#### City of Goldsboro, North Carolina

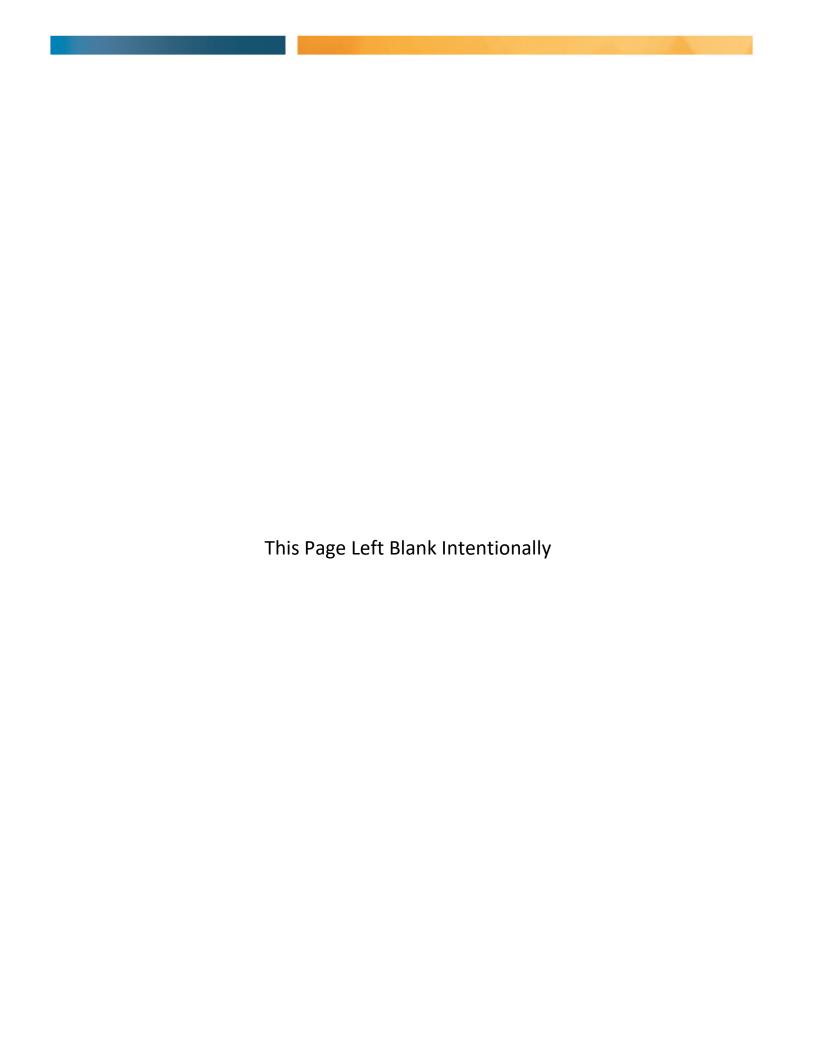
#### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

**Kaye A. Scott** 

**Director of Finance** 





**INTRODUCTORY SECTION** 

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Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

#### City of Goldsboro North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

**Executive Director/CEO** 

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# CITY OF GOLDSBORO MAYOR & COUNCIL



Front Row left to right: Bevan Foster (District 4), Mayor Chuck Allen, and Mark Stevens (District 3). Back Row left to right: Bill Broadaway (District 2), Antonio Williams (District 1), David Ham (District 5) and Gene Aycock (District 6).

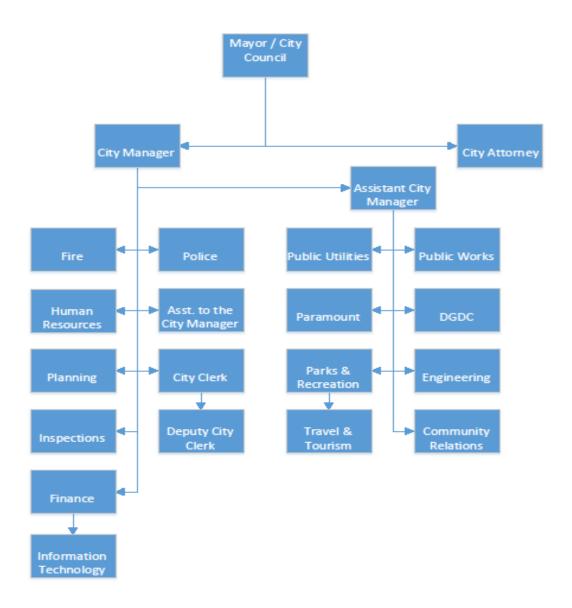
#### CITY MANAGER SCOTT A. STEVENS

ASSISTANT CITY MANAGER RANDY GUTHRIE

CITY ATTORNEY JAMES D. WOMBLE, JR.

FINANCE DIRECTOR KAYE A. SCOTT

#### CITY OF GOLDSBORO ORGANIZATION CHART





North Carolina

February 26, 2018

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, 2017, 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, 2017 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 34,793 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 30 as part of the basic financial statements for the governmental funds. Pages 97-106 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 Alliance. manufacturers Development Inc. recognizes 64 maior distributors/wholesalers and machine shops in the County who account for more than 9,500 jobs. During the last five years, the area has seen the location of several new manufacturing, warehousing and distribution facilities and the expansion of even more such operations. Increases in non-manufacturing employment also continue to contribute to a stable local economy.



Seymour Johnson Air Force Base (the "Base"), located in the City, contributes \$705 million annually (Source - SJAFB FY16 Economic Impact) to the economy. The Base is the home of 4<sup>th</sup> 916<sup>th</sup> Combat Command's Fighter Wing and https://www.facebook.com/269686599773252/photos/?tab=album&album id=26983969309127 6Wing, an Air Force Reserve unit, and several small associate units. The Base currently employs 4,235 active duty military personnel, 778 civilian personnel and 1,602 reservists. Seymour Johnson Air Force Base occupies over 3,200 acres in the southeast section of Goldsboro and manages approximately 50,000 acres in Eastern North Carolina.

The Base continues working a \$15 million contract for airfield pavement repairs with work scheduled for completion in January 2018. This is the latest of \$85 million in airfield pavement improvements over the past 5 years. Also, \$15 million in electrical infrastructure improvements along the airfield and across the base is underway in addition to \$32 million of facility repairs and renovations. A new \$20M Tanker Truck Offload Facility is expected to be contracted in 2018.

4th Medical Group at Seymour Johnson broke ground in August 2014 on a new 107,000 square feet medical clinic. The \$54.3 million facility will provide state of the art medical treatment. The new clinic is expected to be open in February 2018.

Following months of preliminary analysis associated with being named as a preferred alternative location, Seymour Johnson AFB was selected as the first Reserve-led KC-46A Pegasus main operating base by Air Force officials in September 2017. These aircraft will begin replacing the KC-135 Stratotanker aircraft in 2020. To facilitate such transition, \$63 million in infrastructure improvements began in late 2017.

Wayne Community College ("WCC"), located within the City of Goldsboro employs approximately 540 employees with Wayne County as its service area, has approximately 4,458 students enrolled annually in its more than 100 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 UNC Health Care, 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. A new surgical center is under construction and is scheduled for completion in Spring of 2019.

The City of Goldsboro's Inspection Division issued approximately \$157 million for commercial and residential building and miscellaneous permits. The retail sector of the economy is holding steady. Permits have been issued for several vehicle dealerships, assistant living facility, grocery store, hotel, office/administration buildings, retail stores and the Maxwell Agriculture and Convention Center. The Inspection Division issued approximately \$9.8 million in residential permits this past fiscal year.

During the 2016-17 fiscal year, downtown had 19 new businesses open (11 net gain), 17 net new full time jobs created, 18 net new part time jobs created, 2,604 volunteer hours invested in downtown, \$1,727,888 of public investment and \$5,007,273 of reported private investment downtown.

In addition, a \$200,000 Building Reuse Grant from the NC Rural Center obtained in late 2016 resulted in a new private investment of a building that had been vacant for over 10 years and a \$1.4M investment to locate a pediatric dental office that opened this year. The DGDC non-profit organization raised \$74,950 to assist the City with downtown efforts and events through sponsorships from 110 local business sponsors. The City of Goldsboro was a recipient of another Transportation Infrastructure Generating Economic Recovery (TIGER VIII) grant of \$5M to implement four projects, including the continuation of the Center Street Streetscape Project, installation of Wayfinding Signs throughout the City, construction of a Concourse at the GWTA Transit facility and the development of Cornerstone Commons into a pedestrian/transit people connector space. Design development and construction to begin in 2018. Several key buildings were purchased by private investors that will be making substantial investments in early 2018 resulting in additional apartment units and commercial space estimated at approximately \$12.5M. In March 2017, the City and DGDC, through their partnership that results in a Main Street Community, were recognized as "The One To Watch" by the National Main Street Center, a runner-up recognition for the Great American Main Street Award.

On August 15, 2017, Visit North Carolina announced that domestic visitors to and within Wayne County spent \$162.31 million in 2016, an increase of 3.9% from 2015. Approximately 1000 jobs in Wayne County were directly attributable to travel and tourism and the industry generated \$22.3 million in payroll for the county. State and local tax revenues from travel to Wayne County in 2016 amounted to \$12.48 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. Years of growing demand and rising average daily rates in our hotel market has put Goldsboro-Wayne County on a record breaking streak over the last 5 years. The wave of economic development in our area is also telling of our strengthening travel industry. After a \$15 million revitalization of our historic downtown in 2015 and over 40 new restaurants, retail and commercial companies opening in the last 3 years, Goldsboro-Wayne County is rapidly becoming an attractive destination offering a more dynamic experience for our visitors and residents. We only expect to continue this positive trend as we open the doors to The Maxwell Center and Goldsboro Multi-Sport Complex in 2018.

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#### Long-Term Financial Planning



Downtown has realized 45 property acquisitions and 61 new businesses (33 net) sine the September 2013 TIGER V award. This has resulted in 262 new jobs (176 net). combination new property acquisitions, rehabilitation investments and new investments results in a total \$12,830,876 private investment. When compared to the economic statistics for the same period prior to September

2013, the results speak for themselves: 17% increase in building renovation projects, a 115% increase in net new jobs, a 76% increase in net new businesses and a 26% increase in private investment. These projects added approximately 101,500 square feet of productivity to downtown in properties that were vacant or underutilized prior. We anticipate similar impacts with the implementation of the TIGER VIII award, expected to begin in mid-2018, especially since three of these projects have been revered by the community for many years.

In 2013, the City of Goldsboro had a sewer collection system inflow and infiltration analysis done. Significant problems were identified in this study. The City has undertaken an extensive sewer collection system rehabilitation program with four initial phases; Phase 1 (\$375,246) and Phase 2 (\$1,304,000) are completed, Phase 3 is 90% designed (\$1,920,695), and Phase 4 is being designed (\$6,268,382). The Phase 3 project was put on hold due to more critical inflow and infiltration repairs needed on the Phase 4 project and another emergency repair project.

The City of Goldsboro has 163 miles of paved and 2.83 miles of unpaved city streets. Local funding is regularly allocated in the budget to maintain and resurface city streets but additional funding was needed to increase resurfacing and pave some of the unpaved streets. On November 8, 2016, voters approved a \$7,000,000 Infrastructure Bond to allow the City to improve its resurfacing and paving efforts.

The City is working with a professional architect for the design and construction plans for a Police Evidence Room expansion to the existing Police facility at an estimated cost of \$3.5 million. The City is seeking to construct a state of the art evidence storage facility that will have adequate storage capacity to serve the next 30 years. In addition, this architect is also developing construction plans for the replacement of the living quarters at Fire Station 4 estimated to cost \$500,000.

The City is interested in replacing its Herman Park Center, an aging multi-purpose building used for numerous community events, with a modern and fully functional recreation center. An architect has conducted public input meetings and has developed a schematic layout for City Council to consider. This project would include the recreation center replacement and park improvements estimated to cost \$10,000,000 to \$15,000,000 and if approved, could be under construction in summer of 2019.



In November 2015, the City of Goldsboro and the United State Air Force entered into an agreement to develop a multisport complex which will include soccer, football and lacrosse. The plans for this complex include the construction of 8 full size illuminated multi-sport fields, parking, restrooms, walking trails, shelters, playgrounds and concession facilities.

Proposed tournament events are planned for this facility that will stimulate the economy, encourage new investment and provide more recreation, entertainment and shopping options for the citizens of Goldsboro, Wayne County and SJAFB. Funding in the amount of \$7,000,000 is available, and the site will host its first tournament in April 2018.

The Federal Highway Administration designated funds not to exceed the amount of \$900,000 for the construction of the Multi-Use Trail along New Hope Road. A 10-foot-wide multi-use path was constructed and the Federal Highway Administration reimbursed the City of Goldsboro at the rate of 80% (\$720,000) and North Carolina Department of Transportation provided the non-federal match of 20% (\$180,000) for a total estimated project cost of \$900,000. Construction has been completed and the City is awaiting final acceptance by the North Carolina Department of Transportation.

Several transportation improvement projects are underway in design phase, right-of-way acquisition and utility relocation that will improve safety and congestion throughout Goldsboro. US 117 (N. William Street) roadway improvements will widen the existing facility which varies between 2 or 4 lanes and is either undivided or features a two-way left turn lane, to a 4-lane median divided roadway. The project area is from US-70 to US-70 Bypass and will include four signalized intersections and sidewalks. Right-of-way and utility relocation is on-going with a construction let date of August 2018. The realignment of Central Heights Road and Royall Avenue at Berkeley Boulevard will improve the intersection by relocating Central Heights Road to the north side of the railroad track to align with the existing Royall Avenue alignment. This project will include the extension of Fallin Boulevard from Berkeley Boulevard to Central Heights Road and a possible extension of Oak Forest Road from Gateway Drive to Central Heights Road. Right-of-way acquisition is scheduled for February 2018 with a construction let date of July 2020. Wayne Memorial Drive will also see road improvements by widening the existing 2lane facility from New Hope Road to US-70 Bypass to a 4-lane median divided roadway. Rightof-way is scheduled for year 2019 with an estimated construction let date of year 2021. Berkeley Boulevard will also continue to be improved by widening the existing 2-lane facility from New Hope Road to Hood Swamp Road to a 4-lane median divided roadway. Right-of-way is scheduled for year 2019 with a construction let date of year 2021. Finally, Berkeley Boulevard and New Hope Road intersection will see improvements by extending the left turn lane on New Hope Road. This project will relieve congestion and back-ups at the intersection and is scheduled for construction let date of June 2018.

Progress continues on the I-795 corridor which will allow for a complete connection between I-95 in Wilson, North Carolina, and existing I-40. Feasibility studies have been completed and a preferred route has been designated within the Transportation Improvement Program. The extension of I-795 southward along US 117 corridor would connect cities and industrial centers that are important to national defense, economic growth, and job creation. Interchanges along the corridor are currently under construction at O'Berry Road and Country Club Road within Wayne County.

#### 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 it 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 April 2017, 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 contributes 3% 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.

In June 2015, the North Carolina General Assembly enacted a House Bill allowing local governmental units to join the North Carolina State Health Plan. The City of Goldsboro decided to participate in the North Carolina State Health Plan effective January 1, 2016.

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

#### <u>AWARDS</u>

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 1995-2016. 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** 

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#### **INDEPENDENT AUDITORS' 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, 2017, and the related notes to the financial statements, which collectively comprise the City of Goldsboro'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.

#### **Auditors' 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 from 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 auditors' 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 auditors consider 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 purpose 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 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, 2017, and the respective changes in financial position and, where applicable, cash flows 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.

#### **Emphasis of Matter**

As discussed in Note VII the financial statement, the City of Goldsboro, North Carolina adopted Governmental Accounting Standards Board Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of ASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Our opinions are not modified with respect to this matter.

#### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 - 20, the Other Postemployment Benefits' Schedules of Funding Progress and Schedule of Employer Contributions, on page 79, the Local Government Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on page 80 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goldsboro, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* 

*Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial 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 relate 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. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Federal and State Awards 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 February 26, 2018 on our consideration of City of Goldsboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 our audit performed in accordance with *Government Auditing Standards* in considering City of Goldsboro's internal control over financial reporting and compliance.

Goldsboro, North Carolina

Caux Rigge & Ingram, L.L.C.

February 26, 2018

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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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

#### **Financial Highlights**

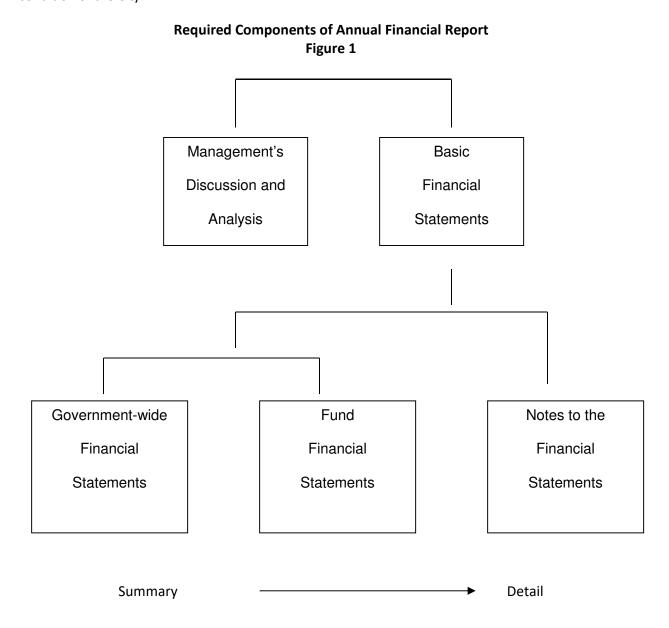
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the recent fiscal year by \$110,316,967 (net position). Of this amount, \$5,587,863 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$319,587 consisting of a \$1,315,444 decrease
  in net position of governmental activities and a \$995,857 increase in net position of businesstype activities. The governmental decrease was primarily the result of the City's pension and
  OPEB liabilities and the implementation of GASB Statement No. 73. Business-type activities
  increased due to utility capital assets increasing and savings on maintenance expenses due to
  the Water Plant Upgrade.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,663,450, an increase of \$10,454,989 in comparison with the prior year. Approximately 36 percent of this total, or \$8,525,354, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$7,811,928 or 21.1 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt increased by \$11,858,151 (19.5%) 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 option 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 is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components (see figure 1). They are as follows:

- Government-wide financial statements
- Fund financial statements
- 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.



#### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 8) 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 fund 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 can also be found in this part of the statements.

**Government-wide financial statements.** The government-wide financial statements consist of two statements. They are the Statement of Net Position and the Statement of Activities. They are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Goldsboro is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Goldsboro that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, buildings and grounds, economic/physical development, environmental protection, and culture and recreation. The business-type activities of the City include water and sewer operations.

The government-wide financial statements can be found on pages 23-25 of this report.

**Fund financial statements**. 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 other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. 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 Board 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 board; 2) the final budget as amended by the board; 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** The City's proprietary type funds provide the same type of information found in the government-wide financial statements, but in more detail. The City uses an enterprise fund to account for its water and sewer activity. To account for the difference between the budgetary basis of accounting and the accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary schedule.

The fund financial statements can be found on pages 27-35 of this report.

**Notes to the financial statements.** The notes to the financial statements 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 can be found on pages 37-75 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the City's operations and property taxes.

The other information can be found on pages 79 - 126 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.

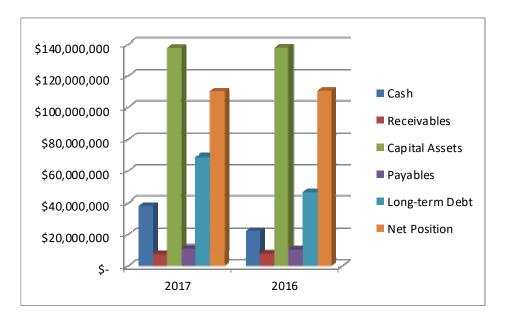
#### **Government-Wide Financial Analysis**

	Governmental Activities					Business-type Activities				Total Primary Government			
		2017		2016		2017		2016		2017		2016	
Current assets	\$	26,999,834	\$	16,620,892	\$	20,594,965	\$	15,335,238	\$	47,594,799	\$	31,956,130	
Capital assets		68,214,288		69,226,431		69,472,834		68,647,620		137,687,122		137,874,051	
Total assets		95,214,122		85,847,323		90,067,799		83,982,858		185,281,921		169,830,181	
Deferred outflows of resources		5,326,579		1,124,471		1,218,248		516,561		6,544,827		1,641,032	
Total assets and deferred outflows		100,540,701		86,971,794		91,286,047		84,499,419		191,826,748		171,471,213	
Current liabilities		6,195,431		5,363,012		4,999,109		5,300,691		11,194,540		10,663,703	
Long-term liabilities		42,337,909		27,962,765		26,567,516		20,471,443		68,905,425		48,434,208	
Total liabilities		48,533,340		33,325,777		31,566,625		25,772,134		80,099,965		59,097,911	
Deferred inflows of resources		537,608		860,820		872,208		875,928		1,409,816		1,736,748	
Total liabilities and deferred inflows		49,070,948		34,186,597		32,438,833		26,648,062		81,509,781		60,834,659	
Net investment in capital assets		38,039,643		44,410,030		50,535,180		47,525,121		88,574,823		91,935,151	
Restricted for:													
Stabilization by State Statute		3,503,289		2,807,277		-		-		3,503,289		2,807,277	
Capital projects		294,478		238,227		6,506,387		-		6,800,865		238,227	
Unrestricted		9,632,343		2,595,393		1,805,647		10,326,236		11,437,990		12,921,629	
Total net position	\$	51,469,753	\$	50,050,927	\$	58,847,214	\$	57,851,357	\$	110,316,967	\$	107,902,284	

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 exceeded liabilities and deferred inflows by \$110,316,967 as of June 30, 2017. The City's net position decreased by \$319,587 for the fiscal year ended June 30, 2017. However, the largest portion of net position (83%) reflects the City's investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,587,863 is unrestricted. With the new reporting change, the City is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense.

#### Government-wide Statement of Net Position Components – 6/30/2017 and 6/30/2016



Several aspects of the City's financial operations influenced its government-wide net position components:

**Governmental activities:** Governmental activities decreased the City's net position by \$1,315,444. Key elements of this decrease are as follows:

- Repayment of interfund loan to the Utility Fund reduced the liabilities by \$250,000.
- The City recognized an increase in long-term liabilities for net pension liabilities from \$1,722,990 to \$8,911,404, in part due to the requirements of GASB 73.
- Net OPEB liability was reported in the amount of \$2,763,401 because of the requirements by GASB 73.
- Total assets increased by \$9,123,144 due to cash and loan proceed investments for street resurfacing and multi-sports complex.

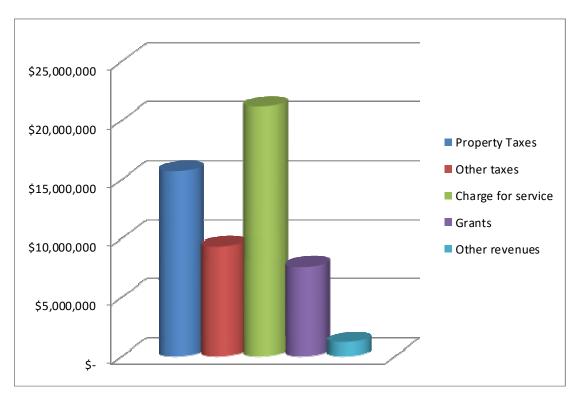
**Business-type activities:** Business-type activities increased the City's net position by \$995,857. Key elements of this increase are as follows:

- The City's General Fund reimbursed the Utility Fund \$250,000 for the interfund loan. FY 2017-18 will be the final payment towards this loan.
- Operating expenditures for Water, Sewer and Compost Facilities were \$578,320 higher for 2017 in compared to 2016 as the City completed utility repairs associated with Hurricane Matthew.
- Investment earnings increased along with receiving insurance proceeds from damages associated with Hurricane Matthew by 439,573.

• The City recognized during the current year a net pension liability for retirees, of which \$838,887 related to business-type activities.

	2017							2016					
		overnmental Activities	Business-type Activities		Total		Governmental Activities		Business-type Activities			Total	
Revenues:													
Program revenues:													
Charges for services	\$	5,180,930	\$	15,965,714	\$	21,146,644	\$	4,865,909	\$	16,175,654	\$	21,041,563	
Operating grants and contributions		7,585,392		-		7,585,392		5,889,609		-		5,889,609	
Capital grants and contributions		-		-		-		3,317,775		-		3,317,775	
General revenues:													
Property taxes		15,679,927		-		15,679,927		15,056,921		-		15,056,921	
Local option sales taxes		8,321,960		-		8,321,960		7,625,338		-		7,625,338	
Other taxes		966,303		-		966,303		889,751		-		889,751	
Unrestricted investment earnings		46,006		44,115		90,121		28,027		13,075		41,102	
Miscellaneous		624,985		480,802		1,105,787		745,492		-		745,492	
Total revenues		38,405,503		16,490,631		54,896,134		38,418,822		16,188,729		54,607,551	
Expenses:													
General government		3,257,540		-		3,257,540		3,547,629		-		3,547,629	
Public safety		17,209,532		-		17,209,532		15,793,509		-		15,793,509	
Transportation		4,428,701		-		4,428,701		4,618,881		-		4,618,881	
Economic and physical development		3,804,064		-		3,804,064		2,241,469		-		2,241,469	
Environmental protection		3,561,080		-		3,561,080		3,371,917		-		3,371,917	
Cultural and recreation		4,103,845		-		4,103,845		3,374,173		-		3,374,173	
Interest on long-term debt		365,594		-		365,594		647,356		-		647,356	
Water and sewer		-		15,494,774		15,494,774		-		14,916,454		14,916,454	
Transfers		256,321		-		256,321		-		-		-	
Assets donated		-		-		-		1,479,880		-		1,479,880	
Total expenses		36,986,677		15,494,774		52,481,451		35,074,814		14,916,454		49,991,268	
Increase in net position		1,418,826		995,857		2,414,683		3,344,008		1,272,275		4,616,283	
Net position, July 1		50,050,927		57,851,357		107,902,284		49,441,189		56,579,082		106,020,271	
Restatement				<u>-</u>		-		(2,734,270)				(2,734,270)	
Net position, June 30	\$	51,469,753	\$	58,847,214	\$	110,316,967	\$	50,050,927	\$	57,851,357	\$	107,902,284	

#### Government-wide Revenues – 6/30/2017



# Water and sewer Interest Cultural Environmental Econ/phy development Transportation Public safety General government

#### Government-wide Expenses – 6/30/2017

#### 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.

**Governmental 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 \$7,811,928, while total fund balance reached \$13,646,593. 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 approximately 21.1% percent of total General Fund expenditures, while total fund balance represents 36.86% of the same amount.

At June 30, 2017, the governmental funds of the City reported a combined fund balance of \$23,663,450, a 44% increase over last year, primarily due to the receipt of loan proceeds on capital project expenditures which have not yet been fully expended. In the General Fund, the actual budget basis fund balance change was an increase for fiscal year 2017 of \$2,642,212 and is primarily due to overall cost savings. Property tax, transportation funding, permits and sale tax revenues increased over prior year's collections. The Downtown District Fund had an increase in fund balance of \$16,385 and the Occupancy Tax Fund decreased by \$85,528. The Capital Project Fund – Street increased \$2,453,731 due to unexpended debt proceeds. A new fund, the Capital Projects Fund – Recreation was created to

account for debt proceeds to fund the construction of a multi-sports facility, with an ending fund balance of \$5,885,915. The DOT TIGER Grant Fund was closed, and its \$508,626 of funds remaining was transferred to the General Fund.

#### **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; and 3) increases in appropriations that become necessary to maintain services.

At June 30, 2017, the governmental funds of the City of Goldsboro reported a combined fund balance of \$23,663,450, a \$10,454,989 increase over last year. Key factors (increases and decreases) in the changes of the fund balances for the governmental funds are noted below:

There were revenue appropriations for reimbursement proceeds received from loans received from expenses previously funded:

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

- Sales Taxes were sufficiently more than originally budgeted.
- The City was affected by Hurricane Matthew and started to receive reimbursements associated with the repairs and recovery from the storm.
- Sales and services revenues decreased in the Golf Course due to Hurricane Matthew and storm related closures for repairs but increased in Recreation Fees and Cable Franchise Fees. There was a slight decrease in refuse collections.
- The difference in unrestricted intergovernmental revenues resulted from decreased collections in State Collections associated with Utility Taxes, which is a consumer driven revenue.
- Transportation planning grant expenditures increased due to allocations for the Multi-Use Path on New Hope Road.
- Restricted revenues decreased for reimbursement with the City's garage fuel pricing and services for the Goldsboro/Wayne Transportation Authority.

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

- Vehicle Licensing Tax did not generate as much revenue as was anticipated for the first year. This budgeted fee were adjusted and evaluated going into FY 2017-18.
- Sales Tax and Utility Franchise Taxes collections were more than foreseen.
- · Transportation planning grant funds received were more than expected due to

completion of authorized projects.

- Miscellaneous revenues were less than the final budget due to Hurricane Matthew related reimbursements crossing fiscal years.
- 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 \$4,242,058. The total increase in net position for the fund was \$995,857. 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, 2017, totals \$137,687,122 (net of accumulated depreciation). These assets include buildings, streets, land, equipment, and vehicles.

The significant capital asset additions during the yearwere:

- Purchase of Utility Vehicle in the Garage Division at a cost of \$34,938.
- Update Network Equipment costing \$316,332.
- Purchase of Trash Truck in the amount of \$122,000 and Skid Steer, Bus Hog and Crew Cab Pickup costing \$114,289.
- Stoney Creek Outfall Rehabilitation in the amount of \$303,165.
- Purchase of 10 Patrol Cars in the Police Department for \$249,023.
- Tennis Court Construction costing \$20,000.
- Passenger Van for Parks & Parks at a cost of \$61,697.
- Purchase of Excavator, Utility Vehicle, Trailer and Pipe Inspections Cameras costing \$444,135.
- Generator purchase at Water Plant for \$251,250.
- Sewer Rehabilitation Improvements at a cost of \$2,771,542.

Additional information on the City's capital assets can be found on pages 50-52 of this report.

#### Government-wide Capital Assets – 6/30/2017

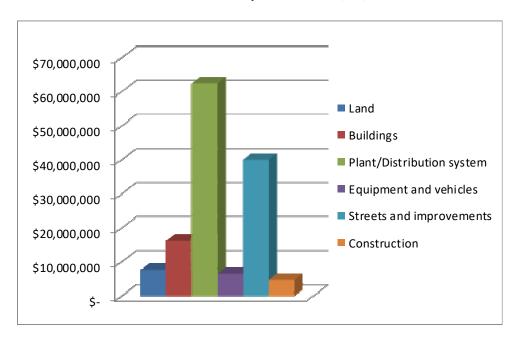


Table 3
City of Goldsboro, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
For the Fiscal Year Ended June 30,

	Governmen	vernmental Activities		<b>Business-type Activities</b>			Total				
	2017		2016		2017		2016		2017		2016
Land	\$ 6,243,091	\$	6,163,286	\$	1,443,282	\$	1,443,282	\$	7,686,373	\$	7,606,568
Buildings	16,137,087		16,863,851		-		-		16,137,087		16,863,851
Plant and Distribution Systems	-		-		62,492,029		62,308,422		62,492,029		62,308,422
Equipment	678,782		373,076		744,456		883,481		1,423,238		1,256,557
Vehicles	3,995,386		4,103,929		1,154,206		896,411		5,149,592		5,000,340
Streets and Improvements	40,012,594		40,292,190		-		-		40,012,594		40,292,190
Construction in progress	1,147,348		1,430,100		3,638,861		3,116,024		4,786,209		4,546,124
Total	\$ 68,214,288	\$	69,226,432	\$	69,472,834	\$	68,647,620	\$	137,687,122	\$	137,874,052

**Long-term Debt**. As of June 30, 2017, the City had total debt outstanding of \$62,077,584. Of this amount, \$21,118,994 represents bonded debt backed by the full faith and credit of the City, while the remainder represents several notes payable and capitalized leases.

Table 4
City of Goldsboro, North Carolina
Condensed Statement of Long Term Debt
For the Fiscal Year Ended June 30,

	Governmen	tal Activities	Business-ty	pe Activities	Total		
	2017	2016	2017	2016	2017	2016	
General obligation bonds	\$ 10,389,178	\$ 4,644,006	\$ 10,729,816	\$ 11,921,993	\$ 21,118,994	\$ 16,565,999	
Capitalized leases	1,104,573	1,128,775	-	-	1,104,573	1,128,775	
Notes Payable	22,035,072	19,790,472	\$ 17,818,945	11,278,198	39,854,017	31,068,670	
Total	\$ 33,528,823	\$ 25,563,253	\$ 28,548,761	\$ 23,200,191	\$ 62,077,584	\$ 48,763,444	

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 \$159,160,536.

Additional information regarding the City's long-term debt can be found in note 6 on pages 65-72 of this report.

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

The average unemployment rate for Goldsboro is currently 5 percent. The statewide and the national average unemployment rates for fiscal year 2017 is 4.5 percent.

As of October 2017, the City's occupancy rates are trending 65.3% for the year, which shows a 1% increase over last year for the same timeframe. Revenues are up 3.6% for October 2017 vs. 2016.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2018**

<u>Governmental Activities:</u> The City's adopted budget for 2018 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 17-18. The City adopted a new stormwater fee of \$4.50 per month per residential unit. The fee will be used to repair and maintain drainage facilities that convey stormwater; thereby, improving drainage flow, and in many cases the water quality of stormwater.

**Business – type Activities:** Water and sewer usage are expected to remain constant in FY 2017-18. The FY 17-18 Budget did not include any increases in its utility service rates and charges. The City did agree to start selling water to the County's water districts. The additional revenues is expected to generate appropriately \$790K annually.

#### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional financial information should be directed to the Director of Finance, City of Goldsboro, P.O. Drawer A, Goldsboro, North Carolina 27533.

**BASIC FINANCIAL STATEMENTS** 

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#### City of Goldsboro Statement of Net Position June 30, 2017 Exhibit 1

		Primary Government	
	Governmental	_	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,101,936	\$ 9,124,354	\$ 21,226,290
Receivables (net)	4,574,987	3,165,447	7,740,434
Internal balances	(290,592)	290,592	-
Inventories	269,813	1,508,185	1,777,998
Restricted assets:			
Cash and investments	10,343,689	6,506,387	16,850,076
Total current assets	26,999,834	20,594,965	47,594,799
Non-current assets:			
Capital assets:			
Land, improvements, and construction in progress	7,390,439	5,082,143	12,472,582
Other capital assets, net of depreciation	60,823,849	64,390,691	125,214,540
Total capital assets	68,214,288	69,472,834	137,687,122
Total non-current assets	68,214,288	69,472,834	137,687,122
Total assets	95,214,122	90,067,799	185,281,921
DEFERRED OUTFLOW of RESOURCES			
Pension deferrals	5,124,536	758,569	5,883,105
Deferred charge on refunding	202,043	459,679	661,722
Total deferred outflows of resources	5,326,579	1,218,248	6,544,827
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,752,280	398,175	2,150,455
Accrued interest payable	72,762	-	72,762
Customer deposits	, -	1,135,548	1,135,548
Current portion of long-term liabilities	4,370,389	3,465,386	7,835,775
Total current liabilities	6,195,431	4,999,109	11,194,540
Long-term liabilities:			
Net pension liability	5,845,619	838,887	6,684,506
Total pension liability	3,065,783	-	3,065,783
Net OPEB liability	2,763,401	428,712	3,192,113
Due in more than one year	30,663,106	25,299,917	55,963,023
Total liabilities	48,533,340	31,566,625	80,099,965
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	531,103	58,352	589,455
Prepaid assessments	6,505	813,856	820,361
Total deferred inflows of resources	537,608	872,208	1,409,816
NET POSITION			
Net investment in capital assets	38,039,643	50,535,180	88,574,823
Restricted for:	30,033,043	30,333,100	50,577,025
Stabilization by State Statute	3,503,289	_	3,503,289
Grants	294,478	6,506,387	6,800,865
Unrestricted	9,632,343	1,805,647	11,437,991
Total net position	\$ 51,469,753	\$ 58,847,214	\$ 110,316,967
Total liet position	7 31,703,733	7 30,047,214	7 110,310,307

The notes to the financial statements are an integral part of this statement

Functions/Programs	Expenses	(	Charges for Services	•	rating Grants	•	al Grants
Primary government:	•						
Governmental Activities:							
General government	\$ 3,257,540	\$	421,844	\$	3,390,078	\$	-
Public safety	17,209,532		557,288		258,484		-
Transportation	4,428,701		152,081		1,933,703		-
Economic and physical development	3,804,064		7,955		743,600		-
Environmental protection	3,561,080		3,308,449		1,259,527		-
Cultural and recreation	4,103,845		733,313		-		-
Interest on long-term debt	365,594		-		-		-
Total governmental							
activities (See Note 1)	36,730,356		5,180,930		7,585,392		-
Business-type activities:							_
Water and sewer	15,494,774		15,965,714		-		-
Total business-type activities	15,494,774		15,965,714		-		-
Total primary government	\$ 52,225,130	\$	21,146,644	\$	7,585,392	\$	-

#### General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales taxes

Other taxes and licenses

Unrestricted investment earnings

Miscellaneous

Total general revenues not including transfers

Transfers to other governments

Total general revenues and transfers

Change in net position

Net position - beginning , as previously reported

Restatement

Net position - beginning, as restated

Net position - ending

## City of Goldsboro Statement of Activities Governmental Funds For the Fiscal Year Ended June 30, 2017 Exhibit 2

#### Net (Expense) Revenue and Changes in Net Position

G	overnmental	ı	Business-type	
	Activities		Activities	Total
\$	554,382	\$	-	\$ 554,382
	(16,393,760)		-	(16,393,760)
	(2,342,917)		-	(2,342,917)
	(3,052,509)		-	(3,052,509)
	1,006,896		-	1,006,896
	(3,370,532)		-	(3,370,532)
	(365,594)		-	(365,594)
	(23,964,034)		-	(23,964,034)
	-		470,940	470,940
	-		470,940	470,940
	(23,964,034)		470,940	(23,493,094)
	15,679,927		-	15,679,927
	8,321,960		-	8,321,960
	966,303		-	966,303
	46,006		44,115	90,121
	624,985		480,802	1,105,787
	25,639,181		524,917	26,164,098
	(256,321)			(256,321)
	25,382,860		524,917	25,907,777
	1,418,826		995,857	2,414,683
	52,785,197		57,851,357	110,636,554
	(2,734,270)		-	(2,734,270)
	50,050,927		57,851,357	107,902,284
\$	51,469,753	\$	58,847,214	\$ 110,316,967

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#### City of Goldsboro Balance Sheet Governmental Funds June 30, 2017 Exhibit 3

		Major	Fund	ls				
	General			Recreation Capital Projects Fund		Total Nonmajor Funds		Total overnmental Funds
ASSETS								
Cash and investments	\$	10,527,199	\$	_	\$	1,574,737	\$	12,101,936
Receivables (net):	·		·		·		·	
Taxes		952,430		-		7,768		960,198
Accounts		3,614,789		-		-		3,614,789
Due from other funds		100,000		-		-		100,000
Inventories		269,813		-		-		269,813
Restricted assets:								
Cash and investments		1,767,085		5,885,915		2,690,689		10,343,689
Total assets	\$	17,231,316	\$	5,885,915	\$	4,273,195	\$	27,390,426
LIABILITIES AND FUND BALANCES Liabilities:								
Accounts payable and accrued liabilities	\$	1,140,158	\$	_	\$	34,485	\$	1,174,643
Accrued compensation payable	•	577,639	•	_		-	•	577,639
Due to other funds		290,592		-		100,000		390,592
Total liabilities		2,008,389		-		134,485		2,142,874
DEFERRED INFLOWS OF RESOURCES		1,576,334		-		7,768		1,584,102
Fund balances:								
Non Spendable								
Inventories		269,813		_		_		269,813
Perpetual care		294,478		_		_		294,478
Restricted		,						- ,
Unexpended bond proceeds		1,767,085		-		2,690,689		4,457,774
Stabilization by State Statute		3,503,289		-		-		3,503,289
Committed								
Downtown Development		-		-		82,896		82,896
Economic Development		-		-		1,357,357		1,357,357
Cultural and Recreational		-		5,885,915		-		5,885,915
Unassigned		7,811,928		-		-		7,811,928
Total fund balances		13,646,593		5,885,915		4,130,942		23,663,450
Total liabilities, deferred inflows of resources, and fund balances	\$	17,231,316	\$	5,885,915	\$	4,273,195	\$	27,390,426
Reconciliation of amounts reported for governmental activities in the because:	e stat	tement of net p	ositio	on (Exhibit 1) a	re dif	ferent		
Total Fund Balance							\$	23,663,450
Capital assets used in governmental activities are not financial resou	irces	and therefore a	are no	t				
reported in the funds.								
Gross capital assets at historical cost						125,359,871		
Accumulated depreciation								68,214,288
•	المالة	o funds				(57,145,583)		
Deferred outflows of resources related to pensions are not reported								5,124,536
Deferred inflows of resources for taxes and special assessments reco	eivabl	е						1,577,597
Net pension and related liabilities								(12,205,906)
Some liabilities, including bonds payable, are not due and payable in	the (	current period	and					
therefore are not reported in the funds (Note 4).								(34,904,212)
Net position of governmental activities							\$	51,469,753

The notes to the financial statements are an integral part of this statement

## City of Goldsboro Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Fiscal Year Ended June 30, 2017 Exhibit 4

		Major F	unds			
		-	Recreation	Tatal Names is a	Tatal Carraman antal	
	General Fund		Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
REVENUES		.=		4	4 4-6-000	
Ad valorem taxes	\$	15,610,418	\$ -	\$ 69,510	\$ 15,679,928	
Local option sales taxes		8,321,960	-	-	8,321,960	
Other taxes and licenses		92,112	-	964,375	1,056,487	
Unrestricted intergovernmental		3,808,477	-	-	3,808,477	
Restricted intergovernmental		3,224,645	-	711,493	3,936,138	
Permits and fees		525,738	-	-	525,738	
Sales and services		4,273,510	-	-	4,273,510	
Investment earnings		28,251	4,927	12,828	46,006	
Miscellaneous		741,579	-	8,992	750,571	
Total revenues		36,626,690	4,927	1,767,198	38,398,815	
EXPENDITURES						
Current:						
General government		3,481,672	-	-	3,481,672	
Public safety		16,910,403	-	-	16,910,403	
Transportation		3,261,299	-	-	3,261,299	
Economic and physical development		2,330,450	-	1,815,298	4,145,748	
Environmental protection		3,179,650	-	· · · · · -	3,179,650	
Cultural and recreational		3,850,313	331,005	-	4,181,318	
Debt service:		, ,	,		, ,	
Principal		3,409,903	-	-	3,409,903	
Interest and other charges		601,673	53,635	_	655,308	
Total expenditures		37,025,363	384,640	1,815,298	39,225,301	
Excess (deficiency) of revenues						
over expenditures		(398,673)	(379,713)	(48,100)	(826,486)	
Other financing sources (uses):						
Transfer from other funds		510,618	-	_	510,618	
Transfer to other funds		-	-	(510,618)	(510,618)	
Transfers to other governments		-	-	(256,321)	(256,321)	
Sale of capital assets		110,040	-	-	110,040	
Payment to Bond Escrow Agent		(1,885,664)	_	_	(1,885,664)	
Premiums on debt issuances		684,211	-	_	684,211	
Proceeds from issuance of refunding debt		1,691,900	-	_	1,691,900	
Proceeds from issuance of debt		1,929,780	6,265,628	2,721,356	10,916,764	
Total other financing sources (uses)		3,040,885	6,265,628	1,954,417	11,260,930	
Net change in fund balances		2,642,212	5,885,915	1,906,317	10,434,444	
		, ,	. ,			
Fund balances, beginning		10,983,836	-	2,224,625	13,208,461	
Change in reserve for inventories		20,545		-	20,545	
Fund balances, ending	\$	13,646,593	\$ 5,885,915	\$ 4,130,942	\$ 23,663,450	

The notes to the financial statements are an integral part of this statement

#### **City of Goldsboro**

(7,965,570)

(7,965,570)

1,418,826

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2017 Exhibit 4

Amounts reported for governmental activities in the statement of activities are

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.

Total changes in net position of governmental activities

Debt and related activity

different because:		
Net changes in fund balances - total governmental funds		\$ 10,434,444
Governmental funds report capital outlays as expenditures. However, in the Statement		
of Activities the cost of those assets is allocated over their estimated useful lives		
and reported as depreciation expense. This is the amount by which depreciation expense		
exceeded capital outlay in the current period.		
Capital outlay expenditures which were capitalized	2,522,763	
Depreciation expense for governmental assets	(3,527,142)	(1,004,379)
Basis in capital assets sold		(7,765)
Decrease in inventory		20,545
Contributions to the pension plan in the current fiscal year are not included		
on the Statement of Activities		1,408,901
Revenues in the statement of activities that do not provide current financial resources		
are not reported as revenues in the funds		63,588
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	(81,248)	
Accrued interest	21,393	
Pensions and related obligations	(1,471,083)	(1,530,938)
The issuance of long-term debt provides current financial resources to governmental		
funds, while the repayment of the pricipal 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,		

# City of Goldsboro Statement of Revenues, Expenditures, and Changes in Fund BalanceBudget and Actual General Fund For the Fiscal Year Ended June 30, 2017 Exhibit 5

	Budgete	d Amounts	_	
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad Valorem taxes	\$ 16,052,000	\$ 16,052,000	\$ 15,610,418	\$ (441,582)
Other taxes and licenses	8,482,200	8,212,200	8,414,072	201,872
Unrestricted intergovernmental	3,473,500	3,836,975	3,808,477	(28,498)
Restricted intergovernmental	1,651,912	3,501,695	3,224,645	(277,050)
Permits and fees	400,300	684,300	525,738	(158,562)
Sales and services	4,962,143	4,281,443	4,273,510	(7,933)
Investment earnings	12,200	12,200	28,251	16,051
Miscellaneous	1,100,000	1,355,100	741,579	(613,521)
Total revenues	36,134,255	37,935,913	36,626,690	(1,309,223
EXPENDITURES				
Current:				
General government	6,702,528	8,673,648	3,481,672	5,191,976
Transportation	3,418,335	4,233,064	3,261,299	971,765
Economic and physical development	1,811,139	4,183,839	2,330,450	1,853,389
Public safety	18,049,247	19,976,105	16,910,403	3,065,702
Environmental protection	3,041,614	3,180,467		817
Cultural and recreational	4,286,772	4,505,786	3,850,313	655,473
Debt Service:	,,	,,	-,,-	,
Principal	3,212,164	3,872,873	3,409,903	462,970
Interest and other costs	-,,	109,958	601,673	(491,715)
Total expenditures	40,521,799	48,735,740	37,025,363	11,710,376
Revenue over (under) expenditures	(4,387,544)	(10,799,827)	(398,673)	10,401,154
Other financing sources (uses):				
Transfer from TIGER grant fund	2,456,122	2,456,122	510,618	(1,945,504)
Transfer to utility fund	-	(253,789)	) -	253,789
Sale of capital assets	325,000	325,000	110,040	(214,960)
Proceeds from issuance of debt	1,606,422	4,866,720	4,305,891	(560,829)
Payment to bond escrow agent	-	-	(1,885,664)	1,885,664
Total other financing sources (uses)	4,387,544	7,394,053	3,040,885	(581,840)
Revenue and other financing sources over (under)				
expenditures and other financing uses	-	(3,405,774)	2,642,212	9,819,313
Fund balance appropriated	-	3,405,774	-	(3,405,774)
Revenues, other financing sources and appropriated fund balance over (under)				
expenditures and other financing uses	\$ -	\$ -	2,642,212	\$ 6,413,540
Fund balances - beginning			10,983,836	
Increase in inventory			20,545	
Fund balances - ending			\$ 13,646,593	

The notes to the financial statements are an integral part of this statement

## City of Goldsboro Statement of Fund Net Position Proprietary Fund June 30, 2017 Exhibit 6

ASSETS	
Current assets:	
Cash and equivalents	\$ 9,124,354
Accounts receivables (net)	3,165,447
Inventories	1,508,185
Due from other funds	290,592
Restricted assets	
Cash and cash equivalents	6,506,387
Total current assets	20,594,965
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	5,082,143
Other capital assets (net)	64,390,691
Capital assets (net)	69,472,834
Total noncurrent assets	69,472,834
Total assets	90,067,799
DEFERRED OUTFLOWS OF RESOURCES	
Contribution to pension plan	758,569
Deferred charge on refunding	459,679
Total deferred outflows of resources	1,218,248
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	398,175
Customer deposits	1,135,548
Note payable - current	2,565,351
Compensated absences - current	54,134
General obligation bonds payable - current	845,903
Total current liabilities	4,999,109
Noncurrent liabilities:	
Compensated absences payable	162,403
Net pension liabiility	838,887
Net OPEB Obligation	428,712
Note payable, net of current	15,253,599
General obligation bonds payable - net of current	9,883,915
Total noncurrent liabilities	26,567,516
Total liabilities	31,566,625
DEFERRED INFLOWS of RESOURCES	
Pension deferrals	58,352
Prepaid Utilities bills	813,856
Total Deferred inflows of resources	872,208
Net Position	
Investment in capital assets	50,535,180
Restricted	6,506,387
Unrestricted	1,805,647
Total net position	\$ 58,847,214

The notes to the financial statements are an integral part of this statement

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## City of Goldsboro Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund For the Fiscal Year Ended June 30, 2017 Exhibit 7

Operating revenues:	
Charges for service	\$ 15,192,17
Assessments	32,369
Water and sewer taps	49,85
Other operating revenues	691,313
Total operating revenues	15,965,71
Operating expenses:	
Water and sewer system:	
Salaries and employee benefits	3,516,108
Utilities	729,396
Repairs and maintenance	968,27
Supplies and other expenses	5,364,654
Bad debt expense	141,730
Depreciation	3,845,993
Total operating expenses	14,566,156
Operating income	1,399,558
Nonoperating revenues (expenses):	
Federal reimbursements	85,344
Insurance recoveries	395,458
Investment earnings	44,11
Interest and fees	(928,618
Total nonoperating expenses	(403,70)
Change in net position	995,85
Total net position - previously reported	57,851,35
Total net position - ending	\$ 58,847,214

## City of Goldsboro Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2017 Exhibit 8

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$	15,368,363
Cash paid for goods and services	·	(7,390,244)
Cash paid to employees for services		(3,179,891)
Customer deposits received		31,222
Other operating revenues		691,313
Net cash provided by operating activities		5,520,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal reimbursements		85,344
Payments received on amounts due from other funds		250,000
Net cash provided by noncapital financing activities		335,344
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance recoveried received		395,458
New long-term borrowings		7,719,185
Principal paid on long-term borrowings		(1,923,315)
Interest paid on long-term borrowings		(216,544)
Acquisition and construction of capital assets		(3,941,237)
Debt issuance costs paid		(449,356)
Principal paid on bond maturities		(1,663,592)
Interest paid on bond maturities		(262,718)
Net cash used in capital and related		
financing activities		(342,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		44,115
Net cash provided by investing activities		44,115
Net increase in cash and cash equivalents		5,558,103
Cash and cash equivalents, July 1		10,072,638
Cash and cash equivalents, June 30	\$	15,630,741

## City of Goldsboro Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2017 Exhibit 8

Reconciliation of operating income to net cash	
provided by operating activities:	
Operating income	\$ 1,399,558
Adjustments to reconcile operating income	
to net cash provided by operating activities	
Depreciation	3,845,997
Change in assets and liabilities	
(Increase)decrease in accounts receivable	93,962
(Increase)decrease in inventory	(18,941)
Increase (decrease) in deferred inflows of resources for pensions	(58,406)
Increase(decrease) in accounts payable and accrued liabilities	(211,283)
Increase(decrease) in customer deposits	31,222
Increase(decrease) in compensated absences	(423)
Increase(decrease) in pension liability	624,620
Increase(decrease) in net OPEB obligation	1,779
(Increase) decrease in deferred outflows of resources for pensions	(242,008)
Increase(decrease) in deferred revenues	54,686
Net cash provided by operating activities	\$ 5,520,763

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#### **NOTE 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

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). 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. Non-operating 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.

**Recreation Capital Projects Fund.** This fund accounts for funds used in the construction of cultural and recreational capital projects

The City reports the following non-major governmental funds:

**Capital Project Fund - Street**. This fund accounts for funds used in the construction of various street capital projects.

**DOT TIGER Grant Fund**. The DOT TIGER Grant Fund was established to account for grant proceeds received for a downtown improvement project.

**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.

**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 and 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 non-operating 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 the governmental fund. 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 taxes receivable are not accrued as 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 in 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 utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Wayne County and then remitted to and distributed by the State. Most 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 is 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 are accounted for at cost. The NCCMT Government Portfolio, an SEC – registered (2a-7) external investment pool, is measured at amortized costs, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

The City's investment in the NCCMT is presented as cash on the Statement of Net Position, and, as it represents cash, the value is its carrying value.

#### 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 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.

#### **City of Goldsboro Restricted Cash**

Governmental activities		
Recreastions Bond	Unexpended loan proceeds	\$ 5,885,915
AMI/Vehicles	Unexpended loan proceeds	1,536,601
Law Enforcement Grant	Unexpended grant proceeds	1,272
Street Bonds	Unexpended loan proceeds	 2,919,901
Total governmental activities		\$ 10,343,689
Business-type activities		
Water and sewer fund	Unexpended bond proceeds	\$ 1,175,894
AMI/Vehicles	Unexpended loan proceeds	5,330,493
Total business-type activities		\$ 6,506,387

#### 4. Ad Valorem Taxes Receivable, Trade Receivables and Other Receivables

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, 2016.

#### 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. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 two items that meets this criterion, contributions made to the pension plan in the 2017 fiscal year and 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 several items that meet the criterion for this category – property taxes receivable, cemetery receivable, refuse receivable, special assessments, miscellaneous receivables and prepaid assessments, prepaid utilities, and pension deferrals.

#### 9. 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.

#### 10. 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.

#### 11. 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 <u>not</u> an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the City's cemetery.

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). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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 the 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 funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund 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.

#### 12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from the LGERS' fiduciary net positions have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 13. Adoption of New Financial Accounting Standards

The following GASB Statements recently issued and adopted by the GASB impacted the City's financial statements:

The City implemented GASB issued Statement No. 77 - Tax Abatement Disclosures. The objective of this Statement is to improve financial reporting by giving users of the financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development.

The City implemented GASB issued Statement No. 82 – *Pension issues* – an amendment of GASB Statements No. 67, 68 and 73. This Statement addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purpose, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has implemented this provision for the year ended June 30, 2017. The implementation of this statement had no effect on net position of the City.

#### **14. Future Accounting Pronouncements**

In June 2015 the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The City is currently assessing the impact of GASB 75 on the financial statements for the year ended Jun 30, 2018.

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits, (pensions and other postemployment benefits [OPEB]). The City is currently assessing the impact of GASB 85 on the financial statements for the year ending Jun 30, 2018.

In June 2017, the GASB issued Statement No. 87 – *Leases* which seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized in inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City is currently assessing the impact of GASB 87 on the financial statements for the year ending June 30, 2021

#### 15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### F. Reconciliation of Government-wide and Fund Financial Statements

### 1. <u>Explanation of certain differences between the government fund balance sheet and the government-wide statement of net position.</u>

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the governmental–wide statement of net position. The net adjustment of \$27,806,303 consists of several elements as follows:

Description	 Amount
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)	\$ 125,359,871
Less accumulated depreciation	(57,145,583)
Net capital assets	68,214,288
Deferred outflow of resources related to pensions are not reported in the funds	5,124,536
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	1,577,597
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing and related issuance costs	(33,528,823)
Deferred loss on refunding debt	202,045
Pension benefit liability	(8,911,402)
OPEB liability	(2,763,401)
Compensated absences	(1,504,672)
Accrued interest payable	(72,762)
Deferred inflows of resources related to pensions are not reported in the funds	(531,103)
Total adjustment	\$ 27,806,303

### 2. 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 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,522,763
Net book value of capital assets disposed of during the year, not recognized on modified accrual basis	(7,765)
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.	(3,527,142)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets	(13,393,796)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	5,430,774
Amortization of loss on refunding debt, the allocation of those deferred outflows over their usefull lives, that is recorded on the Statement of Activities but not in the fund statements	(2,548)
Increase in inventory	20,545
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,408,901
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	21,393
City portion of collective pension expense	(1,519,034)
Decrease in LEO pension obligation	59,156
Increase in OPEB obligation	(11,205)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(81,248)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue	63,588
Total adjustment	\$ (9,015,618)

#### **NOTE 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, 2017, the City's deposits had a carrying amount of \$16,936,802 and a bank balance of \$16,998,225. Of the bank balance, \$750,000 was covered by federal depository insurance and \$16,248,225 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2017, City of Goldsboro had \$3,230 cash on hand.

#### 2. Investments

At June 30, 2017, the City of Goldsboro had \$21,136,335 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no policy regarding credit risk. These amounts are included within cash on the Statement of Net Position.

#### 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	\$ 960,199
Accounts receivable	4,092,698
Allowance for uncollectible	(477,910)
Net governmental receivables	4,574,987
Enterprise Fund:	
Accounts receivable	4,605,783
Allowance for uncollectible	(1,440,336)
Net enterprise receivables	3,165,447
Total net receivables	\$ 7,740,434

#### 4. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

		Beginning						Ending			
	Bal	ance 7/1/2016	Increases		Increases		Decreases		Bala	Balance 6/30/2017	
Capital assets not being depreciated:											
Land	\$	6,163,286	\$	87,570	\$	7,765	\$	6,243,091			
Construction in progress		1,430,100		780,384		1,063,136		1,147,348			
Total capital assests not being depreciated		7,593,386		867,954		1,070,901		7,390,439			
Capital assets being depreciated:											
Buildings		24,135,634		-		-		24,135,634			
Equipment		2,584,303		525,288		10,995		3,098,596			
Streets and improvements		74,674,094		1,467,384		-		76,141,478			
Vehicles and motor equipment		14,283,219		725,273		414,768		14,593,724			
Total capital assets being depreciated		115,677,250		2,717,945		425,763		117,969,432			
Less accumulated depreciation for:											
Buildings		7,271,783		726,764		-		7,998,547			
Equipment		2,211,227		219,582		10,995		2,419,814			
Streets and improvements		34,381,904		1,746,980		-		36,128,884			
Vehicles and motor equipment		10,179,290		833,816		414,768		10,598,338			
Total accumulated depreciation		54,044,204		3,527,142		425,763		57,145,583			
Total capital assets being											
depreciated, net		61,633,046						60,823,849			
Governmental activity capital assets, net	\$	69,226,432	\$	867,954	\$	1,070,901	\$	68,214,288			

A breakdown of depreciation expense by function at June 30, 2017 is as follows:

Depreciation Expense:	
General government	\$ 564,343
Public safety	599,614
Transportation	1,551,942
Economic and physical development	35,271
Environmental protection	493,800
Cultural and recreational	282,171
Total depreciation expense	\$ 3,527,142

		Beginning					Ending	
	Bal	ance 7/1/2016	Increases [		Decreases		Balance 6/30/2017	
Utility Fund								
Capital assets not being depreciated:								
Land	\$	1,443,282	\$ -	\$	-	\$	1,443,282	
Construction in progress		3,116,024	3,638,861		3,116,024		3,638,861	
Total capital assets not being depreciated		4,559,306	3,638,861		3,116,024		5,082,143	
Capital assets being depreciated:								
Plant and distribution systems		127,293,067	3,665,613		-		130,958,680	
Furniture and maintenance equipment		1,726,498	5,742		-		1,732,240	
Vehicles		3,348,327	477,018		116,199		3,709,146	
Total capital assets being depreciated		132,367,892	4,148,373		116,199		136,400,066	
Less accumulated depreciation for:								
Plant and distribution systems		64,984,645	3,482,006		-		68,466,651	
Furniture and maintenance equipment		843,017	144,767		-		987,784	
Vehicles		2,451,916	219,223		116,199		2,554,940	
Total accumulated depreciation		68,279,578	3,845,996		116,199		72,009,375	
Total capital assets being depreciated, net		64,088,314					64,390,691	
Utility Fund capital assets, net	\$	68,647,620	\$ 3,638,861	\$	3,116,024	\$	69,472,834	

#### **Construction commitments**

The government has active construction projects as of June 30, 2017. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2017, the government's commitments with contractors are as follows:

				Remaining		
Project	Sp	Spent-to-date		ommitment		
Governmental activities:				·		
Stoney Creek Project	\$	366,965	\$	2,225,301		
Multi-Sports Complex		780,384		5,115,361		
Total governmental activities		1,147,349		7,340,662		
Business-type activities:						
AMI Project		867,318		4,705,682		
Stoney Creek Sewer Rehab		2,771,542		1,174,836		
Total business-type activities		3,638,860		3,638,860		5,880,518
Total	\$	4,786,209	\$	13,221,180		

#### **B.** Liabilities

#### 1. Pension Plan Obligations

#### a. Local Governmental Employees' Retirement System

Plan Description. The City is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as exofficio members. 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, by calling (919) 981-5454, or at <a href="https://www.osc.nc.gov">www.osc.nc.gov</a>.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service

(age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.34% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$1,496,311 for the year ended June 30, 2017.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$6,684,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was .31496%, which was a decrease of .02965% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,786,670. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$	125,590	\$	234,233
Changes of assumptions		457,829		-
Net difference between projected and actual earnings on pension plan investments		3,695,690		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		-		295,351
Employer contributions subsequent to the measurement date		1,482,481		
Total	\$	5,761,590	\$	529,584

\$1,482,481 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Future amortization:

Year ended June 30:	
2018	\$ 516,414
2019	517,258
2020	1,693,580
2021	1,022,273
2022	-
Thereafter	-
	\$ 3,749,525

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 Percent

Salary Increases 3.5 to 7.75 percent, including inflation and

productivity factor

Investment Rate of Return 7.25 percent, net of pension plan investment

expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

		Long-Term
	Target	<b>Expected Real</b>
Asset Class	Allocation	Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including

LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
City's proportionate share of the net pension liability (asset)	15,865,452	6,684,506	(984,102)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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, 2016, the Separation Allowance's membership consisted of:

Total	118
Active plan members	102
Retirees receiving benefits	16

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

### 3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent

Salary increases 3.5 to 7.35 percent, including inflation and

productivity factor

Discount rate 3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

#### 4. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the Separation Allowance on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$368,432 as benefits came due for the reporting period.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a total pension liability of \$3,065,783. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$226,759.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes of assumptions  Benefit payments and plan administrative expense subsequent	\$	-	\$	59,881
to the measurement date		121,515		
Total	\$	121,515	\$	59,881

\$121,515 reported as deferred outflows of resources related to pension resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$ (11,9	05)
2019	(11,9	05)
2020	(11,9	05)
2021	(11,9	05)
2022	(11,9	05)
Thereafter	(3	56)
	\$ (59,8	81)

\$121,515 paid as benefits came due subsequent to the measurement date is reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	19	6 Decrease	Curr	ent Discount	1	.% Increase
		(2.86%)	Ra	ite (3.86%)		(4.86%)
Total Pension Liability	\$	3,321,749	\$	3,065,783	\$	2,832,969

#### **Schedule of Changes in Total Pension Liability**

	2017	
Beginning balance	\$	3,124,939
Service Cost		130,775
Interest on the total pension liability		107,532
Changes of benefit terms		-
Difference between expected and actuarial experience		-
Change s of assumptions or other inputs		(71,786)
Benefit payments		(225,677)
Other changes		
Ending balance of the total pension liability	\$	3,065,783

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. Population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

### 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.

The City made contributions of \$241,060 for the reporting year. No amounts were forfeited.

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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2016, the State contributed \$17,602,000 to the plan. The City's proportionate share of the State's contribution is \$25,266.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with City and supported by the State was \$64,307. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2016 and at June 30, 2015 was 0%.

For the year ended June 30, 2017, the City recognized pension expense of \$12,633 and revenue of \$12,633 for support provided by the State. At June 30, 2017, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent Salary Increases Not applicable

Investment Rate of Return 7.25 percent, net of pension plan investment

expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

### 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, 2016, the date of the latest actuarial valuation:

		Law
	General	Enforcement
	Employees	Officers
Retirees and dependents receiving benefits	3	16
Active plan members	311	102
Total	314	118

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	\$ 175,322
Interest on net OPEB obligation	127,165
Adjustments to annual required contribution	121,562
Annual OPEB Cost (expense)	180,925
Contributions made	167,941
Increase in net OPEB obligation	12,984
Net OPEB obligation, beginning of year	3,179,129
Net OPEB obligation, end of year	\$ 3,192,113

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 as follows:

			Percentage of	
For Year Ended June			Annual OPEB Cost	Net OPEB
30	Annu	al OPEB Cost	Contributed	Obligation
2017	\$	181,005	92.80%	\$ 3,192,113
2016		231,109	0.00%	3,179,129
2015		566,709	0.00%	2,948,021

Funded Status and Funding Progress. As of December 31, 2016, 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 \$1,955,210. The covered payroll (annual payroll of active employees covered by the plan) was \$17,847,737, and the ratio of the UAAL to the covered payroll was 11.0%. 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, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% 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 5.0% annually. Both rates included a 3% 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, 2016, was 30 years.

#### 2. Other Employment Benefit

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of

contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

### 3. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount			
Contributions to pension plan in current fiscal year	\$ 1,482,481			
Benefit payments made and administrative expenses				
for LEOSSA	121,515			
Differences between expected and actual experience	125,590			
Changes of Assumptions	457,829			
Net difference between projected and actual				
Changes in proportion and differences between				
Employer contributions and proportionate share				
of contributions	3,695,690			
Deferred charge on refunding	661,722			
Total	\$ 6,544,827			

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

Refuse receivable (General Fund)	\$ 193
Paramount collections (General Fund)	3,585
Golf course sales tax collected (General Fund)	636
Prepaid assessments (General Fund)	2,091
Prepaid utility bills (Utility Fund)	813,856
Pension deferrals	589,455
Total	\$ 1,409,816

#### 4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City obtains property insurance coverage and general liability coverage for these risks through commercial carriers. The City also obtains health insurance for City employees through the State health insurance plan administered by Blue Cross Blue Shield of NC. Based on past experience, management believes that the City's coverage's are sufficient.

The City carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims from these risks have not exceeded the total commercial insurance coverage in any of the last 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, 2017, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have any significant effect on the City's financial position.

### 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. A third agreement was executed on September 11, 2015 to lease police radio equipment, and a fourth agreement was executed on March 16, 2016 for additional technology equipment. In all 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, 2017.

	Accumulated								
	 Cost		Depreciation	Net Book Value					
Computer equipment	\$ 1,264,242	\$	310,027	\$	954,215				
Computer equipment	 457,764		91,553		366,211				
	\$ 1,722,006	\$	401,580	\$	1,320,426				

Depreciation expense for these capital assets are included within total depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Year ending June 30		
2018	\$	485,062
2019		287,185
2020		192,812
2021		98,685
2022		98,686
Total minimum lease payments	:	1,162,430
Less: amount representing interest		57,857
Present value of the minimum lease payments	\$	1,104,573

### 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, 2017 are comprised of the following individual issues:

#### Serviced by the General Fund

\$1,705,000 2014 Public Improvements Serial Bonds due in varying annual principal installments and varying semi-annual interest installments through May 1, 2034, interest at 3.34 percent payable with each installment.	\$ 1,360,000
\$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.	249,200
\$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.	625,398
\$3,500,000 2008 Public Improvement Bonds (Street Portion) due in annual principal installments of \$1755,000 through June 1, 2018 plus varying semi-annual interest through June 1, 2018, interest at 3.76 to 4.5 percent payable with each installment.	175,000
\$5,500,000 2017 Public Improvement Bonds due in annual principal installments of \$275,000 through May 1, 2037 plus varying annual interest through May 1, 2037, interest at 3.00 to 5.00 percent payable with each installment.	5,500,000
\$1,691,900 2017 Refunding Bonds (Street Portion) due in varing annual principal installments through May 1, 2030 plus varying annual interest installments through May 1, 2030, interest at 3.00 to 4.00 percent payable with each installment.	1,691,900
Total	\$ 9,601,498

### 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	\$ 1,861,601
\$8,605,000 2011 Public Improvement Serial Bonds (Sanitary Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2020, interest at 3.0 to 4.125 percent payable with each installment	1,470,000
\$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	996,800
\$5,733,100 2017 Refunding Bonds (Sewer Portion) due in varying annual principal installments and varying annual interest installments through May 1, 2030, interest at 3.00 to 4.00 percent payable with each installment.	5,733,100
Total	\$ 10,061,501

At June 30, 2017, City of Goldsboro had bonds authorized but unissued of \$4,500,000 and a legal debt margin of \$159,160,536.

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

		Governme	ental I	Fund	Utility Fund					
Year Ending June 30,	Prin	ıcipal	Inte	erest	Prir	ncipal	Inte	rest		
2018	\$	582,099	\$	320,276	\$	845,901	\$	551,099		
2019		790,997		400,516		1,116,003		542,009		
2020		612,097		299,278		1,107,903		506,915		
2021		733,975		278,078		976,025		240,413		
2022		732,103		251,406		969,897		209,368		
2023-2027		2,959,307		866,360		3,551,692		627,189		
2028-2032		1,815,920		377,215		1,494,080		91,266		
2032-2037		1,375,000		132,688		-		-		
		9,601,498	\$	2,925,817		10,061,501	\$	2,768,259		
Unamortized premium on general obligation bonds Total carrying amount of debt	\$	787,680 10,389,178			\$	668,315 10,729,816	,			

#### 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. On July 10, 2014, the City refinanced this agreement with Capital One Public Funding, LLC. The installment agreement is collateralized by all real and personal property associated with City Hall. The terms of the new agreement require 19 semi-annual installments of varying amounts plus interest at 2.04% per annum beginning November 1, 2014. The balance outstanding at June 30, 2017 was \$966,255.

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, 2017 was \$1,061,949.

On September 10, 2008, the City entered into a financing agreement for \$4,500,000 with RBC Centura for the purchase of the Paramount Theater. On July 10, 2014, the City refinanced this agreement with Capital One Public Funding, LLC. The installment agreement is collateralized by all real and personal property acquired at the Paramount Theater. The terms of the new agreement require 10 semi-annual installments of varying amounts plus interest at 2.04% per annum beginning November 1, 2014. The balance outstanding at June 30, 2017 was \$1,701,745.

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, 2017 was \$529,404.

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, 2017 was \$319,689.

On January 28, 2015, the City entered into a financing agreement for \$1,783,000 with Southern National Bank for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 5 annual payments of varying amounts plus interest at 1.27% per annum. The balance outstanding at June 30, 2017 was \$1,081,000.

On October 16, 2014, the City entered into an intergovernmental agreement with the County of Wayne for an Eastern Regional Economic funding agreement for \$636,876 to assist with the Berkeley Blvd. Widening Project. The installment agreement is collateralized by water and sewer lines located on Berkeley Blvd between Royal Avenue and New Hope Road. The terms of the agreement require 5 annual payments of \$127,375.20 plus interest at .25% per annum. The balance outstanding at June 30, 2017 was \$254,750.

On July 10, 2014, the City entered into a financing agreement for \$4,558,000 with Capital One Public Funding LLC for the construction of a Transfer Facility, Police Complex Improvements and Center Street Streetscape Improvements. The installment agreement is collateralized by all real and personal property acquired at the Paramount Theater and City Hall. The terms of the new agreement require 20 semi-annual installments of varying amounts plus interest at 3.34 % per annum beginning November 1, 2014. The balance outstanding at June 30, 2017 was \$3,878,000.

On June 26, 2015, the City entered into a financing agreement for \$7,280,000 with Sterling National Bank for the construction of the W.A. Foster Recreation Center and renovations of the Goldsboro Event Center. The installment agreement is collateralized by all real and personal property acquired with the construction of W. A. Foster Recreation Center and Goldsboro Event Center Facility. The terms of the new agreement require 15 semi-annual installments of varying amounts plus interest at 2.91 % per annum beginning November 1, 2015. The balance outstanding at June 30, 2017 was \$6,310,000.

On March 8, 2016, the City entered into a financing agreement for \$1,206,590 with Banc of America Public Capital Corporation for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 58 monthly payments of varying amounts plus interest at 1.495% per annum. The balance outstanding at June 30, 2017 was \$973,280.

On March 16, 2017, the City entered into an intergovernmental agreement with the County of Wayne for a funding agreement for \$3,000,000 to assist with the Multi-Sports Complex project. The installment agreement is collateralized by equipment acquired with the loan. The terms of the agreement require 15 annual payments of \$200,000 plus interest at 1.50% per annum. The balance outstanding at June 30, 2017 was \$3,000,000.

On March 23, 2017, the City entered into a financing agreement for \$1,959,000 with Banc of America Public Capital Corporation for the purchase of AMI vehicles. The installment agreement is collateralized by all the equipment acquired with the loan. The terms of the agreement require 15 annual payments of various amounts plus interest at 2.3615% per annum. The balance outstanding at June 30, 2017 was \$1,959,000.

#### 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, 2017 was \$385,362.

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, 2017 of \$1,218,607. 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, 2017 was \$67,190.

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, 2017 was \$5,039,507.

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, 2017 was \$2,353,491.

On March 8, 2016, the City entered into a financing agreement for \$360,410 with Banc of America Public Capital Corporation for the purchase of capital equipment. The installment agreement is collateralized by all equipment acquired with the loan. The terms of the agreement require 58 monthly payments of varying amounts plus interest at 1.495% per annum. The balance outstanding at June 30, 2017 was \$290,720.

On March 23, 2017, the City entered into a financing agreement for \$5,573,000 with Banc of America Public Capital Corporation for the purchase of AMI vehicles. The installment agreement is collateralized by all the equipment acquired with the loan. The terms of the agreement require 15 annual payments of various amounts plus interest at 2.3615% per annum. The balance outstanding at June 30, 2017 was \$5,573,000.

On September 6, 2016, 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 rehabilitation of the Stoney Creek sewer outfall. The loan agreement was executed for 22,891,068 for sewer improvements. The terms of the agreement require 40 semiannual installments due beginning November 1, 2017. The balance outstanding at June 30, 2017 was \$2,891,068.

Annual debt service requirements to maturity for the above notes, including interest of \$2,559,047 for the Utility Fund and \$3,431,945 for the Governmental Funds, are as follows:

Annual debt service requirements for Notes Payable

	 Governme	Funds	Utility	Utility Fund					
Year Ending									
June 30,	Principal		Interest		Principal		Interest		
2018	\$ 2,948,917	\$	520,063	\$	2,565,351	\$	368,264		
2019	2,942,884		460,876		1,351,775		298,222		
2020	2,557,907		398,996		1,349,041		270,573		
2021	1,942,619		346,148		1,348,994		243,433		
2022	1,642,355		301,638		1,274,259		216,304		
2023-2027	5,434,620		1,024,666		4,448,449		780,822		
2028-2032	4,111,770		356,811		4,611,229		340,665		
2033-2037	 454,000		22,747		869,847		40,764		
	\$ 22,035,072	\$	3,431,945	\$	17,818,945	\$	2,559,047		

#### d. Advance Refundings

On July 10, 2014, the City issued \$4,609,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$4,468,238 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$82,976. This amount is being netted against the new debt and amortized over the life of the new debt, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$334,005 and resulted in an economic gain of \$269,487.

On May 23, 2017, the City issued \$7,425,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$7,680,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$595,343. This amount is being netted against the new debt and amortized over the life of the new debt, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$532,631 and resulted in an economic gain of \$441,148.

### e. Long-Term Obligation Activity

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2017:

Governmental activities:	Ва	alance July 1, 2016	Increases	creases Decreases		Balance June 30, 2017		Cu	rrent Portion of Balance
General obligation debt	\$	4,644,006	\$ 7,979,580	\$	2,234,408	\$	10,389,178	\$	582,099
Capitalized leases		1,128,775	457,764		481,966		1,104,573		463,205
Notes Payable		19,790,472	4,959,000		2,714,400		22,035,072		2,948,917
Net pension liability (LGERS)		1,332,329	4,654,773		141,483		5,845,619		-
Net pension obligation (LEO)		3,124,939	166,521		225,677		3,065,783		-
Net OPEB obligation		2,752,196	156,592		145,387		2,763,401		-
Compensated absences		1,423,424	513,534		432,286		1,504,672		376,168
Total governmental activities	\$	34,196,141	\$ 18,887,764	\$	6,375,607	\$	46,708,298	\$	4,370,389

Business-Type activities:	Ва	lance July 1, 2016	Increases	Decreases	Ва	alance June 30, 2017	Cur	rent Portion of Balance
General obligation debt	\$	11,921,993	\$ 6,401,415	\$ 7,593,592	\$	10,729,816	\$	845,901
Notes Payable		11,278,198	8,464,065	1,923,318		17,818,945		2,565,351
Net pension liability (LGERS)		214,267	646,196	21,576		838,887		-
Net OPEB obligation		426,933	24,333	22,554		428,712		-
Compensated absences		216,960	66,620	67,043		216,537		54,134
Total-business type activities	\$	24,058,351	\$ 15,602,629	\$ 9,628,083	\$	30,032,897	\$	3,465,386

Compensated absences and net pension obligation and net other postemployment benefit obligation for governmental activities typically have been liquidated in the general fund. The LGERS plan had a net pension liability as of June 30, 2017; however, the plan had a net pension asset at the beginning of the fiscal year.

### C. Interfund Balances and Activity

Balances due to/from other funds

Fund	Due to	Due from			
General	\$ -		100,000		
Community Development	100,000				
Total	\$ 100,000	\$	100,000		
Utility Fund	\$ -		290,592		
General	290,591				
Total	\$ 290,591	\$	290,592		

General fund advanced \$100,000 to the Community Development for operating expenses. The Utility fund loaned \$2,700,000 to the General fund during the fiscal year ended June 30, 2014 to fund a large claim settlement. The balance outstanding at June 30, 2017 is \$290,592.

The TIGER Grant Fund had \$510,618 in unexpended City matching funds remaining after completion and closing the project. These funds were transferred to the General Fund.

### D. Revenues, Expenditures, and Expenses

On-behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2017, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$12,633 for the 22 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 \$27,665 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, 2017. 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	\$	68,214,288	\$ 69,472,834			
Less: long-term debt		(32,741,143)	(27,880,446)			
Add: unexpended debt proceeds		2,566,498	8,942,792			
Net investment in capital assets	\$	38,039,643	\$ 50,535,180			

#### 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	\$ 13,646,593
Less: Restricted cash and investments	1,767,085
Inventories	269,813
Stabilization by state statute	3,503,289
Perpetual Care	294,478
Remaining fund balance	\$ 7,811,928

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.

	Gei	neral Fund	Non-l	Non-Major Funds			
Encumbrances	\$	700,377	\$	208,631			

#### **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 \$222,467 to the Authority during fiscal year ended June 30, 2017. 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, 2017. 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 lightening insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees.

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2017. 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 EVENTS**

Management has evaluated subsequent events through February 26, 2018, the date on which the financial statements were available to be issued.

#### VII. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$2,734,270.

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### **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

This section contains additional information required by generally accepted accounting principles

- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a percentage of Covered Payroll

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# City of Goldsboro Other Postemployment Benefits Required Supplementary Information Exhibit A-1

### **Schedule of Funding Progress**

Actuarial Valuation Date	 ctuarial Value of Assets ( a )		Actuarial Accrued Liability (AAL) Projected Unit Credit ( b )		nfunded AAL (UAAL) ( b-a )	UAAL) Funded Ratio		vered 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%
12/31/2015	-		1,955,210		1,955,210	0.00%		17,847,737	11.00%

#### **Schedule of Employer Contributions**

Year Ended June 30,	ual Required stribution *	Percentage Contributed *
2011	\$ 371,353	3.10%
2012	352,665	10.81%
2013	352,665	14.32%
2014	554,141	10.81%
2015	562,453	0.00%
2016	225,839	0.00%
2017	175,322	92.80%

### 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	12/31/16
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projeted pay open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Invesment rate of return *	4.00%
Annual medical cost trend rate*	
Pre-Medicare trend rate	7.75%-5.00%
Post-Medicaire trend rate	5.75%-5.00%
Year of ultimate trend rate	2022
* Includes inflation at	3.00%

### City of Goldsboro Local Government Employees' Retirement System Required Supplementary Information Exhibit A-2

#### Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

	2017	2016	2015	2014
City's proportion of the net pension liability (asset) %	0.31496%	0.34461%	0.34955%	0.35980%
City's proportion of the net pension liability (asset) \$	\$ 6,684,506	\$ 1,546,596	\$ (2,061,457)	\$ 4,336,972
City's covered-employee payroll	\$ 19,971,596	\$ 19,751,218	\$ 19,088,994	\$ 18,765,633
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.47%	7.83%	-10.80%	23.11%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.47%	94.35%

<sup>\*</sup> The amounts presented for each year were determined as of the prior fiscal year ending June 30.

### **Schedule of City Contributions**

	_	2017	2016	2015	2014
Contractually required contribution	\$	1,482,481	\$ 1,282,111	\$ 1,361,251	\$ 1,336,240
Contributions in relation to the contractually required contribution	_	1,482,481	1,282,111	1,361,251	1,336,240
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -
City's covered-employee payroll	\$	19,971,596	\$ 19,751,218	\$ 19,088,994	\$ 18,765,633
Contributions as a percentage of covered-employee payroll		7.42%	6.49%	7.13%	7.12%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

### City of Goldsboro Law Enforcement Officers' Special Separation Allowance Required Supplementary Information Exhibit A-3

**Schedule of Changes in Total Pension Liability** 

	2017
Service cost	\$ 130,775
Interest on the total pension liability	107,532
Changes of benefit terms	-
Differences between expected and actual experience	
in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(71,786)
Benefit payments	(225,677)
Other changes	-
Net change in total pension liability	(59,156)
Total pension liability - beginning	3,124,939
Total pension liability - ending	\$ 3,065,783

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

### Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2017
Total pension liability	\$ 3,065,783
Covered payroll	4,659,564
Total pension liability as a	
percentage of covered payroll	65.80%

Notes to the schedule:

The City of Goldsboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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**INDIVIDUAL FUND STATEMENTS AND SCHEDULES** 

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### **GENERAL FUND**

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

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### **City of Goldsboro**

### Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2017

Page 1 of 6

**Exhibit B-1** 

	Budget			Variance Positive (Negative)		
REVENUES			Actual			
Ad valorem taxes	\$ 16,010,000	\$	15,525,753	\$	(484,247)	
Penalties and interest	42,000		84,665		42,665	
Total	16,052,000		15,610,418		(441,582)	
Other taxes and licenses:						
Local option sales taxes	8,130,000		8,321,960		191,960	
Privilege licenses	900		1,823		923	
Vehicle taxes - rental/leases	58,800		66,632		7,832	
Penalties and interest	-		105		105	
Solid waste disposal tax	22,500		23,552		1,052	
Total	8,212,200		8,414,072		201,872	
Unrestricted intergovernmental						
Payment in lieu of taxes	128,500		153,601		25,101	
Utility taxes	2,970,000		2,813,489		(156,511)	
Beer and wine tax	167,000		158,168		(8,832)	
Wayne County School Resource	99,100		118,934		19,834	
ABC revenues	200,000		166,169		(33,831)	
Cherry Hospital reimbursement	53,500		78,577		25,077	
Appropriation from Wayne	8,000		8,000		-	
Other Reimbursements	-		90,651		90,651	
NCDOT Signals Reimbursement	204,000		214,013		10,013	
DEA funds	6,875		6,875		-	
Total	3,836,975		3,808,477		(28,498)	
Restricted intergovernmental:						
Powell Bill allocation	978,912		964,265		(14,647)	
Federal Emergency Management Agency	1,758,819		1,259,527		(499,292)	
Controlled substance tax	7,064		7,142		78	
Local Law Enforcement Block Grant	-		54,098		54,098	
Transportation planning grant	498,000		755,425		257,425	
East Carolina Housing Grant	31,000		32,107		1,107	
Clean Water Management Grant	28,900		-		(28,900)	
GWTA Garage reimbursement	199,000		152,081		(46,919)	
Total	3,501,695		3,224,645		(277,050)	
	•			C	ntinued	

Continued...

### **City of Goldsboro**

### Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund

### For the Fiscal Year Ended June 30, 2017 Exhibit B-1

Page 2 of 6

			Variance Positive
	Budget	Actual	(Negative)
Permits and fees:			
Building and inspection permits	130,000	99,895	(30,105)
Mechanical permits	63,000	68,554	5,554
Plumbing, gas and electric inspections	95,000	85,071	(9,929)
Stormwater Management Fee	14,000	9,700	(4,300)
Miscellaneous permits	382,300	262,518	(119,782)
Total	684,300	525,738	(158,562)
Sales and services:			
Recreation fees	182,963	216,441	33,478
Golf course revenue	568,200	516,873	(51,327)
Recyclable materials sold	5,500	9,897	4,397
Cemetery services	35,400	45,501	10,101
Refuse services	3,250,300	3,219,799	(30,501)
Cable franchise fees	225,380	252,937	27,557
Miscellaneous fees and services	13,700	12,062	(1,638)
Total	4,281,443	4,273,510	(7,933)
Investment earnings	12,200	28,251	16,051
Miscellaneous:			
Officers fees	20,000	22,047	2,047
Other miscellaneous	1,335,100	719,532	(615,568)
Total	1,355,100	741,579	(613,521)
Total revenues	37,935,913	36,626,690	(1,309,223)
EXPENDITURES			
General government			
Governing body:			
Salaries and employee benefits	363,229	362,276	
Operating expenses	621,290	532,870	
Capital outlay	39,705	4,204	
Reimbursement-enterprise fund	=	(120,765)	
Total	1,024,224	778,585	245,639

Continued...

### Schedule of Revenues, Expenditures, and Change in Fund BalanceBudget and Actual General Fund For the Fiscal Year Ended June 30, 2017 Exhibit B-1

Page 3 of 6

	Budget	Actual	Variance Positive (Negative)
Administration:			( -0
Salaries and employee benefits	1,527,581	1,013,932	
Operating expenditures	1,098,904	1,015,747	
Capital outlay	3,337,205	326,361	
Reimbursement-enterprise fund	-	(297,887)	
Total	5,963,690	2,058,153	3,905,537
Finance:			
Salaries and employee benefits	802,711	805,241	
Operating expenditures	454,677	445,712	
Reimbursement-enterprise fund	, -	(913,432)	
Total	1,257,388	337,521	919,867
Public building and grounds:			
Salaries and employee benefits	236,565	212,144	
Operating expenditures	191,781	175,787	
Reimbursement-enterprise fund		(80,518)	
Total	428,346	307,413	120,933
Total general government	8,673,648	3,481,672	5,191,976
Transportation:			
Street and highways:			
Salaries and employee benefits	1,753,076	1,737,821	
Street lights	585,750	451,387	
Operating expenditures	1,546,923	746,695	
Capital outlay	102,929	102,929	
Total	3,988,678	3,038,832	949,846
Goldsboro/Wayne Transportation Authority:	244,386	222,467	21,919
Total transportation	4,233,064	3,261,299	971,765
Economic and physical development:			
Planning and redevelopment			
Salaries and employee benefits	597,146	581,802	
Operating expenditures	2,287,831	953,903	
Reimbursement-enterprise	-	(305,930)	
Capital outlay	668,233	537,525	
Total	3,553,209	1,767,300	1,785,909
		· · · · · · · · · · · · · · · · · · ·	Continued

### Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2017

### Exhibit B-1

Page 4 of 6

			Variance Positive
Community official	Budget	Actual	(Negative)
Community affairs	110.171	07.057	
Salaries and employee benefits	110,171	87,057	
Operating expenditures  Total	23,194 133,365	21,785 108,842	24 522
Total	133,305	108,842	24,523
Downtown district			
Salaries and employee benefits	256,373	257,106	
Operating expenditures	175,892	132,202	
Total	432,265	389,308	42,957
Other appropriations			
Project Uplift	5,000	5,000	
Community in Schools	15,000	15,000	
Wages	20,000	20,000	
WATCH	20,000	20,000	
WISH	5,000	5,000	
Total	65,000	65,000	-
Total economic and physical			
development	4,183,839	2,330,450	1,853,389
Public safety:			
Personnel and safety:			
Salaries and employee benefits	395,818	371,734	
Operating expenditures	155,538	154,117	
Total	551,355	525,851	25,504
Building and traffic maintenance:			
Salaries and employee benefits	375,315	372,494	
Operating expenditures	167,761	153,032	
Capital outlay	21,005	19,671	
Total	564,081	545,197	18,884
Engineering:			
Salaries and employee benefits	767,696	769,268	
Operating expenditures	285,305	209,484	
Reimbursement-enterprise fund	-	(737,590)	
Total	1,053,001	241,162	811,839
	2,000,001	,	Continued

### Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund

### For the Fiscal Year Ended June 30, 2017 Exhibit B-1

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	Budget	Actual	Variance Positive (Negative)
Fire:	Duaget	7100001	(itegutive)
Salaries and employee benefits	5,266,421	5,283,099	
Operating expenditures	665,392	620,548	
Capital outlay	1,510,460	22,740	
Total	7,442,273	5,926,387	1,515,886
Police:			
Salaries and employee benefits	7,085,338	6,939,619	
Operating expenditures	2,078,766	1,634,498	
Capital expenditures	326,973	282,173	
Total	9,491,077	8,856,290	634,787
Other appropriations			
Salaries and employee benefits	540,485	540,480	
Operating expenditures	313,505	254,707	
Capital expenditures	20,329	20,329	
Total	874,319	815,516	58,803
Total public safety	19,976,105	16,910,403	3,065,702
Environmental protection:			
Cemetery:			
Salaries and employee benefits	249,079	249,827	
Operating expenditures	57,067	44,792	
Capital Outlay	12,000	31,111	
Total	318,146	325,730	(7,584)
Sanitation:			
Salaries and employee benefits	1,740,650	1,745,923	
Operating expenditures	999,671	985,997	
Capital outlay	122,000	122,000	
Total	2,862,321	2,853,920	8,401
Total environmental protection	3,180,467	3,179,650	817
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits	2,193,781	2,178,363	
Operating expenditures	1,098,107	647,510	
Capital outlay	439,831	283,209	
Total	3,731,719	3,109,082	622,637
			Continued

### Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund

### For the Fiscal Year Ended June 30, 2017 Exhibit B-1

Page 6 of 6

	Podos	0 atual	Variance Positive
Golf Course:	Budget	Actual	(Negative)
Salaries and employee benefits	308,839	309,815	
Operating expenditures	326,995	319,285	
Capital outlay	93,233	67,131	
Total	729,067	696,231	32,836
Assistance to:			
Museum	15,000	15,000	
Art Council	30,000	30,000	
Total	45,000	45,000	-
Total cultural and recreational	4,505,786	3,850,313	655,473
Debt Service:			
Principal	3,872,873	3,409,903	
Bond issuance costs		30,109	
Interest and fees	109,958	571,564	
Total debt service	3,982,831	4,011,576	(28,745)
Total expenditures	48,735,740	37,025,363	11,710,377
Revenue over (under) expenditures	(10,799,827)	(398,673)	10,401,154
Other financing sources (uses):			
Transfer from other funds	2,456,122	510,618	(1,945,504)
Transfer to Utililty Fund	(253,789)	-	253,789
Sale of capital assets	325,000	110,040	(214,960)
Payment to Bond Escrow Agent	-	(1,885,664)	(1,885,664)
Proceeds from issuance of refunding bond	-	1,889,127	1,889,127
Proceeds from issuance of debt	4,866,720	2,416,764	(2,449,956)
Total other financing sources (uses)	7,394,053	3,040,885	(4,353,168)
Revenue and other financing sources over (under)			
expenditures and other financing uses	(3,405,774)	2,642,212	6,047,986
Fund balance appropriated	3,405,774	-	(3,405,774)
Revenues, other financing sources and			
appropriated fund balance over (under)			
expenditures and other financing uses	\$ -	2,642,212	\$ 2,642,212
Fund balances, beginning as previously reported		10,983,836	
Character in the control of the cont		20,545	
Change in reserve for inventory		20,515	

**NON-MAJOR GOVERNMENTAL FUNDS** 

### City of Goldsboro Combining Balance Sheet Non-Major Governmental Funds June 30, 2017 Exhibit C-1

			9	Special Rev	enue Funds			Capital Project Fund	
		ommunity velopment Fund	Do	wntown trict Fund	Occupancy Tax Fund		T Tiger nt Fund	Capital Project Fund- Street	Totals
ASSETS									
Cash and investments Accounts receivable Restricted assets	\$	243,656 -	\$	84,076 7,768	\$ 1,247,005 -	\$	-	\$ - -	\$ 1,574,73 7,76
Cash and investments		-		-	-		-	2,690,689	2,690,68
Total assets	\$	243,656	\$	91,845	\$ 1,247,005	\$	-	\$ 2,690,689	\$ 4,273,19
Liabilities: Accounts payable and accrued liabilities Due to other funds	\$	5,730 100,000	\$	1,181	\$ 27,574	\$	-	\$ - -	\$ 34,44
Total liabilities		105,730		1,181	27,574		-	-	134,48
Deferred Inflows of Resource: Taxes receivable	S	-		7,768	-		-	-	7,70
Fund balances: Restricted Capital projects		-		-	-		_	2,690,689	2,690,68
Committed Economic Development		137,926		-	1,219,431		-	- -	1,357,3
Downtown Development Total fund balance		137,926		82,896 82,896	1,219,431		-	2,690,689	82,89 4,130,9
		- ,		,,,,,,	, -, -			, ,	,
Total liabilities, deferred inflo resources, and fund balances	ws of S	243,656	\$	91,845	\$ 1,247,005	Ś		\$ 2,690,689	\$ 4,273,19

# City of Goldsboro Combining Statement of Revenues, Expenditures, And Changes in Fund Balance Non-Major Governmental Funds For the Fiscal Year Ended June 30, 2017 Exhibit C-2

			Special Rev	enue Funds		Capital Project Fund		
		mmunity velopment Fund	wntown crict Fund	Occupancy Tax Fund	OOT Tiger rant Fund	Capital Project Fund - Street		Totals
Revenues:								
Restricted intergovernmental								
Community Development Block								
Grant	\$	477,252	\$ -	\$ -	\$ -	\$ -	\$	477,252
Home Partnership Program		184,241	-	-	-	-		184,241
Program income		50,000	-	-	-	-		50,000
Ad valorem taxes		-	69,510	-	-	-		69,510
Other taxes and licenses		-	-	964,375	-	-		964,375
Owner Income		7,955	-	-	-	-		7,955
Investment earnings		-	202	3,560	1,992	7,074		12,828
Other income		-	-	1,037	-	-		1,037
Total revenues		719,448	69,712	968,972	1,992	7,074		1,767,198
Expenditures								
Economic and physical development								
Salaries and employee benefits		-	_	99,814	_	-		99,814
Operating expenditures		_	_	357,747	-	_		357,747
Downtown revitalization		689,093	53,327	-	_	_		742,420
Capital Outlay		-	-	340,618	_	274,699		615,317
Total Economic and physical		689,093	53,327	798,179	-	274,699		1,815,298
Revenues over (under) expenditures		30,355	16,385	170,793	1,992	(267,625)		(48,100)
Other Financing Sources (Uses):								
Transfers to other governments		-	_	(256,321)	_	_		(256,321)
Transfers to other funds		_	_	-	(510,618)	_		(510,618)
Proceeds from debt issuance		_	_	_	-	2,721,356		2,721,356
Total other financing sources (uses)		-	-	(256,321)	(510,618)	2,721,356		1,954,417
Revenue and other financing sources or expenditures and other financing uses	ver (ui	nder) 30,355	16,385	(85,528)	(508,626)	2,453,731		1,906,317
FUND BALANCES, beginning of year		107,571	66,511	1,304,959	508,626	236,958		2,224,625
FUND BALANCES, end of year	\$	137,926	\$ 82,896	\$ 1,219,431	\$ -	\$ 2,690,689	\$	4,130,942

#### **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 was 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 developing tourism, support services, and tourist-related events and for any other appropriate activities to provide tourism-related facilities and attractions.

#### DOT TIGER Grant Fund

The DOT TIGER Grant Fund was established to account for grant proceeds received for a downtown improvement project.

Page 1 of 4

			Variance		
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	to Date	(Negative)
Revenues:					
Restricted intergovernmental					
Community Development Block Grant	\$ 4,119,001	\$ 2,561,646	\$ 477,252	\$ 3,038,898	\$ (1,080,103
Home Partnership Program	2,296,791	2,001,263	184,241	2,185,504	(111,287
Urgent Repair Program	187,000	137,000	50,000	187,000	-
Local Grants	112,036	453,062	-	453,062	341,026
Owner Income	-	-	7,955	7,955	-
Total revenues	6,714,828	5,152,971	719,448	5,872,419	(850,364
Expenditures:					
HOME FY 02-03					
Administration	22,482	22,482	_	22,482	-
Rehabilitation	8,199	6,449	_	6,449	1,750
Homebuyer Assistance	39,308	39,308	-	39,308	•
HOME FY 08-09					
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	
CDBG FY 09-10					
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	200,21.
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
HOME FY 09-10					
Administration	20,569	20,569		20 560	
	•	•	-	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
CDBG FY 10-11					
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	

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			Variance		
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	to Date	(Negative)
HOME FY 10-11					
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	-
CDBG FY 11-12					
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	27,288	-	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)
HOME FY 11-12					
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	-
CDBG FY 12-13					
Administration	76,901	61,602	-	61,602	15,299
Relocation	79,285	43,448	-	43,448	35,837
Public Facilities	150,000	35,316	-	35,316	114,684
Afterschool Enrichment	56,475	56,474	-	56,474	1
Demolition	-	11,060	-	11,060	(11,060)
HOME FY 12-13					
Administration	17,927	16,600	-	16,600	1,327
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	-
CDBG FY 13-14					
Administration	77,870	69,882	-	69,882	7,988
Public Facilities	152,754	2,754	-	2,754	150,000
Hazardous Materials	500	· <u>-</u>	-	· -	500
Afterschool Enrichment	50,140	50,051	-	50,051	89
Demolition	44,217	43,239	-	43,239	978
Rehab. Homeowners	53,115	52,365	_	52,365	750
Transitional Housing	5,000	2,246	_	2,246	2,754
Urgent Repair Program	39,100	37,000	_	37,000	2,100
5. 65.16 Heban 1 108.am	33,100	37,000		37,000	2,100

Page 3 of 4

	_		Actual		Variance	
	Project	Prior	Current	Total	Positive	
	Authorization		Year	to Date	(Negative)	
HOME FY 13-14						
Administration	16,517	15,514	-	15,514	1,003	
Homebuyers Assistance	136,881	102,066	-	102,066	34,81	
CHDO-Set Aside	40,267	33,237	-	33,237	7,030	
CDBG FY 14-15						
Administration	64,433	61,012	-	61,012	3,42	
Public Facilities	602,173	465,425	-	465,425	136,74	
Hazardous Materials	7,825	7,825	-	7,825		
Afterschool Enrichment	50,182	50,179	-	50,179		
Demolition	30,480	30,480	-	30,480		
Rehab. Homeowners	34,752	34,752	-	34,752		
Transitional Housing	10,303	8,000	-	8,000	2,30	
HOME FY 14-15						
Administration	15,965	14,742	-	14,742	1,22	
Homebuyers Assistance	111,564	40,725	-	40,725	70,83	
CHDO-Set Aside	71,665	71,665	-	71,665		
CDBG FY 15-16						
Administration	6,233	67,697	7,038	74,735	(68,50	
Public Facilities	8,270	507,785	-	507,785	(499,51	
Hazardous Materials	720	2,147	-	2,147	(1,42	
Afterschool Enrichment	1,953	46,831	-	46,831	(44,87	
Demolition	-	15,250	-	15,250	(15,25	
Economic Development	-	30,000	-	30,000	(30,00	
Rehab. Homeowners	-	13,155	-	13,155	(13,15	
Urgent Repair Program	-	100,000	-	100,000	(100,00	

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	_		Actual		Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	to Date	(Negative)
HOME FY 15-16					
Administration	310	14,574	17,184	31,758	(31,448
Homebuyers Assistance	16,875	49,541	-	49,541	(32,666
CHDO-Set Aside	50,147	57,853	50,147	108,000	(57,853
CDBG FY 16-17					
Administration	82,838	-	72,457	72,457	10,381
Public Facilities	352,633	-	352,633	352,633	-
Economic Development	20,000	-	20,000	20,000	-
Transitional Housing	28,870	-	23,231	23,231	5,639
Afterschool Enrichment	48,589	-	46,790	46,790	1,799
Urgent Repair Program	100,000	-	-	-	100,000
ESFRLP - Disaster Recovery	150,000	-	-	-	150,000
HOME FY 16-17					
Administration	15,963	-	15,164	15,164	799
Homebuyers Assistance	74,816	-	29,449	29,449	45,367
CHDO-Set Aside	159,433	-	55,000	55,000	104,433
Total expenditures	6,209,506	5,045,400	689,093	5,734,493	475,013
Revenue over (under) expenditures	505,322	107,571	30,355	137,926	(375,351
Fund balance appropriated	(505,322)	-	-	-	505,322
Revenues and appropriated fund balance	<u>^</u>	ć 407.574	20.255	ć 427.02 <i>c</i>	ć 420.074
over (under) expenditures	\$ -	\$ 107,571	30,355	\$ 137,926	\$ 129,971
Fund balance, beginning of year			107,571		
Fund balance, end of year			\$ 137,926		

# City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Downtown District Fund For the Fiscal Year Ended June 30, 2017 Exhibit C-4

	Budget			Actual	Variance Positive (Negative)	
Revenues:						
Ad valorem taxes	\$	73,533	\$	68,795	\$	(4,738)
Penalties and interest		300		715		415
Investment earnings		65		202		137
Total revenues		73,898		69,712		(4,186)
Expenditures:						
Downtown revitalization		77,843		52,175		25,668
Contingency		30,000		1,152		28,848
Total expenditures		107,843		53,327		54,516
Revenue over (under) expenditures		(33,945)		16,385		17,560
Fund balance appropriated		33,945		-		(33,945)
Revenues and appropriated fund balance						
over (under) expenditures	\$			16,385	\$	(16,385)
Fund balance, beginning of year				66,511		
Fund balance, end of year			\$	82,896		

# City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Occupancy Tax Fund For the Fiscal Year Ended June 30, 2017 Exhibit C-5

	Budget	Actual	nce Positive Negative)
Revenues:			
Other taxes and licenses	\$ 794,400	\$ 964,375	\$ 169,975
Other income	-	1,037	1,037
Investment earnings	600	3,560	2,960
Total revenues	795,000	968,972	173,972
Expenditures:			
Tourism expenses:			
Salaries and employee benefits	121,899	99,814	22,085
Operating expenditures	387,853	357,747	30,106
Capital Outlay	465,976	340,618	125,358
Total Tourism	975,728	798,179	177,549
Contingency	243,623		 243,623
Total expenditures	1,219,351	798,179	421,172
Revenues over (under) expenditures	(424,351)	170,793	(595,144)
Other Financing Sources (Uses):			
Transfers to other governments	(264,800)	(256,321)	8,479
Total other financing sources (uses)	(261,011)	(256,321)	8,479
Revenue and other financing sources over (under) expenditures and other financing uses	(685,362)	(85,528)	(586,665)
Fund balance appropriated	685,362	-	685,362
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	(85,528)	\$ (85,528)
Fund balance, beginning of year		1,304,959	
Fund balance, end of year		\$ 1,219,431	

# City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual DOT Tiger Grant Fund For the Fiscal Year Ended June 30, 2017 Exhibit C-6

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive e (Negative)		
Revenues:							
Unrestricted intergovernmental:							
Tiger V Grant Reimbursement	\$ 10,000,000	\$ 10,048,432	\$ -	\$ 10,048,432	\$ 48,432		
Other taxes and revenues	-	60,170	-	60,170	60,170		
Investment earnings	-	1,645	1,992	3,637	3,637		
Total revenues	10,000,000	10,110,247	1,992	10,112,239	112,239		
Expenditures:							
Loan Expense	115,000	155,737	-	155,737	(40,737)		
Construction Cost	14,500,785	14,525,341	-	14,525,341	(24,556)		
Total expenditures	14,615,785	14,681,078	-	14,681,078	(65,293)		
Revenues over (under) expenditures	(4,615,785)	(4,570,831)	1,992	(4,568,839)	46,946		
Other financing sources (uses)							
Transfers to other funds	4,615,785	4,672,966	(510,618)	4,162,348	(453,437)		
Loan proceeds	-	-	-	-	-		
Donations	-	406,491	-	406,491	406,491		
Total other financing sources	4,615,785	5,079,457	(510,618)	4,568,839	(46,946)		
Revenues and other financing sources over							
(under) expenditures and other financing uses	\$ -	\$ 508,626	(508,626)	\$ -	\$ -		
Fund balance, beginning of year			508,626				
Fund balance, end of year			\$ -				

#### **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 Street
- Recreation Capital Projects Fund

The Capital Projects Funds are established to account for general capital projects.

			Actual		Mantanaa
	Project Authorization		Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Street Project					
Investment earnings	\$ -	\$ 4,184	\$ 7,074	\$ 11,258	\$ 11,258
Expenditures					
Capital Projects					
Goldsboro Event Center	1,200,000	1,117,400	-	1,117,400	(82,600)
W. A. Foster Recreation Center	6,000,000	5,849,826	-	5,849,826	(150,174)
Street Project	2,500,000	-	274,699	274,699	(2,225,301)
Administrative costs	80,000	80,000	-	80,000	<u>-</u>
Total expenditures	9,780,000	7,047,226	274,699	7,321,925	2,458,075
Revenues over (under) expenditures	(9,780,000)	(7,043,042)	(267,625)	(7,310,667)	2,469,333
Other financing sources (uses)					
Proceeds from debt issuance	9,780,000	7,280,000	2,721,356	10,001,356	221,356
Total other financing sources	9,780,000	7,280,000	2,721,356	10,001,356	221,356
Revenues and other financing sources over					
(under) expenditures and other financing uses	\$ -	\$ 236,958	2,453,731	\$ 2,690,689	\$ 2,690,689
Fund balance, beginning of year			236,958		
Fund balance, end of year			\$ 2,690,689		

			Actual		
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment earnings	\$ -	\$ -	\$ 4,927	\$ 4,927	\$ 4,927
Expenditures					
Construction	5,500,000	-	331,005	331,005	5,168,995
Debt Service					
Principal	-	-	-	-	-
Interest and Other Costs	-	-	53,635	53,635	(53,635)
Total expenditures	5,500,000	-	384,640	384,640	5,115,360
Revenues over (under) expenditures	(5,500,000)	-	(379,713)	(379,713)	5,120,287
Other financing sources (uses)					
Proceeds from loans	5,500,000	-	6,265,628	6,265,628	765,628
Total other financing sources (uses)	5,500,000	-	6,265,628	6,265,628	765,628
Revenues and other financing sources over (under) expenditures	ċ	ė	5,885,915	\$ 5,885,915	\$ 5,885,915
sources over (under) expenditures	<del>-</del>	· -	= 3,883,913	Ç 3,863,913	ر کروی ک
Fund balance, beginning of year					

#### **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 Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Utility Fund For the Fiscal Year Ended June 30, 2017 Exhibit E-1

Page 1 of 2

			Page 1 of
			Variance
			Positive
	Budget	Actual	(Negative)
Revenues			
Operating revenues:			
Charges for services	\$ 15,278,688	\$ 15,192,175	\$ (86,513)
Assessments	-	32,369	32,369
Water and sewer taps	36,500	49,857	13,357
Miscellaneous fees and services	336,500	354,766	18,266
Total operating revenues	15,651,688	15,629,167	(22,521)
Nonoperating revenues:			
Other revenues	205,000	336,547	131,547
Unrestricted federal grants	1,577,258	85,344	(1,491,914)
Insurance reimbursements	-	395,458	395,458
Investment earnings	9,000	44,115	35,115
Total nonoperating revenues	1,791,258	861,464	(929,794)
Total revenues	17,442,946	16,490,631	(952,315)
Expenditures			
Maintenance			
Salaries and employee benefits	1,420,430	1,381,360	
Travel	3,500	2,438	
Supplies	358,249	262,844	
Insurance	52,022	52,016	
Repairs and maintenance	57,601	33,834	
Other expenses	306,724	269,119	
	2,198,525	2,001,611	196,914
Water Plant			
Salaries and employee benefits	725,454	663,086	
Travel	2,220	1,293	
Supplies	778,923	559,567	
Insurance	75,075	75,073	
Utilities	230,836	214,296	
Repairs and maintenance	491,564	301,989	
Other expenses	784,286	487,265	
Utility service fee	1,228,061	1,228,061	
	4,316,420	3,530,630	785,790
Waste Treatment Plant			
Salaries and employee benefits	1,259,468	1,229,811	
Travel	6,175	4,376	
Supplies	245,766	184,574	
Insurance	169,797	169,793	
Utilities	537,002	515,100	
Repairs and maintenance	862,468	519,581	
Other expenses	352,812	278,561	
Utility service fee	1,228,061	1,228,061	
	4,661,549	4,129,857	531,692

# City of Goldsboro Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Utility Fund For the Fiscal Year Ended June 30, 2017 Exhibit E-1

Page 2 of 2

	Budget	Actual	Po	riance sitive gative)
Compost facility department			(	<b>5</b>
Salaries and employee benefits	\$ 262,602	\$ 262,072		
Supplies	23,485	14,249		
Insurance	41,451	41,450		
Repairs and maintenance	144,419	112,868		
Other expenses	158,200	115,463		
	630,156	546,102		84,054
Other General operating expenses	1,819,862	426,579		1,393,283
Budgetary appropriations		•		
Bond principal	1,663,593	1,663,592		
Notes payable principal payments	1,943,237	1,925,625		
Debt issuance costs	1,545,257	102,025		
Bond interest	591,148	836,705		
Capital outlay	7,364,931	996,218		
Capital Outlay	11,562,909	5,524,165		6,038,74
Total expenditures	25,189,421	16,158,944		9,030,47
Revenues over (under) expenditures	(7,746,475)	331,687		8,078,16
Other financing sources (uses):				
Transfer from general fund	250,000	_		(250,00
Transfer to water and sewer capital projects fund	(200,000)	(200,000)		(230,00
Proceeds from debt	5,345,500	5,573,000		227,50
Proceeds from refunding debt	-	6,401,415		6,401,41
Capital lease proceeds	273,000	0,101,113		(273,00
Payment to refunded bond escrow agent	-	(6,389,679)	(	6,389,67
Fund balance appropriated	2,077,975	-		2,077,97
Total other financing sources( uses)	7,746,475	5,384,736		2,361,73
Revenues and other financing sources over (under)				
expenditures and other financing uses	\$ -	5,716,423	\$	5,716,42
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital outlay - water and sewer capital projects		2,771,542		
Note payable proceeds - water and sewer capital projects		(2,891,068)		
Capital outlay		1,032,351		
Uncollectible accounts written off		(141,730)		
Decrease in compensated absences		423		
Decrease in accrued interest payable		12,422		
Increase in OPEB obligation		(1,779)		
Decrease in deferred outflows of resources - pensions		587,793		
Increase in net pension liability		(305,600)		
Decrease in deferred inflows resources - pensions		58,406		
Bond principal payments from bond refunding		5,930,000		
Bond principal payments		1,663,592		
Note payable principal payments		1,923,815		
Proceeds from bond refunding		(6,401,415)		
Note payable proceeds		(5,573,000)		
Loss on bond refunding		459,678		
Depreciation expense		(3,845,996)		
p			•	
Total		(4,720,566)		

# City of Goldsboro Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Water and Sewer Capital Project Fund For the Fiscal Year Ended June 30, 2017 Exhibit E-2

	Project Authorizatior		Pric	or Years	Current Year			Tota	al to Date	Variance Positive (Negative)	
Revenues-water projects											
Investment earnings	\$	67,240	\$	86,694	\$		-	\$	86,694	\$	19,454
Other income		52,822		22,974			-		22,974		(29,848)
Total revenues-water projects		120,062		109,668			-		109,668		(10,394)
Revenues-sewer projects											
Restricted intergovernmental revenue		3,000,000	2	,823,363			-		2,823,363		(176,637)
Investment earnings		203,301		441,417			-		441,417		238,116
Other income		118,188		101,485			-		101,485		(16,703)
Total revenues-sewer projects		3,321,489	3	3,366,265			-		3,366,265		44,776
Total revenues		3,441,551	3,475,933			-		:	3,475,933		34,382
Expenditures-water projects											
Construction			4	4,652,206		-		4,652,206			
Total expenditures-water projects		4,700,644	4	,652,206			-		4,652,206		48,438
Expenditures-sewer projects											
Construction			23	,619,001		2,771,	542	2	6,390,543		
Legal and administrative				177,238			-		177,238		
Total expenditures-sewer projects		24,681,783	23	,796,239		2,771,	542	2	6,567,781		(1,885,998)
Total expenditures		29,382,427	28	,448,445		2,771,542		3	1,219,987		(1,837,560)
Revenues over (under) expenditures		(25,940,876)	(24	,972,512)		(2,771,	542)	(2	7,744,054)		(1,803,178)
Other financing sources (uses)											
Transfers in		-		-		200,	000		200,000		200,000
Transfers out		(3,634,377)	(3	,634,377)		·	_	(3,634,377)			· -
Proceeds from long-term borrowings		29,575,253		,382,776		2,891,	068		4,273,844		4,698,591
Total other financing sources		25,940,876		,748,399		3,091,			0,839,467		4,898,591
Revenues and other financing											
sources over (under) expenditures	\$		Ċο	,775,887	\$	319,	526	٠,	3,095,413	¢	3,095,413
sources over (under) expenditures	ڔ		ے د	,113,001	ڔ	313,	JZU	, ر	3,033,413	ڔ	3,033,413

#### 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 auditor's reports on federal and state compliance matters and details on the expenditures of federal and state awards.

**GOVERNMENTAL CAPITAL ASSETS** 

# City of Goldsboro Comparative Schedule of Governmental Capital Assets – By Source June 30, 2017 (With Comparative Actual Amounts As Of June 30, 2016) Exhibit F-1

Governmental Capital Assets	2017	2016			
Land	\$ 6,243,091	\$ 6,163,286			
Construction in process	1,147,348	1,430,100			
Buildings	24,135,634	24,135,634			
Streets and infrastructure	76,141,478	74,674,094			
Vehicles and equipment	17,692,320	16,867,522			
Total	\$ 125,359,871	\$ 123,270,636			

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 Schedule of Changes in Governmental Capital Assets For the Fiscal Year Ended June 30, 2017 Exhibit F-2

			Bal	lance June 30,			
Functional and Activity	 2016		Additions		Deductions		2017
General government	\$ 14,329,693	\$	839,383	\$	31,086	\$	15,137,990
Transportation	72,782,682		376,004		70,567		73,088,119
Economic and physical development	2,740,308		-		-		2,740,308
Public safety	7,359,619		392,458		144,342		7,607,735
Environmental protection	5,535,255		128,000		187,530		5,475,725
Cultural and recreational	20,523,079		786,915		-		21,309,994
Total	\$ 123,270,636	\$	2,522,760	\$	433,525	\$	125,359,871

**ADDITIONAL FINANCIAL DATA** 

### City of Goldsboro Schedule of Ad Valorem Taxes Receivable June 30, 2017 Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2016 Additions			Co	llections and Credits	Uncollected Balance June 30, 2017		
2016-2017	\$	-	\$	15,592,012	\$	15,261,419	\$	330,593
2015-2016		301,648		-		236,151		65,497
2014-2015		138,284		-		56,686		81,598
2013 and prior		598,489		-		123,746		474,743
	\$	1,038,421	\$	15,592,012	\$	15,678,002	\$	952,431

Reconcilement with revenue	
Ad Valorem taxes - General Fund	\$ 15,610,418
Reconciling items:	
Interest collected	(84,665)
Taxes written off	152,249
Total collections and credits	\$ 15,678,002

### **Downtown District Fund**

Fiscal Year	Uncollected Balance June 30, 2016 Additions			30,		Collections and Credits		Uncollected Balance June 30, 2017	
2016-2017	\$	-	\$	70,939	\$	67,853	\$	3,086	
2015-2016	·	2,546	•	, -	·	605	•	1,941	
2014-2015		1,152		-		86		1,066	
2013 and prior		2,184		-		509		1,675	
	\$	5,882	\$	70,939	\$	69,053	\$	7,768	

Reconcilement with revenue	
Ad Valorem taxes - General Fund	\$ 69,510
Reconciling items:	
Interest collected	(715)
Taxes written off	258
Total collections and credits	\$ 69,053

# City of Goldsboro Analysis of Current Tax Levy City-Wide Levy June 30, 2017 Exhibit G-2

	7	otal Property Valuation		Rate	An	nount of Levy	ı	Property Excluding Registered otor Vehicles		Registered otor Vehicles
Original levy-City:										
Property taxed at current	<b>^</b>	2 402 022 057	<u>,</u>	0.65	<u>,</u>	45 625 564	<u>,</u>	44445 765	<u>,</u>	4 500 700
years' rate	\$	2,403,932,857	\$	0.65	\$	15,625,564	\$	14,115,765	\$	1,509,799
Discoveries		9,082,798		0.65	\$	59,038		59,038		-
Abatements		(14,244,662)			\$	(92,590)		(63,294)		(29,296)
Total property valuation	\$	2,398,770,993								
Net levy					\$	15,592,012	\$	14,111,509	\$	1,480,503
Uncollected taxes at June 30, 2017						(330,593)		(330,593)		
Current year's taxes collected					\$	15,261,419	\$	13,780,916	\$	1,480,503
Current levy collection percentage						97.88%		97.66%		100.00%
Original levy-Downtown District: Property taxed at current years' rate	\$	28,409,608	\$	0.235	\$	71,024	\$	66,797	\$	4,227
Discoveries		64,400		0.235		161		161		-
Abatements		(98,728)				(246)		(207)		(39)
Total property valuation	\$	28,375,280								
Net levy					\$	70,939	\$	66,751	\$	4,188
Uncollected taxes at June 30, 2017						(3,086)		(3,086)		
Current year's taxes collected					\$	67,853	\$	63,665	\$	4,188

# City of Goldsboro Schedule of Cash and Investment Balances All Funds June 30, 2017 Exhibit G-3

				Market Value
Cash				
On Hand			\$	3,230
			Ş	3,230 19,964,874
NOW, SuperNOW, and Money Market  Total Cash				19,968,104
Other Investements				
North Carolina Capital Management Trust				18,108,262
Tatal Cash and Investments			<u>,</u>	20.076.266
Total Cash and Investments			\$	38,076,366
Distributed by Fund:				
2.00.120.000 2, 1.0.10.				Carrying
				Value
General Fund				
Unrestricted	\$	10,527,199		
Restricted	Ψ	1,767,085	\$	12,294,284
Constal December Found				
Special Revenue Fund		242.656		
Community Development Fund  Downtown District Fund		243,656 84,076		
Occupancy Tax Fund		1,247,005		1,574,737
occupancy rux runu		1,2 17,003		1,37 1,737
Capital Project Fund - Restricted				
Recreation		5,885,914		
Capital Project Fund - Restricted				
Street		2,690,690		8,576,604
Enterprise Fund				
Unrestricted		9,124,354		
Restricted		6,506,387	_	15,630,741
Total Distributed by Fund			\$	38,076,366

#### STATISTICAL SECTION

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

#### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Information**

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

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

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# City of Goldsboro Net Position by Component Last Ten Fiscal Years (accrual basis of accounting) Table 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Investment in capital assets	\$ 28,179,346	\$ 43,352,105	\$ 43,695,950	\$ 43,486,935	\$ 42,700,984	\$ 37,507,996	\$ 38,335,957	\$ 42,803,884	\$ 44,410,030	\$ 46,326,181
Restricted	3,842,808	3,753,545	-	-	-	-	-	6,300,863	238,227	294,478
Stabilization by State Statute	-	-	-	4,240,257	2,353,408	3,151,398	3,937,395	2,651,605	2,807,277	3,503,289
Streets	-	-	-	-	2,899,947	426,930	_	-	-	-
Unrestricted	15,843,512	10,473,600	11,842,223	6,121,406	8,087,596	5,367,859	804,941	(2,315,163)	5,329,663	1,345,805
Total governmental activities net position	\$ 47,865,666	\$ 57,579,250	\$ 55,538,173	\$ 53,848,598	\$ 56,041,935	\$ 46,454,183	\$ 43,078,293	\$ 49,441,189	\$ 52,785,197	\$ 51,469,753
Net Investment in capital assets Restricted Unrestricted	\$ 37,208,215 546,602 11,501,923	\$ 39,266,792 485,597 9,319,993	\$ 41,557,490 - 8,904,625	\$ 40,962,133 - 10,748,545	\$ 40,370,922 - 12,206,203	\$ 41,216,430 - 12,022,767	\$ 43,218,439 - 11,720,607	\$ 45,635,607 - 10,943,475	\$ 47,525,121 - 10,326,236	\$ 48,098,769 6,506,387 4,242,058
Total business-type activities net position	\$ 49,256,740	\$ 49,072,382	\$ 50,462,115	\$ 51,710,678	\$ 52,577,125	\$ 53,239,197	\$ 54,939,046	\$ 56,579,082	\$ 57,851,357	\$ 58,847,214
Primary government  Net Investment in capital assets  Restricted  Stabilization by State Statute	\$ 65,387,561 4,389,410	\$ 82,618,897 4,239,142	\$ 85,253,440 - -	\$ 84,449,068 - 4,240,257	\$ 83,071,906 - 2,353,408	\$ 78,724,426 - 3,151,398	\$ 81,554,396	\$ 88,439,491 6,300,863 2,651,605	\$ 91,935,151 238,227 2,807,277	\$ 94,424,950 6,800,865 3,503,289
Streets	-	-	-	-	2,899,947	426,930	-	-	-	-
Unrestricted	27,345,435	19,793,593	20,746,848	16,869,951	20,293,799	17,390,626	12,525,548	8,628,312	15,655,899	5,587,863
Total primary government net position	\$ 97,122,406	\$ 106,651,632	\$ 106,000,288	\$ 105,559,276	\$ 108,619,060	\$ 99,693,380	\$ 98,017,339	\$ 106,020,271	\$ 110,636,554	\$ 110,316,967

# City of Goldsboro Change in Net Position Last Ten Fiscal Years (accrual basis of accounting) Table 2

		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017
Expenses																				
Governmental activities:																				
General government	\$	2,183,065	\$	3,312,696	\$	2,945,434	\$	2,947,130	\$	2,822,577	\$	3,570,115	\$	3,564,525	\$	4,184,415	\$	3,547,629	\$	3,257,540
Public safety		13,645,026		15,075,632		15,031,290		15,954,680		15,513,297		17,432,563		19,435,147		15,715,097		15,793,509		17,209,532
Transportation		2,433,738		3,834,972		4,256,885		4,835,713		2,395,299		9,176,022		3,656,128		4,235,342		4,618,881		4,428,701
Economic and physical development		1,753,132		3,632,243		3,915,549		3,221,967		5,048,592		5,502,759		3,696,955		3,724,636		2,241,469		3,804,064
Environmental protection		2,731,841		3,579,950		2,797,958		3,307,854		3,293,159		3,369,229		3,656,775		3,620,474		3,371,917		3,561,080
Cultural and recreational		2,922,101		3,075,009		3,062,944		2,370,322		2,208,649		2,958,211		3,137,048		3,213,278		3,374,173		4,103,845
Interest on long-term debt		532,923		338,011		724,351		690,706		724,774		671,960		489,199		505,575		647,356		365,594
Total governmental activities expense	\$	26,201,826	\$	32,848,513	\$	32,734,411	\$	33,328,372	\$	32,006,347	\$	42,680,859	\$	37,635,777	\$	35,198,817	\$	33,594,934	\$	36,730,356
Fotal business-type activities -																				
water and sewer	\$	13,253,063	\$	13,947,671	\$	12,927,789	\$	13,135,400	\$	13,606,323	\$	14,598,647	\$	14,121,802	\$	13,662,335	\$	14,916,454	\$	15,494,774
Total primary government expenses	\$	39,454,889	\$	46,796,184	\$	45,662,200	\$	46,463,772	\$	45,612,670	\$	57,279,506	\$	51,757,579	\$	48,861,152	\$	48,511,388	\$	52,225,130
Program revenues																				
Governmental activities:																				
Charges for services																				
General governmental	Ś	446,166	Ś	488,376	Ś	409,691	Ś	380,695	Ś	371,656	Ś	354,205	Ś	347,680	Ś	302,688	Ś	309,090	Ś	421,844
Public safety		536,438	Ċ	393,189	Ċ	361,261	•	449,256		411,691		435,183	•	358,876	Ċ	381,999		423,512		557,288
Transportation		-		-		-		-		409,430		316,779		485,833		1,219,735		139,597		152,081
Economic and physical development		_		-		-		-		· -		-		-		-		, -		7,955
Environmental protection		2,370,956		2,453,812		2,910,753		3,120,888		3,261,733		3,197,586		3,382,985		3,244,483		3,250,079		3,308,449
Cultural and recreational		709,494		717,592		829,781		750,577		616,498		562,576		727,498		1,831,393		743,631		733,313
Operating grants and contributions		, -		,		, -		,-		,		,- ,-		,		, ,		-,		,-
General governmental		2,533,730		3,182,764		2,771,467		2,899,883		2,742,032		3,159,698		3,151,217		3,735,555		3,905,483		3,390,078
Public safety		165,883		266,932		94,866		863,878		650,740		372,695		276,439		193,725		184,025		258,484
Transportation		1,700,532		1,406,872		1,435,682		1,494,860		1,257,218		1,179,871		1,406,886		1,389,397		1,320,074		1,933,703
Environmental protection		-		-		-		-		534,600		32,356		166,913		-		-		1,259,527
Economic and physical development		31,276		29,822		32,266		31,770		31,812		33,139		31,685		31,739		31,253		743,600
Cultural and recreational		947,265		778,966		1,296,977		709,238		1,123,879		527,157		343,778		854,358		448,774		-
Capital grants and contributions		,		,				,				, -		,		,		•		
Economic and physical development		_		_		-		_		_		_		-		7,137,148		3,317,775		_
																, - ,		,- ,		

City of Goldsboro
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 2
Page 2 of 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities: Charges for services Operating grants and contributions	\$ 13,471,93	4 \$ 13,564,559 	\$ 13,756,931	\$ 14,362,215 \$ -	5 15,957,295 \$ -	14,952,610 \$ -	15,813,626 \$ -	15,691,832 \$	16,175,654 \$ -	15,965,
Capital grants and contributions			502,904	-	235,203	291,331	-	-	-	
Total business-type activities program revenue	13,471,93	4 13,564,559	14,259,835	14,362,215	16,192,498	15,243,941	15,813,626	15,691,832	16,175,654	15,965,7
Total primary government program revenues	\$ 22,913,67	4 \$ 35,228,761	\$ 24,402,579	\$ 25,063,260 \$	27,603,787 \$	25,415,186 \$	26,493,416 \$	36,014,053 \$	30,248,947 \$	28,732,
Net revenue (Expense) Governmental activities Business-type activity	(\$16,760,08 218,87	6) (\$11,184,311) 1 (383,112)	(\$22,591,667) 1,332,046	(\$22,627,327) \$ 1,226,815	(20,595,058) \$ 2,586,175	(32,509,614) \$ 645,294	(26,955,987) \$ 1,691,824	(19,521,641) \$ 1,259,200	(19,521,641) \$ 1,259,200	(23,964, 470,9
Total primary government net expense	(\$16,541,21	5) (\$11,567,423)	(\$21,259,621)	(21,400,512)	(\$18,008,883) \$	(31,864,320) \$	(25,264,163) \$	(18,262,441) \$	(18,262,441) \$	(23,493,
General revenues and other changes in net assets Governmental activities:										
Ad valorem taxes	\$ 12,845,9			. , , , .		14,501,826 \$	15,194,387 \$		15,056,921 \$	,
Other taxes	6,902,49 666,13		6,401,448	6,799,858 23,079	7,616,282 12,661	7,696,501 20,605	7,746,608 5,323	8,000,249 6,848	8,515,089 28,027	9,288
Investment earnings Miscellaneous revenue	155,19	•	37,793 329,222	560,261	433,269	702,929	5,323 633,779	416,502	745,492	46, 624,
Special item	155,15		525,222	500,201	-33,203	-	-		(1,479,880)	(404
Transfers			-	-	-	-	-	-	-	(
Total governmental activities	20,569,7	56 20,897,895	20,550,590	20,937,752	22,788,395	22,921,861	23,580,097	23,844,146	22,865,649	25,235
Business-type activities: Investment earnings Extraordinary item	521,35	6 198,754	57,687 -	21,748	14,654 (1,734,382)	16,778	8,025	6,612	13,075	44,
Total business-type activity	521,35	6 198,754	57,687	21,748	(1,719,728)	16,778	8,025	6,612	13,075	44,
Total primary government	\$ 21,091,11		\$ 20,608,277	\$ 20,959,500 \$	21,068,667 \$	22,938,639 \$	23,588,122 \$	23,850,758 \$	22,878,724 \$	25,279
Change in net position										
Governmental activities	\$ 3,809,6	70 \$ 9,713,584	(\$2,041,077)	(\$1,689,575)	2,193,337 \$	(9,587,753) \$	(3,375,890) \$	8,967,550 \$	3,344,008 \$	1,418
Business-type activities	740,22	7 (184,358)	1,389,733	1,248,563	866,447	662,072	1,699,849	2,036,109	1,272,275	995,
Total primary government	\$ 4,549,89	97 \$ 9,529,226	(651,344)	(441,012)	3,059,784 \$	(8,925,681) \$	(1,676,041) \$	11,003,659 \$	4,616,283 \$	2,414

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

City of Goldsboro
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 3

	2008	2009		2010	2011	2012	2013	2014	2015		2016	2017
General fund												
Reserved	\$ 5,079,907	\$ 4,823,5	48 \$	5,141,907	\$ -	\$ -	\$ - :	\$ - 9	\$ - \$	\$	- \$	-
Designated	1,136,743	556,7	18	43,179	-	-	-	-	-		-	-
Unreserved, undesignated	6,002,136	5,437,9	61	5,304,810	-	-	-	-	-		-	-
Nonspendable	-		-	-	185,985	258,178	214,187	337,269	651,278		589,493	564,291
Restricted	-		-	-	4,240,257	2,353,408	3,151,398	4,572,888	8,952,468		2,808,546	5,270,374
Assigned	-		-	-	-	67,869	-	-	-		-	-
Unassigned	-		-	-	4,246,716	6,902,667	4,710,346	645,905	6,625,432		7,585,797	7,811,928
Total general fund	\$ 12,218,786	\$ 10,818,2	27 \$	10,489,896	\$ 8,672,958	\$ 9,582,122	\$ 8,075,931	\$ 5,556,062	\$ 16,229,178 \$	5 1	10,983,836 \$	13,646,593
All other governmental funds Reserved Unreserved, reported in:	\$ 165,124	\$	- \$	-	\$ -	\$ -	\$ - :	\$ - 5	\$ - \$	\$	- \$	-
Special revenue funds	2,788,825	2,635,8	52	2,838,276	-	-	-	-	-		_	-
Capital projects funds	3,673,814	3,745,5	37	3,560,600	-	-	-	-	-		-	-
Nonspendable	-		-	-	-	-	-	-	-		-	-
Restricted	-		-	-	3,206,228	2,899,947	426,930	-	-		236,958	2,690,689
Committed												
Downtown Development	-		-	-	112,727	133,293	108,793	131,647	130,665		66,512	82,896
Economic Development	-		-	-	2,105,108	1,356,549	1,022,456	593,611	1,976,464		1,921,156	1,357,357
Cultural & Recreastional	-		-	-	-	-	-	-	-		-	5,885,915
Assigned												
Subsequent Yr's Expenditures	-		-	-	262,421	276,892	346,828	180,485	24,850		-	-
Unassigned	-		-	-	-	-	-	-	-			-
Total all other governmental funds	\$ 6,627,763	\$ 6,381,	389 \$	6,398,876	\$ 5,686,484	\$ 4,666,681	\$ 1,905,007	\$ 905,743	\$ 2,131,979	\$	2,224,626 \$	10,016,85

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

**City of Goldsboro Changes in Fund Balances Governmental Funds Last Ten Fiscal Years** (modified accrual basis of accounting)

										Page 1 of 2
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										_
Ad valorem taxes	\$ 12,677,755	\$ 13,118,249	\$ 13,943,980	\$ 13,566,023	\$ 15,031,078	\$ 14,686,221	15,491,073	\$ 15,483,368	15,373,561	\$ 15,679,928
Local option sales taxes	6,111,961	5,615,126	5,479,518	5,743,051	6,350,223	6,466,342	6,484,745	7,214,633	7,625,338	8,321,960
Other taxes and licenses	790,213	803,216	819,891	966,446	1,169,941	1,132,323	1,157,562	785,616	889,751	1,056,487
Unrestricted intergovernmental	2,607,138	3,304,003	2,810,713	2,955,689	3,298,929	3,557,596	3,760,335	3,957,381	4,228,830	3,808,477
Restricted intergovernmental	2,771,548	2,361,353	2,820,545	3,043,940	3,445,825	2,064,100	2,102,416	10,256,791	5,387,555	3,936,138
Permits and fees	510,574	362,497	334,980	417,718	384,271	409,622	343,392	359,599	420,115	525,738
Sales and services	3,545,763	3,673,117	4,164,426	4,265,434	4,255,076	4,124,519	4,421,279	4,243,671	4,296,235	4,273,510
Investment earnings, net of										
market adjustment	666,136	238,613	37,793	23,079	17,619	20,605	5,323	6,848	28,027	46,006
Miscellaneous	350,332	918,059	341,302	578,525	455,499	718,339	686,147	1,944,958	471,132	750,571
TOTAL REVENUES	30,031,420	30,394,233	30,753,148	31,559,905	34,408,461	33,179,667	34,452,272	44,252,865	38,720,544	38,398,815
EXPENDITURES										
General government	5,608,847	2,910,334	2,543,212	2,547,526	2,890,900	2,883,603	3,252,104	3,790,187	3,180,045	3,473,042
Public safety	13,478,699	14,468,658	14,503,471	15,491,380	15,395,376	16,701,484	18,682,381	15,524,494	15,704,769	16,207,732
Transportation	3,403,367	2,551,782	2,613,336	3,199,589	3,317,544	2,741,812	3,129,332	3,164,379	3,102,998	2,870,820
Economic and physical develop.	3,847,716	3,579,577	3,847,055	3,327,523	4,986,741	5,447,114	3,675,907	3,712,003	1,385,332	(6,365,808)
Environmental protection	2,902,092	3,137,292	2,730,378	3,243,693	3,231,770	3,308,479	3,383,876	3,322,699	2,743,280	2,326,771
Cultural and recreational	2,917,297	2,777,453	2,740,237	2,362,242	2,624,684	2,900,990	3,049,440	3,014,588	2,797,524	3,671,702
Capital outlay	210,314	5,464,133	2,185,934	1,603,788	1,254,821	1,724,736	442,064	12,975,831	12,975,831	12,975,831
Debt service:										
Principal	1,330,752	1,383,425	1,619,070	1,688,055	1,597,654	1,817,581	1,990,185	2,552,236	3,362,270	3,409,903
Interest and other charges	483,920	338,011	724,351	690,706	634,241	654,355	489,199	406,507	665,728	655,308
Debt issuance cost	-	-	-	-	60,333	-	-	-	-	-
Bond issuance cost	-	-	-	-	30,200	17,605	-	-	-	-
TOTAL EXPENDITURES	34,183,004	36,610,665	33,507,044	34,154,502	36,024,264	38,197,759	38,094,488	48,462,924	45,917,777	39,225,301
REVENUES OVER (UNDER) EXPENDITURES	(\$4,151,584)	(\$6,216,432)	(\$2,753,896)	(\$2,594,597)	\$ (1,615,803)	\$ (5,018,092)	(3,642,216)	\$ (4,210,059) \$	5 (7,197,233)	\$ (826,486)

# City of Goldsboro Changes in Fund Balances Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) Table 4

#### Page 2 of 2

									га	ge Z UI Z
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	-	- \$	580,200 \$	829,590 \$	- \$	- \$	- \$	1,691,900
Bonds issued	-	-	-	-	2,727,000	-	-	-	-	-
Payment to refinanced debt issuance	-	-	-	-	(2,666,667)	-	-	-	-	-
Capital leases	-	-	-	-	559,165	485,229	-	-	-	-
Loans	3,737,606	4,500,000	2,454,376	-	896,000	225,000	-	-	-	-
Transfers to other governments	-	-	-	-	-	-		-	-	(256,321)
Sale of capital assets	-	-	-	-	-	-	-	-	-	110,040
Premium on debt issuances	-	-	-	-	-	-	-	-	-	684,212
Proceeds from the issuance of debt	-	-	-	-	-	-	-	20,686,842	2,106,326	10,916,764
Payments to bond escrow agent	-	-	-	-	(550,000)	(745,600)	-	(4,551,214)	-	(1,885,664)
Total other financing sources (uses)	\$ 3,737,606 \$	4,500,000 \$	2,454,376 -	\$	1,545,698 \$	794,219 \$	- \$	16,135,628 \$	2,106,326 \$	11,260,931
Net change in fund balances	(\$413,978)	(\$1,716,432)	(\$299,520)	(\$2,594,597) \$	(70,105) \$	(4,223,873) \$	(3,642,216) \$	8,938,395 \$	(5,090,907) \$	10,434,445

City of Goldsboro
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
Table 5

Fiscal Year	Property Tax	Sales Tax	Occupancy Tax	Privilege License Tax	Rental/ Lease Tax	enalties/ Interest	Total
2008 2009 2010 2011 2012 2013 2014 2015	\$ 12,845,928 13,246,454 13,782,127 13,406,434 14,862,383 14,517,335 15,311,560 15,409,895	\$ 6,111,961 5,615,126 5,479,518 5,743,051 6,350,223 6,466,342 6,484,745 7,214,633	\$ 485,030 490,139 456,205 548,007 656,984 594,404 559,596 608,514	\$ 271,201 267,663 302,847 348,402 435,399 470,191 526,390 93,101	\$ 31,244 32,413 32,433 42,099 48,948 45,089 50,641 60,458	\$ 3,058 2,983 2,279 2,191 3,346 31 901 903	\$ 19,748,422 19,654,778 20,055,409 20,090,184 22,357,283 22,093,392 22,933,833 23,387,504
2016 2017	15,056,921 15,679,927	7,577,935 8,321,960	743,626 964,375	25,593 1,823	60,361 66,632	1 105	23,464,437 25,034,822

Source: Comprehensive Annual Financial Report

City of Goldsboro
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
Table 6

Fiscal Year	Property Tax	Sales Tax	C	occupancy Tax	Privilege License Tax	Rental/ Lease Tax	nalties/ nterest	Total
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
2015	15,486,368	7,214,633		608,514	93,101	60,458	903	23,463,977
2016	15,373,561	7,577,935		743,626	25,593	60,361	1	23,781,077
2017	15,679,928	8,175,499		964,375	1,823	66,632	105	24,888,362

Source: Comprehensive Annual Financial Report

# City of Goldsboro Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years Table 7

Fiscal Year Ended June 30	Real Property	Personal Property	Corporate Excess	 tal Taxable essed Value	Total Direct Tax Rate Per \$100
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
2015	2,057,232,730	231,037,274	52,652,660	2,340,922,664	0.65
2016	2,054,356,827	230,001,759	62,084,900	2,346,443,486	0.65
2017	2,099,079,754	233,064,083	66,627,156	2,398,770,993	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
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value
Table 8

	<u>City</u>	Direct Rates		Overlapping Rates	
			Downtown		
Fiscal Year	General	Total	Service		<b>Total Direct</b>
Ended	Fund	Direct	District	County	and Overlapping
June 30	Rate	Rate	Rate	Rate	Rates
					_
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 1	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	0.6650	1.5500
2015	0.65	0.64	0.235	0.6650	1.5500
2016	0.65	0.65	0.235	0.6650	1.5500
2017	0.65	0.65	0.235	0.6650	1.5500

(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 Principal Property Tax Payers Current Year and Nine Years Ago Table 9

			Fiscal Year	2017			Fiscal Yea	r 2008	
Taxpayer	Type of Business		Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Walmart Stores	Retail Department Store	Ś	45,012,959	1	1.88%	Ś	30,796,813	1	1.55%
Progress Energy/Duke	Public Utility	ڔ	23,140,332	2	0.96%	٦	19,147,563	3	0.97%
Berkeley Mall, LLC	Mall Shopping Center		22,265,900	3	0.93%		22,597,120	2	1.14%
Franklin Baking Co.	Bread Manufactoring		21,064,517	4	0.88%		17,358,652	4	0.88%
Goldsboro Apartments Investors LLC	Real Estate		20,827,603	5	0.87%		-	•	0.00.
Berkeley Place Apartments	Real Estate		18,523,703	6	0.77%		-		
TWC Cable Southeast LLC	Public Utility		16,650,692	7	0.69%		17,235,087	5	0.87%
Gruma Corporation	Real Estate		15,756,022	8	0.66%		10,573,243	10	0.53%
AP Exhaust Technologies, Inc.	Real Estate		14,227,288	9	0.59%		-		
Cooper Standard, Inc.	Rubber & Plastic Auto Parts		13,364,327	10	0.56%		15,544,446	6	0.78%
Cooper-Bussman, Inc.	Fuse Holders		-				-		
BellSouth Telephone Company	Public Utility		-				13,654,055	7	0.69%
Dixie Trail, LCC	Real Estate		-				11,236,930	8	0.57%
K5 Associates, LLC	Real Estate		-				-		
Piedmont Natural Gas Company	Public Utility		-				10,960,285	9	0.55%
TOTALS		\$	210,833,343		8.79%	Ś	169,104,194		8.53%

Source: Wayne County Tax Administrator/Collector

City of Goldsboro
Property Tax Levies and Collections
Last Ten Fiscal Years
Table 10

	Taxes Levied			Collected within	the			
	for the			Fiscal Year of the	Levy	Collections	Total Collection	s to Date
Fiscal	Fiscal Year		Total		Percentage of	in Subsequent		Percentage of
Year	(Original Levy)	Adjustments	Adjusted Levy	Amount	Original Levy	Years	Amount	Adjusted Levy
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%
2015	13,651,130	(54,376)	13,596,754	13,375,305	97.91%	376,164	13,751,469	99.56%
2016	13,364,789	430,577	13,795,366	13,493,702	97.81%	253,887	13,747,589	99.58%
2017	14,115,765	(4,256)	14,111,509	13,780,916	97.66%	250,038	14,030,954	99.42%

Sources: Wayne County Tax Collector

## City of Goldsboro Ratios of Outstanding Debt By Type Last Ten Fiscal Years Table 11

		Gov	vernmental Act	tivitie	es .	Business-type Activities							
Fiscal Year	General Obligation Bonds		Installment Loans		General Capital Obligation Leases Bonds				Installment Loans	Total Primary Government	Per Capita (1)	Percentage of Actual Property Values (2)	Percentage of Personal Income
2008	\$ 6,059,336	\$	7,368,584	\$	378,679	\$	18,831,875	\$	15,392,282	\$ 48,030,756	\$ 1,286	2.43%	1.445%
2009	5,613,477		11,073,528		236,169		16,831,506		13,354,428	47,109,108	1,222	2.33%	1.318%
2010	5,186,392		12,483,544		88,547		23,307,760		18,597,417	59,663,660	1,557	2.76%	1.622%
2011	4,783,535		11,286,892		-		21,372,849		17,094,643	54,537,919	1,497	2.62%	1.458%
2012	4,414,177		11,045,130		559,165		19,162,643		18,820,517	54,001,632	1,510	2.33%	1.414%
2013	4,130,120		9,927,456		937,534		17,633,879		16,941,884	49,570,873	1,392	2.20%	1.241%
2014	3,754,297		11,215,108		735,521		15,445,703		14,927,446	46,078,075	1,298	2.01%	1.094%
2015	5,135,723		21,154,145		529,330		13,628,277		12,922,295	53,369,770	1,506	2.28%	1.266%
2016	4,644,007		19,790,472		1,128,775		11,921,993		11,278,198	48,763,445	1,376	2.08%	1.110%
2017	9,601,499		22,035,071		1,104,573		10,061,501		17,818,950	60,621,594	1,742	2.53%	1.640%

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

City of Goldsboro Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years Table 12

	General		Percentage of Actual		
Fiscal	Obligation	Assessed	Taxable Value		Per
Year	Bonds	Value	of Property	Population	Capita
2008	\$ 24,891,211	\$ 1,980,214,000	1.26%	37,341	\$ 667
2009	22,444,983	2,022,322,923	1.11%	38,554	582
2010	28,494,152	2,160,857,309	1.32%	38,313	744
2011	26,156,384	2,082,528,308	1.26%	36,437	718
2012	23,576,820	2,320,532,462	1.02%	35,768	659
2013	21,763,999	2,250,710,614	0.97%	35,609	611
2014	19,200,000	2,328,327,846	0.82%	35,489	541
2015	18,764,000	2,340,922,664	0.80%	35,436	530
2016	16,566,000	2,346,443,486	0.71%	34,959	474
2017	19,663,000	2,398,770,993	0.82%	34,793	565

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

### City of Goldsboro Legal Debt Margin Last Ten Fiscal Years Table 13

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit, 8% of Assessed Value	\$ 158,417,120	\$ 161,785,834	\$ 172,868,585	\$ 166,602,264	\$ 185,642,597	\$ 180,056,849	\$ 186,266,228	\$ 187,273,813	\$ 187,715,479	\$ 191,901,679
(Statutory Limitation)										
Total net debt applicable to limit	29,224,280	30,277,602	25,253,483	16,070,427	16,018,472	14,995,110	13,004,926	26,819,198	25,563,254	32,741,143
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	ć 420.402.040	<b>4</b> 424 500 222	. 447.645.400	å 450 524 027	Å 460 624 425	Å 465.064.720	ć 472.264.202	Å 450 454 545	462.452.225	450460526
Legal Debt Margin	\$ 129,192,840	\$ 131,508,232	\$ 147,615,102	\$ 150,531,837	\$ 169,624,125	\$ 165,061,739	\$ 173,261,302	\$ 160,454,615	\$ 162,152,225	\$ 159,160,536
Total net debt applicable to the limit										
as a percentage of debt limit	21.13%	18.45%	18.71%	14.60%	9.64%	8.63%	8.33%	6.98%	16.71%	20.57%
				Legal Debt Margin	Calculation for Fisca	l Year 2017				
						Assessed Value				\$ 2,398,770,993
						Debt Limit (8% of A	ssessed Value)			191,901,679
						Debt Applicable to	Limit:			
						General Obligatio	n Bonds			9,601,499
						Other Debt				23,139,644
						Legal Debt Margi	n			\$ 159,160,536

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 Last Ten Fiscal Years Table 14

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Wayne County General Obligation Debt	\$ 35,945,000	33.08% \$	11,890,606
Other Debt			
Wayne County Installment Purchase Loans	53,476,000	33.08%	17,689,861
Wayne County Promissory Notes	1,227,677	33.08%	406,116
Subtotal, overlapping debt			29,986,582
Total direct debt			32,741,143
Total direct and overlapping debt		\$	62,727,725

**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 lease 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 Demographic and Economic Stastics Last Ten Fiscal Years Table 15

			(2) Personal		(2) Per Capita	(1)	(3)	(4)
Fiscal	(1)		income		Personal	Median	School	Unemployment
Year	Population	(in	thousands)	Income		Age	Enrollment	Rate Percentage
2008	37,341	\$	3,322,504	\$	31,699	35.68	19,373	6.00%
2009	38,554		3,573,759		31,673	35.50	19,386	10.3%
2010	38,313		3,676,875		31,673	36.30	19,608	8.70%
2011	36,437		3,738,982		31,673	36.10	20,407	9.10%
2012	35,768		3,818,391		29,893	36.76	19,458	8.60%
2013	35,609		3,992,263		31,245	36.69	19,355	8.00%
2014	35,489		4,210,623		33,620	37.60	19,256	7.30%
2015	35,436		4,212,734		33,815	36.00	19,444	6.40%
2016	34,959		4,378,472		35,181	34.40	19,221	5.60%
2017	34,793		4,587,326		36,950	33.30	19,249	5.10%

#### Sources:

- (1) NC Office of State Planning State Demographer
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Wayne County Board of Education
- (4) Employment Security Commission of North Carolina
- (5) US Census 2010

#### Notes:

Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

# City of Goldsboro Principal Employers Current Year and Nine Years Ago Table 16

		2017		2008				
			Percentage of Total MSA			Percentage of Total MSA		
Employer	Employees	Rank	Employment (2)	Employees	Rank	Employment (2)		
Seymour Johnson Air Force Base	6,482	1	12.22 %	5,970	1	11.89 %		
Wayne County Board of Education	2,997	2	5.65 %	2,800	2	5.58 %		
Wayne UNC Healthcare	1,685	3	3.18 %	1,600	3	3.19 %		
Wayne County	1,112	5	2.10 %	700	7	1.39 %		
Case Farms	1,081	4	2.04 %					
Cherry Hospital	997	6	1.88 %	1,145	4	2.28 %		
Goldsboro Milling	800	7	1.51 %					
O'Berry Center	756	8	1.43 %	1,000	5	1.99 %		
Wal-Mart	720	9	1.36 %	959	6	1.89 %		
City of Goldsboro	536	10	1.01 %	494	8	0.98 %		
Cooper Standard Automotive				458	9	0.91 %		
Franklin Baking Company, LLC				423	10	0.84 %		
Total	17,166		32.38 %	15,549		30.94 %		

#### Sources:

- (1) Wayne County Development Alliance
- (2) NC Employment Security Commission for the Goldsboro Metropolitan Statistical Area.

City of Goldsboro
Full-time Equivalent City Government Employees By Function
Last Ten Fiscal Years
Table 17

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	30	31	30	30	32	32	32	33	34	35
Transportation										
Streets & Highways	28	28	27	27	27	24	21	21	24	24
Garage	12	12	12	12	12	11	10	10	10	10
Economic & Physical Development	19	19	19	19	19	18	16	15	14	15
Public Safety										
Police										
Officers	117	116	115	115	115	112	108	110	110	110
Civilians	10	10	10	10	10	10	10	10	11	10
Fire										
Firefighters & Officers	82	82	82	82	82	82	81	81	81	81
Civilians	1	1	1	1	1	1	1	1	1	-
Other	28	32	32	32	33	33	29	30	29	29
Environmental Protection	56	56	56	56	55	53	48	47	39	39
Cultural & Recreational	39	40	39	39	39	37	35	37	35	40
Maintenance	25	25	25	25	25	26	24	24	26	28
Water	11	11	11	11	11	11	11	11	11	11
Sewer	23	24	24	24	24	24	24	24	24	24
	_									•
TOTAL	481	487	483	483	485	474	450	454	449	457

Sources: City of Goldsboro's Budget Document

City of Goldsboro
Operating Indicators By Function
Last Ten Fiscal Years
Table 18

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	3,949	3,657	3,186	3,137	3,406	3,212	2,962	2,833	2,657	2,462
Traffic violations	12,276	12,753	13,037	13,201	9,916	8,636	7,205	7,964	6,367	4,959
Fire										
Number of calls answered	2,348	2,192	2,222	2,210	2,083	2,026	2,040	2,475	2,767	2,827
Inspections	518	533	806	744	364	944	1,213	1,161	1,005	901
Building Inspections										
New construction permits	152	89	147	117	120	107	96	77	58	67
Highways and streets										
Street resurfacing (miles)	5.37	0.50	-	-	-	3.30	3.18	3.06	3.30	-
Potholes repaired	210	573	929	874	258	540	622	488	835	654
Sanitation										
Refuse collected (tons/day)	54.00	55.80	44.60	46.50	68.10	57.01	50.30	55.00	54.00	51.20
Recyclables collected (tons/day)	5.90	6.20	5.70	3.90	5.49	5.45	5.60	6.03	5.60	5.30
Culture and recreation										
Athletic field permits issued	2	3	5	8	9	14	10	68	85	203
Community center admissions	99,992	104,106	87,608	119,114	136,480	106,513	132,364	128,073	144,414	116,316
Water										
New connections	69	85	23	27	28	29	17	60	17	28
Water mains breaks	55	30	47	26	26	20	40	29	68	56
Average daily consumption										
(millions of gallons)	5.1	4.6	4.7	5.3	5.4	5.4	5.2	4.7	4.8	5.1
Number of customers	13,533	13,388	13,875	13,590	13,793	13,606	13,755	13,556	13,626	13,530
Wastewater										
New connections	71	104	35	42	53	32	35	37	29	41
Average daily sewage treatment										
(millions of gallons)	5.6	7.1	7.8	8.3	7.0	7.0	8.8	9.5	9.6	9.4
Number of customers	11,687	11,597	11,665	11,670	10,755	11,572	10,640	10,611	10,750	10,755

Sources: Various city departments.

Note: Indicators are not available for the general government function.

City of Goldsboro
Capital Assets Statistics By Function
Last Ten Fiscal Years
Table 19

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety											
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	59	59	59	59	62	65	62	59	59	70	60
Fire stations	5	5	5	5	5	5	5	5	5	5	5
Sanitation											
Collection trucks	11	11	12	12	11	11	11	11	7	8	8
Highways and streets											
Streets (miles)	156	158	169	169	166	169	163	163	163	163	163
Streetlights	2,868	2,903	2,943	3,057	3,035	3,036	2,915	2,926	2,805	2,836	2,905
Culture and recreation											
Parks acreage	339	339	339	339	402	402	403	403	403	403	403
Parks	13	13	13	13	13	13	13	13	13	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18	18
Community centers	2	2	2	2	2	2	2	2	2	2	2
Water											
Water mains (miles)	240	241	287	270	270	270	298	270	270	270	274
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	12.0
Sewer											
Sanitary sewers (miles)	238	239	243	239	239	239	239	241	241	241	243
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	14.2

Sources: Various city departments.

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

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**SINGLE AUDIT SECTION** 



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# INDEPENDENT AUDITORS' 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, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Goldsboro, as of and for the year ended June 30, 2017 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 February 26, 2018.

#### 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.

Goldsboro, North Carolina February 26, 2018

Caux Rigge & Ingram, L.L.C.



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INDEPENDENT AUDITORS' REPORT ON REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

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

We have audited the City of Goldsboro's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Goldsboro's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Goldsboro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal Program**

In our opinion, the City of Goldsboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

#### **Report on Internal Control Over Compliance**

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

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

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

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

Goldsboro, North Carolina February 26, 2018

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# INDEPENDENT AUDITORS' REPORT ON REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE OMB UNIFORM GUIDANCE 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's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, which could have a direct and material effect on its major State program for the year ended June 30, 2017. 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.

#### Auditors' 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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 of Goldsboro's compliance.

#### **Opinion on Each Major State Program**

In our opinion, the City of Goldsboro 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, 2017.

#### **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 the Uniform Guidance, 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goldsboro, North Carolina February 26, 2018

Caux Rigge & Ingram, L.L.C.

## City of Goldsboro Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2017

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

<u>Financial Statements</u>		
Type of auditor's report issued on whet were prepared in accordance with GAAI		
Internal control over financial reporting	:	
Material weaknesses identi	ified?yes	<u>X</u> no
<ul> <li>Significant deficiencies ider that are not considered to material weaknesses</li> </ul>		X_none reported
Noncompliance material to financial statements noted	yes	<u>X</u> no
Federal Awards		
Internal control over major federal prog	grams:	
Material weaknesses identi	ified?yes	<u>X</u> no
<ul> <li>Significant deficiencies ider that are not considered to material weaknesses</li> </ul>		X_none reported
Noncompliance material to federal awa	<i>.</i>	<u>X</u> no
Type of auditor's report issued on comp	<del></del> -	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes	<u>X</u> no
Identification of major federal programs	s:	
CFDA Numbers Names of Fede	eral Program or Cluster	
97.036 Disaster Grants	s - Public Assistance	
66.458 Capitalization (	Grants for Clean Water State Revolvin	ng Funds
Dollar threshold used to distinguish between Type A and Type B Programs		\$750,000
Auditee qualified as low-risk auditee?	X ves	no

## City of Goldsboro Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2017

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

	State Awards					
	Internal control over major State programs:					
		Material weaknesses identified	yes	_X_no		
		Significant deficiencies identified that are not considered to be material weaknesses	yes	_X_none reported		
	Noncomplia	ance material to State awards	yes	<u>X</u> no		
Type of auditor's report issued on compliance for major State programs: Unmodified.						
	required to Single Audi	ndings disclosed that are be reported in accordance with the State t Implementation Act on of major State programs:	yes	<u>X</u> no		
Program Names						
Non-State System Street-Aid Allocation (Powell Bill)						
Section II - Financial Statement Findings						
None repoi	rted					
		Section III - Federal Award Findings	and Questioned Costs			
None repoi	rted					
Section IV - State Award Findings and Questioned Costs						
None repor	rted					

# City of Goldsboro Corrective Action Plan For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings			
None reported			
Sectio	n III - Federal Award Findings and Questioned Costs		
None reported			
Secti	on IV - State Award Findings and Questioned Costs		

None reported

# City of Goldsboro Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2017

None reported

## City of Goldsboro Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
Federal Awards:				
Cash Programs:				
U.S. Department of Environmental Protection				
Passed through NC Department of				
Environmental Quality				
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean				
Water State Revolving Funds	66.458	E-SRF-T-15-0408	\$ 2,769,085	\$ -
Total Clean Water State Revolving Fund Clust	er		2,769,085	-
U.S. Department of Homeland Security				
Passed through N.C. Division of				
Emergency Management:				
Disaster Grants - Public Assistance	97.036	FEMA-4285-DR-NC	1,259,527	-
U.S. Department Of Housing and Urban				
<u>Development</u>				
Passed through N.C. Department of				
Commerce:				
Community Development Block				
Grant-States Program	14.228	98-R-0004	50,000	-
Community Development Block				
Grant-States Program	14.228	98-R-0004	477,252	-
Total Community Development Block Gra	nt		527,252	-
Passed-through N.C. State Housing				
Finance Agency:				
HOME Investment				
Partnership	14.239	M-98-MC-3702090	184,241	-
Total Department of Housing and Urban Developme			711,493	-
<u>Department of Justice</u>				
Passed through N.C. Department of				
Justice:				
Law Enforcment Assistance, Narcotics				
and Dangerous Drugs Training	16.004	2013-DJ-BX-0923	6,875	-
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738	2017-DJ-BX	54,098	-
Total Department of Justice			60,973	-

### City of Goldsboro Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
U.S. Department of Transportation				
Passed through N.C. Dept. of				
Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205-3	36230.13.16.1	9,463	1,878
Highway Planning and Construction	20.205-4	50024.3.FD1	454,273	113,568
Highway Planning and Construction	20.205-5	44509.1.8	167,023	504
Highway Planning and Construction	20.205	42538.1.1	25,945	3,451
Total Highway Planning and Construction Clust	er		656,704	119,401
Total Department of Transportation			656,704	119,401
State Awards: Cash Assistance: N.C. Department of Transportation: Non-State System Street Aid Allocation				
- Powell Bill		DOT4	\$ -	\$ 964,265
State Maintenance Assistance for Urban		DOTO		46.620
and Small Urban Program		DOT9	-	46,638
Total Department of Transportation			-	1,010,903
N.C. Housing Finance Agency				
Urgent Repair Program			-	50,000
N.C. Department of Natural and Cultural Resources				
Parks and Recreation Trust Fund			_	86,187
Recreational Trails Program			-	4,463
Total Department of Natural and Cultural Resources				90,650
Total assistance			\$ 5,457,782	\$ 1,270,954

#### Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards, (SEFSA) includes the federal and state grant activity of the City of Goldsboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information of this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the city of Goldsboro, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Goldsboro.

#### Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### Note 3: Loan and Loan Guarantee Balances Outstanding

Loan Description	Loan Balance	
Clean Water State Revolving Loan – CS370482-06, Sewer	\$ 2,891,069	
Total loan balances	\$ 2,891,069	

#### Note 4: Program Clusters

Federal program with different Catalog of Federal Domestic Assistance (CFDA) numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. The following clusters are separately identified in the SEFSA; Clean Water State Revolving Fund Cluster and Highway Planning and Construction Cluster.

#### Note 5: Federal Pass-Through Funds

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. There are no Federal awards other than those indicated as pass-through.

#### Note 6: Contingencies

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requires for reimbursement due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

#### Note 7: Noncash Assistance

The City did not receive any federal noncash assistance for the fiscal year ended June 30, 2017.

#### **Note 8: Indirect Costs**

The City of Goldsboro has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.