#### City of Goldsboro, North Carolina

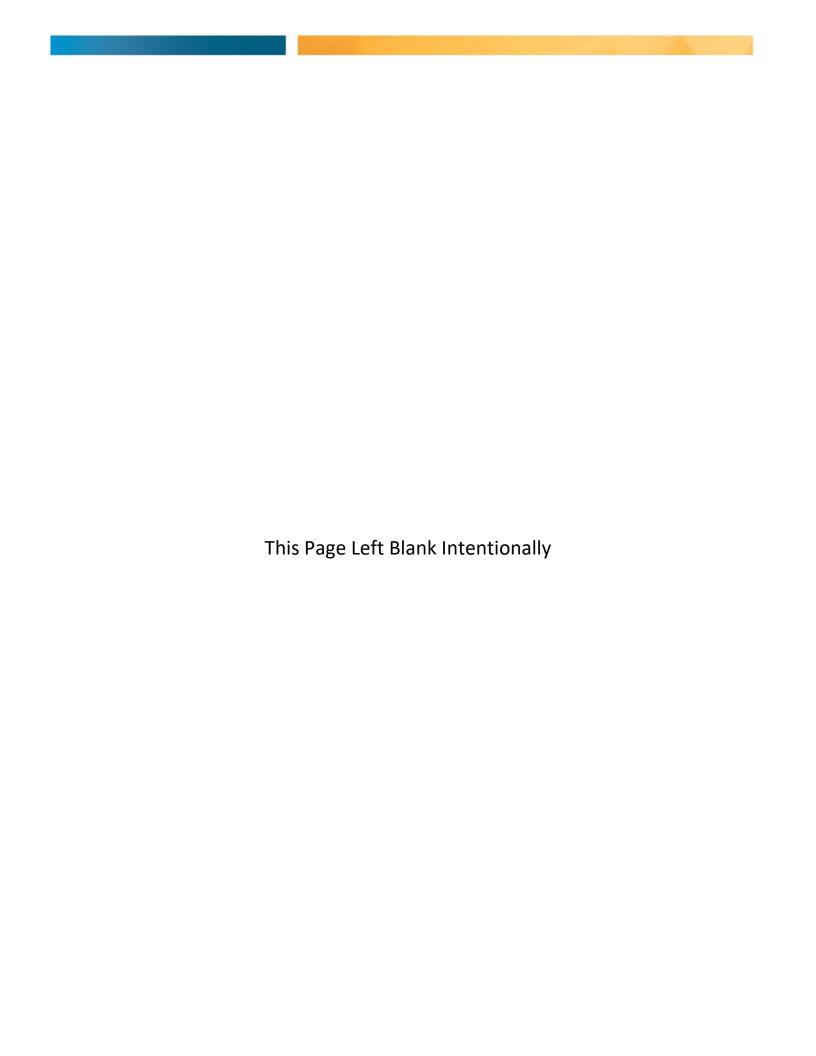
#### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

**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, 2017

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).

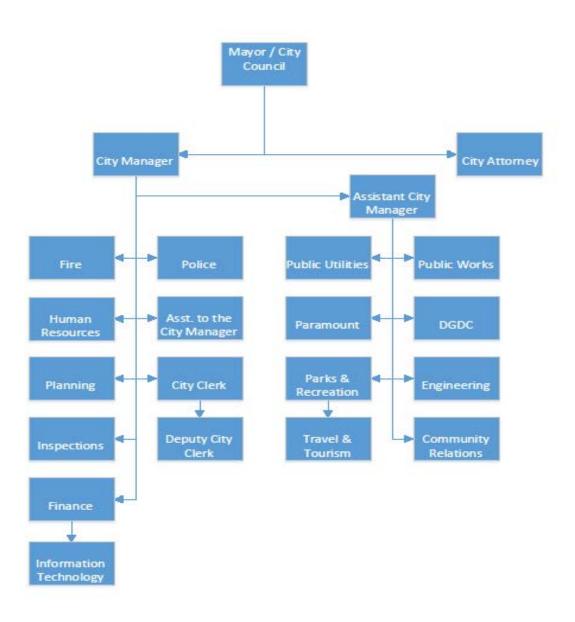
#### CITY MANAGER SCOTT A. STEVENS

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, 2019

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, 2018, 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, 2018 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 Development Alliance. recognizes Inc. 64 maior manufacturers 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 Air 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.

#### <u>ACKNOWLEDGEMENT</u>

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, 2018, 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, 2018, 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**

#### Adoption of New Accounting Pronouncement

As discussed in Note VII the financial statements, the City of Goldsboro, North Carolina adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which results in an effect of (\$3,605,298) and (\$1,172,428) on the June 30, 2017 net position of governmental activities and business-type activities, respectively. 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' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 85, the Local Government Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on page 86 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 87 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government auditing Standards*, we have also issued our report dated February 26, 2019on 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, 2019

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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, 2018. 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**

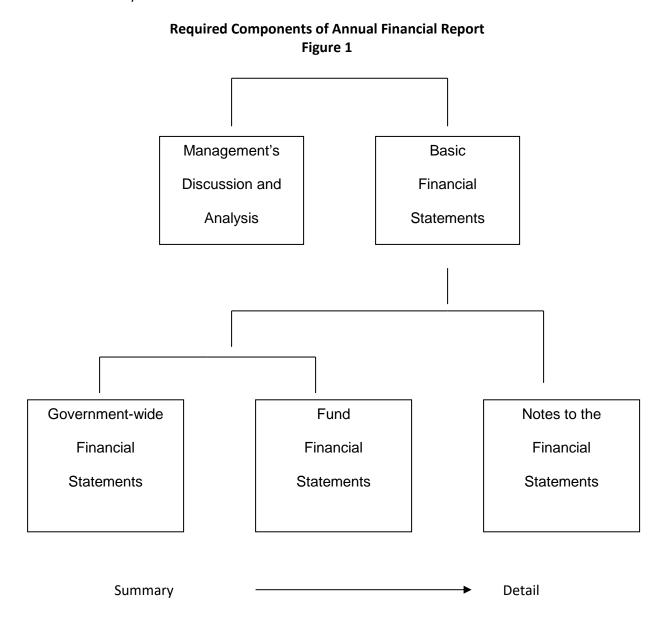
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred
  inflows of resources at the close of the recent fiscal year by \$103,338,884 (net position). Of this
  amount, \$6,278,024 (unrestricted net position) may be used to meet the government's ongoing
  obligations to citizens and creditors.
- The government's total net position decreased by \$6,978,083 consisting of a \$6,225,843 decrease in net position of governmental activities and a \$752,240 decrease in net position of business-type activities. The decrease was primarily the result of the City's implementation of GASB Statement No. 75 for OPEB liabilities which reduced beginning net position by \$4,777,726. Unrestricted net position decreased due to the expenditure of debt proceeds from last fiscal year. Business-type activities decreased due to utility capital assets increasing.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,519,884, a decrease of \$10,143,566 in comparison with the prior year. Approximately 43 percent of this total, or \$5,838,832, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned total fund balance for the General Fund was \$6,670,426 or 16.47 percent of total general fund expenditures for the fiscal year.
- The City of Goldsboro's total debt decreased by \$4,098,093 (6.60%) during the current fiscal year.
- The City of Goldsboro raised its bond rating from AA- to AA from Standard and Poor's and maintained 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, sewer and stormwater activities. 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 37-82 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Goldsboro's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 83 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**

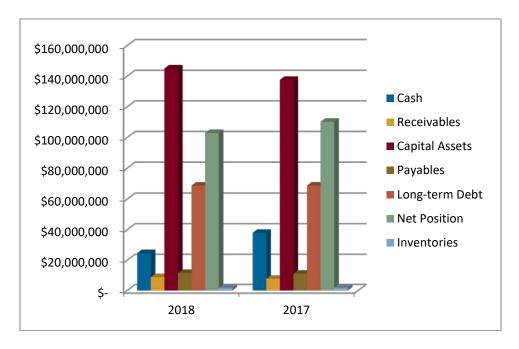
Table 1
City of Goldsboro, North Carolina
Condensed Statement of Net Position
As of June 30,

		<b>Governmental Activities</b>			<b>Business-type Activities</b>				<b>Total Primary Government</b>			
		2018		2017		2018		2017		2018		2017
Current assets	\$	17,233,272	\$	26,999,834	\$	17,138,316	\$	20,594,965	\$	34,371,588	\$	47,594,799
Capital assets		74,321,764		68,214,288		70,823,038		69,472,834		145,144,802		137,687,122
Total assets		91,555,036		95,214,122		87,961,354		90,067,799		179,516,390		185,281,921
Deferred outflows of resources		3,837,196		5,326,579		945,088		1,218,248		4,782,284		6,544,827
Total assets and deferred outflows		95,392,232		100,540,701		88,906,442		91,286,047		184,298,674		191,826,748
Current liabilities		6,731,401		6,195,431		4,471,396		4,999,109		11,202,797		11,194,540
Long-term liabilities		42,672,003		42,337,909		26,209,442		26,567,516		68,881,445		68,905,425
Total liabilities		49,403,404		48,533,340		30,680,838		31,566,625		80,084,242		80,099,965
Deferred inflows of resources		744,918		537,608		130,630		872,208		875,548		1,409,816
Total liabilities and deferred inflows		50,148,322		49,070,948		30,811,468		32,438,833		80,959,790		81,509,781
Net investment in capital assets		44,279,692		38,039,643		47,828,124		50,535,180		92,107,816		88,574,823
Restricted for:		2 742 762		2 502 202						2 742 762		2 502 202
Stabilization by State Statute		3,712,763		3,503,289		-		-		3,712,763		3,503,289
Perpetual care		294,478		294,478		-				294,478		294,478
Capital projects		-		-		-		6,506,387		-		6,506,387
Receivables held in abeyance		69,416		-		876,387		-		945,803		-
Unrestricted (deficit)		(3,112,439)		9,632,343		9,390,463		1,805,647		6,278,024		11,437,990
Total net position	\$	45,243,910	\$	51,469,753	\$	58,094,974	\$	58,847,214	\$	103,338,884	\$	110,316,967

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 \$103,338,884 as of June 30, 2018. The City's net position decreased by \$6,978,083 for the fiscal year ended June 30, 2018. However, the largest portion of net position (89.1%) 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 (4.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,278,024 (6.1%) 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 - 6/30/2018 and 6/30/2017



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 \$6,225,843. Key elements of this decrease are as follows:

- The City recognized a decrease in long-term liabilities for net pension liabilities from \$8,911,404 to \$7,491,603, in part due to the requirements of GASB 73.
- Total OPEB liability was reported in the amount of \$6,548,640 because of the requirements by GASB 75.
- Total assets decreased due to street resurfacing and multi-sports complex expenditures from cash and loan proceed investments.

**Business-type activities:** Business-type activities decreased the City's net position by \$752,240. Key elements of this increase are as follows:

- Operating expenditures for Water, Sewer and Compost Facilities were \$1,112,823 higher for 2018 as compared to 2017 as the City completed utility repairs associated with Hurricane Matthew.
- Investment earnings increased by \$59,568 over last fiscal year.
- The City recognized during the current year a net pension liability for retirees, of which \$597,411 related to business-type activities.

#### Government-wide Revenues – 6/30/2018

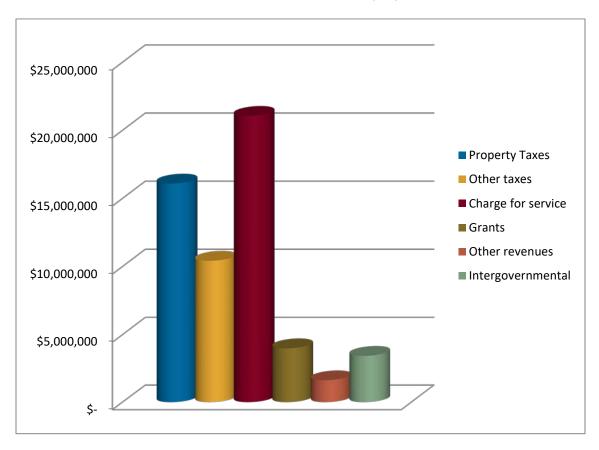


Table 2
City of Goldsboro, North Carolina
Condensed Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30,

2018 2017 Governmental Governmental Business-type Business-type Activities Activities Total Activities Activities Total Revenues: Program revenues: Charges for services \$ 4,689,703 17,101,516 21,791,219 \$ 5,180,930 15,965,714 21,146,644 3,776,915 3,776,915 Operating grants and contributions 3,732,186 3,732,186 Capital grants and contributions 244,665 244,665 General revenues: Property taxes 16,052,594 16,052,594 15,679,927 15,679,927 Local option sales taxes 9,141,847 9,141,847 8,321,960 8,321,960 Other taxes 1,287,326 1,287,326 966,303 966,303 Grants and contributions not to specific programs 3,445,151 3,445,151 3,808,477 3,808,477 Unrestricted investment earnings 104,850 46,006 90,121 119,896 224,746 44,115 Gain on sale of assets 252,509 27,143 279,652 Miscellaneous 551,233 583,968 1,135,201 624,985 480,802 1,105,787 39,517,110 54,896,134 Total revenues 17,817,477 57,334,587 38,405,503 16,490,631 Expenses: General government 4,416,947 4,416,947 3,257,540 3,257,540 Public safety 17,919,547 17,919,547 17,209,532 17,209,532 Transportation 6,693,599 6,693,599 4,428,701 4,428,701 Economic and physical development 2.941.441 3.804.064 2.941.441 3,804,064 3,528,252 3,561,080 **Environmental protection** 3,528,252 3,561,080 Cultural and recreation 5,030,394 5,030,394 4,103,845 4,103,845 Interest on long-term debt 917,168 917,168 365,594 365,594 Water and sewer 17,275,145 17,275,145 15,494,774 15,494,774 Storm Water 372,144 372,144 Transfers 250,000 (250,000)256,321 256,321 Assets donated Total expenses 41,697,348 17,397,289 59,094,637 36,986,677 15,494,774 52,481,451 Increase in net position (2,180,239)420,188 (1,760,051)1,418,826 995,857 2,414,683 Net position, July 1 51,469,753 58,847,214 110,316,967 50,050,927 57,851,357 107,902,284 Change in accounting principle (3,605,298)(1,172,428)(4,777,726)Restatement (440,306)(440,306)Net position, June 30 45,243,910 58,094,974 103,338,884 51,469,753 58,847,214 110,316,967

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

#### Government-wide Expenses – 6/30/2018

#### 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 nearterm inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,670,426, while total fund balance reached \$12,274,765. 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 16.47% percent of total General Fund expenditures, while total fund balance represents 30.31% of the same amount.

At June 30, 2018, the governmental funds of the City reported a combined fund balance of \$13,519,884, a 43% decrease over last year, primarily due to the expenditures of loan proceeds on capital project expenditures which had not yet been fully expended in previous fiscal year. In the General Fund, the actual budget basis fund balance change was a decrease for fiscal year 2018 of \$1,371,828 and is primarily due to overall expenditures expended associated with multi-sports complex and street resurfacing. The Downtown District Fund had an increase in fund balance of \$12,415 and the

Occupancy Tax Fund decreased by \$508,257. The Capital Project Fund – Street decreased \$2,690,689 due to expending bond proceeds. 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 \$297,086. The multi-sports complex was completed in FY 2017-18 which depleted those bond proceeds.

#### **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, 2018, the governmental funds of the City of Goldsboro reported a combined fund balance of \$13,519,884, a \$10,143,566 decrease from 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:

- The City was affected by Hurricane Matthew and the final storm debris expenditures were paid in FY 2017-18.
- The City received IT lease expenditures and revenue debt proceeds.
- Cultural and Recreational expenditures increased due to allocations for the Multi-Sports Complex.
- Restricted revenues increased due to FEMA, Golden Leaf Grant, Governor's Crime Grant, RTP Grant and Main Street Grant proceeds.

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

- Sales Tax and Vehicle Tag Fee collections were more than foreseen.
- Multi-Sports Complex expenditures crossed fiscal year.
- 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 funds.** The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$10,860,709. The total decrease in net position for the funds was \$752,240. 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, 2018, totals \$145,144,802 (net of accumulated depreciation). These assets include buildings, streets, land, equipment, and vehicles.

The significant capital asset additions during the yearwere:

- Purchase of Front End Wheeled Loaded in the Street Maintenance Division at a cost of \$196,572.
- Purchase of vehicles and equipment for Multi-Sports Complex costing \$172,378.
- Purchase of Limb Loader Truck in the amount of \$141,605.
- Purchase of 12 Patrol Cars in the Police Department for \$327,063.
- Stoney Creek Outfall Rehabilitation in the amount of \$2,771,542.
- Resurfacing in the amount of \$2,698,115.
- Purchase of Aerial Fire Truck and equipment costing \$1,475,239
- Purchase of Excavator, Jet-Vac Truck, Backhoe, Tandem Dump Truck, and Heavy-Duty Wheel Loader costing \$980,357.

Additional information on the City's capital assets can be found on pages 53-55 of this report.

#### **Government-wide Capital Assets – 6/30/2018**

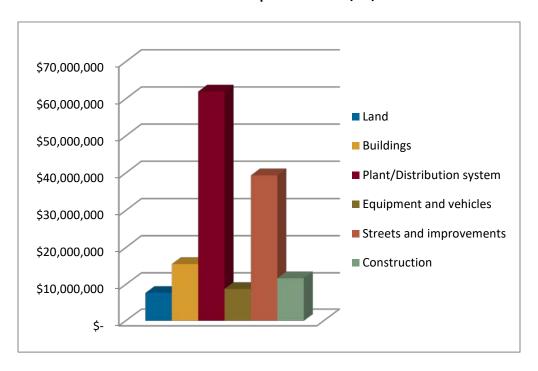


Table 3

City of Goldsboro, North Carolina

Condensed Statement of Capital Assets (net of depreciation)

For the Fiscal Year Ended June 30,

		Governmen	tal A	ctivities	<b>Business-type Activities</b>			Total				
	2018 2017 2018		2018	2017			2018	2017				
Land	\$	6,243,946	\$	6,243,091	\$	1,443,282	\$	1,443,282	\$	7,687,228	\$	7,686,373
Buildings		15,579,776		16,137,087	-					15,579,776		16,137,087
Plant and Distribution Systems		-		-		61,967,430		62,492,029		61,967,430		62,492,029
Equipment		604,073		678,782		624,021		744,456		1,228,094		1,423,238
Vehicles		5,469,822		3,995,386		2,089,516		1,154,206		7,559,338		5,149,592
Streets and Improvements		39,398,252		40,012,594		-		-		39,398,252		40,012,594
Construction in progress		7,025,895		1,147,348		4,698,789		3,638,861		11,724,684		4,786,209
Total	\$	74,321,764	\$	68,214,288	\$	70,823,038	\$	69,472,834	\$	145,144,802	\$	137,687,122

**Long-term Debt**. As of June 30, 2018, the City had total debt outstanding of \$57,979,496. Of this amount, \$18,060,000 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		
	2018	2017	2018	2017	2018	2017	
General obligation bonds	\$ 8,844,400	\$ 9,601,499	\$ 9,215,600	\$ 10,061,501	\$ 18,060,000	\$ 19,663,000	
Premium on bonds	729,300	787,679	616,907	668,315	1,346,207	1,455,994	
Capitalized leases	1,581,754	1,104,573	-	-	1,581,754	1,104,573	
Notes Payable	20,405,285	22,035,072	16,586,250	17,818,950	36,991,535	39,854,022	
Total	\$ 31,560,739	\$ 33,528,823	\$ 26,418,757	\$ 28,548,766	\$ 57,979,496	\$ 62,077,589	

The City raised its bond rating from AA- to AA from Standard and Poor's Corporation and maintained 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 \$159,391,310.

Additional information regarding the City's long-term debt can be found in note 6 on pages 70-78 of this report.

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

The average unemployment rate for Goldsboro is currently 5.9 percent. The statewide and the national average unemployment rates for fiscal year 2018 is 4.2 percent.

As of November 2018, the City's occupancy rates are trending 63.4%, which is down 1.2% over last year for the same timeframe. Revenues are down .2% for November 2018 vs. November 2017.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

<u>Governmental Activities:</u> The City's adopted budget for 2019 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 18-19. First full year of the new stormwater fee; the revenues are expected to generate \$1,504,000 due to 12 months of billing non-residential developed properties based on their impervious area. The City is scheduled to have new valuation values for FY 2019-20.

**Business – type Activities:** Water and sewer usage are expected to remain constant in FY 2018-19. The FY 18-19 Budget did not include any increases in its utility service rates and charges. The City did agree to continue selling water to the County's water districts, which includes Fork Township this fiscal year. The additional revenues is expected to generate appropriately \$800K 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, 2018 Exhibit 1

	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,470,04		\$ 14,529,054
Investments	4,164,18		4,164,180
Receivables (net)	1,962,33		4,706,466
Due from other governments	3,095,71	•	3,135,692
Internal balances	(290,59		
Inventories	311,64	6 1,456,062	1,767,708
Restricted assets:			
Cash and investments	1,519,94		6,068,488
Total current assets	17,233,27	2 17,138,316	34,371,588
Non-current assets:			
Capital assets:			
Land, improvements, and construction in progress	13,269,84	1 6,142,071	19,411,912
Other capital assets, net of depreciation	61,051,92	3 64,680,967	125,732,890
Total capital assets	74,321,76	4 70,823,038	145,144,802
Total non-current assets	74,321,76	4 70,823,038	145,144,802
Total assets	91,555,03	6 87,961,354	179,516,390
	31,333,03	0 07,501,554	175,510,550
DEFERRED OUTFLOW of RESOURCES			
Pension deferrals	3,542,48	•	4,035,246
OPEB deferrals	111,40		139,409
Deferred charge on refunding	183,31		607,629
Total deferred outflows of resources	3,837,19	6 945,088	4,782,284
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,828,73	4 494,710	2,323,444
Accrued interest payable	170,47	3 119,590	290,063
Customer deposits		- 1,124,700	1,124,700
Current portion of long-term liabilities	4,732,19	4 2,732,396	7,464,590
Total current liabilities	6,731,40	1 4,471,396	11,202,797
Long term liabilities:			
Long-term liabilities:  Net pension liability	4 20E 02	9 597,411	4 992 450
Total pension liability	4,285,03 3,206,56		4,882,450 3,206,564
Total OPEB liability	6,548,64		8,195,020
Due in more than one year	28,631,76		52,597,411
Total liabilities	49,403,40		80,084,242
	+5,+05,+0	30,000,030	00,004,242
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	395 <i>,</i> 85		428,258
OPEB deferrals	346,97		434,201
Prepaid assessments	2,09		13,089
Total deferred inflows of resources	744,91	8 130,630	875,548
NET POSITION			
Net investment in capital assets	44,279,69	2 44,404,281	88,683,973
Restricted for:			
Stabilization by State Statute	3,712,76	-	3,712,763
Perpetual care	294,47	-	294,478
Capital outlay		- 3,423,843	3,423,843
Receivables held in abeyance	69,41	6 876,387	945,803
Unrestricted (deficit)	(3,112,43	9,390,463	6,278,024
Total net position	\$ 45,243,91	0 \$ 58,094,974	\$ 103,338,884

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

#### **Program Revenues**

Functions/Programs		Expenses		Charges for Services		erating Grants Contributions	Capital Grants and Contributions	
Primary government:								
Governmental Activities:								
General government	\$	4,416,947	\$	83,897	\$	27,031	\$	105,852
Public safety		17,919,547		386,306		1,108,563		-
Transportation		6,693,599		-		1,467,623		-
Economic and physical development		2,941,441		15,402		688,955		-
Environmental protection		3,528,252		3,253,077		440,014		-
Cultural and recreation		5,030,394		951,021		-		138,813
Interest on long-term debt		917,168		-		-		-
Total governmental								
activities (See Note 1)		41,447,348		4,689,703		3,732,186		244,665
Business-type activities:								
Water and sewer		17,275,145		16,334,001		-		-
Storm Water		372,144		767,515		-		-
Total business-type activities		17,647,289		17,101,516		-		-
Total primary government	\$	59,094,637	\$	21,791,219	\$	3,732,186	\$	244,665

#### General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales taxes

Other taxes and licenses

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues not including transfers

Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning , as previously reported

Cummulative effect of change in accounting principle

Restatement

Net position - beginning, as restated

Net position - ending

# City of Goldsboro Statement of Activities Governmental Funds For the Fiscal Year Ended June 30, 2018 Exhibit 2

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

G	overnmental Activities	В	usiness-type Activities	Total			
\$	(4,200,167)	\$	-	\$	(4,200,167)		
	(16,424,678)		-		(16,424,678)		
	(5,225,976)		-		(5,225,976)		
	(2,237,084)		-		(2,237,084)		
	164,839		-		164,839		
	(3,940,560)		-		(3,940,560)		
	(917,168)		=		(917,168)		
	(32,780,794)		-		(32,780,794)		
	-		(941,144)		(941,144)		
	-		395,371		395,371		
	-		(545,773)		(545,773)		
	(32,780,794)		(545,773)		(33,326,567)		
	16,052,594		-		16,052,594		
	9,141,847		-		9,141,847		
	1,287,326		-		1,287,326		
	3,445,151		-		3,445,151		
	119,896		104,850		224,746		
	551,233		583,968		1,135,201		
	30,598,047		688,818		31,286,865		
	252,509		27,143		279,652		
	(250,000)		250,000		-		
	30,600,556		965,961		31,566,517		
	(2,180,239)		420,188		(1,760,051)		
	51,469,753		58,847,214		110,316,967		
	(3,605,298)		(1,172,428)		(4,777,726)		
	(440,306)		-		(440,306)		
	47,424,149		57,674,786		105,098,935		
\$	45,243,910	\$	58,094,974	\$	103,338,884		

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#### City of Goldsboro Balance Sheet Governmental Funds June 30, 2018 Exhibit 3

_	Major Funds							
		-		ecreation				Total
			Capi	ital Projects	Tot	tal Nonmajor	G	overnmental
		General		Fund		Funds		Funds
ASSETS								
Cash and cash equvlents	\$	5,388,783	\$	62,593	\$	1,018,673	\$	6,470,049
Investments		4,164,180		-		-		4,164,180
Receivables (net):								
Taxes		995,829		-		7,031		1,002,860
Accounts		959,472		-		-		959,472
Due from other governments		3,038,712		-		57,000		3,095,712
Due from other funds Inventories		100,000 311,646		-		-		100,000 311,646
Restricted assets:		311,040		-		_		311,040
Cash and investments		1,285,452		234,493		_		1,519,945
Total assets	\$	16,244,074	\$	297,086	\$	1,082,704	\$	17,623,864
HADILITIES AND FUND DALANCES		•		•				
LIABILITIES AND FUND BALANCES Liabilities:								
Accounts payable and accrued liabilities	\$	1,277,838	\$	_	\$	27,640	\$	1,305,478
Accrued compensation payable	ڔ	523,256	Ą	_	ڔ	27,040	ڔ	523,256
Due to other funds		290,592		_		100,000		390,592
Total liabilities		2,091,686		-		127,640		2,219,326
DEFERRED INFLOWS OF RESOURCES		1,877,623		_		7,031		1,884,654
		1,011,023				7,031		1,001,031
Fund balances: Non Spendable								
Inventories		311,646		_				311,646
Perpetual care		294,478		_		_		294,478
Restricted		23 .,						23 1, 17 3
Unexpended bond proceeds		1,285,452		234,493		_		1,519,945
Stabilization by State Statute		3,712,763		-		-		3,712,763
Committed								
Downtown Development		-		-		95,311		95,311
Economic Development		-		-		852,722		852,722
Cultural and Recreational		-		62,593		-		62,593
Unassigned		6,670,426		-		- 040 022		6,670,426
Total fund balances  Total liabilities, deferred inflows of resources, and fund balances	\$	12,274,765 16,244,074	\$	297,086 297,086	\$	948,033 1,082,704	\$	13,519,884 17,623,864
							~	17,023,004
Reconciliation of amounts reported for governmental activities in the because:	ne stat	tement of net p	ositior	i (Exhibit 1) a	re air	rerent		
Total Fund Balance							\$	13,519,884
Capital assets used in governmental activities are not financial reso	urces a	and therefore a	are not					
reported in the funds.								
Gross capital assets at historical cost						134,294,905		
Accumulated depreciation						(59,973,141)		74,321,764
Deferred loss on refunding debt					_	(33)373)111		183,310
Deferred outflows of resources related to pensions are not reporte	d in th	no funds						3,542,484
·								
Deferred outflow of resources related to OPEB are not reported in t								111,402
Deferred inflows of resources for taxes and special assessments rec	eivabi	е						1,882,563
Net pension and related liabilities								(7,887,460)
OPEB and related liabilities								(6,895,610)
Some liabilities, including bonds payable, are not due and payable $\ensuremath{\mathrm{i}}$	n the o	current period	and					
therefore are not reported in the funds (Note 4).								(33,534,427)
Net position of governmental activities								

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, 2018 Exhibit 4

	Major Funds				
			Recreation		
			Capital Projects	Total Nonmajor	Total Governmental
	G	eneral Fund	Fund	Funds	Funds
REVENUES					
Ad valorem taxes	\$	15,674,602	¢ .	\$ 73,026	\$ 15,747,628
Local option sales taxes	Y	9,141,847	· -	7 73,020	9,141,847
Other taxes and licenses		293,820	_	993,506	1,287,326
Unrestricted intergovernmental		3,445,151	<u>-</u>	-	3,445,151
Restricted intergovernmental		3,333,053	<u>-</u>	643,798	3,976,851
Permits and fees		386,306	_	-	386,306
Sales and services		4,287,995	_	15,402	4,303,397
Investment earnings		73,744	26,151	20,001	119,896
Miscellaneous		547,516		3,717	551,233
Total revenues		37,184,034	26,151	1,749,450	38,959,635
EXPENDITURES					
Current:					
General government		3,554,876	_	_	3,554,876
Public safety		19,047,197	_	_	19,047,197
Transportation		3,356,739	_	2,698,114	6,054,853
Economic and physical development		1,093,994	_	1,833,778	2,927,772
Environmental protection		3,158,528	_	1,033,770	3,158,528
Cultural and recreational		5,580,222	5,614,980	_	11,195,202
Debt service:		3,360,222	3,014,360		11,193,202
Principal		3,887,705	_	350,000	4,237,705
Interest and other charges		815,978	_	43,125	859,103
Total expenditures		40,495,239	5,614,980	4,925,017	51,035,236
Excess (deficiency) of revenues		(2 211 205)	/F F00 020\	/2 175 567\	(12.075.601)
over expenditures		(3,311,205)	(5,588,829)	(3,175,567)	(12,075,601)
Other financing sources (uses):					
Transfer from other funds		7,342	-	-	7,342
Transfer to other funds		(250,000)	-	(7,342)	(257,342)
Sale of capital assets		252,509	-	=	252,509
Proceeds from issuance of debt		2,328,000	-	-	2,328,000
Total other financing sources (uses)		2,337,851	-	(7,342)	2,330,509
Net change in fund balances		(973,354)	(5,588,829)	(3,182,909)	(9,745,092)
Fund balances, beginning, as previously reported		13,646,593	5,885,915	4,130,942	23,663,450
Prior period adjustment		(440,306)		<u> </u>	(440,306)
Fund balances, beginning, as restated		13,206,287	5,885,915	4,130,942	23,223,144
Change in reserve for inventories		41,832			41,832
Fund balances, ending	\$	12,274,765	\$ 297,086	\$ 948,033	\$ 13,519,884

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

#### **City of Goldsboro**

## 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, 2018 Exhibit 4

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		\$ (9,745,092)
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	9,681,041	
Depreciation expense for governmental assets	(3,573,565)	6,107,476
Increase in inventory		41,832
Contributions to the pension plan in the current fiscal year are not included		
on the Statement of Activities		1,470,018
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		304,966
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	(298,543)	
Accrued interest	(97,711)	
OPEB plan expense	(415,510)	
Pensions and related obligations	(1,497,026)	(2,308,790)
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, 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.	4 040 354	1.040.254
Debt and related activity	1,949,351	1,949,351
Total changes in net position of governmental activities		\$ (2,180,239)

# City of Goldsboro Statement of Revenues, Expenditures, and Changes in Fund BalanceBudget and Actual General Fund For the Fiscal Year Ended June 30, 2018 Exhibit 5

	Budgete	d Amounts	_	
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad Valorem taxes	\$ 16,082,900	\$ 16,082,900	\$ 15,674,602	\$ (408,298)
Other taxes and licenses	8,818,692	8,818,692	9,435,667	616,975
Unrestricted intergovernmental	3,643,600	3,643,600	3,445,151	(198,449)
Restricted intergovernmental	1,820,056	3,970,027	3,333,053	(636,974)
Permits and fees	378,500	378,500	386,306	7,806
Sales and services	4,317,000	4,317,000	4,287,995	(29,005)
Investment earnings	19,200	19,200	73,744	54,544
Miscellaneous	1,253,000	1,253,000	547,516	(705,484)
Total revenues	36,332,948	38,482,919	37,184,034	(1,298,886)
EXPENDITURES				
Current:				
General government	5,242,232	6,143,746	3,554,876	2,588,870
Transportation	2,781,397	3,419,506	3,356,739	62,767
Economic and physical development	1,721,955	1,919,549	1,093,994	825,555
Public safety	18,020,209	21,041,108	19,047,197	1,993,911
Environmental protection	3,199,474	3,223,259	3,158,528	64,731
Cultural and recreational	4,911,450	8,135,452	5,580,222	2,555,230
Debt Service:				
Principal	4,343,028	4,338,369	3,887,705	450,664
Interest and other costs	112,287	396,521		(419,457)
Total expenditures	40,332,032	48,617,510		8,122,272
Revenue over (under) expenditures	(3,999,084)	(10,134,591)	) (3,311,205)	6,823,386
Other financing sources (uses):				
Transfer from other funds	2 (40 521	2 (40 521	7 242	(2.641.100)
	2,648,531	2,648,531		(2,641,189)
Transfer to utility fund	(250,000)	(250,000)		
Sale of capital assets	285,000	285,000		(32,491)
Proceeds from issuance of debt	1,315,553	5,848,162	2,328,000	(3,520,162)
Payment to bond escrow agent  Total other financing sources (uses)	3,999,084	8,531,693	2,337,851	(6,193,842)
Revenue and other financing sources over (under)	2,000,00	-,		(0,000,000,00
expenditures and other financing uses	-	(1,602,898)	) (973,354)	629,544
Fund balance appropriated	_	1,602,898		(1,602,898)
Revenues, other financing sources and		_,,00_,000		(2,002,000)
appropriated fund balance over (under)				
expenditures and other financing uses	\$ -	\$ -	(973,354)	\$ (973,355)
Fund balances - beginning, as previously reported			= 13,646,593	
Prior period adjustment			(440,306)	
Fund balances, beginning, as restated			13,206,287	-
Increase in inventory			41,832	
Fund balances - ending			\$ 12,274,765	-

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

#### City of Goldsboro Statement of Net Position Proprietary Funds June 30, 2018 Exhibit 6

		Utility		Storm Water		Tatal
ASSETS		Fund		Fund		Total
Current assets:						
Cash and equivalents	\$	7,761,039	\$	297,966	Ś	8,059,005
Accounts receivables (net)	*	2,638,076	Ψ.	106,058	Ψ	2,744,134
Due from other governments		39,980				39,980
Due from other funds		290,592		_		290,592
Inventories		1,454,294		1,768		1,456,062
Restricted assets		, - , -		,		,,
Cash and cash equivalents		4,537,799		10,744		4,548,543
Total current assets		16,721,780		416,536		17,138,316
Noncurrent assets:						
Capital assets:						
Land and other non-depreciable assets		6,142,071		_		6,142,071
Other capital assets (net)		64,095,595		585,372		64,680,967
Capital assets (net)		70,237,666		585,372		70,823,038
Total noncurrent assets		70,237,666		585,372		70,823,038
Total assets		86,959,446		1,001,908		87,961,354
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals		492,762		_		492,762
OPEB deferrals		28,007		_		28,007
Deferred charge on refunding		424,319		_		424,319
Total deferred outflows of resources		945,088		-		945,088
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities		489,194		5,516		494,710
Accrued interest payable		116,919		2,671		119,590
Customer deposits		1,124,700		· -		1,124,700
Note payable - current		1,435,030		111,540		1,546,570
Compensated absences - current		65,152		4,671		69,823
General obligation bonds payable - current		1,116,003		-		1,116,003
Total current liabilities		4,346,998		124,398		4,471,396
Noncurrent liabilities:						
Compensated absences payable		195,456		14,011		209,467
Net pension liability		597,411		-		597,411
Total OPEB liability		1,646,380		-		1,646,380
Note payable, net of current		14,572,720		466,960		15,039,680
General obligation bonds payable - net of current		8,716,504		-		8,716,504
Total noncurrent liabilities		25,728,471		480,971		26,209,442
Total liabilities		30,075,469		605,369		30,680,838
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals		32,401		-		32,401
OPEB deferrals		87,231		-		87,231
Prepaid Utilities bills		10,998		-		10,998
Total Deferred inflows of resources		130,630		-		130,630
Net Position						
Investment in capital assets		44,397,409		6,872		44,404,281
Restricted for capital outlay		3,413,099		10,744		3,423,843
Restricted accounts receivable held in abeyance		876,387		-		876,387
Unrestricted		9,011,540		378,923		9,390,463
Total net position	\$	57,698,435	\$	396,539	\$	58,094,974

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 Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2018 Exhibit 7

	Utility	Sto	orm Water	
	 Fund		Fund	Total
Operating revenues:				
Charges for service	\$ 16,172,129	\$	767,515 \$	16,939,644
Assessments	1,409		-	1,409
Water and sewer taps	29,650		-	29,650
Other operating revenues	130,813		-	130,813
Total operating revenues	16,334,001		767,515	17,101,516
Operating expenses:				
Water and sewer system:				
Salaries and employee benefits	3,288,753		164,282	3,453,035
Utilities	772,341		-	772,341
Repairs and maintenance	1,286,554		54,603	1,341,157
Supplies and other expenses	6,524,063		137,617	6,661,680
Capital outlay	56,194		-	56,194
Bad debt expense	846,006		-	846,006
Depreciation	3,751,076		11,515	3,762,591
Total operating expenses	16,524,987		368,017	16,893,004
Operating income	(190,986)		399,498	208,512
Nonoperating revenues (expenses):				
Federal reimbursements	136,914		-	136,914
Other revenues	447,054		-	447,054
Gain (loss) on sale of assets	27,143		-	27,143
Investment earnings	103,682		1,168	104,850
Interest and fees	(750,158)		(4,127)	(754,285)
Total nonoperating expenses	(35,365)		(2,959)	(38,324)
Income (loss) before contributions and transfers	(226,351)		396,539	170,188
Transfers from other funds	250,000		-	250,000
Change in net position	23,649		396,539	420,188
Total net position, beginning - previously reported	58,847,214		-	58,847,214
Restatement	(1,172,428)		-	(1,172,428)
Total net position, beginning - restated	57,674,786		-	57,674,786
Total net position - ending	\$ 57,698,435	\$	396,539 \$	58,094,974

# City of Goldsboro Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2018 Exhibit 8

		Utility Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$	15,927,701	661,457 \$	16,589,158
Cash paid for goods and services		(9,282,911)	(188,472)	(9,471,383)
Cash paid to employees for services		(3,144,032)	(145,600)	(3,289,632)
Customer deposits received		(10,848)	-	(10,848)
Other operating revenues		130,813	-	130,813
Net cash provided by operating activities		3,620,723	327,385	3,948,108
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal reimbursements		96,934	-	96,934
Other revenues		447,054	-	447,054
Transfer from other funds		250,000	-	250,000
Net cash provided by noncapital financing activities		793,988	-	793,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	;			
New long-term borrowings		782,140	578,500	1,360,640
Principal paid on long-term borrowings		(2,593,339)	-	(2,593,339)
Interest and fees paid on bonds and long-term debt		(701,311)	-	(701,311)
Acquisition and construction of capital assets		(4,515,908)	(596,887)	(5,112,795)
Debt issuance costs paid		(3,120)	(1,456)	(4,576)
Principal paid on bond maturities		(845,901)	-	(845,901)
Proceeds from the sale of capital assets		27,143	-	27,143
Net cash used in capital and related				
financing activities		(7,850,296)	(19,843)	(7,870,139)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments		103,682	1,168	104,850
Net cash provided by investing activities		103,682	1,168	104,850
Net increase (decrease) in cash and cash equivalents		(3,331,903)	308,710	(3,023,193)
Cash and cash equivalents, July 1		15,630,741	-	15,630,741
Cash and cash equivalents, June 30	\$	12,298,838	308,710 \$	12,607,548
Cash and equivalents	\$	7,761,039		8,059,005
Restricted cash		4,537,799	10,744	4,548,543
Total Cash and equivalents	\$	12,298,838	308,710 \$	12,607,548

# City of Goldsboro Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2018 Exhibit 8

	Utility Fund	S	torm Water Fund	Total
Reconciliation of operating income to net cash				
provided by operating activities:				
Operating income	\$ (190,986)	\$	399,498 \$	208,512
Adjustments to reconcile operating income				
to net cash provided by operating activities				
Depreciation	3,751,076		11,515	3,762,591
Change in assets and liabilities				
(Increase)decrease in accounts receivable	527,371		(106,058)	421,313
(Increase)decrease in inventory	53,891		(1,768)	52,123
Increase (decrease) in deferred inflows of resources for pensions	(25,951)		-	(25,951)
Increase (decrease) in deferred inflows of resources for OPEB	87,231			87,231
Increase(decrease) in accounts payable and accrued liabilities	146,162		5,516	151,678
Increase(decrease) in customer deposits	(10,848)		-	(10,848)
Increase(decrease) in compensated absences	44,071		18,682	62,753
Increase(decrease) in pension liability	(241,476)		-	(241,476)
Increase(decrease) in total OPEB liability	45,240		-	45,240
(Increase) decrease in deferred outflows of resources for pensions	265,807		-	265,807
(Increase) decrease in deferred outflows of resources for OPEB	(28,007)			(28,007)
Increase(decrease) in deferred revenues	 (802,858)		<u>-</u>	(802,858)
Net cash provided by operating activities	\$ 3,620,723	\$	327,385 \$	3,948,108

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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 non-major 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, recreation 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.

**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.

**Proprietary Fund – Storm Water Fund**. This fund is established to account for the City's storm water 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 funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem 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 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development and Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. 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). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair 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 with an original maturity date of three months or less are considered cash and cash equivalents. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2018, there were no redemption fees or

maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

#### 3. Restricted Assets

Restricted assets include the portion of cash and cash equivalents related to funds received through the North Carolina Department of Justice required to be spent for local law enforcement purposes. 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	Golds	<u>boro Re</u>	<u>stricted</u>	Cash

Governmental activities			
Recreation Bond	Unexpended loan proceeds	\$	234,493
AMI/Vehicles	Unexpended loan proceeds		289,373
Law Enforcement Grant	Unexpended grant proceeds		1,278
SunTrust Escrow	Unexpended loan proceeds		478,537
US Bank Trust	Unexpended loan proceeds		516,264
Total governmental activities		\$	1,519,945
		1	
Business-type activities			
Water and Sewer Fund			
NCCMT - sewer	Unexpended bond proceeds	\$	855,101
AMI/Vehicles	Unexpended loan proceeds		2,557,998
Customer Deposits	·		1,124,700
Total water and sewer fund			4,537,799
Storm Water Fund			
AMI/Vehicles	Unexpended loan proceeds		10,744
		1	
Total business-type activities		\$	4,548,543

#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017.

#### 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 subsequent use. The cost of these inventories is recorded as an expense as the inventories are consumed rather than when purchased.

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
Asset Class	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 three items that meets this criterion, OPEB and pension deferrals for the 2018 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 and OPEB 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 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)].

Restricted for capital outlay – portion of fund balance that is restricted by the lender for capital expenditures. This is equal to the unexpended proceeds of bonds and notes payable.

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.

Committed for Cultural and Recreation – portion of fund balance assigned by the Board for recreation capital projects.

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 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 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 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. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The City has implemented this provision for the year ended June 30, 2018. The implementation of this statement resulted in a decrease of beginning net position of the governmental activities and business-type activities of the City in the amount of \$3,605,298 and \$1,172,428, respectively.

GASB Statement No. 81, Irrevocable Split-Interest Agreements ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. Currently, this new standard has no effect on the City's financial statements.

GASB Statement No. 85, Omnibus 2017 ("GASB 85"), seeks 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]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the City's financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues ("GASB 86"), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has no effect on the City's financial statements.

#### 14. Future Accounting Pronouncements - Accounting Standards Issued But Not Yet Effective

GASB Statement No. 83, Certain Asset Retirement Obligations ("GASB 83"), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The City is reviewing this standard to determine the effect on the City's financial statements.

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The City is reviewing this standard to determine the effect on the City's financial statements.

GASB Statement No. 87, Leases ("GASB 87"), 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 as 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. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The City is reviewing this standard to determine the effect on the City's financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt ("GASB 88"), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. The City is reviewing this standard to determine the effect on the City's financial statements.

#### 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 total fund balance for the governmental funds and net position for governmental activities as reported in the governmental—wide statement of net position. The net adjustment of \$31,724,026 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)	\$	134,294,905
Less accumulated depreciation		(59,973,141)
Net capital assets		74,321,764
Deferred outflow of resources related to pensions are not reported in the funds		3,542,484
Deferred outflow of resources related to OPEB are not reported in the funds		111,402
Deferred loss on refunding debt		183,310
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not		
the government-wide		1,882,563
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		(30,831,439)
Premium on issuance of debt		(729,300)
Pension benefit liability		(7,491,603)
OPEB liability		(6,548,640)
Compensated absences		(1,803,215)
Accrued interest payable		(170,473)
Deferred inflows of resources related to OPEB are not reported in the funds		(346,970)
Deferred inflows of resources related to pensions are not reported in the funds		(395,857)
Total adjustment	ć	21 724 026
Total adjustment	Ş	31,724,026

### 2. <u>Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in total fund balances for the 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 \$7,564,853 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 9,681,041
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.	(3,573,565)
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	(2,328,000)
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	4,237,705
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	(18,733)
Amortization of bond premium Increase in inventory	58,379 41,832
Contributions to the pension plan in the current fiscal year are not included on the	
Statement of Activities	1,470,018
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)	(97,711)
OPEB plan expense	(235,568)
City portion of collective pension expense	(1,356,245)
Increase in LEO pension obligation	(140,781)
Increase in OPEB obligation	(179,942)
Compensated absences are accrued in the government-wide statements but not in the	
fund statements because they do not use current resources	(298,543)
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	304,966
Total adjustment	\$ 7,564,853

#### NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Excess of Expenditures over Appropriations** 

For the fiscal year ended June 30, 2018, the City's expenditures exceeded the amount approved in the budget ordinance and subsequent amendments.

**General Fund:** 

Wayne County schools \$ 27,042

Capital Project Fund

Expenditures 240,039 Transfer to General Fund 7,342

#### **NOTE III – 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, 2018, the City's deposits had a carrying amount of \$16,646,652 and a bank balance of \$16,961,436. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$15,961,436 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2018, City had \$3,180 cash on hand.

#### 2. Investments

At June 30, 2018, the City's investment balances were as follows:

Measurement							
			L	ess than 6.			
Method		Value		Months	6-12 Mont	hs	Rating
Amortized							
Cost	\$	4,200,597	\$	4,200,597	\$	-	AAAm
Fair Value							
Level 1		3,911,293		3,911,293		-	Unrated
	\$	8,111,890	\$	8,111,890	\$	-	
	Cost Fair Value	Cost \$ Fair Value	Cost \$ 4,200,597 Fair Value Level 1 3,911,293	Cost \$ 4,200,597 \$ Fair Value Level 1 3,911,293	Cost \$ 4,200,597 \$ 4,200,597  Fair Value Level 1 3,911,293 3,911,293	Cost \$ 4,200,597 \$ 4,200,597 \$ Fair Value Level 1 3,911,293 3,911,293	Cost \$ 4,200,597 \$ 4,200,597 \$ - Fair Value Level 1 3,911,293 3,911,293 -

<sup>\*</sup> Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months.

Credit risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

#### 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:

			Other ernmental	
Governmental Activities:	G	eneral Fund	Funds	Total
Taxes receivable	\$	995,829	7,031	\$ 1,002,860
Accounts receivable		1,480,223	-	1,480,223
Allowance for uncollectible		(520,751)	-	(520,751)
Net governmental activities		1,955,301	7,031	1,962,332
Business-type Activities:		Water and ewer Fund	 rm Water Fund	Total
Accounts receivable	\$	5,142,569	\$ 111,303	\$ 5,253,872
Allowance for uncollectible	(2,504,493) (5,245)		(2,509,738)	
Net business-type activities		2,638,076	106,058	2,744,134
Total net receivables	\$	4,593,377	\$ 113,089	\$ 4,706,466

Due from other governments that is owed to the City consists of the following:

	Governmental		В	Business-type	
		Activities		Activities	
North Carolina Department of Revenue					
Local option sales tax	\$	2,353,971	\$	-	
Sales tax refund		354,512		-	
North Carolina Department of Transportation					
Signal reimbursement		44,503		-	
Grant		11,597		-	
North Carolina Department of Public Safety					
Governor's Crime Commission Grant		86,602		-	
FEMA reimbursement		134,982		39,980	
Wayne County					
Property taxes		52,545		-	
Seymour Johnson Air Force Base					
Fitness Center reimbursement		57,000		-	
Totals	\$	3,095,712	\$	39,980	

### 4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

		Beginning					Ending
Governmental Activities:	Bala	ance 7/1/2017	Increases		Decreases		nce 6/30/2018
Capital assets not being depreciated:							
Land	\$	6,243,091	\$	855	\$ -	\$	6,243,946
Construction in progress		1,147,348		9,382,731	3,504,184		7,025,895
Total capital assests not being depreciated		7,390,439		9,383,586	3,504,184		13,269,841
Capital assets being depreciated:							
Buildings		24,135,634		6,018	-		24,141,652
Equipment		3,098,596		122,076	11,169		3,209,503
Streets and improvements		76,141,478		1,183,434	-		77,324,912
Vehicles and motor equipment		14,593,724		2,490,111	734,838		16,348,997
Total capital assets being depreciated		117,969,432		3,801,639	746,007		121,025,064
Less accumulated depreciation for:							
Buildings		7,998,547		563,329	-		8,561,876
Equipment		2,419,814		196,785	11,169		2,605,430
Streets and improvements		36,128,884		1,797,776	-		37,926,660
Vehicles and motor equipment		10,598,338		1,015,675	734,838		10,879,175
Total accumulated depreciation		57,145,583		3,573,565	746,007		59,973,141
Total capital assets being							
depreciated, net		60,823,849		228,074	-		61,051,923
Governmental activity capital assets, net	\$	68,214,288	\$	9,611,660	\$ 3,504,184	\$	74,321,764

A breakdown of depreciation expense by function at June 30, 2018 is as follows:

### **Depreciation Expense:**

General government	\$ 571,770
Public safety	607,506
Transportation	1,572,369
Economic and physical development	35,736
Environmental protection	500,299
Cultural and recreational	285,885
Total depreciation expense	\$ 3,573,565

		Beginning					Ending
Business-Type Activities:	Bala	ance 7/1/2017	Increases Decreases		Decreases	Balance 6/30/2	
Utility Fund							
Capital assets not being depreciated:							
Land	\$	1,443,282	\$ -	\$	-	\$	1,443,282
Construction in progress		3,638,861	4,224,522		3,164,594		4,698,789
Total capital assets not being depreciated		5,082,143	4,224,522		3,164,594		6,142,071
Capital assets being depreciated:							
Plant and distribution systems		130,958,680	2,933,956		-		133,892,636
Furniture and maintenance equipment		1,732,240	18,601		-		1,750,841
Vehicles		3,709,146	503,423		166,640		4,045,929
Total capital assets being depreciated		136,400,066	3,455,980		166,640		139,689,406
Less accumulated depreciation for:							
Plant and distribution systems		68,466,651	3,458,555		-		71,925,206
Furniture and maintenance equipment		987,784	139,036		-		1,126,820
Vehicles		2,554,940	153,485		166,640		2,541,785
Total accumulated depreciation		72,009,375	3,751,076		166,640		75,593,813
Total capital assets being depreciated, net		64,390,691	(295,096)		-		64,095,595
Utility Fund capital assets, net	\$	69,472,834	\$ 3,929,426	\$	3,164,594	\$	70,237,666
Storm Water Fund							
Capital assets being depreciated:							
Vehicles	\$	-	\$ 596,887	\$	-	\$	596,887
Total capital assets being depreciated		-	596,887		-		596,887
Less accumulated depreciation for:							
Vehicles		-	11,515		-		11,515
Total accumulated depreciation		-	11,515		-		11,515
Storm Water Fund capital assets, net		-	585,372		-		585,372
Business-Type Activities capital assets, net	\$	69,472,834	\$ 4,514,798	\$	3,164,594	\$	70,823,038

#### **Construction commitments**

The government has active construction projects as of June 30, 2018. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2018, the government's commitments with contractors are as follows:

				Remaining	
Project	Spent-to-date		Commitment		
Governmental activities:				·	
Stoney Creek Project	\$	366,965	\$	-	
Multi-Sports Complex		6,395,364		5,115,361	
Union Station		115,531		-	
Seymour Johnson Fitness Center		641,452		-	
Street paving and resurfacing		2,698,115		-	
Lighting System Multi Sports complex		515,000		<u>-</u>	
Total governmental activities		10,732,427		5,115,361	
Business-type activities:					
AMI Project		3,705,985		1,867,016	
Sewer System Rehabilitation Engineering		362,138		-	
Stoney Creek Sewer Rehab		3,402,208		<u>-</u>	
Total business-type activities		7,470,331		1,867,016	
Total	\$	18,202,758	\$	6,982,377	

#### **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, 2018, was 8.25% of compensation for law enforcement officers and 7.58% 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 \$1,577,402 for the year ended June 30, 2018.

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, 2018, the City reported a liability of \$4,882,450 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the City's proportion was .31959%, which was an increase of .00463% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$1,786,670. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		ı	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	281,274	\$	138,207		
Changes of assumptions		697,281		-		
Net difference between projected and actual earnings on pension plan						
investments		1,185,465		-		
Changes in proportion and differences between employer contributions and						
proportionate share of contributions		36,523		197,702		
Employer contributions subsequent to the measurement date		1,577,402		-		
Total	\$	3,777,945	\$	335,909		

\$1,577,402 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 171,564
2020	1,364,625
2021	683,165
2022	(354,720)
2023	-
Thereafter	
	\$ 1,864,634

Actuarial Assumptions. The total pension liability in the December 31, 2016 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 8.10 percent, including inflation and

productivity factor

Investment Rate of Return 7.20 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, 2016 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, 2017 are summarized in the following table:

		Long-Term
	Target	Expected Real
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 7.20%. 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 liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(6.20%)	(7.20%)	(8.20%)
City's proportionate share of the net pension liability (asset)	14,657,225	4,882,450	(3,276,402)

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.

The 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	108
Active plan members	91
Retirees receiving benefits	17

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, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.5 Percent

Salary Increases 3.50 to 7.35 percent, including inflation and

productivity factor

Discount rate 3.16 percent, net of pension plan investment

expense, including inflation

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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 \$207,498 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, 2018, the City reported a total pension liability of \$3,206,564. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$244,961.

	 d Outflows	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,373
Changes of assumptions	153,349	47,976
Benefit payments and plan administrative expense subsequent to		
the measurement date	 103,952	
Total	\$ 257,301	\$ 92,349

\$103,952 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 11,134
2020	11,134
2021	11,134
2022	11,134
2023	16,464
Thereafter	-
	\$ 61,000

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1	1% Decrease Current Discount 1%		1% Decrease		<b>Current Discount</b>		L% Increase
		(2.16%)	Rate (3.16%)			(4.16%)		
Total Pension Liability	\$	3,474,363	\$	3,206,564	\$	2,962,793		

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

	2018
Beginning balance	\$ 3,065,783
Service Cost	119,831
Interest on the total pension liability	113,996
Changes of benefit terms	-
Difference between expected and actuarial experience	(53,754)
Changes of assumptions or other inputs	185,769
Benefit payments	(225,061)
Other changes	 
Ending balance of the total pension liability	\$ 3,206,564

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

		Γotal
Pension Expense \$ 1,7	86,670 \$ 244,961 \$ 2,	031,631
Pension Liability 4,8	82,450 3,206,564 8,	089,014
Proportionate share of the net pension liability 0.3	31959% N/A	
Deferred of Outflows of Resources		
	81,274 -	281,274
·		850,630
-	57,261 133,349	630,030
Net difference between projected and actual	85,465 - 1,	185,465
carrings on plan investments	- 1,	105,405
Changes in proportion and differences between		
contributions and proportionate share of		
	36,523 -	36,523
Benefit payments and administrative costs paid		
		681,354
\$ 3,7	77,945 \$ 257,301 \$ 4,	035,246
Deferred of Inflows of Resources		
Differences between expected and actual experience \$ 1	38,207 \$ 44,373 \$	182,580
Changes of assumptions	- 47,976	47,976
Net difference between projected and actual		
earnings on plan investments		-
Changes in proportion and differences between		
contributions and proportionate share of		
	97,702 -	197,702
\$ 3	35,909 \$ 92,349 \$	428,258

### 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. The City also contributes three percent of salary for all other full-time employees not engaged in law enforcement. The law enforcement officers and other employees may make voluntary contributions to the plan.

The City made contributions of \$691,200 for the reporting year, which included \$230,271 for law enforcement officers and \$460,929 for general employees. Employee contributions to the plan were \$506,333. 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 (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF 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 FRSWPF. 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, or at www.osc.nc.gov.

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, 2017, the State contributed \$17,602,000 to the plan. The City's proportionate share of the State's contribution is \$33,591.

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, 2018, 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 \$92,578. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2018, the City recognized pension expense of \$20,257 and revenue of \$20,257 for support provided by the State. At June 30, 2018, 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 7.20 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 7.20%. 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). The City Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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 June 30, 2017, the date of the latest actuarial valuation:

	2018
Retirees and dependents receiving benefits	15
Active plan members	408
Total	423

#### **Total OPEB Liability**

The City's total OPEB liability of \$8,195,020 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 Percent
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighteres	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	3.56 Percent
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an
	ultimate rate of 5.00% by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

### **Changes in the Total OPEB Liability**

#### **Schedule of Changes in the Total OPEB Liability**

_	2018
Beginning balance	\$ 8,137,779
Service Cost	470,816
Interest on the total OPEB liability	242,438
Changes of benefit terms	-
Difference between expected and actuarial experience	(11,376)
Changes of assumptions or other inputs	(476,696)
Benefit payments	(167,941)
Other changes	-
Ending balance of the total OPEB liability	\$ 8,195,020

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	 Discount Rate Sensitivity				
	 Current				
	6 Decrease (2.56%)	Dis	scount Rate (3.56%)	1	% Increase (4.56%)
Total OPEB Liability	\$ 9,084,073	\$	8,195,020	\$	7,400,892

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		Health Care Cost Trend Rate Sensitivity					
		Current					
	19	1% Decrease Discount Rate			1% Increase		
		(6.50%)		(7.50%)		(8.50%)	
Total OPEB Liability	\$	7,189,519	\$	8,195,020	\$	9,393,298	

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$659,383. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	0	Deferred utflows of lesources	Deferred Inflows of Resources		
Differences between expected and actual experience Changes of assumptions or other inputs	\$	-	\$	10,120 424.081	
Benefit payments and plan administrative expense subsequent to the measurement date		139,409		424,061	
Total	\$	139,409	\$	434,201	

\$139,409 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (53,871)
2020	(53,871)
2021	(53,871)
2022	(53,871)
2023	(53,871)
Thereafter	(164,846)
	\$ (434,201)

### 2. Other Employment Benefit

The City has 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. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually

by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2018, the City made contributions to the State for death benefits of \$19,287. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. 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	\$ 1,577,402
Benefit payments made and administrative expenses	
for LEOSSA	103,952
Benefit payments made and administrative expenses	
for OPEB	139,409
Differences between expected and actual experience	281,274
Changes of Assumptions	850,630
Difference between projected and actual	1,185,465
Changes in proportion and differences between	
Employer contributions and proportionate share	
of contributions	36,523
Deferred charge on refunding	607,629
Total	\$ 4,782,284

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

	Statem	Statement of		General Fund	
	Net Po	sition	Balance Sheet		
Taxes receivable (General Fund)	\$	-	\$	995,829	
Taxes receivable (Special District)		-		7,031	
Cemetery receivables (General Fund)		-		2,809	
Refuse receivable (General Fund)		-		255,695	
Miscellaneous receivables (General Fund)		-		529,650	
Assessments receivable (General Fund)		-		91,549	
Difference between projected and actual		192,700		-	
Changes of Assumptions		472,057		-	
Changes in proportion and differences between					
Employer contributions and proportionate share					
of contributions		197,702		-	
Prepaid assessments (General Fund)		2,091		2,091	
Prepaid utility bills (Utility Fund)		10,998		-	
Total	\$	875,548	\$	1,884,654	

### 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 past three fiscal years.

Although the City is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the City has elected to carry flood insurance through the National Flood Insurance Plan (NFIP) on those buildings located within the 100 year flood area. The City has also purchased commercial flood insurance coverage of from \$5,100 to \$500,000 per structure based on specifically identified structures located in the 100 year flood area.

In accordance with G.S. 159-29, the finance officer and tax collector are each individually bonded for \$50,000 and \$55,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

### 5. Claims, Judgments and Contingent Liabilities

At June 30, 2018, 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.

On December 7, 2017, the City entered into a lease purchase agreement for \$515,000 with Musco Finance, LLC for the purchase of lighting system for athletic fields. The lease agreement is collateralized by the lighting system. The terms of the agreement require a down payment of \$16,000 and 59 monthly payments of 9,218.49 including interest at 3.5% per annum. The balance outstanding at June 30, 2018 was \$459,958.

On March 23, 2018, the City entered into a lease purchase agreement for \$478,000 with SunTrust Equipment Finance & Leasing Corp. for the purchase of equipment. The lease agreement is collateralized by all the equipment. The terms of the agreement require 1 annual payment of \$111,560 and 4 annual payments of 102,264 including interest at 3.04% per annum. The balance outstanding at June 30, 2018 was \$478,000.

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, 2018.

	Accumulated					
	Cost Depreciation			Net Book Value		
Computer equipment	\$ 1,264,242	\$	310,027	\$	954,215	
Computer equipment	457,764		91,553		366,211	
Lighting System	 515,000		-		515,000	
	\$ 2,237,006	\$	401,580	\$	1,835,426	

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, 2018 were as follows:

Year ending June 30		
2019	\$	509,367
2020		405,698
2021		311,571
2022		311,571
2023		157,574
Total minimum lease payments	:	1,695,781
Less: amount representing interest		114,027
Present value of the minimum lease payments	\$ :	1,581,754

#### b. General Obligation Indebtedness

All general obligation bonds serviced by the City's governmental funds 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, 2018 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.	\$	1,190,000
\$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.		197,600
\$829,590 2013 Refunding Serial Bonds (Street Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2025, interest at 1.75 percent payable with each installment.		539,900
\$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.		5,225,000
\$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	<u> </u>	
	\$	8,844,400
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	\$	1,607,100
\$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		1,085,000
\$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		702 :25
installments through June 1, 2022, interest at 2.67 percent payable with each installment		790,400
installments through June 1, 2022, interest at 2.67 percent payable with each		790,400 5,733,100
installments through June 1, 2022, interest at 2.67 percent payable with each installment \$5,733,100 2017 Refunding Bonds (Sewer Portion) due in varying annual principal installments and varying annual interest installments through May 1, 2030,	\$	·

At June 30, 2018, City of Goldsboro had bonds authorized but unissued of \$4,500,000 and a legal debt margin of \$159,391,310.

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

	Governmental Fund					Utility Fund					
Year Ending June 30,		Principal		Interest		cipal	Inte	rest			
2019	\$	615,997	\$	319,578	\$	1,116,003	\$	308,140			
2020		612,097		299,278		1,107,903		274,809			
2021		733,975		278,078		976,025		240,413			
2022		732,103		251,407		969,897		209,368			
2023		691,457		224,326		803,543		178,380			
2024-2028		2,717,168		747,411		3,338,832		499,538			
2029-2033		1,641,603		315,494		903,397		40,537			
2034-2037		1,100,000		89,031		-		-			
		8,844,400	\$	2,524,603	_	9,215,600	\$	1,751,185			
Unamortized premium on general obligation bonds		729,300				616,907					
Total carrying amount of debt	\$	9,573,700			\$	9,832,507					

#### 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, 2018 was \$742,799.

On April 13, 2007, the City entered into a financing agreement for \$4,000,000 with BB&T to renovate 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, 2018 was \$834,173.

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, 2018 was \$1,308,201.

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, 2018 was \$307,617.

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, 2018 was \$725,000.

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, 2018 was \$127,375.

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, 2018 was \$3,649,000.

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, 2018 was \$5,824,000.

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, 2018 was \$251,120.

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, 2018 was \$724,000.

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, 2018 was \$2,800,000.

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, 2018 was \$1,777,000.

On May 3, 2018, the City entered into a financing agreement for \$1,335,000 with Banc of America Public Capital Corporation for the purchase of vehicles and equipment. The installment agreement is collateralized by all the vehicles and equipment acquired with the loan. The terms of the agreement require 5 annual payments of various amounts plus interest at 2.7893% per annum. The balance outstanding at June 30, 2018 was \$1,335,000.

### Serviced by the Utility Fund

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, 2018 was \$223,000.

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, 2018 was \$302,708.

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, 2018 was \$39,982.

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, 2018 was \$4,703,540.

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, 2018 was \$2,206,398.

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, 2018 of \$0. 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 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, 2018 was \$5,027,000.

On May 10, 2016, the City entered into a long-term loan agreement with the North Carolina Department of Environment, Health and Natural Resources Revolving Fund for the Stoney Creek Sewer Outfall Rehabilitation. The loan agreement was executed for \$3,361,708 for these improvements. The terms of the agreement require 20 installments of \$168,085.40 plus interest at 1.88% per annum. The balance outstanding at June 30, 2018 was \$3,193,622.

On May 3, 2018, the City entered into a financing agreement for \$311,500 with Banc of America Public Capital Corporation for the purchase of vehicles and equipment. The installment agreement is collateralized by all the vehicles and equipment acquired with the loan. The terms of the agreement require 5 annual payments of various amounts plus interest at 2.7893% per annum. The balance outstanding at June 30, 2018 was \$311,500.

### **Serviced by Storm Water Fund**

On May 3, 2018, the City entered into a financing agreement for \$578,500 with Banc of America Public Capital Corporation for the purchase of vehicles and equipment. The installment agreement is collateralized by all the vehicles and equipment acquired with the loan. The terms of the agreement require 5 annual payments of various amounts plus interest at 2.7893% per annum. The balance outstanding at June 30, 2018 was \$578,500.

Annual debt service requirements to maturity for the above notes, including interest of \$2,346,176 for the Utility Fund and \$3,018,887 for the Governmental Funds, are as follows:

Annual debt service requirements for Notes Payable								
	Governmental Activities	<b>Business-Type Activities</b>						
Year Ending								

Year Ending				
June 30,	Principal	Interest	Principal	Interest
2019	\$ 3,200,621	\$ 491,700	\$ 1,546,570	\$ 327,177
2020	2,806,110	429,054	1,544,964	298,575
2021	2,194,929	368,992	1,552,216	266,183
2022	1,915,356	317,085	1,479,791	233,680
2023	1,565,711	270,576	1,088,435	202,347
2024-2028	5,161,544	884,698	4,597,185	720,837
2029-2033	3,334,014	249,200	4,104,748	265,777
2034-2037	227,000	7,582	672,341	31,600
	\$ 20,405,285	\$ 3,018,887	\$ 16,586,250	\$ 2,346,176

#### 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, 2018:

Governmental activities:	Ва	lance July 1, 2017	Increases	Increases Decreases		Balance June 30, ases 2018		Current Portion of Balance	
General obligation debt	\$	9,601,499	\$ -	\$	757,099	\$	8,844,400	\$	615,997
Premium on bonds		787,679	-		58,379		729,300		-
Capitalized leases		1,104,573	993,000		515,819		1,581,754		464,772
Notes Payable		22,035,072	1,335,000		2,964,787		20,405,285		3,200,621
Net pension liability (LGERS)		5,845,619	-		1,560,580		4,285,039		-
Total pension liability (LEO)		3,065,783	365,842		225,061		3,206,564		-
Total OPEB liability		6,368,698	179,942		-		6,548,640		-
Compensated absences		1,504,672	298,543		-		1,803,215		450,804
Total governmental activities	\$	50,313,595	\$ 3,172,327	\$	6,081,725	\$	47,404,197	\$	4,732,194

Business-Type activities:	Ва	alance July 1, 2017	Increases	Decreases	Ba	alance June 30, 2018	Cur	rent Portion of Balance
Utility Fund:								
General obligation debt	\$	10,061,501	\$ -	\$ 845,901	\$	9,215,600	\$	1,116,003
Premium on bonds		668,315	-	51,408		616,907		
Notes Payable		17,818,950	782,140	2,593,340		16,007,750		1,435,030
Net pension liability (LGERS)		838,887	-	241,476		597,411		-
Total OPEB liability		1,601,140	45,240	-		1,646,380		-
Compensated absences		216,537	44,071	-		260,608		65,152
Total Utility Fund		31,205,330	871,451	3,732,125		28,344,656		2,616,185
Storm Water Fund:								
Notes Payable		-	578,500	-		578,500		111,540
Compensated absences		-	18,682	-		18,682		4,671
Total Storm Water Fund		-	597,182	-		597,182		116,211
Total-business type activities	\$	31,205,330	\$ 1,468,633	\$ 3,732,125	\$	28,941,838	\$	2,732,396

Compensated absences and total pension liability and total other postemployment benefit liability for governmental activities typically have been liquidated in the general fund.

### C. Interfund Balances and Activity

Balances due to/from other funds

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

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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, 2018 is \$290,592.

Transfers to/from other funds during the year ended June 30, 2018, consist of the following:

Transfer Out	Transfer In		Amount
General Fund	Littley Fund	Ś	250,000
	Utilty Fund	Ş	250,000
Capital Project Fund	General Fund		7,342
Utility Fund	Water and Sewer Capital Project Fund		200,000
Total Interfund transfers		\$	457,342

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

Administrative reimbursements represent payments to the General Fund for services provided or expenses paid for the Utility Fund and Storm Water Fund. Administrative reimbursements to/from other funds during the year ended June 30, 2018, consist of the following:

Paid From	Paid To	Amount
Utility Fund Storm Water Fund	General Fund General Fund	\$ 2,623,531 25,000
Total Administrative Rein	nbursements	\$ 2,648,531

### D. Revenues, Expenditures, and Expenses

On-behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2018, the City of Goldsboro has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of 20,257 for the 81 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 \$40,700 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, 2018. 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

	Œ	Governmental	Business-type
Capital assets	\$	74,321,764	\$ 70,823,038
Less: long-term debt		(31,560,739)	(26,418,757)
Add: unexpended debt proceeds		1,518,667	3,423,843
Net investment in capital assets	\$	44,279,692	\$ 47,828,124

#### 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	\$ 12,274,765
Less: Restricted cash and investments	1,285,452
Inventories	311,646
Stabilization by state statute	3,712,763
Perpetual Care	294,478
Working Capital / Fund Balance Policy	6,670,426
Remaining fund balance	\$ -

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

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

	Ge	neral Fund	Non-	Major Funds
Encumbrances	\$	788,760	\$	164,309

#### **IV. 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 \$246,737 to the Authority during fiscal year ended June 30, 2018. 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, 2018. 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, 2018. 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.

#### V. 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. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 700N. Jefferson Avenue, Goldsboro, North Carolina 27530.

#### VI. 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.

#### VII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 26, 2019, the date on which the financial statements were available to be issued.

In September 2018, Hurricane Florence caused major flooding in many Towns and Counties in Eastern North Carolina, including Goldsboro. The President has declared many North Carolina counties to be eligible for federal disaster relief from the Federal Emergency Management Agency (FEMA). As of the date of these financial statements, the actual total amount of damage, estimated cost of repairs, and any potential reimbursement from FEMA or the City's insurance companies cannot be estimated at this time. The City is covered by flood insurance as explained in Note III B. 4. above.

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

#### Prior Period Adjustment

During the fiscal year ended June 30, 2018, the City determined that cash and certain intergovernmental receivables as of the previous fiscal year end had been overstated. Therefore, an adjustment to beginning fund balance in the General Fund and beginning net position of the Governmental activities has been recorded, the net effect of which decreased beginning fund balance and net position by \$440,306.

### Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$3,605,298 and \$1,172,428 for the business-type activities.

#### 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

	2018
Service cost	\$ 470,816
Interest on the total pension liability	242,438
Changes of benefit terms	-
Differences between expected and actual experience	
in the measurement of the total OPEB liability	(11,376
Changes of assumptions or other inputs	(476,696
Benefit payments and implicit subsidy credit	(167,941
Other changes	-
Net change in total OPEB liability	57,241
Total OPEB liability - beginning	8,137,779
Total OPEB liability - ending	\$ 8,195,020
Covered Payroll	\$ 18,731,050
Total OPEB liability as a percentage of covered payroll	43.75%

#### Notes to the Required Schedules:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Benefit changes. There were no changes of benefit terms for the year ended June 30, 2018.

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

Changes of assumptions: The discount rate as of June 30, 2017 was 3.01% and it increased to 3.56% as of June 30, 2018.

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

### 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)

	 2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) $\%$	0.31959%	0.31496%	0.34461%	0.34955%	0.35980%
City's proportion of the net pension liability (asset) \$	\$ 4,882,450	\$ 6,684,506	\$ 1,546,596	\$ (2,061,457)	\$ 4,336,972
City's covered payroll	\$ 19,971,596	\$ 19,751,218	\$ 18,765,633	\$ 18,765,633	\$ 18,765,633
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.45%	33.84%	8.24%	-10.99%	23.11%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	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**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,577,402	\$ 1,482,481	\$ 1,282,111	\$ 1,361,251	\$ 1,336,240
Contributions in relation to the contractually required contribution	 1,577,402	1,482,481	1,282,111	1,361,251	1,336,240
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 
City's covered payroll	\$ 20,558,645	\$ 19,971,596	\$ 19,751,218	\$ 18,765,633	\$ 18,765,633
Contributions as a percentage of covered payroll	7.67%	7.42%	6.49%	7.25%	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 Liabilit	Schedule o	f Changes i	n Tota	l Pension	Liability
---	------------	-------------	--------	-----------	-----------

	2018		2017
Service cost	\$ 119,831	\$	130,775
Interest on the total pension liability	113,996		107,532
Changes of benefit terms	-		-
Differences between expected and actual experience			
in the measurement of the total pension liability	(53,754)		-
Changes of assumptions or other inputs	185,769		(71,786)
Benefit payments	(225,061)		(225,677)
Other changes	-		-
Net change in total pension liability	140,781		(59,156)
Total pension liability - beginning	3,065,783	3	3,124,939
Total pension liability - ending	\$ 3,206,564	\$ 3	3,065,783

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

### Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2018	2017
Total pension liability	\$ 3,206,564	\$ 3,065,783
Covered payroll	4,422,007	4,659,564
Total pension liability as a		
percentage of covered payroll	72.51%	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** 

## **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.

## Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2018

Page 1 of 7

**Exhibit B-1** 

		Postost		Artural		Variance Positive
REVENUES		Budget		Actual	(1	Negative)
Ad valorem taxes	\$	16,022,900	\$	15,594,445	\$	(428,455)
Penalties and interest	Y	60,000	Y	80,157	Y	20,157
Total		16,082,900		15,674,602		(408,298)
Other taxes and licenses:						
Local option sales taxes		8,587,792		9,141,847		554,055
Privilege licenses		900		2,210		1,310
Vehicle taxes - rental/leases		65,000		59,885		(5,115)
Vehicle tag fee		165,000		231,650		66,650
Penalties and interest		-		75		75
Total		8,818,692		9,435,667		616,975
Unrestricted intergovernmental						
Payment in lieu of taxes		128,500		134,840		6,340
Utility taxes		2,850,800		2,845,953		(4,847)
Cable franchise fees		257,630		243,560		(14,070)
Beer and wine tax		168,670		150,698		(17,972)
ABC revenues		230,000		62,100		(167,900)
Appropriation from Wayne County		8,000		8,000		(107,500)
Total		3,643,600		3,445,151		(198,449)
		-,,		-, -, -		( / - /
Restricted intergovernmental: Powell Bill allocation		052.056		054.631		1 575
		953,056		954,631		1,575
Federal Emergency Management Agency Controlled substance tax		1,023,150		860,094		(163,056)
DEA funds		33,152		4,872		(28,280)
		196,357		7,167		(189,190)
Wayne County School Resource		118,900		148,634		29,734
Solid waste disposal tax		25,100		23,778		(1,322)
PEG Channel Support		-		27,031		27,031
Local Law Enforcement Block Grant		75.000		1,194		1,194
Cherry Hospital reimbursement		75,000		77,871		2,871
Stream Debris Grant		105,355		43,400		(61,955)
Transportation planning grant		358,785		132,962		(225,823)
Main Street Solutions Grant		25,000		12,500		(12,500)
NCDOT Signals Reimbursement		202,000		217,912		15,912
NC Department of Transportation Grant Union Station		-		105,852		105,852
RTP Grant reimbursement		132,587		-		(132,587)
Parks and Recreation Trust Fund (PARTF) Grant		141,447		138,813		(2,634)
Golden Leaf Grant		285,000		-		(285,000)
East Carolina Housing Grant		31,000		32,657		1,657
Clean Water Management Grant		-		294,965		294,965
Governor's Crime Commission		89,138		86,602		(2,536)
GWTA Garage reimbursement		175,000		162,118		(12,882)
Total		3,970,027		3,333,053		(636,974)

Continued...

## Schedule of Revenues, Expenditures, and Change in Fund BalanceBudget and Actual General Fund For the Fiscal Year Ended June 30, 2018 Exhibit B-1

Page 2 of 7

	Budget	Actual	Variance Positive (Negative)
Permits and fees:	Budget	Actual	(Negative)
Building and inspection permits	110,500	109,050	(1,450)
Mechanical permits	64,000	77,989	13,989
Plumbing, gas and electric inspections	95,000	77,273	(17,727)
Stormwater Management Fee	14,000	14,050	50
Miscellaneous permits	95,000	107,944	12,944
Total	378,500	386,306	7,806
Sales and services:	·		•
Recreation fees	219,400	253,444	34,044
Golf course revenue	553,800	521,563	(32,237)
Paramount Theater	170,000	176,014	6,014
GWTA Rental	64,000	64,019	19
Recyclable materials sold	8,800	25,751	16,951
Cemetery services	36,100	62,331	26,231
Refuse services	3,250,500	3,164,995	(85,505)
Miscellaneous fees and services	14,400	19,878	5,478
Total	4,317,000	4,287,995	(29,005)
Investment earnings	19,200	73,744	54,544
Miscellaneous:			
Officers fees	23,000	18,637	(4,363)
Other miscellaneous	1,230,000	522,801	(707,199)
Total	1,253,000	547,516	(705,484)
Total revenues	38,482,919	37,184,034	(1,298,886)
EXPENDITURES			
General government			
Governing body:			
Salaries and employee benefits	139,695	136,045	
Operating expenses	256,396	245,146	
Reimbursement-enterprise fund		(155,513)	
Total	396,091	225,678	170,413

Continued...

## Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2018

Page 3 of 7

**Exhibit B-1** 

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits	1,483,082	1,104,291	
Operating expenditures	1,114,109	1,046,903	
Capital outlay	747,137	103,630	
Reimbursement-enterprise fund	-	(383,600)	
Total	3,344,328	1,871,224	1,473,104
Finance:			
Salaries and employee benefits	859,297	856,573	
Operating expenditures	500,796	456,744	
Reimbursement-enterprise fund	-	(825,891)	
Total	1,360,093	487,426	872,667
Human Resources Management:			
Salaries and employee benefits	395,103	384,704	
Operating expenditures	203,416	188,046	
Total	598,519	572,750	25,769
Public building and grounds:	247 200	222.422	
Salaries and employee benefits	247,298	222,100	
Operating expenditures	197,417	173,522	
Capital outlay	-	105,852	
Reimbursement-enterprise fund Total	444,715	(103,676) 397,798	46,917
Total	777,713	337,730	40,317
Total general government	6,143,746	3,554,876	2,588,870
Transportation:			
Street and highways:			
Salaries and employee benefits	1,670,684	1,632,920	
Street lights	498,860	478,423	
Operating expenditures	739,941	745,563	
Capital outlay	260,021	253,096	
Total	3,169,506	3,110,002	59,504
Goldsboro/Wayne Transportation Authority:	250,000	246,737	3,263
Total transportation	3,419,506	3,356,739	62,767 Continued

## Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2018

## Page 4 of 7

Variance **Positive Budget Actual** (Negative) Economic and physical development: Planning and redevelopment 587,544 Salaries and employee benefits 646,863 Operating expenditures 574,689 300,719 Postage credits (30,000)(20,560)Reimbursement-enterprise (393,967)Capital outlay 99,154 26,822 Total 1,290,706 500,558 790,148 Community affairs Salaries and employee benefits 101,185 97,260 Operating expenditures 67,354 65,395 5,884 Total 168,539 162,655 Downtown district Salaries and employee benefits 260,785 255,735 Operating expenditures 139,519 88,004 Total 400,304 343,739 56,565 Other appropriations Community in Schools 15,000 15,000 Wayne County Schools - PEG Channel 27,042 20,000 20,000 Wages WATCH 20,000 20,000 WISH 5,000 5,000 Total 60,000 87,042 (27,042)Total economic and physical development 1,919,549 825,555 1,093,994 Public safety: Building and traffic maintenance: Salaries and employee benefits 365,920 363,201 Operating expenditures 112,804 97,665 Capital outlay 60,440 60,133 Total 539,164 520,999 18,165 Engineering: Salaries and employee benefits 796,063 791,892 Operating expenditures 155,564 117,231 23,000 Capital outlay 22,653 Reimbursement-enterprise fund (785,884)974,627 145,892 828,735 Total

Continued...

## Schedule of Revenues, Expenditures, and Change in Fund Balance-Budget and Actual General Fund For the Fiscal Year Ended June 30, 2018 Exhibit B-1

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Fire:         Salaries and employee benefits         5,327,342         5,306,092         Operating expenditures         710,755         595,229         Capital outlay         1,564,218         1,555,355         Total         7,602,315         7,456,676         145,64         7,602,315         7,456,676         145,64         7,602,315         7,472,62         7,472,62         7,602,315         7,247,262         7,247,262         7,247,262         7,247,263         3,277,34         3,277,34         3,277,34         3,277,263         3,277,34         3,277,263         3,277,34         3,277,263         3,277,34         3,277,263         3,277,34         3,277,263         3,277,34         3,277,263		Budget	Actual	Variance Positive (Negative)
Salaries and employee benefits         5,327,342         5,306,092           Operating expenditures         710,755         595,229           Capital outlay         1,564,218         1,555,355           Total         7,602,315         7,456,676         145,65           Police:         Salaries and employee benefits         7,530,973         7,247,262         Operating expenditures         2,271,986         1,597,734         Capital expenditures         327,063         327,063         327,063         Total         10,130,002         9,172,059         957,5         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         17,50         18,50<	Fire:	Buuget	Actual	(ivegative)
Operating expenditures         710,755         595,229           Capital outlay         1,564,218         1,555,355           Total         7,602,315         7,456,676         145,67           Police:         3         7,530,973         7,247,262         7,590,973         7,247,262         7,590,973         7,247,262         7,590,973 <t< td=""><td></td><td>5.327.342</td><td>5.306.092</td><td></td></t<>		5.327.342	5.306.092	
Capital outlay         1,564,218         1,555,355           Total         7,602,315         7,456,676         145,6           Police:         Salaries and employee benefits         7,530,973         7,247,262         Operating expenditures         2,271,986         1,597,734         Capital expenditures         327,063         327	• •			
Total         7,602,315         7,456,676         145,6           Police:         Salaries and employee benefits         7,530,973         7,247,262         7,597,734         2,271,986         1,597,734         327,063         327,021         327,021         32,021         32,022         32,022         32,022         32,022         32,022         32,022         32,022         32,022         32,022         32,022         32,022<				
Salaries and employee benefits         7,530,973         7,247,262           Operating expenditures         2,271,986         1,597,734           Capital expenditures         327,063         327,063           Total         10,130,022         9,172,059         957,5           Inspections:         Salaries and employee benefits         540,724         540,221         <	•			145,639
Salaries and employee benefits         7,530,973         7,247,262           Operating expenditures         2,271,986         1,597,734           Capital expenditures         327,063         327,063           Total         10,130,022         9,172,059         957,5           Inspections:         Salaries and employee benefits         540,724         540,221         <	Police:			
Operating expenditures         2,271,986         1,597,734           Capital expenditures         327,063         327,063           Total         10,130,022         9,172,059         957,5           Inspections:         Inspections:           Salaries and employee benefits         540,724         540,221         540,221         540,221         540,221         540,221         540,221         540,221         543,24         540,221         543,24         540,221         543,24         540,221         543,24         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         540,221         543,242         540,221         543,242         543,242         540,242 <t< td=""><td></td><td>7.530.973</td><td>7.247.262</td><td></td></t<>		7.530.973	7.247.262	
Capital expenditures         327,063         327,063           Total         10,130,022         9,172,059         957,52           Inspections:         Salaries and employee benefits         540,724         540,221         540,2				
Total         10,130,022         9,172,059         957,5           Inspections:         Salaries and employee benefits         540,724         540,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         543,221         544,221         543,221         544,221         543,221         544,221				
Salaries and employee benefits         540,724         540,221           Operating expenditures         360,456         317,643           Capital expenditures         20,000         19,908           Total         921,180         877,772         43,6           Emergency Management:         873,800         873,799         43,6           Total public safety         21,041,108         19,047,197         1,993,9           Environmental protection:         Environmental protection:         262,442         258,090         258,090         258,090         258,090         26,242         258,090         258,090         26,241         258,090         26,241         258,090         26,315         26,315         26,315         26,315         26,315         26,315         26,3344         52,315         26,334         26,315         26,335				957,963
Salaries and employee benefits         540,724         540,221           Operating expenditures         360,456         317,643           Capital expenditures         20,000         19,908           Total         921,180         877,772         43,6           Emergency Management:         873,800         873,799         43,6           Total public safety         21,041,108         19,047,197         1,993,9           Environmental protection:         Environmental protection:         262,442         258,090         258,090         258,090         258,090         26,242         258,090         258,090         26,241         258,090         26,241         258,090         26,315         26,315         26,315         26,315         26,315         26,315         26,3344         52,315         26,334         26,315         26,335	Inspections:			
Operating expenditures         360,456         317,643           Capital expenditures         20,000         19,908           Total         921,180         877,772         43,4           Emergency Management:         Storm Debris Cleanup         873,800         873,799           Total public safety         21,041,108         19,047,197         1,993,5           Environmental protection:         Cemetery:         Salaries and employee benefits         262,442         258,090           Operating expenditures         63,344         52,315         52,315           Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Salaries and employee benefits         1,766,240         1,762,545         0,5           Operating expenditures         977,233         943,972         6,3           Capital outlay         143,000         141,605         1,761           Total         2,886,473         2,848,123         38,3           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational:         2,339,701         2,331,229         64,7           Salaries and employee benefits         2,339,701         2,331,229	•	540,724	540,221	
Capital expenditures         20,000         19,908           Total         921,180         877,772         43,4           Emergency Management:         Storm Debris Cleanup         873,800         873,799           Total public safety         21,041,108         19,047,197         1,993,9           Environmental protection:         Cemetery:           Salaries and employee benefits         262,442         258,090           Operating expenditures         63,344         52,315           Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Salaries and employee benefits         1,766,240         1,762,545         0perating expenditures         977,233         943,972         26,2           Capital outlay         143,000         141,605         17         17         38,2         38,3<				
Total         921,180         877,772         43,4           Emergency Management: Storm Debris Cleanup         873,800         873,799           Total public safety         21,041,108         19,047,197         1,993,9           Environmental protection: Cemetery: Salaries and employee benefits         262,442         258,090           Operating expenditures         63,344         52,315           Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Sanitation: Salaries and employee benefits         1,766,240         1,762,545         0           Operating expenditures         977,233         943,972         0           Capital outlay         143,000         141,605         1           Total         2,886,473         2,848,123         38,3           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational: Parks and recreation: Salaries and employee benefits         2,339,701         2,331,229           Operating expenditures         910,012         831,290           Multi-sports complex         2,546,512         515,000           Capital outlay         863,870         548,337		20,000	19,908	
Storm Debris Cleanup         873,800         873,799           Total public safety         21,041,108         19,047,197         1,993,93,93,93,93,93,93,93,93,93,93,93,93		921,180	877,772	43,408
Storm Debris Cleanup         873,800         873,799           Total public safety         21,041,108         19,047,197         1,993,9           Environmental protection:         Cemetery:         Salaries and employee benefits         262,442         258,090         Operating expenditures         63,344         52,315         Capital Outlay         11,000         -         Total         336,786         310,405         26,3           Sanitation:         Salaries and employee benefits         1,766,240         1,762,545         Operating expenditures         977,233         943,972         Capital outlay         143,000         141,605         Total         2,886,473         2,848,123         38,3           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational:         Parks and recreational:           Salaries and employee benefits         2,339,701         2,331,229           Operating expenditures         910,012         831,290           Multi-sports complex         2,546,512         515,000           Capital outlay         863,870         548,337	Emergency Management			
Total public safety         21,041,108         19,047,197         1,993,5           Environmental protection:         Cemetery:           Salaries and employee benefits         262,442         258,090           Operating expenditures         63,344         52,315           Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Sanitation:         Salaries and employee benefits         1,766,240         1,762,545         0perating expenditures         977,233         943,972         0perating loutlay         143,000         141,605         141,605         141,605         0perating expenditures         2,886,473         2,848,123         38,33           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational:         Parks and recreational:           Salaries and employee benefits         2,339,701         2,331,229         0perating expenditures         910,012         831,290         Multi-sports complex         2,546,512         515,000         548,337		972 900	972 700	1
Environmental protection:  Cemetery:  Salaries and employee benefits  Operating expenditures  Capital Outlay  Total  Salaries and employee benefits  1,766,240  11,000  -  Total  336,786  310,405  26,3  Sanitation:  Salaries and employee benefits  1,766,240  1,762,545  Operating expenditures  77,233  943,972  Capital outlay  143,000  141,605  Total  2,886,473  2,848,123  38,3  Total environmental protection  Cultural and recreational:  Parks and recreational:  Parks and recreation:  Salaries and employee benefits  2,339,701  2,331,229  Operating expenditures  910,012  831,290  Multi-sports complex  Capital outlay  863,870  548,337	Storm Debris Cleanup	873,800	8/3,/99	1
Cemetery:       Salaries and employee benefits       262,442       258,090         Operating expenditures       63,344       52,315         Capital Outlay       11,000       -         Total       336,786       310,405       26,3         Sanitation:       Salaries and employee benefits       1,766,240       1,762,545 <td< td=""><td>Total public safety</td><td>21,041,108</td><td>19,047,197</td><td>1,993,911</td></td<>	Total public safety	21,041,108	19,047,197	1,993,911
Salaries and employee benefits       262,442       258,090         Operating expenditures       63,344       52,315         Capital Outlay       11,000       -         Total       336,786       310,405       26,3         Sanitation:       Salaries and employee benefits       1,766,240       1,762,545         Operating expenditures       977,233       943,972         Capital outlay       143,000       141,605         Total       2,886,473       2,848,123       38,3         Total environmental protection         Cultural and recreational:         Parks and recreation:       3,223,259       3,158,528       64,7         Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Environmental protection:			
Operating expenditures         63,344         52,315           Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Sanitation:         Salaries and employee benefits         1,766,240         1,762,545         40,70         4	Cemetery:			
Capital Outlay         11,000         -           Total         336,786         310,405         26,3           Sanitation:         Salaries and employee benefits         1,766,240         1,762,545<	Salaries and employee benefits	262,442	258,090	
Total         336,786         310,405         26,3           Sanitation:	Operating expenditures	63,344	52,315	
Sanitation:       1,766,240       1,762,545         Operating expenditures       977,233       943,972         Capital outlay       143,000       141,605         Total       2,886,473       2,848,123       38,3         Total environmental protection       3,223,259       3,158,528       64,7         Cultural and recreational:         Parks and recreation:       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Capital Outlay		-	
Salaries and employee benefits       1,766,240       1,762,545         Operating expenditures       977,233       943,972         Capital outlay       143,000       141,605         Total       2,886,473       2,848,123       38,3         Total environmental protection       3,223,259       3,158,528       64,7         Cultural and recreational:         Parks and recreation:         Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Total	336,786	310,405	26,381
Operating expenditures         977,233         943,972           Capital outlay         143,000         141,605           Total         2,886,473         2,848,123         38,3           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational:           Parks and recreation:         Salaries and employee benefits         2,339,701         2,331,229           Operating expenditures         910,012         831,290           Multi-sports complex         2,546,512         515,000           Capital outlay         863,870         548,337	Sanitation:			
Capital outlay         143,000         141,605           Total         2,886,473         2,848,123         38,3           Total environmental protection         3,223,259         3,158,528         64,7           Cultural and recreational:         Parks and recreation:           Salaries and employee benefits         2,339,701         2,331,229           Operating expenditures         910,012         831,290           Multi-sports complex         2,546,512         515,000           Capital outlay         863,870         548,337			1,762,545	
Total       2,886,473       2,848,123       38,3         Total environmental protection       3,223,259       3,158,528       64,7         Cultural and recreational:       Parks and recreation:         Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Operating expenditures	977,233	943,972	
Total environmental protection       3,223,259       3,158,528       64,7         Cultural and recreational:       Parks and recreation:         Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Capital outlay			
Cultural and recreational:         Parks and recreation:         Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Total	2,886,473	2,848,123	38,350
Parks and recreation:       2,339,701       2,331,229         Salaries and employee benefits       2,399,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Total environmental protection	3,223,259	3,158,528	64,731
Salaries and employee benefits       2,339,701       2,331,229         Operating expenditures       910,012       831,290         Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Cultural and recreational:			
Operating expenditures         910,012         831,290           Multi-sports complex         2,546,512         515,000           Capital outlay         863,870         548,337	Parks and recreation:			
Multi-sports complex       2,546,512       515,000         Capital outlay       863,870       548,337	Salaries and employee benefits	2,339,701	2,331,229	
Capital outlay 863,870 548,337	Operating expenditures	910,012	831,290	
	Multi-sports complex	2,546,512	515,000	
Total 6,660,095 4,225,856 2,434,2	Capital outlay	863,870	548,337	
Continued	Total	6,660,095	4,225,856	2,434,239

Continued...

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

## For the Fiscal Year Ended June 30, 2018 Exhibit B-1

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			Variance Positive
	Budget	Actual	(Negative)
Golf Course:			-
Salaries and employee benefits	396,290	374,549	
Operating expenditures	363,972	316,557	
Capital outlay	33,154	32,725	
Total	793,416	723,831	69,585
Paramount Theatre:			
Salaries and employee benefits	248,756	248,192	
Operating expenditures	220,191	187,401	
Total	468,947	435,593	33,354
Goldsboro Event Center:			
Salaries and employee benefits	77,789	62,148	
Operating expenditures	65,205	62,794	
Total	142,994	124,942	18,052
Assistance to:			
Museum	15,000	15,000	
Waynesboro Park	25,000	25,000	
Art Council	30,000	30,000	
Total	70,000	70,000	-
Total cultural and recreational	8,135,452	5,580,222	2,555,230
Debt Service:			
Principal	4,338,369	3,887,705	
Bond issuance costs	-	5,824	
Interest and fees	396,521	810,154	
Total debt service	4,734,890	4,703,683	31,207
Total expenditures	48,617,510	40,495,239	8,122,272
Revenue over (under) expenditures	(10,134,591)	(3,311,205)	6,823,386 Continued

## City of Goldsboro Schedule of Revenues, Expenditures, and Change in Fund BalanceBudget and Actual General Fund For the Fiscal Year Ended June 30, 2018 Exhibit B-1

Page 7 of 7

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfer from other funds	2,648,531	7,342	(2,641,189)
Transfer to Utililty Fund	(250,000)	(250,000)	-
Sale of capital assets	285,000	252,509	(32,491)
Proceeds from issuance of debt	5,848,162	2,328,000	(3,520,162)
Total other financing sources (uses)	8,531,693	2,337,851	(6,193,842)
Revenue and other financing sources over (under) expenditures and other financing uses	(1,602,898)	(973,354)	629,544
Fund balance appropriated	1,602,898	-	(1,602,898)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	(973,354)	\$ (973,354)
Fund balances, beginning as previously reported		13,646,593	
Prior period adjustment		(440,306)	
Fund balances, beginning as restated	•	13,206,287	
Change in reserve for inventory		41,832	
Fund balances, ending	·	\$ 12,274,765	

**NON-MAJOR GOVERNMENTAL FUNDS** 

## City of Goldsboro Combining Balance Sheet Non-Major Governmental Funds June 30, 2018 Exhibit C-1

	S	pecia	l Revenue Fi	unds		•	Project ind	
	ommunity velopment Fund	Do	owntown strict Fund		upancy Tax Fund			Totals
ASSETS								
Cash	\$ 243,547	\$	99,449	\$	675,677	\$	-	\$ 1,018,673
Taxes receivable	-		7,031		-		-	7,031
Due from other governments	-				57,000		-	 57,000
Total assets	\$ 243,547	\$	106,480	\$	732,677	\$	-	\$ 1,082,704
Liabilities:  Accounts payable and accrued liabilities  Due to other funds	\$ 1,999 100,000	\$	4,138 -	\$	21,503	\$	-	\$ 27,640 100,000
Total liabilities	101,999		4,138		21,503		-	127,640
Deferred Inflows of Resources								
Taxes receivable	-		7,031		-		-	7,031
Fund balances: Committed								
Economic Development	141,548		-		711,174		-	852,722
Downtown Development	-		95,311		-		-	95,311
Total fund balance	141,548		95,311		711,174		-	948,033
Total liabilities, deferred inflows of								
resources, and fund balances	\$ 243,547	Ś	106,480	\$	732,677	\$		1,082,704

## City of Goldsboro Combining Statement of Revenues, Expenditures, And Changes in Fund Balance Non-Major Governmental Funds For the Fiscal Year Ended June 30, 2018 Exhibit C-2

		Sı	pecial R	Revenue Fu	ınds		Capital Fu			
-		nunity					. 1			
		pment		wntown	Occupar	•	Capital	-		
		nd	Distr	rict Fund	Fur	nd	Fund -	Street		Totals
Revenues:										
Restricted intergovernmental										
Community Development Block Grant	\$ 3	00,860	\$	-	\$	-	\$	-	\$	300,860
Home Partnership Program	2	10,538		-		-		-		210,538
Program income		75,400		-		-		-		75,400
Grant - Seymour Johnson		-		-	5	7,000		-		57,000
Ad valorem taxes		-		73,026		-		-		73,026
Other taxes and licenses		-		-	99	3,506		-		993,506
Owner Income		15,402		-		-		-		15,402
Investment earnings		-		613		4,621		14,767		20,001
Other income		-		-		3,717		-		3,717
Total revenues	6	02,200		73,639	1,05	8,844		14,767		1,749,450
Expenditures										
Economic and physical development										
Salaries and employee benefits		_		_	12	25,010		_		125,010
Operating expenditures		_		_		50,343		_		250,343
Downtown revitalization	4	48,578		61,224		-		_		509,802
Capital outlay		-		- /	64	1,452		_		641,452
Wayme County share of occupancy tax		_		-		7,171		_		307,17
Transportation					-	,				,
Street reparis and maintenance		_		-		_	2.6	98,114		2,698,114
Total	4	48,578		61,224	1,32	23,976		98,114		4,531,892
Debt Service:										
Principal	1	50,000		_	20	00,000		_		350,000
Interest	_	-		_		13,125		_		43,125
Total debt service	1	50,000		-		3,125		-		393,125
Total expenditures	5	98,578		61,224	1,56	57,101	2,6	98,114		4,925,017
Revenues over (under) expenditures		3,622		12,415	(50	08,257)	(2,6	83,347)		(3,175,567
Other Financing Sources (Uses):										
Transfers to other funds		-		-		-		(7,342)		(7,342
Total other financing sources (uses)		-		-		-		(7,342)		(7,342
Revenue and other financing sources over (unde	er)									
expenditures and other financing uses		3,622		12,415	(50	)8,257)	(2,6	90,689)		(3,182,909
FUND BALANCES, beginning of year	1	37,926		82,896	1,21	9,431	2,6	90,689		4,130,942
FUND BALANCES, end of year	\$ 1	41,548	\$	95,311	\$ 71	1,174	\$	_	Ś	948,033

### **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.

## City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Community Development Fund From Inception and For the Fiscal Year Ended June 30, 2018 Exhibit C-3

Page 1 of 4

27.601,443 22,482 8,199 39,308	\$ 3,038,898 2,185,504 187,000 - 453,062 7,955 5,872,419  22,482 6,449 39,308	\$	300,860 210,538 75,400 - 15,402 602,200	\$ 3,339,758 2,396,042 262,400 - 453,062 23,357 6,474,619	Positive (Negative)  \$ (1,100,231) (209,581) (24,600) (150,000) 341,026 16,562 (1,126,824)
1,439,989 2,605,623 287,000 150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	\$ 3,038,898 2,185,504 187,000 - 453,062 7,955 5,872,419	·	300,860 210,538 75,400 - - 15,402	\$ 3,339,758 2,396,042 262,400 453,062 23,357 6,474,619	\$ (1,100,231) (209,581) (24,600) (150,000) 341,026 16,562
2,605,623 287,000 150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	2,185,504 187,000 - 453,062 7,955 5,872,419 22,482 6,449	·	210,538 75,400 - - 15,402	2,396,042 262,400 453,062 23,357 6,474,619	(209,581) (24,600) (150,000) 341,026 16,562
2,605,623 287,000 150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	2,185,504 187,000 - 453,062 7,955 5,872,419 22,482 6,449	·	210,538 75,400 - - 15,402	2,396,042 262,400 453,062 23,357 6,474,619	(209,581) (24,600) (150,000) 341,026 16,562
2,605,623 287,000 150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	2,185,504 187,000 - 453,062 7,955 5,872,419 22,482 6,449	·	210,538 75,400 - - 15,402	2,396,042 262,400 453,062 23,357 6,474,619	(209,581) (24,600) (150,000) 341,026 16,562
287,000 150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	187,000 - 453,062 7,955 5,872,419 22,482 6,449		75,400 - - 15,402	262,400 - 453,062 23,357 6,474,619	(24,600) (150,000) 341,026 16,562
150,000 112,036 6,795 7,601,443 22,482 8,199 39,308	453,062 7,955 5,872,419 22,482 6,449		- 15,402	453,062 23,357 6,474,619	(150,000) 341,026 16,562
112,036 6,795 7,601,443 22,482 8,199 39,308	7,955 5,872,419 22,482 6,449		•	23,357 6,474,619 22,482	341,026 16,562
6,795 7,601,443 22,482 8,199 39,308	7,955 5,872,419 22,482 6,449		•	23,357 6,474,619 22,482	16,562
22,482 8,199 39,308	5,872,419 22,482 6,449		•	6,474,619	•
22,482 8,199 39,308	22,482 6,449		602,200	22,482	(1,126,824)
8,199 39,308	6,449		-	,	-
8,199 39,308	6,449		-	,	-
8,199 39,308	6,449		-	,	-
39,308	•				
·	39,308		-	6,449	1,750
			-	39,308	-
14,440	14,440		_	14,440	_
109,830	62,259		_	62,259	47,571
•	•		_	•	
•	•		_	•	-
,	,,,,,			,,,,	
122 770	120 540			420 540	42.252
•	•		-	•	13,252
•	•		-	•	(928)
•	•		-	•	106,149
•	•		-	•	-
,	,		-	•	-
•	•		-	•	-
104,488	104,448		-	104,448	40
20,569	20,569		-	20,569	-
18,614	18,614		-	18,614	-
176,160	176,160		_	176,160	_
110,621	110,000		-	110,000	621
107.520	77.220		_	77.220	30,300
•	,		_	•	-
			_		(51,688)
•			_	•	(18,234)
•			_	•	1,907
•	•		_	•	240
•	•		_	•	106,685
•			_		100,085
•	•		_	•	_
	190,244 107,051 133,770 19,358 267,921 5,813 10,900 59,758 104,488 20,569 18,614 176,160	190,244     190,244       107,051     107,051       133,770     120,518       19,358     20,286       267,921     161,772       5,813     5,813       10,900     10,900       59,758     59,758       104,488     104,448       20,569     20,569       18,614     18,614       176,160     176,160       110,621     110,000       107,520     77,220       722     722       10,623     62,311       58,048     76,282       40,499     38,592       66,700     66,460       106,965     280       20,000     20,000	190,244     190,244       107,051     107,051       133,770     120,518       19,358     20,286       267,921     161,772       5,813     5,813       10,900     10,900       59,758     59,758       104,448     104,448       20,569     20,569       18,614     18,614       176,160     176,160       110,621     110,000       107,520     77,220       722     722       10,623     62,311       58,048     76,282       40,499     38,592       66,700     66,460       106,965     280       20,000     20,000	190,244       190,244       -         107,051       107,051       -         133,770       120,518       -         19,358       20,286       -         267,921       161,772       -         5,813       5,813       -         10,900       10,900       -         59,758       59,758       -         104,488       104,448       -         20,569       20,569       -         18,614       18,614       -         176,160       176,160       -         110,621       110,000       -         107,520       77,220       -         722       722       -         10,623       62,311       -         58,048       76,282       -         40,499       38,592       -         66,700       66,460       -         106,965       280       -         20,000       20,000       -	190,244       190,244       -       190,244         107,051       107,051       -       107,051         133,770       120,518       -       20,286         19,358       20,286       -       20,286         267,921       161,772       -       161,772         5,813       5,813       -       5,813         10,900       10,900       -       10,900         59,758       59,758       -       59,758         104,448       104,448       -       104,448         20,569       -       20,569       -       20,569         18,614       18,614       -       18,614         176,160       176,160       -       176,160         110,621       110,000       -       110,000         107,520       77,220       -       77,220         722       722       -       722         10,623       62,311       -       62,311         58,048       76,282       -       76,282         40,499       38,592       -       38,592         66,700       66,460       -       66,460         106,965       280       -

Continued...

## City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Community Development Fund From Inception and For the Fiscal Year Ended June 30, 2018 Exhibit C-3

			Actual		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

Continued...

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## City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Community Development Fund From Inception and For the Fiscal Year Ended June 30, 2018 Exhibit C-3

Page 3 of 4

			Actual		Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	to Date	(Negative)
HOME FY 13-14					
Administration	16,517	15,514	-	15,514	1,00
Homebuyers Assistance	136,881	102,066	-	102,066	34,81
CHDO-Set Aside	40,267	33,237	-	33,237	7,03
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	74,735	-	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

Continued...

City of Goldsboro
Schedule of Revenues, Expenditures, and
Changes in Fund Balance- Budget and Actual
Community Development Fund
From Inception and For the Fiscal Year Ended June 30, 2018
Exhibit C-3
Page 4 of 4

Homebuyers Assistance		_		Actual				
Momery 15-16		Project	Prior	Current	Total			
Administration 310 31,758 - 31,758 (31,448 Homebuyers Assistance 16,875 49,541 - 49,541 (32,666 ChDO-Set Aside 50,147 108,000 - 108,000 (57,853 ChDO-Set Aside 50,147 108,000 - 15,283 87,740 10,388 ChDO-Set Aside 50,143 72,457 15,283 87,740 10,388 ChDO-Set Aside 21,927 20,000 1,527 21,527 400 ChDO-Set Aside 21,927 20,000 1,527 21,527 400 ChDO-Set Aside 33,990 23,231 1,250 24,481 9,500 Afterschool Enrichment 50,143 46,790 (304) 46,486 3,653 ChDO-Set Aside 20,000 - 75,400 75,400 75,400 124,600 ChDO-Set Aside 20,000 - 75,400 75,400 124,600 ChDO-Set Aside 256,601 55,000 73,500 128,500 128,101 ChDO-Set Aside 256,999 - 4,426 4,426 22,573 Afterschool Enrichment 46,425 - 70,442 70,442 1,183 Rehabilitation 25,940 - 22,431 22,431 3,500 Transitional Housing 26,999 - 4,426 4,426 22,573 Afterschool Enrichment 46,425 - 43,738 43,738 2,685 ChDO-Set Aside 76,905 55,000 55,000 21,905 ChDO-Set Aside 76,905 75,734,493 598,578 6,333,071 770,346 ChDO-Set Aside 76,905		Authorization	Years	Year	to Date	(Negative)		
Homebuyers Assistance	HOME FY 15-16							
CHDO-Set Aside         50,147         108,000         -         108,000         (57,853)           CDBG FY 16-17         Administration         98,123         72,457         15,283         87,740         10,383           Public Facilities         352,633         352,633         352,633         -         352,633         2         352,633         -         352,633         2         352,633         -         21,450         -         24,481         9,500           Afterschool Enrichment         50,000         15,461         186         15,350         1,100         -         1,24 </td <td>Administration</td> <td>310</td> <td>31,758</td> <td>-</td> <td>31,758</td> <td>(31,448</td>	Administration	310	31,758	-	31,758	(31,448		
CDBG FY 16-17	Homebuyers Assistance	16,875	49,541	-	49,541	(32,666		
Administration 98,123 72,457 15,283 87,740 10,385 Public Facilities 352,633 352,633 - 352,632 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,632 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,633 - 352,632 - 352,633 - 352,632 - 352,633 - 352,632 - 352,633 - 352,632 - 352,632 - 352,633 - 352,632 - 352,632 - 352,633 - 352,632 -	CHDO-Set Aside	50,147	108,000	-	108,000	(57,853		
Public Facilities   352,633   352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633   - 352,632   - 352,633	CDBG FY 16-17							
Economic Development   21,927   20,000   1,527   21,527   400     Transitional Housing   33,990   23,231   1,250   24,481   9,508     Afterschool Enrichment   50,143   46,790   (304)   46,486   3,657     Afterschool Enrichment   200,000   - 75,400   75,400   124,600     ESFRLP - Disaster Recovery   300,000   - 75,400   75,400   124,600     ESFRLP - Disaster Recovery   300,000   - 75,400   75,400   124,600     ESFRLP - Disaster Recovery   300,000   - 75,400   75,400   124,600     ESFRLP - Disaster Recovery   300,000   - 75,400   75,400   128,500     HOME FY 16-17   Administration   16,452   15,164   186   15,350   1,102     HOmebuyers Assistance   127,204   29,449   52,388   81,837   45,367     CHDO-Set Aside   256,601   55,000   73,500   128,500   128,101     EDBG FY 17-18   Administration   71,625   - 70,442   70,442   1,183     Rehabilitation   25,940   - 22,431   22,431   3,505     Transitional Housing   26,999   - 4,426   4,426   22,573     Afterschool Enrichment   46,425   - 43,738   43,738   2,683     HOME FY 17-18   Administration   19,105   16,436   16,436   2,665     Homebuyers Assistance   52,981   16,875   16,875   36,100     CHDO-Set Aside   76,905   55,000   55,000   21,905     Debt service   150,000   - 150,000   150,000     Total expenditures   7,103,417   5,734,493   598,578   6,333,071   770,346     Revenue over (under) expenditures   498,026   137,926   3,622   141,548   (356,478     Fund balance appropriated   (498,026)     -   498,026     Revenues and appropriated   (498,026)   -   -   -   498,026     Revenues and appropriated   (498,026)   -   -   -   498,026     Revenues and appropriated   (498,026)   -   -   -   498,026     Eurol balance, beginning of year   137,926   3,622   141,548   5 141,548     Eurol balance, beginning of year   137,926   3,622   141,548   5 141,548     Eurol balance, beginning of year   137,926   3,622   141,548   5 141,548     Eurol balance, beginning of year   137,926   3,622   3,622   3,622   3,622   3,622   3,622   3,622   3,622   3,622   3,622   3,622	Administration	98,123	72,457	15,283	87,740	10,383		
Transitional Housing         33,990         23,231         1,250         24,481         9,505           Afterschool Enrichment         50,143         46,790         (304)         46,486         3,652           Urgent Repair Program         200,000         -         75,400         75,400         124,600           ESFRLP - Disaster Recovery         300,000         -         -         -         -         300,000           HOME FY 16-17         Administration         16,452         15,164         186         15,350         1,100           Homebuyers Assistance         127,204         29,449         52,388         81,837         45,367           CHDO-Set Aside         256,601         55,000         73,500         128,500         128,100           CDBG FY 17-18         Administration         71,625         -         70,442         70,442         1,183           Rehabilitation         25,940         -         22,431         22,431         3,503           Transitional Housing         26,999         -         4,426         4,426         22,573           Afterschool Enrichment         46,425         -         43,738         43,738         2,683           HOME FY 17-18								

## 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, 2018 Exhibit C-4

		Budget		Actual		Variance Positive (Negative)
Revenues:	•		•		•	
Ad valorem taxes	\$	70,886	\$	72,097	\$	1,211
Penalties and interest		350		929		579
Investment earnings		90		613		523
Total revenues		71,326		73,639		2,313
Expenditures: Downtown revitalization Continuous		82,649		61,224		21,425
Total expenditures		82,649		61,224		21,425
Revenue over (under) expenditures		(11,323)		12,415		(1,092)
Fund balance appropriated		11,323		-		(11,323)
Revenues and appropriated fund balance over (under) expenditures	\$	<u>-</u>		12,415	\$	(12,415)
Fund balance, beginning of year				82,896		
Fund balance, end of year			\$	95,311		

## 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, 2018 Exhibit C-5

	Budget	Actual	ance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 1,025,059	\$ 993,506	\$ (31,553)
Fitness Center Grant - Seymour Johnson	41,452	57,000	15,548
Other income	-	3,717	3,717
Investment earnings	600	4,621	4,021
Total revenues	1,067,111	1,058,844	(8,267)
Expenditures:			
Tourism expenses:			
Salaries and employee benefits	125,048	125,010	38
Operating expenditures	261,713	250,343	11,370
Construction Costs	641,452	641,452	-
Wayme County share of occupancy tax	330,000	307,171	22,829
Capital Outlay	125,261	-	125,261
Total Tourism	1,483,474	1,323,976	159,498
B.110			
Debt Service:	000 000	000 000	
Principal	200,000	200,000	-
Interest	43,125	43,125	
Total debt service	243,125	243,125	<del>-</del>
Contingency	101,559	-	101,559
Total expenditures	1,828,158	1,567,101	261,057
Revenues over (under) expenditures	(761,047)	(508,257)	(252,790)
Fund balance appropriated	761,047	-	761,047
Revenues and appropriated fund balance over (under) expenditures	\$ 	(508,257)	\$ (508,257)
Fund balance, beginning of year		 1,219,431	
Fund balance, end of year		\$ 711,174	

## **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.

## City of Goldsboro Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual Capital Project Fund - Street From Inception For the Fiscal Year Ended June 30, 2018 Exhibit D-1

			Actual		
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Street Project					
Investment earnings	\$ -	\$ 11,258	\$ 14,767	\$ 26,025	\$ 26,025
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	2,698,114	2,972,813	(472,813)
Administrative costs	80,000	80,000	-	80,000	-
Total expenditures	9,780,000	7,321,925	2,698,114	10,020,039	(240,039)
Revenues over (under) expenditures	(9,780,000)	(7,310,667)	(2,683,347)	(9,994,014)	(214,014)
Other financing sources (uses)					
Transfers to other funds	-	-	(7,342)	(7,342)	(7,342)
Proceeds from debt issuance	9,780,000	10,001,356	-	10,001,356	221,356
Total other financing sources	9,780,000	10,001,356	(7,342)	9,994,014	214,014
Revenues and other financing sources over					
(under) expenditures and other financing uses	\$ -	\$ 2,690,689	(2,690,689)	\$ -	\$ -
Fund balance, beginning of year			2,690,689		
Fund balance, end of year			\$ -		

City of Goldsboro
Schedule of Revenues, Expenditures, and
Changes in Fund Balance- Budget and Actual
Recreation Capital Project Fund
From Inception For the Fiscal Year Ended June 30, 2018
Exhibit D-2

		Project Authorizati	on		Actual						
	June 30, 2017	Project Amendment		June 30, 2018	F	Prior Years	Cu	rrent Year	Tc	otal to Date	Variance Positive (Negative)
Revenues											
Investment earnings	\$ -	\$ -	\$	-	\$	4,927	\$	26,151	\$	31,078	\$ 31,078
Expenditures											
Construction	5,500,000	2,546,512		8,046,512		331,005		5,614,980		5,945,985	2,100,527
Debt Service											
Interest and Other Costs	-	=		=		53,635		-		53,635	(53,635)
Total expenditures	5,500,000	2,546,512		8,046,512		384,640		5,614,980		5,999,620	2,046,892
Revenues over (under) expenditures	(5,500,000)	(2,546,512)		(8,046,512)		(379,713)	(	(5,588,829)		(5,968,542)	2,077,970
Other financing sources (uses)											
Transfer from general fund	-	2,546,512		2,546,512		-		-		-	(2,546,512)
Proceeds from loans	5,500,000	-		5,500,000		6,265,628		-		6,265,628	765,628
Total other financing sources (uses)	5,500,000	2,546,512		8,046,512		6,265,628		-		6,265,628	(1,780,884)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$	-	\$	5,885,915	= (	(5,588,829) =	\$	297,086	\$ 297,086
Fund balance, beginning of year								5,885,915			
Fund balance, end of year							\$	297,086			

### **ENTERPRISE FUNDS**

The Enterprise Funds are 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 these funds.

### 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.

### • Storm Water Fund

The Storm Water Fund is established to account for revenues and expenses related to the provision of storm water services to residents of the City.

# City of Goldsboro Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Utility Fund For the Fiscal Year Ended June 30, 2018 Exhibit E-1 Page 1 of 2

Variance

		Budget	Actual	Variance Positive (Negative)
Revenues		244801		 (,
Operating revenues:				
Charges for services	\$	15,497,000	\$ 16,172,129	\$ 675,129
Assessments		6,700	1,409	(5,291)
Water and sewer taps		30,000	29,650	(350)
Miscellaneous fees and services		113,500	130,813	17,313
Total operating revenues		15,647,200	16,334,001	686,801
Nonoperating revenues:				
Other revenues		200,000	447,054	247,054
Unrestricted federal grants		1,242,455	136,914	(1,105,541)
Investment earnings		14,493	103,682	89,189
Total nonoperating revenues		1,456,948	687,650	(769,298)
Total revenues		17,104,148	17,021,651	 (82,497)
Expenditures				
Maintenance				
Salaries and employee benefits		1,489,241	1,474,869	
Travel		5,700	4,007	
Supplies		404,859	362,006	
Insurance		16,691	13,193	
Repairs and maintenance		58,704	49,614	
Other expenses		336,689	286,685	
		2,311,884	2,190,374	121,510
Water Plant				
Salaries and employee benefits		681,566	669,986	
Travel		2,930	2,071	
Supplies		762,279	660,650	
Insurance		73,948	73,948	
Utilities		251,963	251,962	
Repairs and maintenance		552,551	295,953	
Other expenses		451,549	270,662	
Utility service fee		1,311,766	1,311,766	 
Marka Tuestus ant Plant		4,088,552	3,536,998	551,554
Waste Treatment Plant		1 170 000	1 170 000	
Salaries and employee benefits		1,178,092	1,170,908	
Travel		8,075	2,898	
Supplies		260,214	223,032	
Insurance Utilities		184,972	151,198	
		524,912	520,379 770,017	
Repairs and maintenance		857,931 527,840	770,917 370,776	
Other expenses		527,849 1,311,765	,	
Utility service fee			1,311,765	 331,937
		4,853,810	4,521,873	331,937

Continued...

## City of Goldsboro Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Utility Fund For the Fiscal Year Ended June 30, 2018 Exhibit E-1

Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Compost facility department	<u> </u>		, , ,
Salaries and employee benefits	263,654	254,787	
Supplies	22,739	17,709	
Insurance	42,660	28,202	
Repairs and maintenance	215,141	170,070	
Other expenses	187,976	148,419	
Other	732,170	619,187	112,983
Other Congral operating expenses	1 227 760	1 205 076	E2 694
General operating expenses	1,337,760	1,285,076	52,684
Budgetary appropriations			
Bond principal	845,901	845,901	-
Notes payable principal payments	2,736,698	2,597,619	139,079
Debt issuance costs	<del>-</del>	3,120	(3,120)
Bond interest	562,233	701,311	(139,078)
Capital outlay	6,895,402	3,550,720	3,344,682
	11,040,234	7,698,671	3,341,563
Total expenditures	24,364,410	19,852,179	4,512,231
Revenues over (under) expenditures	(7,260,262)	(2,830,528)	4,429,734
Other financing sources (uses):			
Transfer from general fund	250,000	250,000	-
Transfer to water and sewer capital projects fund	(200,000)	(200,000)	-
Sale of capital assets	=	27,143	27,143
Proceeds from debt	5,345,500	-	(5,345,500)
Capital lease proceeds	463,000	311,500	(151,500)
Fund balance appropriated	1,401,762	-	(1,401,762)
Total other financing sources( uses)	7,260,262	388,643	(6,871,619)
Revenues and other financing sources over (under)		(0.444.005)	4 (2.44, 225)
expenditures and other financing uses	\$ -	(2,441,885)	\$ (2,441,885)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Water and Sewer Capital Project Fund			
Transfer from Utility Fund		200,000	
Capital outlay		3,494,526	
Uncollectible accounts written off		(846,006)	
Increase in accrued interest payable		(61,775)	
Increase in compensated absences		(44,071)	
Increase in OPEB liability		(45,240)	
Decrease in net OPEB obligation		428,712	
Decrease in deferred outflows of resources - pensions		(265,807)	
Increase in deferred outflows of resources - OPEB		28,007	
Decrease in net pension liability		241,476	
Decrease in deferred inflows resources - pensions		25,951	
Increase in deferred inflows resources - OPEB		(87,231)	
Bond principal payments		845,901	
Note payable principal payments		2,597,619	
Note payable proceeds		(311,500)	
Loss on bond refunding		(35,360)	
Amortization of bond premium		51,408	
Depreciation expense		(3,751,076)	
Total		2,465,534	
Change in net position	3	23,649	

City of Goldsboro
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Capital Project Fund
From Inception and For the Fiscal Year Ended June 30, 2018
Exhibit E-2

		Project Authorization			Actual		
	June 30, 2017	Project Amendment	S June 30, 2018	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues-water projects							
Investment earnings	\$ 67,240	T	\$ 67,240	\$ 86,694	\$ -	\$ 86,694	\$ 19,454
Other income	52,822		52,822	22,974	-	22,974	(29,848)
Total revenues-water projects	120,062		120,062	109,668	-	109,668	(10,394)
Revenues-sewer projects							
Restricted intergovernmental revenue	3,000,000	-	3,000,000	2,823,363	-	2,823,363	(176,637)
Investment earnings	203,301	-	203,301	441,417	-	441,417	238,116
Other income	118,188	-	118,188	101,485	-	101,485	(16,703)
Total revenues-sewer projects	3,321,489	-	3,321,489	3,366,265	_	3,366,265	44,776
Total revenues	3,441,551	-	3,441,551	3,475,933	-	3,475,933	34,382
Expenditures-water projects							
Construction				4,652,206	-	4,652,206	
Total expenditures-water projects	4,700,644	-	4,700,644	4,652,206	-	4,652,206	48,438
Expenditures-sewer projects							
Construction				26,390,543	630,667	27,021,210	
Legal and administrative				177,238	-	177,238	
Total expenditures-sewer projects	24,681,783	6,557,674	31,239,457	26,567,781	630,667	27,198,448	4,041,009
Total expenditures	29,382,427	6,557,674	35,940,101	31,219,987	630,667	31,850,654	4,089,447
Revenues over (under) expenditures	(25,940,876)	) (6,557,674	) (32,498,550)	(27,744,054)	(630,667)	(28,374,721)	4,123,829
Other financing sources (uses)							
Transfers in	-	-	-	200,000	200,000	400,000	400,000
Transfers out	(3,634,377)	) -	(3,634,377)	(3,634,377)	-	(3,634,377)	-
Proceeds from long-term borrowings	29,575,253	6,268,382	35,843,635	34,273,844	470,640	34,744,484	(1,099,151)
Fund balance appropriated		289,292	289,292	-	-	-	(289,292)
Total other financing sources	25,940,876	6,557,674	32,498,550	30,839,467	670,640	31,510,107	(988,443)
Revenues and other financing							
sources over (under) expenditures	¢	ċ	\$ -	\$ 3,095,413	\$ 39,973	\$ 3,135,386	\$ 3,135,386

## City of Goldsboro Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) Storm Water Fund For the Fiscal Year Ended June 30, 2018 Exhibit E-3

		Budget	Actual	Variance Positive Negative)
Revenues		Duuget	Actual	 vegative,
Operating revenues:				
Charges for services	\$	1,073,672	\$ 767,515	\$ (306,157)
Total operating revenues		1,073,672	767,515	(306,157)
Nonoperating revenues:				
Investment earnings		-	1,168	1,168
Total nonoperating revenues		-	1,168	1,168
Total revenues		1,073,672	768,683	(304,989)
Expenditures				
Public Works - Storm Water				
Salaries and employee benefits		145,500	145,600	(100)
Consultant Fees		53,625	42,514	11,111
Vehicle maintenance		54,603	54,603	-
Landfill tipping fees		16,125	16,125	-
Utility service fee		25,000	25,000	-
Other expenses		28,852	28,045	807
		323,705	311,887	11,818
Budgetary appropriations			1 456	(4.456)
Debt issuance costs		- 20.267	1,456	(1,456)
Storm Drainage Improvements		28,267	27,701	566
Capital outlay		596,888	596,887	721 404
Contingency		721,494 1,346,649	626,044	721,494 720,605
		2,0 .0,0 .5	020,0 : :	, 20,000
Total expenditures		1,670,354	937,931	732,423
Revenues over (under) expenditures		(596,682)	(169,248)	427,434
Other financing sources (uses):				
Note payable proceeds		596,682	578,500	(18,182)
Total other financing sources( uses)		596,682	578,500	(18,182)
December of the Company of the Compa				
Revenues and other financing sources over (under) expenditures and other financing uses	\$	_	409,252	\$ 409,252
Reconciliation from budgetary basis (modified accrual) to full accr			.03,232	 .00,202
Reconciliation from budgetary basis (modified accidar) to ruil acci	uai.			
Reconciling items:				
Capital outlay			596,887	
Increase in inventory			1,768	
Increase in accrued interest payable			(2,671)	
Increase in compensated absences			(18,682)	
Note payable proceeds			(578,500)	
Depreciation expense			(11,515)	
Total			(12,713)	
Change in net position			\$ 396,539	

### 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, 2018

(With Comparative Actual Amounts As Of June 30, 1899)

**Exhibit F-1** 

Governmental Capital Assets	2018	2017
Land	\$ 6,243,946	\$ 6,243,091
Construction in process	7,025,895	1,147,348
Buildings	24,141,652	24,135,634
Streets and infrastructure	77,324,912	76,141,478
Vehicles and equipment	19,558,500	17,692,320
Total	\$ 134,294,905	\$ 125,359,871

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, 2018 Exhibit F-2

Functional and Activity	Ва	llance June 30, 2017	Additions	 eductions	Ва	lance June 30, 2018
General government	\$	15,137,990	\$ 155,582	\$ 20,302	\$	15,273,270
Transportation		73,088,119	897,596	129,376		73,856,339
Economic and physical development		2,740,308	26,822	-		2,767,130
Public safety		7,607,735	2,333,044	341,548		9,599,231
Environmental protection		5,475,725	141,605	564,323		5,053,007
Cultural and recreational		21,309,994	6,493,356	57,422		27,745,928
Total	\$	125,359,871	\$ 10,048,005	\$ 1,112,971	\$	134,294,905

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**ADDITIONAL FINANCIAL DATA** 

# City of Goldsboro Schedule of Ad Valorem Taxes Receivable June 30, 2018 Exhibit G-1

<u>City-Wide Levy</u> Fiscal Year	 ncollected nce June 30, 2017	Additions	Co	llections and Credits	 collected nce June 30, 2018
2017-2018	\$ -	\$ 15,541,829	\$	15,283,969	\$ 257,860
2016-2017	330,593	-		160,367	170,226
2015-2016	65,497	61,495		38,968	88,024
2014 and prior	556,341	369		76,991	479,719
	\$ 952,431	\$ 15,603,693	\$	15,560,295	\$ 995,829

Reconcilement with revenue	
Ad Valorem taxes - General Fund	\$ 15,674,602
Reconciling items:	
Refunds	2,034
Interest collected	(80,157)
Taxes written off	(36,184)
Total collections and credits	\$ 15,560,295

### **Downtown District Fund**

Fiscal Year	Balan	collected ce June 30, 2017	A	dditions		ections and Credits	Balan	collected ce June 30, 2018
2017-2018	\$	_	\$	71,033	\$	68,949	\$	2,084
2016-2017	*	3,086	*	-	т	1,327	*	1,759
2015-2016		1,941		-		695		1,246
2014 and prior		2,741		-		799		1,942
	\$	7,768	\$	71,033	\$	71,770	\$	7,031

Reconcilement with revenue		
Ad Valorem taxes - General Fund	\$	73,026
Reconciling items:	Ţ	75,020
Refunds		(88)
Interest collected		(929)
Taxes written off		(239)
Total collections and credits	\$	71,770

## City of Goldsboro Analysis of Current Tax Levy City-Wide Levy June 30, 2018 Exhibit G-2

		Total Property Valuation	Rate	An	nount of Levy		Property Excluding Registered otor Vehicles		Registered otor Vehicles
Original levy-City:									
Property taxed at current	- خ	224 574 200	\$ 0.65	\$	15 100 722	\$	12 627 522	Ļ	1 402 211
years' rate Penalties	<b>پ</b> ک	2,324,574,308	Ş 0.05	Ş	15,109,733 20,499	Ş	13,627,522 20,499	\$	1,482,211
Discoveries		72,767,231	0.65		472,987		472,987		-
Penalties		,2,,,231	0.03		6,476		6,476		_
Abatements		(10,440,923)	0.65		(67,866)		(45,247)		(22,619)
Total property valuation	\$ 2	2,386,900,615							
Net levy				\$	15,541,829	\$	14,082,237	\$	1,459,592
Uncollected taxes at June 30, 2018					(257,860)		(257,860)		-
Current year's taxes collected				\$	15,283,969	\$	13,824,377	\$	1,459,592
Current levy collection percentage					98.34%		98.17%		100.00%
Original levy-Downtown District: Property taxed at current years' rate  Discoveries  Abatements	\$	29,032,766 1,202,553 (8,511)	\$ 0.235 0.235 0.235	\$	68,227 2,826 (20)	\$	63,883 2,826 (14)	\$	4,344 - (6)
Total property valuation	\$	30,226,809							
Net levy				\$	71,033	\$	66,695	\$	4,338
Uncollected taxes at June 30, 2018					(2,084)		(2,084)		
Current year's taxes collected				\$	68,949	\$	64,611	\$	4,338
Current levy collection percentage					97.07%		96.88%		100.00%

# City of Goldsboro Schedule of Cash and Investment Balances All Funds June 30, 2018 Exhibit G-3

			Market
			Value
Cash			
On Hand		\$	3,180
NOW, SuperNOW, and Money Market		*	16,646,652
Total Cash			16,649,832
Other Investements			
North Carolina Capital Management Trust			8,111,890
Total Cash and Investments		\$	24,761,722
Distributed by Fund:			
			Carrying Value
General Fund			
Unrestricted \$	9,552,963		
Restricted	1,285,452	\$	10,838,415
Special Revenue Fund			
Community Development Fund	243,547		
Downtown District Fund	99,449		
Occupancy Tax Fund	675,677		1,018,673
Capital Project Fund			
Unrestricted	62,593		
Restricted - Recreation	234,493		297,086
Utility Fund			
Unrestricted	7,761,039		
Restricted	4,537,799	_	12,298,838
Storm Water Fund			
Unrestricted	297,966		
Restricted	10,744	_	308,710
Total Distributed by Fund		\$	24,761,722

#### 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

		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018
Governmental activities																				
Net Investment in capital assets	Ś	43,352,105	\$	43,695,950	¢	43,486,935	ć	42,700,984	¢	37,507,996	\$	38,335,957	\$	42,803,884	\$	44,410,030	ć	46,326,181	¢	44,279,692
Restricted	۲	3,753,545	ڔ	43,093,930	٧	43,480,933	۲	42,700,384	۲	37,307,330	ڔ	30,333,337	ڔ	6,300,863	٧	238,227	ڔ	294,478	ڔ	363,894
Stabilization by State Statute		3,733,343		-		- 4,240,257		2,353,408		3,151,398		3,937,395		2,651,605		2,807,277		3,503,289		3,712,763
Streets		-		-		4,240,237		2,899,947		426,930		5,957,595		2,031,003		2,807,277		3,303,269		5,/12,/05
		10 472 600		11 042 222		- 6 121 406				•				(2.245.462)		- 220 662				(2.112.420)
Unrestricted  Total governmental activities net position	۲.	10,473,600 57,579,250	<u>,</u>	11,842,223 55,538,173	<u>,</u>	6,121,406 53,848,598	۲.	8,087,596 56,041,935	ć	5,367,859 46,454,183	۲.	804,941 43,078,293	<u>,</u>	(2,315,163) 49,441,189	ć	5,329,663 52,785,197	ć	1,345,805 51,469,753	<u>,</u>	(3,112,439) 45,243,910
Business-type activities	Ś	20.200.702	4	44 557 400	,	40.062.422	,	40 270 022	,	44 246 420	,	42 240 420	,	45 625 607	,	47 525 424	,	40,000,760		47.020.424
Net Investment in capital assets	\$	39,266,792	\$	41,557,490	\$	40,962,133	\$	40,370,922	>	41,216,430	\$	43,218,439	\$	45,635,607	\$	47,525,121	\$	,,.	\$	47,828,124
Restricted		485,597		_		-		-		-		-		-		-		6,506,387		876,387
Unrestricted		9,319,993		8,904,625		10,748,545		12,206,203	_	12,022,767		11,720,607		10,943,475		10,326,236		4,242,058		9,390,463
Total business-type activities net position	\$	49,072,382	\$	50,462,115	Ş	51,710,678	Ş	52,577,125	Ş	53,239,197	\$	54,939,046	Ş	56,579,082	Ş	57,851,357	Ş	58,847,214	Ş	58,094,974
Primary government																				
Net Investment in capital assets	\$	82,618,897	\$	85,253,440	\$	84,449,068	\$	83,071,906	\$	78,724,426	\$	81,554,396	\$	88,439,491	\$	91,935,151	\$	94,424,950	\$	92,107,816
Restricted		4,239,142		-		-		-		-				6,300,863		238,227		6,800,865		1,240,281
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		3,712,763
Streets		-		-		-		2,899,947		426,930		-		-		-		-		-
Unrestricted		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		6,278,024
Total primary government net position	\$	106,651,632	Ś	106,000,288	Ś	105,559,276	Ś	108,619,060	Ś	99,693,380	\$	98,017,339	Ś	106,020,271	Ś	110,636,554	Ś	110,316,967	\$	103,338,884

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

Page 1 of 2

																				rage I or a
		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018
Expenses																				
Governmental activities:																				
General government	\$	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	\$	4,416,947
Public safety		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		17,919,547
Transportation		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		6,693,599
Economic and physical development		3,632,243		3,915,549		3,221,967		5,048,592		5,502,759		3,696,955		3,724,636		2,241,469		4,060,385		2,941,441
Environmental protection		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		3,528,252
Cultural and recreational		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		5,030,394
Interest on long-term debt		338,011		724,351		690,706		724,774		671,960		489,199		505,575		647,356		365,594		917,168
Total governmental activities expense	\$	32,848,513	\$	32,734,411	\$	33,328,372	\$	32,006,347	\$	42,680,859	\$	37,635,777	\$	35,198,817	\$	33,594,934	\$	36,986,677	\$	41,447,348
Total business-type activities -																				
Water and sewer	\$	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	\$	17,275,145
Storm Water	•	-	•	-		-	•	-		-	•	-	•	-	•	-	•	-, - ,		372,144
Total business-type activities expense	\$	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	\$	17,647,289
Total primary government expenses	\$	46,796,184	\$	45,662,200	\$	46,463,772	\$	45,612,670	\$	57,279,506	\$	51,757,579	\$	48,861,152	\$	48,511,388	\$	52,481,451	\$	59,094,637
Program revenues Governmental activities:																				
Charges for services																				
General governmental	Ś	488,376	ب	409,691	خ	380,695	ċ	371,656	۲	354,205	خ	347,680	خ	302,688	۲.	309,090	۲	421,844	۲	83,897
Public safety	Ş	393,189	Ş	361,261	Ş	449,256	Ş	411,691	Ş	435,183	Ş	358,876	Ş	381,999	Ş	423,512	Ş	557,288	Ş	386,306
Transportation		333,183		301,201		449,230		409,430		316,779		485,833		1,219,735		139,597		152,081		380,300
Economic and physical development		-		_		-		409,430		310,779		403,033		1,219,733		159,597		7,955		15,402
Environmental protection		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		3,253,077
Cultural and recreational		717,592		829,781		750,577		616,498		562,576		727,498				743,631		733,313		951,021
Operating grants and contributions		/1/,592		829,781		750,577		616,498		502,576		727,498		1,831,393		743,631		/33,313		951,021
General governmental		2 402 764		2 771 467		2 000 002		2 742 022		2 150 600		2 151 217		2 725 555		2 005 402				27 024
_		3,182,764		2,771,467		2,899,883		2,742,032		3,159,698		3,151,217		3,735,555		3,905,483		250.404		27,031
Public safety Transportation		266,932		94,866		863,878		650,740		372,695		276,439		193,725		184,025		258,484		1,108,563
•		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		1,467,623
Environmental protection		-		-		-		534,600		32,356		166,913		-		-		1,259,527		440,014
Economic and physical development		29,822		32,266		31,770		31,812		33,139		31,685		31,739		31,253		743,600		688,955
Cultural and recreational		778,966		1,296,977		709,238		1,123,879		527,157		343,778		854,358		448,774		-		-
Capital grants and contributions																				
General governmental																				105,852
Economic and physical development		-		-		-		-		-		-		7,137,148		3,317,775		-		-
Transportation		11,945,877		=		-		=		=		-		=		=		=		=
Cultural and recreational		=		=		-		=		-		-		=		-		=		138,813
Total governmental activities program																				
revenues	_	21,664,202	خ	10,142,744	خ	10,701,045	_	11,411,289		10,171,245		10,679,790			\$	14,073,293	_	9,376,244	\$	8,666,554

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

		2009		2010	2	2011		2012		2013		2014	20:	.5		2016		2017	2018
Business-type activities:																			
Charges for services	Ś	13,564,559	Ś	13,756,931	\$ 1	14,362,215	Ś	15,957,295	Ś	14,952,610	Ś	15,813,626 \$	15.	591,832	2 \$	16,175,654	\$	15,965,714 \$	17,101,51
Operating grants and contributions	•		-	-			*	-	*		•		,				*	-	,,
Capital grants and contributions		-		502,904		-		235,203		291,331		-		-	-	-		-	
Total business-type activities program revenue	1	.3,564,559		14,259,835	14	4,362,215		16,192,498		15,243,941		15,813,626	15,€	91,832		16,175,654		15,965,714	17,101,516
Total primary government program revenues	\$ 3	5,228,761	\$	24,402,579 \$	\$ 2!	5,063,260	\$	27,603,787	\$	25,415,186	\$	26,493,416 \$	36,0	14,052	\$	30,248,947	\$	25,341,958 \$	25,768,070
Net revenue (Expense)																			
Governmental activities	\$ (1	1,184,311)	\$	(22,591,667) \$	\$ (2:	2,627,327)	\$	(20,595,058)	\$	(32,509,614)	\$	(26,955,987) \$	(14,8	76,597	) \$	(19,521,641)	\$ (	27,610,433) \$	(32,780,794
Business-type activity		(383,112)		1,332,046		1,226,815		2,586,175		645,294		1,691,824	2,0	29,497		1,259,200		470,940	(545,773
Total primary government net expense	\$ (1	1,567,423)	\$	(21,259,621) \$	\$ (2:	1,400,512)	\$	(18,008,883)	\$	(31,864,320)	\$	(25,264,163) \$	(12,8	47,100	) \$	(18,262,441)	\$ (	(27,139,493) \$	(33,326,567
General revenues and other changes																			
in net assets																			
Governmental activities:																			
Ad valorem taxes	\$	13,246,454	\$	13,782,127	\$ 1	13,554,554	\$	14,726,183	\$	14,501,826	\$	15,194,387 \$	15,	420,547	7 \$	15,056,921	\$	15,679,927 \$	16,052,59
Other taxes		6,512,124		6,401,448		6,799,858		7,616,282		7,696,501		7,746,608	8,	000,249	9	8,515,089		9,288,263	10,429,17
Unrestricted intergovernmental		-		-		-		-		-		=		-	-	-		3,390,078	3,445,151
Investment earnings		238,613		37,793		23,079		12,661		20,605		5,323		6,848		28,027		46,006	119,896
Miscellaneous revenue		900,704		329,222		560,261		433,269		702,929		633,779	4	16,502		745,492		624,985	803,742
Special item		-		-		-		-		-		=		-	-	(1,479,880)		-	
Transfers		-		-		-		-		-		_			-	-		-	(250,000
Total governmental activities		20,897,895		20,550,590	2	20,937,752		22,788,395		22,921,861		23,580,097	23,	844,146	5	22,865,649		29,029,259	30,600,55
Business-type activities:																			
Investment earnings		198,754		57,687		21,748		14,654		16,778		8,025		6,612		13,075		44,115	104,850
Miscellaneous revenue		-		-		-		-		-		-		-		-		480,802	611,111
Extraordinary item		-		-		-		(1,734,382)		-		=		-	-	-		-	
Transfers		-		-		-		-		-		-		-	-	-		-	250,00
Total business-type activity		198,754		57,687		21,748		(1,719,728)		16,778		8,025		6,612		13,075		524,917	965,961
Total primary government	\$ 2	1,096,649	\$	20,608,277 \$	\$ 20	0,959,500	\$	21,068,667	\$	22,938,639	\$	23,588,122 \$	23,8	50,758	\$	22,878,724 \$	\$	29,554,176 \$	31,566,517
Change in net position																			
Governmental activities	\$	9,713,584	\$	(2,041,077) \$	5 (:	1,689,575)	\$	2,193,337	\$	(9,587,753)	\$	(3,375,890) \$	8,	967,549	\$	3,344,008	\$	1,418,826 \$	(2,180,239
Business-type activities		(184,358)		1,389,733	:	1,248,563		866,447		662,072		1,699,849	2,0	36,109		1,272,275		995,857	420,188
Total primary government	Ś	9,529,226	Ś	(651,344) \$	ŝ	(441,012)	Ś	3,059,784	Ś	(8,925,681)	Ś	(1,676,041) \$	11.	003,658	3 \$	4,616,283	Ś	2,414,683 \$	(1,760,051

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

		2009	2010	2011	2012	2013		2014	2015	2016	2017	2018
General fund												
Reserved	Ś	4,823,548	5 5,141,907 \$	_	\$ -	\$	- \$		\$ - \$	- :	\$ - \$	_
Designated	Ψ.	556,718	43,179	_	-	Ψ	_	_	· ·		· ·	_
Unreserved, undesignated		5,437,961	5,304,810	-	-		-	-	-	-	-	-
Nonspendable		_	_	185,985	258,178	214,1	87	337,269	651,278	589,493	564,291	606,124
Restricted		-	-	4,240,257	2,353,408	3,151,3		4,572,888	8,952,468	2,808,546	5,270,374	4,998,215
Assigned		-	-	-	67,869	-, - ,-	_	-	-	-	-	,, -
Unassigned		-	-	4,246,716	6,902,667	4,710,3	46	645,905	6,625,432	7,585,797	7,811,928	6,670,426
Total general fund	\$	10,818,227	10,489,896 \$	8,672,958	\$ 9,582,122	\$ 8,075,9		5,556,062	\$ 16,229,178	10,983,836	\$ 13,646,593 \$	12,274,765
All other governmental funds Reserved Unreserved, reported in: Special revenue funds	\$	- \$ 2,635,852	. \$ 2,838,276	-	\$ -	\$	- \$	; - -	\$ - \$	- :	\$ - \$	-
Capital projects funds		3,745,537	3,560,600	-	-		-	-	-	-	-	
Nonspendable		-	-	-	-		-	-	-	-	-	-
Restricted Committed		-	-	3,206,228	2,899,947	426,9	30	-	-	236,958	2,690,689	234,493
Downtown Development		-	-	112,727	133,293	108,7	93	131,647	130,665	66,512	82,896	95,311
Economic Development		-	-	2,105,108	1,356,549	1,022,4	56	593,611	1,976,464	1,921,156	1,357,357	852,722
Cultural & Recreastional		-	-	-	-		-	-	-	-	5,885,915	62,593
Assigned												
Subsequent Yr's Expenditures		-	-	262,421	276,892	346,8	28	180,485	24,850	-	-	
Unassigned							-				<u> </u>	
Fotal all other governmental funds	Ś	6,381,389	\$ 6,398,876	5,686,484	\$ 4,666,681	\$ 1,905,0	007 9	\$ 905,743	\$ 2,131,979	\$ 2,224,626	\$ 10,016,857 \$	1,245,11

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)
Table 4

										Page 1 of 2
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Ad valorem taxes	\$ 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	\$ 15,747,628
Local option sales taxes	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	9,141,847
Other taxes and licenses	803,216	819,891	966,446	1,169,941	1,132,323	1,157,562	785,616	889,751	1,056,487	1,287,326
Unrestricted intergovernmental	3,304,003	2,810,713	2,955,689	3,298,929	3,557,596	3,760,335	3,957,381	4,228,830	3,390,078	3,445,151
Restricted intergovernmental	2,361,353	2,820,545	3,043,940	3,445,825	2,064,100	2,102,416	10,256,791	5,387,555	4,354,537	3,976,851
Permits and fees	362,497	334,980	417,718	384,271	409,622	343,392	359,599	420,115	525,738	386,306
Sales and services	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	4,303,397
Investment earnings, net of										
market adjustment	238,613	37,793	23,079	17,619	20,605	5,323	6,848	28,027	46,006	119,896
Miscellaneous	918,059	341,302	578,525	455,499	718,339	686,147	1,944,958	471,132	750,571	551,233
TOTAL REVENUES	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	38,959,635
EXPENDITURES										
General government	2,910,334	2,543,212	2,547,526	2,890,900	2,883,603	3,252,104	3,790,187	3,180,045	3,481,672	3,554,876
Public safety	14,468,658	14,503,471	15,491,380	15,395,376	16,701,484	18,682,381	15,524,494	15,704,769	16,910,403	19,047,197
Transportation	2,551,782	2,613,336	3,199,589	3,317,544	2,741,812	3,129,332	3,164,379	3,102,998	3,261,299	6,054,853
Economic and physical develop.	3,579,577	3,847,055	3,327,523	4,986,741	5,447,114	3,675,907	3,712,003	1,385,332	4,402,069	2,927,772
Environmental protection	3,137,292	2,730,378	3,243,693	3,231,770	3,308,479	3,383,876	3,322,699	2,743,280	3,179,650	3,158,528
Cultural and recreational	2,777,453	2,740,237	2,362,242	2,624,684	2,900,990	3,049,440	3,014,588	2,797,524	4,181,318	11,195,202
Capital outlay	5,464,133	2,185,934	1,603,788	1,254,821	1,724,736	442,064	12,975,831	12,975,831	-	-
Debt service:										
Principal	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	4,237,705
Interest and other charges	338,011	724,351	690,706	634,241	654,355	489,199	406,507	665,728	655,308	859,103
Debt issuance cost	-	-	-	60,333	-	-	-	-	-	-
Bond issuance cost	-	-	-	30,200	17,605	-	-	-	-	-
-			34,154,502	36,024,264	38,197,759	38,094,488	48,462,924	45,917,777	39,481,622	51,035,236

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

### Page 2 of 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	7,342
Transfers to other funds	-	-	-	-	-	-	-	-	-	(257,342
Refunding bonds issued	-	-	-	580,200	829,590	-	-	-	1,691,900	
Payment to refinanced debt issuance	-	-	-	(2,666,667)	-	-	-	-	-	
Sale of capital assets	-	-	-	-	-	-	-	-	110,040	252,509
Premium on debt issuances	-	-	-	-	-	-	-	-	684,211	
Proceeds from the issuance of debt	4,500,000	2,454,376	-	4,182,165	710,229	-	20,686,842	2,106,326	10,916,764	2,328,000
Payments to bond escrow agent	-	-	-	(550,000)	(745,600)	-	(4,551,214)	-	(1,885,664)	-
Total other financing sources (uses)	\$ 4,500,000 \$	2,454,376 \$	- \$	1,545,698 \$	794,219 \$	- \$	16,135,628 \$	2,106,326 \$	11,517,251 \$	2,330,509
Net change in fund balances	\$ (1,716,432) \$	(299,520) \$	(2,594,597) \$	(70,105) \$	(4,223,873) \$	(3,642,216) \$	11,925,569 \$	(5,090,907) \$	10,434,444 \$	(9,745,092
Debt services as a percentage of										
noncapital expenditures	5.53%	7.48%	7.31%	6.42%	6.78%	6.58%	8.34%	12.23%	10.30%	12.329

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
2009	\$ 13,246,454	\$ 5,615,126	\$	490,139	\$ 267,663	\$ 32,413	\$ 2,983	\$ 19,654,778
2010	13,782,127	5,479,518		456,205	302,847	32,433	2,279	20,055,409
2011	13,406,434	5,743,051		548,007	348,402	42,099	2,191	20,090,184
2012	14,862,383	6,350,223		656,984	435,399	48,948	3,346	22,357,283
2013	14,517,335	6,466,342		594,404	470,191	45,089	31	22,093,392
2014	15,311,560	6,484,745		559,596	526,390	50,641	901	22,933,833
2015	15,409,895	7,214,633		608,514	93,101	60,458	903	23,387,504
2016	15,056,921	7,577,935		743,626	25,593	60,361	1	23,464,437
2017	15,679,927	8,321,960		964,375	1,823	66,632	105	25,034,822
2018	16,052,594	9,141,847		993,506	2,210	59,885	75	26,250,117

Source: Comprehensive Annual Financial Report

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

Fiscal Year		Property Sales Tax Tax		Occupancy Tax		Privilege License Tax		Rental/ Lease Tax			enalties/ nterest		Total	
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
2018		15,747,628		9,141,847		993,506		2,210		59,885		75		25,945,151

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						Tota	al Direct
Ended	Real	Personal	Corporate	То	tal Taxable	Ta	x Rate
June 30	Property	Property	Excess	Ass	essed Value	Pe	er \$100
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
2018	1,855,763,343	460,281,742	70,855,530		2,386,900,615		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>C</u>	ity Direct	Rates			Overla	apping Rates		
					Do	wntown				
Fiscal Year	G	eneral	-	Total	9	Service			Tot	al Direct
Ended		Fund	ı	Direct	[	District	(	County	and C	verlapping
June 30		Rate		Rate		Rate		Rate		Rates
2009	\$	0.650	\$	0.650	\$	0.250	\$	0.7640	\$	1.6640
2010		0.650		0.650		0.250		0.7640		1.6640
2011		0.650		0.650		0.250		0.7640		1.6640
2012 <sup>1</sup>		0.650		0.650		0.235		0.7025		1.5875
2013		0.650		0.650		0.235		0.7025		1.5875
2014		0.650		0.650		0.235		0.6650		1.5500
2015		0.650		0.635		0.235		0.6650		1.5350
2016		0.650		0.650		0.235		0.6650		1.5500
2017		0.650		0.650		0.235		0.6635		1.5485
2018		0.650		0.650		0.235		0.6635		1.5485

(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	2018		 Fiscal Yea	r 2009	
				Percentage of Total			Percentage of Total
		Assessed		Assessed	Assessed		Assessed
Taxpayer	Type of Business	Valuation	Rank	Valuation	Valuation	Rank	Valuation
Walmart Stores	Retail Department Store	\$ 45,012,959	1	1.89%	\$ 37,612,401	1	1.52%
Progress Energy/Duke	Public Utility	25,347,611	2	1.06%	20,066,290	3	0.99%
Franklin Baking Co.	Bread Manufactoring	22,931,778	3	0.96%	16,016,698	5	0.79%
Berkeley Mall, LLC	Mall Shopping Center	22,625,900	4	0.95%	22,597,120	2	1.12%
Goldsboro Apartments Investors LLC	Real Estate	20,839,858	5	0.87%			
Piedmont Natural Gas Company	Public Utility	19,830,856	6	0.83%	10,872,220	10	0.53%
TWC Cable Southeast LLC	Public Utility	18,617,884	7	0.78%	13,370,681	6	0.66%
Berkeley Place Apartments	Real Estate	18,536,651	8	0.78%	16,808,340	4	0.83%
Gruma Corporation	Real Estate	14,679,997	9	0.62%			
Berkeley Realty Associates LLC	Real Estate	13,320,210	10	0.56%			
Cooper Standard, Inc.	Rubber & Plastic Auto Parts	-			11,011,952	9	0.54%
BellSouth Telephone Company	Public Utility	-			13,310,535	7	0.65%
Dixie Trail, LCC	Real Estate	-			11,236,930	8	0.55%
TOTALS		\$ 221,743,704		9.29%	\$ 172,903,167		8.18%

Total Assessed Valuation \$ 2,386,900,615 100.00%

Source: Wayne County Tax Administrator/Collector

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

	Т	axes Levied					Collected within	n the				
		for the					Fiscal Year of the	e Levy	(	Collections	Total Collections	to Date
Fiscal		Fiscal Year				Total		Percentage of	in	Subsequent		Percentage of
Year	(C	Original Levy)	Ad	ljustments	Ac	djusted Levy	Amount	Original Levy		Years	Amount	Adjusted Levy
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	99.31%		425,439	13,868,866	99.05%
2012		15,307,418		(223,957)		15,083,461	14,446,765	95.78%		462,770	14,909,535	99.08%
2013		14,958,097		(328,503)		14,629,594	14,003,582	95.72%		495,880	14,499,462	99.13%
2014		14,270,650		(199,560)		14,071,090	13,728,356	97.56%		482,993	14,211,349	99.27%
2015		13,651,130		(54,376)		13,596,754	13,375,305	98.37%		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%
2018		15,109,733		432,096		15,541,829	15,283,969	98.34%		-	15,283,969	98.34%

Sources: Wayne County Tax Collector

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

		Gov	vernmental Ac	tivitie	es	В	usine	ss-type Activiti	ies				
Fiscal Year	General Obligation Bonds		Installment Loans		Capital Leases	General Obligation Bonds		Installment Loans		Total Primary Government	Per Capita (1)	Percentage of Actual Property Values (2)	Percentage of Personal Income
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	10,389,178		22,035,072		1,104,573	10,729,816		17,818,945		62,077,584	1,742	2.53%	1.640%
2018	9,573,700		20,405,285		1,581,754	9,832,507		16,586,250		57,979,496	1,681	2.43%	1.755%

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
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	21,118,994	2,398,770,993	0.88%	34,793	607
2018	19,406,207	2,386,900,615	0.81%	33,685	576

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit, 8% of Assessed Value	\$ 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	\$ 190,952,049
(Statutory Limitation)										
Total net debt applicable to limit	30,277,602	25,253,483	16,070,427	16,018,472	14,995,110	13,004,926	26,819,198	25,563,254	33,528,823	31,560,739
Legal Debt Margin	\$ 131,508,232	\$ 147,615,102	\$ 150,531,837	\$ 169,624,125	\$ 165,061,739	\$ 173,261,302	\$ 160,454,615	\$ 162,152,225	\$ 158,372,856	\$ 159,391,310
Total net debt applicable to the limit										
as a percentage of debt limit	23.02%	17.11%	10.68%	9.44%	9.08%	7.51%	16.71%	15.76%	21.17%	19.80%
				Legal Debt Margin	Calculation for Fisca	l Year 2017				
						Assessed Value				\$ 2,386,900,615
						Debt Limit (8% of A	ssessed Value)			190,952,049
						Debt Applicable to	Limit:			
						General Obligatio	n Bonds			9,573,700
						Other Debt				21,987,039
						Legal Debt Margii	1			\$ 159,391,310

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

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Wayne County General Obligation Debt	\$ 34,435,000	32.97% \$	11,353,220
Other Debt			
Wayne County Installment Purchase Loans	51,982,536	32.97%	17,138,642
Wayne County Promissory Notes	613,838	32.97%	202,382
Subtotal, overlapping debt			28,694,244
Total direct debt			31,560,739
Total direct and overlapping debt		\$	60,254,983

**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 Statistics Last Ten Fiscal Years Table 15

				(2) Per Canita	(1)		(3)	(4)
(1)	income		•		Median		School	Unemployment
Population	(in the	ousands)		Income	Age		Enrollment	Rate Percentage
38,554	\$	3,573,759	\$	31,673	3.	5.50	19,386	10.30%
38,313		3,676,875		31,673	3	6.30	19,608	8.70%
36,437		3,738,982		31,673	3	6.10	20,407	9.10%
35,768		3,818,391		29,893	3	6.76	19,458	8.60%
35,609		3,992,263		31,245	3	6.69	19,355	8.00%
35,489		4,210,623		33,620	3	7.60	19,256	7.30%
35,436		4,212,734		33,815	3	6.00	19,444	6.40%
34,959		4,378,472		35,181	3	4.40	19,221	5.60%
34,793		4,587,326		36,950	3	3.30	19,249	5.10%
33,685		4,610,060		37,126	3	3.00	18,955	3.80%
	38,554 38,313 36,437 35,768 35,609 35,489 35,436 34,959 34,793	Per (1) in Population (in the 38,554 \$ 38,313 36,437 35,768 35,609 35,489 35,436 34,959 34,793	Population         (in thousands)           38,554         \$ 3,573,759           38,313         3,676,875           36,437         3,738,982           35,768         3,818,391           35,609         3,992,263           35,489         4,210,623           35,436         4,212,734           34,959         4,378,472           34,793         4,587,326	Personal income Population (in thousands)  38,554 \$ 3,573,759 \$ 38,313 3,676,875 36,437 3,738,982 35,768 3,818,391 35,609 3,992,263 35,489 4,210,623 35,489 4,210,623 35,436 4,212,734 34,959 4,378,472 34,793 4,587,326	Personal income         Per Capita Personal           Population         (in thousands)         Income           38,554         \$ 3,573,759         \$ 31,673           38,313         3,676,875         31,673           36,437         3,738,982         31,673           35,768         3,818,391         29,893           35,609         3,992,263         31,245           35,489         4,210,623         33,620           35,436         4,212,734         33,815           34,959         4,378,472         35,181           34,793         4,587,326         36,950	Personal (1)         Per Capita (1)           (1)         income (in thousands)         Personal Income (Income Personal Pers	Personal (1) income Personal Nedian (in thousands)         Personal Income Personal Nedian (in thousands)         Median Age           38,554 \$ 3,573,759 \$ 31,673 36.30         35.50 36.30           38,313 3,676,875 31,673 36.30         36,437 3,738,982 31,673 36.10           35,768 3,818,391 29,893 36.76 35,609 3,992,263 31,245 36.69         36,69 37,60           35,489 4,210,623 33,620 37.60 35,486 4,212,734 33,815 36.00         36,00 34,959 4,378,472 35,181 34.40           34,959 4,587,326 36,950 33.30	Personal (1) income Personal Population         Personal (in thousands)         Personal Income Income         Median Age         School Enrollment           38,554         \$ 3,573,759         \$ 31,673         35.50         19,386           38,313         3,676,875         31,673         36.30         19,608           36,437         3,738,982         31,673         36.10         20,407           35,768         3,818,391         29,893         36.76         19,458           35,609         3,992,263         31,245         36.69         19,355           35,489         4,210,623         33,620         37.60         19,256           35,436         4,212,734         33,815         36.00         19,444           34,959         4,378,472         35,181         34.40         19,221           34,793         4,587,326         36,950         33.30         19,249

#### 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

		2018	1		2009				
			Percentage			Percentage			
			of Total MSA			of Total MSA			
Employer	Employees	Rank	Employment (2)	Employees	Rank	Employment (2)			
Seymour Johnson Air Force Base	6,615	1	12.22 %	6,171	1	12.81 %			
Wayne County Board of Education	2,997	2	5.65 %	3,100	2	6.43 %			
Wayne UNC Healthcare	1,685	3	3.18 %	1,631	3	3.38 %			
Wayne County	1,112	5	2.10 %	1,077	6	2.23 %			
Case Farms	1,081	4	2.04 %	1,030	7	2.14 %			
Cherry Hospital	997	6	1.88 %	1,011	5	2.09 %			
Goldsboro Milling	800	7	1.51 %						
O'Berry Center	756	8	1.43 %	1,150	4	2.38 %			
Wal-Mart	720	9	1.36 %	763	8	1.58 %			
City of Goldsboro	536	10	1.01 %	523	9	1.08 %			
Cooper Standard Automotive				397	10	0.82 %			
Franklin Baking Company, LLC									
Total	17,299	_	32.38 %	16,853	_	34.94 %			

### 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	31	30	30	32	32	32	33	34	35	36
Transportation										
Streets & Highways	28	27	27	27	24	21	21	24	24	22
Garage	12	12	12	12	11	10	10	10	10	11
Economic & Physical Development	19	19	19	19	18	16	15	14	15	14
Public Safety										
Police										
Officers	116	115	115	115	112	108	110	110	110	110
Civilians	10	10	10	10	10	10	10	11	10	11
Fire										
Firefighters & Officers	82	82	82	82	82	81	81	81	81	81
Civilians	1	1	1	1	1	1	1	1	1	2
Other	32	32	32	33	33	29	30	29	29	29
Environmental Protection	56	56	56	55	53	48	47	39	39	39
Cultural & Recreational	40	39	39	39	37	35	37	35	40	44
Stormwater	-	-	-	-	-	-	-	-	-	4
Maintenance	25	25	25	25	26	24	24	26	28	28
Water	11	11	11	11	11	11	11	11	11	11
Sewer	24	24	24	24	24	24	24	24	24	24
TOTAL	487	483	483	485	474	450	454	449	457	466

Sources: City of Goldsboro's Budget Document

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	3,657	3,186	3,137	3,406	3,212	2,962	2,833	2,657	2,462	2,193
Traffic violations	12,753	13,037	13,201	9,916	8,636	7,205	7,964	6,367	4,959	3,690
Fire										
Number of calls answered	2,192	2,222	2,210	2,083	2,026	2,040	2,475	2,767	2,827	2,387
Inspections	533	806	744	364	944	1,213	1,161	1,005	901	995
Building Inspections										
New construction permits	89	147	117	120	107	96	77	58	67	73
Highways and streets										
Street resurfacing (miles)	0.50	-	-	-	3.30	3.18	3.06	3.30	-	10.90
Potholes repaired	573	929	874	258	540	622	488	835	654	601
Sanitation										
Refuse collected (tons/day)	55.80	44.60	46.50	68.10	57.01	50.30	55.00	54.00	51.20	49.73
Recyclables collected (tons/day)	6.20	5.70	3.90	5.49	5.45	5.60	6.03	5.60	5.30	5.28
Culture and recreation										
Athletic field permits issued	3	5	8	9	14	10	68	85	203	432
Community center admissions	104,106	87,608	119,114	136,480	106,513	132,364	128,073	144,414	116,316	168,525
Water										
New connections	85	23	27	28	29	17	60	17	28	33
Water mains breaks	30	47	26	26	20	40	29	68	56	71
Average daily consumption										
(millions of gallons)	4.6	4.7	5.3	5.4	5.4	5.2	4.7	4.8	5.1	5.9
Number of customers	13,388	13,875	13,590	13,793	13,606	13,755	13,556	13,626	13,530	13,651
Wastewater										
New connections	104	35	42	53	32	35	37	29	41	31
Average daily sewage treatment										
(millions of gallons)	7.1	7.8	8.3	7.0	7.0	8.8	9.5	9.6	9.4	8.3
Number of customers	11,597	11,665	11,670	10,755	11,572	10,640	10,611	10,750	10,755	10,685

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	59	59	62	65	62	59	59	70	60	64
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	12	12	11	11	11	11	7	8	8	8
Highways and streets										
Streets (miles)	169	169	166	169	163	163	163	163	163	163
Streetlights	2,943	3,057	3,035	3,036	2,915	2,926	2,805	2,836	2,905	2,924
Culture and recreation										
Parks acreage	339	339	402	402	403	403	403	403	403	403
Parks	13	13	13	13	13	13	13	13	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	287	270	270	270	298	270	270	270	274	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
Sewer										
Sanitary sewers (miles)	243	239	239	239	239	241	241	241	243	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

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, 2018 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, 2019.

### **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2018-001 and 2018-002).

### **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*.

### City of Goldsboro's Response to Findings

Cau, Rigge & Ingram, L.L.C.

The City of Goldsboro's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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, 2018. 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, 2018.

#### **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, 2019

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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, 2018. 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, 2018.

#### **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 with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Goldsboro, North Carolina February 26, 2019

Caux Rigge & Ingram, L.L.C.

# City of Goldsboro Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

## Section I. Summary of Auditor's Results

<u>Financial Statements</u>		
Type of auditor's report issued on whether the finance were prepared in accordance with GAAP:	cial statements audit Unmodified	ted
Internal control over financial reporting:		
Material weaknesses identified?	Xyes	no
<ul> <li>Significant deficiencies identified that are not considered to be material weaknesses</li> </ul>	yes	X_none reported
Noncompliance material to financial statements noted	yes	<u>X</u> no
<u>Federal Awards</u>		
Internal control over major federal programs:		
Material weaknesses identified?	yes	<u>X</u> no
<ul> <li>Significant deficiencies identified that are not considered to be material weaknesses</li> </ul>	yes	X_none reported
Noncompliance material to federal awards	yes	<u>X</u> no
Type of auditor's report issued on compliance for ma	jor federal programs	s: Unmodified
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:		
Numbers Names of Federal Program of		
97.036 Disaster Grants - Public Assis	Stance	
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, 2018

## Section I. Summary of Auditor's Results

State Awar	<u>ds</u>		
Internal co	ntrol over major State programs:		
	Material weaknesses identified	yes	<u>X</u> no
	Significant deficiencies identified that are not considered to be		
	material weaknesses	yes	X_none reported
Noncompli	ance material to State awards	yes	<u>X</u> no
Type of aud	ditor's report issued on compliance for maj	or State programs: Unm	odified.
required to	indings disclosed that are to be reported in accordance with the State it Implementation Act	yes	<u>X</u> no
Identificati	on of major State programs:		
<u>P</u>	rogram Names		

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

## City of Goldsboro Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

#### **Section II - Financial Statement Findings**

Finding 2018-001 Year end reconciliations and accruals for capital project funds

#### Material Weakness

Criteria: Internal controls over year-end reconciliations and accruals were not properly designed to ensure accurate financial information for capital project activity and related debt funding.

Perspective/Condition: At fiscal year-end, we identified and management recorded adjustments to current and prior year capital project accounts and related debt funding.

Effect: Financial information on which to base decisions was not complete and accurate.

Cause: The controls were not designed properly to account for year-end reconciliation of capital asset balances and related debt funding, including the completeness, accuracy and classification, and cutoff of year-end amounts.

Recommendation: We recommend that management design and implement higher level controls over year-end reconciliations to ensure complete and accurate financial statement amounts.

Views of responsible officials: The City agrees with this statement but with reservations. The City and auditor both agree that the auditor has peformed the reconciliations for the past 2 decades as part of its audit services. The auditor did not communicae (verbally or written) that they could no longer perform these services at any time during the engagement. The City only became aware of the findings upon being presented the final audited financial statements at the end of February, 2019. The City would have been willing to perform the reconciliations had they been made aware by the auditor at any time during the audit process. The city will implement controls to address this finding.

Finding 2018-002 Expenditures in Excess of Budget Appropriations

#### Material Weakness

Criteria: Internal controls over expenditures should be designed to prevent expenditures in excess of the amounts approved in the budget ordinance adopted by the City Council

Perspective/Condition: During the fiscal year, expenditures exceeded the amount approved in the budget ordinance and subsequent amendments in several departments.

Effect: Expenditures were made that were not approved in the budget ordinance or amendments thereto.

Cause: Revenue and expenditures were posted to unbudgeted liability accounts which are not part of the computer budget controls over revenue and expenditure accounts.

Recommendation: We recommend that management design and implement higher level controls over budget amendments and classification of revenue and expenditures to ensure that revenue and expenditures are posted to the correct account and also approved by timely budget amendments.

Views of responsible officials: The City agrees with this finding and will implement controls to address this finding.

Section III - Federal Award Findings and Questioned Costs			
None reported			
	Section IV - State Award Findings and Questioned Costs		

None reported



Corrective Action Plan
For the Fiscal Year Ended June 30, 2018

### Section II – Financial Statement Findings

Finding 2019-001 Year end reconciliations and accruals for capital project funds.

Name of responsible official: Randy Guthrie, Interim City Manager

Corrective action: Now that the City is aware that the auditors can no longer perform these reconciliations, City staff will ensure that it is completed by City staff and in a timely manner. Although there have been key personnel retirements in the Finance Department and City Manager Department during 2018, the City has hired new professional staff with the knowledge, skills, abilities and experience to design, review, implement, and oversee the internal control over the City's financial transactions. As part of the overall internal control system, management will review, revise and redesign as needed and then staff will be trained on the year end reconciliations and accruals for capital project funds.

Proposed completion date: June 30, 2019

Finding 2018-002 Expenditures in Excess of Budget Appropriations

Name of responsible official: Randy Guthrie, Interim City Manager

Corrective action: Although there have been key personnel retirements in the Finance Department and City Manager Department during 2018, the City has hired new professional staff with the knowledge, skills, abilities and experience to design, review, implement, and oversee the internal control over the City's budgetary transactions to ensure that all expenditures requiring appropriation are approved as required by the Governing Board. As part of the overall internal control system, staff will be trained on the proper process to identify items requiring budgetary appropriation by Board action and the procedures for approval and capture in the ERP system.

Proposed completion date: June 30, 2019

Section III – Federal Award Findings and Questioned Costs

None Reported

Section 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, 2018

None reported

## City of Goldsboro Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2018

	Federal	Pass-through	Federal (Direct and		
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	
Grantor/Program Title	Number	Number	Expenditures	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	\$ 630,667	\$ -	
Total Clean Water State Revolving Fund Cluster			630,667	-	
LLC Department of Hemoland Socurity					
U.S. Department of Homeland Security  Passed through N.C. Division of					
Emergency Management:					
Disaster Grants - Public Assistance	97.036	FEMA-4285-DR-NC	2,116,254	_	
	37.030	12111111 1200 211 110	2,110,20		
U.S. Department of Housing and Urban					
<u>Development</u>					
Community Development Block					
Grant-States Program	14.228	B-17-MC-37-0019	308,793	-	
Home Investment Partnership					
Program	14.239	M-17-C-37-0209	214,385		
Total Department of Housing and Urban Development			523,178	-	
Department of Justice					
Passed through N.C. Department of					
Justice:					
Law Enforcment Assistance, Narcotics					
and Dangerous Drugs Training	16.004	2013-DJ-BX-0923	7,167	-	
<b>Edward Byrne Memorial Justice</b>					
Assistance Grant Program	16.738	2017-DJ-BX	1,194		
Total Department of Justice			8,361	-	

# City of Goldsboro Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2018

				Federal		
	Federal	Pass-through	(	Direct and		
Grantor/Pass-through	CFDA	Grantor's	Pa	ss-through)		State
Grantor/Program Title	Number	Number	E	penditures	Ex	penditures
U.S. Department of Transportation						
Passed through N.C. Dept. of						
Transportation						
Highway Planning and Construction Cluster:						
Highway Planning and Construction	20.205-2	42538.1.1		44,896		10,808
Highway Planning and Construction	20.205-4	50024.3.FD1		65,857		16,464
Highway Planning and Construction	20.205-5	44842 1.8		9,614		244
Highway Planning and Construction	20.205-5	47615 1.9		24,476		-
Highway Planning and Construction	20.205	36230.13		16,875		2,105
Total Highway Planning and Construction Clust	ter			161,718		29,621
Total Department of Transportation				161,718		29,621
State Awards:						
Cash Assistance:						
N.C. Department of Transportation:						
Non-State System Street Aid Allocation						
- Powell Bill		DOT-4	\$	-	\$	961,840
State Maintenance Assistance for Urban						
and Small Urban Program		DOT-18		-		50,148
Total Department of Transportation				-		1,011,988
N.C. Department of Natural and Cultural Resources:						
Parks and Recreation Trust Fund						
Recreation Trails Program				_		138,813
Necreation trails rrogram						130,013
N.C. Housing Finance Agency						
Urgent Repair Program				-		75,400
Total assistance			\$	3,440,178	\$	1,255,822

The City did not provide federal or state funds to sub-recipients during the fiscal year ended June 30, 2018.

# Notes to the Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2018

#### 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, 2018. 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

The City of Goldsboro has a loan balance outstanding at June 30, 2018 relating to the Clean Water State Revolving Fund. The grantor has not imposed continuing compliance requirements other than repayment of the loan. As prescribed by Uniform Guidance, the City of Goldsboro shall consider current year amounts expended under this loan for inclusion within the schedule of expenditures of federal and state awards. Therefore, the amount presented within the schedule of expenditures of federal and state awards represents current year expenditures whereas the following table consists of the loan outstanding at June 30, 2018:

an Description CFDA Number		Loan Balance		
Clean Water State Revolving Loan – CS370482-06, Sewer	66.458	\$ 3,193,622		
Total loan balances		\$ 3,193,622		

#### **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, 2018.

## 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.

#### Note 9: Federally Funded Insurance

The City has no federally funded insurance.

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