

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF GOLDSBORO, NORTH CAROLINA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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## INTRODUCTORY SECTION

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Government Finance Officers Association

**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, 2012**

Executive Director/CEO

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



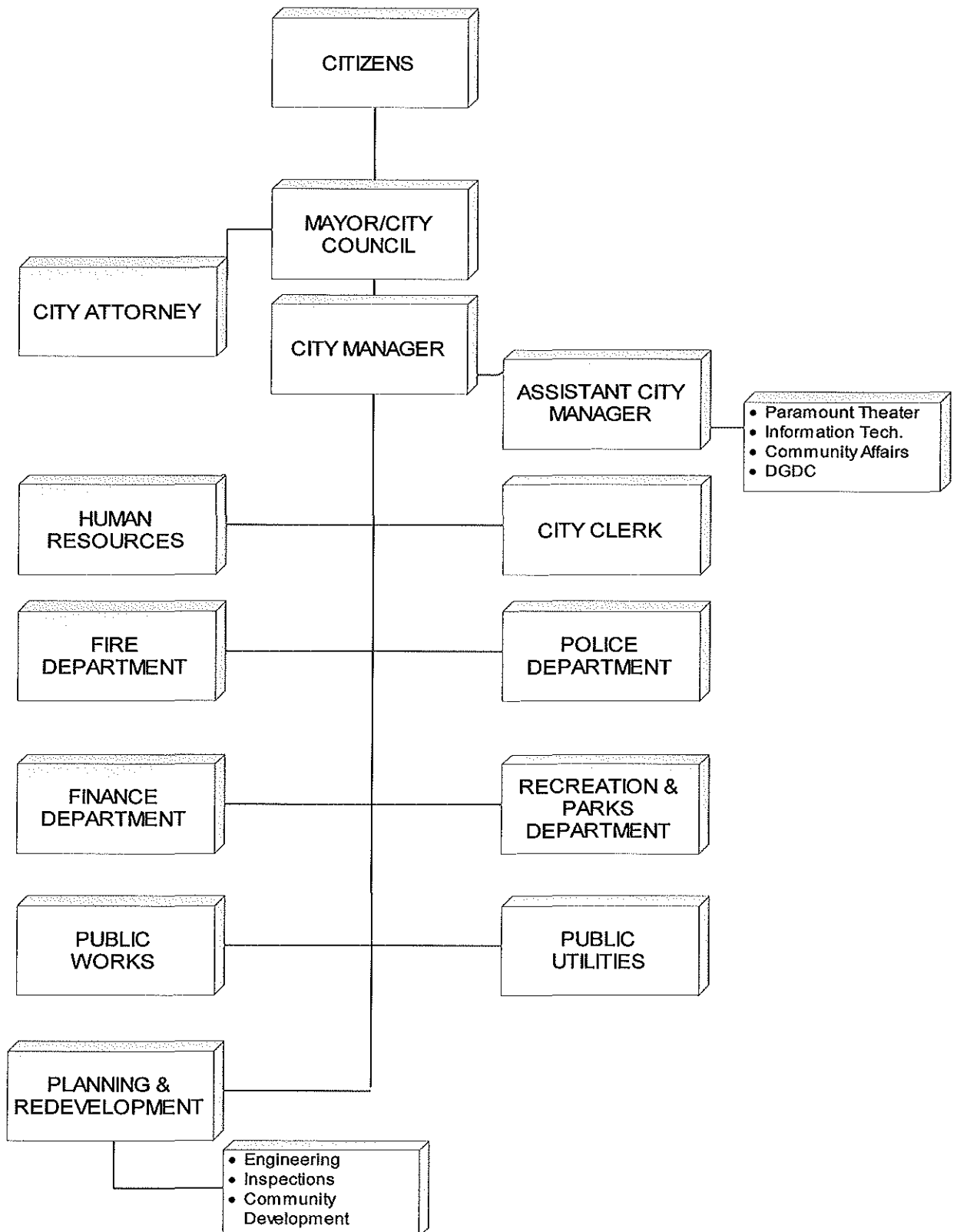
From left to right standing: William Goodman (District 3), Bill Broadway (District 2), Michael Headen (District 1), Gene Aycock (District 6). From left to right seated: Rev. Charles J Williams, Sr. (District 4), Mayor Al King, and Chuck Allen (District 5).

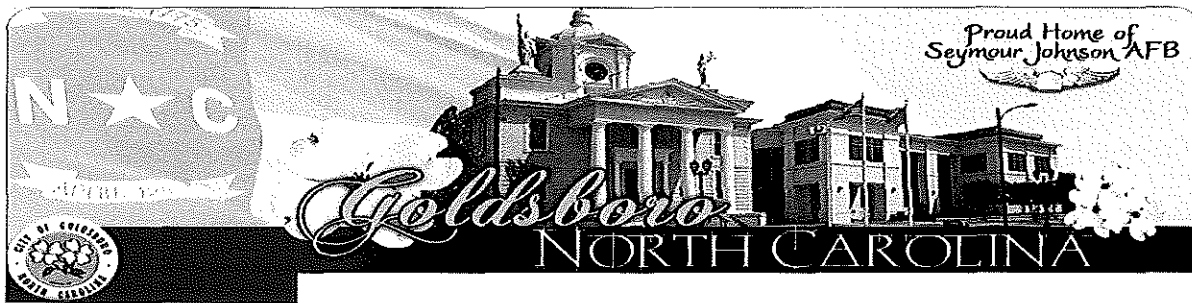
**CITY MANAGER  
SCOTT A. STEVENS**

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

**FINANCE DIRECTOR  
KAYE A. SCOTT**

# CITY OF GOLDSBORO





December 10, 2013

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, 2013, 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, 2013 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 35,609 and a land area of approximately 28.1 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 25 as part of the basic financial statements for the governmental funds. Page 71-76 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).

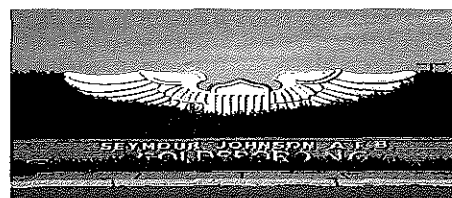
## FINANCIAL CONDITION

### 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.

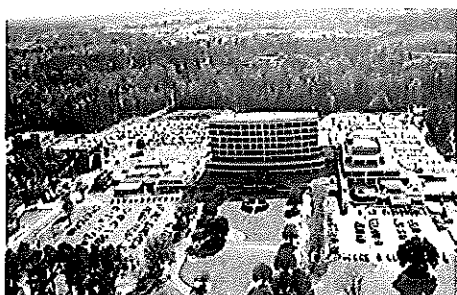
Local industries are involved in a range of operations from simple assembly to complex manufacturing processes, resulting in products ranging from bread and poultry feed to automobile parts, aviation components and electric transformers. The Wayne County Development Alliance, Inc. recognizes 64 major 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 5,045 active duty military personnel, 936 civilian personnel and 1,257 full-time air reserve technicians. The annual civilian and military payroll exceeds \$301 million.



The construction of a new 410,000 square-foot State run psychiatric facility to replace an existing facility should be completed by early 2014. 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 of Goldsboro employs 623 employees with Wayne County as its service area, has approximately 5,000 students enrolled annually in its 93 programs of study in college transfer and technical areas (degree, diploma, or certificate). Approximately 8,000 additional students enroll each year in academic, occupational and vocational courses offered in Wayne Community College's Continuing Education Services Division.



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, administration office addition and ICU renovations.

The City of Goldsboro's Inspection Division issued approximately \$101.7 million for commercial and residential building and miscellaneous permits. The retail sector of the economy is holding steady. Permits have been issued for several large restaurants, bank, grocery store, school additions/renovations, hotel, office/administration buildings, retail stores and a solar farm. The Inspection Division issued approximately \$8.5 million in residential permits this past fiscal year.

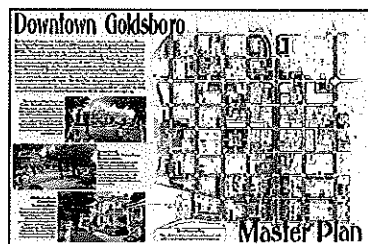
The Downtown Goldsboro Development offices continued to support and promote Downtown Goldsboro; their efforts earned Goldsboro recognition with designation as an accredited National Main Street Program by meeting the commercial district revitalization standards for performance set by the National Trust for Historic Preservation's National Main Street Center. Goldsboro is among the 16 communities in NC to receive this accreditation in 2013.

During the 2012-13 fiscal year, we had 11 net new businesses, 34 net new jobs created, 2,141 volunteer hours invested in downtown, \$2,585,952 of public investment and \$1,517,396 in private investment downtown. The City and Downtown Goldsboro Development Corporation were recognized with a North Carolina Department of Commerce award this year for "Best Economic Development Incentive Program" with our Business Incentive Grant Program designed to recruit strategic business development to downtown. The City completed the first phase of the Center Street Streetscape Project with the 200 block of N. John Street November 2012 at a total cost of nearly \$2.3M. A concerted effort of many individuals and organizations, including the City of Goldsboro, County of Wayne and the Arts Council of Wayne County generated enough support to acquire and install downtown's first major public art installment of a nationally renowned artist, Vollis Simpson, with an original Whirligig on the 100 block of N. John Street. The non-profit, private sector arm to the City's Downtown Development Department, Downtown Goldsboro Development Corporation completed a major rehabilitation project at 219 N. John Street investing over \$220,000 to convert 3,300 square feet of unused, neglected space into the DGDC headquarters and downtown development staff offices. Staff moved in in April 2013. The DGDC

exceeded our Annual Sponsorship Drive and attracted \$58,750 of cash sponsorships and over \$100,000 of in-kind value with 90 sponsors. The City of Goldsboro completed the schematic design phase for the construction of the Gateway Transfer Facility and working with an architect, David E. Gall, to complete the construction drawing phase in December 2013. The Arts Council of Wayne County (ACWC) has completely moved into their new space downtown at 102 N. John Street and is in full operation. A NC Department of Commerce grant of \$200,000 made this project possible and leverage \$1.4M of non-state funds to complete its development. The ACWC They are experiencing significant increase in workshop participation, retail market sales and financial support since their move, accrediting it to the downtown location and its increased accessibility. The City of Goldsboro acquired funding through NCDOT Planning Work Program funds to initiate a way finding signage system design plan and will begin soliciting services in early 2014.

The NC Division of Tourism, Film & Sports Development, has just released the 2012 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$144.3 million in calendar year 2012. This is a 4.2% increase over 2011. Approximately 1000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$18.5 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2012 amounted to \$10.8 million. Of the 100 counties in North Carolina, Wayne County is ranked 27<sup>th</sup> in the State. Economic impact of travel in the County far surpasses neighboring counties of Wilson, Duplin, Sampson, Lenoir, Greene and Craven. Sporting events in 2013, such as Cycle NC, the United States Tennis Association North Carolina State Singles Championship and swim meets at the Goldsboro Family Y, generated approximately \$500,000 in economic development to the City and County.

### Long-Term Financial Planning



The City of Goldsboro began the first block of the Center Street Streetscape Project in May 2012. This project widened sidewalks, created parallel parking, and added new benches and lights to the street. The first block of this revitalization project was completed November 9, 2012 at a cost of \$1.3M. In June 2013, the City of Goldsboro applied for Transportation Investment Generating Economic Recovery Grant (TIGER) funding from the U.S. Department of Transportation. The funding would target several transportation projects which include the rehabilitation of Union Station, construction of the

Gateway Transit Authority Transfer Facility for public transportation, and the completion of the Center Street Streetscape project. The overall cost to complete the planned Goldsboro Main Street Revitalization Transportation Investment Project is estimated to cost \$21.9M; which includes \$7M to complete the Center Street Streetscape Project, \$3.6M for the Walnut and Union Station Street Improvements, and \$12.3M to renovate and construct the Union Station Multi-Modal Transportation Facility. On September 2013, the City of Goldsboro was awarded \$10M from TIGER Grant funds to complete the Center Street Streetscape Project, the additional street improvements for Walnut Street and Union Station, and the construction of the Gateway Transfer Center Project. The total estimated construction costs will be approximately \$14M with the City's investment and matching portion expected to be \$4M. The City will award the construction bid on the Center Street Project in February 2014 and bidding the Transfer Facility in early spring 2014.

In November 2013, the City Council voted to begin the process of an \$18.9 million recreation bond referendum for the May 6, 2014 ballot. The referendum will be for the construction of a new W.A. Foster Recreation Center, the construction of a multi-sports complex and improvements to Herman Park and Herman Park Center and to enhance the City's greenways. A new recreation facility will be constructed to replace the existing W. A. Foster Recreation Center that was built in 1939. The new facility will contain a single gym, youth and adult game rooms, offices and a multi-purpose room. The multi-sports complex would include up to eight fields, restroom facilities, parking and concessions. The complex would assist in hosting local sports team and regional sporting events, which would be income generating for the entire city with hotels and restaurants. Funding will be used to renovate and make modifications to Herman Park Center and Herman Park and enhance and expand the City's greenways.

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 2013, the City of Goldsboro completed Water Treatment Plant

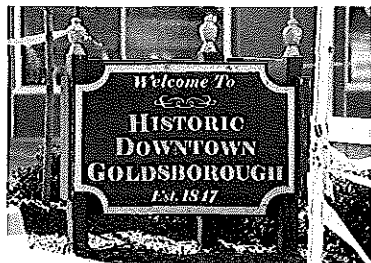
Improvements costing \$9.3 million. These improvements rehabilitated the City's 1952 water treatment plant by rebuilding filters, replacing valves and old piping, recoating sedimentation basin walls, converting pump motors from 2300 volts to 4800 volts, replacing Neuse River Pre-sedimentation pumps with 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 Division of Parks and Recreation manages the Federal Recreational Trails Program (RTP), which are funds that come from the Federal Highway Trust Fund, for the Department of Environment and Natural Resources. The intent of the RTP is to leverage funds to develop trails and trail-related recreational needs. The City of Goldsboro has been awarded RTP funds in the amount of \$400,000 to construct one mile of paved greenway, acquire additional land acreage and purchase tools for volunteers to construct five miles of mountain bicycle trail.

The Federal Highway Administration has designated funds not to exceed the amount of \$500,000 for the next phase of construction of the Multi-Use Trail along New Hope Road. This project will construct a 10 foot wide multi-use path. The Federal Highway Administration will reimburse the City of Goldsboro at the rate of 80% (\$400,000) and North Carolina Department of Transportation will provide the non-federal match of 20% (\$100,000) for a total estimated project cost of \$500,000. This project will be completed by June 30, 2016.

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.

#### 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. 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 January 1, 2014, contributes 2% 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 in Spring 2012, 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 1995-2012. 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, Carr, Riggs and Ingram, 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

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## **FINANCIAL SECTION**

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### Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goldsboro, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions of 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

### **Opinions**

In our opinion, 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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, on pages 4-16 and 56-58, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the

Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Goldsboro, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, We have also issued our report dated December 10, 2013 on our consideration of City of Goldsboro's internal control over financial reporting and on our tests of it compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Goldsboro's internal control over financial reporting and compliance.

*Cam, Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 10, 2013

## 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, 2013. 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.

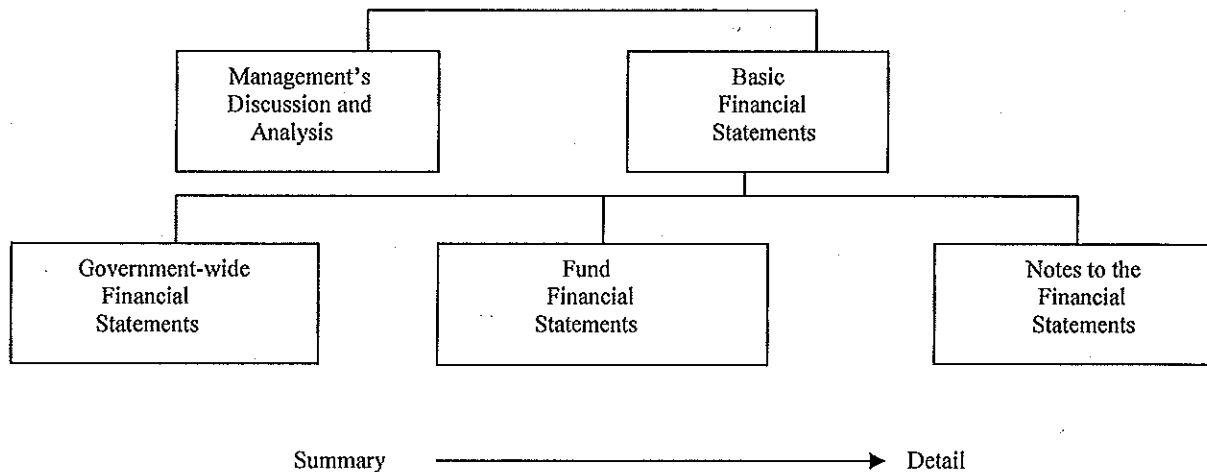
#### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the recent fiscal year by \$99,693,380 (*net position*). Of this amount, \$17,390,626 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$8,925,680, primarily due to the decrease in governmental activities net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,980,939, a decrease of \$4,267,864 in comparison with the prior year. Approximately 38 percent of this total, or \$3,792,515, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$4,710,346 or 13.74 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$4,430,759 (8.2%) during the current fiscal year.
- The City of Goldsboro maintained its AA- bond rating from Standard and Poor's and Aa2 from Moody's Investors Services.

#### 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 two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

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 are Exhibits 1 and 2 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. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30-54 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 54-58 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 \$99,693,380 as of June 30, 2013. The significant portion of the City’s net assets (78.9 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 (\$3,578,328) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$17,390,626 may be used to meet the government’s ongoing obligations to citizens and creditors.

**City of Goldsboro’s Net Position**  
**Table 1**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 14,029,321	\$ 18,209,631	\$ 20,162,890	\$ 22,772,543	\$ 34,192,211	\$ 40,982,174
Capital assets	52,503,106	58,446,419	69,730,779	70,105,594	122,233,885	128,552,013
Deferred outflows of resources			583,064		583,064	
Total assets and deferred outflows of resources	66,532,427	76,656,050	89,893,669	92,878,137	156,426,096	169,534,187
Long-term liabilities outstanding	15,535,180	16,558,309	30,576,494	34,355,231	46,111,674	50,913,540
Other liabilities	4,540,975	4,055,806	6,000,187	5,945,781	10,541,162	10,001,587
Deferred inflows of resources	2,090		660,855		662,945	
Total liabilities and deferred inflows of resources	20,078,245	20,614,115	37,237,536	40,301,012	57,315,781	60,915,127
<b>Net Position</b>						
Net investment in capital assets	37,507,996	42,700,984	41,216,430	40,370,922	78,724,426	83,071,906
Restricted	3,578,328	6,020,414	-	-	3,578,328	6,020,414
Unrestricted	5,367,859	7,320,537	12,022,767	12,206,203	17,390,626	19,526,740
Total net position	\$ 46,454,183	\$ 56,041,935	\$ 53,239,197	\$ 52,577,125	\$ 99,693,380	\$ 108,619,060

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Goldsboro exceeded liabilities and deferred inflows by \$99,693,380 as of June 30, 2013. The City's net position decreased by \$8,925,680 for the fiscal year ended June 30, 2013. However, the largest portion (78.95%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Goldsboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Goldsboro's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Goldsboro's net position, \$3,578,328, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,390,626 is unrestricted.

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

**Governmental Activities** – Governmental activities decreased the City's net position by \$9,587,753, due to a number of reasons. Key elements of this decrease are as follows:

- Due to the Phase XI deannexation with the General Assembly House Bill #5, the streets and infrastructure in the amount of \$8,509,080 was removed from the City's assets decreasing capital assets.
- Tax revenues remained steady.
- Operating Grants and Contributions increased by \$1,035,365 to help with construction of capital assets.
- City recognized additional health insurance and liability actions totaling \$1,715,878.
- The City recognized the current year's liability for post-employment benefits (OPEB) \$312,550.

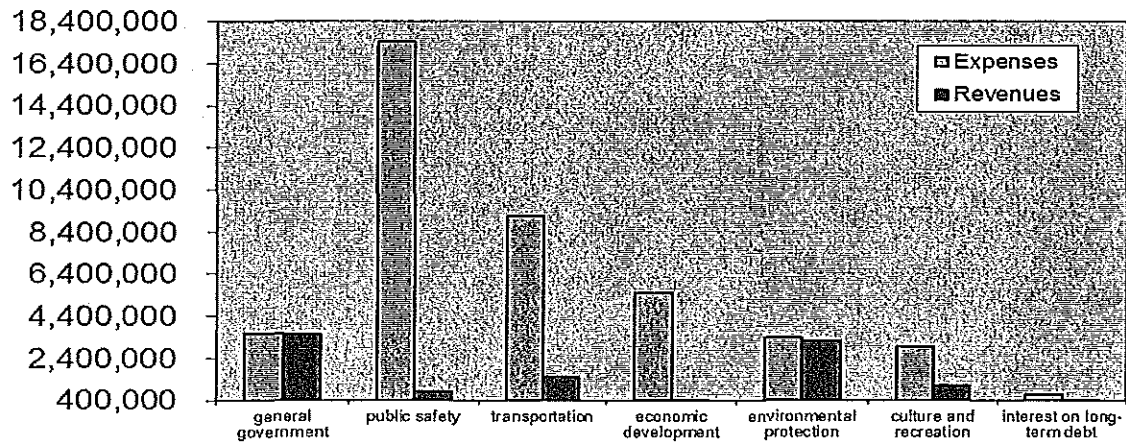
**Business-type Activities** – Business-type activities increased the City's net position by \$662,072. Key elements of this increase are as follows:

- The City realized an increase in revenues for charges for water and sewer services of \$992,324.
- As previous noted, the City recognized the current's year's liability for post-employment benefits (OPEB) \$48,148.
- Phase I and II Water Treatment Plant upgrade contributed to operational efficiency savings.

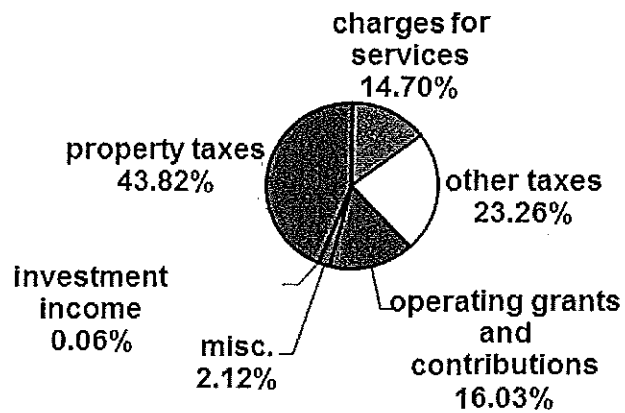
**City of Goldsboro's Changes in Net Position**  
**Table 2**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 4,866,329	\$ 5,071,008	\$ 14,952,610	\$ 15,957,295	\$ 19,818,939	\$ 21,028,303
Operating grants and contributions	5,304,916	6,340,281	-	-	5,304,916	6,340,281
Capital grants and contributions	-	-	291,331	235,203	291,331	235,203
General revenues:						
Property taxes	14,501,826	14,726,183	-	-	14,501,826	14,726,183
Other taxes	7,696,501	7,616,282	-	-	7,696,501	7,616,282
Investment income	20,605	12,661	16,778	14,654	37,383	27,315
Miscellaneous	702,929	433,269	-	(1,734,382)	702,929	(1,301,113)
Total revenues	<u>\$ 33,093,106</u>	<u>34,199,684</u>	<u>15,260,719</u>	<u>14,472,770</u>	<u>48,353,825</u>	<u>48,672,454</u>
<b>Expenses:</b>						
General government	3,570,115	2,822,577	-	-	3,570,115	2,822,577
Public safety	17,432,563	15,513,297	-	-	17,432,563	15,513,297
Transportation	9,176,022	2,395,299	-	-	9,176,022	2,395,299
Environmental protection	3,369,229	3,293,159	-	-	3,369,229	3,293,159
Economic and physical development	5,502,759	5,048,592	-	-	5,502,759	5,048,592
Culture and recreation	2,958,211	2,208,649	-	-	2,958,211	2,208,649
Interest on long-term debt	671,960	724,774	-	-	671,960	724,774
Water and sewer	-	-	14,598,647	13,606,323	14,598,647	13,606,323
Total expenses	<u>42,680,859</u>	<u>32,006,347</u>	<u>14,598,647</u>	<u>13,606,323</u>	<u>57,279,506</u>	<u>45,612,670</u>
Income (Decrease) in net position before transfers	(9,587,753)	2,193,337	662,072	866,447	(8,925,681)	3,059,784
Transfers	-	-	-	-	-	-
Increase (Decrease) in net position	(9,587,753)	2,193,337	662,072	866,447	(8,925,681)	3,059,784
Net position, July 1 (consolidated)	<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>
Net position - June 30	<u>\$ 46,454,180</u>	<u>\$ 56,041,935</u>	<u>\$ 53,239,197</u>	<u>\$ 52,577,125</u>	<u>\$ 99,693,377</u>	<u>\$ 108,619,060</u>

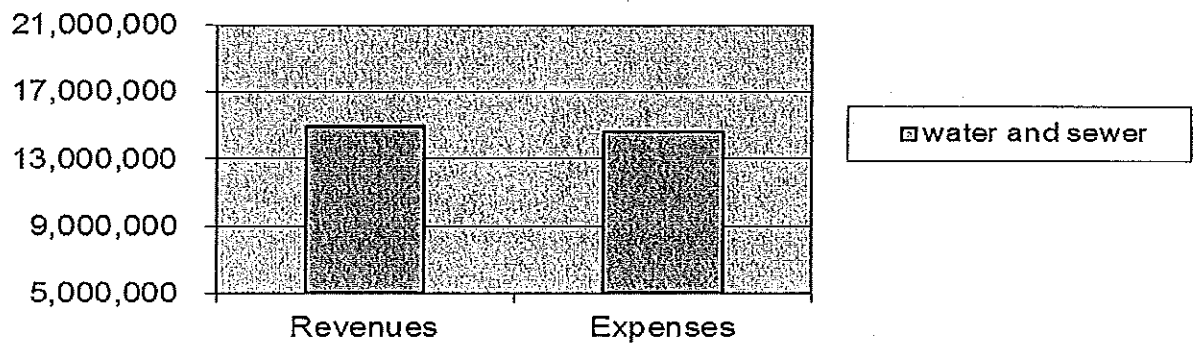
### Expenses and Program Revenues Governmental Activities



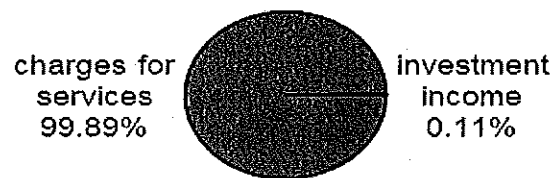
### Revenues by Source Governmental Activities



### Expenses and Program Revenues Business-type Activities



### Revenue by Source Business-type Activities



## Financial Analysis of the City's Funds

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

**Government Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,710,346, while total fund balance reached \$8,075,931. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.7 percent of total General Fund expenditures, while total fund balance represents 23.6 percent of that same amount.

At June 30, 2013, the governmental funds of the City reported a combined fund balance of \$9,980,939, 29.9 percent decrease over last year. In the general fund, the actual budget basis fund balance change was a decrease for fiscal year 2013 of \$1,462,200 and is due to actual revenues less than adjusted budget. Sales and services decreased in golf course fees due to closure of course for two months for greens renovation. Also, the appropriation of funds for the health insurance and liability claims. 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 \$1,400,000 for health insurance claims.
- Appropriation of \$63,386 for matching funding for the City's PARTF grant.
- Appropriation of \$300,000 for engineering design fees for the Streetscape Phase II project.
- Appropriation of \$23,705 for overtime cost in the Police Department for the High Visibility Mobile Command Program.

Several differences occurred between the original and final adopted budgets for the fiscal year. Some of the more significant variances are as follows:

- 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 NC Signals costs, payment in lieu of tax, Main Street Grant funding, and DEA funding.
- Transportation planning grant expenditures and reimbursement was not as much as expected.
- Several departmental budgets were amended due to the costs associated with the health insurance and liability claims costs.
- 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.
- Taxes and licenses increased with the change in billing and collections of privilege licenses.
- Ad valorem taxes were below budgeted due decreased in vehicle tax collections.
- 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 less than budgeted in refuse service fees.
- 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 position of the Utility Fund at the end of the fiscal year amounted to \$12,022,767. The total increase in net position for the fund was \$662,072. 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, 2013, totals \$122,233,885 (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 and renovations of the Water Plant Upgrade Phase II at a cost of \$2,941,564.
- Streetscape Revitalization Project for the 200 Block of Center Street at a cost of \$1,834,428.
- Purchase of 13 Police Line Cars costing \$353,352.
- Upgrade of software and hardware in the Information Technology Department at a cost of \$413,799.
- Purchase of International Compost Mixer Truck in the amount of \$165,991.
- Purchase of International Refuse Truck and John Deere Backhoe Loader costing \$225,999.
- Due to the Phase XI being deannexed with the General Assembly House Bill #5, the streets and infrastructure in the amount of \$8,509,080 was removed from the City's assets.
- No major demolitions were recorded this year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,610,630	\$ 7,583,743	\$ 1,443,282	\$ 1,558,406	\$ 9,053,912	\$ 9,142,149
Buildings	11,970,776	12,464,597	-	-	11,970,776	12,464,597
Plant and Distribution Systems	-	-	66,627,732	65,805,099	66,627,732	65,805,099
Streets & Improvements	27,750,721	33,844,927	-	-	27,750,721	33,844,927
Vehicles	2,907,501	2,815,320	483,037	374,529	3,390,538	3,189,849
Equipment	758,114	722,333	330,533	347,736	1,088,647	1,070,069
Construction In Progress	1,505,364	1,015,499	846,195	2,019,824	2,351,559	3,035,323
Total	<u>\$ 52,503,106</u>	<u>58,446,419</u>	<u>69,730,779</u>	<u>70,105,594</u>	<u>122,233,885</u>	<u>128,552,013</u>

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, 2013, the City had total bonded debt outstanding of \$49,570,873. Of this amount, \$21,763,999 represents bonded debt backed by the full faith and credit of the City, while the remainder represents several capitalized leases.

**Outstanding Debt at Year-End  
General Obligation Bonds  
Table 4**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 4,130,120	\$ 4,414,177	\$ 17,633,879	\$ 19,162,643	\$ 21,763,999	\$ 23,576,820
Capitalized leases	937,534	559,165	-	-	937,534	559,165
Notes payable	9,927,456	11,045,130	16,941,884	18,820,517	26,869,340	29,865,647
Total	\$ 14,995,110	16,018,472	34,575,763	37,983,160	49,570,873	54,001,632

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 \$165,061,739

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 8.8%. The number of people unemployed in Goldsboro peaked in January 2013 at 5,188. There are now 341 fewer unemployed individuals in Goldsboro.

As of October 2013, the City's occupancy rates are about 59.7% for the year, which is trending with the State's occupancy rate of 59.8%.

## Budget Highlights for the Fiscal Year Ending June 30, 2014

**Governmental Activities:** The City's adopted budget for 2014 reflects no increase in tax rates and Council agreed that the tax levy should remain at its existing rate of 65 cents per \$100 valuation. There was no appropriation of fund balance used in forming the General Fund's budget for FY 13-14.

Health care benefits costs increased by 17.5% for all employees and the City's required contribution to the N.C. Local Government Retirement System increased from 6.74% to 7.07%. Council and departments worked carefully to improve efficiencies and hold costs.

**Business-type Activities:** Water and sewer usage is expected to remain constant in FY 2013-14. Phase II of the Water Treatment Plant Facility upgrade is expected was completed in July 2013. 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.

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## **BASIC FINANCIAL STATEMENTS**

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Exhibit 1  
City of Goldsboro, North Carolina  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,554,394	\$ 9,960,013	\$ 18,514,407
Receivables (net)	4,348,920	2,909,917	7,258,837
Inventories	214,187	1,231,546	1,445,733
Total current assets	13,117,501	14,101,476	27,218,977
Non-current assets:			
Restricted assets:			
Cash and investments	911,820	6,061,414	6,973,234
Capital assets:			
Land, improvements, and construction in progress	9,115,994	2,289,477	11,405,471
Other capital assets, net of depreciation	43,387,112	67,441,302	110,828,414
Total capital assets	52,503,106	69,730,779	122,233,885
Total non-current assets	53,414,926	75,792,193	129,207,119
Total assets	66,532,427	89,893,669	156,426,096
<b>DEFERRED OUTFLOW of RESOURCES</b>			
Deferred charge on refunding	-	583,064	583,064
Total deferred outflows of resources	-	583,064	583,064
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,833,272	566,970	2,400,242
Customer deposits	-	1,009,356	1,009,356
Current portion of long-term liabilities	2,707,702	4,423,861	7,131,563
Total current liabilities	4,540,974	6,000,187	10,541,161
Long-term liabilities:			
Due in more than one year	15,535,180	30,576,494	46,111,674
Total liabilities	20,076,154	36,576,681	56,652,835
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid assessments	2,090	660,855	662,945
Total deferred inflows of resources	2,090	660,855	662,945
<b>NET POSITION</b>			
Net investment in capital assets	37,507,996	41,216,430	78,724,426
Restricted for:			
Stabilization by State Statute	3,151,398	-	3,151,398
Streets	426,930	-	426,930
Unrestricted	5,367,859	12,022,767	17,390,626
Total net position	\$ 46,454,183	\$ 53,239,197	\$ 99,693,380

See accompanying notes to financial statements

Exhibit 2  
City of Goldsboro, North Carolina  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 3,570,115	\$ 354,205	\$ 3,159,698	\$ -	\$ (56,212)	\$ -	\$ (56,212)
Public safety	17,432,563	435,183	372,695	-	(16,624,685)	-	(16,624,685)
Transportation	9,176,022	316,779	1,179,871	-	(7,679,372)	-	(7,679,372)
Economic and physical development	5,502,759	-	33,139	-	(5,469,620)	-	(5,469,620)
Environmental protection	3,369,229	3,197,586	32,356	-	(139,287)	-	(139,287)
Cultural and recreation	2,958,211	562,576	527,157	-	(1,868,478)	-	(1,868,478)
Interest on long-term debt	671,960	-	-	-	(671,960)	-	(671,960)
Total governmental activities (See Note 1)	42,680,859	4,866,329	5,304,916	-	(32,509,614)	-	(32,509,614)
<b>Business-type activities:</b>							
Water and sewer	14,598,647	14,952,610	-	291,331	-	645,294	645,294
Total business-type activities	14,598,647	14,952,610	-	291,331	-	645,294	645,294
Total primary government	\$ 57,279,506	\$ 19,818,939	\$ 5,304,916	\$ 291,331	(32,509,614)	645,294	(31,864,320)
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					14,501,826	-	14,501,826
Local option sales taxes					6,466,342	-	6,466,342
Other taxes and licenses					1,230,159	-	1,230,159
Unrestricted investment earnings					20,605	16,778	37,383
Miscellaneous					702,929	-	702,929
Total general revenues not including transfers					22,921,861	16,778	22,938,639
Transfers					-	-	-
Total general revenues and transfers					22,921,861	16,778	22,938,639
Change in net position					(9,587,753)	662,072	(8,925,681)
Net position - beginning					56,041,936	52,577,125	108,619,061
Net position - ending					\$ 46,454,183	\$ 53,239,197	\$ 99,693,380

See accompanying notes to financial statements

## **FUND FINANCIAL STATEMENTS**

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EXHIBIT 3  
City of Goldsboro, North Carolina  
**Balance Sheet**  
Governmental Funds  
June 30, 2013

	<u>Major Funds</u>		Total
	General	Nonmajor Funds	Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,954,397	\$ 1,599,997	\$ 8,554,394
Receivables (net):			
Taxes	1,757,312	8,917	1,766,228
Accounts	2,582,692	-	2,582,692
Due from other funds	100,000	-	100,000
Inventories	214,187	-	214,187
Restricted assets:			
Cash and investments	131,170	780,650	911,820
<b>Total assets</b>	<b>\$ 11,739,758</b>	<b>\$ 2,389,564</b>	<b>\$ 14,129,322</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,262,417	\$ 375,639	\$ 1,638,056
Customer deposits	-	-	-
Accrued compensation payable	195,216	-	195,216
Due to other funds	-	100,000	100,000
<b>Total liabilities</b>	<b>1,457,633</b>	<b>475,639</b>	<b>1,933,272</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,206,194</b>	<b>8,917</b>	<b>2,215,111</b>
<b>Fund balances:</b>			
<b>Non Spendable</b>			
Inventories	214,187	-	214,187
<b>Restricted</b>			
Stabilization by State Statute	3,151,398	-	3,151,398
Streets	-	426,930	426,930
<b>Committed</b>			
Downtown Development	-	108,793	108,793
Economic Development	-	1,022,457	1,022,457
<b>Assigned</b>			
Subsequent year's expenditures	-	346,828	346,828
<b>Unassigned</b>			
	4,710,346	-	4,710,346
<b>Total fund balances</b>	<b>8,075,931</b>	<b>1,905,008</b>	<b>9,980,939</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,739,758</b>	<b>\$ 2,389,564</b>	

Amounts reported for governmental activities in the statement of net position (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	99,874,295	
Accumulated depreciation	(47,371,189)	52,503,106
Deferred inflows of resources for taxes and special assessments receivable		2,213,020
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).		(18,242,882)

See accompanying notes to financial statements

Net position of governmental activities	<u>\$ 46,454,183</u>
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EXHIBIT 4  
City of Goldsboro, North Carolina

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Fiscal Year Ended June 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 14,517,335	\$ 71,051	\$ 14,588,386
Penalties and interest	97,025	810	97,835
Local option sales taxes	6,466,342	-	6,466,342
Other taxes and licenses	537,919	594,404	1,132,323
Unrestricted intergovernmental	3,557,596	-	3,557,596
Restricted intergovernmental	1,574,002	490,098	2,064,100
Permits and fees	409,622	-	409,622
Sales and services	4,124,519	-	4,124,519
Investment earnings	17,914	2,691	20,605
Miscellaneous	716,315	2,024	718,339
Total revenues	32,018,589	1,161,078	33,179,667
<b>EXPENDITURES</b>			
Current:			
General government	3,379,741	-	3,379,741
Public safety	17,473,895	-	17,473,895
Transportation	2,890,997	-	2,890,997
Economic and physical development	2,010,593	3,469,526	5,480,119
Environmental protection	3,484,058	-	3,484,058
Cultural and recreational	2,999,408	-	2,999,408
Debt service:			
Principal	1,517,581	300,000	1,817,581
Interest and other charges	501,130	153,225	654,355
Bond issuance cost	17,605	-	17,605
Total expenditures	34,275,008	3,922,751	38,197,759
Excess (deficiency) of revenues over expenditures	(2,256,419)	(2,761,673)	(5,018,092)
Other financing sources (uses):			
Capital lease obligations issued	485,229	-	485,229
Refund bonds issued	829,590	-	829,590
Payment to refunded bond escrow agent	(745,600)	-	(745,600)
Proceeds from debt issuance	225,000	-	225,000
Total other financing sources (uses)	794,219	-	794,219
Revenue and other financing sources over (under) expenditures and other financing uses	(1,462,200)	(2,761,673)	(4,223,873)
Fund balances-beginning	9,582,122	4,666,681	14,248,803
Increase (decrease) in inventory	(43,991)	-	(43,991)
Fund balances-ending	\$ 8,075,931	\$ 1,905,008	\$ 9,980,939

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

Net changes in fund balances - total governmental funds	\$ (4,223,873)
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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	4,332,895	
Depreciation expense for governmental assets	<u>(2,283,861)</u>	2,049,034

Loss on disposal of infrastructure for annexation	(7,992,347)
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Decrease in inventory	(43,991)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(86,561)
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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	8,643	
Net pension obligation	(11,211)	
Other postemployment benefits	<u>(310,809)</u>	(313,377)

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 position. 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	(1,539,819)	
Principal payments on long-term debt	<u>\$ 2,563,181</u>	<u>1,023,362</u>

Total changes in net position of governmental activities	<u>\$ (9,587,753)</u>
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See accompanying notes to financial statements

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Ad Valorem taxes	\$ 14,639,932	\$ 14,639,932	\$ 14,614,361	\$ (25,571)
Other taxes and licenses	6,683,749	6,683,749	7,004,261	320,512
Unrestricted intergovernmental	2,859,600	3,855,779	3,557,596	(298,184)
Restricted intergovernmental	1,906,782	1,667,346	1,574,002	(93,344)
Permits and fees	356,200	356,200	409,622	53,422
Sales and services	4,545,014	4,264,954	4,124,519	(140,435)
Investment earnings	6,500	15,198	17,914	2,716
Miscellaneous	1,234,050	1,453,556	716,315	(737,241)
Total revenues	32,231,827	32,936,714	32,018,589	(918,125)
<b>EXPENDITURES</b>				
Current:				
General government	4,764,861	5,108,731	3,379,741	1,728,990
Transportation	2,943,509	2,949,455	2,890,997	58,458
Economic and physical development	2,279,772	2,877,665	2,010,593	867,072
Public safety	15,486,419	18,533,427	17,473,895	1,059,531
Environmental protection	3,409,323	3,615,455	3,484,058	131,397
Cultural and recreational	3,254,577	3,362,977	2,999,408	363,570
Debt Service:				
Principal	1,437,256	1,585,058	1,517,581	67,477
Interest	386,472	516,134	501,130	15,004
Debt issuance cost	-	-	-	-
Bond issuance cost	-	17,605	17,605	-
Contingency	-	46,792	-	46,792
Total expenditures	33,962,189	38,613,299	34,275,009	4,338,290
Revenue over (under) expenditures	(1,730,362)	(5,676,585)	(2,256,419)	3,420,166
Other financing sources (uses):				
Capital lease obligations issues	-	485,229	485,229	-
Installment purchase proceeds	-	336,360	225,000	-
Refunding bond issued	-	829,590	829,590	-
Payments on refunded bonds	-	(745,600)	(745,600)	-
Transfer (to) from other funds	1,662,493	1,662,493	-	1,662,493
Total other financing sources (uses)	1,662,493	2,568,072	794,219	(1,773,853)
Revenue and other financing sources over (under) expenditures and other financing uses	(67,869)	(3,108,513)	(1,462,200)	1,646,313
Fund balance appropriated	67,869	3,108,513	-	(3,108,513)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	(1,462,200)	<u>\$ (1,462,200)</u>
Fund balances - beginning			9,582,122	
Increase (decrease) in inventory			(43,991)	
Fund balances - ending			<u>\$ 8,075,931</u>	

See accompanying notes to financial statements



**Exhibit 6**  
**City of Goldsboro, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2013**

**ASSETS**

Current assets:		
Cash and equivalents	\$	9,960,013
Accounts receivables (net)		2,909,917
Inventories		1,231,546
Total current assets		14,101,476
Noncurrent assets:		
Restricted assets		
Cash and cash equivalents		6,061,414
Capital assets:		
Land and other non-depreciable assets		2,289,477
Other capital assets (net)		67,441,302
Capital assets (net)		69,730,779
Total assets	\$	89,893,669

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	\$	583,064
Total deferred outflows of resources	\$	583,064

**LIABILITIES**

Current liabilities:		
Accounts payable and accrued liabilities	\$	566,970
Customer deposits		1,009,356
Note payable - current		2,143,717
General obligation bonds payable - current		2,188,177
Total current liabilities		5,908,220
Noncurrent liabilities:		
Compensated absences payable		203,281
Net OPEB Obligation		221,311
Note payable, net of current		14,798,167
General obligation bonds payable - net of current		15,445,702
Total noncurrent liabilities		30,668,461
Total liabilities		36,576,681

**DEFERRED INFLOWS of RESOURCES**

Prepaid Utilities bills	660,855
Total Deferred inflows of resources	660,855

**Net Position**

Investment in capital assets	41,216,430
Unrestricted	12,022,767
Total net position	\$ 53,239,197

See accompanying notes to financial statements

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**Exhibit 7**  
City of Goldsboro, North Carolina  
**Statements of Revenues, Expenses and**  
**Changes in Fund Net Position - Proprietary Fund**  
For the Fiscal Year Ended June 30, 2013

Operating revenues:	
Charges for service	\$ 14,406,950
Assessments	13,587
Water and sewer taps	29,475
Other operating revenues	502,598
<b>Total operating revenues</b>	<b>14,952,610</b>
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,680,406
Utilities	711,013
Supplies and other expenses	5,273,305
Depreciation	3,346,703
<b>Total operating expenses</b>	<b>13,011,427</b>
<b>Operating income</b>	<b>1,941,183</b>
Nonoperating revenues (expenses):	
Investment earnings	16,778
Loss on disposal of equipment	(117,831)
Interest and fees	(1,469,389)
<b>Total nonoperating expenses</b>	<b>(1,570,442)</b>
<b>Income before contributions and transfers</b>	<b>370,741</b>
<b>Capital contributions</b>	<b>291,331</b>
<b>Change in net position</b>	<b>662,072</b>
<b>Total net position - beginning</b>	<b>52,577,125</b>
<b>Total net position - ending</b>	<b>\$ 53,239,197</b>

See accompanying notes to financial statements

City of Goldsboro, North Carolina  
**Utility Fund**  
**Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 15,225,612
Cash paid for goods and services	(5,722,037)
Cash paid to employees for services	(3,657,155)
Customer deposits received	47,149
Other operating revenues	502,598
Net cash provided by operating activities	6,513,998

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

Principal paid on long-term borrowings	(1,878,633)
Interest paid on long-term borrowings	(744,624)
Acquisition and construction of capital assets	(3,207,552)
Proceeds from long term debt	-
Contributed Capital	291,331
Principal paid on bond maturities	(2,111,828)
Interest paid on bond maturities	(724,765)
Net cash used in capital and related financing activities	(8,376,071)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	16,778
Net cash provided by investing activities	16,778

Net decrease in cash and cash equivalents	(1,845,295)
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Cash and cash equivalents, July 1	17,866,722
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Cash and cash equivalents, June 30	\$ 16,021,427
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Reconciliation of operating income to net cash  
provided by operating activities:

Operating income	\$	1,941,183
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		3,346,703
Loss on disposal of equipment		117,831
Change in assets and liabilities		
(Increase)decrease in accounts receivable		775,600
(Increase)decrease in inventory		(11,243)
Increase(decrease) in accounts payable and accrued liabilities		158,135
Increase(decrease) in customer deposits		47,149
Increase(decrease) in compensated absences		(26,638)
Increase(decrease) in net OPEB obligation		49,889
Increase(decrease) in deferred revenues		115,389
Net cash provided by operating activities	\$	6,513,998

See accompanying notes to financial statements

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## **I. Summary of Significant Accounting Policies**

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

### **A. Reporting Entity**

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

### **B. Basis of Presentation, Basis of Accounting**

#### **Basis of Presentation**

*Government-wide Statements:* The statement of net position 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 for the determination of the feasibility for construction of a Civic Center in Goldsboro and the creation of the Goldsboro Tourism Council to develop tourism, support services and tourist-related events, and for any other appropriate activities to provide tourism-related facilities and attractions in Goldsboro.

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

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

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

The City reports the following major enterprise funds:

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

### **Measurement Focus, Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and offset by deferred revenues.

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

### **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, Deferred Outflows/Inflows of Resources 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.

## **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 6th. These taxes are based on the assessed values as of January 1, 2012.

## **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

#### **8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, an unamortized loss on a bond defeasance for Water and Sewer Refunding bonds. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has seven items that meet the criterion for this category – property taxes receivable, cemetery receivable, refuse receivable, special assessments, miscellaneous receivable and prepaid assessments and prepaid utilities.

#### **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 position. 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the 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 Position/Fund Balances**

### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either 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)].

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 pursuant to constraints imposed by the most binding formal action ( for example, legislation, resolution, ordinance) of the 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 action.

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.

**Unassigned fund balance** - 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 position.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$36,473,244 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)	\$ 99,874,295
Less accumulated depreciation	(47,371,189)
Net capital assets	52,503,106
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,213,020
Bonds, leases, and installment financing	(14,995,110)
Compensated absences	(1,369,849)
Net OPEB obligation	(1,602,599)
Net pension obligation	(275,324)
	(18,242,882)
Total adjustment	\$ 36,473,244

##### **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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$5,363,880) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,332,895
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.	(2,283,861)
	2,049,034
Loss on disposal of infrastructure for annexation; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(7,992,347)

Principle payments on debt owed are recorded as a use of funds on the fund statement but again affect only the statement of net position in the government-wide statements	2,563,181
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	(1,539,819)
Decrease in inventory	(43,991)
Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(322,020)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	8,643
Decrease in deferred tax revenue for year ended June 30, 2012	(86,561)
	<u>\$ (5,363,880)</u>

## **II. Detail Notes on All Funds**

### **A. Assets**

#### **1. Deposits**

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

At June 30, 2013, the City's deposits had a carrying amount of \$14,287,885 and a bank balance of \$14,518,125. Of the bank balance, \$500,000 was covered by federal depository insurance and \$14,018,125 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2013, City of Goldsboro had \$2,130 cash on hand.

## **2. Investments**

At June 30, 2013, 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, 2013, the City's investment balances were as follows:

	Reported Value	Fair Value
NC Capital Management Trust:		
Cash Portfolio	\$ 11,197,626	\$ 11,197,626

### ***Interest Rate Risk***

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

## **3. Receivables – Allowances for Doubtful Accounts**

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

Governmental Fund:	
Taxes receivable	\$ 1,766,228
Accounts receivable	2,997,060
Allowance for uncollectible	(414,368)
Net governmental receivables	4,348,920
Enterprise Fund:	
Accounts receivable	3,803,179
Allowance for uncollectible	(893,462)
Net enterprise receivables	2,909,717
Total net receivables	\$ 7,258,637

#### 4. Capital Assets

Capital asset activity for the year ended June 30, 2013 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	\$ 7,583,743	\$ 26,887	\$ -	7,610,630
Construction in process	1,015,499	3,076,608	2,586,743	1,505,364
	8,599,242	3,103,495	2,586,743	9,115,994
Capital assets being depreciated:				
Buildings	17,667,005	19,636	-	17,686,641
Equipment	2,069,837	241,571	-	2,311,408
Streets and infrastructure	64,680,756	2,793,786	8,509,080	58,965,462
Vehicles and motor equipment	11,601,098	761,150	567,458	11,794,790
Total capital assets being depreciated	96,018,696	3,816,143	9,076,538	90,758,301
Less accumulated depreciation for:				
Buildings	5,202,408	513,457	-	5,715,865
Equipment	1,347,504	205,790	-	1,553,294
Streets and improvements	30,835,829	903,639	524,727	31,214,741
Vehicles and motor equipment	8,785,778	660,975	559,464	8,887,289
Total accumulated depreciation	46,171,519	2,283,861	1,084,191	47,371,189
Total capital assets being depreciated, net	49,847,177			43,387,112
Governmental activity capital assets, net	\$ 58,446,419			\$ 52,503,106

##### **Business-type Activities:**

General government	\$ 342,580
Public safety	122,187
Transportation	1,415,994
Economic and physical development	61,208
Environmental protection	60,750
Cultural and recreation	281,142
Total depreciation expense	\$ 2,283,861



City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Utility Fund</b>				
Capital assets not being depreciated:				
Land	\$ 1,558,406	\$ -	\$ 115,124	\$ 1,443,282
Construction in progress	2,019,824	2,622,034	3,795,663	846,195
Total capital assets not being depreciated	3,578,230	2,622,034	3,910,787	2,289,477
Capital assets being depreciated:				
Plant and distribution systems	117,682,873	4,006,994	-	121,689,867
Furniture and maintenance			-	
Equipment	754,722	41,782	-	796,504
Vehicles and motor equipment	2,602,256	214,572	12,412	2,804,416
Total capital assets being depreciated:	121,039,851	4,263,348	12,412	125,290,787
Less accum. depreciation for:				
Plant and distribution systems	51,877,774	3,184,361	-	55,062,135
Furniture and maintenance			-	
Equipment	406,986	58,985	-	465,971
Vehicles and motor equipment	2,227,727	103,357	9,705	2,321,379
Total accumulated depreciation	54,512,487	3,346,703	9,705	57,849,485
Total capital assets being depreciated, net	66,527,364			67,441,302
Utility fund capital assets, net	\$ 70,105,594			\$ 69,730,779

### Construction commitments

The government has active construction projects as of June 30, 2013. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2013, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
<b>General Fund:</b>		
2013 Bituminous Concrete Resurface	\$ -	\$ 407,156
Total general fund	\$ -	407,156
2012 Sanitary Sewer Rehab Proj	\$ 621,856	\$ 220,246
George Street Water Line Improve	-	427,995
Total utility fund	\$ 621,856	\$ 648,241
<b>Total</b>	<b>\$ 621,856</b>	<b>\$ 1,055,397</b>

**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 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$1,248,038, \$1,352,912, and \$1,208,008, respectively. The contributions made by the City equaled the required contributions for each year.

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

**1. Plan Description.**

City of Goldsboro administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Active plan members	105
Total	<u>120</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, 2012 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, 2012 was 18 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	\$	236,275	
Interest on net pension obligation		13,206	
Adjustment to annual required contribution		(16,436)	
Annual pension cost		233,045	
Contributions made		221,834	
Increase (decrease) in net pension obligation		11,211	
Net pension obligation beginning of year		264,113	
Net pension obligation end of year	\$	275,324	

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	225,194	82.39%	256,000
2012	216,421	96.25%	264,113
2013	233,045	95.19%	275,324

### 4. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$2,207,264, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,207,264. The covered payroll (annual payroll of active employees covered by the plan) was \$4,474,318 and the ratio of the UAAL to the covered payroll was 49.33%.

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, 2013 were \$367,125, 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, 2013, 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.

Also, the City has recognized as a revenue and an expenditure on-behalf payment for fringe benefits and salaries of \$26,482 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, 2013. 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.

City of Goldsboro, North Carolina  
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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
<b>Total</b>	<b>359</b>	<b>118</b>

*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	58,528
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	411,193
Contributions made	50,495
Increase in net OPEB obligation	360,698
Net OPEB obligation, beginning of year	1,463,212
Net OPEB obligation, end of year	\$ 1,823,910

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$411,193	14.32%	\$1,823,910
2012	396,844	10.81%	1,463,212
2011	385,361	3.1%	1,104,483

*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 \$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 Outflows and Inflows of Resources**

Deferred outflows of resources is the deferred amount for loss on defeasance of debt.

Deferred inflows of resources at year-end is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Taxes receivable, (General Fund)	\$ 1,757,312	\$ -
Taxes receivable ( Special District)	8,917	-
Cemetery receivable (General Fund)	8,736	-
Refuse receivable (General Fund)	194,332	-
Special assessments (General Fund)	98,677	-
Prepaid assessments (General Fund)	-	2,090
Prepaid utility bills (Utility Fund)	-	660,855
Miscellaneous receivable (General Fund)	145,046	-
<b>Total</b>	<b>\$ 2,213,020</b>	<b>\$ 662,945</b>

## **4. Risk Management**

The City of Goldsboro is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently has a protected self-insurance program to provide for these exposures. The City retains the first 50 thousand dollars of any property loss, the first 10 thousand dollars of any liability loss, and 100 thousand dollars for any workers compensation loss. In a multiple coverage occurrence, the higher of the retentions applies.

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

	2013
Claims liability beginning of year	\$ -
Claims incurred during the year	4,303,128
Changes in estimates for prior claims	
Payments on claims during year	4,303,128
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, 2013, 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 could reduce the fund balance of the General Fund approximately 2.7 million, but the City Council has directed staff to finance the City's portion of this large claim settlement. (See subsequent events footnote)

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

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

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

The first 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. The second agreement was executed on January 11, 2013 to lease hardware/software equipment for network upgrades, host servers, and virtual desktops and requires five annual payments of \$103,503. In both agreements, 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, 2013.

	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 1,044,394	\$ 164,017	\$ 880,377

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	
2014	\$ 224,459
2015	224,459
2016	224,459
2017	224,459
2018	103,503
Total minimum lease payments	1,001,339
Less: amount representing interest	63,805
Present value of the minimum lease payments	\$ 937,534

**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, 2013 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	\$ 64,319
\$1,500,000 2005 Public Improvements Serial Bonds (Street Portion) due in annual principal installments of \$75,440 through June 1, 2025 plus varying semi-annual interest through June 1, 2024, interest at 3.00 to 4.40 percent payable with each installment	150,880
\$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	2,625,000
\$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	463,600
\$829,590 2013 Refunding Serial Bonds (Street Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2025, interest at 1.75 percent payable with each installment	826,321
<b>Total</b>	<b>\$ 4,130,120</b>



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*Serviced by the Utility Fund*

<i>\$2,469,410 2013 Refunding Serial Bonds (Sewer Portion) due in varying annual principle installments and varying semi-annual interest installments through June 2, 2025, interest at 1.75 percent payable with each installment</i>	\$ 2,459,679
<i>\$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 2.5-4.0 percent payable with each installment</i>	3,325,000
<i>\$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</i>	8,285,000
<i>\$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</i>	1,854,400
<i>\$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</i>	472,756
<i>\$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</i>	787,924
<i>\$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</i>	449,120
<b>Total</b>	<b>\$ 17,633,879</b>

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At June 30, 2013, City of Goldsboro had bonds authorized but unissued of \$0 and a legal debt margin of \$165,061,739.

City of Goldsboro, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2013

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

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2014	\$ 375,823	\$ 144,264	\$ 2,188,177	\$ 584,321
2015	323,574	129,926	1,817,426	506,030
2016	316,716	118,427	1,706,284	439,265
2017	314,408	108,457	1,663,592	392,072
2018	312,099	98,535	845,901	345,431
2019-2023	1,473,941	345,641	4,750,057	1,318,843
2024-2028	1,013,559	116,855	3,432,442	626,189
2029-2030	-	-	1,230,000	75,337
	\$ 4,130,120	\$ 1,062,105	\$ 17,633,879	\$ 4,287,488

**c. Notes Payable**

*Serviced by the General Fund*

On December 20, 2004, the City entered into a financing agreement for \$4,413,380 with RBC Centura for the construction of a new City Hall. The installment agreement is collateralized by all real and personal property acquired or constructed at the new City Hall. The terms of the agreement require 30 semi-annual installments of \$147,113 plus interest at 3.62% per annum beginning June 20, 2005. The balance outstanding at June 30, 2013 was \$1,912,465.

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, 2013 was \$2,450,225.

On September 10, 2008, the City entered into a financing agreement for \$4,500,000 with RBC Centura for the purchase of the Paramount. The installment is collateralized by all real and personal property acquired at the Paramount. The terms of the agreement require 30 semi-annual installments of \$150,000 plus interest at 4.54% per annum beginning March 10, 2009. The balance outstanding at June 30, 2013 was \$3,150,000.

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, 2013 was \$76,818.

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, 2013 was \$1,375,324.

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, 2013 was \$737,624.

On February 15, 2013, the City entered into a financing agreement for \$225,000 with Wells Fargo Bank, N.A. for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 3 annual installments of varying amounts plus interest at 1.248% per annum beginning September 1, 2013. The balance outstanding at June 30, 2013 was \$225,000.

*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, 2013 was \$889,151.

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, 2013, the outstanding balance is \$450,000.

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, 2013 of \$6,093,046. The terms of the agreements require 15 annual installments of \$1,000,000 and \$218,609 plus interest at 2.55% and 2.57% per annum beginning May 1, 2004, respectively.

On December 9, 2009, the City entered into a financing agreement for \$271,000 with Bank of America for the purchase of a jet vac. The installment agreement is collateralized by the equipment acquired with the loan. The terms of the agreement require 20 semi-annual installments of \$13,604 plus interest at 2.77% per annum. The balance outstanding at June 30, 2013 was \$176,033.

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, 2013 was \$6,384,332.

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, 2013 was \$2,949,322 but the project was not complete.

Annual debt service requirements to maturity for the above notes, including interest of \$1,857,425 for the Utility Fund and \$1,471,336 for the Governmental Funds, are as follows:

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2014	\$ 1,422,495	\$ 320,355	\$ 2,143,717	\$ 308,303
2015	1,344,724	276,311	2,141,717	267,089
2016	1,345,661	233,988	2,138,717	225,925
2017	1,281,311	191,694	1,986,717	184,810
2018	1,076,687	151,298	1,984,717	143,733
2019-2023	3,306,578	294,285	3,521,638	422,365
2024-2028	150,000	3,405	1,679,836	237,378
2029-2032	-	-	1,344,825	67,822
	\$ 9,927,456	\$ 1,471,336	\$ 16,941,884	\$ 1,857,425

**d. Advance Refunding**

On February 26, 2013, the City issued \$3,299,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$3,257,579 of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability in the amount of \$745,600 has been removed from the governmental activities column and \$2,219,400 has been removed from the business-type activities of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$334,000. 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 \$218,819 and resulted in an economic gain of \$198,174.

**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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
<b>Governmental activities:</b>					
General obligation debt	\$ 4,414,177	\$ 829,590	\$ 1,113,647	\$ 4,130,120	\$ 375,823
Capitalized leases	559,165	485,229	106,860	937,534	224,459
Notes Payable	11,045,130	225,000	1,342,674	9,927,456	1,422,495
Net pension obligation	264,113	233,045	221,834	275,324	-
Net OPEB obligation	1,291,790	310,809	-	1,602,599	-
Compensated absences	1,378,492	617,505	626,148	1,369,849	684,925
<b>Total governmental Activities</b>	<b>\$ 18,952,867</b>	<b>\$ 2,701,178</b>	<b>\$ 3,411,163</b>	<b>\$ 18,242,882</b>	<b>\$ 2,707,702</b>
<b>Business-type activities:</b>					
General obligation debt	\$ 19,162,643	\$ 2,469,410	\$ 3,998,174	\$ 17,633,879	\$ 2,188,177
Notes Payable	18,820,517	-	1,878,633	16,941,884	2,143,717
Net OPEB obligation	171,422	49,889	-	221,311	-
Compensated absences	229,919	83,016	109,654	203,281	91,967
<b>Total-business type activities</b>	<b>\$ 38,384,501</b>	<b>\$ 2,602,315</b>	<b>\$ 5,986,461</b>	<b>\$ 35,000,355</b>	<b>\$4,423,861</b>

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
<b>Total</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

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, 2013, 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 \$26,482 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, 2013. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

#### **E. Fund Balance**

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

Total fund balance – General Fund	\$ 8,075,931
Less:	
Inventories	214,187
Stabilization by state statute	3,151,398
Working Capital/Fund Balance Policy	3,505,634
Remaining Fund Balance	1,204,712

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
	\$1,282,761	\$192,919

### **III. JOINT VENTURES**

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 \$196,861 to the Authority during fiscal year ended June 30, 2013. 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 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, 2013. 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 September 2013, the City of Goldsboro was awarded a Transportation Investment Generating Economic Recovery (TIGER) Grant in the amount of \$10,000,000 from the U.S. Department of Transportation. This grant will be used to complete the Gateway Transfer Center Project, the Center Streetscape Project, and additional Streetscape Improvements. The total construction cost of these projects will be approximately \$14,000,000 with City's investment or match being nearly \$4,000,000. The City of Goldsboro will start initiating an installment financing agreement for the matching funds around April 2014.

The Federal Highway Administration has designated fund not to exceed the amount of \$500,000 for the construction of the Multi-Use Trail along New Hope Road. This project will construct a 10 foot wide multi-use path. The Federal Highway Administration will reimburse the City of Goldsboro at the rate of 80% (\$400,000) and North Carolina Department of Transportation will provide the non-federal match of 20% (\$100,000) for a total estimated project cost of \$500,000. Funds must be authorized by June 30, 2015 and the project must be completed by June 30, 2016.

In November 2013, the City Council voted to begin the process of an \$18.9 million recreation bond referendum for the May 6, 2014 ballot. The referendum will be for the construction of a new W.A. Foster Recreation Center, the construction of a multi-sports complex and improvements to Herman Park and Herman Park Center and to enhance the City's greenways. Community Development and Occupancy Tax Funds would be used to support a portion of the debt service but a property tax increase would be needed for around 2.4 cents per \$100 of valuation.

The City of Goldsboro, in conjunction with a number of its insurance carriers, has reached a settlement for the handling of the evidence in the Dwayne Dail case. The settlement is \$7,520,000, with the City's portion being \$2,710,000 and the City has settled with the various insurance carriers that insured the City and its police

department for years 1989 through 2008 for the sum of \$4,810,000. The City Council has directed staff to discuss with the City's bond attorney and financial consultants to finance the City's portion of this settlement.

#### **VII. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

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### REQUIRED SUPPLEMENTAL FINANCIAL DATA

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This section contains additional information required by generally accepted accounting principles

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

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payrol ©	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2002	-	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%
12/31/2012	-	2,207,264	2,207,264	0%	4,474,318	49.33%

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%
2013	236,275	93.89%

\* 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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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	10.81%
2013	352,665	14.32%

**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
<b>Actuarial assumptions:</b>	
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%

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**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## GENERAL FUND

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

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, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 14,549,932	\$ 14,517,335	\$ (32,597)
Penalties and interest	90,000	97,025	7,025
Total	14,639,932	14,614,361	(25,571)
Other taxes and licenses:			
Local option sales taxes	6,250,449	6,466,342	215,893
Privilege licenses	370,000	470,191	100,191
Vehicle taxes - rental/leases	35,000	45,089	10,089
Penalties and interest	2,300	31	(2,269)
Solid waste disposal tax	26,000	22,608	(3,392)
Total	6,683,749	7,004,261	320,512
Unrestricted intergovernmental			
Payment in lieu of taxes	85,000	109,813	24,813
Utility taxes	2,381,000	2,260,262	(120,738)
Beer and wine tax	174,400	144,412	(29,988)
Wayne County School Resource	30,000	30,000	-
ABC revenues	519,600	382,000	(137,600)
Cherry Hospital reimbursement	53,600	55,316	1,716
GWTA Garage reimbursement	400,000	316,779	(83,221)
NCDOT Signals Reimbursement	120,000	162,895	42,895
DEA funds	92,179	96,118	3,939
Total	3,855,779	3,557,596	(298,184)
Restricted intergovernmental:			
Powell Bill allocation	964,710	1,003,458	38,748
Federal Emergency Management Agency	-	32,356	32,356
Controlled substance tax	12,678	12,944	266
Local Law Enforcement Block Grant	-	96,263	96,263
Transportation planning grant	410,572	176,413	(234,159)
Clean Water Management Grant	-	110,192	110,192
Main Street Solutions Grant	100,000	-	(100,000)
Main Street Energy Grant	63,386	27,178	(36,208)
Community Transformation Grant	40,000	37,059	(2,941)
Military Support Grant	45,000	45,000	-
East Carolina Housing Grant	31,000	33,139	2,139
Total	1,667,346	1,574,002	(93,344)
Permits and fees:			
Building and inspection permits	90,000	131,143	41,143
Mechanical permits	62,500	65,474	2,974
Plumbing, gas and electric inspections	113,500	133,524	20,024
Miscellaneous permits	90,200	79,481	(10,719)
Total	356,200	409,622	53,422

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, 2013

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Recreation fees	53,750	58,189	4,439
Golf course revenue	443,900	502,363	58,463
Recyclable materials sold	100,000	39,200	(60,800)
Cemetery services	45,000	74,109	29,109
Refuse services	3,284,454	3,144,892	(139,562)
Cable franchise fees	312,000	280,096	(31,904)
Stormwater management fees	12,500	13,494	994
Miscellaneous fees and services	13,350	12,175	(1,175)
Total	4,264,954	4,124,519	(140,435)
Investment earnings	15,198	17,914	2,716
Miscellaneous:			
Cemetery lot sales	14,100	16,691	2,591
Officers fees	28,000	25,561	(2,439)
Sale of property	25,250	27,363	2,113
Storm reimbursements	-	-	-
Assessments	2,800	497	(2,303)
Other miscellaneous	1,383,406	646,204	(737,203)
Total	1,453,556	716,315	(737,241)
Total revenues	32,936,714	32,018,589	(918,124)
<b>EXPENDITURES</b>			
General government			
Governing body:			
Salaries and employee benefits		282,258	
Operating expenses		401,825	
Reimbursement-enterprise fund		(194,230)	
Total	722,090	489,853	232,238
Administration:			
Salaries and employee benefits		837,730	
Operating expenditures		928,072	
Capital outlay		496,138	
Reimbursement-enterprise fund		(191,568)	
Total	2,869,902	2,070,372	799,530
Finance:			
Salaries and employee benefits		760,708	
Operating expenditures		363,454	
Reimbursement-enterprise fund		(674,282)	
Total	1,138,407	449,880	688,528

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, 2013

	Budget	Actual	Variance Positive (Negative)
Public building and grounds:			
Salaries and employee benefits		165,645	
Operating expenditures		203,991	
Capital outlay		-	
Total	378,331	369,636	8,695
<b>Total general government</b>	<b>5,108,731</b>	<b>3,379,741</b>	<b>1,728,990</b>
Transportation:			
Street and highways:			
Salaries and employee benefits		1,481,159	
Street lights		554,521	
Operating expenditures		509,272	
Capital outlay		149,185	
Total	2,744,092	2,694,136	49,956
Goldsboro/Wayne Transportation Authority:	205,363	196,861	8,502
<b>Total transportation</b>	<b>2,949,455</b>	<b>2,890,997</b>	<b>58,458</b>
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits		691,852	
Operating expenditures		627,104	
Capital Outlay		26,067	
Reimbursement-enterprise		(134,594)	
Total	2,042,069	1,210,429	831,640
Community affairs			
Salaries and employee benefits		201,917	
Operating expenditures		16,565	
Total	222,703	218,482	4,221
Downtown district			
Salaries and employee benefits		192,233	
Operating expenditures		162,734	
Capital Outlay		6,938	
Total	388,117	361,905	26,211

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, 2013

	Budget	Actual	Variance Positive (Negative)
Other appropriations			
Project Uplift	10,000	10,000	
Wayne Opportunity Center	184,777	184,777	
Community in Schools	5,000	5,000	
WATCH	25,000	20,000	
Total	224,777	219,777	5,000
<b>Total economic and physical development</b>	<b>2,877,665</b>	<b>2,010,593</b>	<b>867,072</b>
Public safety:			
Personnel and safety:			
Salaries and employee benefits		1,342,030	
Operating expenditures		123,421	
Reimbursement-enterprise		(62,606)	
Total	1,577,399	1,402,845	174,554
Building and traffic maintenance:			
Salaries and employee benefits		392,160	
Operating expenditures		144,701	
Reimbursement-enterprise fund		-	
Total	650,636	536,862	113,774
Engineering:			
Salaries and employee benefits		486,311	
Operating expenditures		62,570	
Capital outlay		336,200	
Reimbursement-enterprise fund		(405,215)	
Total	576,888	479,866	97,023
Fire:			
Salaries and employee benefits		4,956,638	
Operating expenditures		471,744	
Capital outlay		82,859	
Total	5,707,902	5,511,240	196,662
Police:			
Salaries and employee benefits		7,385,074	
Operating expenditures		1,080,812	
Capital expenditures		353,352	
Total	9,227,402	8,819,238	408,165

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, 2013

	Budget	Actual	Variance Positive (Negative)
Animal control:			
Salaries and employee benefits		56,134	
Operating expenditures		5,570	
Total	62,946	61,704	1,242
Inspections:			
Salaries and employee benefits		567,085	
Operating expenditures		95,056	
Total	730,254	662,141	68,112
<b>Total public safety</b>	<b>18,533,427</b>	<b>17,473,895</b>	<b>1,059,531</b>
Environmental protection:			
Cemetery:			
Salaries and employee benefits		232,979	
Operating expenditures		38,632	
Capital Outlay		9,574	
Total	292,166	281,184	10,981
Sanitation:			
Salaries and employee benefits		2,082,729	
Operating expenditures		954,140	
Capital outlay		166,005	
Total	3,323,289	3,202,874	120,415
<b>Total environmental protection</b>	<b>3,615,455</b>	<b>3,484,058</b>	<b>131,397</b>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		1,375,999	
Operating expenditures		751,014	
Capital outlay		53,603	
Total	2,465,667	2,180,615	285,052
Golf Course:			
Salaries and employee benefits		452,698	
Operating expenditures		284,280	
Capital outlay		44,815	
Total	860,310	781,792	78,518

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, 2013

	Budget	Actual	Variance Positive (Negative)
Assistance to:			
Museum	12,000	12,000	-
Art Council	25,000	25,000	-
Total	37,000	37,000	-
<b>Total cultural and recreational</b>	<b>3,362,977</b>	<b>2,999,408</b>	<b>363,570</b>
Debt Service:			
Principal		1,517,581	
Interest		501,130	
Bond issuance cost		17,605	
Total debt service	2,118,797	2,036,316	82,481
Contingency	46,792	-	46,792
<b>Total expenditures</b>	<b>38,613,299</b>	<b>34,275,008</b>	<b>4,338,291</b>
Revenue over (under) expenditures	(5,676,585)	(2,256,419)	3,420,167
Other financing sources (uses):			
Transfer from Utility Fund	1,662,493	-	(1,662,493)
Refunding bonds issued	829,590	829,590	-
Payment to refunded bond escrow agent	(745,600)	(745,600)	-
Installment purchase proceeds	336,360	225,000	
Capital lease obligations issued	485,229	485,229	-
Total other financing sources (uses)	2,568,072	794,219	(1,773,853)
Revenue and other financing sources over (under) expenditures and other financing uses	(3,108,513)	(1,462,200)	1,646,314
Fund balance appropriated	3,108,513	-	(3,108,513)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	(1,462,200)	<u>\$ (1,462,200)</u>
Fund balances, beginning		9,582,122	
Increase (decrease) in inventory		(43,991)	
Fund balances - ending		<u>\$ 8,075,931</u>	

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**NON-MAJOR GOVERNMENTAL FUNDS**

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Exhibit C-1  
City of Goldsboro, North Carolina  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
June 30, 2013

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund-Street	Totals
<b>ASSETS</b>					
Cash and investments	\$ 110,639	\$ 1,260,426	\$ 228,932	\$ -	\$ 1,599,997
Accounts receivable	8,917	-	-	-	8,917
Restricted assets					
Cash and investments	-	-	-	780,650	780,650
<b>Total assets</b>	<b>\$ 119,556</b>	<b>\$ 1,260,426</b>	<b>\$ 228,932</b>	<b>\$ 780,650</b>	<b>\$ 2,389,564</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,846	\$ 19,110	\$ 963	\$ 353,720	\$ 375,639
Due to other funds	-	-	100,000	-	100,000
Deferred revenues	8,917	-	-	-	8,917
<b>Total liabilities</b>	<b>10,763</b>	<b>19,110</b>	<b>100,963</b>	<b>353,720</b>	<b>484,556</b>
<b>Fund balances:</b>					
Restricted					
Streets	-	-	-	426,930	426,930
Committed					
Economic Development	-	894,488	127,969	-	1,022,456
Downtown Development	108,793	-	-	-	108,793
Assigned					
Subsequent year's expenditures		346,828			346,828
Unassigned	-	-	-	-	-
<b>Total equity</b>	<b>108,793</b>	<b>1,241,316</b>	<b>127,969</b>	<b>426,930</b>	<b>1,905,008</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,556</b>	<b>\$ 1,260,426</b>	<b>\$ 228,932</b>	<b>\$ 780,650</b>	<b>\$ 2,389,564</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, 2013**

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund - Street	Totals
<b>Revenues:</b>					
Restricted intergovernmental					
Community Development Block Grant	\$ -	\$ -	\$ 304,803	\$ -	\$ 304,803
Home Partnership Program	-	-	185,295	-	185,295
Program Income	-	-	-	-	-
Ad valorem taxes	71,051	-	-	-	71,051
Penalties and interest	810	-	-	-	810
Other taxes and licenses	-	594,404	-	-	594,404
Investment earnings	139	1,749	-	803	2,691
Other income	600	1,424	-	-	2,024
<b>Total revenues</b>	<b>72,600</b>	<b>597,577</b>	<b>490,098</b>	<b>803</b>	<b>1,161,078</b>
<b>Expenditures</b>					
Economic and physical development					
Salaries and employee benefits	-	111,080	-	-	111,080
Operating expenditures	-	312,173	-	2,473,820	2,785,993
Downtown revitalization	97,099	-	472,353	-	569,453
Capital Outlay	-	3,000	-	-	3,000
<b>Total Economic and physical development</b>	<b>97,099</b>	<b>315,173</b>	<b>472,353</b>	<b>2,473,820</b>	<b>3,469,526</b>
Debt Service:					
Principal	-	300,000	-	-	300,000
Interest	-	153,225	-	-	153,225
<b>Total debt service</b>	<b>-</b>	<b>453,225</b>	<b>-</b>	<b>-</b>	<b>453,225</b>
<b>Total expenditures</b>	<b>97,099</b>	<b>879,478</b>	<b>472,353</b>	<b>2,473,820</b>	<b>3,922,751</b>
Revenues over (under) expenditures	(24,500)	(281,901)	17,745	(2,473,017)	(2,761,673)
FUND BALANCES, beginning of year	133,293	1,523,217	110,224	2,899,947	4,666,681
FUND BALANCES, end of year	\$ 108,793	\$ 1,241,316	\$ 127,969	\$ 426,930	\$ 1,905,008

## 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, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental					
Community Development Block Grant	\$ 1,806,059	\$ 1,015,846	\$ 304,803	\$ 1,320,649	\$ 485,410
Home Partnership Program	1,563,129	1,554,587	185,295	1,739,882	(176,753)
Lead Based Grant	106,965		-	-	106,965
<b>Total revenues</b>	<b>3,476,153</b>	<b>2,570,433</b>	<b>490,098</b>	<b>3,060,531</b>	<b>415,622</b>
<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	62,259	-	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	120,518	-	120,518	13,252
Rehabilitation	19,358	19,358	928	20,286	(928)
Public Facilities	267,921	161,772	-	161,772	106,149
Hazardous Management	5,813	5,813	-	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	18,614	-	18,614	-
Homebuyer Assistance	176,160	176,160	-	176,160	-
CHDO-Set Aside	110,621	110,000	-	110,000	621
<u>CDBG FY 10-11</u>					
Administration	107,520	77,220	-	77,220	30,300
Relocation	722	722	-	722	-
Rehabilitation	10,623	10,623	51,688	62,311	(51,688)
Public Facilities	58,048	57,919	18,363	76,282	(18,234)
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	-	280	280	106,685
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, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<u>HOME FY 10-11</u>					
Administration	27,674	27,474	-	27,474	200
Rehabilitation	27,665	27,662	-	27,662	3
Homebuyer Assistance	161,879	161,879	-	161,879	-
CHDO-Set Aside	98,779	98,779	-	98,779	-
<u>CDBG FY 11-12</u>					
Administration	93,886	73,410	415	73,825	20,061
Relocation	66	-	-	-	66
Public Facilities	136,626	15,130	3,608	18,738	117,888
Hazardous Materials	27,906	20,254	3,895	24,149	3,757
Afterschool Enrichment	57,411	56,751	660	57,411	-
Transitional Housing	21,388	16,638	3,362	20,000	1,388
Demolition	189,095	186,595	7,800	194,395	(5,300)
<u>HOME FY 11-12</u>					
Administration	25,701	25,402	231	25,633	68
Housing Development	131,250	131,250	-	131,250	-
Homebuyer Assistance	76,406	76,406	-	76,406	-
CHDO-Administration	10,000	10,000	-	10,000	-
<u>CDBG FY 12-13</u>					
Administration	76,901	-	53,315	53,315	23,586
Relocation	79,285	-	41,945	41,945	37,340
Public Facilities	150,000	-	35,316	35,316	114,684
Afterschool Enrichment	56,475	-	55,984	55,984	491
Demolition	-	-	11,060	11,060	(11,060)
<u>HOME FY 12-13</u>					
Administration	17,927	-	15,173	15,173	2,754
Rehabilitation	-	-	-	-	-
Housing Development	131,250	-	131,250	131,250	-
Homebuyers Assistance	5,000	-	5,000	5,000	-
CHDO-Set Aside	32,080	-	32,080	32,080	-
Total expenditures	3,476,153	2,460,209	472,353	2,932,562	543,591
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 110,224</u>	17,745	<u>\$ 127,969</u>	<u>\$ 127,969</u>
Fund balance, beginning of year			110,224		
Fund balance, end of year			<u>\$ 127,969</u>		

Exhibit C-4  
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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 72,547	\$ 71,051	\$ (1,496)
Penalties and interest	250	810	560
Investment earnings	100	139	39
Other income	-	600	600
Total revenues	72,897	72,600	(297)
Expenditures:			
Salaries and employee benefits	-	-	-
Downtown revitalization	147,227	97,099	50,127
Total expenditures	147,227	97,099	50,127
Revenue over (under) expenditures	(74,330)	(24,500)	49,830
Fund balance appropriated	74,330	-	(74,330)
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(24,500)</u>	<u>\$ (24,500)</u>
Fund balance, beginning of year		<u>133,293</u>	
Fund balance, end of year		<u>\$ 108,793</u>	



Exhibit C-5  
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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 520,000	\$ 594,404	\$ 74,404
Other income	-	1,424	1,424
Investment earnings	1,000	1,749	749
Total revenues	521,000	597,577	76,577
Expenditures:			
Tourism expenses:			
Salaries and employee benefits		111,080	
Operating expenditures		312,173	
Capital Outlay		3,000	
Total Tourism	688,333	426,253	262,080
Debt Service:			
Principal		300,000	
Interest		153,225	
Total debt service	453,225	453,225	-
Total expenditures	1,141,558	879,478	262,080
Revenues over (under) expenditures	(620,558)	(281,901)	(338,657)
Fund balance appropriated	620,558	-	620,558
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	(281,901)	<u>\$ (281,901)</u>
Fund balance, beginning of year		<u>1,523,217</u>	
Fund balance, end of year		<u>\$ 1,241,316</u>	

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## CAPITAL PROJECTS FUND

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

### INDIVIDUAL FUND DESCRIPTIONS

- Capital Projects Fund

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

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Exhibit D-1

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, 2013

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
<b>Revenues</b>					
Street Project					
Investment earnings	\$ 4,250	\$ 446,764	\$ 803	\$ 447,567	\$ 443,317
<b>Expenditures</b>					
Street Project Fund					
Construction costs		3,446,780	2,473,820	5,920,600	
Technical services		52,534	-	52,534	
Right of way		-	-	-	
Total expenditures	6,039,250	3,499,314	2,473,820	5,973,134	66,116
Revenues over (under) expenditures	(6,035,000)	(3,052,550)	(2,473,017)	(5,525,567)	509,433
<b>Other financing sources (uses)</b>					
Proceeds from debt issuance	4,400,000	4,396,000	-	4,396,000	(4,000)
Transfer to (from) other funds	1,635,000	1,556,497	-	1,556,497	(78,503)
Total other financing sources	6,035,000	5,952,497	-	5,952,497	(82,503)
Revenues and other financing sources over					
(under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,899,947</u>	<u>\$ (2,473,017)</u>	<u>\$ 426,930</u>	<u>\$ 426,930</u>
Fund balance, beginning of year			<u>2,899,947</u>		
Fund balance, end of year			<u>\$ 426,930</u>		

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## 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, 2013

Exhibit E-1  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 14,695,000	\$ 14,406,950	\$ (288,050)
Assessments	14,000	13,587	(413)
Water and sewer taps	22,500	29,475	6,975
Other operating revenues	542,000	502,598	(39,402)
Total operating revenues	15,273,500	14,952,610	(320,890)
Nonoperating revenues:			
NC Military Support Grant	80,000	80,000	
Investment earnings	10,500	38,159	27,659
Total nonoperating revenues	90,500	118,159	27,659
Total revenues	15,364,000	15,070,769	(293,231)
<b>Expenditures</b>			
Maintenance			
Salaries and employee benefits		1,638,832	
Travel		406	
Supplies		491,429	
Insurance		19,540	
Repairs and maintenance		43,203	
Other expenses		363,600	
	2,814,925	2,557,009	257,916
Water Plant			
Salaries and employee benefits		666,076	
Travel		1,149	
Supplies		549,941	
Insurance		58,898	
Utilities		210,807	
Repairs and maintenance		571,809	
Other expenses		318,416	
Utility service fee		831,248	
	3,768,810	3,208,343	560,467
Waste Treatment Plant			
Salaries and employee benefits		1,127,737	
Travel		4,239	
Supplies		140,026	
Insurance		127,728	
Utilities		500,206	
Repairs and maintenance		315,169	
Other expenses		205,580	
Utility service fee		955,396	
	3,773,234	3,376,081	397,153



City of Goldsboro, North Carolina  
**Utility Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2013

Exhibit E-1  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Public works department			
Salaries and employee benefits	\$ -	\$ 247,762	\$ -
Supplies		16,550	
Insurance		28,925	
Repairs and maintenance		197,822	
Other expenses		91,479	
Utility service fee		39,436	
	658,123	621,975	36,148
Other			
General operating expenses	63,121	14,856	48,265
Budgetary appropriations			
Bond principal and other debt payments		4,041,666	
Bond interest		1,398,265	
Capital outlay		467,683	
	8,299,867	5,907,614	2,392,254
Total expenditures	19,378,081	15,685,878	3,692,203
Revenues over (under) expenditures	(4,014,081)	(615,109)	3,398,972
Other financing sources (uses):			
Fund balance appropriated	4,014,081	-	(4,014,081)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (615,109)	\$ (615,109)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (615,109)	
Reconciling items:			
Capital outlay		467,683	
Loss on disposal of property		(4,291)	
Advanced Refunding of debt		2,469,410	
Payment of advanced refunding debt		(2,438,396)	
Amortization of bond issuance costs		(71,124)	
Bond Costs		(52,395)	
Bond principal and other debt payments		4,041,666	
Contributed Capitals		211,331	
Depreciation expense		(3,346,703)	
		1,277,181	
Net income		\$ 662,072	

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, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues-water projects					
Investment earnings	\$ 67,240	\$ 86,694	\$ -	\$ 86,694	\$ 19,454
Other income	52,822	22,974	-	22,974	(29,848)
Total revenues-water projects	120,062	109,668	-	109,668	(10,394)
Revenues-sewer projects					
Restricted intergovernmental revenue	3,000,000	1,356,713	1,466,650	2,823,363	(176,637)
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	1,466,650	3,366,265	66,265
Total revenues	3,420,062	2,009,283	1,466,650	3,475,933	55,871
Expenditures-water projects					
Construction		2,959,305	1,466,650	4,425,955	
Total expenditures-water projects	4,700,644	2,959,305	1,466,650	4,425,955	274,689
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	26,469,870	22,832,493	1,466,650	24,299,143	2,170,727
Revenues over (under) expenditures	(23,049,808)	(20,823,210)	-	(20,823,210)	2,226,598
Other financing sources (uses)					
Transfers out	(3,634,377)	-	(3,634,377)	(3,634,377)	-
Proceeds from long-term borrowings	26,684,185	31,382,776		31,382,776	4,698,591
Total other financing sources	23,049,808	31,382,776	(3,634,377)	27,748,399	4,698,591
Revenues and other financing sources over (under) expenditures	\$ -	\$ 10,559,566	\$ (3,634,377)	\$ 6,925,189	\$ 6,925,189

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, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings		\$ -	\$ -	\$ -	\$ -
Expenditures					
Construction	8,605,000	2,315,330		2,315,330	6,289,670
Revenues over (under) expenditures	(8,605,000)	(2,315,330)	-	(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	\$ -	\$ -	\$ -	\$ -	\$ -

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## OTHER FINANCIAL INFORMATION

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

- Governmental Capital Assets

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

- Additional Financial Data

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

- Statistical Information

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

- Single Audit Information

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

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

Exhibit F-1

For the Year Ended June 30, 2013

(With Comparative Actual Amounts As Of June 30, 2012)

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<u>Governmental Capital Assets</u>	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 7,610,630	\$ 7,583,743
Construction in process	1,505,364	1,015,499
Buildings	17,686,641	17,667,006
Streets and infrastructure	58,965,462	64,680,756
Vehicles and equipment	14,106,198	13,670,934
Total	<u>\$ 99,874,295</u>	<u>\$ 104,617,938</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, 2013

Exhibit F-2

Functional and Activity	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
General government	\$ 15,618,049	\$ 265,538	\$ 12,914	\$ 15,870,673
Transportation	64,386,689	5,618,722	11,027,991	58,977,420
Economic and physical development	2,695,363	38,568	11,423	2,722,508
Public safety	6,137,606	555,558	521,897	6,171,267
Environmental protection	2,664,270	175,579	61,833	2,778,016
Cultural ad recreational	13,115,961	265,674	27,224	13,354,411
Total	<u>\$ 104,617,938</u>	<u>\$ 6,919,639</u>	<u>\$ 11,663,282</u>	<u>\$ 99,874,295</u>



#### ADDITIONAL FINANCIAL DATA

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

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City of Goldsboro, North Carolina  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2013

Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	-	14,629,619	13,922,748	706,871
2011-2012	723,578	-	498,046	225,532
2010-2011	190,916	-	68,680	122,236
2010 and prior	780,382	-	77,709	702,673
	<u>\$ 1,694,876</u>	<u>\$ 14,629,619</u>	<u>\$ 14,567,183</u>	<u>\$ 1,757,312</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 14,614,361
Reconciling items:	
Interest collected	(97,025)
Taxes written off	49,848
<b>Total collections and credits</b>	<b>\$ 14,567,183</b>

Downtown District Fund

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 73,163	\$ 67,774	\$ 5,389
2011-2012	2,422		1,587	835
2010-2011	1,391		816	575
2010 and prior	2,836		718	2,118
	<u>\$ 6,649</u>	<u>\$ 73,163</u>	<u>\$ 70,895</u>	<u>\$ 8,917</u>

Reconciliation with revenue

Ad Valorem taxes - General Fund	\$ 71,861
Reconciling items:	
Interest collected	(810)
Taxes written off	(156)
<b>Total collections and credits</b>	<b>\$ 70,895</b>

City of Goldsboro, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
For the Fiscal Year Ended June 30, 2013  
Exhibit G-2

	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy-City:</b>					
Property taxed at current years' rate	\$ 2,226,853,538	\$ 0.65	\$ 14,474,548	\$ 13,004,604	\$ 1,469,944
Discoveries	74,405,538	0.65	483,636	483,636	-
Abatements	(50,548,462)		(328,565)	(217,811)	(110,754)
Total property valuation	<u>\$ 2,250,710,614</u>				
Net levy			\$ 14,629,619	\$ 13,270,429	\$ 1,359,190
Uncollected taxes at June 30, 2013			(706,871)	(359,908)	(346,963)
Current year's taxes collected			<u>\$ 13,922,748</u>	<u>\$ 12,910,521</u>	<u>\$ 1,012,227</u>
Current levy collection percentage			95.17%	97.29%	74.47%
<b>Original levy-Downtown District:</b>					
Property taxed at current years' rate	\$ 27,836,000	\$ 0.25	\$ 69,590	\$ 66,683	\$ 2,907
Discoveries	1,466,000	0.25	3,665	3,665	-
Abatements	(36,800)		(92)	(64)	(28)
Total property valuation	<u>\$ 29,265,200</u>				
Net levy			\$ 73,163	\$ 70,284	\$ 2,879
Uncollected taxes at June 30, 2013			(5,389)	(4,972)	(417)
Current year's taxes collected			<u>\$ 67,774</u>	<u>\$ 65,312</u>	<u>\$ 2,462</u>
Current levy collection percentage			92.63%	92.93%	85.52%

City of Goldsboro, North Carolina  
ALL FUND  
SCHEDULE OF CASH AND INVESTMENT BALANCES  
June 30, 2013

Exhibit G-3

		<u>Market Value</u>
Cash		
On Hand		\$ 2,130
NOW, SuperNOW, and Money Market		<u>14,287,885</u>
Total Cash		14,290,015
Other Investments		
North Carolina Capital Management Trust		<u>11,197,626</u>
Total Cash and Investments		<u>\$ 25,487,641</u>
Distributed by Fund:		
		<u>Carrying Value</u>
General Fund		
Unrestricted	\$ 6,954,397	
Restricted	<u>131,170</u>	\$ 7,085,567
Special Revenue Fund		
Community Development Fund	228,932	
Downtown District Fund	110,639	
Occupancy Tax Fund	<u>1,260,426</u>	1,599,997
Capital Project Fund - Restricted		
Street	<u>780,650</u>	780,650
Enterprise Fund		
Unrestricted	9,960,013	
Restricted	<u>6,061,414</u>	<u>16,021,427</u>
Total Distributed by Fund		<u>\$ 25,487,641</u>

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## STATISTICAL SECTION

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Information**

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

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

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

**Table 1**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 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	\$ 37,507,996
Restricted	305,651	4,824,678	1,434,487	4,381,889	3,842,808	3,753,545	-	-	-	-
Stabilization by State Statute								4,240,257	2,353,408	3,151,398
Streets									2,899,947	426,930
Unrestricted	14,522,684	15,075,042	14,792,325	15,854,330	15,843,512	10,473,600	11,842,223	6,121,406	8,087,596	5,367,859
<b>Total governmental activities net position</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>\$ 46,454,183</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 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	\$ 41,216,430
Restricted	827,915	3,608,762	2,353,571	993,147	546,602	485,597	-	-	-	-
Unrestricted	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	12,022,767
<b>Total business-type activities net position</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>\$ 53,239,197</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 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	\$ 78,724,426
Restricted	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	2,353,408	3,151,398
Streets									2,899,947	426,930
Unrestricted	22,308,396	23,671,199	24,092,069	28,246,517	27,345,435	19,793,593	20,746,848	16,869,951	20,293,799	17,390,626
<b>Total primary government net position</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>	<b>\$ 99,693,380</b>

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

**Table 2**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 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	\$ 3,570,115
Public safety	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	17,432,563
Transportation	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	9,176,022
Economic and physical development	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	5,502,759
Environmental protection	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	3,369,229
Cultural and recreational	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	2,958,211
Interest on long-term debt	54,275	140,456	337,845	307,088	532,923	338,011	724,351	690,706	724,774	671,960
Total governmental activities expense	\$ 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	\$ 42,680,859
<b>Total business-type activities -</b>										
water and sewer	\$ 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	\$ 14,598,647
Total primary government expenses	\$ 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	\$ 57,279,506
<b>Program revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General governmental	\$ 275,063	\$ 317,026	\$ 308,289	\$ 355,581	\$ 446,166	\$ 488,376	\$ 409,691	\$ 380,695	\$ 371,656	\$ 354,205
Public safety	331,030	335,880	532,062	545,375	536,438	393,189	361,261	449,256	411,691	435,183
Transportation									409,430	316,779
Environmental protection	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	3,197,586
Cultural and recreational	717,688	717,638	677,264	637,745	709,494	717,592	829,781	750,577	616,498	562,576
<b>Operating grants and contributions</b>										
General governmental	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	3,159,698
Public safety	130,480	271,860	247,860	400,607	165,883	266,932	94,866	863,878	650,740	372,695
Transportation	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	1,179,871
Environmental protection									534,600	32,356
Economic and physical development	24,843	28,482	35,057	30,042	31,276	29,822	32,266	31,770	31,812	33,139
Cultural and recreational	36,010	581,599	1,096,697	942,812	947,265	778,966	1,296,977	709,238	1,123,879	527,157
<b>Capital grants and contributions</b>										
	1,071,068	-	-	-	-	-	-	-	-	-
Economic and physical development				-						
Transportation	-	-	-	2,697,377	-	11,945,877	-	-	-	-

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total governmental activities program revenues	\$ 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	\$ 10,171,245
Business-type activities:										
Charges for services	\$ 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	\$ 14,952,610
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	502,904	-	235,203	291,331
Total business-type activities program revenue	11,012,151	11,777,788	13,357,001	14,827,552	13,471,934	13,564,559	14,259,835	14,362,215	16,192,498	15,243,941
Total primary government program revenues	\$ 19,692,275	\$ 20,564,599	\$ 22,121,718	\$ 26,508,049	\$ 22,913,674	\$ 35,228,761	\$ 24,402,579	\$ 25,063,260	\$ 27,603,787	\$ 25,415,186
Net revenue (Expense)										
Governmental activities	(\$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)	\$ (32,509,614)
Business-type activity	(334,190)	576,995	1,016,140	2,777,787	218,871	(383,112)	1,332,046	1,226,815	2,586,175	645,294
Total primary government net expense	(\$15,980,665)	(\$16,326,126)	(\$17,915,383)	(\$14,728,372)	(\$16,541,215)	(\$11,567,423)	(\$21,259,621)	(\$21,400,512)	\$ (18,008,883)	\$ (31,864,320)
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Ad valorem taxes	\$ 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	\$ 14,501,826
Other taxes	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	7,696,501
Investment earnings, net of market adjustment	142,772	287,656	611,380	895,367	666,136	238,613	37,793	23,079	12,661	20,605
Miscellaneous revenue	295,265	383,254	445,623	537,213	155,198	900,704	329,222	560,261	433,269	702,929
Special item	-	-	-	-	-	-	-	-	-	-
Transfers	-	154,500	-	-	-	-	-	-	-	-
Total governmental activities	\$ 16,703,718	\$ 18,214,912	\$ 19,282,379	\$ 20,967,862	\$ 20,569,756	\$ 20,897,895	\$ 20,550,590	\$ 20,937,752	\$ 22,788,395	\$ 22,921,861
Business-type activity:										
Investment earnings, net of market adjustment	\$ 122,546	\$ 258,361	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687	\$ 21,748	\$ 14,654	\$ 16,778
Extraordinary item: Loss on annexation phase XI	-	-	-	-	-	-	-	-	\$ (1,734,382)	\$ -
Miscellaneous revenue	-	(2,741)	-	-	-	-	-	-	-	-
Transfers	-	(154,500)	-	-	-	-	-	-	-	-
Total business-type activity	\$ 122,546	\$ 101,120	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687	\$ 21,748	\$ (1,719,728)	\$ 16,778
Total primary government	\$ 18,826,264	\$ 18,316,032	\$ 537,602	\$ 21,664,316	\$ 21,091,112	\$ 21,096,649	\$ 20,608,277	\$ 20,959,500	\$ 21,068,667	\$ 22,938,639
<b>Change in net position</b>										
Governmental activities	\$ 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	\$ (9,587,753)
Business-type activities	(211,644)	678,115	1,553,742	3,474,241	740,227	(184,358)	1,389,733	1,248,563	866,447	662,072
Total primary government	\$ 845,599	\$ 1,989,906	\$ 1,904,598	\$ 6,935,944	\$ 4,549,897	\$ 9,529,226	(651,344)	(441,012)	\$ 3,059,784	\$ (8,925,681)

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

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

**Table 3**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ 3,627,539	\$ 3,658,065	\$ 3,605,087	\$ 3,201,459	\$ 5,079,907	\$ 4,823,548	\$ 5,141,907	\$ -	\$ -	\$ -
Designated	626,293	876,439	406,195	748,358	1,136,743	556,718	43,179			
Unreserved, undesignated	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	\$214,187
Restricted										
Stabilization by State Statute								4,240,257	2,353,408	3,151,398
Committed										
Assigned									67,869	-
Unassigned								4,246,716	6,902,667	4,710,346
Total general fund	\$ 11,588,430	\$ 11,757,661	\$ 11,715,204	\$ 12,359,542	\$ 12,218,786	\$ 10,818,227	\$ 10,489,896	\$ 8,672,958	\$ 9,582,122	\$ 8,075,931
All other governmental funds										
Reserved	\$ 19,805	\$ 3,165,260	\$ 544,090	\$ 3,531,711	\$ 165,124	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,504,358	1,776,641	2,080,955	2,048,151	2,788,825	2,635,852	2,838,276			
Capital projects funds	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	426,930
Committed										
Downtown Development								112,727	133,293	108,793
Economic Development								2,105,108	1,356,549	1,022,457
Assigned										
Subsequent Yr's Expenditures								262,421	276,892	346,828
Unassigned										
Total all other governmental funds	\$ 1,800,745	\$ 6,723,175	\$ 3,565,307	\$ 6,932,259	\$ 6,627,763	\$ 6,381,389	\$ 6,398,876	\$ 5,686,484	\$ 4,666,681	\$ 1,905,008

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
Ad valorem taxes	\$ 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	\$ 14,686,221
Local option sales taxes	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	6,466,342
Other taxes and licenses	754,432	752,930	744,390	803,710	790,213	803,216	819,891	966,446	1,169,941	1,132,323
Unrestricted intergovernmental	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	3,557,596
Restricted intergovernmental	2,846,125	2,706,229	2,591,699	2,458,420	2,771,548	2,361,353	2,820,545	3,043,940	3,445,825	2,064,100
Permits and fees	297,260	309,332	500,104	519,127	510,574	362,497	334,980	417,718	384,271	409,622
Sales and services	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	4,124,519
Investment earnings, net of market adjustment	142,772	288,367	611,380	895,367	666,136	238,613	37,793	23,079	17,619	20,605
Miscellaneous	291,188	548,102	445,662	551,256	350,332	918,059	341,302	578,525	455,499	718,339
<b>TOTAL REVENUES</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>\$ 33,179,667</b>
<b>EXPENDITURES</b>										
General government	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	2,883,603
Public safety	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	16,701,484
Transportation	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	2,741,812
Economic and physical develop.	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	5,447,114
Environmental protection	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	3,308,479
Cultural and recreational	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	2,900,990
Capital outlay	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	1,724,736
Debt service:										
Principal	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	1,817,581
Interest and other charges	54,275	214,985	337,845	307,088	483,920	338,011	724,351	690,706	634,241	654,355
Debt issuance cost									60,333	0
Bond issuance cost									30,200	17,605
<b>TOTAL EXPENDITURES</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>38,197,759</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</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>	<b>\$ (5,018,092)</b>

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>OTHER FINANCING SOURCES (USES)</b>										
Refunding bonds issued	-	268,446	-	-	-	-	-	-	580,200	829,590
Bonds issued	-	1,500,000	-	4,000,000	-	-	-	-	2,727,000	0
Payment to refinanced debt issuance									(2,666,667)	0
Capital leases	283,063	-	705,100	-	-	-	-	-	559,165	485,229
Loans	-	4,413,380	-	-	3,737,606	4,500,000	2,454,376	-	896,000	225,000
Transfers out	-	154,500	-	-	-	-	-	-	-	-
Payments to bond escrow agent	-	(268,446)	-	-	-	-	-	-	(550,000)	(745,600)
Total other financing sources (uses)	283,063	6,067,880	705,100	4,000,000	3,737,606	4,500,000	2,454,376	-	1,545,698	794,219
Net change in fund balances	\$ 1,098,233	\$ 5,206,269	(\$3,241,653)	\$ 3,969,906	(\$413,978)	(\$1,716,432)	(\$299,520)	(\$2,594,597)	\$ (70,105)	\$ (4,223,873)
Debt services as a percentage of noncapital expenditures	3.34%	4.45%	4.91%	4.88%	5.34%	4.93%	7.48%	7.31%	7.16%	7.33%

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

Table 5

<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>
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
2013	14,517,335	6,466,342	594,404	470,191	45,089	31	22,093,392

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>
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
2013	14,588,386	6,466,342	594,404	470,191	45,089	31	22,164,443

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>
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
2013	1,983,506,780	211,298,675	55,905,159	2,250,710,614	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, 2012. 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
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
2013	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 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Walmart Stores	Retail Department Store	\$ 35,854,934	1	1.55%	23,384,159	1	1.31%
Progress Energy	Public Utility	23,098,541	2	1.00%	16,074,307	7	0.90%
Franklin Baking Company, Inc.	Bread Making Company	22,965,428	3	0.99%	19,228,859	4	1.07%
Goldsboro Apartments Investors LLC	Real Estate	20,957,900	4	0.90%			
Berkeley Mall, LLC	Mall Shopping Center	20,661,630	5	0.89%	22,597,120	2	1.26%
Berkeley Place Apartments LLC	Real Estate	18,494,445	6	0.80%			
Piedmont Natural Gas Company Inc.	Public Utility	14,766,133	7	0.64%			
BRC Goldsboro LLC	Real Estate	13,320,210	8	0.57%			
Cooper Standard, Inc.	Rubber & Plastic Auto Parts	12,828,195	9	0.55%	19,486,281	3	1.09%
TWE-Advance-Newhouse Partnership	Public Utility	12,470,284	10	0.54%			
Cooper-Bussman, Inc.	Fuse Holders	-			12,458,892	8	0.70%
BellSouth Telephone Company	Public Utility	-			17,476,751	6	0.98%
APV Baker FM, Inc.	Commercial Baking Equipment	-			11,956,395	9	0.67%
K5 Associates, LLC	Real Estate	-			18,222,630	5	1.02%
Ex-Cell Home Fashions	Home Furnishings Manufacturer	-					
Dixie Trail, LLC	Real Estate	-			11,236,930	10	0.63%
<b>TOTALS</b>		<u><u>\$ 195,417,700</u></u>		<b>8.42%</b>	<u><u>\$172,122,324</u></u>		<b>9.63%</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>
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%
2013	14,958,097	<328,503>	14,629,594	14,003,582	93.62%	495,880	14,499,462	99.13%

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		Total Primary Government
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Installment Loans	
2004	2,113,264	1,303,694	350,077	22,547,372	21,727,020	48,041,427
2005	3,411,556	5,268,701	141,579	25,013,329	19,741,075	53,576,240
2006	3,121,622	4,663,556	673,252	22,932,038	17,810,176	49,200,644
2007	2,835,050	8,048,443	516,253	20,877,381	17,430,135	49,707,262
2008	6,059,336	7,368,584	378,679	18,831,875	15,392,282	48,030,756
2009	5,613,477	11,073,528	236,169	16,831,506	13,354,428	47,109,108
2010	5,186,392	12,483,544	88,547	23,307,760	18,597,417	59,663,660
2011	4,783,535	11,286,892	-0-	21,372,849	17,094,643	54,537,919
2012	4,414,177	11,045,130	559,165	19,162,643	18,820,517	54,001,632
2013	4,130,120	9,927,456	937,534	17,633,879	16,941,884	49,570,873

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

**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>
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
2013	21,763,999	N/A	0.96%	611

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 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	\$ 180,056,849
Total net debt applicable to limit	30,494,058	32,062,913	29,768,607	32,325,777	29,224,280	30,277,602	25,253,483	16,070,427	16,018,472	14,995,110
Legal Debt Margin	<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>	<u>\$ 165,061,739</u>
Total net debt applicable to the limit as a percentage of debt limit	21.29%	21.86%	18.57%	21.13%	18.45%	18.71%	14.60%	9.64%	8.63%	8.33%

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

Assessed Value	2,250,710,614
Debt Limit (8% of Assessed Value)	180,056,849
Debt Applicable to Limit:	
General Obligation Bonds	4,130,120
Other Debt	<u>10,864,990</u>
Legal Debt Margin	<u>\$ 165,061,739</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, 2013**

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-	-0-	\$ -0-
<b>Other Debt</b>			
Wayne County Installment Purchase Loans	22,981,000	29.44%	6,765,606
Wayne County Promissory Notes	-0-	-0-	-0-
<b>Subtotal, overlapping debt</b>			6,765,606
<b>Total direct debt</b>			<u>14,995,110</u>
<b>Total direct and overlapping debt</b>			<u>\$ 21,760,716</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>
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%
2013	35,609	N/A	31,245	36.69	19,355	10.80%

**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	2013			2004		
	Employees	Rank	Percentage of Total MSA Employment (2)	Employees	Rank	Percentage of Total MSA Employment (2)
Seymour Johnson Air Force Base	12,478	1	22.55 %	5,800	1	11.36 %
Wayne County Board of Education	3,275	2	5.92 %	3,000	2	5.87 %
Wayne Memorial Hospital	1,820	3	3.29 %	1,300	3	2.55 %
Wayne County	1,255	4	2.27 %	850	6	1.66 %
Case Farms	1,000	5	1.81 %	850	7	1.66 %
Cherry Hospital	1,000	6	1.81 %	1,066	4	2.09 %
Cooper Standard Automotive	980	7	1.77 %	750	8	1.47 %
O'Berry Center	954	8	1.72 %	-	5	1.95 %
Wal-Mart Associates, Inc.	803	10	1.45 %	-	-	-
City of Goldsboro	492	10	0.89 %	470	9	0.92 %
Excell Home Fashions, Inc.	-	-	-	400	10	0.78 %
Total	<u>24,057</u>		<u>43.48 %</u>	<u>14,486</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>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>	<u>2013</u>
General Government	30	31	30	31	30	31	30	30	32	32
Transportation										
Streets & Highways	27	27	28	28	28	28	27	27	27	24
Garage	12	12	12	12	12	12	12	12	12	11
Economic & Physical Development	15	15	18	19	19	19	19	19	19	18
Public Safety										
Police										
Officers	112	116	116	117	117	116	115	115	115	112
Civilians	12	12	12	10	10	10	10	10	10	10
Fire										
Firefighters & Officers	81	81	81	82	82	82	82	82	82	82
Civilians	1	1	1	1	1	1	1	1	1	1
Other	28	28	30	28	28	32	32	32	33	33
Environmental Protection	54	56	56	56	56	56	56	56	55	53
Cultural & Recreational	39	39	39	37	39	40	39	39	39	37
Maintenance	28	29	29	28	25	25	25	25	25	26
Water	11	11	11	11	11	11	11	11	11	11
Sewer	<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>	<u>24</u>
<b>TOTAL</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>	<b>474</b>

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

**Table 18**

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	4,111	4,458	4,246	4,150	3,949	3,657	3,186	3,137	3,406	3,212
Traffic violations	7,993	9,705	9,433	8,460	12,276	12,753	13,037	13,201	9,916	8,636
Fire										
Number of calls answered	2,033	2,169	1,973	3,111	2,348	2,192	2,222	2,210	2,083	2,026
Inspections	684	996	853	471	518	533	806	744	364	944
Building Inspections										
New construction permits	254	268	330	214	152	89	147	117	120	107
Highways and streets										
Street resurfacing (miles)	0	11.2	0	0	5.37	0.5	0.0	0.0	0.0	3.3
Potholes repaired	283	335	209	404	210	573	929	874	258	540
Sanitation										
Refuse collected (tons/day)	60.4	59.2	57.6	58.5	54.0	55.8	44.6	46.5	68.1	57.01
Recyclables collected (tons/day)	7.9	5.6	5.3	5.6	5.9	6.2	5.7	3.9	5.49	5.45
Culture and recreation										
Athletic field permits issued	388	416	324	349	2	3	5	8	9	14
Community center admissions	106,379	103,270	109,650	99,300	99,992	104,106	87,608	119,114	136,480	106,513
Water										
New connections	55	68	46	30	69	85	23	27	28	29
Water mains breaks	91	80	104	63	55	30	47	26	26	20
Average daily consumption (millions of gallons)	6.0	6.0	6.0	5.6	5.1	4.6	4.7	5.3	5.4	5.4
Number of customers	13,285	13,285	13,285	13,563	13,533	13,388	13,875	13,590	13,793	13,606
Wastewater										
New connections	121	87	62	48	71	104	35	42	53	32
Average daily sewage treatment (millions of gallons)	8.0	8.0	7.1	8.4	5.6	7.1	7.8	8.3	7.0	7.0
Number of customers	11,297	11,297	11,541	11,628	11,687	11,597	11,665	11,670	10,755	11,572

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	59	59	59	59	59	59	59	62	65	62
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	11	11	11	11	12	12	11	11	11
Highways and streets										
Streets (miles)	156	156	156	156	158	169	169	166	169	163
Streetlights	2,758	2,758	2,836	2,868	2,903	2,943	3,057	3,035	3,036	2,915
Culture and recreation										
Parks acreage	339	339	339	339	339	339	339	402	402	403
Parks	13	13	13	13	13	13	13	13	13	13
Swimming pools	3	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	3	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	236	236	240	240	241	287	270	270	270	298
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	212	238	239	243	239	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.

**COMPLIANCE SECTION**

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CPAs and Advisors

**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

Carr, Riggs & Ingram, LLC  
7868 Highway 70 West  
La Grange, North Carolina 28551

Mailing Address:  
P.O. Box 605  
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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the City of Goldsboro, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprises the City of Goldsboro's basic financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Goldsboro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Goldsboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

La Grange, North Carolina  
December 10, 2013

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**CRI** CARR  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON 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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Goldsboro compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Goldsboro's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Goldsboro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 10, 2013



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON 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

**Report on Compliance for Each Major State Program**

We have audited the City of Goldsboro compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2013. The City's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133 "Audits of States, Local Governments, and Nonprofit Organizations", as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 the major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on the City's compliance

**Opinion on Each Major State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cam, Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 10, 2013

City of Goldsboro, North Carolina~  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2013

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

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses ☐ yes ☒ none reported

Noncompliance material to federal awards ☐ yes ☒ no

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
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14.228	Community Development Block Grant
14.239	HOME Investment Partnership Grant
66.468	Public Water Supply Loan Program

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

City of Goldsboro, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2013

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

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State Awards

Internal control over major State programs:

- Material weaknesses identified ☐ yes ☒ no
- Significant deficiencies identified  
that are not considered to be  
material weaknesses ☐ yes ☒ none reported

Noncompliance material to State awards ☐ yes ☒ no

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

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

Identification of major State programs:

Program Names

Non-State System Street-Aid Allocation (Powell Bill)

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**Section II - Financial Statement Findings**

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None reported

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

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None reported

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

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None reported



City of Goldsboro, North Carolina  
**CORRECTIVE ACTION PLAN**  
For the Fiscal Year Ended June 30, 2013

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**Section II - Financial Statement Findings**

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None reported

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

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None reported

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

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None reported

City of Goldsboro, North Carolina  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2013

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None reported

City of Goldsboro, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2013  
 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	\$ 304,803	\$ -
Passed-through N.C. State Housing Finance Agency:				
HOME Investment Partnership	14.239	M-98-MC-3702090	185,295	-
<u>U.S. Department of Transportation</u>				
Passed through N.C. Dept. of Transportation				
Highway Planning and Construction	20.205-1		166,063	-
<u>Department of Justice</u>				
JAG Grant	16.810	2011-DJ-BX-2334	50,768	-
JAG Grant	16.810	2012-DJ-BX-0419	45,495	-
			96,263	-
<u>U.S. Department of Home Land Security</u>				
Public Assistance Program (FEMA)	97.036		32,356	-
<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		5,107,466	1,276,866
<b>State Awards:</b>				
<b>Cash Assistance:</b>				
<u>N.C. Department of transportation:</u>				
Powell Bill			-	1,003,458
<u>N.C. Department of Environment and</u>				
<u>Natural Resources</u>				
Clean Water - Stoney Creek Restoration			-	54,364
Community Transformation Grant			-	38,059
<u>N.C. Department of Commerce</u>				
Military Support Grant			-	125,000
<u>N.C. Parks and Recreation Trust Fund</u>				
			-	79,838
<u>N.C. Institute of Public Health</u>				
Health and Wellness Trust Fund				
Fitness Grant	121	1450	-	10,927
Total assistance			\$ 8,251,704	\$ 3,178,376

CITY OF GOLDSBORO, NORTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2013

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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, 2013. 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	\$6,384,332