

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF GOLDSBORO, NORTH CAROLINA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Kaye A. Scott  
Director of Finance**

This page intentionally left blank

## INTRODUCTORY SECTION

This page intentionally left blank

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goldsboro  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



*Christopher P. Moynell*  
President

*Jeffrey R. Enen*  
Executive Director

This page intentionally left blank

City of Goldsboro  
Goldsboro, North Carolina  
**TABLE OF CONTENTS**  
June 30, 2012

	<u>Page No.</u>
<b>Introductory Section</b>	<b>i</b>
Certificate of Achievement for Excellence in Financial Reporting	ii
Table of Contents	iii-v
City Officials and Staff	vi
Organization Chart	vii
Letter of Transmittal	viii-xiii
<b>Financial Section</b>	<b>1</b>
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-17
<u><b>Exhibit</b></u>	
Basic Financial Statements:	18
Government-wide Financial Statements:	19
1 Statement of Net Assets	20
2 Statement of Activities	21
Fund Financial Statements:	22
3 Balance Sheet – Governmental Funds	23
4 Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	24-25
5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –General Fund	26
6 Statement of Net Assets – Proprietary Fund	27
7 Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	28
8 Statement of Cash Flows-Proprietary Fund	29-30
Notes to the Financial Statements	31-54
Required Supplemental Financial Data:	55
A-1 Schedule of Funding Progress	56
A-2 Law Enforcement Officers' Special Separation Schedule of Employer Contributions	57
A-3 Post-Employment Health Benefit Obligation	58
<b>Individual Fund Statements and Schedules</b>	<b>59</b>
The General Fund:	60
B-1 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	61-66
Non-Major Governmental Funds:	67
C-1 Combining Balance Sheet	68
C-2 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	69
Special Revenue Funds:	70
C-3 Community Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	71-72

City of Goldsboro  
Goldsboro, North Carolina  
**TABLE OF CONTENTS**  
June 30, 2012

C-4	Downtown District Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	73
C-5	Occupancy Tax Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	74
	Capital Projects Fund:	75
D-1	Capital Projects Fund – Street - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	76
	Enterprise Fund:	77
E-1	Utility Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	78-79
E-2	Water and Sewer Capital Project Fund – Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	80
E-3	Annexation Capital Project Fund – Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	81
	Other Financial Information	82
F-1	Comparative Schedule of Governmental Capital Assets – By Source	83
F-2	Schedule of Changes in Governmental Capital Assets – By Function and Activity	84
	<b>Additional Financial Data</b>	85
G-1	Schedule of Ad Valorem Taxes Receivable	86
G-2	Analysis of Current Tax Levy – City-Wide Levy	87
G-3	All Fund – Schedule of Cash and Investment Balances	88
	<b>Statistical Section</b>	89
<u>Table</u>		
1	Net Assets By Component	90
2	Change in Net Assets	91-92
3	Fund Balances, Governmental Funds	93
4	Changes in Fund Balances, Governmental Funds	94-95
5	Governmental Activities Tax Revenues By Source	96
6	General Governmental Tax Revenues By Source	97
7	Assessed Value and Estimated Actual Value of Taxable Property	98
8	Direct and Overlapping Property Tax Rates	99
9	Principal Property Tax Payers	100
10	Property Tax Levies and Collections	101
11	Ratios of Outstanding Debt By Type	102
12	Ratios of General Bonded Debt Outstanding	103
13	Legal Debt Margin Information	104
14	Direct and Overlapping Governmental Activities Debt	105
15	Demographic and Economic Statistics	106
16	Principal Employers	107
17	Full-Time Equivalent City Government Employees By Function	108
18	Operating Indicators by Function	109
19	Capital Asset Statistics By Function	110

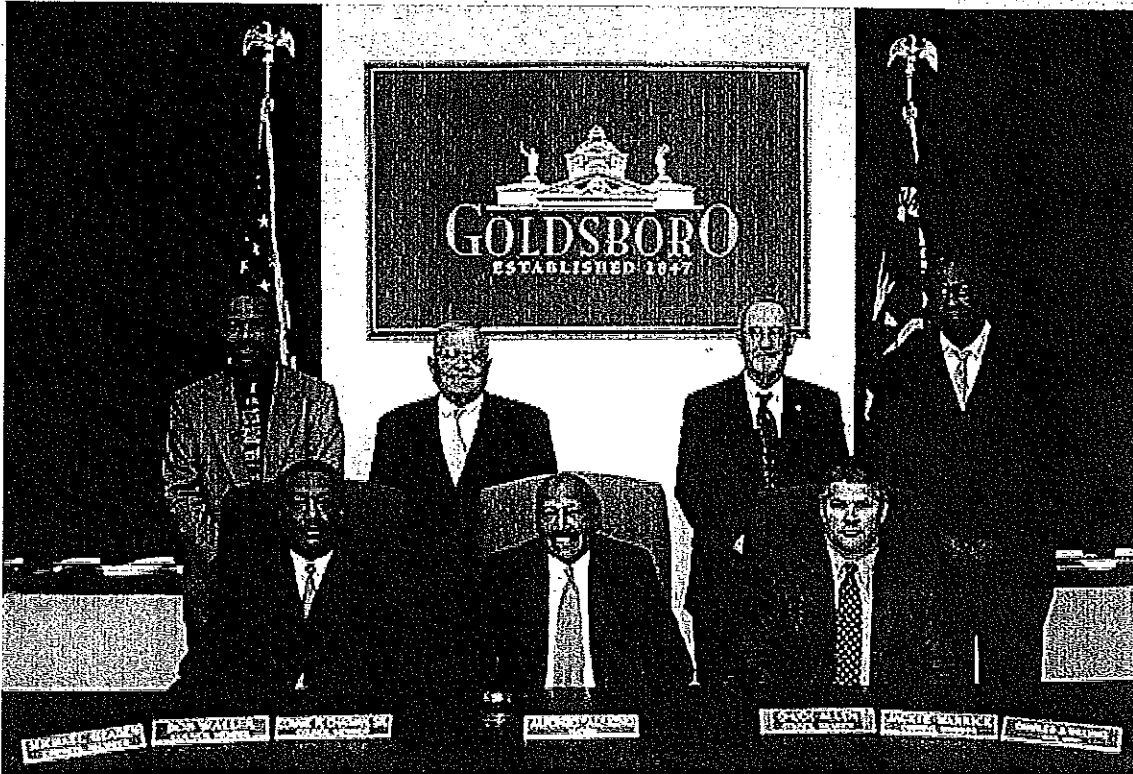


City of Goldsboro  
Goldsboro, North Carolina  
**TABLE OF CONTENTS**  
June 30, 2012

	<u>Page No.</u>
<b>Compliance Section</b>	111
Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	112
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	113-114
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	115-116
Schedule of Findings and Questioned Costs	117-118
Corrective Plan	119
Summary Schedule of Prior Audit Findings	120
Schedule of Expenditures of Federal and State Awards	121
Notes to Schedule of Expenditures of Federal and State Awards	122

This page intentionally left blank

# **CITY OF GOLDSBORO MAYOR & COUNCIL**



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

**CITY MANAGER  
SCOTT A. STEVENS**

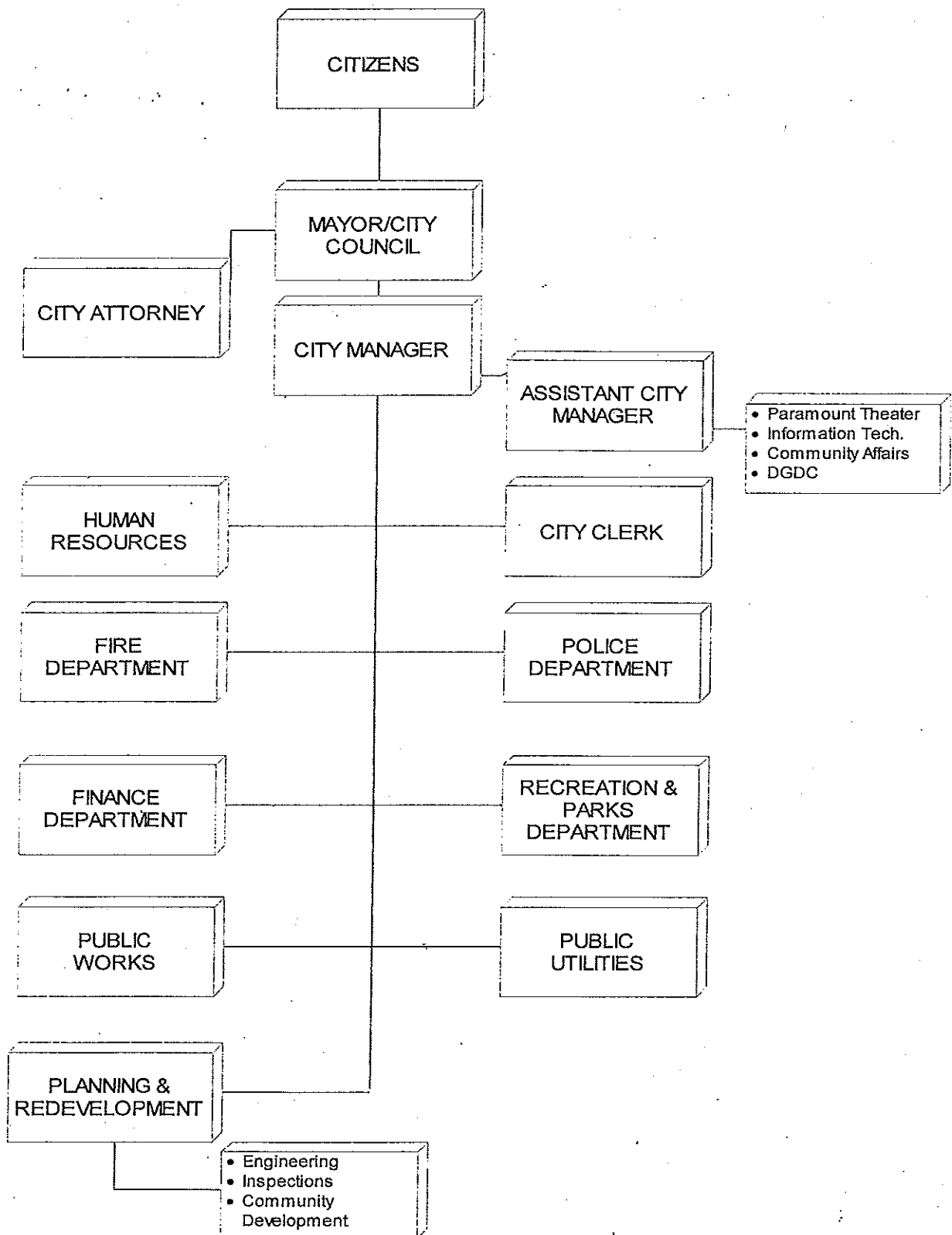
**ASSISTANT CITY MANAGER  
LATASHA LOGAN**

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

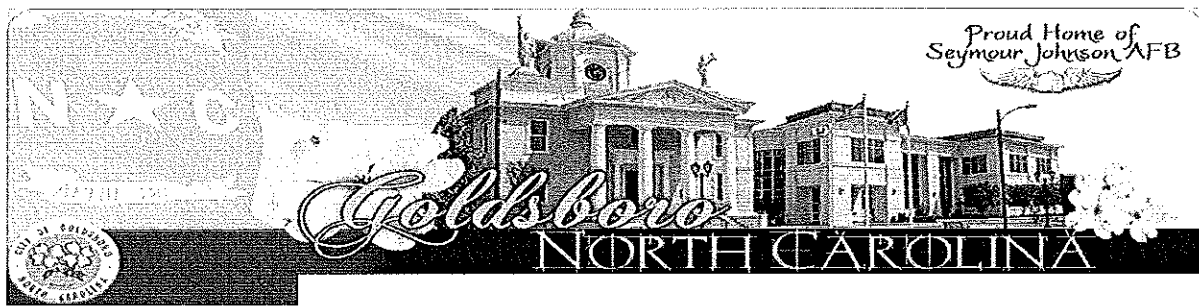
**FINANCE DIRECTOR  
KAYE A. SCOTT**

This page intentionally left blank

# CITY OF GOLDSBORO



This page intentionally left blank



December 7, 2012

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, 2012, 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, 2012 disclosed no instances of material weaknesses in the internal control system or noncompliance with the applicable laws and regulations.

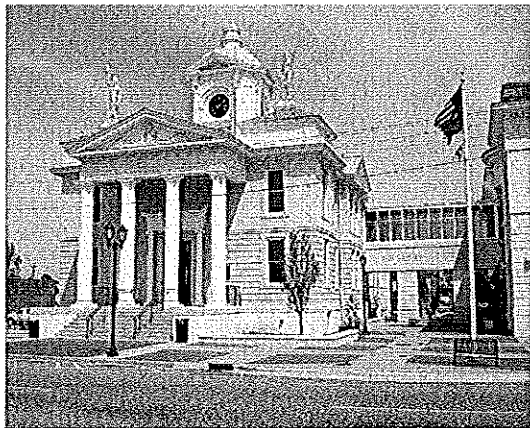
In addition, the City maintains a system of budgetary controls. These budgetary controls are designed to ensure compliance with the budget ordinances adopted by the City Council as well as compliance with the North Carolina General Statutes as they relate to budgetary control for local governments. All 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 35,768 and a land area of approximately 28.3 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 include 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, wastewater 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. In the spring, the City Manager submits to City Council, 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 or 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 26 as part of the basic financial statements for the governmental funds. Page 70-76 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

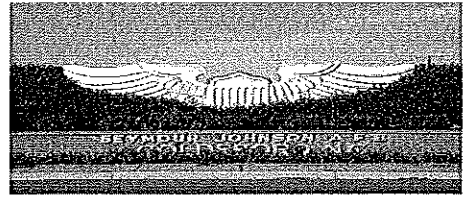
### Local Economy

The City has a diversified economy based upon agriculture, governmental institutions and manufacturing 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. 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.



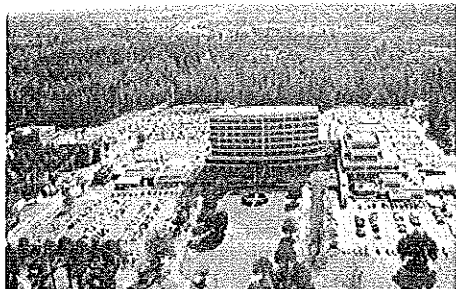
Seymour Johnson Air Force Base (the "Base"), located in the City, contributes significantly to the local economy. The Base is the home of the Air Combat Command's 4<sup>th</sup> Fighter Wing and 916<sup>th</sup> Air Refueling Wing, an Air Force Reserve unit and several small associate units. Seymour Johnson Air Force Base occupies over 50,000 acres in the southeast section of Goldsboro. The Base currently employs approximately 5,176 active duty military personnel, 1,397 civilian personnel and 1,051 full-time air reserve technicians. The annual civilian and military payroll exceeds \$357 million.



In June 2012, Seymour Johnson AFB began runway construction, which is scheduled to be completed in the spring of 2013. This \$18 million runway project is taking place to perform long-term maintenance. Seymour Johnson will make repairs to provide airpower for several decades into the future.

The construction of a new 410,000 square-foot State run psychiatric facility to replace an existing facility should be completed by the spring of 2013. This new facility will house residential patient care units, therapy and medical facilities; and administrative support areas. 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 created an additional 650 temporary construction jobs for Goldsboro and Wayne County.

Wayne Community College ("WCC"), located within the City, employs 623 with approximately 5,000 students enrolled annually in its 836 curriculum courses, 94 programs of study in college transfer, and technical and vocational areas. Approximately 11,000 additional students enroll each year in academic, occupational and vocational courses offered in Wayne Community College's Division of Continuing and Adult Education.



The City serves as the medical care center for the County and portions of surrounding counties. Wayne Memorial Hospital, located in the City and employs approximately 1800 individuals, is an acute-care facility offering a wide range of major medical services. The hospital continues to improve its facilities and technology. The most recent improvement was the emergency room construction project completed in June 2012. This \$18 million project increased the size of the department from 11,000 square feet to 35,000 square feet.

The City of Goldsboro's Inspection Division issued approximately \$42.6 million in building and miscellaneous permits. The retail sector of the economy is holding steady. Permits have been issued for several large restaurants, grocery store, school additions/renovations, office/administration buildings, and retail stores. Plans have been submitted for twelve (12) more duplexes at the Windsor Creek Subdivision. Commercial development is expected to occur adjacent to this subdivision. The Inspection Division issued approximately \$8.5 million in residential permits this past fiscal year.

The Downtown Goldsboro Development offices continued to support and promote Downtown Goldsboro; their efforts earned Goldsboro recognition with designation as an accredited National Main Street Program by meeting the commercial district revitalization standards for performance set by the National Trust for Historic Preservation's National Main Street Center. Goldsboro is among the 25 communities in NC to receive this accreditation in 2012.

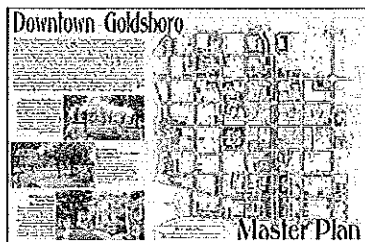
During the 2011-12 year, we had several new businesses, approximately \$1,300,000 of public investment and nearly \$2,500,000 in private investment downtown. The City and Downtown Goldsboro Development Corporation were recognized with two North Carolina Department of Commerce awards this year. One was for "Best Public-Private Partnership" with our Arts Downtown project to recruit the relocation of the Arts Council of Wayne County to downtown. The other was for "Best Volunteer Recruitment, Training and Recognition" for our organizational and structural efforts between the DGDC Board of Directors and the City of Goldsboro. The Downtown Goldsboro Development Corporation partnered with East Carolina University to develop a venue for non-traditional and younger involvement in community based discussions

by creating a think tank called the Greater Goldsboro Think Tank (G2T2). We believe this group will be a grass roots economic development tool for our community and downtown. The \$245,000 office space project being renovated and occupied by the non-profit arm of the Downtown Goldsboro Development Corporation is 90% complete. The Wayne County Veteran's Memorial opened to the public November 2011 after a complete rehabilitation/reuse of a vacant property investing over \$650,000.

The NC Division of Tourism, Film & Sports Development, has just released the 2011 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$138.58 million in calendar 2011. This is a 9.6% increase over 2010. Approximately 1000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$17.8 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2011 amounted to \$10.5 million. Of the 100 counties in North Carolina, Wayne County is ranked 13<sup>th</sup> in percentage growth and 27th in the State expenditures and far surpasses neighboring counties of Wilson, Duplin, Sampson, Lenoir, Greene and Craven.

### Long-Term Financial Planning

The Stoney Creek Park development continues which includes bike paths/trails, a natural amphitheater, open green space development, picnic/activity area, bathrooms and entranceway enhancements. The North Carolina Recreation and Parks Authority awarded a \$132,750 PARTF grant to the City of Goldsboro to help with these improvements to the park.



The City of Goldsboro began the first block of the Center Street Streetscape Project in May 2012. This project will widen sidewalks, create parallel parking, and add new benches and lights to the street. The first block of this revitalization project has a construction cost of \$1.3 million. Streetscape projects have proven to be an economic development catalyst in many measures, particularly increasing tax values. This will be a long-term investment for the betterment of the City. The completion of this first block was November 9, 2012. Discussions

have begun on the professional architectural services for the next two blocks of the Downtown Center Street Streetscape Project. If the City Council decides to move forward with this project, construction could begin in January 2014.

In July 2011, the City of Goldsboro acquired a facility with the vision of developing an Air Force Museum. The City desires to develop a stronger community identity by promoting tourism and economic development by celebrating its military history. It is also believed that by developing an Air Force Museum the community has an opportunity to make Seymour Johnson Air Force Base more accessible to the public. This project is being supported by the City of Goldsboro through the City's occupancy tax fund. In April 2012, the City of Goldsboro hired museum planners to develop a comprehensive plan to guide the development of a new Air Force Museum. The museum planners presented their findings to the City Council on November 19, 2012.

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. In 2009 through 2012, the City of Goldsboro completed Water Treatment Plant Improvements costing \$9.3 million. These improvements rehabilitated 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, rebuilding the water plant roof, 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.

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. The two-story Depot building is nearly 10,000 square feet in size situated on a property that encompasses two city blocks. The project has

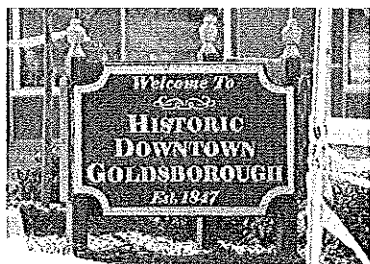
incurred over \$2,000,000 to-date in federal, state and local funds. Furthermore, the Public Transportation Division of the NCDOT is also supporting, endorsing and working in conjunction with the Rail Division, City of Goldsboro, Wayne County, and the local Goldsboro/Wayne consolidated public transportation system, Gateway, to develop this transportation center at the Union Station site. We have received \$1,355,000 in federal funding for this project. Currently, the City of Goldsboro has approved schematic designs of the planned transfer center facility with the architect and will begin the construction drawing phase in late 2012/early 2013.

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 the State Capitol of Raleigh 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, the corridor is 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. Projects have been awarded and are under construction for 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. On May 25, 2012, the North Carolina General Assembly passed House Bill #5 which deannexed this area. Effective June 30, 2012, the City of Goldsboro discontinued providing City services to this area. Although over \$2.6 million has been spent and cannot be recovered for sewer service approximately \$6 million in bond proceeds remain and will be used for future sewer rehabilitation needs within the existing sewer collection system.

#### 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 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. Beginning with FY 2012-2013, the City will be altering its capital project forecasting to a capital improvement plan (CIP). This plan will include projects of large and nonrecurring nature of \$30,000 and higher with 10 year forecasting for the General Fund projects and up to 20 years for the Utility Fund projects.

The Goldsboro City Council adopted fiscal policy guidelines in April 2010 and updated policies to include Utility Fund objectives in February 2012. 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.

The City contributes an amount equal to 5% of participant earnings to a supplemental retirement plan (401-K) for law enforcement officers and as of July 1 2012, contributes 1% to all non-sworn employees. 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 of Goldsboro is self-insured for health care benefits. With projected health plan expenses increasing and after bidding the City's health care options, the City of Goldsboro decided to remain self-insured, but changed the health plan to a high deductible plan with a \$1,300 deductible. Two options were

available to employees beginning July 1, 2012 to help meet the \$1,300 deductible; Health Savings Accounts (HSA) or a Health Reimbursement Account (HRA).

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

### 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 1995-2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial records.

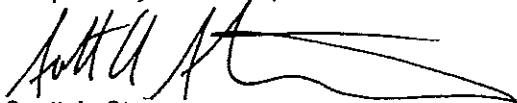
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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.

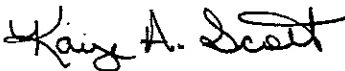
### ACKNOWLEDGEMENT

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**

This page intentionally left blank

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goldsboro, North Carolina as of and for the year ended June 30, 2012, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goldsboro, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reported dated December 7, 2012 on our consideration of the City of Goldsboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and Other Postemployment Benefits' Schedule of Funding Progress and Schedule of Employer Contributions on pages 54 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goldsboro's basic financial statements. The combining and individual nonmajor fund statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

Member: North Carolina Association of Certified Public Accountants

American Institute of Certified Public Accountants

the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Portland Perry & Crane Inc.*

La Grange, North Carolina  
December 7, 2012



## 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, 2012. 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

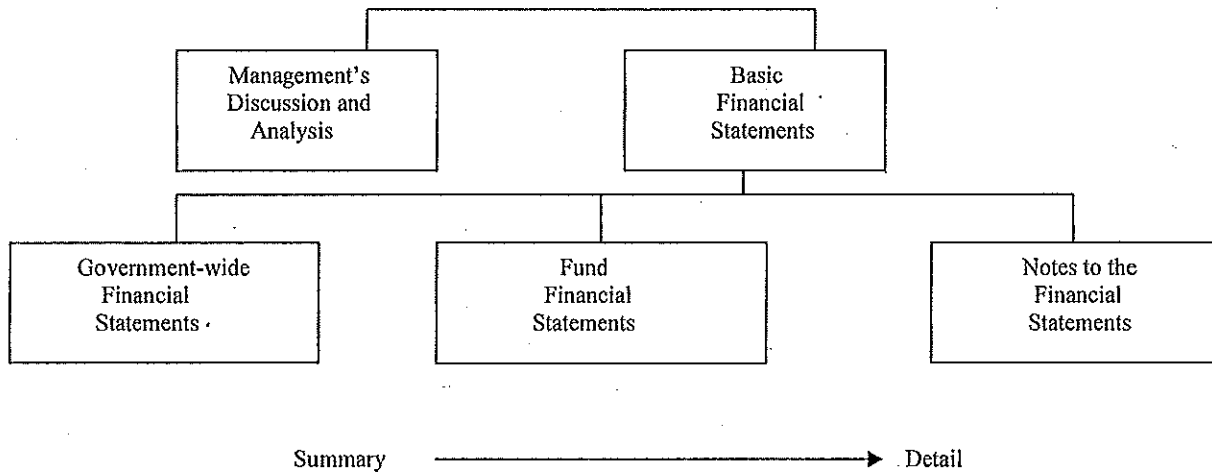
- The assets of the City exceeded its liabilities at the close of the recent fiscal year by \$108,619,060 (*net assets*). Of this amount, \$19,526,740 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,059,784, primarily due to increases in both governmental and business type-activities net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,248,803, an increase of \$2,088 in comparison with the prior year. Approximately 44.1 percent of this total, or \$6,278,592, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$6,135,608 or 19.01 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$536,287 (.98%) 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 20 and 21 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 23-26 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 27-30 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 31-54 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 55-59 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 \$108,619,060 as of June 30, 2012. The significant portion of the City's net assets (76.5 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 (\$6,020,414) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$19,526,740 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, 2012**

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$18,209,631	\$18,432,952	\$22,772,543	\$21,174,033	\$40,982,174	\$39,606,985
Capital assets	58,446,419	55,834,080	70,105,594	71,451,994	128,552,013	127,286,074
<b>Total assets</b>	<b>76,656,050</b>	<b>74,267,032</b>	<b>92,878,137</b>	<b>92,626,027</b>	<b>169,534,187</b>	<b>166,893,059</b>
Long-term liabilities outstanding	16,558,309	16,783,069	34,355,231	34,359,371	50,913,540	51,142,440
Other liabilities	4,055,806	3,635,365	5,945,781	6,555,978	10,001,587	10,191,343
<b>Total liabilities</b>	<b>20,614,115</b>	<b>20,418,434</b>	<b>40,301,012</b>	<b>40,915,349</b>	<b>60,915,127</b>	<b>61,333,783</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	42,700,984	43,486,935	40,370,922	40,962,133	83,071,906	84,449,068
Restricted	6,020,414	-	-	-	6,020,414	4,240,257
Unrestricted	7,320,537	6,121,406	12,206,203	10,748,545	19,526,740	16,869,951
<b>Total net assets</b>	<b>\$56,041,935</b>	<b>\$53,848,598</b>	<b>\$52,577,125</b>	<b>\$51,710,678</b>	<b>\$108,619,060</b>	<b>\$105,559,276</b>

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

**Governmental Activities** – Governmental activities increased the City's net assets by \$2,193,337, due to a number of reasons. Key elements of this decrease are as follows:

- Property tax revenues increased by \$1,171,629 combined to previous fiscal year. The 2011 revaluation showed an increased and Council voted to maintain the current tax rate, which increased tax revenues over FY 2010-11.
- City's sales tax revenues increased by \$607,172. Retail sales has increased in Goldsboro and the City budgeted sales tax revenues conservatively.
- 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) \$280,433.

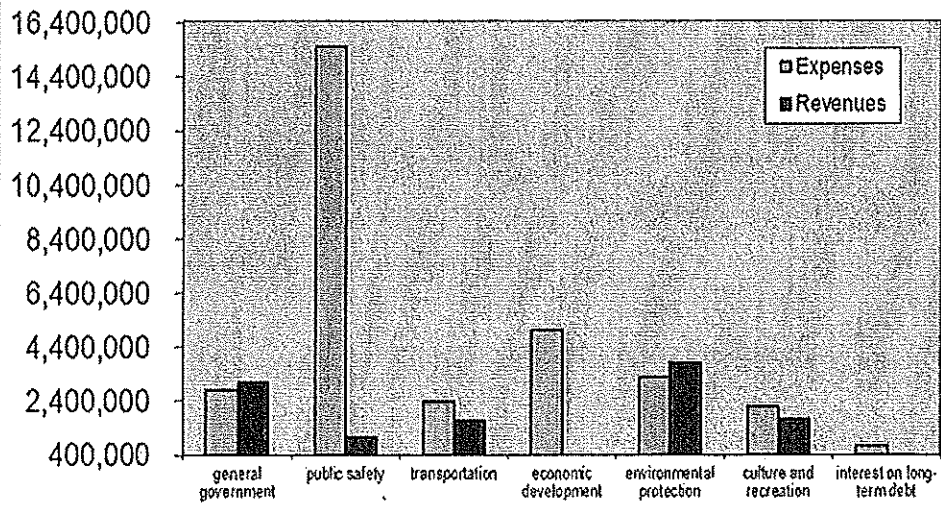
**Business-type Activities** – Business-type activities increased the City's net assets by \$866,447. Key elements of this increase are as follows:

- The City realized an increase in revenues for charges for water and sewer services of \$1,595,080.
- As previous noted, the City recognized the current's year's liability for post employment benefits (OPEB) \$78,296.
- Phase I and II 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.

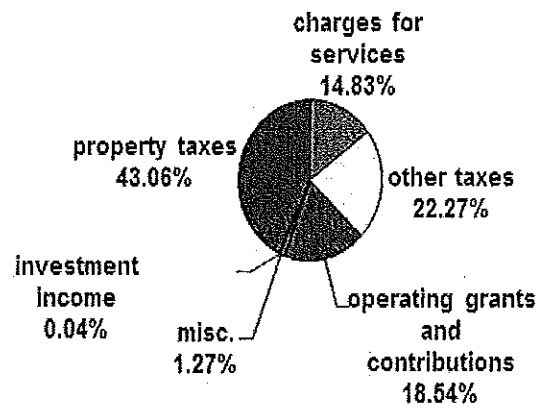
**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 5,071,008	\$ 4,701,416	\$15,957,295	\$14,362,215	\$21,028,303	\$19,063,631
Operating grants and contributions	6,340,281	5,999,629	-	-	6,340,281	5,999,629
Capital grants and contributions			235,203	-	235,203	
General revenues:						
Property taxes	14,726,183	13,554,554	-	-	14,726,183	13,554,554
Other taxes	7,616,282	6,799,858	-	-	7,616,282	6,799,858
Investment income	12,661	23,079	14,654	21,748	27,315	44,827
Miscellaneous	433,269	560,261	<1,734,382>	-	<1,301,113>	560,261
Total revenues	<u>34,199,684</u>	<u>31,638,797</u>	<u>14,472,770</u>	<u>14,383,963</u>	<u>48,672,454</u>	<u>46,022,760</u>
Expenses:						
General government	2,822,577	2,947,130	-	-	2,822,577	2,947,130
Public safety	15,513,297	15,954,680	-	-	15,513,297	15,954,680
Transportation	2,395,299	4,835,713	-	-	2,395,299	4,835,713
Environmental protection	3,293,159	3,221,967	-	-	3,293,159	3,221,967
Economic and physical development	5,048,592	3,307,854	-	-	5,048,592	3,307,854
Culture and recreation	2,208,649	2,370,322	-	-	2,208,649	2,370,322
Interest on long-term debt	724,774	690,706	-	-	724,774	690,706
Water and sewer	-	-	13,606,323	13,135,400	13,606,323	13,135,400
Total expenses	<u>32,006,347</u>	<u>33,328,372</u>	<u>13,606,323</u>	<u>13,135,400</u>	<u>45,612,670</u>	<u>46,463,772</u>
Increase (Decrease) in net assets	2,193,337	(1,689,575)	866,447	1,248,563	3,059,784	(441,012)
Net assets - July 1	<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>
Net assets - June 30	<u>\$56,041,935</u>	<u>\$53,848,598</u>	<u>\$52,577,125</u>	<u>\$51,710,678</u>	<u>\$108,619,060</u>	<u>\$105,559,276</u>

### Expenses and Program Revenues Governmental Activities

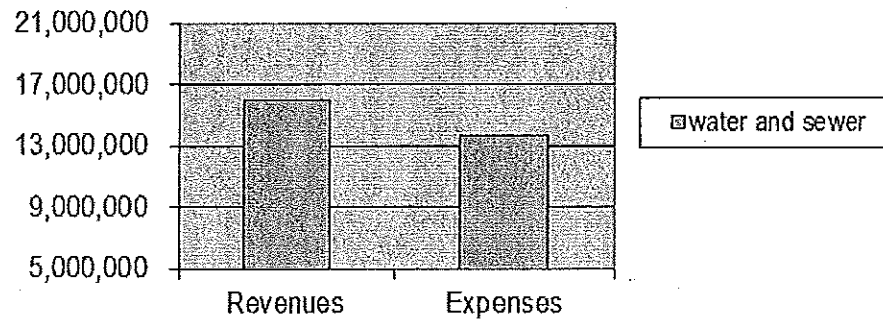


### Revenues by Source Governmental Activities





### 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 \$6,135,608, while total fund balance reached \$9,582,122. 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 19 percent of total General Fund expenditures, while total fund balance represents 29.6 percent of that same amount.

At June 30, 2012, the governmental funds of the City reported a combined fund balance of \$14,248,803, .015 percent increase over last year. In the general fund, the actual budget basis fund balance change was an increase for fiscal year 2012 of \$836,971 and is due to actual revenues more than budgeted. The economic changes have affected the City's revenues in privilege license tax, permits, and local option sales tax revenues. Decreases in fund balance are reported in the occupancy Tax which is connected to the debt service payment for the Paramount Theater. Funds were appropriated for museum planners to develop a comprehensive plan to guide the development of a new 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 \$235,000 for additional attorney litigation fees.
- Appropriation of \$90,000 for additional funds necessary to pay increased fuel costs due to escalating gasoline and diesel prices.
- Appropriation of \$300,000 for health insurance claims and \$120,000 for worker's compensation and liability claims.
- Appropriation of \$90,500 for golf course greens renovations

- Appropriation of \$150,000 for the purchase of five police line cars.
- 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:

- The difference in restricted intergovernmental revenues resulted from increased funds as a result of the Federal Emergency Management Agency's reimbursements of costs associated with Hurricane Irene.
- Sales and services revenues decreased due to the closing of the golf course for the greens renovations.
- The difference in unrestricted intergovernmental revenues resulted from increased collections in GWTA garage reimbursement, ABC revenues and payment in lieu of tax.
- Several departmental budgets were amended due to the costs associated with the Hurricane Irene cleanup costs.
- Budget amendments were approved in the Police Department for line cars, golf course for the greens renovations and garage for the increase cost in fuel.
- Funding was allocated in the Council's budget for additional attorney fees.
- 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 increased more than anticipated.
- Ad valorem taxes were below budgeted due decreased in vehicle tax collections.
- The difference in unrestricted intergovernmental revenues resulted from decreased collections in utility franchise taxes, Cherry Hospital reimbursement and beer and wine tax.
- Transportation planning grant funds received were less than expected due to a decrease in work completed on the authorized projects.
- The permits and fees revenues increased due to the renovation projects and new construction.
- Sales and service revenues were more than budgeted due to the increase in refuse and cemetery service 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 \$12,206,203. The total increase in net assets for the fund was \$866,447. 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, 2012, totals \$128,552,013 (net of accumulated depreciation). These assets include buildings, streets, land, equipment, and vehicles.

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

- Construction of sidewalks on Central Heights Road at a cost of \$164,344.
- Purchase of 2011 Ford Ranger for the Planning Department at a cost of \$16,179.
- Upgrade of software and hardware in the Information Technology Department at a cost of \$629,978.
- Fire Department upgraded radios at a cost of \$12,366 and air packs at \$16,400.
- Additional curbing, streets, piping and sidewalks added to assets at \$1,235,840.
- Purchased the Arts Council Facility for the development of Air Force Museum for \$500,000.
- Construction in progress at a cost of \$2.9 million for Phase II upgrade of Water Treatment Plant.
- Purchase of generator for the sanitary sewer improvements to Phase XI Annexation in the amount of \$73,908.
- Fire station renovations costing \$111,229 was completed.
- No major demolitions were recorded this year.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,583,743	\$ 6,641,295	\$1,558,406	\$1,558,406	\$ 9,142,149	\$8,199,701
Buildings	12,464,597	12,708,012	-	-	12,464,597	12,708,012
Plant and Distribution Systems	-	-	65,805,099	60,724,722	65,805,099	60,724,722
Streets and Improvements	33,844,927	32,297,634	-	-	33,844,927	32,297,634
Vehicles	2,815,320	3,398,056	374,529	511,438	3,189,849	3,909,494
Equipment	722,333	265,571	347,736	126,136	1,070,069	391,707
Construction in Progress	1,015,499	523,512	2,019,824	8,831,292	3,035,323	9,054,804
<b>Total</b>	<b>\$58,446,419</b>	<b>\$55,834,080</b>	<b>\$70,105,594</b>	<b>\$71,451,994</b>	<b>\$128,552,013</b>	<b>\$127,286,074</b>

Additional information on the City's capital assets can be found in note 4 or pages 39-40 of the Basic Financial Statements.

## Long-Term Debt

Long-term Debt. As of June 30, 2012, the City had total bonded debt outstanding of \$54,001,632. Of this amount, \$23,576,820 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$4,414,177	\$4,783,535	\$19,162,643	\$21,372,849	\$23,576,820	\$26,156,384
Capitalized leases	559,165	-	-	-	559,165	-
Notes payable	11,045,130	11,286,892	18,820,517	17,094,643	29,865,647	28,381,535
Total	\$16,018,472	\$16,070,427	\$37,983,160	\$38,467,492	\$54,001,632	\$54,537,919

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 \$169,624,125

Additional information regarding the City's long-term debt can be found in note 6 on pages 46-51 of this report.

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

The average unemployment rate for the Goldsboro Metropolitan Statistical Area (MSA) is currently 8.6% compared to the state average of 9.3%. Taxable sales within Wayne County increased from \$902,226,600 in 2011 to \$1,020,586,270 in 2012, which is an increase of 11.6%.

## **Budget Highlights for the Fiscal Year Ending June 30, 2013**

During the current fiscal year, unreserved fund balance in the general fund increased to \$6,135,608. The City appropriated \$67,869 fund balance in the 2013 fiscal year budget.

**Governmental Activities:** The City's adopted budget for 2013 reflected the tax revaluation calculations from 2011. City Council voted to maintain the existing rate of 65 cents per \$100 valuation. 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 decreased 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 FY 2012-13. Phase II of the Water Treatment Plant Facility upgrade is expected to be completed in December 2012. 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**

This page intentionally left blank



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

This page intentionally left blank

City of Goldsboro, North Carolina  
**STATEMENT OF NET ASSETS**  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,262,702	\$ 9,618,233	\$ 19,880,936
Receivables (net)	4,552,991	3,685,517	8,238,508
Inventories	258,178	1,220,303	1,478,481
Total current assets	15,073,871	14,524,053	29,597,924
Non-current assets:			
Restricted assets:			
Cash and investments	3,135,760	8,248,489	11,384,249
Capital assets:			
Land, improvements, and construction in progress	8,599,242	3,578,230	12,177,472
Other capital assets, net of depreciation	49,847,177	66,527,364	116,374,541
Total capital assets	58,446,419	70,105,594	128,552,013
Total non-current assets	61,582,179	78,354,084	139,936,263
Total assets	76,656,050	92,878,137	169,534,187
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,659,116	408,837	2,067,953
Customer deposits	-	962,207	962,207
Unearned revenue	2,132	545,466	547,598
Current portion of long-term liabilities	2,394,558	4,029,271	6,423,829
Total current liabilities	4,055,806	5,945,781	10,001,587
Long-term liabilities:			
Due in more than one year	16,558,309	34,355,231	50,913,540
Total liabilities	20,614,115	40,301,012	60,915,127
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,700,984	40,370,922	83,071,906
Restricted for:			
Stabilization by State Statute	3,120,467	-	3,120,467
Streets	2,899,947	-	2,899,947
Unrestricted	7,320,537	12,206,203	19,526,740
Total net assets	\$ 56,041,935	\$ 52,577,125	\$ 108,619,060

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 2,822,577	\$ 371,656	\$ 2,742,032	\$ -	\$ 291,111	\$ -	\$ 291,111
Public safety	15,513,297	411,691	650,740	-	(14,450,866)	-	(14,450,866)
Transportation	2,395,299	409,430	1,257,218	-	(728,651)	-	(728,651)
Economic and physical development	5,048,592	-	31,812	-	(5,016,780)	-	(5,016,780)
Environmental protection	3,293,159	3,261,733	534,600	-	503,174	-	503,174
Cultural and recreation	2,208,649	616,498	1,123,879	-	(468,272)	-	(468,272)
Interest on long-term debt	724,774	-	-	-	(724,774)	-	(724,774)
Total governmental activities (See Note 1)	32,006,347	5,071,008	6,340,281	-	(20,595,058)	-	(20,595,058)
Business-type activities:							
Water and sewer	13,606,323	15,957,295	-	235,203	-	2,586,175	2,586,175
Total business-type activities	13,606,323	15,957,295	-	235,203	-	2,586,175	2,586,175
Total primary government	\$ 45,612,670	\$ 21,028,303	\$ 6,340,281	\$ 235,203	(20,595,058)	2,586,175	(18,008,883)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					14,726,183	-	14,726,183
Local option sales taxes					6,350,223	-	6,350,223
Other taxes and licenses					1,266,059	-	1,266,059
Unrestricted investment earnings					12,661	14,654	27,315
Extraordinary item: loss on annexation phase XI					-	(1,734,382)	(1,734,382)
Miscellaneous					433,269	-	433,269
Total general revenues not including transfers					22,788,395	(1,719,728)	21,068,667
Transfers					-	-	-
Total general revenues and transfers					22,788,395	(1,719,728)	21,068,667
Change in net assets					2,193,337	866,447	3,059,784
Net assets - beginning					53,848,598	51,710,678	105,559,276
Net assets - ending					\$ 56,041,935	\$ 52,577,125	\$ 108,619,060

The accompanying notes are an integral part of this statement

## **FUND FINANCIAL STATEMENTS**

This page intentionally left blank

City of Goldsboro, North Carolina  
**Balance Sheet**  
 Governmental Funds  
 June 30, 2012

	<u>Major Funds</u>		
	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,321,356	\$ 1,941,346	\$ 10,262,702
Receivables (net):			
Taxes	1,694,876	6,649	1,701,525
Accounts	2,851,466	-	2,851,466
Due from other funds	100,000	-	100,000
Inventories	258,178	-	258,178
Restricted assets:			
Cash and investments	235,813	2,899,947	3,135,760
Total assets	<u>\$ 13,461,689</u>	<u>\$ 4,847,942</u>	<u>\$ 18,309,631</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 976,875	\$ 74,612	\$ 1,051,487
Customer deposits	-	-	-
Accrued compensation payable	607,627	-	607,627
Due to other funds	-	100,000	100,000
Deferred revenue	2,295,066	6,649	2,301,715
Total liabilities	<u>3,879,568</u>	<u>181,261</u>	<u>4,060,829</u>
Fund balances:			
Non Spendable:			
Inventories	258,178	-	258,178
Restricted			
Stabilization by State Statute	3,120,467	-	3,120,467
Streets	-	2,899,947	2,899,947
Committed			
Downtown Development	-	133,293	133,293
Economic Development	-	1,356,549	1,356,549
Assigned			
Subsequent year's expenditures	67,869	276,892	344,761
Unassigned	6,135,608	-	6,135,608
Total fund balances	<u>9,582,122</u>	<u>4,666,681</u>	<u>14,248,803</u>
Total liabilities and fund balances	<u>\$ 13,461,689</u>	<u>\$ 4,847,942</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 are not reported in the funds.

Gross capital assets at historical cost	104,617,938	
Accumulated depreciation	<u>(46,171,519)</u>	58,446,419

Liabilities for earned but deferred revenues in fund statements 2,299,580

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

(18,952,867)

Net assets of governmental activities \$ 56,041,935

The accompanying notes are an integral part of this statement

City of Goldsboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Fiscal Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 14,862,383	\$ 72,577	\$ 14,934,960
Penalties and interest	95,312	806	96,118
Local option sales taxes	6,350,223	-	6,350,223
Other taxes and licenses	512,958	656,984	1,169,941
Unrestricted intergovernmental	3,298,929	-	3,298,929
Restricted intergovernmental	2,330,399	1,120,384	3,450,783
Permits and fees	384,271	-	384,271
Sales and services	4,255,076	-	4,255,076
Investment earnings	9,413	3,248	12,661
Miscellaneous	447,617	7,882	455,499
Total revenues	<u>32,546,580</u>	<u>1,861,881</u>	<u>34,408,461</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,476,601	-	3,476,601
Public safety	15,912,814	-	15,912,814
Transportation	3,346,570	-	3,346,570
Economic and physical development	1,804,331	3,198,112	5,002,443
Environmental protection	3,231,770	-	3,231,770
Cultural and recreational	2,731,638	-	2,731,638
Debt service:			
Principal	1,297,654	300,000	1,597,654
Interest and other charges	467,396	166,845	634,241
Debt issuance cost	60,333	-	60,333
Bond issuance cost	30,200	-	30,200
Total expenditures	<u>32,359,307</u>	<u>3,664,957</u>	<u>36,024,264</u>
Excess (deficiency) of revenues over expenditures	187,273	(1,803,076)	(1,615,803)
Other financing sources (uses):			
Capital lease obligations issued	559,165	-	559,165
Refund bonds issued	580,200	-	580,200
Payment to refunded bond escrow agent	(550,000)	-	(550,000)
Refunding debt issuance	2,727,000	-	2,727,000
Payment to refinanced debt issuance	(2,666,667)	-	(2,666,667)
Proceeds from debt issuance	-	896,000	896,000
Total other financing sources (uses)	<u>649,698</u>	<u>896,000</u>	<u>1,545,698</u>
Revenue and other financing sources over (under) expenditures and other financing uses	836,971	(907,076)	(70,105)
Fund balances-beginning	8,672,958	5,573,757	14,246,715
Increase (decrease) in inventory	72,193	-	72,193
Fund balances-ending	<u>\$ 9,582,122</u>	<u>\$ 4,666,681</u>	<u>\$ 14,248,803</u>



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

Net changes in fund balances - total governmental funds		\$	(70,105)
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	4,935,983		
Depreciation expense for governmental assets	<u>(2,307,866)</u>		2,628,117
Loss on disposal of land to County			(15,778)
Increase in inventory			72,193
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			
			(208,777)
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	24,278		
Net pension obligation	(8,113)		
Other postemployment benefits	<u>(280,433)</u>		(264,268)
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	(4,762,365)		
Principal payments on long-term debt	<u>\$ 4,814,320</u>		51,955
Total changes in net assets of governmental activities		\$	<u>2,193,337</u>

City of Goldsboro, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Ad Valorem taxes	\$ 15,233,266	\$ 15,233,266	\$ 14,957,695	\$ (275,571)
Other taxes and licenses	6,251,100	6,251,100	6,863,181	612,081
Unrestricted intergovernmental	3,156,915	3,613,623	3,298,929	(314,694)
Restricted intergovernmental	1,752,922	2,086,766	2,330,399	243,632
Permits and fees	373,500	373,500	384,271	10,771
Sales and services	4,448,960	4,235,300	4,255,076	19,776
Investment earnings	10,000	13,715	9,413	(4,302)
Miscellaneous	255,265	469,859	447,617	(22,242)
Total revenues	31,481,928	32,277,129	32,546,580	269,451
<b>EXPENDITURES</b>				
Current:				
General government	4,226,185	4,805,108	3,476,601	1,328,506
Transportation	2,824,826	3,353,539	3,346,570	6,968
Economic and physical development	2,140,725	2,170,523	1,804,331	366,192
Public safety	14,527,617	16,916,421	15,912,814	1,003,607
Environmental protection	3,186,435	3,836,784	3,231,770	605,014
Cultural and recreational	2,811,381	3,034,184	2,731,638	302,547
Debt Service:				
Principal	1,294,640	1,297,654	1,297,654	-
Interest	472,612	469,599	467,396	2,203
Debt issuance cost	-	60,333	60,333	-
Bond issuance cost	-	30,200	30,200	-
Contingency	1,200,000	1,200,000	-	1,200,000
Total expenditures	32,684,421	37,174,344	32,359,307	4,815,037
Revenue over (under) expenditures	(1,202,493)	(4,897,215)	187,273	5,084,488
Other financing sources (uses):				
Capital lease obligations issues	-	559,165	559,165	-
Refunding debt issued	-	3,307,200	3,307,200	-
Payments on refunded bonds	-	(3,216,667)	(3,216,667)	-
Transfer (to) from other funds	1,202,493	1,202,493	-	1,202,493
Total other financing sources (uses)	1,202,493	1,852,191	649,698	(1,202,493)
Revenue and other financing sources over (under) expenditures and other financing uses	-	(3,045,024)	836,971	3,881,995
Fund balance appropriated	-	3,045,024	-	(3,045,024)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	836,971	\$ 836,971
Fund balances - beginning			8,672,958	
Increase (decrease) in inventory			72,193	
Fund balances - ending			\$ 9,582,122	

The accompanying notes are an integral part of this statement

City of Goldsboro, North Carolina  
**Statement of Net Assets**  
**Proprietary Fund**  
June 30, 2012

**ASSETS**

## Current assets:

Cash and equivalents	\$ 9,618,233
Accounts receivables (net)	3,685,517
Inventories	1,220,303
Total current assets	<u>14,524,053</u>

## Noncurrent assets:

Restricted assets	
Cash and cash equivalents	8,248,489

## Capital assets:

Land and other non-depreciable assets	3,578,230
Other capital assets (net)	66,527,364
Capital assets (net)	<u>70,105,594</u>

Total assets	<u>92,878,137</u>
--------------	-------------------

**LIABILITIES**

## Current liabilities:

Accounts payable and accrued liabilities	408,837
Customer deposits	962,207
Unearned revenue	545,466
Note payable - current	1,849,832
General obligation bonds payable - current	2,087,472
Total current liabilities	<u>5,853,814</u>

## Noncurrent liabilities:

Compensated absences payable	229,919
Net OPEB Obligation	171,422
Note payable, net of current	16,970,686
General obligation bonds payable - net of current	17,075,171
Total noncurrent liabilities	<u>34,447,198</u>
Total liabilities	<u>40,301,012</u>

**Net Assets**

Investment in capital assets	40,370,922
Unrestricted	12,206,203
Total net assets	<u>\$ 52,577,125</u>

The accompanying notes are an integral part of this statement

This page intentionally left blank

City of Goldsboro, North Carolina  
**Statements of Revenues, Expenses and  
 Changes in Fund Net Assets - Proprietary Fund**  
 For the Fiscal Year Ended June 30, 2012

---

Operating revenues:	
Charges for service	\$ 15,112,643
Assessments	20,895
Water and sewer taps	43,300
Other operating revenues	780,457
Total operating revenues	<u>15,957,295</u>
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,543,920
Utilities	693,113
Supplies and other expenses	5,024,666
Depreciation	3,188,104
Total operating expenses	<u>12,449,804</u>
Operating income	3,507,492
Nonoperating revenues (expenses):	
Investment earnings	14,654
Interest and fees	<u>(1,156,520)</u>
Total nonoperating expenses	<u>(1,141,865)</u>
Income before contributions and transfers	2,365,626
Capital contributions	235,203
Extraordinary item: loss on annexation phase XI	<u>(1,734,382)</u>
Change in net assets	866,447
Total net assets - beginning	<u>51,710,678</u>
Total net assets - ending	<u><u>\$ 52,577,125</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, 2012

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 14,677,204
Cash paid for goods and services	(6,099,030)
Cash paid to employees for services	(3,463,440)
Customer deposits received	77,488
Other operating revenues	780,457
Net cash provided by operating activities	<u>5,979,628</u>

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

Principal paid on long-term borrowings	(1,502,774)
Interest paid on long-term borrowings	(308,274)
Acquisition and construction of capital assets	(3,507,877)
Proceeds from long term debt	3,208,727
Contributed Capital	235,203
Principal paid on bond maturities	(2,265,442)
Interest paid on bond maturities	(848,246)
Net cash used in capital and related financing activities	<u>(4,988,683)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	14,654
Net cash proved by investing activities	<u>14,654</u>

Net increase in cash and cash equivalents	1,005,599
Cash and cash equivalents, July 1	<u>16,861,123</u>
Cash and cash equivalents, June 30	<u>\$ 17,866,722</u>

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

Operating income	\$ 3,507,492
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,188,104
Loss on disposal of equipment	6,949
Change in assets and liabilities	
(Increase)decrease in accounts receivable	(499,634)
(Increase)decrease in inventory	(93,276)
Increase(decrease) in accounts payable and accrued liabilities	(281,890)
Increase(decrease) in customer deposits	77,488
Increase(decrease) in compensated absences	2,184
Increase(decrease) in net OPEB obligation	78,296
Increase(decrease) in deferred revenues	(6,085)
Net cash provided by operating activities	<u>\$ 5,979,628</u>

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

**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.

*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.



City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

*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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

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. In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

#### **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.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

**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, 2011.

**5. Allowances for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

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

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

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

**7. Capital Assets**

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

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

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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

**8. Long-term Obligations**

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

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

**9. Compensated Absences**

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The sick leave policies of the City provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the City.

**10. Net Assets/Fund Balances**

**Net Assets**

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

**Fund Balances**

In the governmental fund financial statements, 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)].

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

Restricted for Streets – Bond proceeds 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 through a formal resolution.

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 as designated by the governing body.

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.

The City of Goldsboro has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that available fund balance will target at the close of each fiscal year equal to 15% of the general fund operating budget; at no time shall the available fund balance fall below 10% of the general fund operating budget.

**E. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the governmental-wide statement of net assets. The net adjustment of \$41,793,132 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)	\$ 104,617,938
Less accumulated depreciation	<u>(46,171,519)</u>
Net capital assets	58,446,419
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,299,580

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

Bonds, leases, and installment financing	(16,018,472)
Compensated absences	(1,378,492)
Net OPEB obligation	(1,291,790)
Net pension obligation	(264,113)
	<u>(18,952,867)</u>
Total adjustment	\$ <u>41,793,132</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 \$2,263,442 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,935,983
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>(2,307,866)</u>
	(2,628,117)
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	(15,778)
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	4,814,320
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities – it affects only the government-wide statements	(4,762,365)
Increase in inventory	72,193
Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(288,546)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	24,278
Decrease in deferred tax revenue for year ended June 30, 2012	<u>(208,777)</u>
	\$ <u>2,263,442</u>

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

**II. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2012, the City's deposits had a carrying amount of \$15,742,084 and a bank balance of \$15,169,219. Of the bank balance, \$500,000 was covered by federal depository insurance and \$14,669,219 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2012, City of Goldsboro had \$1,830 cash on hand.

**2. Investments**

At June 30, 2012, 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, 2012, the City's investment balances were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust: Cash Portfolio	<u>\$ 15,521,270</u>	<u>\$ 15,521,270</u>

***Interest Rate Risk***

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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

**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	\$ 1,694,876
Accounts receivable	3,212,422
Allowance for uncollectible	<u>(354,307)</u>
Net governmental receivables	4,552,991
Enterprise Fund:	
Accounts receivable	4,437,401
Allowance for uncollectible	<u>(751,884)</u>
Net enterprise receivables	3,685,517
Total net receivables	<u>\$ 8,238,508</u>

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

**Governmental Activities:**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,641,295	\$ 949,693	\$ 7,245	7,583,743
Construction in process	523,512	1,202,281	710,294	1,015,499
	<u>7,164,807</u>	<u>2,151,974</u>	<u>717,539</u>	<u>8,599,242</u>
Capital assets being depreciated:				
Buildings	17,399,958	273,037	5,990	17,667,005
Equipment	1,907,588	588,505	426,256	2,069,837
Streets and infrastructure	62,092,065	2,588,691	-	64,680,756
Vehicles and motor equipment	11,604,540	44,070	47,512	11,601,098
Total capital assets being depreciated	<u>93,004,151</u>	<u>3,494,303</u>	<u>479,758</u>	<u>96,018,696</u>
Less accumulated depreciation for:				
Buildings	4,691,946	510,462	-	5,202,408
Equipment	1,642,017	129,200	423,713	1,347,504
Streets and improvements	29,794,431	1,041,398	-	30,835,829
Vehicles and motor equipment	8,206,484	626,806	47,512	8,785,778
Total accumulated depreciation	<u>44,334,878</u>	<u>2,307,866</u>	<u>471,225</u>	<u>46,117,519</u>
Total capital assets being depreciated, net	<u>48,669,273</u>			<u>49,847,177</u>
Governmental activity capital assets, net	<u>\$ 55,834,080</u>			<u>\$ 58,446,419</u>



City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

**Business-type Activities:**

General government	\$ 346,181
Public safety	123,471
Transportation	1,430,877
Economic and physical development	61,851
Environmental protection	61,389
Cultural and recreation	284,097
Total depreciation expense	<u>\$ 2,307,866</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Utility Fund				
Capital assets not being depreciated:				
Land	\$ 1,558,406	\$ -	\$ -	\$ 1,558,406
Construction in progress	8,531,292	2,621,560	9,133,028	2,019,824
Total capital assets not being Depreciated	<u>10,089,698</u>	<u>2,621,560</u>	<u>9,133,028</u>	<u>3,578,230</u>
Capital assets being depreciated:				
Plant and distribution systems	109,605,910	8,076,963	-	117,682,873
Furniture and maintenance				
Equipment	483,245	283,159	11,682	754,722
Vehicles and motor equipment	2,671,462	-	69,206	2,602,256
Total capital assets being depreciated:	<u>112,760,617</u>	<u>8,360,122</u>	<u>80,888</u>	<u>121,039,851</u>
Less accum. depreciation for:				
Plant and distribution systems	48,881,187	2,996,587	-	51,877,774
Furniture and maintenance				
Equipment	357,110	59,272	9,396	406,986
Vehicles and motor equipment	2,160,024	132,245	64,542	2,227,727
Total accumulated depreciation	<u>51,398,321</u>	<u>3,188,104</u>	<u>73,939</u>	<u>54,512,487</u>
Total capital assets being Depreciated, net	<u>61,362,296</u>			<u>66,527,364</u>
Utility fund capital assets, net	<u>\$ 71,451,994</u>			<u>\$ 70,105,594</u>

The City's legal battle for phase XI annexation was denied; therefore, over 1.7 million of construction in progress was written off as of June 30, 2012 from the capital project fund. The balance was capitalized was approximately \$404,346 that were generators and equipment that the City placed into service.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

**Construction commitments**

The government has active construction projects as of June 30, 2012. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2012, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
General Fund:		
Center Street Streetscape	\$ 132,658	\$ 1,257,200
Total general fund	\$ 132,658	1,257,200
2012 Sanitary Sewer Rehab Proj	\$ -	\$ 842,102
2011 Sanitary Sewer Rehab Proj	486,469	22,656
Water Plant upgrade Phase II	1,217,141	1,471,563
Total utility fund	\$ 1,703,610	\$ 2,336,321
Total	\$ 1,836,268	\$ 3,593,521

**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 6.77% and 6.74%, 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, 2012, 2011, and 2010 were \$1,352,912, \$1,208,008, and \$919,501, 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, 2012

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	14
Active plan members	112
Total	<u>126</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, 2011 was 19 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	\$ 218,893
Interest on net pension obligation	12,800
Adjustment to annual required contribution	<u>(15,272)</u>
Annual pension cost	216,421
Contributions made	208,308
Increase (decrease) in net pension obligation	<u>8,113</u>
Net pension obligation beginning of year	256,000
Net pension obligation end of year	<u>\$ 264,113</u>

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	178,270	92.40%	216,347
2011	225,194	82.39%	256,000
2012	216,421	96.25%	264,113

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

**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 \$2,304,624, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,304,624. The covered payroll (annual payroll of active employees covered by the plan) was \$4,782,683 and the ratio of the UAAL to the covered payroll was 48.19%.

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, 2012 were \$237,894, 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, 2012, 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, 2012

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, 2011, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees and dependents receiving benefits	17	6
Active plan members	342	112
Total	<u>359</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	\$ 352,665
Interest on net OPEB obligation	44,179
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>396,844</u>
Contributions made	38,115
Increase in net OPEB obligation	358,729
Net OPEB obligation, beginning of year	1,104,483
Net OPEB obligation, end of year	<u>\$ 1,463,212</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$396,844	9.6%	\$1,463,212
2011	385,361	3.1%	1,104,483
2010	385,361	3.1%	731,207

*Funded Status and Funding Progress.* As of December 31, 2011, 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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

\$5,654,583. The covered payroll (annual payroll of active employees covered by the plan) was \$18,791,106, and the ratio of the UAAL to the covered payroll was 30.1%. 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, 2011 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 9.50% and 5.00% annually. Both rates included a 3.00% 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, 2011, 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	\$ 1,694,876	\$ 6,649	\$ -
Cemetery receivable	6,722	-	-
Refuse receivable	428,754	-	-
Assessments receivable	102,815	-	-
Prepaid assessments-unearned	-	-	538,346
Prepaid revenues-unearned	2,132	-	7,120
Miscellaneous receivable	59,767	-	-
Total	<u>\$ 2,295,066</u>	<u>\$ 6,649</u>	<u>\$ 545,466</u>

## **4. Risk Management**

The City of Goldsboro is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently has a protected self-insurance program to provide for these exposures. The City retains the first 50 thousand dollars of any property loss, the first 10

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

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:

	2011
Claims liability beginning of year	\$ -
Claims incurred during the year	6,124,254
Changes in estimates for prior claims	
Payments on claims during year	6,124,254
Claims liability end of year	\$ -

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, 2012, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

#### **6. Long-Term Obligations**

##### **a. Capital Leases**

The City has entered into an agreement to lease certain equipment. The lease agreement qualify as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on August 23, 2011 to lease hardware/software equipment to enhance network disaster recovery and replace old personal computers and requires five annual payments of \$120,956. In the agreement, title passes to the City at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2012.

	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 559,165	\$ 48,207	\$ 510,958

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Year Ending June 30	
2013	\$ 120,956
2014	120,956
2015	120,956
2016	120,956
2017	120,954
Total minimum lease payments	604,778
Less: amount representing interest	45,613
Present value of the minimum lease payments	\$ 559,165

**b. General Obligation Indebtedness**

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

The City's general obligation bonds payable at June 30, 2012 are comprised of the following individual issues:

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

*Serviced by the City's General Fund*

\$268,446 2005 Refunding Serial Bonds (Street 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	\$ 123,057
--	------------

\$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	971,920
---	---------

\$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	2,800,000
---	-----------

\$580,200 2011 Refunding Serial Bonds (Street Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2022, interest at 2.67 percent payable with each installment	519,200
--	---------

Total	\$ 4,414,177
-------	--------------

*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	\$ 3,735,000
---	--------------



City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

\$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 8,450,000

\$2,320,800 2011 Refunding Serial Bonds (Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2022, interest at 2.67 percent payable with each installment 2,076,800

\$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 904,479

\$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 1,507,463

\$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 2,893,080

Total 19,566,822

Less: deferred issuance costs of funding bonds (404,179)  
\$ 19,162,643

At June 30, 2012, City of Goldsboro had bonds authorized but unissued of \$0 and a legal debt margin of \$169,624,125.

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
2013	\$ 364,778	\$ 175,439	\$ 2,102,098	\$ 713,361	\$ 2,466,876	\$ 888,800
2014	363,250	161,271	2,079,626	634,944	2,442,876	796,215
2015	310,749	147,153	1,708,126	557,308	2,018,875	704,461
2016	303,640	135,878	1,634,828	491,212	1,938,468	627,090
2017	302,840	124,440	1,596,628	439,647	1,899,468	564,087
2018-2022	1,501,400	449,958	4,558,857	1,624,059	6,060,257	2,074,017
2023-2027	1,092,520	174,010	3,637,480	799,901	4,730,000	973,911
2028-2030	175,000	3,938	1,845,000	149,907	2,020,000	153,845
Principal and interest payment totals	<u>\$4,414,177</u>	<u>\$ 1,372,087</u>	<u>\$ 19,162,643</u>	<u>\$ 5,410,339</u>	<u>\$23,576,820</u>	<u>\$ 6,782,426</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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

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, 2012 was \$2,206,690.

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. On March 16, 2012, the City refinanced this agreement with Bank of America. The installment agreement is collateralized by all real and personal property at City Hall. The terms of the new agreement require 20 semi-annual installments of varying amounts plus interest at 1.96% per annum beginning October 1, 2012. The balance outstanding at June 30, 2012 was \$2,727,000.

On April 1, 2008, the City entered into a financing agreement for \$237,606 with RBC Centura for the acquisition of golf course equipment. The installment agreement is collateralized by all personal property acquired. The terms of the agreement require 10 semi-annual installments of \$25,395 plus interest at 3.02% per annum April 1, 2008. The balance outstanding at June 30, 2012 was \$25,017.

On September 10, 2008, the City entered into a financing agreement for \$4,500,000 with RBC Centura for the purchase of the Paramount. The installment is collateralized by all real and personal property acquired at the Paramount. The terms of the agreement require 30 semi-annual installments of \$150,000 plus interest at 4.54% per annual beginning March 10, 2009. The balance outstanding at June 30, 2012 was \$3,450,000.

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 \$153,637.

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 \$1,586,786.

On March 16, 2012, the City entered into a financing agreement for \$896,000 with Bank of America for the development of Center Street streetscape. The terms of the agreement require 10 semi-annual installments of varying amounts plus interest at 1.96% per annum beginning October 1, 2012. The balance outstanding at June 30, 2012 was \$896,000.

#### *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. On March 16, 2012, the City refinanced this agreement with Bank of America. The installment agreement is collateralized by the equipment. The terms of the new agreement require 20 semi-annual installments of varying amounts plus interest at 1.96% per annum beginning October 1, 2012. The balance outstanding at June 30, 2012 was \$1,036,000.

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. The terms of the agreement require 20 annual installments of \$150,000 plus interest at 5.85% per annum. At June 30, 2012, the outstanding balance is \$600,000.

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, 2012 of \$7,311,655. 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.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

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, 2012 was \$203,241.

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 \$336,015 plus interest at 2.5% per annum. The balance outstanding at June 30, 2012 was \$6,720,299.

On February 14, 2012, 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 phase 2 of the water reclamation improvements. The loan agreement was executed for \$2,949,322 for water improvements. The terms of the agreement require 20 installments due not earlier than six months after completion of the project. The balance outstanding at June 30, 2012 was \$2,949,322 but the project was not complete.

Annual debt service requirements to maturity for the above notes, including interest of \$2,407,895 for the Utility Fund and \$1,829,827 for the Governmental Funds, are as follows:

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2013	\$ 1,371,523	\$ 364,258	\$ 1,849,832	\$ 332,641
2014	1,348,506	317,422	2,143,765	308,303
2015	1,269,687	274,426	2,141,765	267,089
2016	1,269,687	233,040	2,138,765	225,925
2017	1,267,687	191,694	1,986,765	184,810
2018-2022	4,068,040	428,557	4,904,543	498,276
2023-2027	450,000	20,430	1,975,007	271,290
2028-2032	-	-	1,680,075	101,733
	<u>\$ 11,045,130</u>	<u>\$ 1,829,827</u>	<u>\$ 18,820,517</u>	<u>\$ 2,190,067</u>

**d. Advance Refunding**

On September 6, 2011, the City issued \$2,901,000 of general obligation advance refunding bonds to provide resources to purchase to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$2,750,000 of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability in the amount of \$550,000 has been removed from the governmental activities column and \$2,200,000 has been removed from the business-type activities of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$151,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$159,972 and resulted in an economic gain of \$139,394.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

**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, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 4,783,535	\$ 580,200	\$ 949,558	\$ 4,414,177	\$ 364,778
Capitalized leases	-	559,165	-	559,165	106,860
Notes Payable	11,286,892	3,623,000	3,864,762	11,045,130	1,371,523
Net pension obligation	256,000	8,113	-	264,113	-
Net OPEB obligation	1,011,357	318,548	38,115	1,291,790	-
Compensated absences	1,402,770	571,146	595,424	1,378,492	551,397
Total governmental Activities	<u>\$ 18,740,554</u>	<u>\$ 5,660,172</u>	<u>\$ 5,447,859</u>	<u>\$ 18,952,867</u>	<u>\$ 2,394,558</u>
Business-type activities:					
General obligation debt	\$ 21,372,849	\$ 2,320,800	\$ 4,531,006	\$ 19,162,643	\$ 2,087,472
Notes Payable	17,094,643	4,244,727	2,518,853	18,820,517	1,849,832
Net OPEB obligation	93,126	78,296	-	171,422	-
Compensated absences	227,735	85,040	82,856	229,919	91,967
Total-business type activities	<u>\$ 38,788,353</u>	<u>\$ 6,728,863</u>	<u>\$ 7,132,715</u>	<u>\$ 38,384,501</u>	<u>\$ 4,029,271</u>

Compensated absences and net pension obligation and net other postemployment benefit obligation 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.

**D. Revenues, Expenditures, and Expenses**

*On-behalf Payments for Fringe Benefits and Salaries*

For the fiscal year ended June 30, 2012, 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, 2012. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

**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	\$ 9,582,122
Less:	
Inventories	258,178
Stabilization by state statute	3,120,467
Working Capital/Fund Balance Policy	3,396,219
Remaining Fund Balance	<u>2,807,258</u>

The City of Goldsboro has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance will target at the close of each fiscal year equal to 15% of the general fund operating budget; at no time shall the available fund balance fall below 10% of the general fund operating budget.

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
	\$ 1,210,414	\$162,896

**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, 2012. 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, 2012. 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 \$173,436 to the Authority during fiscal year ended June 30, 2012. 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, 2012. 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, 2012. 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

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

Wayne County. Effective, July 1, 2010 Wayne County will accept all financial operations of the library.

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

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2012. 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 2012, the City of Goldsboro solicited proposals for museum planners to develop a comprehensive plan to guide the development of a new air force museum. The City is exploring the reuse of an existing building. The museum planners are working towards development of a program plan, architectural concept, interpretive plan and operating and capital budget projections. The Goldsboro City Council is expected to receive this report in November 2012.

The City of Goldsboro began the first phase of streetscape construction on the 200 Block of North Center Street in May 2012 with an expected completion date of November 5, 2012. This streetscape project was developed due to interest stated in the Downtown Master Plan. This first phase is expected to cost approximately \$1.9 million and was funded from street bonds and installment financing.

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 \$6.7 million. The completion date of Phase I was July 2012. Phase II of this upgrade began in October 2011 at an estimated cost of \$2.9 million. The estimated completion date of Phase II is December 2012. Both of these construction projects were 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 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. The North Carolina General Assembly adopted a local bill which would

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2012

---

allow the repeal of an annexation that was lawfully enacted and effective since 2008. On May 25, 2012, the North Carolina General Assembly passed House Bill #5, which deannexed the area known as Phase XI. The City of Goldsboro discontinued City services to this area effective June 30, 2012.

Management has evaluated subsequent events through November 29, 2012, the date on which the financial statements were available to be issued.

**This page intentionally left blank**



### **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

---

This section contains additional information required by generally accepted accounting principles

---

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

This page intentionally left blank

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%
12/31/2011	-	2,304,624	2,304,624	0%	4,782,683	48.19%

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%
2012	218,893	95.16%

\* 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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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%	\$ 18,969,315	18.90%
12/31/2011	\$ -	\$ 5,654,583	\$ 5,654,583	0.00%	\$ 18,791,106	30.10%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution *	Percentage Contributed *
2009	357,931	2.20%
2010	371,353	3.10%
2011	371,353	3.10%
2012	352,665	9.60%

**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	12/31/11
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	9.50% - 5.00%
Post-Medicare trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018
* Includes inflation at	3.00%

This page intentionally left blank

## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

This page intentionally left blank



## **GENERAL FUND**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

This page intentionally left blank

City of Goldsboro, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 15,143,266	\$ 14,862,383	\$ (280,883)
Penalties and interest	90,000	95,312	5,312
Total	15,233,266	14,957,695	(275,571)
Other taxes and licenses:			
Local option sales taxes	5,850,000	6,350,223	500,223
Privilege licenses	340,000	435,399	95,399
Vehicle taxes - rental/leases	32,400	48,948	16,548
Penalties and interest	1,900	3,346	1,446
Solid waste disposal tax	26,800	25,265	(1,535)
Total	6,251,100	6,863,181	612,081
Unrestricted intergovernmental			
Payment in lieu of taxes	72,000	100,199	28,199
Utility taxes	2,680,900	2,279,733	(401,167)
Beer and wine tax	169,340	158,097	(11,243)
Wayne County School Resource	30,000	30,000	-
ABC revenues	125,000	150,317	25,317
Cherry Hospital reimbursement	79,675	53,686	(25,989)
GWTA Garage reimbursement	335,266	409,430	74,164
DEA funds	121,442	117,466	(3,976)
Total	3,613,623	3,298,929	(314,694)
Restricted intergovernmental:			
Powell Bill allocation	977,200	995,880	18,680
Federal Emergency Management Agency	534,600	534,600	-
Controlled substance tax	26,010	24,943	(1,068)
Local Law Enforcement Block Grant	-	61,395	61,395
Transportation planning grant	409,056	185,832	(223,224)
Clean Water Management Grant	20,000	205,301	185,301
Energy Efficient Lighting Grant	-	75,506	75,506
Main Street Energy Grant	88,500	211,635	123,135
Fit Community Grant	-	3,495	3,495
East Carolina Housing Grant	31,400	31,812	412
Total	2,086,766	2,330,399	243,632
Permits and fees:			
Building and inspection permits	90,500	115,243	24,743
Mechanical permits	75,000	60,136	(14,864)
Plumbing, gas and electric inspections	119,600	115,240	(4,360)
Miscellaneous permits	88,400	93,652	5,252
Total	373,500	384,271	10,771

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, 2012

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Recreation fees	62,800	59,821	(2,979)
Golf course revenue	584,600	548,795	(35,805)
Recyclable materials sold	18,900	22,190	3,290
Cemetery services	55,000	70,279	15,279
Refuse services	3,153,000	3,226,025	73,025
Cable franchise fees	333,500	301,377	(32,123)
Stormwater management fees	10,500	13,519	3,019
Miscellaneous fees and services	17,000	13,070	(3,930)
Total	4,235,300	4,255,076	19,776
Investment earnings	13,715	9,413	(4,302)
Miscellaneous:			
Cemetery lot sales	5,500	12,515	7,015
Officers fees	28,550	27,420	(1,130)
Sale of property	5,500	26,924	21,424
Storm reimbursements	4,649	-	(4,649)
Assessments	2,000	4,179	2,179
Other miscellaneous	423,660	376,579	(47,081)
Total	469,859	447,617	(22,242)
Total revenues	32,277,129	32,546,580	269,451
<b>EXPENDITURES</b>			
General government			
Governing body:			
Salaries and employee benefits		241,755	
Operating expenses		698,324	
Capital outlay		-	
Total	1,001,174	940,079	61,095
Administration:			
Salaries and employee benefits		714,221	
Operating expenditures		808,370	
Capital outlay		585,701	
Reimbursement-enterprise fund		(247,798)	
Total	2,383,006	1,860,495	522,511
Finance:			
Salaries and employee benefits		704,063	
Operating expenditures		368,189	
Reimbursement-enterprise fund		(708,817)	
Total	1,073,877	363,435	710,442

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, 2012

	Budget	Actual	Variance Positive (Negative)
Public building and grounds:			
Salaries and employee benefits		141,001	
Operating expenditures		171,591	
Capital outlay		-	
Total	347,051	312,592	34,459
<b>Total general government</b>	<b>4,805,108</b>	<b>3,476,601</b>	<b>1,328,506</b>
Transportation:			
Street and highways:			
Salaries and employee benefits		1,574,571	
Street lights		574,215	
Operating expenditures		995,322	
Capital outlay		29,026	
Total	3,173,153	3,173,134	19
Goldsboro/Wayne Transportation Authority:	180,385	173,436	6,949
<b>Total transportation</b>	<b>3,353,539</b>	<b>3,346,570</b>	<b>6,968</b>
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits		689,064	
Operating expenditures		638,701	
Capital Outlay		15,702	
Total	1,670,408	1,343,467	326,941
Community affairs			
Salaries and employee benefits		175,703	
Operating expenditures		15,723	
Total	199,460	191,426	8,034
Downtown district			
Salaries and employee benefits		186,198	
Operating expenditures		63,240	
Total	280,655	249,438	31,217
Other appropriations			
WATCH		20,000	
Total	20,000	20,000	-
<b>Total economic and physical development</b>	<b>2,170,523</b>	<b>1,804,331</b>	<b>366,192</b>

City of Goldsboro, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Personnel and safety:			
Salaries and employee benefits		677,191	
Operating expenditures		93,487	
Total	770,703	770,678	25
Building and traffic maintenance:			
Salaries and employee benefits		388,197	
Operating expenditures		118,153	
Reimbursement-enterprise fund		(48,623)	
Total	583,178	457,727	125,451
Engineering:			
Salaries and employee benefits		500,936	
Operating expenditures		56,122	
Capital outlay		487,409	
Reimbursement-enterprise fund		(197,256)	
Total	1,050,665	847,212	203,453
Fire:			
Salaries and employee benefits		4,674,967	
Operating expenditures		446,617	
Capital outlay		30,029	
Total	5,227,300	5,151,613	75,687
Police:			
Salaries and employee benefits		6,883,667	
Operating expenditures		828,033	
Capital expenditures		-	
Total	8,231,682	7,711,700	519,982
Animal control:			
Salaries and employee benefits		52,776	
Operating expenditures		5,240	
Total	58,360	58,017	343
Inspections:			
Salaries and employee benefits		574,065	
Operating expenditures		341,802	
Total	994,534	915,867	78,667
<b>Total public safety</b>	<b>16,916,421</b>	<b>15,912,814</b>	<b>1,003,607</b>

City of Goldsboro, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Cemetery:			
Salaries and employee benefits		222,582	
Operating expenditures		43,970	
Capital Outlay		-	
Total	<u>275,755</u>	<u>266,552</u>	<u>9,204</u>
Sanitation:			
Salaries and employee benefits		2,086,581	
Operating expenditures		878,637	
Capital outlay		-	
Total	<u>3,561,029</u>	<u>2,965,218</u>	<u>595,811</u>
<b>Total environmental protection</b>	<b>3,836,784</b>	<b>3,231,770</b>	<b>605,014</b>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		1,225,034	
Operating expenditures		713,000	
Capital outlay		44,954	
Total	<u>2,135,857</u>	<u>1,982,988</u>	<u>152,869</u>
Golf Course:			
Salaries and employee benefits		429,394	
Operating expenditures		245,255	
Capital outlay		62,000	
Total	<u>886,327</u>	<u>736,650</u>	<u>149,677</u>
Assistance to museum:	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<b>Total cultural and recreational</b>	<b>3,034,184</b>	<b>2,731,638</b>	<b>302,547</b>
Debt Service:			
Principal		1,297,654	
Interest		467,396	
Debt issuance cost		60,333	
Bond issuance cost		30,200	
Total debt service	<u>1,857,786</u>	<u>1,855,584</u>	<u>2,202</u>
Contingency	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
<b>Total expenditures</b>	<b>37,174,344</b>	<b>32,359,307</b>	<b>4,815,037</b>
Revenue over (under) expenditures	<b>(4,897,215)</b>	<b>187,273</b>	<b>5,084,488</b>

City of Goldsboro, North Carolina  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfer from Utility Fund	1,202,493	-	(1,202,493)
Refunding bonds issued	580,200	580,200	-
Payment to refunded bond escrow agent	(550,000)	(550,000)	-
Refunding debt issuance	2,727,000	2,727,000	-
Payment to refinanced debt issuance	(2,666,667)	(2,666,667)	-
Capital lease obligations issued	559,165	559,165	-
Total other financing sources (uses)	1,852,191	649,698	(1,202,493)
Revenue and other financing sources over (under) expenditures and other financing uses	(3,045,024)	836,971	3,881,995
Fund balance appropriated	3,045,024	-	(3,045,024)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	836,971	\$ 836,972
Fund balances, beginning		8,672,958	
Increase (decrease) in inventory		72,193	
Fund balances - ending		\$ 9,582,122	



## **NON-MAJOR GOVERNMENTAL FUNDS**

**This page intentionally left blank**

City of Goldsboro, North Carolina  
Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2012

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund-Street	Totals
<b>ASSETS</b>					
Cash and investments	\$ 136,248	\$ 1,592,238	\$ 212,860	\$ -	\$ 1,941,346
Accounts receivable	6,649	-	-	-	6,649
Restricted assets					
Cash and investments	-	-	-	2,899,947	2,899,947
<b>Total assets</b>	<b>\$ 142,897</b>	<b>\$ 1,592,238</b>	<b>\$ 212,860</b>	<b>\$ 2,899,947</b>	<b>\$ 4,847,942</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,955	\$ 69,021	\$ 2,636	\$ -	\$ 74,612
Due to other funds	-	-	100,000	-	100,000
Deferred revenues	6,649	-	-	-	6,649
<b>Total liabilities</b>	<b>9,604</b>	<b>69,021</b>	<b>102,636</b>	<b>-</b>	<b>181,261</b>
<b>Fund balances:</b>					
Restricted					
Streets	-	-	-	2,899,947	2,899,947
Committed					
Economic Development	-	1,246,325	110,224	-	1,356,549
Downtown Development	133,293	-	-	-	133,293
Assigned					
Subsequent year's expenditures	-	276,892	-	-	276,892
Unassigned	-	-	-	-	-
<b>Total equity</b>	<b>133,293</b>	<b>1,523,217</b>	<b>110,224</b>	<b>2,899,947</b>	<b>4,666,681</b>
<b>Total liabilities and fund balances</b>	<b>\$ 142,897</b>	<b>\$ 1,592,238</b>	<b>\$ 212,860</b>	<b>\$ 2,899,947</b>	<b>\$ 4,847,942</b>

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, 2012

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund - Street	Totals
<b>Revenues:</b>					
Restricted intergovernmental					
Community Development Block Grant	\$ -	\$ -	\$ 599,574	\$ -	\$ 599,574
Home Partnership Program	-	-	520,810	-	520,810
Program income	-	-	-	-	-
Ad valorem taxes	72,577	-	-	-	72,577
Penalties and interest	806	-	-	-	806
Other taxes and licenses	-	656,984	-	-	656,984
Investment earnings	123	1,584	-	1,541	3,248
Other income	2,500	5,382	-	-	7,882
<b>Total revenues</b>	<b>76,006</b>	<b>663,950</b>	<b>1,120,384</b>	<b>1,541</b>	<b>1,861,881</b>
<b>Expenditures</b>					
Economic and physical development					
Salaries and employee benefits	-	24,025	-	-	24,025
Operating expenditures	-	416,471	-	1,203,822	1,620,293
Downtown revitalization	55,440	-	1,022,484	-	1,077,924
Capital Outlay	-	475,870	-	-	475,870
<b>Total Economic and physical development</b>	<b>55,440</b>	<b>892,341</b>	<b>1,022,484</b>	<b>1,203,822</b>	<b>3,198,112</b>
Debt Service:					
Principal	-	300,000	-	-	300,000
Interest	-	166,845	-	-	166,845
<b>Total debt service</b>	<b>-</b>	<b>466,845</b>	<b>-</b>	<b>-</b>	<b>466,845</b>
<b>Total expenditures</b>	<b>55,440</b>	<b>1,383,211</b>	<b>1,022,484</b>	<b>1,203,822</b>	<b>3,664,957</b>
Revenues over (under) expenditures	20,566	(719,261)	97,900	(1,202,281)	(1,803,076)
Other financing sources (uses)					
Proceeds from debt issuance	-	-	-	896,000	896,000
Revenues and other financing sources over (under) expenditures and other financing uses	20,566	(719,261)	97,900	(306,281)	(907,076)
FUND BALANCES, beginning of year	112,727	2,242,478	12,324	3,206,228	5,573,757
FUND BALANCES, end of year	<u>\$ 133,293</u>	<u>\$ 1,523,217</u>	<u>\$ 110,224</u>	<u>\$ 2,899,947</u>	<u>\$ 4,666,681</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, 2012

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental					
Community Development Block Grant	\$ 1,443,398	\$ 416,272	\$ 599,574	\$ 1,015,846	\$ 427,552
Home Partnership Program	1,376,872	1,033,777	520,810	1,554,587	(177,715)
Lead Based Grant	106,965		-	-	106,965
Total revenues	2,927,235	1,450,049	1,120,384	2,570,433	356,802
<b>Expenditures:</b>					
<u>HOME FY 02-03</u>					
Administration	22,482	22,482	-	22,482	-
Rehabilitation	8,199	6,449	-	6,449	1,750
Homebuyer Assistance	39,308	39,308	-	39,308	-
<u>HOME FY 08-09</u>					
Administration	14,440	14,440	-	14,440	-
Rehabilitation	109,830	27,575	34,684	62,259	47,571
Homebuyer Assistance	190,244	190,244	-	190,244	-
CHDO	107,051	107,051	-	107,051	-
<u>CDBG FY 09-10</u>					
Administration	133,770	93,100	27,418	120,518	13,252
Rehabilitation	19,358	18,300	1,058	19,358	-
Public Facilities	267,921	161,772	-	161,772	106,149
Hazardous Management	5,813	5,000	813	5,813	-
Demolition	10,900	-	10,900	10,900	-
Afterschool enrichment	59,758	59,758	-	59,758	-
CDBG-R Project	104,488	104,448	-	104,448	40
<u>HOME FY 09-10</u>					
Administration	20,569	20,569	-	20,569	-
Rehabilitation	18,614	2,079	16,535	18,614	-
Homebuyer Assistance	176,160	176,160	-	176,160	-
CHDO-Set Aside	110,621	47,444	62,556	110,000	621
<u>CDBG FY 10-11</u>					
Administration	107,520	73,995	3,224	77,219	30,301
Relocation	722	584	138	722	0
Rehabilitation	10,623	-	10,623	10,623	0
Public Facilities	58,048	8,258	49,661	57,919	129
Hazardous Management	40,499	-	38,592	38,592	1,907
Afterschool Enrichment	66,700	66,460	-	66,460	240
Lead Based Paint Hazardous	106,965	-	-	-	106,965
Transitional Housing	20,000	20,000	-	20,000	-
Demolition	10,900	10,900	-	10,900	-

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, 2012

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<u>HOME FY 10-11</u>					
Administration	27,674	27,342	132	27,474	200
Rehabilitation	27,665	-	27,644	27,644	21
Homebuyer Assistance	161,879	127,987	33,892	161,879	-
CHDO-Set Aside	98,779	6,000	92,779	98,779	0
<u>CDBG FY 11-12</u>					
Administration	93,886	-	73,410	73,410	20,476
Relocation	66	-	-	-	66
Public Facilities	136,626	-	15,130	15,130	121,496
Hazardous Materials	27,906	-	20,254	20,254	7,652
Afterschool Enrichment	57,411	-	56,751	56,751	660
Transitional Housing	21,388	-	16,638	16,638	4,750
Demolition	189,095	-	186,595	186,595	2,500
<u>HOME FY 11-12</u>					
Administration	25,701	-	25,402	25,402	299
Housing Development	131,250	-	131,250	131,250	-
Homebuyer Assistance	76,406	-	76,406	76,406	-
CHDO-Administration	10,000	-	10,000	10,000	-
Total expenditures	2,927,235	1,437,705	1,022,484	2,460,189	467,046
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 12,344</u>	97,900	<u>\$ 110,244</u>	<u>\$ 110,244</u>
Fund balance, beginning of year			12,324		
Fund balance, end of year			<u>\$ 110,224</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, 2012

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes	\$ 69,200	\$ 72,577	\$ 3,377
Penalties and interest	250	806	556
Investment earnings	150	123	(27)
Other income	-	2,500	2,500
Total revenues	<u>69,600</u>	<u>76,006</u>	<u>6,406</u>
<b>Expenditures:</b>			
Salaries and employee benefits	-	-	-
Downtown revitalization	138,119	55,440	82,679
Total expenditures	<u>138,119</u>	<u>55,440</u>	<u>82,679</u>
Revenue over (under) expenditures	(68,519)	20,566	89,085
Fund balance appropriated	<u>68,519</u>	<u>-</u>	<u>(68,519)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>20,566</u>	<u>\$ 20,566</u>
Fund balance, beginning of year		<u>112,727</u>	
Fund balance, end of year		<u>\$ 133,293</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, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 500,000	\$ 656,984	\$ 156,984
Other income	-	5,382	5,382
Investment earnings	1,000	1,584	584
Total revenues	<u>501,000</u>	<u>663,950</u>	<u>162,950</u>
Expenditures:			
Tourism expenses:			
Salaries and employee benefits		24,025	
Operating expenditures		416,471	
Capital Outlay		475,870	
Total Tourism	<u>950,076</u>	<u>916,366</u>	<u>33,710</u>
Debt Service:			
Principal		300,000	
Interest		166,845	
Total debt service	<u>466,845</u>	<u>466,845</u>	<u>-</u>
Total expenditures	<u>1,416,921</u>	<u>1,383,211</u>	<u>33,710</u>
Revenues over (under) expenditures	(915,921)	(719,261)	(196,660)
Fund balance appropriated	<u>915,921</u>	<u>-</u>	<u>915,921</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	(719,261)	<u>\$ (719,261)</u>
Fund balance, beginning of year		<u>2,242,478</u>	
Fund balance, end of year		<u>\$ 1,523,217</u>	

This page intentionally left blank

## CAPITAL PROJECTS FUND

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

### INDIVIDUAL FUND DESCRIPTIONS

- Capital Projects Fund

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

- City Hall Capital Project Fund

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

This page intentionally left blank

City of Goldsboro, North Carolina  
**Capital Project Fund - Street**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Street Project					
Investment earnings	\$ 4,250	\$ 445,223	\$ 1,541	\$ 446,764	\$ 442,514
Expenditures					
Street Project Fund					
Construction costs		2,242,958	1,203,822	3,446,780	
Technical services		52,534	-	52,534	
Right of way		-	-	-	
Total expenditures	<u>5,139,250</u>	<u>1,941,120</u>	<u>1,203,822</u>	<u>3,499,314</u>	<u>1,639,936</u>
Revenues over (under) expenditures	(5,135,000)	(1,495,897)	(1,202,281)	(3,052,550)	2,082,450
Other financing sources (uses)					
Proceeds from debt issuance	3,500,000	3,500,000	896,000	4,396,000	896,000
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>896,000</u>	<u>5,952,497</u>	<u>817,497</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,560,600</u>	<u>\$ (306,281)</u>	<u>\$ 2,899,947</u>	<u>\$ 2,899,947</u>
Fund balance, beginning of year			<u>3,206,228</u>		
Fund balance, end of year			<u>\$ 2,899,947</u>		

This page intentionally left blank

## 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, 2012

Exhibit E-1  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 14,743,000	\$ 15,112,643	\$ 369,643
Assessments	20,500	20,895	395
Water and sewer taps	50,000	43,300	(6,700)
Other operating revenues	616,100	787,406	171,306
Total operating revenues	15,429,600	15,964,244	534,644
Nonoperating revenues:			
Investment earnings	17,500	14,654	(2,846)
Total nonoperating revenues	17,500	14,654	(2,846)
Total revenues	15,447,100	15,978,899	531,799
<b>Expenditures</b>			
Maintenance			
Salaries and employee benefits		1,629,609	
Travel		353	
Supplies		414,738	
Insurance		8,299	
Repairs and maintenance		31,230	
Other expenses		304,289	
	2,612,090	2,388,518	223,572
Water Plant			
Salaries and employee benefits		626,036	
Travel		1,699	
Supplies		516,927	
Insurance		57,859	
Utilities		197,010	
Repairs and maintenance		421,170	
Other expenses		592,168	
Utility service fee		601,247	
	3,965,608	3,014,116	951,492
Waste Treatment Plant			
Salaries and employee benefits		1,057,562	
Travel		1,859	
Supplies		100,166	
Insurance		119,988	
Utilities		496,103	
Repairs and maintenance		683,531	
Other expenses		195,939	
Utility service fee		601,247	
	3,761,544	3,256,394	505,150



City of Goldsboro, North Carolina  
Utility Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2012

Exhibit E-1  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Public works department			
Salaries and employee benefits	\$ -	\$ 230,713	\$ -
Supplies		14,462	
Insurance		34,879	
Repairs and maintenance		76,802	
Other expenses		191,730	
Utility service fee		25,199	
	755,511	573,786	181,726
Other			
General operating expenses	121,803	28,885	92,918
Budgetary appropriations			
Bond principal and other debt payments		3,768,215	
Bond interest		1,081,362	
Capital outlay		1,509,071	
	8,775,596	6,358,648	2,416,948
Total expenditures	19,992,153	15,620,347	4,371,806
Revenues over (under) expenditures	(4,545,053)	358,552	4,903,604
Other financing sources (uses):			
Fund balance appropriated	4,545,053	-	(4,545,053)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 358,552	\$ 358,552
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 358,552	
Reconciling items:			
Capital outlay		1,509,071	
Loss on disposal of equipment		(6,949)	
Advanced Refunding of debt		(3,356,800)	
Payment of advanced refunding debt		3,216,079	
Impairment loss on Annexation phase XI		(1,734,382)	
Amortization of bond issuance costs		(75,158)	
Bond Costs		140,721	
Bond principal and other debt payments		3,768,215	
Contributed Capitals		235,203	
Depreciation expense		(3,188,104)	
		507,896	
Net income		\$ 866,447	

This page intentionally left blank

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, 2012

	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		1,223,154	1,736,151	2,959,305	
Total expenditures-water projects	8,324,634	1,223,154	1,736,151	2,959,305	5,365,329
Expenditures-sewer projects					
Construction		19,695,950	-	19,695,950	
Legal and administrative		177,238	-	177,238	
Total expenditures-sewer projects	21,769,226	19,873,188	-	19,873,188	1,896,038
Total expenditures	30,093,860	21,096,342	1,736,151	22,832,493	7,261,367
Revenues over (under) expenditures	(26,684,185)	(19,087,059)	(1,736,151)	(20,823,210)	5,860,975
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Proceeds from long-term borrowings	26,684,185	28,174,049	3,208,727	31,382,776	4,698,591
Total other financing sources	26,684,185	28,174,049	3,208,727	31,382,776	4,698,591
Revenues and other financing sources over (under) expenditures	\$ -	\$ 9,086,990	\$ 1,472,576	\$ 10,559,566	\$ 10,559,566

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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings		\$ -	\$ -	\$ -	\$ -
Expenditures					
Construction	8,605,000	2,056,404	258,926	2,315,330	6,289,670
Revenues over (under) expenditures	(8,605,000)	(2,056,404)	(258,926)	(2,315,330)	6,289,670
Other financing sources (uses)					
Transfer to general fund	-		2,315,330	2,315,330	2,315,330
Proceeds from loans	8,605,000		-	-	(8,605,000)
Total other financing sources (uses)	8,605,000	-	2,315,330	2,315,330	(6,289,670)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (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.

This page intentionally left blank

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

Exhibit F-1

For the Year Ended June 30, 2012  
(With Comparative Actual Amounts As Of June 30, 2011)

---

<u>Governmental Capital Assets</u>	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 7,583,743	\$ 6,641,295
Construction in process	1,015,499	523,512
Buildings	17,667,006	17,399,958
Streets and infrastructure	64,680,756	62,092,065
Vehicles and equipment	13,670,934	13,512,128
Total	<u>\$ 104,617,938</u>	<u>\$ 100,168,958</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, 2012

Exhibit F-2

Functional and Activity	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
General government	\$ 15,035,566	\$ 1,015,984	\$ 433,501	\$ 15,618,049
Transportation	62,088,632	2,309,955	11,898	64,386,689
Economic and physical development	2,685,651	15,702	5,990	2,695,363
Public safety	5,363,371	787,256	13,021	6,137,606
Environmental protection	2,664,270	-	-	2,664,270
Cultural ad recreational	12,331,468	807,086	22,593	13,115,961
Total	<u>\$ 100,168,958</u>	<u>\$ 4,935,983</u>	<u>\$ 487,003</u>	<u>\$ 104,617,938</u>



#### **ADDITIONAL FINANCIAL DATA**

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

This page intentionally left blank

City of Goldsboro, North Carolina  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2012

Exhibit G-1

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2011</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2012</b>
2011-2012	-	15,083,461	14,359,883	723,578
2010-2011	654,896	-	463,980	190,916
2009-2010	203,110	-	69,319	133,791
2009 and prior	707,108	-	60,517	646,591
	<u>\$ 1,565,114</u>	<u>\$ 15,083,461</u>	<u>\$ 14,953,699</u>	<u>\$ 1,694,876</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 14,957,695
Reconciling items:	
Interest collected	(95,312)
Taxes written off	61,316
<b>Total collections and credits</b>	<u>\$ 14,923,699</u>

Downtown District Fund

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2011</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2012</b>
2011-2012	\$ -	\$ 72,594	\$ 70,172	\$ 2,422
2010-2011	2,415		1,024	1,391
2009-2010	1,549		548	1,001
2009 and prior	2,801		966	1,835
	<u>\$ 6,765</u>	<u>\$ 72,594</u>	<u>\$ 72,710</u>	<u>\$ 6,649</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 73,383
Reconciling items:	
Interest collected	(806)
Taxes written off	133
<b>Total collections and credits</b>	<u>\$ 72,710</u>

City of Goldsboro, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
For the Fiscal Year Ended June 30, 2012

Exhibit G-2

	<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>
<b>Original levy-City:</b>					
Property taxed at current years' rate	\$ 2,298,756,923	\$ 0.65	\$ 14,941,920	\$ 13,529,471	\$ 1,412,449
Discoveries	56,230,462	0.65	\$ 365,498	365,498	-
Abatements	<u>(34,454,923)</u>		<u>\$ (223,957)</u>	<u>(119,392)</u>	<u>(104,565)</u>
Total property valuation	<u><u>\$ 2,320,532,462</u></u>				
Net levy			\$ 15,083,461	\$ 13,775,577	\$ 1,307,884
Uncollected taxes at June 30, 2012			<u>(723,578)</u>	<u>(377,935)</u>	<u>(345,643)</u>
Current year's taxes collected			<u><u>\$ 14,359,883</u></u>	<u><u>\$ 13,397,642</u></u>	<u><u>\$ 962,241</u></u>
Current levy collection percentage			<u><u>95.20%</u></u>	<u><u>97.26%</u></u>	<u><u>73.57%</u></u>
<b>Original levy-Downtown District:</b>					
Property taxed at current years' rate	\$ 28,623,200	\$ 0.25	\$ 71,558	\$ 68,726	\$ 2,832
Discoveries	1,394,000	0.25	3,485	3,485	-
Abatements	<u>(979,600)</u>		<u>(2,449)</u>	<u>(2,346)</u>	<u>(103)</u>
Total property valuation	<u><u>\$ 29,037,600</u></u>				
Net levy			\$ 72,594	\$ 69,865	\$ 2,729
Uncollected taxes at June 30, 2012			<u>(2,422)</u>	<u>(1,979)</u>	<u>(443)</u>
Current year's taxes collected			<u><u>\$ 70,172</u></u>	<u><u>\$ 67,886</u></u>	<u><u>\$ 2,286</u></u>
Current levy collection percentage			<u><u>96.66%</u></u>	<u><u>97.17%</u></u>	<u><u>83.77%</u></u>

City of Goldsboro, North Carolina  
**ALL FUND**  
**SCHEDULE OF CASH AND INVESTMENT BALANCES**  
June 30, 2012

Exhibit G-3

		<u>Market Value</u>
Cash		
On Hand		\$ 1,830
NOW, SuperNOW, and Money Market		<u>15,742,084</u>
Total Cash		<u>15,743,914</u>
Other Investments		
North Carolina Capital Management Trust		<u>15,521,270</u>
Total Cash and Investments		<u>\$ 31,265,184</u>
Distributed by Fund:		
		<u>Carrying Value</u>
General Fund		
Unrestricted	\$ 8,321,356	
Restricted	<u>235,813</u>	\$ 8,557,169
Special Revenue Fund		
Community Development Fund	212,860	
Downtown District Fund	136,248	
Occupancy Tax Fund	<u>1,592,238</u>	1,941,346
Capital Project Fund - Restricted		
Street	<u>2,899,947</u>	2,899,947
Enterprise Fund		
Unrestricted	9,618,233	
Restricted	<u>8,248,489</u>	<u>17,866,722</u>
Total Distributed by Fund		<u>\$ 31,265,184</u>

This page intentionally left blank

# STATISTICAL SECTION

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

## **Contents**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

This page intentionally left blank



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

**Table 1**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
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	\$ 42,700,984
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	3,120,467
Streets										2,899,947
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	7,320,537
<b>Total governmental activities net asset</b>	<b>\$ 24,338,846</b>	<b>\$ 25,728,717</b>	<b>\$ 27,040,508</b>	<b>\$ 40,594,293</b>	<b>\$ 44,055,996</b>	<b>\$ 47,865,666</b>	<b>\$ 57,579,250</b>	<b>\$ 55,538,173</b>	<b>\$ 53,848,598</b>	<b>\$ 56,041,935</b>
<b>Business-type activities</b>										
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	\$ 40,370,922
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	12,206,203
<b>Total business-type activities net asset</b>	<b>\$ 43,022,059</b>	<b>\$ 42,810,415</b>	<b>\$ 43,488,530</b>	<b>\$ 45,042,272</b>	<b>\$ 48,516,513</b>	<b>\$ 49,256,740</b>	<b>\$ 49,072,382</b>	<b>\$ 50,462,115</b>	<b>\$ 51,710,678</b>	<b>\$ 52,577,125</b>
<b>Primary government</b>										
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	\$ 83,071,906
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	3,120,467
Streets										2,899,947
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	19,526,740
<b>Total primary government net assets</b>	<b>\$ 67,360,905</b>	<b>\$ 68,539,132</b>	<b>\$ 70,529,038</b>	<b>\$ 85,636,565</b>	<b>\$ 92,572,509</b>	<b>\$ 97,122,406</b>	<b>\$ 106,651,632</b>	<b>\$106,000,288</b>	<b>\$105,559,276</b>	<b>\$ 108,619,060</b>

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

**Table 2**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities:</b>										
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	\$ 2,822,577
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	15,513,297
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	2,395,299
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	5,048,592
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	3,293,159
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	2,208,649
Interest on long-term debt	134,942	54,275	140,456	337,845	307,088	532,923	338,011	724,351	690,706	724,774
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	\$ 32,006,347
<b>Total business-type activities -</b>										
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	\$ 13,606,323
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	\$ 45,612,670
<b>Program revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General governmental	\$ 204,830	\$ 275,063	\$ 317,026	\$ 308,289	\$ 355,581	\$ 446,166	\$ 488,376	\$ 409,691	\$ 380,695	\$ 371,656
Public safety	462,183	331,030	335,880	532,062	545,375	536,438	393,189	361,261	449,256	411,691
Transportation										409,430
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	3,261,733
Cultural and recreational	712,184	717,688	717,638	677,264	637,745	709,494	717,592	829,781	750,577	616,498
<b>Operating grants and contributions</b>										
General governmental	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	2,742,032
Public safety	200,248	130,480	271,860	247,860	400,607	165,883	266,932	94,866	863,878	650,740
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	1,257,218
Environmental protection										534,600
Economic and physical development	30,191	24,843	28,482	35,057	30,042	31,276	29,822	32,266	31,770	31,812
Cultural and recreational	18,878	36,010	581,599	1,096,697	942,812	947,265	778,966	1,296,977	709,238	1,123,879
<b>Capital grants and contributions</b>										
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	\$ 11,411,289

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-type activities:</b>										
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	\$ 15,957,295
Operating grants and contributions	138,374	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,609,904	-	-	-	-	-	-	502,904	-	235,203
<b>Total business-type activities program revenue</b>	<b>12,167,670</b>	<b>11,012,151</b>	<b>11,777,788</b>	<b>13,357,001</b>	<b>14,827,552</b>	<b>13,471,934</b>	<b>13,564,559</b>	<b>14,259,835</b>	<b>14,362,215</b>	<b>16,192,498</b>
<b>Total primary government program revenues</b>	<b>\$ 25,519,909</b>	<b>\$ 19,692,275</b>	<b>\$ 20,564,599</b>	<b>\$ 22,121,718</b>	<b>\$ 26,508,049</b>	<b>\$ 22,913,674</b>	<b>\$ 35,228,761</b>	<b>\$ 24,402,579</b>	<b>\$ 25,063,260</b>	<b>\$ 27,603,787</b>
<b>Net revenue (Expense)</b>										
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)	\$ (20,595,058)
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	2,586,175
<b>Total primary government net expense</b>	<b>(\$11,957,475)</b>	<b>(\$15,980,665)</b>	<b>(\$16,326,126)</b>	<b>(\$17,915,383)</b>	<b>(\$14,728,372)</b>	<b>(\$16,541,215)</b>	<b>(\$11,567,423)</b>	<b>(\$21,259,621)</b>	<b>(\$21,400,512)</b>	<b>\$ (18,008,883)</b>
<b>General revenues and other changes in net assets</b>										
<b>Governmental activities:</b>										
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	\$ 14,726,183
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	7,616,282
Investment earnings, net of market adjustment	175,777	142,772	287,656	611,380	895,367	666,136	238,613	37,793	23,079	12,661
Miscellaneous revenue	96,741	295,265	383,254	445,623	537,213	155,198	900,704	329,222	560,261	433,269
Special item	191,411	-	-	-	-	-	-	-	-	-
Transfers	-	-	154,500	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 14,844,859</b>	<b>\$ 16,703,718</b>	<b>\$ 18,214,912</b>	<b>\$ 19,282,379</b>	<b>\$ 20,967,862</b>	<b>\$ 20,569,756</b>	<b>\$ 20,897,895</b>	<b>\$ 20,550,590</b>	<b>\$ 20,937,752</b>	<b>\$ 22,788,395</b>
<b>Business-type activity:</b>										
Investment earnings, net of market adjustment	\$ 174,984	\$ 122,546	\$ 258,361	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687	\$ 21,748	\$ 14,654
Extraordinary item: Loss on annexation phase XI	-	-	-	-	-	-	-	-	-	\$ (1,734,382)
Miscellaneous revenue	-	-	(2,741)	-	-	-	-	-	-	-
Transfers	-	-	(154,500)	-	-	-	-	-	-	-
<b>Total business-type activity</b>	<b>\$ 174,984</b>	<b>\$ 122,546</b>	<b>\$ 101,120</b>	<b>\$ 537,602</b>	<b>\$ 696,454</b>	<b>\$ 521,356</b>	<b>\$ 198,754</b>	<b>\$ 57,687</b>	<b>\$ 21,748</b>	<b>\$ (1,719,728)</b>
<b>Total primary government</b>	<b>\$ 15,019,843</b>	<b>\$ 18,826,264</b>	<b>\$ 18,316,032</b>	<b>\$ 537,602</b>	<b>\$ 21,664,316</b>	<b>\$ 21,091,112</b>	<b>\$ 21,096,649</b>	<b>\$ 20,608,277</b>	<b>\$ 20,959,500</b>	<b>\$ 21,068,667</b>
<b>Change in net assets</b>										
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)	\$ 2,193,337
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	866,447
<b>Total primary government</b>	<b>\$ 3,062,368</b>	<b>\$ 845,599</b>	<b>\$ 1,989,906</b>	<b>\$ 1,904,598</b>	<b>\$ 6,935,944</b>	<b>\$ 4,549,897</b>	<b>\$ 9,529,226</b>	<b>(651,344)</b>	<b>(441,012)</b>	<b>\$ 3,059,784</b>

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

This page intentionally left blank

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

Table 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$258,178
Restricted										
Stabilization by State Statute									4,240,257	3,120,467
Committed										
Assigned										67,869
Unassigned									4,246,716	6,135,608
Total general fund	<u>\$ 10,460,360</u>	<u>\$ 11,588,430</u>	<u>\$ 11,757,661</u>	<u>\$11,715,204</u>	<u>\$ 12,359,542</u>	<u>\$ 12,218,786</u>	<u>\$ 10,818,227</u>	<u>\$ 10,489,896</u>	<u>\$ 8,672,958</u>	<u>\$ 9,582,122</u>
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	2,899,947
Committed										
Downtown Development									112,727	133,293
Economic Development									2,105,108	1,356,549
Assigned										
Subsequent Yr's Expenditures									262,421	276,892
Unassigned										
Total all other governmental funds	<u>\$ 1,358,453</u>	<u>\$ 1,800,745</u>	<u>\$ 6,723,175</u>	<u>\$ 3,565,307</u>	<u>\$ 6,932,259</u>	<u>\$ 6,627,763</u>	<u>\$ 6,381,389</u>	<u>\$ 6,398,876</u>	<u>\$ 5,686,484</u>	<u>\$ 4,666,681</u>

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 Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**Table 4**

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
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	\$ 15,031,078
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	6,350,223
Other taxes and licenses	685,834	754,432	752,930	744,390	803,710	790,213	803,216	819,891	966,446	1,169,941
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	3,298,929
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	3,450,783
Permits and fees	252,690	297,260	309,332	500,104	519,127	510,574	362,497	334,980	417,718	384,271
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	4,255,076
Investment earnings, net of market adjustment	175,777	142,772	288,367	611,380	895,367	666,136	238,613	37,793	23,079	12,661
Miscellaneous	279,319	291,188	548,102	445,662	551,256	350,332	918,059	341,302	578,525	455,499
<b>TOTAL REVENUES</b>	<b>\$ 27,875,145</b>	<b>\$ 26,019,478</b>	<b>\$ 27,126,050</b>	<b>\$ 28,289,915</b>	<b>\$ 29,778,604</b>	<b>\$ 30,031,420</b>	<b>\$ 30,394,233</b>	<b>\$ 30,753,148</b>	<b>\$ 31,559,905</b>	<b>\$ 34,408,461</b>
<b>EXPENDITURES</b>										
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	2,890,900
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	15,395,376
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	3,317,544
Economic and physical develop.	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	4,986,741
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	3,231,770
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	2,624,684
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	1,254,821
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	1,597,654
Interest and other charges	134,942	54,275	214,985	337,845	307,088	483,920	338,011	724,351	690,706	634,241
Debt issuance cost										60,333
Bond issuance cost										30,200
<b>TOTAL EXPENDITURES</b>	<b>27,270,085</b>	<b>25,204,308</b>	<b>27,987,661</b>	<b>32,236,668</b>	<b>29,808,698</b>	<b>34,183,004</b>	<b>36,610,665</b>	<b>33,507,044</b>	<b>34,154,502</b>	<b>36,024,264</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>605,060</b>	<b>815,170</b>	<b>(\$861,611)</b>	<b>(\$3,946,753)</b>	<b>(\$30,094)</b>	<b>(\$4,151,584)</b>	<b>(\$6,216,432)</b>	<b>(\$2,753,896)</b>	<b>(\$2,594,597)</b>	<b>\$ (1,615,803)</b>

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>OTHER FINANCING SOURCES (USES)</b>										
Refunding bonds issued	600,225	-	268,446	-	-	-	-	-	-	580,200
Bonds issued	-	-	1,500,000	-	4,000,000	-	-	-	-	2,727,000
Payment to refinanced debt issuance										(2,666,667)
Capital leases	-	283,063	-	705,100	-	-	-	-	-	559,165
Loans	-	-	4,413,380	-	-	3,737,606	4,500,000	2,454,376	-	896,000
Transfers out	-	-	154,500	-	-	-	-	-	-	-
Payments to bond escrow agent	(604,583)	-	(268,446)	-	-	-	-	-	-	(550,000)
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	-	1,545,698
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)	\$ (70,105)
Debt services as a percentage of noncapital expenditures	3.13%	3.34%	4.45%	4.91%	4.88%	5.34%	4.93%	7.48%	7.31%	7.16%

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

Table 5

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Occupancy Tax</b>	<b>Privilege License Tax</b>	<b>Rental/ Lease Tax</b>	<b>Penalties/ Interest</b>	<b>Total</b>
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	13,406,434	5,743,051	548,007	348,402	42,099	2,191	20,090,184
2012	14,862,383	6,350,223	656,984	435,399	48,948	3,346	22,357,283

Source: Comprehensive Annual Financial Report



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

Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Occupancy Tax</u>	<u>Privilege License Tax</u>	<u>Rental/ Lease Tax</u>	<u>Penalties/ Interest</u>	<u>Total</u>
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	13,475,662	5,743,051	548,007	348,402	42,099	2,191	20,159,412
2012	14,934,960	6,350,223	656,984	435,399	48,948	3,346	22,429,860

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

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Corporate Excess</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate Per \$100</u>
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
2012	2,053,210,019	212,513,475	54,808,968	2,320,532,462	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, 2011. 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
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
2012	0.65	0.65	0.235	0.7025	1.5875

(1) Tax rate decrease due to revaluation

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

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

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

**Table 9**

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Walmart Stores	Retail Department Store	\$ 35,895,935	1	1.55%	15,559,079	2	1.08%
Progress Energy	Public Utility	23,396,334	2	1.01%	12,019,849	5	0.83%
Goldsboro Apartments Investors LLC	Real Estate	23,219,940	3	1.00%			
Berkeley Mall, LLC	Mall Shopping Center	20,661,630	4	0.89%	14,970,690	3	1.04%
Franklin Baking Company, Inc.	Bread Making Company	20,234,566	5	0.87%	23,152,064	1	1.60%
Berkeley Place Apartments LLC	Real Estate	18,529,184	6	0.80%			
VSouth LLC	Exhaust Products	16,316,770	7	0.70%			
Cooper Standard, Inc.	Rubber & Plastic Auto Parts	14,715,802	8	0.63%			
Piedmont Natural Gas Company	Public Utility	14,066,191	9	0.61%			
BRC Goldsboro LLC	Real Estate	13,320,210	10	0.57%	-		-
Cooper-Bussman, Inc.	Fuse Holders	-	-		11,160,284	9	0.77%
BellSouth Telephone Company	Public Utility	-			14,919,737	4	1.03%
APV Baker FM, Inc.	Commercial Baking Equipment	-			11,772,686	6	0.82%
K5 Associates, LLC	Real Estate	-			11,656,140	7	0.81%
Ex-Cell Home Fashions	Home Furnishings Manufacturer	-			11,438,102	8	0.79%
Dixie Trail, LLC	Real Estate				10,654,150	10	0.74%
<b>TOTALS</b>		<u>\$ 200,356,562</u>		<b>8.63%</b>	<u>\$137,302,781</u>		<b>9.51%</b>

Source: Wayne County Tax Administrator/Collector

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

Table 10

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
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	99.03%
2011	13,668,297	<131,863>	13,536,434	13,443,427	96.45%	425,439	13,395,412	99.05%
2012	15,307,418	<223,957>	15,083,461	14,446,765	94.37%	462,770	14,909,535	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 Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Installment Loans	Total Primary Government		
2003	2,327,853	1,595,596	251,347	24,422,604	22,436,077	51,033,477	1,288	1.61%
2004	2,113,264	1,303,694	350,077	22,547,372	21,727,020	48,041,427	1,247	1.48%
2005	3,411,556	5,268,701	141,579	25,013,329	19,741,075	53,576,240	1,391	1.42%
2006	3,121,622	4,663,556	673,252	22,932,038	17,810,176	49,200,644	1,288	1.34%
2007	2,835,050	8,048,443	516,253	20,877,381	17,430,135	49,707,262	1,329	1.23%
2008	6,059,336	7,368,584	378,679	18,831,875	15,392,282	48,030,756	1,286	1.18%
2009	5,613,477	11,073,528	236,169	16,831,506	13,354,428	47,109,108	1,222	1.22%
2010	5,186,392	12,483,544	88,547	23,307,760	18,597,417	59,663,660	1,557	1.21%
2011	4,783,535	11,286,892	-0-	21,372,849	17,094,643	54,537,919	1,497	1.15%
2012	4,414,177	11,045,130	559,165	19,162,643	18,820,517	54,001,632	1,510	1.20%

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>
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	1.26%	718
2012	23,576,820	N/A	1.02%	660

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

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

(2) See Table 7 for property value data.

(3) See Table 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 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	\$ 185,642,597
Total net debt applicable to limit	<u>31,610,873</u>	<u>30,494,058</u>	<u>32,062,913</u>	<u>29,768,607</u>	<u>32,325,777</u>	<u>29,224,280</u>	<u>30,277,602</u>	<u>25,253,483</u>	<u>16,070,427</u>	<u>16,018,472</u>
Legal Debt Margin	<u>\$ 83,896,567</u>	<u>\$ 112,736,822</u>	<u>\$ 114,633,967</u>	<u>\$117,937,276</u>	<u>120,655,983</u>	<u>129,192,840</u>	<u>131,508,232</u>	<u>\$ 147,615,102</u>	<u>\$ 150,531,837</u>	<u>\$ 169,624,125</u>
Total net debt applicable to the limit as a percentage of debt limit	27.37%	21.29%	21.86%	18.57%	21.13%	18.45%	18.71%	14.60%	9.64%	8.63%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed Value	2,320,532,462
Debt Limit (8% of Assessed Value)	185,642,597
Debt Applicable to Limit:	
General Obligation Bonds	4,414,177
Other Debt	<u>11,604,295</u>
Legal Debt Margin	<u>\$ 169,624,125</u>

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



**CITY OF GOLDSBORO**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
As of June 30, 2012

Table 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Wayne County General Obligation Debt	\$ -0-	30.84%	\$ -0-
<b>Other Debt</b>			
Wayne County Installment Purchase Loans	24,493,000	30.84%	7,553,641
Wayne County Promissory Notes	9,577	30.84%	<u>2,954</u>
<b>Subtotal, overlapping debt</b>			7,556,595
<b>Total direct debt</b>			<u>16,018,472</u>
<b>Total direct and overlapping debt</b>			\$ <u><u>23,575,067</u></u>

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

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

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

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

**Table 15**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal Income (In thousands)</b>	<b>(2) Per Capita Personal Income</b>	<b>(1) Median Age</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate Percentage</b>
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	38,554	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%
2012	35,768	N/A	29,893	36.76	19,458	8.60%

**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	2012			2003		
	Employees	Rank	Percentage of Total MSA Employment (2)	Employees	Rank	Percentage of Total MSA Employment (2)
Seymour Johnson Air Force Base	13,312	1	23.60 %	5,800	1	11.36 %
Wayne County Board of Education	3,200	2	5.67 %	3,000	2	5.87 %
Wayne Memorial Hospital	1,800	3	3.19 %	1,300	3	2.55 %
Wayne County	1,150	4	2.03 %	850	6	1.66 %
Case Farms	1,000	5	1.77 %	850	7	1.66 %
Cherry Hospital	951	6	1.69 %	1,066	4	2.09 %
O'Berry Center	900	7	1.60 %	995	5	1.95 %
Wal-Mart Associates, Inc.	802	8	1.42 %	-	-	-
City of Goldsboro	493	9	0.87 %	470	9	0.92 %
Cooper Standard Automotive	400	10	0.71 %	750	8	1.47 %
Excell Home Fashions, Inc.	-	-	-	400	10	0.78 %
Total	<u>24,008</u>		<u>42.57 %</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>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>	<u>2012</u>
General Government	30	30	31	30	31	30	31	30	30	32
Transportation										
Streets & Highways	27	27	27	28	28	28	28	27	27	27
Garage	12	12	12	12	12	12	12	12	12	12
Economic & Physical Development	16	15	15	18	19	19	19	19	19	19
Public Safety										
Police										
Officers	112	112	116	116	117	117	116	115	115	115
Civilians	12	12	12	12	10	10	10	10	10	10
Fire										
Firefighters & Officers	81	81	81	81	82	82	82	82	82	82
Civilians	1	1	1	1	1	1	1	1	1	1
Other	29	28	28	30	28	28	32	32	32	33
Environmental Protection	54	54	56	56	56	56	56	56	56	55
Cultural & Recreational	38	39	39	39	37	39	40	39	39	39
Maintenance	28	28	29	29	28	25	25	25	25	25
Water	11	11	11	11	11	11	11	11	11	11
Sewer	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
<b>TOTAL</b>	<b>470</b>	<b>470</b>	<b>479</b>	<b>485</b>	<b>483</b>	<b>481</b>	<b>487</b>	<b>483</b>	<b>483</b>	<b>485</b>

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

**Table 18**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	4,193	4,111	4,458	4,246	4,150	3,949	3,657	3,186	3,137	3,406
Traffic violations	7,511	7,993	9,705	9,433	8,460	12,276	12,753	13,037	13,201	9,916
Fire										
Number of calls answered	2,237	2,033	2,169	1,973	3,111	2,348	2,192	2,222	2,210	2,083
Inspections	415	684	996	853	471	518	533	806	744	364
Building Inspections										
New construction permits	107	254	268	330	214	152	89	147	117	120
Highways and streets										
Street resurfacing (miles)	0	0	11.2	0	0	5.37	0.5	0.0	0.0	0.0
Potholes repaired	270	283	335	209	404	210	573	929	874	258
Sanitation										
Refuse collected (tons/day)	61.8	60.4	59.2	57.6	58.5	54.0	55.8	44.6	46.5	68.1
Recyclables collected (tons/day)	9.7	7.9	5.6	5.3	5.6	5.9	6.2	5.7	3.9	5.49
Culture and recreation										
Athletic field permits issued	372	388	416	324	349	2	3	5	8	9
Community center admissions	126,519	106,379	103,270	109,650	99,300	99,992	104,106	87,608	119,114	136,480
Water										
New connections	78	55	68	46	30	69	85	23	27	28
Water mains breaks	86	91	80	104	63	55	30	47	26	26
Average daily consumption (millions of gallons)	6.0	6.0	6.0	6.0	5.6	5.1	4.6	4.7	5.3	5.4
Number of customers	13,285	13,285	13,285	13,285	13,563	13,533	13,388	13,875	13,590	13,793
Wastewater										
New connections	112	121	87	62	48	71	104	35	42	53
Average daily sewage treatment (millions of gallons)	8.0	8.0	8.0	7.1	8.4	5.6	7.1	7.8	8.3	7.0
Number of customers	11,292	11,297	11,297	11,541	11,628	11,687	11,597	11,665	11,670	10,755

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	59	59	59	59	59	59	59	59	62	65
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	11	11	11	11	11	12	12	11	11
Highways and streets										
Streets (miles)	156	156	156	156	156	158	169	169	166	169
Streetlights	2,758	2,758	2,758	2,836	2,868	2,903	2,943	3,057	3,035	3,036
Culture and recreation										
Parks acreage	1 339	339	339	339	339	339	339	339	402	402
Parks	13	13	13	13	13	13	13	13	13	13
Swimming pools	3	3	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	3	3	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	236	236	236	240	240	241	287	270	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)	207	207	207	212	238	239	243	239	239	239
Maximum daily treatment capacity (millions of gallons)	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2

Sources: Various city departments.

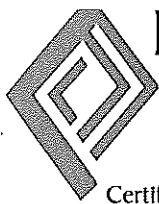
Notes: No capital asset indicators are available for the general government function.

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

## COMPLIANCE SECTION

This page intentionally left blank





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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of City of Goldsboro, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises City of Goldsboro's basic financial statements, and have issued our report thereon dated December 7, 2012. 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**

Management of the City of Goldsboro is responsible for establishing and maintaining effective 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**

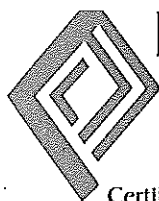
As part of obtaining reasonable assurance about whether the City of Goldsboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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.

This report is intended solely for the information and use of management, members of 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  
December 7, 2012

This page intentionally left blank



**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, 2012. The City of Goldsboro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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, 2012.

Internal Control Over Compliance

Management of the City of Goldsboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to 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.

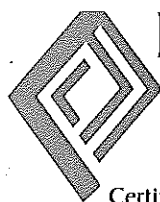
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 & Grone, Inc.*

La Grange, North Carolina  
December 7, 2012



**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, 2012. 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 the 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, 2012.

Internal Control Over Compliance

Management of the City of Goldsboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered 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  
December 7, 2012

## Section I. Summary of Auditor's Results

City of Goldsboro, North Carolina  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2012

---

**Section I. Summary of Auditor's Results**

---

State Awards

Internal control over major State programs:

- Material weaknesses identified \_\_\_\_\_yes Xno
- Significant deficiencies identified  
that are not considered to be  
material weaknesses \_\_\_\_\_yes Xnone reported
- Noncompliance material to State awards \_\_\_\_\_yes Xno

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 Xno

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, 2012

---

**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, 2012

---

None reported

City of Goldsboro, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2012

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
<b>Federal Awards:</b>				
<b>Cash Programs:</b>				
<u>U.S. Department Of Housing and Urban</u>				
<u>Dev Food and Nutrition Service</u>				
Passed through N.C. Department of Commerce:				
Community Development Block Grant-Entitlement Grants	14.228	98-R-0004	\$ 511,204	\$ -
Passed-through N.C. State Housing Finance Agency; HOME Investment Partnership	14.239	M-98-MC-3702090	511,280	-
<u>U.S. Department of Transportation</u>				
Passed through N.C. Dept. of Transportation				
Highway Planning and Construction	20.205-1		185,832	-
Sidewalk Construction	20.205-7		100,000	-
			<u>285,832</u>	<u>-</u>
<u>Department of Justice</u>				
JAG Grant	16.810	2010-DJ-BX-0152	61,395	-
			<u>61,395</u>	<u>-</u>
<u>U.S. Department of Energy</u>				
ARRA - Energy Efficient Lighting Project	81.128	EE0001960	75,506	
Main Street Energy Grant			211,635	
<u>U.S. Department of Home Land Security</u>				
Public Assistance Program (FEMA)	97.036		400,950	133,650
<u>U.S. Environmental Protection Agency</u>				
Passed through N.C Department of Environment and Natural Resources Public Water Supply Section				
- Project No. H-LRX-F-09-1620	66.468		2,359,458	589,864
- Project No. H-LRX-F-08-1078	66.468		5,376,239	1,344,060
<b>State Awards:</b>				
<b>Cash Assistance:</b>				
<u>N.C. Department of transportation;</u>				
Powell Bill				995,880
<u>N.C. Department of Environment and</u>				
<u>Natural Resources</u>				
Clean Water Bond Program				
- Clean Water Management Trust				487,409
Grant				51,141
Clean Water - Stoney Creek Restoration				
Division of Environmental Health				
- Water Supply Loan				
<u>N.C. Institute of Public Health</u>				
Health and Wellness Trust Fund				
Fit Community Grant		1450		3,495
Total assistance			<u>\$ 9,793,499</u>	<u>\$ 3,605,499</u>

CITY OF GOLDSBORO, NORTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2012

---

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.

2. Loans Outstanding

The City of Goldsboro had the following loans balances outstanding at June 30, 2012. These loan balances are also included in the federal expenditures presented in the schedule

<u>Program Title</u>	<u>CFDA Number</u>	<u>Balance Outstanding</u>
NC Department of Environment and Natural Resources Public Water Supply Section		
- Project No. H-LRX-F-09-1620	66.468	\$2,949,322
- Project No. H-LRX-F-08-1078	66.468	\$6,720,299