - | 54,808 | 586,012 |
| | <u>\$ 1,487,720</u> | <u>\$ 13,536,434</u> | <u>\$ 13,459,040</u> | <u>\$ 1,565,114</u> |

Reconciliation with revenue

| | |
|--------------------------------------|----------------------|
| Ad Valorem taxes - General Fund | \$ 13,496,320 |
| Reconciling items: | |
| Interest collected | (89,886) |
| Taxes written off | 52,606 |
| Total collections and credits | <u>\$ 13,459,040</u> |

Downtown District Fund

| Fiscal Year | Uncollected Balance June 30, 2010 | Additions | Collections and Credits | Uncollected Balance June 30, 2011 |
|--------------------|--|------------------|------------------------------------|--|
| 2010-2011 | \$ - | \$ 70,799 | \$ 68,384 | \$ 2,415 |
| 2009-2010 | 1,937 | | 388 | 1,549 |
| 2008-2009 | 1,026 | | 64 | 962 |
| 2008 and prior | 2,354 | | 515 | 1,839 |
| | <u>\$ 5,317</u> | <u>\$ 70,799</u> | <u>\$ 69,351</u> | <u>\$ 6,765</u> |

Reconciliation with revenue

| | |
|--------------------------------------|------------------|
| Ad Valorem taxes - General Fund | \$ 69,703 |
| Reconciling items: | |
| Interest collected | (475) |
| Taxes written off | 123 |
| Total collections and credits | <u>\$ 69,351</u> |

City of Goldsboro, North Carolina
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2011

| | <u>Total Property Valuation</u> | <u>Rate</u> | <u>Amount of Levy</u> | <u>Property Excluding Registered Motor Vehicles</u> | <u>Registered Motor Vehicles</u> |
|--|-------------------------------------|-------------|---------------------------|---|--|
| Original levy-City: | | | | | |
| Property taxed at current years' rate | \$ 2,050,137,231 | \$ 0.65 | \$ 13,325,892 | \$ 11,992,224 | \$ 1,333,668 |
| Discoveries | 52,677,692 | 0.65 | \$ 342,405 | 342,405 | - |
| Abatements | <u>(20,286,615)</u> | | <u>\$ (131,863)</u> | <u>(38,031)</u> | <u>(93,832)</u> |
| Total property valuation | <u>\$ 2,082,528,308</u> | | | | |
| Net levy | | | \$ 13,536,434 | \$ 12,296,598 | \$ 1,239,836 |
| Uncollected taxes at June 30, 2011 | | | <u>(654,896)</u> | <u>(345,625)</u> | <u>(309,271)</u> |
| Current year's taxes collected | | | <u>\$ 12,881,538</u> | <u>\$ 11,950,973</u> | <u>\$ 930,565</u> |
| Current levy collection percentage | | | <u>95.16%</u> | <u>97.19%</u> | <u>75.06%</u> |
| Original levy-Downtown District: | | | | | |
| Property taxed at current years' rate | \$ 27,054,800 | \$ 0.25 | \$ 67,637 | \$ 64,858 | \$ 2,779 |
| Discoveries | 1,301,200 | 0.25 | 3,253 | 3,253 | - |
| Abatements | <u>(36,400)</u> | | <u>(91)</u> | <u>(14)</u> | <u>(77)</u> |
| Total property valuation | <u>\$ 28,319,600</u> | | | | |
| Net levy | | | \$ 70,799 | \$ 68,097 | \$ 2,702 |
| Uncollected taxes at June 30, 2011 | | | <u>(2,415)</u> | <u>(1,969)</u> | <u>(446)</u> |
| Current year's taxes collected | | | <u>\$ 68,384</u> | <u>\$ 66,128</u> | <u>\$ 2,256</u> |
| Current levy collection percentage | | | <u>96.59%</u> | <u>97.11%</u> | <u>83.49%</u> |

City of Goldsboro, North Carolina
ALL FUND
SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2011

Exhibit G-3

| | | <u>Market Value</u> |
|---|------------------|---------------------------|
| Cash | | |
| On Hand | | \$ 1,880 |
| NOW, SuperNOW, and Money Market | | <u>12,238,029</u> |
| Total Cash | | <u>12,239,909</u> |
| Other Investments | | |
| North Carolina Capital Management Trust | | <u>17,598,218</u> |
| Total Cash and Investments | | <u>\$ 29,838,127</u> |
| Distributed by Fund: | | |
| | | <u>Carrying Value</u> |
| General Fund | | |
| Unrestricted | \$ 6,840,169 | |
| Restricted | <u>517,054</u> | \$ 7,357,223 |
| Special Revenue Fund | | |
| Community Development Fund | 55,595 | |
| Downtown District Fund | 115,480 | |
| Occupancy Tax Fund | <u>2,242,478</u> | 2,413,553 |
| Capital Project Fund - Restricted | | |
| Street | <u>3,206,228</u> | 3,206,228 |
| Enterprise Fund | | |
| Unrestricted | 8,883,493 | |
| Restricted | <u>7,977,630</u> | <u>16,861,123</u> |
| Total Distributed by Fund | | <u>\$ 29,838,127</u> |

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.

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

Table 1

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 10,349,237 | \$ 10,900,382 | \$ 7,140,788 | \$ 24,367,481 | \$ 23,819,777 | \$ 28,179,346 | \$ 43,352,105 | \$ 43,695,950 | \$ 43,486,935 |
| Restricted | 373,985 | 305,651 | 4,824,678 | 1,434,487 | 4,381,889 | 3,842,808 | 3,753,545 | - | - |
| Stabilization by State Statute | | | | | | | | | 4,240,257 |
| Unrestricted | 13,615,624 | 14,522,684 | 15,075,042 | 14,792,325 | 15,854,330 | 15,843,512 | 10,473,600 | 11,842,223 | 6,121,406 |
| Total governmental activities net assets | \$ 24,338,846 | \$ 25,728,717 | \$ 27,040,508 | \$ 40,594,293 | \$ 44,055,996 | \$ 47,865,666 | \$ 57,579,250 | \$ 55,538,173 | \$ 53,848,598 |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 33,463,208 | \$ 34,196,788 | \$ 31,283,611 | \$ 33,388,957 | \$ 35,131,179 | \$ 37,208,215 | \$ 39,266,792 | \$ 41,557,490 | \$ 40,962,133 |
| Restricted | 956,825 | 827,915 | 3,608,762 | 2,353,571 | 993,147 | 546,602 | 485,597 | - | - |
| Unrestricted | 8,602,026 | 7,785,712 | 8,596,157 | 9,299,744 | 12,392,187 | 11,501,923 | 9,319,993 | 8,904,625 | 10,748,545 |
| Total business-type activities net assets | \$ 43,022,059 | \$ 42,810,415 | \$ 43,488,530 | \$ 45,042,272 | \$ 48,516,513 | \$ 49,256,740 | \$ 49,072,382 | \$ 50,462,115 | \$ 51,710,678 |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 43,812,445 | \$ 45,097,170 | \$ 38,424,399 | \$ 57,756,438 | \$ 58,950,956 | \$ 65,387,561 | \$ 82,618,897 | \$ 85,253,440 | \$ 84,449,068 |
| Restricted | 1,330,810 | 1,133,566 | 8,433,440 | 3,788,058 | 5,375,036 | 4,389,410 | 4,239,142 | - | - |
| Stabilization by State Statute | | | | | | | | | 4,240,257 |
| Unrestricted | 22,217,650 | 22,308,396 | 23,671,199 | 24,092,069 | 28,246,517 | 27,345,435 | 19,793,593 | 20,746,848 | 16,869,951 |
| Total primary government net assets | \$ 67,360,905 | \$ 68,539,132 | \$ 70,529,038 | \$ 85,636,565 | \$ 92,572,509 | \$ 97,122,406 | \$ 106,651,632 | \$ 106,000,288 | \$ 105,559,276 |

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

Table 2

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 2,101,338 | \$ 2,296,385 | \$ 1,925,858 | \$ 2,532,305 | \$ 2,905,578 | \$ 2,183,065 | \$ 3,312,696 | \$ 2,945,434 | \$ 2,947,130 |
| Public safety | 10,442,039 | 11,005,452 | 13,429,108 | 13,278,867 | 13,228,803 | 13,645,026 | 15,075,632 | 15,031,290 | 15,954,680 |
| Transportation | 2,772,185 | 3,094,412 | 2,894,082 | 3,248,984 | 3,715,936 | 2,433,738 | 3,834,972 | 4,256,885 | 4,835,713 |
| Economic and physical development | 6,994,364 | 2,543,067 | 1,672,661 | 2,475,876 | 3,067,360 | 1,753,132 | 3,632,243 | 3,915,549 | 3,221,967 |
| Environmental protection | 2,481,064 | 2,476,481 | 2,581,701 | 2,664,612 | 3,179,927 | 2,731,841 | 3,579,950 | 2,797,958 | 3,307,854 |
| Cultural and recreational | 2,685,020 | 2,856,527 | 3,046,066 | 3,157,751 | 2,781,964 | 2,922,101 | 3,075,009 | 3,062,944 | 2,370,322 |
| Interest on long-term debt | 134,942 | 54,275 | 140,456 | 337,845 | 307,088 | 532,923 | 338,011 | 724,351 | 690,706 |
| Total governmental activities expense | \$ 27,610,952 | \$ 24,326,599 | \$ 25,689,932 | \$ 27,696,240 | \$ 29,186,656 | \$ 26,201,826 | \$ 32,848,513 | \$ 32,734,411 | \$ 33,328,372 |
| Total business-type activities - | | | | | | | | | |
| water and sewer | \$ 9,866,432 | \$ 11,346,341 | \$ 11,200,793 | \$ 12,340,861 | \$ 12,049,765 | \$ 13,253,063 | \$ 13,947,671 | \$ 12,927,789 | \$ 13,135,400 |
| Total primary government expenses | \$ 37,477,384 | \$ 35,672,940 | \$ 36,890,725 | \$ 40,037,101 | \$ 41,236,421 | \$ 39,454,889 | \$ 46,796,184 | \$ 45,662,200 | \$ 46,463,772 |
| Program revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services | | | | | | | | | |
| General government | \$ 204,830 | \$ 275,063 | \$ 317,026 | \$ 308,289 | \$ 355,581 | \$ 446,166 | \$ 488,376 | \$ 409,691 | \$ 380,695 |
| Public safety | 462,183 | 331,030 | 335,880 | 532,062 | 545,375 | 536,438 | 393,189 | 361,261 | 449,256 |
| Environmental protection | 2,198,800 | 2,142,033 | 2,257,166 | 2,251,753 | 2,276,846 | 2,370,956 | 2,453,812 | 2,910,753 | 3,120,888 |
| Cultural and recreational | 712,184 | 717,688 | 717,638 | 677,264 | 637,745 | 709,494 | 717,592 | 829,781 | 750,577 |
| Operating grants and contributions | | | | | | | | | |
| General government | 2,302,074 | 2,166,130 | 2,209,901 | 2,257,500 | 2,363,004 | 2,533,730 | 3,182,764 | 2,771,467 | 2,899,883 |
| Public safety | 200,248 | 130,480 | 271,860 | 247,860 | 400,607 | 165,883 | 266,932 | 94,866 | 863,878 |
| Transportation | 1,479,183 | 1,785,779 | 2,067,259 | 1,358,235 | 1,431,108 | 1,700,532 | 1,406,872 | 1,435,682 | 1,494,860 |
| Economic and physical development | 30,191 | 24,843 | 28,482 | 35,057 | 30,042 | 31,276 | 29,822 | 32,266 | 31,770 |
| Cultural and recreational | 18,878 | 36,010 | 581,599 | 1,096,697 | 942,812 | 947,265 | 778,966 | 1,296,977 | 709,238 |
| Capital grants and contributions | | | | | | | | | |
| Economic and physical development | 5,743,668 | 1,071,068 | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | 2,697,377 | - | 11,945,877 | - | - |
| Total governmental activities program revenues | \$ 13,352,239 | \$ 8,680,124 | \$ 8,786,811 | \$ 8,764,717 | \$ 11,680,497 | \$ 9,441,740 | \$ 21,664,202 | \$ 10,142,744 | \$ 10,701,045 |
| Business-type activities: | | | | | | | | | |
| Charges for services | \$ 10,419,392 | \$ 11,012,151 | \$ 11,777,788 | \$ 13,357,001 | \$ 14,827,552 | \$ 13,471,934 | \$ 13,564,559 | \$ 13,756,931 | \$ 14,362,215 |
| Operating grants and contributions | 138,374 | - | - | - | - | - | - | - | - |
| Capital grants and contributions | 1,609,904 | - | - | - | - | - | - | 502,904 | - |

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total business-type activities program revenues | \$ 12,167,670 | \$ 11,012,151 | \$ 11,777,788 | \$ 13,357,001 | \$ 14,827,552 | \$ 13,471,934 | \$ 13,564,559 | \$ 14,259,835 | \$ 14,362,215 |
| Total primary government program revenues | \$ 25,519,909 | \$ 19,692,275 | \$ 20,564,599 | \$ 22,121,718 | \$ 26,508,049 | \$ 22,913,674 | \$ 35,228,761 | \$ 24,402,579 | \$ 25,063,260 |
| Net revenue (Expense) | | | | | | | | | |
| Governmental activities | (\$14,258,713) | (\$15,646,475) | (\$16,903,121) | (\$18,931,523) | (\$17,506,159) | (\$16,760,086) | (\$11,184,311) | (\$22,591,667) | (\$22,627,327) |
| Business-type activity | 2,301,238 | (334,190) | 576,995 | 1,016,140 | 2,777,787 | 218,871 | (383,112) | 1,332,046 | 1,226,815 |
| Total primary government net expense | (\$11,957,475) | (\$15,980,665) | (\$16,326,126) | (\$17,915,383) | (\$14,728,372) | (\$16,541,215) | (\$11,567,423) | (\$21,259,621) | (\$21,400,512) |
| General revenues and other changes in net assets | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Ad valorem taxes | \$ 9,049,174 | \$ 10,141,055 | \$ 11,015,681 | \$ 11,756,930 | \$ 12,659,906 | \$ 12,845,928 | \$ 13,246,454 | \$ 13,782,127 | \$ 13,554,554 |
| Other taxes | 5,331,756 | 6,124,626 | 6,373,821 | 6,468,446 | 6,875,376 | 6,902,494 | 6,512,124 | 6,401,448 | 6,799,858 |
| Investment earnings, net of market adjustment | 175,777 | 142,772 | 287,656 | 611,380 | 895,367 | 666,136 | 238,613 | 37,793 | 23,079 |
| Miscellaneous revenue | 96,741 | 295,265 | 383,254 | 445,623 | 537,213 | 155,198 | 900,704 | 329,222 | 560,261 |
| Special item | 191,411 | - | - | - | - | - | - | - | - |
| Transfers | - | - | 154,500 | - | - | - | - | - | - |
| Total governmental activities | \$ 14,844,859 | \$ 16,703,718 | \$ 18,214,912 | \$ 19,282,379 | \$ 20,967,862 | \$ 20,569,756 | \$ 20,897,895 | \$ 20,550,590 | \$ 20,937,752 |
| Business-type activity: | | | | | | | | | |
| Investment earnings, net of market adjustment | \$ 174,984 | \$ 122,546 | \$ 258,361 | \$ 537,602 | \$ 696,454 | \$ 521,356 | \$ 198,754 | \$ 57,687 | \$ 21,748 |
| Miscellaneous revenue | - | - | (2,741) | - | - | - | - | - | - |
| Transfers | - | - | (154,500) | - | - | - | - | - | - |
| Total business-type activity | \$ 174,984 | \$ 122,546 | \$ 101,120 | \$ 537,602 | \$ 696,454 | \$ 521,356 | \$ 198,754 | \$ 57,687 | \$ 21,748 |
| Total primary government | \$ 15,019,843 | \$ 18,826,264 | \$ 18,316,032 | \$ 537,602 | \$ 21,664,316 | \$ 21,091,112 | \$ 21,096,649 | \$ 20,608,277 | \$ 20,959,500 |
| Change in net assets | | | | | | | | | |
| Governmental activities | \$ 586,146 | \$ 1,057,243 | \$ 1,311,791 | \$ 350,856 | \$ 3,461,703 | \$ 3,809,670 | \$ 9,713,584 | (\$2,041,077) | (\$1,689,575) |
| Business-type activities | 2,476,222 | (211,644) | 678,115 | 1,553,742 | 3,474,241 | 740,227 | (184,358) | 1,389,733 | 1,248,563 |
| Total primary government | \$ 3,062,368 | \$ 845,599 | \$ 1,989,906 | \$ 1,904,598 | \$ 6,935,944 | \$ 4,549,897 | \$ 9,529,226 | (651,344) | (441,012) |

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

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

Table 3

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| General fund | | | | | | | | | |
| Reserved | \$ 4,905,235 | \$ 3,627,539 | \$ 3,658,065 | \$ 3,605,087 | \$ 3,201,459 | \$ 5,079,907 | \$ 4,823,548 | \$ 5,141,907 | \$ - |
| Designated | 267,835 | 626,293 | 876,439 | 406,195 | 748,358 | 1,136,743 | 556,718 | 43,179 | |
| Unreserved, undesignated | 5,287,290 | 7,334,608 | 7,223,157 | 7,703,922 | 8,409,725 | 6,002,136 | 5,437,961 | 5,304,810 | |
| Nonspendable | | | | | | | | | |
| Inventories | | | | | | | | | \$185,985 |
| Restricted | | | | | | | | | |
| Stabilization by State Statute | | | | | | | | | |
| Committed | | | | | | | | | 4,240,257 |
| Assigned | | | | | | | | | |
| Unassigned | | | | | | | | | 4,246,716 |
| Total general fund | \$ 10,460,360 | \$ 11,588,430 | \$ 11,757,661 | \$ 11,715,204 | \$ 12,359,542 | \$ 12,218,786 | \$ 10,818,227 | \$ 10,489,896 | \$ 8,672,958 |
| All other governmental funds | | | | | | | | | |
| Reserved | \$ 347,581 | \$ 19,805 | \$ 3,165,260 | \$ 544,090 | \$ 3,531,711 | \$ 165,124 | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | |
| Special revenue funds | 1,010,872 | 1,504,358 | 1,776,641 | 2,080,955 | 2,048,151 | 2,788,825 | 2,635,852 | 2,838,276 | |
| Capital projects funds | 0 | 276,582 | 1,781,274 | 940,262 | 1,352,397 | 3,673,814 | 3,745,537 | 3,560,600 | |
| Nonspendable | | | | | | | | | |
| Restricted | | | | | | | | | 3,206,228 |
| Committed | | | | | | | | | |
| Downtown Development | | | | | | | | | 112,727 |
| Economic Development | | | | | | | | | 1,992,381 |
| Assigned | | | | | | | | | |
| Subsequent Yr's Expenditures | | | | | | | | | 262,421 |
| Unassigned | | | | | | | | | |
| Total all other governmental funds | \$ 1,358,453 | \$ 1,800,745 | \$ 6,723,175 | \$ 3,565,307 | \$ 6,932,259 | \$ 6,627,763 | \$ 6,381,389 | \$ 6,398,876 | \$ 5,573,757 |

Note: Data presented for the current fiscal year implementing GASB Statement 54.

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

Table 4

| | FISCAL YEAR | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| REVENUES | | | | | | | | | |
| Ad valorem taxes | \$ 8,732,629 | \$ 10,776,691 | \$ 11,127,791 | \$ 11,999,749 | \$ 12,478,490 | \$ 12,677,755 | \$ 13,118,249 | \$ 13,943,980 | \$ 13,566,023 |
| Local option sales taxes | 4,645,922 | 5,370,194 | 5,620,443 | 5,724,056 | 6,071,408 | 6,111,961 | 5,615,126 | 5,479,518 | 5,743,051 |
| Other taxes and licenses | 685,834 | 754,432 | 752,930 | 744,390 | 803,710 | 790,213 | 803,216 | 819,891 | 966,446 |
| Unrestricted intergovernmental | 2,446,240 | 2,368,185 | 2,452,872 | 2,403,650 | 2,709,153 | 2,607,138 | 3,304,003 | 2,810,713 | 2,955,689 |
| Restricted intergovernmental | 7,328,002 | 2,846,125 | 2,706,229 | 2,591,699 | 2,458,420 | 2,771,548 | 2,361,353 | 2,820,545 | 3,043,940 |
| Permits and fees | 252,690 | 297,260 | 309,332 | 500,104 | 519,127 | 510,574 | 362,497 | 334,980 | 417,718 |
| Sales and services | 3,328,732 | 3,172,631 | 3,319,984 | 3,269,225 | 3,291,673 | 3,545,763 | 3,673,117 | 4,164,426 | 4,265,434 |
| Investment earnings, net of market adjustment | 175,777 | 142,772 | 288,367 | 611,380 | 895,367 | 666,136 | 238,613 | 37,793 | 23,079 |
| Miscellaneous | 279,319 | 291,188 | 548,102 | 445,662 | 551,256 | 350,332 | 918,059 | 341,302 | 578,525 |
| TOTAL REVENUES | \$ 27,875,145 | \$ 26,019,478 | \$ 27,126,050 | \$ 28,289,915 | \$ 29,778,604 | \$ 30,031,420 | \$ 30,394,233 | \$ 30,753,148 | \$ 31,559,905 |
| EXPENDITURES | | | | | | | | | |
| General government | 1,345,832 | 1,895,655 | 1,905,413 | 2,433,772 | 2,897,200 | 5,608,847 | 2,910,334 | 2,543,212 | 2,547,526 |
| Public safety | 9,692,181 | 10,992,731 | 12,407,732 | 12,824,672 | 12,881,312 | 13,478,699 | 14,468,658 | 14,503,471 | 15,491,380 |
| Transportation | 2,507,758 | 2,744,847 | 2,906,548 | 2,852,845 | 2,876,364 | 3,403,367 | 2,551,782 | 2,613,336 | 3,199,589 |
| Economic and physical development | 6,983,939 | 2,532,678 | 1,978,081 | 3,746,983 | 2,820,467 | 3,847,716 | 3,579,577 | 3,847,055 | 3,327,523 |
| Environmental protection | 2,462,430 | 2,428,962 | 2,595,598 | 2,658,158 | 2,761,659 | 2,902,092 | 3,137,292 | 2,730,378 | 3,243,693 |
| Cultural and recreational | 2,559,094 | 2,574,082 | 2,772,061 | 2,748,623 | 2,686,856 | 2,917,297 | 2,777,453 | 2,740,237 | 2,362,242 |
| Capital outlay | 919,928 | 1,262,633 | 2,330,217 | 3,565,262 | 1,502,553 | 210,314 | 5,464,133 | 2,185,934 | 1,603,788 |
| Debt service: | | | | | | | | | |
| Principal | 663,981 | 718,445 | 877,026 | 1,068,508 | 1,075,199 | 1,330,752 | 1,383,425 | 1,619,070 | 1,688,055 |
| Interest and other charges | 134,942 | 54,275 | 214,985 | 337,845 | 307,088 | 483,920 | 338,011 | 724,351 | 690,706 |
| TOTAL EXPENDITURES | 27,270,085 | 25,204,308 | 27,987,661 | 32,236,668 | 29,808,698 | 34,183,004 | 36,610,665 | 33,507,044 | 34,154,502 |
| REVENUES OVER (UNDER) EXPENI | 605,060 | 815,170 | (\$861,611) | (\$3,946,753) | (\$30,094) | (\$4,151,584) | (\$6,216,432) | (\$2,753,896) | (\$2,594,597) |

| | FISCAL YEAR | | | | | | | | | |
|---------------------------------------|-------------|--------------|--------------|---------------|--------------|-------------|---------------|-------------|---------------|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Refunding bonds issued | 600,225 | - | 268,446 | - | - | - | - | - | - | - |
| Bonds issued | - | - | 1,500,000 | - | 4,000,000 | - | - | - | - | - |
| Capital leases | - | 283,063 | - | 705,100 | - | - | - | - | - | - |
| Loans | - | - | 4,413,380 | - | - | 3,737,606 | 4,500,000 | 2,454,376 | - | - |
| Transfers out | - | - | 154,500 | - | - | - | - | - | - | - |
| Payments to bond escrow agent | (604,583) | - | (268,446) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (4,358) | 283,063 | 6,067,880 | 705,100 | 4,000,000 | 3,737,606 | 4,500,000 | 2,454,376 | - | - |
| Net change in fund balances | \$ 600,702 | \$ 1,098,233 | \$ 5,206,269 | (\$3,241,653) | \$ 3,969,906 | (\$413,978) | (\$1,716,432) | (\$299,520) | (\$2,594,597) | |

| | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| Debt services as a percentage of noncapital expenditures | 3.02% | 3.16% | 4.06% | 4.56% | 4.86% | 5.61% | 4.93% | 7.52% | 7.49% | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|

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

Table 5

| Fiscal Year | Property Tax | Sales Tax | Occupancy Tax | Privilege License Tax | Rental/ Lease Tax | Penalties/ Interest | Total |
|----------------|-----------------|--------------|------------------|-----------------------------|-------------------------|------------------------|------------|
| 2003 | 9,049,174 | 4,645,922 | 407,174 | 241,340 | 35,253 | 2,067 | 14,380,930 |
| 2004 | 10,141,055 | 5,370,194 | 469,488 | 251,638 | 31,366 | 1,940 | 16,265,681 |
| 2005 | 11,015,681 | 5,620,443 | 463,450 | 257,627 | 28,895 | 3,406 | 17,389,502 |
| 2006 | 11,756,930 | 5,724,056 | 455,171 | 257,033 | 29,740 | 2,446 | 18,225,376 |
| 2007 | 12,659,906 | 6,071,408 | 506,042 | 259,342 | 35,451 | 3,133 | 19,535,282 |
| 2008 | 12,845,928 | 6,111,961 | 485,030 | 271,201 | 31,244 | 3,058 | 19,748,422 |
| 2009 | 13,246,454 | 5,615,126 | 490,139 | 267,663 | 32,413 | 2,983 | 19,654,778 |
| 2010 | 13,782,127 | 5,479,518 | 456,205 | 302,847 | 32,433 | 2,279 | 20,055,409 |
| 2011 | 13,566,023 | 5,743,051 | 548,007 | 348,402 | 42,099 | 2,191 | 20,249,773 |

Source: Comprehensive Annual Financial Report

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

Table 6

| Fiscal Year | Property Tax | Sales Tax | Occupancy Tax | Privilege License Tax | Rental/ Lease Tax | Penalties/ Interest | Total |
|-------------|--------------|-----------|---------------|-----------------------|-------------------|---------------------|------------|
| 2003 | 8,732,692 | 4,645,922 | 407,174 | 241,340 | 35,253 | 2,067 | 14,064,448 |
| 2004 | 10,776,691 | 5,370,194 | 469,488 | 251,638 | 31,366 | 1,940 | 16,901,317 |
| 2005 | 11,127,343 | 5,620,443 | 463,450 | 257,627 | 28,895 | 3,406 | 17,501,164 |
| 2006 | 11,999,749 | 5,724,056 | 455,171 | 257,033 | 29,740 | 2,446 | 18,468,195 |
| 2007 | 12,478,232 | 6,071,408 | 506,042 | 259,342 | 35,451 | 3,133 | 19,353,608 |
| 2008 | 12,677,435 | 6,111,961 | 485,030 | 271,201 | 31,244 | 3,058 | 19,579,929 |
| 2009 | 13,024,467 | 5,615,126 | 490,139 | 267,663 | 32,413 | 2,007 | 19,431,815 |
| 2010 | 13,841,941 | 5,479,518 | 456,205 | 302,847 | 32,433 | 2,279 | 20,115,223 |
| 2011 | 13,496,320 | 5,743,051 | 548,007 | 348,402 | 42,099 | 2,191 | 20,180,070 |

Source: Comprehensive Annual Financial Report

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

Table 7

| Fiscal Year Ended June 30 | Real Property | Personal Property | Corporate Excess | Total Taxable Assessed Value | Total Direct Tax Rate Per \$100 |
|---------------------------------|------------------|----------------------|---------------------|---------------------------------|---------------------------------------|
| 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 |
| 2011 | 1,819,591,480 | 214,689,304 | 48,247,524 | 2,082,528,308 | 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 |
| 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 |
| 2011 | 0.65 | 0.65 | 0.25 | 0.764 | 1.664 |

(1) Tax rate decrease due to revaluation

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

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

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

Table 9

| | Fiscal Year 2011 | | | | Fiscal Year 2002 | | | |
|--|-------------------------------|-----------------------------|-----------------------|------|--|----------------------|------|--|
| | Taxpayer | Type of Business | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| | Walmart Stores | Retail Department Store | \$ 41,950,761 | 1 | 2.01 | 15,709,372 | 4 | 1.09% |
| | Berkeley Mall, LLC | Mall Shopping Center | 22,597,120 | 2 | 1.08 | 14,970,690 | 5 | 1.04 |
| | Progress Energy | Public Utility | 19,813,267 | 3 | 0.95 | 12,488,393 | 6 | 0.87 |
| | Franklin Baking Company, Inc. | Bread Making Company | 18,208,435 | 4 | 0.87 | 24,505,547 | 1 | 1.70 |
| | BRC Goldsboro LLC | Real Estate | 17,926,724 | 5 | 0.86 | - | - | - |
| | Berkeley Place Apartments LLC | Real Estate | 17,030,624 | 6 | 0.82 | - | - | - |
| | Time Warner Entertainment | Public Utility | 13,780,976 | 7 | 0.66 | - | - | - |
| | BellSouth Telephone Company | Public Utility | - | - | - | 16,638,531 | 3 | 1.16 |
| | Cooper Standard, Inc. | Rubber & Plastic Auto Parts | 11,656,603 | 8 | 0.56 | 17,132,949 | 2 | 1.19 |
| | APV Baker FM, Inc. | Commercial Baking Equipment | - | - | - | 12,250,415 | 7 | 0.85 |
| | K5 Associates, LLC | Real Estate | - | - | - | 11,749,540 | 8 | 0.82 |
| | The VAP, LLC | Real Estate | - | - | - | 10,654,150 | 9 | 0.74 |
| | Cooper-Bussman, Inc. | Fuse Holders | - | - | - | 9,897,620 | 10 | 0.69 |
| | Anorth LLC & Vsouth LLC | Exhaust Products | 11,257,100 | 9 | 0.54 | - | - | - |
| | Piedmont Natural Gas Company | Public Utility | 11,060,993 | 10 | 0.53 | - | - | - |
| | TOTALS | | \$ 185,282,603 | | 8.88% | \$145,997,207 | | 10.15% |

Source: Wayne County Tax Administrator/Collector

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

Table 10

| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | Adjustments | Total Adjusted Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--|-------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
| | | | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| 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% |
| 2011 | 13,668,297 | <131,863> | 13,536,434 | 13,443,427 | 96.45% | 425,439 | 13,395,412 | 99.08% |

Sources: Wayne County Tax Collector

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

Table 11

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | | Per Capita (1) | Percentage of Personal Income (1) |
|----------------|-------------------------|----------------------|-------------------|---------------------|--------------------------|----------------------|--------------------------------|-------|-------------------|---|
| | General | | Capital Leases | General | | Installment Loans | Total Primary Government | | | |
| | Obligation Bonds | Installment Loans | | Obligation Bonds | Installment Loans | | | | | |
| | | | | | | | | | | |
| 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 | 1.54% | | |
| 2008 | 6,059,336 | 7,368,584 | 378,679 | 18,831,875 | 15,392,282 | 48,030,756 | 1,286 | 1.38% | | |
| 2009 | 5,613,477 | 11,073,528 | 236,169 | 16,831,506 | 13,354,428 | 47,109,108 | 1,222 | 1.31% | | |
| 2010 | 5,186,392 | 12,483,544 | 88,547 | 23,307,760 | 18,597,417 | 59,663,660 | 1,557 | 1.65% | | |
| 2011 | 4,783,535 | 11,286,892 | -0- | 21,372,849 | 17,094,643 | 54,537,919 | 1,497 | 1.51% | | |

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> |
|------------------------|---|---|--|--------------------------|
| 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 |
| 2011 | 26,156,384 | N/A | 1.20% | 842 |

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

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

(2) See Table 6 for property value data.

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

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

Table 13

| | Fiscal Year | | | | | | | | | |
|---|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation) | \$ 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 | \$ 166,602,264 |
| Total net debt applicable to limit | 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 | 16,070,427 |
| Legal Debt Margin | \$ 85,107,736 | \$ 83,896,567 | \$ 112,736,822 | \$ 114,633,967 | \$ 117,937,276 | 120,655,983 | 129,192,840 | 131,508,232 | \$ 147,615,102 | \$ 150,531,837 |
| Total net debt applicable to the limit as a percentage of debt limit | 26.01% | 27.37% | 21.29% | 21.86% | 18.57% | 21.13% | 18.45% | 18.71% | 14.60% | 9.64% |
| Legal Debt Margin Calculation for Fiscal Year 2011 | | | | | | | | | | |
| | Assessed Value | | | | | | | | | 2,082,528,308 |
| | Debt Limit (8% of Assessed Value) | | | | | | | | | 166,602,264 |
| | Debt Applicable to Limit | | | | | | | | | |
| | General Obligation Bonds | | | | | | | | | 4,783,535 |
| | Other Debt | | | | | | | | | 11,286,892 |
| | Legal Debt Margin | | | | | | | | | \$ 150,531,837 |

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, 2011

Table 14

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Wayne County General Obligation Debt | \$ -0- | 32.35% | \$ -0- |
| Other Debt | | | |
| Wayne County Installment Purchase Loans | 10,706,136 | 32.35% | 3,463,435 |
| Wayne County Promissory Notes | 18,465 | 32.35% | <u>5,973</u> |
| Subtotal, overlapping debt | | | 3,469,408 |
| Total direct debt | | | <u>16,070,427</u> |
| Total direct and overlapping debt | | | \$ <u>19,539,835</u> |

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

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

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

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

Table 15

| Fiscal Year | (1) Population | (2) Personal Income (in thousands) | (2) Per Capita Personal Income | (1) Median Age | (3) School Enrollment | (4) Unemployment Rate Percentage |
|------------------------|---------------------------|---|---|-------------------------------|--------------------------------------|---|
| 2002 | 38,526 | 2,616,183 | 24,136 | 35.18 | 18,851 | 6.34% |
| 2003 | 39,634 | 2,653,268 | 24,616 | 35.33 | 19,031 | 6.24% |
| 2004 | 38,522 | 2,847,346 | 25,985 | 35.46 | 19,113 | 5.67% |
| 2005 | 38,519 | 2,975,545 | 27,213 | 35.60 | 19,117 | 5.23% |
| 2006 | 38,186 | N/A | 28,525 | 35.70 | 19,425 | 4.93% |
| 2007 | 37,396 | N/A | 30,501 | 34.30 | 19,352 | 4.75% |
| 2008 | 37,341 | N/A | 31,699 | 35.68 | 19,373 | 6.00% |
| 2009 | 38,654 | N/A | 31,673 | 35.50 | 19,386 | 10.3% |
| 2010 | 38,313 | N/A | 31,673 | 36.30 | 19,608 | 8.70% |
| 2011 | 36,437 (5) | N/A | 31,673 | 36.10 | 20,407 | 9.10% |

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 2010

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 | 2011 | | | 2002 | | |
|---------------------------------|---------------|------|--|---------------|------|--|
| | Employees | Rank | Percentage of Total MSA Employment (2) | Employees | Rank | Percentage of Total MSA Employment (2) |
| Seymour Johnson Air Force Base | 12,278 | 1 | 25.63 % | 5,800 | 1 | 11.36 % |
| Wayne County Board of Education | 3,000 | 2 | 6.26 % | 3,000 | 2 | 5.87 % |
| Case Farms | 2,500 | 3 | 5.21 % | 850 | 7 | 1.66 % |
| Wayne Memorial Hospital | 1,800 | 4 | 3.76 % | 1,300 | 3 | 2.55 % |
| Wayne County | 1,143 | 5 | 2.38 % | 850 | 6 | 1.66 % |
| O'Berry Center | 958 | 6 | 2.00 % | 995 | 5 | 1.95 % |
| Cherry Hospital | 928 | 7 | 1.93 % | 1,066 | 4 | 2.09 % |
| Wal-Mart Associates, Inc. | 650 | 8 | 8.23 % | - | - | - |
| City of Goldsboro | 498 | 9 | 1.04 % | 470 | 9 | 0.92 % |
| Cooper Standard Automotive | 407 | 10 | 0.85 % | 750 | 8 | 1.47 % |
| Excell Home Fashions, Inc. | - | | - | 400 | 10 | 0.78 % |
| Total | <u>24,162</u> | | <u>57.29 %</u> | <u>15,481</u> | | <u>30.31 %</u> |

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>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> | <u>2011</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 31 | 30 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 30 |
| Transportation | | | | | | | | | | |
| Streets & Highways | 30 | 27 | 27 | 27 | 28 | 28 | 28 | 28 | 27 | 27 |
| Garage | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Economic & Physical Development | 16 | 16 | 15 | 15 | 18 | 19 | 19 | 19 | 19 | 19 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 110 | 112 | 112 | 116 | 116 | 117 | 117 | 116 | 115 | 115 |
| Civilians | 24 | 12 | 12 | 12 | 12 | 10 | 10 | 10 | 10 | 10 |
| Fire | | | | | | | | | | |
| Firefighters & Officers | 95 | 81 | 81 | 81 | 81 | 82 | 82 | 82 | 82 | 82 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other | 32 | 29 | 28 | 28 | 30 | 28 | 28 | 32 | 32 | 32 |
| Environmental Protection | 57 | 54 | 54 | 56 | 56 | 56 | 56 | 56 | 56 | 56 |
| Cultural & Recreational | 40 | 38 | 39 | 39 | 39 | 37 | 39 | 40 | 39 | 39 |
| Maintenance | 31 | 28 | 28 | 29 | 29 | 28 | 25 | 25 | 25 | 25 |
| Water | 9 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Sewer | 17 | 19 | 20 | 21 | 22 | 23 | 23 | 24 | 24 | 24 |
| TOTAL | 505 | 470 | 470 | 479 | 485 | 483 | 481 | 487 | 483 | 483 |

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

Table 18

| Function | Fiscal Year | | | | | | | | | |
|----------------------------------|-------------|---------|---------|---------|---------|--------|--------|---------|--------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Police | | | | | | | | | | |
| Physical arrests | 4,351 | 4,193 | 4,111 | 4,458 | 4,246 | 4,150 | 3,949 | 3,657 | 3,186 | 3,137 |
| Traffic violations | 9,636 | 7,511 | 7,993 | 9,705 | 9,433 | 8,460 | 12,276 | 12,753 | 13,037 | 13,201 |
| Fire | | | | | | | | | | |
| Number of calls answered | 2,939 | 2,237 | 2,033 | 2,169 | 1,973 | 3,111 | 2,348 | 2,192 | 2,222 | 2,210 |
| Inspections | N/A | 415 | 684 | 996 | 853 | 471 | 518 | 533 | 806 | 744 |
| Building Inspections | | | | | | | | | | |
| New construction permits | 310 | 107 | 254 | 268 | 330 | 214 | 152 | 89 | 147 | 117 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 7.8 | 0 | 0 | 11.2 | 0 | 0 | 5.37 | 0.5 | 0.0 | 0.0 |
| Potholes repaired | 142 | 270 | 283 | 335 | 209 | 404 | 210 | 573 | 929 | 874 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | 61.5 | 61.8 | 60.4 | 59.2 | 57.6 | 58.5 | 54.0 | 55.8 | 44.6 | 46.5 |
| Recyclables collected (tons/day) | 6.4 | 9.7 | 7.9 | 5.6 | 5.3 | 5.6 | 5.9 | 6.2 | 5.7 | 3.9 |
| Culture and recreation | | | | | | | | | | |
| Athletic field permits issued | N/A | 372 | 388 | 416 | 324 | 349 | 2 | 3 | 5 | 8 |
| Community center admissions | 134,276 | 126,519 | 106,379 | 103,270 | 109,650 | 99,300 | 99,992 | 104,106 | 87,608 | 119,114 |
| Water | | | | | | | | | | |
| New connections | 85 | 78 | 55 | 68 | 46 | 30 | 69 | 85 | 23 | 27 |
| Water mains breaks | 54 | 86 | 91 | 80 | 104 | 63 | 55 | 30 | 47 | 26 |
| Average daily consumption | | | | | | | | | | |
| (millions of gallons) | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.6 | 5.1 | 4.6 | 4.7 | 5.3 |
| Number of customers | 13,285 | 13,285 | 13,285 | 13,285 | 13,285 | 13,563 | 13,533 | 13,388 | 13,875 | 13,590 |
| Wastewater | | | | | | | | | | |
| New connections | 117 | 112 | 121 | 87 | 62 | 48 | 71 | 104 | 35 | 42 |
| Average daily sewage treatment | | | | | | | | | | |
| (millions of gallons) | 8.0 | 8.0 | 8.0 | 8.0 | 7.1 | 8.4 | 5.6 | 7.1 | 7.8 | 8.3 |
| Number of customers | 11,292 | 11,292 | 11,297 | 11,297 | 11,541 | 11,628 | 11,687 | 11,597 | 11,665 | 11,670 |

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 | | | | | | | | | |
|----------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 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 | 62 |
| Fire stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Sanitation | | | | | | | | | | |
| Collection trucks | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 11 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 148 | 156 | 156 | 156 | 156 | 156 | 158 | 169 | 169 | 166 |
| Streetlights | 2,862 | 2,758 | 2,758 | 2,758 | 2,836 | 2,868 | 2,903 | 2,943 | 3,057 | 3,035 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 1 | 339 | 339 | 339 | 339 | 339 | 339 | 339 | 339 | 402 |
| Parks | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Swimming pools | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Community centers | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water | | | | | | | | | | |
| Water mains (miles) | 229 | 236 | 236 | 236 | 240 | 240 | 241 | 287 | 270 | 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 | 207 | 207 | 207 | 212 | 238 | 239 | 243 | 239 | 239 |
| Maximum daily treatment capacity | | | | | | | | | | |
| (millions of gallons) | 10.8 | 14.2 | 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

**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, 2011, which collectively comprises City of Goldsboro's basic financial statements, and have issued our report thereon dated November 29, 2011. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to the management of City of Goldsboro in a separate letter dated November 29, 2011.

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

Pittard Perry & Crone, Inc.

La Grange, North Carolina
November 29, 2011

**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 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's major federal programs for the year ended June 30, 2011. 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 City of Goldsboro's management. Our responsibility is to express an opinion on 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 Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of 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 of City of Goldsboro's compliance with those requirements.

In our opinion, 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, 2011.

Internal Control Over Compliance

The management of 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 City of Goldsboro's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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.

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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 solely for the information and use of management, City Council, others within the entity, 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
November 29, 2011

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

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

Compliance

We have audited the compliance of 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, 2011. 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 City of Goldsboro's management. Our responsibility is to express an opinion on 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 Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Goldsboro's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Goldsboro's compliance with those requirements.

In our opinion, 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, 2011.

Internal Control Over Compliance

The management of 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 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 solely for the information and use of management, City Council, others within the organization, 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
November 29, 2011

City of Goldsboro, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

-- Material weaknesses identified? yes X no

-- Significant deficiencies identified
that are not considered to be
material weaknesses yes X none reported

Noncompliance material to financial
statements noted yes X no

Federal Awards

Internal control over major federal programs:

-- Material weaknesses identified? yes X no

-- Significant deficiencies identified
that are not considered to be
material weaknesses yes X none reported

Noncompliance material to federal awards 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 Numbers</u> | <u>Names of Federal Program or Cluster</u> |
|---------------------|--|
| 14.218 | Community Development Block Grant |
| 14.239 | HOME Investment Partnership Program |
| 20.205-1 | Union Station Grant |
| 16.810 | JAG Grant |

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, 2011

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

-- Material weaknesses identified ☐ yes ☒ no

-- Significant deficiencies identified
that are not considered to be
material weaknesses ☐ yes ☒ none reported

Noncompliance material to State awards ☐ yes ☒ no

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

Any audit findings disclosed that are
required to be reported in accordance with the State
Single Audit Implementation Act ☐ yes ☒ no

Identification of major State programs:

Program Names

Non-State System Street-Aid Allocation (Powell Bill)
Clean Water Management Trust Fund

Section II - Financial Statement Findings

None reported

Section III- Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

City of Goldsboro, North Carolina
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2011

Section II - Financial Statement Findings

None reported

Section III- Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

City of Goldsboro, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

None reported

City of Goldsboro, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2011

Page 1 of 1

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures |
|---|---------------------------|-------------------------------------|---|-----------------------|
| Federal Awards: | | | | |
| Cash Programs: | | | | |
| <u>U.S. Department Of Housing and Urban</u> | | | | |
| <u>De: Food and Nutrition Service</u> | | | | |
| Passed through N.C. Department of Commerce: | | | | |
| Community Development Block Grant-Entitlement Grants | 14.218 | 98-R-0004 | \$ 404,978 | \$ - |
| Passed-through N.C. State Housing Finance Agency: | | | | |
| HOME Investment Partnership | 14.239 | M-98-MC-3702090 | 397,027 | - |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through N.C. Dept. of Transportation | | | | |
| Highway Planning and Construction | 20.205-1 | | 76,926 | - |
| Union Station | 20.205-1 | 09-ST-008 | 409,588 | - |
| | | | 486,514 | - |
| <u>Department of Justice</u> | | | | |
| JAG Grant | 16.810 | 2009-DJ-BX-0024 | 66,069 | - |
| ARRA Recovery Funds - JAG Grant | 16.810 | 2009-SB-B9-1656 | 271,859 | - |
| | | | 337,928 | - |
| <u>U.S. Department of Energy</u> | | | | |
| ARRA - Energy Efficient Lighting Project | 81.128 | EE0001960 | 108,094 | |
| State Awards: | | | | |
| Cash Assistance: | | | | |
| <u>N.C. Department of transportation:</u> | | | | |
| Powell Bill | | | | 1,010,569 |
| <u>N.C. Department of Environment and</u> | | | | |
| <u>Natural Resources</u> | | | | |
| Clean Water Bond Program | | | | |
| - Clean Water Management Trust | | | | |
| Grant | | | | 326,103 |
| Clean Water - Stoney Creek Restoration | | | | 358,615 |
| | | | | 684,718 |
| <u>N.C. Institute of Public Health</u> | | | | |
| Health and Wellness Trust Fund | | | | |
| Fit Community Grant | | 1450 | | 28,289 |
| Total assistance | | | \$ 1,734,541 | \$ 1,723,576 |

CITY OF GOLDSBORO, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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.