

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF GOLDSBORO, NORTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Kaye A. Scott
Director of Finance

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank



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, 2013

Executive Director/CEO

This page intentionally left blank

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2014

	<u>Page No.</u>
Introductory Section	i
Certificate of Achievement for Excellence in Financial Reporting	ii
Table of Contents	iii-v
City Officials and Staff	vi
Organization Chart	vii
Letter of Transmittal	viii-xiii
Financial Section	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-16
Exhibit	
Basic Financial Statements:	17
Government-wide Financial Statements:	18
1 Statement of Net Position	19
2 Statement of Activities	20
Fund Financial Statements:	21
3 Balance Sheet – Governmental Funds	22
4 Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	23-24
5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –General Fund	25
6 Statement of Fund Net Position – Proprietary Fund	26
7 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	27
8 Statement of Cash Flows-Proprietary Fund	28-29
Notes to the Financial Statements	30-54
Required Supplemental Financial Data:	55
A-1 Schedule of Funding Progress	56
A-2 Law Enforcement Officers' Special Separation Schedule of Employer Contributions	57
A-3 Post-Employment Health Benefit Obligation	58
Individual Fund Statements and Schedules	59
The General Fund:	60
B-1 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	61-66
Non-Major Governmental Funds:	67
C-1 Combining Balance Sheet	68
C-2 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	69
Special Revenue Funds:	70
C-3 Community Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	71-73

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2014

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

City of Goldsboro
Goldsboro, North Carolina
TABLE OF CONTENTS
June 30, 2014

	<u>Page No.</u>
Compliance Section	110
Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	111
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	112-113
Schedule of Findings and Questioned Costs	114-115
Corrective Plan	116
Summary Schedule of Prior Audit Findings	117
Schedule of Expenditures of Federal and State Awards	118
Notes to Schedule of Expenditures of Federal and State Awards	119

This page intentionally left blank

CITY OF GOLDSBORO MAYOR & COUNCIL



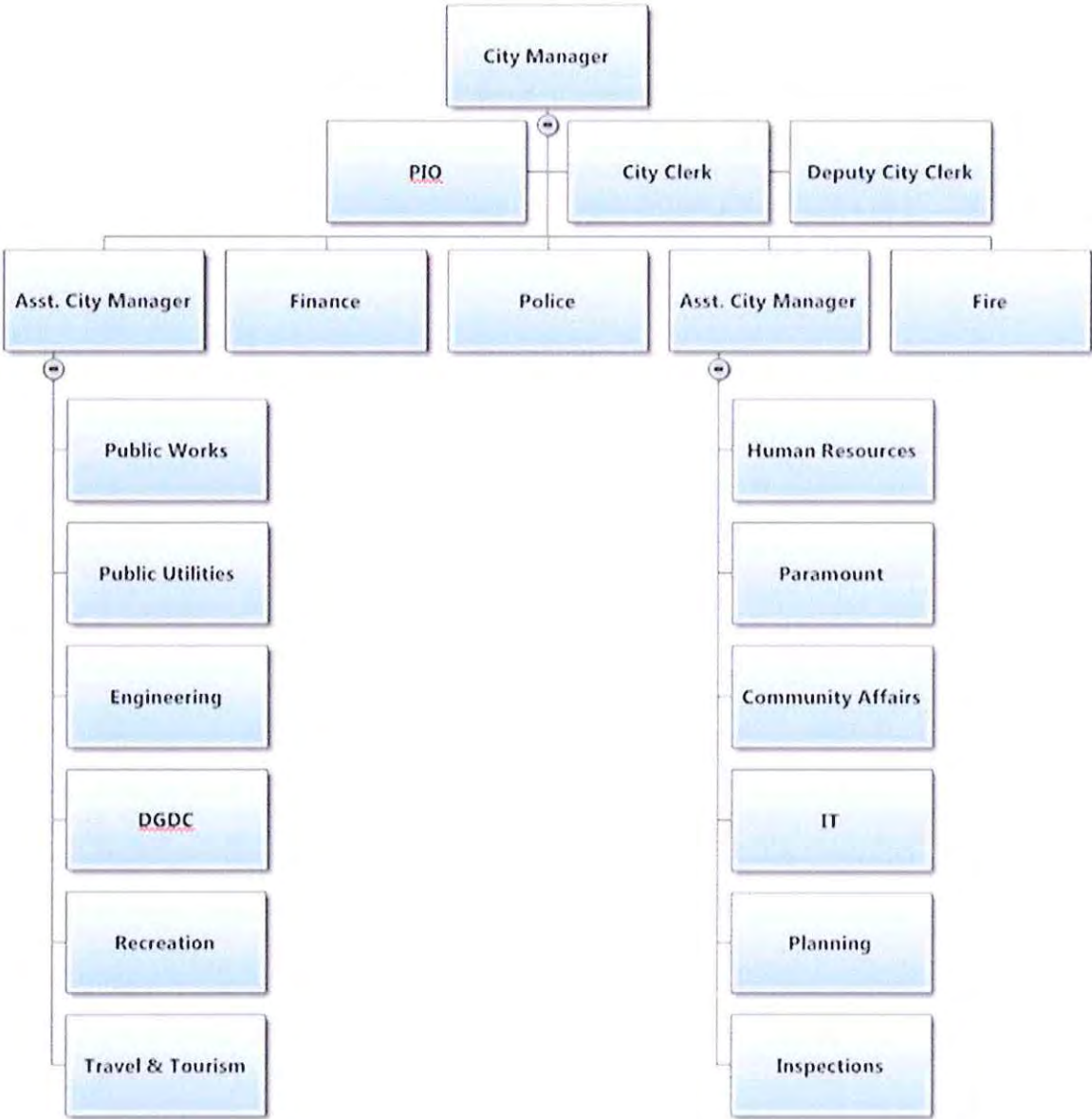
From left to right standing: William Goodman (District 3), Bill Broadway (District 2), Michael Headen (District 1), Gene Aycock (District 6). From left to right seated: Rev. Charles J Williams, Sr. (District 4), Mayor Al King, and Chuck Allen (District 5).

**CITY MANAGER
SCOTT A. STEVENS**

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

**FINANCE DIRECTOR
KAYE A. SCOTT**

CITY OF GOLDSBORO ORGANIZATIONAL CHART





December 5, 2014

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, 2014, 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, 2014 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 35,489 and a land area of approximately 28.15 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 71-77 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.



\$547 million.

Seymour Johnson Air Force Base (the "Base"), located in the City, contributes significantly to the local economy. The Base is the home of the Air Combat Command's 4th Fighter Wing and 916th Air Refueling Wing, an Air Force Reserve unit and several small associate units. Seymour Johnson Air Force Base occupies over 50,000 acres in the southeast section of Goldsboro. The Base currently employs approximately 5,105 active duty military personnel, 954 civilian personnel and 954 full-time air reserve technicians. The annual civilian and military payroll exceeds \$368 million. For the federal fiscal year ended September 30, 2013, the Base had a total economic impact of

The Base has awarded a \$28.9 million contract for airfield pavement repairs with work scheduled to begin in October 2014 and be completed in October 2015. A contract has been awarded to modernize three of the four KC-135R tanker maintenance facilities on the Base in the amount of \$14.9 million. This contract will be completed in the Fall of 2015. A new 12,000 square foot radar approach control facility was completed in November 2013 at a cost of \$6.9 million. The 4th Medical Group at Seymour Johnson broke ground in August 2014 on a new 107,000 square foot medical clinic. The \$54.3 million facility will provide state of the air medical treatment. The new clinic expected to be opened in May 2016.

The construction of a new 410,000 square-foot State run psychiatric facility to replace an existing facility should be completed by early 2015. 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 approximately 600 employees with Wayne County as its service area, has approximately 8,000 students enrolled annually in its 93 programs of study in college transfer and technical areas (degree, diploma, or certificate).

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 \$24 million for commercial and residential building and miscellaneous permits this past fiscal year. 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 Downtown Goldsboro Development Corporation (DGDC) 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.

During the 2013-14 fiscal year, we had 5 net new businesses, 25 net new jobs created, 2,284 volunteer hours invested in downtown, \$1,504,393 of public investment and \$1,026,589 in private investment downtown. A new Downtown Merchants' Association was formed and is assisted by the DGDC office for administrative purposes. The City sold 2 of our Neighborhood Plan homes and has two additional homes under contract as of November 3, 2014. A private investor purchased a two-story building to convert the upper story vacant space into four residential units adding more apartments to downtown and a \$400,000 investment. The City/DGDC collective downtown efforts received acknowledgment in the NC Main Street's Economic Impact Study Report for being a model in one of the principles of Main Street: Implementation and Goldsboro received accreditation as a Main Street Community by the National Trust for Historic Preservation/Main Street, one of only 16 communities in the state.

The NC Division of Tourism, Film & Sports Development, has just released the 2013 tourism economic impact numbers for Wayne County. Travel in Wayne County generated an economic impact of \$147.4 million in calendar year 2013. This is a 2.1% increase over 2012. Approximately 1000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$19.06 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2013 amounted to \$11.11 million. Of the 100 counties in North Carolina, Wayne County is ranked 29th 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 \$1.2 million in economic development to the City and County.

Long-Term Financial Planning



The U.S. Department of Transportation's awarded the City of Goldsboro the \$10 million Transportation Investment Generating Economic Recovery (TIGER) IV grant. This award is being used to complete the Gateway Transfer Center Project, the Center Streetscape Project, and other streetscape improvements to streets around the Union Station/Gateway Transfer Center site in or around downtown. The construction costs associated with these projects are \$15.2 million. In addition to other grants, the City's local match of \$4 million will be financed over a 10 year period. Construction on all these projects began August 2014 with and estimated completion of December 2015.

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.

In September 2014, City Council authorized a design-build team for the construction of a new recreation center to be located at Mina Weil Park. The construction project will consist of an approximately 31,000 square foot facility which will include a gymnasium, game rooms, fitness rooms, offices, locker rooms and a kitchen. The estimated costs will be \$6,000,000 with an projected completion in early 2016.

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 (NCDOT) 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 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 and the Global Transpark, located in Kinston, 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. The importance of this corridor has been recognized in the

Rural Prosperity Task Force Report, as one of three corridors statewide that should be improved to assist economic development in the primarily rural areas. NCDOT began construction on a freeway section of this corridor for Wayne County in 2008 with a projected completion date of January 2016.

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.

In October 2014, Standard and Poor's Ratings Services affirmed its AA- rating and Moody's assigned a rating of Aa2 to the City of Goldsboro.

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 was self-insured for health care benefits until June 30, 2014. Beginning July 1, 2014, the City decided to amend its plan to a fully-insured plan and increase the high deductible plan to a \$2,600 deductible. Two options are still available to employees to meet this 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 1995-2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial records.

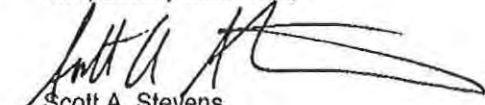
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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.

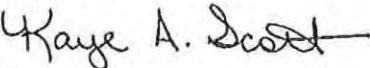
ACKNOWLEDGEMENT

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. We would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,



Scott A. Stevens
City Manager



Kaye A. Scott
Director of Finance

FINANCIAL SECTION

This page intentionally left blank

Independent Auditor's Report

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

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, 2014, 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 on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 to 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, 2014, 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 55-58, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 purposed 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 5, 2014 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.

Carri Riggs & Ingram, L.L.C.

La Grange, North Carolina
December 5, 2014

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, 2014. 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.

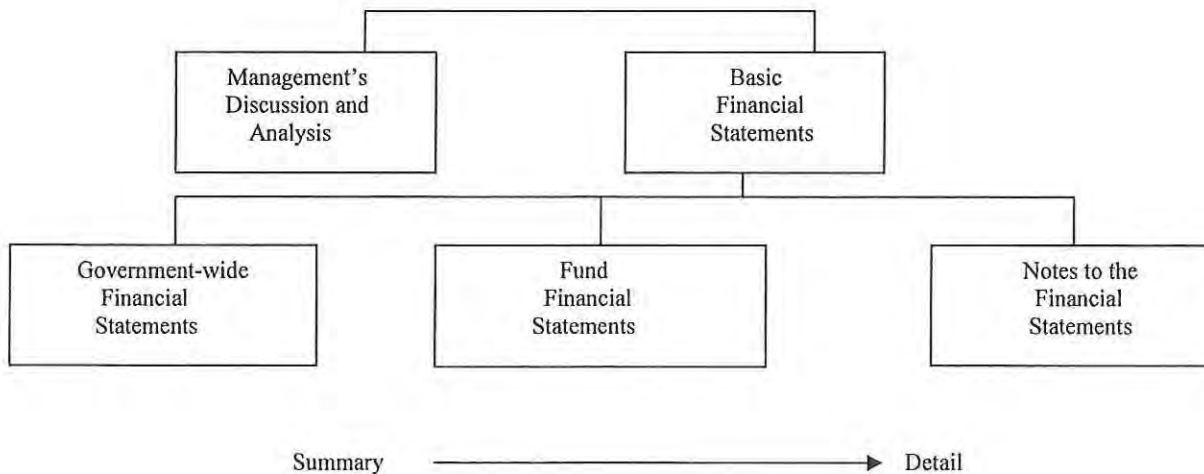
Financial Highlights

- 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 \$98,017,339 (*net position*). Of this amount, \$11,890,055 (*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 \$1,676,041, consisting of a \$3,375,890 decrease in net position of governmental activities and a \$1,699,849 increase in net position of business-type activities. The governmental decrease was the result of the City's share of a settlement for the handling of the evidence in the Police Department. Business-type activities increased due to utility service revenues coming in higher than expected and savings on maintenance expenses due to the Water Treatment Plant upgrade.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,161,805, a decrease of \$819,134 in comparison with the prior year. Approximately 54 percent of this total, or \$4,910,157, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$3,345,905 or 10.03 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$3,492,798 (7.05%) 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.
- The City has received an unmodified opinion from the independent auditing firm, Carr, Riggs and Ingram, LLC. An unmodified opinion is the highest level of assurance of compliance with accounting standards and practices and with the internal controls there were no material weaknesses or significant deficiencies.

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 55-58 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Government-Wide Financial Analysis

City of Goldsboro's Net Position
Table 1

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 10,027,543	\$ 14,029,321	\$ 18,935,395	\$ 20,162,890	\$ 28,962,938	\$ 34,192,211
Capital assets	51,350,110	52,503,106	68,672,219	69,730,779	120,022,329	122,233,885
Deferred outflows of resources			491,105	583,064	491,105	
Total assets and deferred outflows of resources	61,377,653	66,532,427	87,607,614	89,893,669	149,476,372	156,426,096
Long-term liabilities outstanding	14,160,029	15,535,180	26,854,024	30,576,494	41,014,053	46,111,674
Other liabilities	4,137,240	4,540,974	5,611,641	6,000,187	9,748,881	10,541,161
Deferred inflows of resources	2,092	2,090	694,008	660,855	696,100	
Total liabilities and deferred inflows of resources	18,299,361	20,078,244	33,159,673	37,237,536	51,459,034	56,652,835
Net Position						
Net investment in capital assets	38,335,957	37,507,996	43,218,439	41,216,430	81,554,396	78,724,426
Restricted	4,572,888	3,578,328		-	4,572,888	3,578,328
Unrestricted	169,448	5,367,859	11,720,607	12,022,767	11,890,055	17,390,626
Total net position	\$ 43,078,293	\$ 46,454,183	\$ 54,939,046	\$ 53,239,197	\$ 98,017,339	\$ 99,693,380

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 \$98,017,339 as of June 30, 2014. The City's net position decreased by \$1,676,041 for the fiscal year ended June 30, 2014. However, the largest portion (83.20%) 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, \$3,937,395, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,525,548 is unrestricted.

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

Governmental Activities – Governmental activities decreased the City's net position by \$3,375,890, due to a number of reasons. Key elements of this decrease are as follows:

- Due to an insurance settlement associated with the Police Department, a payment of \$2,700,000 was expensed within Public Safety.
- Tax revenues had an increase in collections of \$692,561.
- City recognized additional health insurance and liability actions totaling \$365,000.
- The City recognized the current year's liability for post-employment benefits (OPEB) \$466,325.

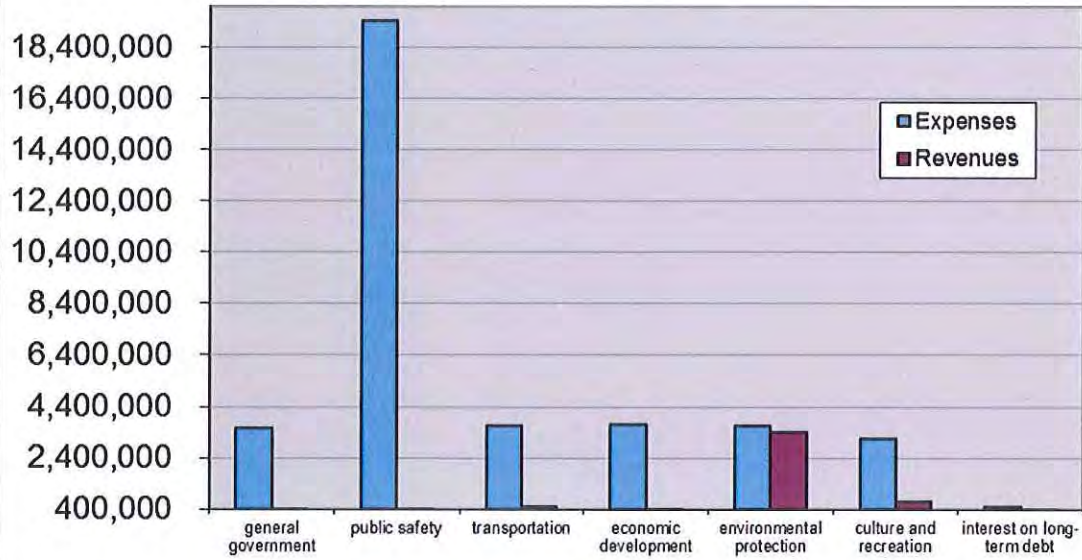
Business-type Activities – Business-type activities increased the City's net position by \$1,699,849. Key elements of this increase are as follows:

- The City realized an increase in revenues for charges for water and sewer services of \$861,016.
- As previous noted, the City recognized the current's year's liability for post-employment benefits (OPEB) \$91,076.
- Phase I and II Water Treatment Plant upgrade contributed to operational efficiency savings.

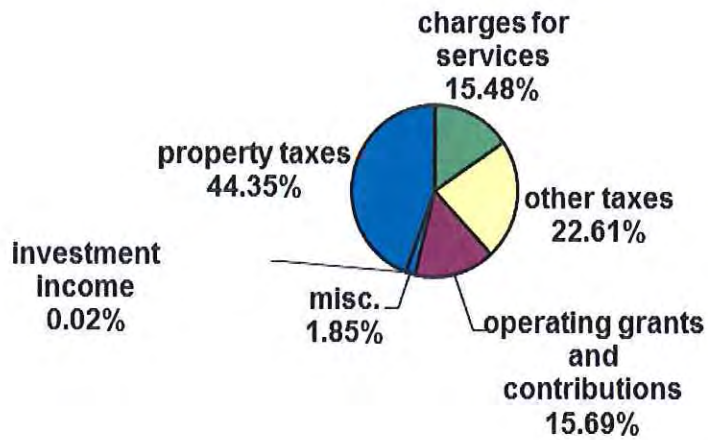
City of Goldsboro's Changes in Net Position
Table 2

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 5,302,872	\$ 4,866,329	\$ 15,813,626	\$ 14,952,610	\$ 21,116,498	\$ 19,818,939
Operating grants and contributions	5,376,918	5,304,916			5,376,918	5,304,916
Capital grants and contributions		-		291,331	-	291,331
General revenues:					-	-
Property taxes	15,194,387	14,501,826			15,194,387	14,501,826
Other taxes	7,746,608	7,696,501			7,746,608	7,696,501
Investment income	5,323	20,605	8,025	16,778	13,348	37,383
Miscellaneous	633,779	702,929	-	-	633,779	702,929
Total revenues	<u>\$ 34,259,887</u>	<u>33,093,106</u>	<u>15,821,651</u>	<u>15,260,719</u>	<u>50,081,538</u>	<u>48,353,825</u>
Expenses:						
General government	3,564,525	3,570,115		-	3,564,525	3,570,115
Public safety	19,435,147	17,432,563		-	19,435,147	17,432,563
Transportation	3,656,128	9,176,022		-	3,656,128	9,176,022
Environmental protection	3,656,775	3,369,229		-	3,656,775	3,369,229
Economic and physical development	3,696,955	5,502,759		-	3,696,955	5,502,759
Culture and recreation	3,137,048	2,958,211		-	3,137,048	2,958,211
Interest on long-term debt	489,199	671,960		-	489,199	671,960
Water and sewer			14,121,802	14,598,647	14,121,802	14,598,647
Total expenses	<u>37,635,777</u>	<u>42,680,859</u>	<u>14,121,802</u>	<u>14,598,647</u>	<u>51,757,579</u>	<u>57,279,506</u>
Income (Decrease) in net position before transfers	(3,375,890)	(9,587,753)	1,699,849	662,072	(1,676,041)	(8,925,681)
Transfers	-	-	-	-	-	-
Increase (Decrease) in net position	(3,375,890)	(9,587,753)	1,699,849	662,072	(1,676,041)	(8,925,681)
Net position, July 1 (consolidated)	<u>46,454,183</u>	<u>56,041,936</u>	<u>53,239,197</u>	<u>52,577,125</u>	<u>99,693,380</u>	<u>108,619,061</u>
Net position - June 30	<u>\$ 43,078,293</u>	<u>\$ 46,454,183</u>	<u>\$ 54,939,046</u>	<u>\$ 53,239,197</u>	<u>\$ 98,017,339</u>	<u>\$ 99,693,380</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 \$3,345,905, while total fund balance reached \$8,256,062. 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 10.03 percent of total General Fund expenditures, while total fund balance represents 22.89 percent of that same amount.

At June 30, 2014, the governmental funds of the City reported a combined fund balance of \$9,161,805, 8.2 percent decrease over last year. In the general fund, the actual budget basis fund balance change was an increase for fiscal year 2014 of \$57,049 and is due to actual revenues more than adjusted budget. Property Tax and sale tax revenues increased over prior year's collections. 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.

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.

At June 30, 2014, the governmental funds of the City of Goldsboro reported a combined fund balance of \$9,161,805, an \$819,134 decrease over last year. Key factors (increases and decreases) in the changes of the fund balances for the governmental funds are noted below:

There were amendments made to appropriate matching funding for the City's share of the PARTF grant for the Parks and Recreation Department in the amount of \$25,872, an increase from forfeiture proceeds in the amount of \$64,796, and engineering design fees for the final portion of the streetscape project was funded by \$175,000. With the City's partnership with N.C. Department of Transportation, appropriation of additional funding for the utilities associated with the Berkeley Blvd. Widening Project costing \$138,091. It was necessary to appropriate additional funding for the City's health insurance claims in the General Fund of \$365,500. With the completion of the Phase I Streetscape Project in November 2013, the \$426,930 fund balance in the

Street Bonds was expended for this construction. Also, there were slight increase in the property tax revenues over budget by \$138,038.

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 increased in the Parks and Recreation and Golf Course due to the marketing and events changes.
- The difference in unrestricted intergovernmental revenues resulted from increased collections in NC Signals costs, Wayne County Resource Officer, 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 for the Berkeley Blvd. Widening Project.
- Funding associated with the insurance settlement in the Police Department.

Several significant differences occurred between the final amended budget and actual results.

- Taxes and licenses increased with the change in billing and collections of privilege licenses.
- Ad valorem taxes increased over budgeted due the vehicle tax and tag collections being implemented in September 2013.
- Transportation planning grant funds received were less than expected due to a decrease in work completed on the authorized projects.
- FEMA final reimbursement was received for Hurricane Irene.
- Sales and service revenues were more than budgeted in refuse service fees.
- Overall expenditures were less than budgetary estimates, due to vacant 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 \$11,720,607. The total increase in net position for the fund was \$1,699,849. 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, 2014, totals \$120,013,102 (net of accumulated depreciation). These assets include buildings, streets, land, equipment, and vehicles.

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

- Renovations and lighting to the Herman Park Tennis Courts at a cost of \$189,820.
- Land donation valued at \$48,140 for the City's cemetery.
- Purchase of 6 Line Cars and 2 Administrative Cars for the Police Department costing \$205,568.
- Upgrade of software and hardware in the Information Technology Department at a cost of \$413,799.
- Purchase of Horizontal Grinder for the Compost Facility in the amount of \$574,928.
- Purchase of Vacuum Leaf Collector for the Sanitation Department at a cost of \$25,616.
- Purchased Service Trucks for the Maintenance and Street & Storms Divisions costing \$68,202.
- No major demolitions were recorded this year.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,658,770	\$ 7,610,630	\$ 1,443,282	\$ 1,443,282	\$ 9,102,052	\$ 9,053,912
Buildings	11,457,233	11,970,776		-	11,457,233	11,970,776
Plant and Distribution Systems		-	65,121,226	66,627,732	65,121,226	66,627,732
Streets & Improvements	27,437,114	27,750,721		-	27,437,114	27,750,721
Vehicles	2,603,806	2,907,501	456,400	483,037	3,060,206	3,390,538
Equipment	641,161	758,114	806,873	330,533	1,448,034	1,088,647
Construction in Progress	1,542,799	1,505,364	844,438	846,195	2,387,237	2,351,559
Total	<u>\$ 51,340,883</u>	<u>52,503,106</u>	<u>68,672,219</u>	<u>69,730,779</u>	<u>120,013,102</u>	<u>122,233,885</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, 2014, the City had total bonded debt outstanding of \$46,078,075. Of this amount, \$19,200,000 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 3,754,297	\$ 4,130,120	\$ 15,445,703	\$ 17,633,879	\$ 19,200,000	\$ 21,763,999
Capitalized leases	735,521	937,534	-	-	735,521	937,534
Notes payable	11,215,108	9,927,456	14,927,446	16,941,884	26,142,554	26,869,340
Total	\$ 15,704,926	14,995,110	30,373,149	34,575,763	46,078,075	49,570,873

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 \$170,561,302.

Additional information regarding the City's long-term debt can be found in note 6 on pages 47-51 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 6.5%. The number of people unemployed in Goldsboro peaked in August 2014 at 3,895. There are now 430 fewer unemployed individuals in Goldsboro.

As of October 2014, the City's occupancy rates are trending 57.3% for the year, which shows a 2.5% over last year for the same timeframe.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The City's adopted budget for 2015 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 14-15.

With health care costs rising, the City of Goldsboro explored strategies to improve the City's plan costs. The City of Goldsboro chose to move from a self-insured high deductible health plan to a fully-insured plan using its Shared Returns-Minimum Premium Plan with Cigna effective July 1, 2014. With this change, the City only saw a 2% increase for employees' health insurance costs. Council and departments continue to work to improve efficiencies and hold costs.

Business-type Activities: Water and sewer usage is expected to remain constant in FY 2014-15. Phase II of the Water Treatment Plant Facility upgrade 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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

Exhibit 1
City of Goldsboro, North Carolina
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,329,365	\$ 7,027,043	\$ 14,356,408
Receivables (net)	5,060,909	2,896,714	7,957,623
Internal balances	(2,700,000)	2,700,000	-
Inventories	337,269	1,392,269	1,729,538
Total current assets	10,027,543	14,016,026	24,043,569
Non-current assets:			
Restricted assets:			
Cash and investments	9,227	4,919,369	4,928,596
Capital assets:			
Land, improvements, and construction in progress	9,201,569	2,287,720	11,489,289
Other capital assets, net of depreciation	42,139,314	66,384,499	108,523,813
Total capital assets	51,340,883	68,672,219	120,013,102
Total non-current assets	51,350,110	73,591,588	124,941,698
Total assets	61,377,653	87,607,614	148,985,267
DEFERRED OUTFLOW of RESOURCES			
Deferred charge on refunding	-	491,105	491,105
Total deferred outflows of resources	-	491,105	491,105
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,552,240	524,106	2,076,346
Customer deposits	-	1,044,548	1,044,548
Current portion of long-term liabilities	2,585,000	4,042,987	6,627,987
Total current liabilities	4,137,240	5,611,641	9,748,881
Long-term liabilities:			
Due in more than one year	14,160,029	26,854,024	41,014,053
Total liabilities	18,297,269	32,465,665	50,762,934
DEFERRED INFLOWS OF RESOURCES			
Prepaid assessments	2,092	694,008	696,100
Total deferred inflows of resources	2,092	694,008	696,100
NET POSITION			
Net investment in capital assets	38,335,957	43,218,439	81,554,396
Restricted for:			
Stabilization by State Statute	4,572,888	-	4,572,888
Streets	-	-	-
Unrestricted	169,448	11,720,607	11,890,055
Total net position	\$ 43,078,293	\$ 54,939,046	\$ 98,017,339

See accompanying notes to financial statements

Exhibit 2
City of Goldsboro, North Carolina
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

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
Primary government:							
Governmental Activities:							
General government	\$ 3,564,525	\$ 347,680	\$ 3,151,217	\$ -	\$ (65,628)	\$ -	\$ (65,628)
Public safety	19,435,147	358,876	276,439	-	(18,799,832)	-	(18,799,832)
Transportation	3,656,128	485,833	1,406,886	-	(1,763,409)	-	(1,763,409)
Economic and physical development	3,696,955	-	31,685	-	(3,665,270)	-	(3,665,270)
Environmental protection	3,656,775	3,382,985	166,913	-	(106,877)	-	(106,877)
Cultural and recreation	3,137,048	727,498	343,778	-	(2,065,772)	-	(2,065,772)
Interest on long-term debt	489,199	-	-	-	(489,199)	-	(489,199)
Total governmental activities (See Note 1)	37,635,777	5,302,872	5,376,918	-	(26,955,987)	-	(26,955,987)
Business-type activities:							
Water and sewer	14,121,802	15,813,626	-	-	-	1,691,824	1,691,824
Total business-type activities	14,121,802	15,813,626	-	-	-	1,691,824	1,691,824
Total primary government	\$ 51,757,579	\$ 21,116,498	\$ 5,376,918	\$ -	(26,955,987)	1,691,824	(25,264,163)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					15,194,387	-	15,194,387
Local option sales taxes					6,484,745	-	6,484,745
Other taxes and licenses					1,261,863	-	1,261,863
Unrestricted investment earnings					5,323	8,025	13,348
Miscellaneous					633,779	-	633,779
Total general revenues not including transfers					23,580,097	8,025	23,588,122
Total general revenues and transfers					23,580,097	8,025	23,588,122
Change in net position					(3,375,890)	1,699,849	(1,676,041)
Net position - beginning					46,454,183	53,239,197	99,693,380
Net position - ending					\$ 43,078,293	\$ 54,939,046	\$ 98,017,339

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

This page intentionally left blank

EXHIBIT 3
City of Goldsboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Major Funds</u>		Total Nonmajor Funds	Total Governmental Funds
	General			
ASSETS				
Cash and cash equivalents	\$ 6,302,531	\$	1,026,833	\$ 7,329,365
Receivables (net):				
Taxes	1,567,739		6,745	1,574,484
Accounts	3,486,426		-	3,486,426
Due from other funds	100,000		-	100,000
Inventories	337,269		-	337,269
Restricted assets:				
Cash and investments	9,227		-	9,227
Total assets	\$ 11,803,192	\$	1,033,578	\$ 12,836,770
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,263,740	\$	21,438	\$ 1,285,178
Customer deposits	-		-	-
Accrued compensation payable	267,061		-	267,061
Due to other funds	-		100,000	100,000
Total liabilities	1,530,801		121,438	1,652,240
DEFERRED INFLOWS OF RESOURCES	2,016,329		6,397	2,022,726
Fund balances:				
Non Spendable				
Inventories	337,269		-	337,269
Restricted				
Stabilization by State Statute	4,572,888		-	4,572,888
Committed				
Downtown Development	-		131,647	131,647
Economic Development	-		593,611	593,611
Assigned				
Subsequent year's expenditures	-		180,485	180,485
Unassigned	3,345,905		-	3,345,905
Total fund balances	8,256,062		905,743	9,161,805
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,803,192	\$	1,033,578	

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	101,062,389	
Accumulated depreciation	(49,721,506)	51,340,883
Deferred inflows of resources for taxes and special assessments receivable		2,020,634
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).		(19,445,029)

Net position of governmental activities	See accompanying notes to financial statements	\$ 43,078,293
---	--	----------------------

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, 2014

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 15,311,560	\$ 75,212	\$ 15,386,772
Penalties and interest	103,454	847	104,301
Local option sales taxes	6,484,745	-	6,484,745
Other taxes and licenses	597,966	559,596	1,157,562
Unrestricted intergovernmental	3,760,335	-	3,760,335
Restricted intergovernmental	1,766,170	336,246	2,102,416
Permits and fees	343,392	-	343,392
Sales and services	4,421,279	-	4,421,279
Investment earnings	4,834	489	5,323
Miscellaneous	633,615	52,532	686,147
Total revenues	33,427,350	1,024,922	34,452,272
EXPENDITURES			
Current:			
General government	3,307,208	-	3,307,208
Public safety	18,939,378	-	18,939,378
Transportation	3,129,332	-	3,129,332
Economic and physical development	2,091,325	1,584,582	3,675,907
Environmental protection	3,418,391	-	3,418,391
Cultural and recreational	3,144,888	-	3,144,888
Debt service:			
Principal	1,690,185	300,000	1,990,185
Interest and other charges	349,594	139,605	489,199
Total expenditures	36,070,301	2,024,187	38,094,488
Excess (deficiency) of revenues over expenditures	(2,642,951)	(999,265)	(3,642,216)
Other financing sources (uses):			
Debt issuance from utility fund	2,700,000	-	2,700,000
Total other financing sources (uses)	2,700,000	-	2,700,000
Net change in fund balances	57,049	(999,265)	(942,216)
Fund balances-beginning	8,075,931	1,905,008	9,980,939
Increase (decrease) in inventory	123,082	-	123,082
Fund balances-ending	\$ 8,256,062	\$ 905,743	\$ 9,161,805

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

Net changes in fund balances - total governmental funds	\$	(942,216)
---	----	-----------

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	1,255,094	
Depreciation expense for governmental assets	<u>(2,379,128)</u>	(1,124,034)

Loss on disposal		(38,189)
------------------	--	----------

Increase in inventory		123,082
-----------------------	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(192,385)
---	--	-----------

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	(11,634)	
Net pension obligation	(14,372)	
Other postemployment benefits	<u>(466,325)</u>	(492,331)

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	(2,700,000)	
Principal payments on long-term debt	<u>\$ 1,990,184</u>	(709,816)

Total changes in net position of governmental activities		<u>\$ (3,375,889)</u>
--	--	-----------------------

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, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad Valorem taxes	\$ 15,276,975	\$ 15,276,975	\$ 15,415,014	\$ 138,039
Other taxes and licenses	7,274,200	7,274,200	7,082,711	(191,489)
Unrestricted intergovernmental	2,967,400	3,634,224	3,760,335	126,111
Restricted intergovernmental	2,072,327	1,528,473	1,766,170	237,697
Permits and fees	404,300	404,300	343,392	(60,908)
Sales and services	4,512,810	4,337,750	4,421,279	83,529
Investment earnings	7,500	8,000	4,834	(3,166)
Miscellaneous	794,900	1,108,552	633,615	(474,937)
Total revenues	33,310,412	33,572,474	33,427,350	(145,124)
EXPENDITURES				
Current:				
General government	5,087,245	4,731,080	3,307,208	1,423,872
Transportation	3,018,506	3,149,385	3,129,332	20,053
Economic and physical development	2,137,816	2,654,655	2,091,325	563,330
Public safety	15,635,500	20,698,150	18,939,378	1,758,772
Environmental protection	3,270,714	3,455,705	3,418,391	37,314
Cultural and recreational	3,500,695	3,421,346	3,144,888	276,458
Debt Service:				
Principal	2,026,328	1,690,261	1,690,185	76
Interest	379,536	380,928	349,594	31,334
Total expenditures	35,056,340	40,181,509	36,070,301	4,111,207
Revenue over (under) expenditures	(1,745,928)	(6,609,035)	(2,642,951)	3,966,084
Other financing sources (uses):				
Installment purchase proceeds	-	18,959	-	-
Debt issuance from utility fund	-	2,700,000	2,700,000	-
Transfer (to) from other funds	1,745,928	1,745,928	-	1,745,928
Total other financing sources (uses)	1,745,928	4,464,887	2,700,000	(1,764,887)
Revenue and other financing sources over (under) expenditures and other financing uses	-	(2,144,148)	57,049	2,201,197
Fund balance appropriated	-	2,144,148	-	(2,144,148)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	57,049	\$ 57,049
Fund balances - beginning			8,075,931	
Increase (decrease) in inventory			123,082	
Fund balances - ending			\$ 8,256,062	

See accompanying notes to financial statements

Exhibit 6
City of Goldsboro, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2014

	Major Fund
ASSETS	
Current assets:	
Cash and equivalents	\$ 7,027,043
Accounts receivables (net)	2,896,714
Notes receivable-current	1,950,000
Inventories	1,392,269
Total current assets	13,266,026
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	4,919,369
Notes receivable	750,000
Capital assets:	
Land and other non-depreciable assets	2,287,720
Other capital assets (net)	66,384,499
Capital assets (net)	68,672,219
Total assets	\$ 87,607,614
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	\$ 491,105
Total deferred outflows of resources	\$ 491,105
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 524,106
Customer deposits	1,044,548
Note payable - current	2,140,971
General obligation bonds payable - current	1,817,426
Total current liabilities	5,527,051
Noncurrent liabilities:	
Compensated absences payable	211,475
Net OPEB Obligation	312,387
Note payable, net of current	12,786,475
General obligation bonds payable - net of current	13,628,277
Total noncurrent liabilities	26,938,614
Total liabilities	32,465,665
DEFERRED INFLOWS of RESOURCES	
Prepaid Utilities bills	\$ 694,008
Total Deferred inflows of resources	\$ 694,008
Net Position	
Investment in capital assets	43,218,439
Unrestricted	11,720,607
Total net position	\$ 54,939,046

See accompanying notes to financial statements

This page intentionally left blank

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, 2014

	Major Fund
Operating revenues:	
Charges for service	\$ 14,931,371
Assessments	13,389
Water and sewer taps	66,361
Other operating revenues	802,505
Total operating revenues	15,813,626
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,367,902
Utilities	792,484
Supplies and other expenses	5,445,067
Depreciation	3,486,674
Total operating expenses	13,092,127
Operating income	2,721,499
Nonoperating revenues (expenses):	
Investment earnings	8,025
Interest and fees	(1,029,674)
Total nonoperating expenses	(1,021,650)
Change in net position	1,699,849
Total net position - beginning	53,239,197
Total net position - ending	\$ 54,939,046

See accompanying notes to financial statements

City of Goldsboro, North Carolina
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Major Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 15,024,324
Cash paid for goods and services	(6,407,985)
Cash paid to employees for services	(3,268,632)
Customer deposits received	35,192
Other operating revenues	802,505
Net cash provided by operating activities	6,193,529
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term borrowings	(2,014,438)
Interest paid on long-term borrowings	(349,595)
Acquisition and construction of capital assets	(2,436,239)
Principal paid on bond maturities	(2,188,177)
Interest paid on bond maturities	(588,120)
Net cash used in capital and related financing activities	(7,576,569)
CASH FLOWS FROM INVESTING ACTIVITIES	
Loan to the general fund	(2,700,000)
Interest on investments	8,025
Net cash used in investing activities	(2,691,975)
Net decrease in cash and cash equivalents	(4,075,015)
Cash and cash equivalents, July 1	16,021,427
Cash and cash equivalents, June 30	\$ 11,946,412

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

Operating income	\$	2,721,499
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		3,486,674
Loss on disposal of equipment		8,125
Change in assets and liabilities		
(Increase)decrease in accounts receivable		13,203
(Increase)decrease in inventory		(160,723)
Increase(decrease) in accounts payable and accrued liabilities		(42,864)
Increase(decrease) in customer deposits		35,192
Increase(decrease) in compensated absences		8,194
Increase(decrease) in net OPEB obligation		91,076
Increase(decrease) in deferred revenues		33,153
Net cash provided by operating activities	\$	6,193,529

See accompanying notes to financial statements

This page intentionally left blank

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:

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

C. 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is

responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources

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.

D. 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 departmental 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.

E. 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.

<u>City of Goldsboro Restricted Cash</u>			
Governmental Activities			
Local law enforcement block grant	Unexpended grant proceeds	\$	9,227
Total governmental activities		\$	9,227
Business-type Activities			
Water and sewer fund	Unexpended bond proceeds	\$	4,919,369
Total business-type activities		\$	4,919,369

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, 2013.

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)].

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.

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 \$33,916,489 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)	\$ 101,062,389
Less accumulated depreciation	(49,721,506)
Net capital assets	51,340,883
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,020,635
Bonds, leases, and installment financing	(15,704,926)
Compensated absences	(1,381,483)
Net OPEB obligation	(2,068,924)
Net pension obligation	(289,696)
	(19,445,029)
Total adjustment	\$ 33,916,489

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 (\$2,433,673) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,255,094
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.	(2,379,128)
	(1,124,034)
Loss on disposal; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(38,189)
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	1,990,184
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	(2,700,000)
Increase in inventory	123,082
Pension and OPEB obligation are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(480,697)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(11,634)
Decrease in deferred tax revenue for year ended June 30, 2014	(192,385)
	\$ (2,433,673)

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, 2014, the City's deposits had a carrying amount of \$9,990,786 and a bank balance of \$9,902,366. Of the bank balance, \$500,000 was covered by federal depository insurance and \$9,402,366 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2014, City of Goldsboro had \$2,130 cash on hand.

2. Investments

At June 30, 2014, 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, 2014, the City's investment balances were as follows:

	Reported Value	Fair Value
NC Capital Management Trust:		
Cash Portfolio	\$ 9,292,088	\$ 9,292,088

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	\$ 1,574,484
Accounts receivable	3,916,474
Allowance for uncollectible	(430,049)
Net governmental receivables	5,060,909
Enterprise Fund:	
Accounts receivable	4,116,618
Allowance for uncollectible	(1,219,904)
Net enterprise receivables	2,896,714
 Total net receivables	 \$ 7,957,623

Utility Fund Receivable

The Utility fund loaned to the general fund \$2,700,000 at zero percent with the following maturity schedule:

Year Ending June 30,	Principal
2015	\$ 1,950,000
2016	250,000
2017	250,000
2018	250,000

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 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	\$ 7,610,630	\$ 48,140	\$ -	7,658,770
Construction in process	1,505,364	426,930	389,495	1,542,799
	9,115,994	475,070	389,495	9,201,569
Capital assets being depreciated:				
Buildings	17,686,641	-	-	17,686,641
Equipment	2,311,408	141,052	25,247	2,427,213
Streets and infrastructure	58,965,462	691,924	-	59,657,386
Vehicles and motor equipment	11,794,790	336,543	41,753	12,089,580
Total capital assets being depreciated	90,758,301	1,169,519	67,000	91,860,820
Less accumulated depreciation for:				
Buildings	5,715,865	513,543	-	6,229,408
Equipment	1,553,294	232,758	-	1,786,052
Streets and improvements	31,214,741	1,005,531	-	32,220,272
Vehicles and motor equipment	8,887,289	627,296	28,811	9,485,774
Total accumulated depreciation	47,371,189	2,379,128	28,811	49,721,506
Total capital assets being depreciated, net	43,387,112			42,139,314
Governmental activity capital assets, net	\$ 52,503,106			\$ 51,340,883

Depreciation Expense:

General government	\$ 375,890
Public safety	375,196
Transportation	1,052,595
Economic and physical development	21,048
Environmental protection	321,039
Cultural and recreation	233,360
Total depreciation expense	\$ 2,379,128

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

	Beginning Balances	Increases	Decreases	Ending Balances
Utility Fund				
Capital assets not being depreciated:				
Land	\$ 1,443,282	\$ -	\$ -	\$ 1,443,282
Construction in progress	846,195	1,124,886	1,126,643	844,438
Total capital assets not being depreciated	2,289,477	1,124,886	1,126,643	2,287,720
Capital assets being depreciated:				
Plant and distribution systems	121,689,867	1,759,303	-	123,449,170
Furniture and maintenance				
Equipment	796,504	595,580	8,125	1,383,959
Vehicles and motor equipment	2,804,416	83,113	-	2,887,529
Total capital assets being depreciated:	125,290,787	2,437,995	8,125	127,720,658
Less accum. depreciation for:				
Plant and distribution systems	55,062,135	3,265,809	-	58,327,944
Furniture and maintenance				
Equipment	465,971	111,115	-	577,086
Vehicles and motor equipment	2,321,379	109,750	-	2,431,129
Total accumulated depreciation	57,849,485	3,486,674	-	61,336,159
Total capital assets being Depreciated, net	67,441,302			66,384,499
Utility fund capital assets, net	\$ 69,730,779			\$ 68,672,219

Construction commitments

The government has active construction projects as of June 30, 2014. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2014, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
General Fund:		
Wayne Memorial Drive Sidewalks	\$ -	\$ 110,000
Total general fund	\$ -	110,000
Utility Fund:		
Repainting Harris St Water Storage Tank	\$ -	\$ 231,000
Total utility fund	\$ -	231,000
Total	\$ -	\$ 341,000

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 7.07% and 7.28%, 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, 2014, 2013, and 2012 were \$1,336,240, \$1,248,038, and \$1,352,912, 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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Active plan members	107
Total	122

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, 2013 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, 2013 was 17 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	\$ 232,641
Interest on net pension obligation	13,766
Adjustment to annual required contribution	<u>(22,431)</u>
Annual pension cost	223,976
Contributions made	<u>209,604</u>
Increase (decrease) in net pension obligation	14,372
Net pension obligation beginning of year	275,324
Net pension obligation end of year	<u>\$ 289,696</u>

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	216,421	96.25%	264,113
2013	233,045	95.19%	275,324
2014	223,976	93.58%	289,696

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$2,188,704, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,188,704. The covered payroll (annual payroll of active employees covered by the plan) was \$4,581,140 and the ratio of the UAAL to the covered payroll was 47.78%.

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, 2014 were \$435,820, which was paid entirely by the City.

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

Plan Description. The State of North Carolina contributes, on behalf of the City of Goldsboro, to the Firefighter'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 Firefighter'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, 2014, 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 firefighters who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firefighters 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 \$21,320 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2014. 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 firefighters or their departments.

e. Other Post-employment Benefit

Healthcare benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees and dependents receiving benefits	17	6
Active plan members	336	106
Total	353	112

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	\$ 554,141
Interest on net OPEB obligation	72,956
Adjustment to annual required contribution	(69,696)
Annual OPEB cost (expense)	557,401
Contributions made	-
Increase in net OPEB obligation	557,401
Net OPEB obligation, beginning of year	1,823,910
Net OPEB obligation, end of year	\$ 2,381,311

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
2014	\$557,401	12.58%	\$2,381,311
2013	411,193	14.32%	1,823,910
2012	396,844	10.81%	1,463,212

Funded Status and Funding Progress. As of December 31, 2013, 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 \$2,469,504. The covered payroll (annual payroll of active employees covered by the plan) was \$18,280,714, and the ratio of the UAAL to the covered payroll was 13.5%. 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, 2013 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 7.75% 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, 2013, 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.

For the fiscal year ended June 30, 2014, the City made contributions to the State for death benefits of \$0. The City required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
less than 10	1	2014
10-20	2	2015

The period of reprieve is determined separately for law enforcement officers. City of Goldsboro will have a two year reprieve because it has been contributing for 10-20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

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)	\$ 1,567,739	\$ -
Taxes receivable (Special District)	6,397	-
Cemetery receivable (General Fund)	3,575	-
Refuse receivable (General Fund)	222,887	-
Special assessments (General Fund)	98,547	-
Prepaid assessments (General Fund)	-	2,092
Prepaid utility bills (Utility Fund)	-	694,008
Miscellaneous receivable (General Fund)	121,490	-
Total	\$ 2,020,635	\$ 696,100

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 500 thousand dollars for general workers and 600 thousand dollars for public safety 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:

	2014
Claims liability beginning of year	\$ -
Claims incurred during the year	3,524,058
Changes in estimates for prior claims	
Payments on claims during year	3,524,058
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, 2014, 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 did reduce the fund balance of the General Fund approximately 2.7 million, but the City Council adopted appropriations from the Utility Funds for this large claim as a loan to the General Fund. (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, 2014.

	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 1,044,394	\$ 384,147	\$ 660,247

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year Ending June 30	
2015	224,459
2016	224,459
2017	224,459
2018	103,503
Total minimum lease payments	776,880
Less: amount representing interest	41,359
Present value of the minimum lease payments	\$ 735,521

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, 2014 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	\$ 6,309
\$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	75,440
\$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	2,450,000
\$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	408,800
\$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	813,748
Total	\$ 3,754,297

Serviced by the Utility Fund

\$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	\$ 2,422,253
\$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	2,920,000
\$8,605,000 2010 Public Improvement Serial Bonds (Sanitary Sewer Portion) due in varying annual principle installments and varying semi-annual interest installments through June 1, 2030 interest at 3.0-4.125 percent payable with each installment	8,120,000
\$2,320,800 2011 Refunding Serial Bonds (Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2022, interest at 2.67 percent payable with each installment	1,635,200

City of Goldsboro, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

\$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	46,385
\$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	77,305
\$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	224,560
Total	\$ 15,445,703

At June 30, 2014, City of Goldsboro had bonds authorized but unissued of \$0 and a legal debt margin of \$170,561,302.

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
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	309,539	88,662	992,462	322,954
2020-2024	1,414,088	298,123	4,564,911	1,173,875
2025-2029	763,873	75,712	3,240,127	498,171
2030	-	-	615,000	25,369
	\$ 3,754,297	\$ 917,842	\$ 15,445,703	\$ 3,703,167

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, 2014 was \$1,618,239.

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, 2014 was \$2,099,850.

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, 2014 was \$2,850,000.

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, 2014 was \$1,163,862.

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, 2014 was \$632,146.

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, 2014 was \$151,011.

On June 2, 2014, the City entered into a financing agreement for \$2,700,000 with the Utility Fund. The terms of the agreement require \$1,700,000 to be repaid with a non-voting general obligation bond and the balance in 4 annual installments of \$250,000 at zero percent interest. The balance outstanding at June 30, 2014 was \$2,400,000.

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, 2014 was \$762,005.

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, 2014, the outstanding balance is \$300,000.

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, 2014 of \$4,874,437. 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, 2014 was \$148,825.

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, 2014 was \$6,047,409.

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, 2014 was \$2,794,770 but the project was not complete.

Annual debt service requirements to maturity for the above notes, including interest of \$1,549,778 for the Utility Fund and \$1,150,980 for the Governmental Funds, are as follows:

Year Ending June 30,	Governmental Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2015	\$ 3,294,725	\$ 276,311	\$ 2,140,971	\$ 267,089
2016	1,595,661	233,988	2,137,971	225,925
2017	1,601,831	191,694	1,985,971	184,810
2018	1,326,687	151,298	1,983,971	143,733
2019	1,071,687	113,744	763,362	102,696
2020-2024	2,324,517	183,945	3,227,462	380,709
2025-2029	-	-	1,679,836	203,467
2030-2032	-	-	1,007,902	41,349
	\$ 11,215,108	\$ 1,150,980	\$ 14,927,446	\$ 1,549,778

d. Long-Term Obligation Activity

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 4,130,120	\$ -	\$ 375,823	\$ 3,754,297	\$ 323,574
Capitalized leases	937,534	-	202,013	735,521	224,459
Notes Payable	9,927,456	2,700,000	1,412,348	11,215,108	3,294,725
Net pension obligation	275,324	14,372	-	289,696	-
Net OPEB obligation	1,602,599	466,325	-	2,068,924	-
Compensated absences	1,369,849	620,429	608,795	1,381,483	692,242
Total governmental activities	18,242,882	3,801,126	2,598,979	19,445,029	4,535,000
Less: interfund debt	-	(2,700,000)	-	(2,700,000)	(1,950,000)
	18,242,882	1,101,126	2,598,979	16,745,029	2,585,000
Business-type activities:					
General obligation debt	\$ 17,633,879	\$ -	\$ 2,188,176	\$ 15,445,703	\$ 1,817,426
Notes Payable	16,941,884	-	2,014,438	14,927,446	2,140,971
Net OPEB obligation	221,311	91,076	-	312,387	-
Compensated absences	203,281	91,027	82,833	211,475	84,590
Total-business type activities	\$ 38,384,501	\$ 182,103	\$ 4,285,447	\$ 30,897,011	\$ 4,042,987

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	\$ 2,700,000
Utility Fund	\$ 2,700,000	
Community Development	-	100,000
Total	\$ 2,800,000	\$ 2,800,000

General fund advanced \$100,000 to the Community Development for operating expenses.
Utility fund loaned \$2,700,000 to the General fund to fund large claim settlement.

D. Revenues, Expenditures, and Expenses

On-behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2014, 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 firefighters who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firefighters 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 \$21,320 for the salary supplement and stipend benefits paid to eligible firefighters by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2014. 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 firefighters or their departments.

E. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 51,340,883	\$ 68,672,219
Less: long-term debt	13,004,926	30,373,149
Add: unexpended debt proceeds	-	4,919,369
Net investment in capital assets	\$ 38,335,957	\$ 43,218,439

F. 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	\$ 8,256,062
Less:	
Inventories	337,269
Stabilization by state statute	4,572,888
Working Capital/Fund Balance Policy	3,345,905
Remaining Fund Balance	-

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
	\$1,435,052	\$57,596

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 \$232,240 to the Authority during fiscal year ended June 30, 2014. 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, 2014. 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, 2014. 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. In July 2014, the City awarded these construction projects at a cost of \$14,385,854. The City of Goldsboro secured installment financing in the amount of \$4,000,000 for the matching funds in July 2014.

The Federal Highway Administration has designated funds 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.

The City of Goldsboro, in conjunction with a number of its insurance carriers, has reached a settlement for the handling of 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. In June 2014, the City Council adopted a resolution to finance the City's portion of this settlement in the amount of \$2,700,000 from the City's enterprise fund. A portion of the financing will be repaid with the issuance of taxable general obligations funding bonds in the amount of \$1,700,000 and annual installments of \$250,000 from the general fund over a four year term being in fiscal year June 30, 2015. The City closed on the taxable general obligations funding bonds in November 2014.

In September 2014, the City Council entered into a contract with T.A. Loving Company as the design-build team for the construction for a new W.A. Foster Recreation Center. T.A. Loving has begun the preconstruction services and design which is expected to completed within six months. The City will start initiating installment financing for this project in 2015.

This page intentionally left blank

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

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

This page intentionally left blank

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded 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%
12/31/2013	-	2,188,704	2,188,704	0%	4,581,140	47.78%

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%
2014	232,641	90.10%

* 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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 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%
12/31/2013	\$ -	\$ 2,469,504	\$ 2,469,504	0.00%	\$ 18,280,714	13.50%

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%
2014	554,141	10.81%

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	12/31/13
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected pay open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Annual medical cost trend rate*	
Pre-Medicare trend rate	7.75%-5.00%
Post-Medicare trend rate	5.75%-5.00%
Year of ultimate trend rate	2019
* Includes inflation at	3.00%

This page intentionally left blank

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This page intentionally left blank

GENERAL FUND

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

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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 15,182,975	\$ 15,311,560	\$ 128,585
Penalties and interest	94,000	103,454	9,454
Total	15,276,975	15,415,014	138,039
Other taxes and licenses:			
Local option sales taxes	6,900,000	6,484,745	(415,255)
Privilege licenses	305,000	526,390	221,390
Vehicle taxes - rental/leases	42,000	50,641	8,641
Penalties and interest	3,000	901	(2,099)
Solid waste disposal tax	24,200	20,034	(4,166)
Total	7,274,200	7,082,711	(191,489)
Unrestricted intergovernmental			
Payment in lieu of taxes	90,000	120,191	30,191
Utility taxes	2,476,400	2,352,241	(124,159)
Beer and wine tax	166,000	155,764	(10,236)
Wayne County School Resource	56,345	61,237	4,892
ABC revenues	150,000	223,379	73,379
Cherry Hospital reimbursement	55,000	54,598	(402)
GWTA Garage reimbursement	420,000	485,833	65,833
NCDOT Signals Reimbursement	160,000	245,044	85,044
DEA funds	60,479	62,048	1,569
Total	3,634,224	3,760,335	126,111
Restricted intergovernmental:			
Powell Bill allocation	981,327	1,000,610	19,283
Federal Emergency Management Agency	-	166,913	166,913
Controlled substance tax	9,314	9,546	232
Local Law Enforcement Block Grant	-	45,434	45,434
Transportation planning grant	480,000	306,276	(173,724)
Main Street Solutions Grant	-	100,000	100,000
Main Street Energy Grant	26,832	98,174	71,342
Community Transformation Grant	-	7,532	7,532
East Carolina Housing Grant	31,000	31,685	685
Total	1,528,473	1,766,170	237,697
Permits and fees:			
Building and inspection permits	125,000	106,018	(18,982)
Mechanical permits	62,000	62,889	889
Plumbing, gas and electric inspections	124,500	108,248	(16,252)
Miscellaneous permits	92,800	66,237	(26,563)
Total	404,300	343,392	(60,908)

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, 2014

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Recreation fees	73,300	105,724	32,424
Golf course revenue	638,800	569,242	(69,558)
Recyclable materials sold	40,000	51,600	11,600
Cemetery services	40,000	77,800	37,800
Refuse services	3,250,600	3,316,870	66,270
Cable franchise fees	267,100	269,880	2,780
Stormwater management fees	14,500	14,515	15
Miscellaneous fees and services	13,450	15,648	2,198
Total	4,337,750	4,421,279	83,529
Investment earnings	8,000	4,834	(3,166)
Miscellaneous:			
Cemetery lot sales	5,000	12,020	7,020
Officers fees	28,000	15,484	(12,516)
Sale of property	143,302	159,881	16,579
Assessments	1,000	131	(869)
Other miscellaneous	931,250	446,099	(485,151)
Total	1,108,552	633,615	(474,937)
Total revenues	33,572,474	33,427,350	(145,124)
EXPENDITURES			
General government			
Governing body:			
Salaries and employee benefits		281,570	
Operating expenses		402,248	
Reimbursement-enterprise fund		(86,702)	
Total	692,243	597,116	95,127
Administration:			
Salaries and employee benefits		1,087,819	
Operating expenditures		987,043	
Capital outlay		131,001	
Reimbursement-enterprise fund		(280,753)	
Total	2,404,531	1,925,110	479,421
Finance:			
Salaries and employee benefits		831,218	
Operating expenditures		399,305	
Reimbursement-enterprise fund		(734,681)	
Total	1,253,126	495,842	757,284

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, 2014

	Budget	Actual	Variance Positive (Negative)
Public building and grounds:			
Salaries and employee benefits		165,521	
Operating expenditures		199,516	
Capital outlay		(75,897)	
Total	381,179	289,140	92,039
Total general government	4,731,080	3,307,208	1,423,872
Transportation:			
Street and highways:			
Salaries and employee benefits		1,579,568	
Street lights		570,728	
Operating expenditures		746,796	
Total	2,913,360	2,897,092	16,268
Goldsboro/Wayne Transportation Authority:	236,025	232,240	3,785
Total transportation	3,149,385	3,129,332	20,053
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits		586,118	
Operating expenditures		1,122,690	
Reimbursement-enterprise		(151,014)	
Total	2,091,642	1,557,794	533,848
Community affairs			
Salaries and employee benefits		202,361	
Operating expenditures		15,190	
Total	220,483	217,551	2,932
Downtown district			
Salaries and employee benefits		199,822	
Operating expenditures		82,408	
Total	288,905	282,230	6,675

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, 2014

	Budget	Actual	Variance Positive (Negative)
Other appropriations			
Project Uplift	5,000	3,750	
Community in Schools	15,000	15,000	
Local grants	8,625	-	
WATCH	25,000	15,000	
Total	53,625	33,750	19,875
Total economic and physical development	2,654,655	2,091,325	563,330
Public safety:			
Personnel and safety:			
Salaries and employee benefits		732,787	
Operating expenditures		131,810	
Total	922,904	864,597	58,307
Building and traffic maintenance:			
Salaries and employee benefits		407,065	
Operating expenditures		263,645	
Capital outlay		10,338	
Total	712,403	681,048	31,355
Engineering:			
Salaries and employee benefits		557,356	
Operating expenditures		52,743	
Capital outlay		5,099	
Reimbursement-enterprise fund		(416,881)	
Total	1,130,746	198,317	932,429
Fire:			
Salaries and employee benefits		4,878,647	
Operating expenditures		581,778	
Capital outlay		63,282	
Total	5,629,957	5,523,707	106,250
Police:			
Salaries and employee benefits		6,993,787	
Operating expenditures		3,808,364	
Capital expenditures		178,278	
Total	11,578,992	10,980,429	598,563

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, 2014

	Budget	Actual	Variance Positive (Negative)
Animal control:			
Salaries and employee benefits		55,920	
Operating expenditures		5,066	
Total	61,465	60,986	479
Inspections:			
Salaries and employee benefits		504,639	
Operating expenditures		125,655	
Total	661,684	630,294	31,390
Total public safety	20,698,150	18,939,378	1,758,772
Environmental protection:			
Cemetery:			
Salaries and employee benefits		369,979	
Operating expenditures		43,857	
Capital Outlay		8,899	
Total	424,387	422,735	1,652
Sanitation:			
Salaries and employee benefits		2,084,647	
Operating expenditures		885,393	
Capital outlay		25,616	
Total	3,031,318	2,995,656	35,662
Total environmental protection	3,455,705	3,418,391	37,314
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		1,488,819	
Operating expenditures		762,667	
Capital outlay		85,371	
Total	2,490,051	2,336,857	153,194
Golf Course:			
Salaries and employee benefits		448,153	
Operating expenditures		312,801	
Capital outlay		10,077	
Total	894,296	771,031	123,265

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, 2014

	Budget	Actual	Variance Positive (Negative)
Assistance to:			
Museum	12,000	12,000	-
Art Council	25,000	25,000	-
Total	37,000	37,000	-
Total cultural and recreational	3,421,346	3,144,888	276,458
Debt Service:			
Principal		1,690,185	
Interest		349,594	
Total debt service	2,071,189	2,039,779	31,410
Total expenditures	40,181,509	36,070,301	4,111,208
Revenue over (under) expenditures	(6,609,036)	(2,642,951)	3,966,084
Other financing sources (uses):			
Transfer from Utility Fund	1,745,928	-	(1,745,928)
Debt issuance from utility fund	2,700,000	2,700,000	-
Installment purchase proceeds	18,959	-	(18,959)
Total other financing sources (uses)	4,464,887	2,700,000	(1,764,887)
Revenue and other financing sources over (under) expenditures and other financing uses	(2,144,148)	57,049	2,201,197
Fund balance appropriated	2,144,148	-	(2,144,148)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	57,049	<u>\$ 57,049</u>
Fund balances, beginning		8,075,931	
Increase (decrease) in inventory		123,082	
Fund balances - ending		<u>\$ 8,256,062</u>	

This page intentionally left blank

NON-MAJOR GOVERNMENTAL FUNDS

This page intentionally left blank

Exhibit C-1
City of Goldsboro, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2014

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund-Street	Totals
ASSETS					
Cash and investments	\$ 133,958	\$ 677,037	\$ 215,838	\$ -	\$ 1,026,833
Accounts receivable	6,397	348	-	-	6,745
Restricted assets					
Cash and investments	-	-	-	-	-
Total assets	\$ 140,355	\$ 677,385	\$ 215,838	\$ -	\$ 1,033,578
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,311	\$ 17,002	\$ 2,125	\$ -	\$ 21,438
Due to other funds	-	-	100,000	-	100,000
Total liabilities	2,311	17,002	102,125	-	121,438
Deferred Inflows of Resources					
Taxes receivable	6,397	-	-	-	6,397
Fund balances:					
Restricted					
Streets	-	-	-	-	-
Committed					
Economic Development	-	479,898	113,713	-	593,611
Downtown Development	131,647	-	-	-	131,647
Assigned					
Subsequent year's expenditures	-	180,485	-	-	180,485
Unassigned	-	-	-	-	-
Total fund balance	131,647	660,383	113,713	-	905,743
Total liabilities, deferred inflows of resources, and fund balances	\$ 140,355	\$ 677,385	\$ 215,838	\$ -	\$ 1,033,578

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, 2014

	Downtown District Fund	Occupancy Tax Fund	Community Development Fund	Capital Project Fund - Street	Totals
Revenues:					
Restricted intergovernmental					
Community Development Block Grant	\$ -	\$ -	\$ 190,664	\$ -	\$ 190,664
Home Partnership Program	-	-	108,582	-	108,582
Program income	-	-	37,000	-	37,000
Ad valorem taxes	75,212	-	-	-	75,212
Penalties and interest	847	-	-	-	847
Other taxes and licenses	-	559,596	-	-	559,596
Investment earnings	78	411	-	-	489
Other income	-	52,532	-	-	52,532
Total revenues	76,137	612,539	336,246	-	1,024,922
Expenditures					
Economic and physical development					
Salaries and employee benefits	-	204,679	-	-	204,679
Operating expenditures	-	549,188	-	426,930	976,118
Downtown revitalization	53,283	-	350,502	-	403,785
Capital Outlay	-	-	-	-	-
Total Economic and physical development	53,283	753,867	350,502	426,930	1,584,582
Debt Service:					
Principal	-	300,000	-	-	300,000
Interest	-	139,605	-	-	139,605
Total debt service	-	439,605	-	-	439,605
Total expenditures	53,283	1,193,472	350,502	426,930	2,024,187
Revenues over (under) expenditures	22,854	(580,933)	(14,256)	(426,930)	(999,265)
FUND BALANCES, beginning of year	108,793	1,241,316	127,969	426,930	1,905,008
FUND BALANCES, end of year	\$ 131,647	\$ 660,383	\$ 113,713	\$ -	\$ 905,743

SPECIAL REVENUE FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS

- Community Development Fund

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

- Downtown District Fund

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

- Occupancy Tax Fund

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

This page intentionally left blank

City of Goldsboro, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For The Fiscal Year Ended June 30, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
Community Development Block Grant	\$ 2,151,853	\$ 1,320,649	\$ 190,664	\$ 1,511,313	\$ 640,540
Home Partnership Program	1,721,134	1,739,882	108,582	1,848,464	(127,330)
Urgent Repair Program	37,000	-	37,000	37,000	-
Lead Based Grant	106,965	-	-	-	106,965
Total revenues	4,016,952	3,060,531	336,246	3,396,777	620,175
Expenditures:					
<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	20,286	-	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	62,311	-	62,311	(51,688)
Public Facilities	58,048	76,282	-	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, 2014

	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	73,825	-	73,825	20,061
Relocation	66	-	-	-	66
Public Facilities	136,626	18,738	-	18,738	117,888
Hazardous Materials	27,906	24,149	3,139	27,288	618
Afterschool Enrichment	57,411	57,411	-	57,411	-
Transitional Housing	21,388	20,000	-	20,000	1,388
Demolition	189,095	194,395	-	194,395	(5,300)
<u>HOME FY 11-12</u>					
Administration	25,701	25,633	-	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	8,287	61,602	15,299
Relocation	79,285	41,945	1,503	43,448	35,837
Public Facilities	150,000	35,316	-	35,316	114,684
Afterschool Enrichment	56,475	55,984	490	56,474	1
Demolition	-	11,060	-	11,060	(11,060)
<u>HOME FY 12-13</u>					
Administration	17,927	15,173	1,427	16,600	1,327
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	-
<u>CDBG FY 13-14</u>					
Administration	68,788	-	62,914	62,914	5,874
Public Facilities	150,000	-	-	-	150,000
Hazardous Materials	500	-	-	-	500
Afterschool Enrichment	50,051	-	49,962	49,962	89
Demolition	21,317	-	20,339	20,339	978
Rehab. Homeowners	50,138	-	50,138	50,138	-
Transitional Housing	5,000	-	2,246	2,246	2,754
Urgent Repair Program	37,000	-	34,900	34,900	2,100

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, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<u>HOME FY 13-14</u>					
Administration	15,319	-	14,316	14,316	1,003
Homebuyers Assistance	102,419	-	67,604	67,604	34,815
CHDO-Set Aside	40,267	-	33,237	33,237	7,030
Total expenditures	4,016,952	2,932,562	350,502	3,283,064	733,888
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 127,969</u>	(14,256)	<u>\$ 113,713</u>	<u>\$ 113,713</u>
Fund balance, beginning of year			<u>127,969</u>		
Fund balance, end of year			<u>\$ 113,713</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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 71,722	\$ 75,212	\$ 3,490
Penalties and interest	500	847	347
Investment earnings	100	78	(22)
Other income	-	-	-
Total revenues	72,322	76,137	3,815
Expenditures:			
Salaries and employee benefits	-	-	-
Downtown revitalization	117,972	53,283	64,689
Total expenditures	117,972	53,283	64,689
Revenue over (under) expenditures	(45,650)	22,854	68,504
Fund balance appropriated	45,650	-	(45,650)
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	22,854	<u>\$ 22,854</u>
Fund balance, beginning of year		108,793	
Fund balance, end of year		<u>\$ 131,647</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, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 550,000	\$ 559,596	\$ 9,596
Other income	14,327	52,532	38,205
Investment earnings	1,200	411	(789)
Total revenues	565,527	612,539	47,012
Expenditures:			
Tourism expenses:			
Salaries and employee benefits		204,679	
Operating expenditures		549,188	
Capital Outlay		-	
Total Tourism	762,250	753,867	8,383
Debt Service:			
Principal		300,000	
Interest		139,605	
Total debt service	439,605	439,605	-
Total expenditures	1,201,855	1,193,472	8,383
Revenues over (under) expenditures	(636,328)	(580,933)	(55,395)
Fund balance appropriated	636,328	-	636,328
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	(580,933)	<u>\$ (580,933)</u>
Fund balance, beginning of year		1,241,316	
Fund balance, end of year		<u>\$ 660,383</u>	

This page intentionally left blank

CAPITAL PROJECTS FUND

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

INDIVIDUAL FUND DESCRIPTIONS

- Capital Projects Fund

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

This page intentionally left blank

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, 2014

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues					
Street Project					
Investment earnings	\$ 4,250	\$ 446,764	\$ -	\$ 446,764	\$ 442,514
Expenditures					
Street Project Fund					
Construction costs		3,446,780	426,930	3,873,710	
Technical services		52,534	-	52,534	
Right of way		-	-	-	
Total expenditures	6,039,250	3,499,314	426,930	3,926,244	2,113,006
Revenues over (under) expenditures	(6,035,000)	(3,052,550)	(426,930)	(3,479,480)	2,555,520
Other financing sources (uses)					
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>\$ (426,930)</u>	<u>\$ 2,473,017</u>	<u>\$ 2,473,017</u>
Fund balance, beginning of year			<u>426,930</u>		
Fund balance, end of year			<u>\$ -</u>		

This page intentionally left blank

ENTERPRISE FUND

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

INDIVIDUAL FUND DESCRIPTION

- Utility Fund

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

City of Goldsboro, North Carolina
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Exhibit E-1
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services	\$ 15,118,000	\$ 14,931,371	\$ (186,629)
Assessments	7,500	13,389	5,889
Water and sewer taps	62,000	66,361	4,361
Other operating revenues	480,800	802,505	321,705
Total operating revenues	15,668,300	15,813,626	145,326
Nonoperating revenues:			
NC Military Support Grant	-	-	
Investment earnings	11,100	8,025	(3,075)
Total nonoperating revenues	11,100	8,025	(3,075)
Total revenues	15,679,400	15,821,651	142,251
Expenditures			
Maintenance			
Salaries and employee benefits		1,221,608	
Travel		1,248	
Supplies		109,398	
Insurance		26,384	
Repairs and maintenance		47,842	
Other expenses		386,647	
	2,308,147	1,793,127	515,020
Water Plant			
Salaries and employee benefits		713,661	
Travel		778	
Supplies		586,273	
Insurance		71,518	
Utilities		230,618	
Repairs and maintenance		255,811	
Other expenses		276,174	
Utility service fee		872,964	
	3,863,381	3,007,797	855,584
Waste Treatment Plant			
Salaries and employee benefits		1,181,518	
Travel		1,873	
Supplies		78,618	
Insurance		140,479	
Utilities		561,865	
Repairs and maintenance		462,363	
Other expenses		354,635	
Utility service fee		1,128,443	
	4,256,475	3,909,795	346,681

City of Goldsboro, North Carolina
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Exhibit E-1
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Public works department			
Salaries and employee benefits	\$ -	\$ 251,115	\$ -
Supplies		13,201	
Insurance		27,926	
Repairs and maintenance		113,810	
Other expenses		106,831	
Utility service fee		32,628	
	606,735	545,512	61,224
Other			
General operating expenses	82,133	22,781	59,352
Budgetary appropriations			
Bond principal and other debt payments		4,202,614	
Bond interest		937,716	
Capital outlay		1,311,352	
	8,486,360	6,451,682	2,034,677
Total expenditures	19,603,231	15,730,694	3,872,538
Revenues over (under) expenditures	(3,923,831)	90,957	4,014,788
Other financing sources (uses):			
Debt issuance to general fund	(2,700,000)	(2,700,000)	-
Fund balance appropriated	6,623,831	-	(6,623,831)
Total other financing sources(uses)	3,923,831	(2,700,000)	(6,623,831)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (2,609,043)	\$ (2,609,043)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (2,609,043)	
Reconciling items:			
Capital outlay		1,311,352	
Debt issuance to general fund		2,700,000	
Bad debt expense		(326,441)	
Amortization of bond issuance costs		(91,958)	
Bond principal and other debt payments		4,202,614	
Depreciation expense		(3,486,674)	
		4,308,892	
Change in net position		\$ 1,699,849	

This page intentionally left blank

OTHER FINANCIAL INFORMATION

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

- **Governmental Capital Assets**

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

- **Additional Financial Data**

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

- **Statistical Information**

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

- **Single Audit Information**

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

This page intentionally left blank

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

Exhibit F-1

For the Year Ended June 30, 2014
 (With Comparative Actual Amounts As Of June 30, 2013)

<u>Governmental Capital Assets</u>	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 7,658,770	\$ 7,610,630
Construction in process	1,542,799	1,505,364
Buildings	17,686,641	17,686,641
Streets and infrastructure	59,657,386	58,965,462
Vehicles and equipment	14,516,793	14,106,198
Total	<u>\$ 101,062,389</u>	<u>\$ 99,874,295</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, 2014

Exhibit F-2

Functional and Activity	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
General government	\$ 15,870,673	\$ 118,573	\$ 6,056	\$ 15,983,190
Transportation	58,977,420	525,800	20,963	59,482,257
Economic and physical development	2,722,508	-		2,722,508
Public safety	6,171,267	286,865	20,790	6,437,342
Environmental protection	2,778,016	82,655		2,860,671
Cultural and recreational	13,354,411	241,201	19,191	13,576,421
Total	<u>\$ 99,874,295</u>	<u>\$ 1,255,094</u>	<u>\$ 67,000</u>	<u>\$ 101,062,389</u>

ADDITIONAL FINANCIAL DATA

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

This page intentionally left blank

City of Goldsboro, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2014

Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	-	15,134,131	14,702,765	431,366
2012-2013	706,871	-	475,836	231,035
2011-2012	225,532	-	88,420	137,112
2011 and prior	824,909	-	56,683	768,226
	\$ 1,757,312	\$ 15,134,131	\$ 15,323,704	\$ 1,567,739

Reconcilement with revenue

Ad Valorem taxes - General Fund	\$ 15,415,014
Reconciling items:	
Interest collected	(103,454)
Taxes written off	12,144
Total collections and credits	\$ 15,323,704

Downtown District Fund

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 75,827	\$ 73,641	\$ 2,186
2012-2013	5,389		3,690	1,699
2011-2012	835		532	303
2011 and prior	2,693		484	2,209
	\$ 8,917	\$ 75,827	\$ 78,347	\$ 6,397

Reconcilement with revenue

Ad Valorem taxes - General Fund	\$ 76,059
Reconciling items:	
Interest collected	(847)
Taxes written off	3,135
Total collections and credits	\$ 78,347

City of Goldsboro, North Carolina
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2014
Exhibit G-2

	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy-City:					
Property taxed at current years' rate	\$ 2,292,164,615	\$ 0.65	\$ 14,899,070	\$ 13,040,027	\$ 1,859,043
Discoveries	66,864,769	0.65	\$ 434,621	434,621	-
Abatements	(30,701,538)		\$ (199,560)	(71,477)	(128,083)
Total property valuation	<u>\$ 2,328,327,846</u>				
Net levy			\$ 15,134,131	\$ 13,403,171	\$ 1,730,960
Uncollected taxes at June 30, 2014			(431,366)	(333,498)	(97,868)
Current year's taxes collected			<u>\$ 14,702,765</u>	<u>\$ 13,069,673</u>	<u>\$ 1,633,092</u>
Current levy collection percentage			97.15%	97.51%	94.35%
Original levy-Downtown District:					
Property taxed at current years' rate	\$ 27,938,400	\$ 0.25	\$ 69,846	\$ 66,510	\$ 3,336
Discoveries	2,434,000	0.25	6,085	6,085	-
Abatements	(41,600)		(104)	(56)	(48)
Total property valuation	<u>\$ 30,330,800</u>				
Net levy			\$ 75,827	\$ 72,539	\$ 3,288
Uncollected taxes at June 30, 2014			(2,186)	(2,100)	(86)
Current year's taxes collected			<u>\$ 73,641</u>	<u>\$ 70,439</u>	<u>\$ 3,202</u>
Current levy collection percentage			97.12%	97.11%	97.38%

City of Goldsboro, North Carolina
ALL FUND
SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2014

Exhibit G-3

		<u>Market Value</u>
Cash		
On Hand		\$ 2,130
NOW, SuperNOW, and Money Market		<u>9,990,786</u>
Total Cash		<u>9,992,916</u>
Other Investments		
North Carolina Capital Management Trust		<u>9,292,088</u>
Total Cash and Investments		<u>\$ 19,285,004</u>
Distributed by Fund:		
		<u>Carrying Value</u>
General Fund		
Unrestricted	\$ 6,302,532	
Restricted	<u>9,227</u>	\$ 6,311,759
Special Revenue Fund		
Community Development Fund	215,838	
Downtown District Fund	133,958	
Occupancy Tax Fund	<u>677,037</u>	1,026,833
Capital Project Fund - Restricted		
Street	<u>-</u>	-
Enterprise Fund		
Unrestricted	7,027,043	
Restricted	<u>4,919,369</u>	<u>11,946,412</u>
Total Distributed by Fund		<u>\$ 19,285,004</u>

This page intentionally left blank

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

This page intentionally left blank

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

Table 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 38,335,957
Restricted	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	4,572,888
Streets								2,899,947	426,930	-
Unrestricted	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	169,448
Total governmental activities net position	<u>\$ 27,040,508</u>	<u>\$ 40,594,293</u>	<u>\$ 44,055,996</u>	<u>\$ 47,865,666</u>	<u>\$ 57,579,250</u>	<u>\$ 55,538,173</u>	<u>\$ 53,848,598</u>	<u>\$ 56,041,935</u>	<u>\$ 46,454,183</u>	<u>\$ 43,078,293</u>
Business-type activities										
Net Investment in capital assets	\$ 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	\$ 43,218,439
Restricted	3,608,762	2,353,571	993,147	546,602	485,597	-	-	-	-	\$0
Unrestricted	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	11,720,607
Total business-type activities net position	<u>\$ 43,488,530</u>	<u>\$ 45,042,272</u>	<u>\$ 48,516,513</u>	<u>\$ 49,256,740</u>	<u>\$ 49,072,382</u>	<u>\$ 50,462,115</u>	<u>\$ 51,710,678</u>	<u>\$ 52,577,125</u>	<u>\$ 53,239,197</u>	<u>\$ 54,939,046</u>
Primary government										
Net Investment in capital assets	\$ 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	\$ 81,554,396
Restricted	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	4,572,888
Streets								2,899,947	426,930	-
Unrestricted	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	11,890,055
Total primary government net position	<u>\$ 70,529,038</u>	<u>\$ 85,636,565</u>	<u>\$ 92,572,509</u>	<u>\$ 97,122,406</u>	<u>\$ 106,651,632</u>	<u>\$ 106,000,288</u>	<u>\$ 105,559,276</u>	<u>\$ 108,619,060</u>	<u>\$ 99,693,380</u>	<u>\$ 98,017,339</u>

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

Table 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 3,564,525
Public safety	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	19,435,147
Transportation	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	3,656,128
Economic and physical development	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	3,696,955
Environmental protection	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	3,656,775
Cultural and recreational	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	3,137,048
Interest on long-term debt	140,456	337,845	307,088	532,923	338,011	724,351	690,706	724,774	671,960	489,199
Total governmental activities expense	\$ 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	\$ 37,635,777
Total business-type activities -										
water and sewer	\$ 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	\$ 14,121,802
Total primary government expenses	\$ 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	\$ 51,757,579
Program revenues										
Governmental activities:										
Charges for services										
General governmental	\$ 317,026	\$ 308,289	\$ 355,581	\$ 446,166	\$ 488,376	\$ 409,691	\$ 380,695	\$ 371,656	\$ 354,205	\$ 347,680
Public safety	335,880	532,062	545,375	536,438	393,189	361,261	449,256	411,691	435,183	358,876
Transportation								409,430	316,779	485,833
Environmental protection	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	3,382,985
Cultural and recreational	717,638	677,264	637,745	709,494	717,592	829,781	750,577	616,498	562,576	727,498
Operating grants and contributions										
General governmental	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	3,151,217
Public safety	271,860	247,860	400,607	165,883	266,932	94,866	863,878	650,740	372,695	276,439
Transportation	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	1,406,886
Environmental protection								534,600	32,356	166,913
Economic and physical development	28,482	35,057	30,042	31,276	29,822	32,266	31,770	31,812	33,139	31,685
Cultural and recreational	581,599	1,096,697	942,812	947,265	778,966	1,296,977	709,238	1,123,879	527,157	343,778
Capital grants and contributions										
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	2,697,377	-	11,945,877	-	-	-	-	-

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total governmental activities program revenues	\$ 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	\$ 10,679,790
Business-type activities:										
Charges for services	\$ 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	\$ 15,813,626
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	502,904	-	235,203	291,331	-
Total business-type activities program revenue	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	15,813,626
Total primary government program revenues	\$ 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	\$ 26,493,416
Net revenue (Expense)										
Governmental activities	(\$16,903,121)	(\$18,931,523)		(\$16,760,086)	(\$11,184,311)	(\$22,591,667)	(\$22,627,327)	\$ (20,595,058)	\$ (32,509,614)	\$ (26,955,987)
Business-type activity	576,995	1,016,140	2,777,787	218,871	(383,112)	1,332,046	1,226,815	2,586,175	645,294	1,691,824
Total primary government net expense	(\$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)	\$ (25,264,163)
General revenues and other changes in net assets										
Governmental activities:										
Ad valorem taxes	\$ 11,015,681	\$ 11,756,930	\$12,659,906	\$ 12,845,928	\$ 13,246,454	\$ 13,782,127	\$ 13,554,554	\$ 14,726,183	\$ 14,501,826	\$ 15,194,387
Other taxes	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	7,746,608
Investment earnings, net of market adjustment	287,656	611,380	895,367	666,136	238,613	37,793	23,079	12,661	20,605	5,323
Miscellaneous revenue	383,254	445,623	537,213	155,198	900,704	329,222	560,261	433,269	702,929	633,779
Special item	-	-	-	-	-	-	-	-	-	-
Transfers	154,500	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 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	\$ 23,580,097
Business-type activity:										
Investment earnings, net of market adjustment	\$ 258,361	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687	\$ 21,748	\$ 14,654	\$ 16,778	\$ 8,025
Extraordinary item: Loss on annexation phase XI								\$ (1,734,382)	\$ -	
Miscellaneous revenue	(2,741)	-	-	-	-	-	-	-	-	-
Transfers	(154,500)	-	-	-	-	-	-	-	-	-
Total business-type activity	\$ 101,120	\$ 537,602	\$ 696,454	\$ 521,356	\$ 198,754	\$ 57,687	\$ 21,748	\$ (1,719,728)	\$ 16,778	\$ 8,025
Total primary government	\$ 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	\$ 23,588,122
Change in net position										
Governmental activities	\$ 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)	\$ (3,375,890)
Business-type activities	678,115	1,553,742	3,474,241	740,227	(184,358)	1,389,733	1,248,563	866,447	662,072	1,699,849
Total primary government	\$ 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)	\$ (1,676,041)

This page intentionally left blank

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

Table 3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 3,658,065	\$ 3,605,087	\$ 3,201,459	\$ 5,079,907	\$ 4,823,548	\$ 5,141,907	\$ -	\$ -	\$ -	
Designated	876,439	406,195	748,358	1,136,743	556,718	43,179				
Unreserved, undesignated	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	\$337,269
Restricted										
Stabilization by State Statute							4,240,257	2,353,408	3,151,398	4,572,888
Committed										
Assigned								67,869	-	
Unassigned							4,246,716	6,902,667	4,710,346	3,345,905
Total general fund	\$ 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	\$ 8,256,062
All other governmental funds										
Reserved	\$ 3,165,260	\$ 544,090	\$ 3,531,711	\$ 165,124	\$ -	\$ -	\$ -	\$ -	\$ -	
Unreserved, reported in:										
Special revenue funds	1,776,641	2,080,955	2,048,151	2,788,825	2,635,852	2,838,276				
Capital projects funds	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	131,647
Economic Development							2,105,108	1,356,549	1,022,456	593,611
Assigned										
Subsequent Yr's Expenditures							262,421	276,892	346,828	180,485
Unassigned										
Total all other governmental funds	\$ 6,723,175	\$ 3,565,307	\$ 6,932,259	\$ 6,627,763	\$ 6,381,389	\$ 6,398,876	\$ 5,686,484	\$ 4,666,681	\$ 1,905,007	\$ 905,743

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Ad valorem taxes	\$ 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	\$ 15,491,073
Local option sales taxes	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	6,484,745
Other taxes and licenses	752,930	744,390	803,710	790,213	803,216	819,891	966,446	1,169,941	1,132,323	1,157,562
Unrestricted intergovernmental	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	3,760,335
Restricted intergovernmental	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	2,102,416
Permits and fees	309,332	500,104	519,127	510,574	362,497	334,980	417,718	384,271	409,622	343,392
Sales and services	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	4,421,279
Investment earnings, net of market adjustment	288,367	611,380	895,367	666,136	238,613	37,793	23,079	17,619	20,605	5,323
Miscellaneous	548,102	445,662	551,256	350,332	918,059	341,302	578,525	455,499	718,339	686,147
TOTAL REVENUES	\$ 27,126,050	\$ 28,289,915	\$ 29,778,604	\$ 30,031,420	\$ 30,394,233	\$ 30,753,148	\$ 31,559,905	\$ 34,408,461	\$ 33,179,667	\$ 34,452,272
EXPENDITURES										
General government	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	3,252,104
Public safety	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	18,682,381
Transportation	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	3,129,332
Economic and physical develop.	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	3,875,907
Environmental protection	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	3,383,876
Cultural and recreational	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	3,049,440
Capital outlay	2,330,217	3,565,262	1,502,553	210,314	5,484,133	2,185,934	1,603,788	1,254,821	1,724,736	442,064
Debt service:										
Principal	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	1,990,185
Interest and other charges	214,985	337,845	307,088	483,920	338,011	724,351	690,706	634,241	654,355	489,199
Debt issuance cost								60,333	0	0
Bond issuance cost								30,200	17,605	0
TOTAL EXPENDITURES	27,987,661	32,236,668	29,808,698	34,183,004	36,610,665	33,507,044	34,154,502	36,024,264	38,197,759	38,094,488
REVENUES OVER (UNDER) EXPENDITURES	(\$861,611)	(\$3,946,753)	(\$30,094)	(\$4,151,584)	(\$6,216,432)	(\$2,753,896)	(\$2,594,597)	\$ (1,615,803)	\$ (5,018,092)	\$ (3,642,216)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OTHER FINANCING SOURCES (USES)										
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	-	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	-	-	-	-	-	-	-	-	
Debt insurance from utility fund										2,700,000
Payments to bond escrow agent	(268,446)	-	-	-	-	-	-	(550,000)	(745,600)	
Total other financing sources (uses)	6,067,880	705,100	4,000,000	3,737,606	4,500,000	2,454,376	-	1,545,698	794,219	2,700,000
Net change in fund balances	\$ 5,206,269	(\$3,241,653)	\$ 3,969,906	(\$413,978)	(\$1,716,432)	(\$299,520)	(\$2,594,597)	\$ (70,105)	\$ (4,223,873)	\$ (942,216)
Debt services as a percentage of noncapital expenditures	4.45%	4.91%	4.88%	5.34%	6.50%	8.75%	8.48%	8.44%	8.40%	7.31%

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>
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
2014	15,311,560	6,484,745	559,596	526,390	50,641	901	22,933,833

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>
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
2014	15,386,772	6,484,745	559,596	526,390	50,641	901	23,009,045

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>
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
2014	2,071,199,242	204,156,845	52,971,759	2,328,327,846	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
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
2014	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 2014			Fiscal Year 2005		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Walmart Stores	Retail Department Store	\$ 36,590,932	1	1.59%	21,780,401	2	1.19%
Progress Energy	Public Utility	23,055,759	2	1.00%	16,647,691	7	0.91%
Berkeley Mall, LLC	Mall Shopping Center	22,625,900	3	0.98%	22,597,120	1	1.23%
Franklin Baking Co.	Bread Manufacturing	22,543,591	4	0.98%	18,766,429	3	1.02%
Goldsboro Apartments Investors LLC	Real Estate	20,926,708	5	0.91%			
Berkeley Place Apartments LLC	Real Estate	18,480,478	6	0.80%			
Berkeley Realty Associates LLC	Real Estate	13,320,210	7	0.58%			
TWE-Advance-Newhouse Partnership	Public Utility	12,920,361	8	0.56%			
Cooper Standard, Inc.	Rubber & Plastic Auto Parts	12,203,116	9	0.53%	18,304,238	4	1.00%
Piedmont Natural Gas Co LLC	Public Utility	11,867,582	10	0.52%			
Cooper-Bussman, Inc.	Fuse Holders	-			13,078,668	8	0.71%
BellSouth Telephone Company	Public Utility	-			16,699,456	6	0.91%
APV Baker FM, Inc.	Commercial Baking Equipment	-			11,851,358	9	0.65%
K5 Associates, LLC	Real Estate	-			17,113,860	5	0.93%
Dixie Trail, LLC	Real Estate	-			11,236,930	10	0.61%
TOTALS		<u><u>\$ 194,534,637</u></u>		8.47%	<u><u>\$168,076,151</u></u>		9.17%

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>
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	13,868,866	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%
2014	14,270,650	(199,560)	14,071,090	13,728,356	96.20%	482,993	14,211,349	99.27%

Sources: Wayne County Tax Collector

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

Table 11

Fiscal Year	Governmental Activities			Business-type Activities			Per Capita (1)	Percentage of Actual Property Values (2)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Installment Loans	Total Primary Government		
2005	3,411,556	5,268,701	141,579	25,013,329	19,741,075	53,576,240	1,391	2.92%
2006	3,121,622	4,663,556	673,252	22,932,038	17,810,176	49,200,644	1,288	2.66%
2007	2,835,050	8,048,443	516,253	20,877,381	17,430,135	49,707,262	1,329	2.60%
2008	6,059,336	7,368,584	378,679	18,831,875	15,392,282	48,030,756	1,286	2.43%
2009	5,613,477	11,073,528	236,169	16,831,506	13,354,428	47,109,108	1,222	2.33%
2010	5,186,392	12,483,544	88,547	23,307,760	18,597,417	59,663,660	1,557	2.76%
2011	4,783,535	11,286,892	-0-	21,372,849	17,094,643	54,537,919	1,497	2.62%
2012	4,414,177	11,045,130	559,165	19,162,643	18,820,517	54,001,632	1,510	2.33%
2013	4,130,120	9,927,456	937,534	17,633,879	16,941,884	49,570,873	1,392	2.20%
2014	3,754,297	11,215,108	735,521	15,445,703	14,927,446	46,078,075	1,298	2.01%

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

(1) See Table 15 for population data. These amounts are as of July 1 of the fiscal year.

(1) See Table 7 for property value data.

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>Assessed Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
2005	28,424,885	1,833,711,000	1.55%	38,519	737.94
2006	26,053,660	1,846,323,538	1.41%	38,186	682.28
2007	23,712,431	1,912,272,000	1.24%	37,396	634.09
2008	24,891,211	1,980,214,000	1.26%	37,341	666.59
2009	22,444,983	2,022,322,923	1.11%	38,554	582.17
2010	28,494,152	2,160,857,309	1.32%	38,313	743.72
2011	26,156,384	2,082,528,308	1.26%	36,437	717.85
2012	23,576,820	2,320,532,462	1.02%	35,768	659.16
2013	21,763,999	2,250,710,614	0.97%	35,609	611.19
2014	19,200,000	2,328,327,846	0.82%	35,489	541.01

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

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

Table 13

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 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	\$ 186,266,228
Total net debt applicable to limit	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	15,704,926
Legal Debt Margin	<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>	<u>\$ 170,561,302</u>
Total net debt applicable to the limit as a percentage of debt limit	21.86%	18.57%	21.13%	18.45%	18.71%	14.60%	9.64%	8.63%	8.33%	8.55%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	2,328,327,846
Debt Limit (8% of Assessed Value)	186,266,228
Debt Applicable to Limit:	
General Obligation Bonds	3,754,297
Other Debt	<u>11,950,629</u>
Legal Debt Margin	<u>\$ 170,561,302</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, 2014

Table 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Wayne County General Obligation Debt	\$ 0	-0-	\$ -0-
Other Debt			
Wayne County Installment Purchase Loans	21,511,000	29.44%	6,332,838
Wayne County Promissory Notes	3,069,192	29.44%	903,570
Subtotal, overlapping debt			7,236,408
Total direct debt			<u>15,704,926</u>
Total direct and overlapping debt			<u><u>\$ 22,941,334</u></u>

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

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

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

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

Table 15

Fiscal Year	(1) Population	(2) Personal income (in thousands)	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate Percentage
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	8.00%
2014	35,489	N/A	33,620	37.60	19,256	7.30%

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	2014			2005		
	Employees	Rank	Percentage of Total MSA Employment (2)	Employees	Rank	Percentage of Total MSA Employment (2)
Seymour Johnson Air Force Base	13,743	1	25.22% %	5,800	1	11.36 %
Wayne County Board of Education	3,046	2	5.59% %	3,000	2	5.87 %
Wayne Memorial Hospital	1,804	3	3.31% %	1,300	3	2.55 %
Wayne County	1,258	4	2.31% %	850	6	1.66 %
Case Farms	1,095	5	2.01% %	850	7	1.66 %
Cherry Hospital	956	6	1.75% %	1,066	4	2.09 %
Cooper Standard Automotive	938	7	1.72% %	750	8	1.47 %
O'Berry Center	859	8	1.58% %	995	5	1.95 %
Goldsboro Milling	800	9	1.47% %			-
Wal-Mart	690	10	1.27% %			
City of Goldsboro			-	470	9	0.92 %
Excell Home Fashions, Inc.				400	10	0.78
Total	<u>25,189</u>		<u>46.22% %</u>	<u>15,481</u>		<u>30.31 %</u>

Sources:

- (1) Telephone survey conducted by City of Goldsboro staff.
- (2) NC Employment Security Commission for the Goldsboro Metropolitan Statistical Area.

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

Table 17

<u>Function</u>	<u>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>	<u>2014</u>
General Government	31	30	31	30	31	30	30	32	32	32
Transportation										
Streets & Highways	27	28	28	28	28	27	27	27	24	21
Garage	12	12	12	12	12	12	12	12	11	10
Economic & Physical Development	15	18	19	19	19	19	19	19	18	16
Public Safety										
Police										
Officers	116	116	117	117	116	115	115	115	112	108
Civilians	12	12	10	10	10	10	10	10	10	10
Fire										
Firefighters & Officers	81	81	82	82	82	82	82	82	82	81
Civilians	1	1	1	1	1	1	1	1	1	1
Other	28	30	28	28	32	32	32	33	33	29
Environmental Protection	56	56	56	56	56	56	56	55	53	48
Cultural & Recreational	39	39	37	39	40	39	39	39	37	35
Maintenance	29	29	28	25	25	25	25	25	26	24
Water	11	11	11	11	11	11	11	11	11	11
Sewer	<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>	<u>24</u>
TOTAL	479	485	483	481	487	483	483	485	474	450

Sources: City of Goldsboro's Budget Document

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

Table 18

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	4,458	4,246	4,150	3,949	3,657	3,186	3,137	3,406	3,212	2,962
Traffic violations	9,705	9,433	8,460	12,276	12,753	13,037	13,201	9,916	8,636	7,205
Fire										
Number of calls answered	2,169	1,973	3,111	2,348	2,192	2,222	2,210	2,083	2,026	2,040
Inspections	996	853	471	518	533	806	744	364	944	1213
Building Inspections										
New construction permits	268	330	214	152	89	147	117	120	107	96
Highways and streets										
Street resurfacing (miles)	11.2	0	0	5.37	0.5	0.0	0.0	0.0	3.3	3.2
Potholes repaired	335	209	404	210	573	929	874	258	540	622
Sanitation										
Refuse collected (tons/day)	59.2	57.6	58.5	54.0	55.8	44.6	46.5	68.1	57.01	50.3
Recyclables collected (tons/day)	5.6	5.3	5.6	5.9	6.2	5.7	3.9	5.49	5.45	5.6
Culture and recreation										
Athletic field permits issued	416	324	349	2	3	5	8	9	14	10
Community center admissions	103,270	109,650	99,300	99,992	104,106	87,608	119,114	136,480	106,513	132,364
Water										
New connections	68	46	30	69	85	23	27	28	29	17
Water mains breaks	80	104	63	55	30	47	26	26	20	40
Average daily consumption (millions of gallons)	6.0	6.0	5.6	5.1	4.6	4.7	5.3	5.4	5.4	5.2
Number of customers	13,285	13,285	13,563	13,533	13,388	13,875	13,590	13,793	13,606	13,755
Wastewater										
New connections	87	62	48	71	104	35	42	53	32	35
Average daily sewage treatment (millions of gallons)	8.0	7.1	8.4	5.6	7.1	7.8	8.3	7.0	7.0	8.8
Number of customers	11,297	11,541	11,628	11,687	11,597	11,665	11,670	10,755	11,572	10,640

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	59	59	59	59	59	59	62	65	62	59
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	11	11	11	12	12	11	11	11	11
Highways and streets										
Streets (miles)	156	156	156	158	169	169	166	169	163	163
Streetlights	2,758	2,836	2,868	2,903	2,943	3,057	3,035	3,036	2,915	2,926
Culture and recreation										
Parks acreage	339	339	339	339	339	339	402	402	403	403
Parks	13	13	13	13	13	13	13	13	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	236	240	240	241	287	270	270	270	298	270
Maximum daily capacity (millions of gallons)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Sewer										
Sanitary sewers (miles)	207	212	238	239	243	239	239	239	239	241
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

This page intentionally left blank



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

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

Mailing Address:
P.O. Box 605
La Grange, North Carolina 28551-0605

(252) 566-4135
(252) 566-4136 (fax)
www.cricpa.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, 2014 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 5, 2014.

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 5, 2014

This page intentionally left blank



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, 2014. 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, 2014.

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.

Caru, Riggs & Ingram, L.L.C.

La Grange, North Carolina
December 5, 2014

City of Goldsboro, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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

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

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

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: Unmodified.

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)

City of Goldsboro, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

Section II - Financial Statement Findings

None reported

Section IV - State Award Findings and Questioned Costs

None reported

City of Goldsboro, North Carolina
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2014

Section II - Financial Statement Findings

None reported

Section IV - State Award Findings and Questioned Costs

None reported

City of Goldsboro, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2014

None reported

City of Goldsboro, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2014
Page 1 of 1

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
Cash Programs:				
<u>U.S. Department Of Housing and Urban Development</u>				
Passed through N.C. Department of Commerce:				
Community Development Block Grant-Entitlement Grants	14.228	98-R-0004	\$ 171,991	\$ -
Passed-through N.C. State Housing Finance Agency:				
HOME Investment Partnership	14.239	M-98-MC-3702090	89,335	-
Urgent Repair Program		URP1313		34,900
<u>U.S. Department of Transportation</u>				
Passed through N.C. Dept. of Transportation				
Highway Planning and Construction	20.205-1		162,540	-
Union Station	20.205-1		1,342	323
<u>Department of Justice</u>				
JAG Grant	16.810	2013-DJ-BX-0923	45,434	-
State Awards:				
Cash Assistance:				
<u>N.C. Department of transportation:</u>				
Powell Bill			-	1,000,610
<u>N.C. Department of Environment and Natural Resources</u>				
Community Transformation Grant			-	7,532
PARTF-assisted development project at Stoney Creek Park				52,660
<u>N.C. Institute of Public Health</u>				
Health and Wellness Trust Fund				
Fitness Grant		1450	-	8,000
Total assistance			<u>\$ 470,642</u>	<u>\$ 1,104,025</u>

CITY OF GOLDSBORO, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2014

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.