

CITY OF GOLDSBORO  
GOLDSBORO, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2019

## About the Cover

The Goldsboro City Hall was built in 1902 by New Bern architect Herbert Woodley Simpson in the Neo-Classical Revival style. At the time it was built, it was the tallest building in the city and a source of great civic pride. There were approximately 5,800 people residing in Goldsboro at the time, according to the 1900 Census.

A four-sided clock sits in the tower atop of City Hall. The clocks have gold Roman numerals, minute marks, and hands against a black background. While there was space created for the clocks in 1902, it's uncertain as to when they were placed.

A large, central portico with four Doric columns dominates the front façade. The cross gabled roof is capped by an octagonal cupola and pedestals flank the main pediment over the doorway. The pediment is highlighted with a low relief cornucopia. The boxed cornice molding wraps around the entire building and highlights the pedimented cross gabled roof.

The cupola is decorated with Corinthian pilasters and four open pediments capped by a fluted lantern. Pedestals, topped by larger than-life-size statues of Liberty and Justice, flank the main monumental pediment over the doorway.

Liberty holds a torch to the north while Justice holds the scale and the sword on the south pedestal.

# **CITY OF GOLDSBORO, NORTH CAROLINA**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2019**



**Prepared by the Finance Department**

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## ***INTRODUCTORY SECTION***

This section of the City of Goldsboro's comprehensive annual financial report presents general information on the City's organization and the environment in which it operates.



**LETTER OF TRANSMITTAL**

May 12, 2021

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

The comprehensive annual financial report of the City of Goldsboro for the fiscal year ended June 30, 2019 (FY19) is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the comprehensive annual financial report, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the various City activities and funds. All disclosures required by law and 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 accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), 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.

The City is required to undergo an annual single audit in conformity with the requirements imposed by the Federal Single Audit Act and Subpart F of Title 2 U.S. Code Federal Regulations (CFR) Part 200 and the State Single Audit Implementation Act. As part of the single audit, the City's internal control system is tested and evaluated to ensure assets are safeguarded against loss, theft or misuse and adequate financial records are compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. The basic financial statements contained herein have been audited 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 by the independent certified public accounting firm of Dixon Hughes Goodman LLP and their unmodified opinion is included in the financial section of this report.

The GASB GAAP require management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

## GOVERNMENT PROFILE



The City of Goldsboro, incorporated in 1847, is located in east-central North Carolina at the geographic center of Wayne County. It is the largest municipality in Wayne County with an estimated population of 34,186 and a land area of approximately 28.6 square miles.

The City operates under the Council-Manager form of government. The Mayor is elected at-large and is the presiding officer of the Council. The six Councilmembers are elected from the six districts. The Mayor and Councilmembers serve four-year concurrent terms. The Mayor Pro-Tempore is selected by the Council. The Mayor and Councilmembers make appointments to various advisory boards and appoint the City Manager and City Attorney. The City Manager serves as the Chief Executive Officer and Budget Officer, responsible to Council for administration of all City affairs to include: faithful execution of all laws of the state, the City charter and ordinances, resolutions and regulations; preparation and submission of the annual budget and capital program and a complete report on the finances and activities; direction and supervision of all departments, offices, and agencies to effectively and efficiently deliver services to residents and visitors.

The City provides a wide range of services: police and fire protection; sanitation, street maintenance, and cemetery; parks and recreation; engineering, planning, zoning and inspections; event center and theatre; community relations and development; and general administrative services. In addition, the City owns and operates water, sewer and compost utilities and also separately accounts for stormwater, downtown municipal service district (MSD), and travel and tourism occupancy tax funds. This report includes all of the City's activities related to these services.

The City maintains budgetary controls as required by state statutes that promote sound financial management and fiscal accountability. Before April 30, as prescribed by the City Manager, each department head transmits their next FY department budget requests and revenue estimates, previous FY realized and current FY estimated expenditures and revenues. Before June 1, the City Manager submits to Council a recommended budget by fund and department for the upcoming FY. No later than June 30, the Council is required to hold public hearings on the proposed budget and adopt a final budget.

## LOCAL ECONOMY

The City has a diversified economy based upon federal military and local governmental institutions, agriculture, 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 manufacturers with foreign ownership that have corporate ties with Great Britain, Japan, Mexico, South Africa, and India. Excellent railroad and two interstate highways (US Highway 70/future Interstate 42 and US Highway 117/Interstate 795) intersect Goldsboro offering high-speed access for commerce within 25 minutes driving time to interstate highways I-95 and I-40.



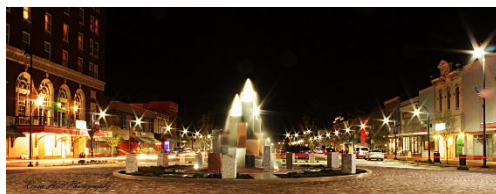
Seymour Johnson Air Force Base, located on 3,200 acres in the southeast portion of the City, is the largest local employer and contributes roughly \$750 million (M) annually to the economy (Source – SJAFB FY19 Economic Impact). The Base is the home of the Air Combat Command's 4<sup>th</sup> Fighter Wing and 916<sup>th</sup> Air Refueling Wing, an Air Force Reserve unit, and several associated units. The Base total payroll is over \$376M and includes: 4,679 active duty military personnel; 957 civilian personnel; and 1,300 reservists. The Base has an estimated local employment impact of \$307M supporting 8,481 jobs with expenditures over \$112M for construction, health care, procurement and lodging.

Wayne County Government, seated in Goldsboro, employs over 1,100 people providing services to include health, social, and veteran services. Wayne County Public Schools employ nearly 3,000 people for the education of roughly 19,500 students at 34 schools for grades PK-13. Wayne Community College employs approximately 500 people supporting 4,400 students in more than 125 programs of study in college transfer and technical areas.

The City serves as the medical care center for the County and portions of surrounding counties. Wayne UNC Health Care employs over 1,700 people and is an acute-care facility offering a wide range of major medical services. The UNC Health Care Hospital continues to improve its facilities and technology with a new surgical center. The NC Department of Health and Human Services employs over 1,750 people providing mental health care at Cherry Hospital and O'Berry Neuro-Medical Center.

Local industries involve a range of operations from simple assembly to complex manufacturing processes, resulting in products ranging from poultry and bread to automobile parts and electric transformers. The Wayne County Development Alliance recognizes over 66 major industries in the county that account for more than 5,100 jobs. Substantial technological improvements in recent years involving modernization of plant facilities and the addition of sophisticated manufacturing equipment have resulted in enhanced profitability and productivity for many of the local manufacturing firms. Some of the larger companies the city provides services to include: Case Farms; Goldsboro Milling Inc.; Franklin Baking Co.; Mission Foods; and Southco Distributing Co.

The City Inspection Division issued permits for approximately \$92.4M of commercial, residential and miscellaneous building improvements to include: Wayne Community College Automotive Collision Center; East Carolina Pain Clinic; Wilber's BBQ; Cuyler Spring Apartments; Adair Place Apartments; and Affordable Suites Hotel.



Downtown economic statistics for this FY include: 23 building renovations; 131 new jobs (115 net); 25 new businesses (14 net) and three (3) business expansions accounting for more than \$2.6M of private investment. Over \$3M of federal funding from the 2018 Transportation Investment Generating Economic Recovery (TIGER) VIII grant was spent on the last phase of the streetscape project.

Since the 2013 TIGER V award, Downtown has realized: 147 building renovations; 422 new jobs (326 net); 98 new businesses (53 net) and eight (8) business expansions. The City public investment of \$9M has attracted \$20.2M in state and federal funding and \$35.2M in private investment and we expect private investment to continue well into the future.

According to [Visit North Carolina](http://www.visitnc.com)'s most recent Visitor Impact Study published in August 2019, visitors to and within Wayne County spent \$179M in 2018, an increase of 5.7% from 2017. More than 1,100 jobs in Wayne County were directly attributable to travel and tourism, and the industry generated \$25.5M in payroll for the county. State and local tax revenues from travel to Wayne County in 2018 amounted to \$13.9M. Years of growing demand and rising average daily rates in our hotel market continue putting Goldsboro-Wayne County on a record-breaking streak over the last 7 years. Both the Bryan Multi-Sports Complex and the Maxwell Center opened in spring 2018 and are the biggest contributors to our growth. We continue to see a correlation between the economic success of downtown Goldsboro and the increase of travel in our market. Furthermore, the concerted marketing and public relations efforts by the Visit Goldsboro office has led to the growing awareness and interest to visit Goldsboro-Wayne County for sports, meetings, food and leisure travel.

## MAJOR INITIATIVES

The City's most significant initiatives addressed in FY19 include: Public Safety Complex improvements; Phase 3 Center Street Streetscape renovation; Phase 4 Sewer Collection System rehabilitation; annual road resurfacing; recovery from Hurricane Florence; installation of the AMI Automated Meter System and QS1 Utility Billing System; and several transportation improvement projects.

In order to improve our public safety facilities, we began construction of a state-of-the-art police evidence storage facility and renovation project that includes renovated office space, a new crime lab, additional meeting facilities, enlarged and modern evidence storage, HVAC upgrades, and other improvements to the downtown Goldsboro Police Department and Goldsboro Fire Department complex. The project also included a dormitory addition to Fire Station 4 located on Harris Street. The anticipated costs of these public safety improvements is \$5.3M.

City staff worked through pre-award authority and design of our latest TIGER grant award to construct the Phase 3 Center Street Streetscape project and renovation of the Hub, which was formerly known as Cornerstone Commons. The City received pre-award authority on May 25, 2019 and construction is expected to begin July 2019 and be complete in May 2020. Anticipated costs of these two projects will be approximately \$6.7M.

The City has undertaken an extensive sewer collection system rehabilitation program with four initial phases: Phase 1 (\$375K) and Phase 2 (\$1.3M) have been completed; Phase 3 is 90% designed (approximately \$1.9M) but was put on hold due to more critical inflow and infiltration repairs needed; Phase 4 is under construction (\$8.3M) and is anticipated to be completed in November 2019. The City has spent \$2.3M of the \$8.9M SRF Loan in FY19. An emergency sewer collection system repair project (\$603K), due to Hurricane Florence damage, is outside the scope of the other phases of sewer collection system rehabilitation.

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. On November 8, 2016, voters approved a \$7M Infrastructure Bond to allow the City to improve its resurfacing and paving efforts. The City spent \$2.24M of street bond money on street resurfacing and other road improvements in FY19.

The City of Goldsboro had substantial cost expenditures resulting from the devastating impacts of Hurricane Florence in the fall of 2018. The City is awaiting \$1.7M in reimbursement from FEMA for eligible damages that were submitted for payment.

The City of Goldsboro completed the procurement and installation of the AMI automated meter system and the QS1 utility billing conversion in order to improve the efficiency of metering and billing, and to improve customer service. These improvements to the City's utility system cost \$2.28M and completed in FY19.

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 road 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 with a construction let date of May 2019. 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 with a construction let date of July 2020. Wayne Memorial Drive will also see road improvements by widening the existing 2-lane facility from New Hope Road to US-70 Bypass to a 4-lane median divided roadway with an estimated construction let date of 2021. Berkeley Boulevard will 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. This project will also include intersection improvements at Berkeley Boulevard and New Hope Road with an estimated construction let date of 2021. Finally, Ash Street from Berkeley Boulevard to Hwy 70 will see improvements by widening the existing 2-lane facility to a 4-lane median divided roadway with an estimated construction let date of 2021.

### LONG-TERM FINANCIAL PLANNING

Long-term financial planning combines financial forecasting with strategizing to align financial capacity with objectives and achieve desired results. It engenders a long-range perspective for decision-makers and works best as part of a strategic plan for communication with internal and external stakeholders.

This year City staff began to update the City strategic plan by identifying key objectives and benchmarking targets to achieve the Council set goals: safe and secure community; strong and diverse economy; exceptional quality of life; racial and cultural harmony; excellence in government. By aligning budget formulation, execution, analysis and reporting with the strategic plan, the City government can best meet citizen expectations.

City staff financial forecasts expect revenues to remain strong in the next five to ten years due to our close ties with SJAFB, local government institutions, growing industry, and new businesses. Goldsboro's excellent location and high speed access between the NC Research Triangle and eastern shore position the City well for continued growth. Recent federal, state, and local government investments in the Downtown streetscape, Bryan Multi-Sports Complex, Maxwell Center, Park East Industrial Park, and future Goldsboro Industrial Campus should realize significant economic rewards in the form of new private investment for businesses, industry, housing, sports and entertainment events, travel and tourism that will expand our tax base and services to ultimately benefit our residents and visitors.

New studies forecasting potential expenditures with debt and affordability analysis necessary for sustainable government include: utility systems and rates; tourism; and employee pay. A Capital Improvement Plan will help program and budget for expected future infrastructure and equipment needs such as: rebuilding the Water Treatment Plant; replacing Water Reclamation Facility equipment; maintaining over 500 miles of water distribution and sewer collection pumping and piping systems; building and maintaining roads; rebuilding Herman Park Center; replacing Fire Department Station No. 4 and two fire trucks/apparatus reaching service life limits.

### 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.

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 10-year principal payout ratio target of 55% or better. The City will strive to maintain available fund balance in the General Fund at a level sufficient to meet its objectives. The City will target an available fund balance at the close of each fiscal year equal to 15% of the General Fund Operating Budget.

In July 2018, Standard and Poor's Ratings Services raised the City's rating to AA 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 4% 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.

### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goldsboro for its CAFR for the fiscal years ended June 30, 1990-1993 and 1995-2018. The Certificate of Achievement is a prestigious annual award recognizing conformance with the highest standards for preparation of state and local government financial reports.

### ACKNOWLEDGEMENT

This report could not have been published without the dedicated efforts of the Finance Department staff and other key staff; the independent Certified Public Accountant auditors, Dixon Hughes Goodman LLP; and the support and resources furnished by the Mayor and City Councilmembers. We sincerely thank each of them.

Respectfully submitted,



Timothy M. Salmon  
City Manager



Catherine F. Gwynn  
Finance Director

## Mayor and City Council Members



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

## Staff

**City Manager**  
**Tim Salmon**

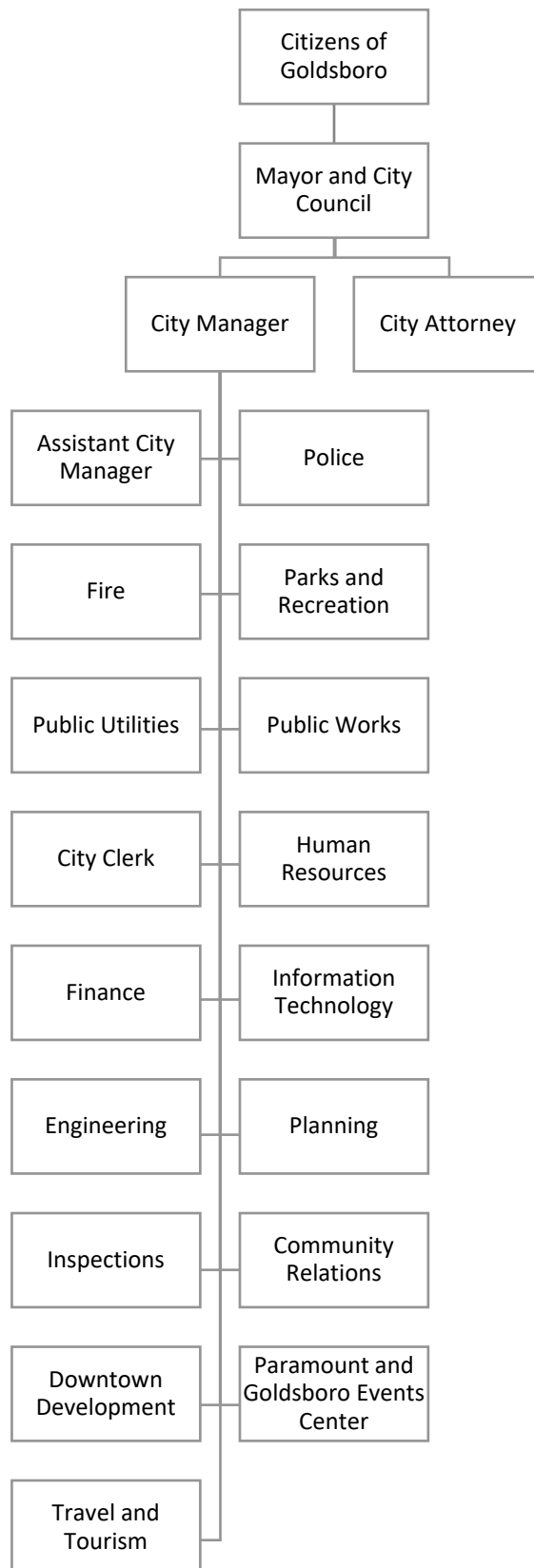
**Assistant City Manager**  
**Randy Guthrie**

**City Attorney**  
**Ronald T. Lawrence, II**

**Finance Director**  
**Catherine F. Gwynn, CPA, CFE, CITP**

# City of Goldsboro, North Carolina Organization Chart

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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, 2018**

*Christopher P. Morill*

Executive Director/CEO

## ***FINANCIAL SECTION***

This section of the City of Goldsboro's comprehensive annual financial report presents the basic financial statements and required supplementary information (including management's discussion and analysis), as well as the Independent Auditors' Report. In addition, the financial section contains supplemental and other information including budget comparison schedules, required combining statements and other financial information.

## 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, 2019, 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, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 9 to the financial statements, the City restated beginning net position in governmental activities, business-type activities (Utility Fund) to correct errors noted in capital assets, long-term debt and various receivable balances. It also restated beginning fund balances in the General Fund and other governmental funds to correct errors in various receivable balances and interfund balances. Our opinions are not modified with respect to these changes.

### ***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 4 to 13, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 60, the Local Government Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on page 61 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 62 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'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, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements 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 May 12, 2021 on our consideration of City'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's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
May 12, 2021**

## **Management's Discussion and Analysis**

As management of the City of Goldsboro (The "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. 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 \$103,491,910 (net position). Of this amount, (\$10,433,296) was the unrestricted portion of net position (deficit) which may be used to meet the government's ongoing obligations to citizens employees and creditors.
- The City's total net position decreased by \$3,168,833 consisting of a decrease in governmental activities of \$368,270 and a decrease in business-type activities of \$2,800,563. The change consisted of a decrease of \$12,561,195 in unrestricted net position of governmental activities and a \$5,239,470 decrease in unrestricted net position of business-type activities. The decrease in unrestricted net position was due to the increase in net investment in capital assets of \$4,859,467 and \$2,257,216 for governmental and business-type activities respectively. This is primarily attributed to current year construction in progress. Also affecting the overall change in net position there was an increase in the restricted assets for an increase in the stabilization by state statute calculation and unexpended debt proceeds totaling \$7,784,522 for the governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,244,256, an increase of \$2,205,379 in comparison with the prior year. Approximately 74 percent of this total, or \$11,991,238, is non-spendable or restricted.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$3,132,854 or 7.53 percent of total General Fund expenditures for the fiscal year. The portion of total fund balance that was available for appropriation was \$4,588,370 or 11.03 percent of total General Fund expenditures.
- The City's total debt increased by \$9,205,212 (6.85%) during the current fiscal year.
- The City's bond rating remains AA from Standard and Poor's. Due to the late audit for fiscal year 2019, Moody's Investors Services withdrew its Aa2 rating from the City on August 13, 2020. The City will seek reconsideration from Moody's to reinstate the bond rating upon completion of the fiscal year 2019 audit.

### **Overview of the Financial Statements**

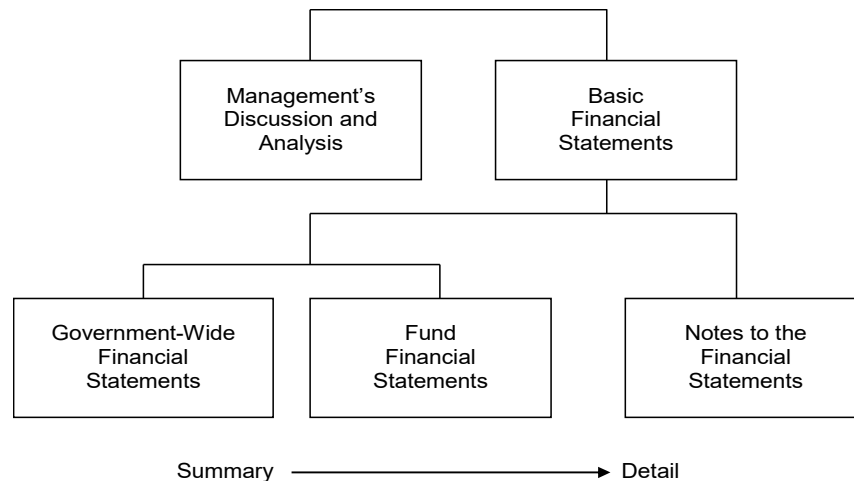
Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components (see Figure 1). They are as follows:

- 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.

**Required Components of Annual Financial Report**

**Figure 1**



***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 functions of the City's services. 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 the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City'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 years.

**City of Goldsboro, North Carolina**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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Both of the government-wide financial statements distinguish functions of the City 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, transportation, economic and physical development, environmental protection, and cultural and recreational. The business-type activities of the City include Utility (water and sewer) and Storm Water operations.

The government-wide financial statements can be found on pages 14-16 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 the funds of the City are 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 moneys 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 North Carolina 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 City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the 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 funds provide the same type of information found in the government-wide financial statements, but in more detail. The City uses an enterprise funds to account for its utility (water and sewer) and storm water 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 17-25 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 26-59 of this report.



**City of Goldsboro, North Carolina**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information ("RSI") concerning the City's future obligations to provide pension benefits and other post-employment benefits ("OPEB") to its employees. This information can be found in schedules on pages 60-62 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>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>ASSETS</b>						
Current assets	\$ 23,331,308	\$ 18,206,620	\$ 12,378,425	\$ 17,097,773	\$ 35,709,733	\$ 35,304,393
Capital assets	<u>81,009,559</u>	<u>75,590,024</u>	<u>74,864,108</u>	<u>71,931,632</u>	<u>155,873,667</u>	<u>147,521,656</u>
Total	104,340,867	93,796,644	87,242,533	89,029,405	191,583,400	182,826,049
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,908,203</u>	<u>3,837,196</u>	<u>1,252,408</u>	<u>945,088</u>	<u>7,160,611</u>	<u>4,782,284</u>
Total assets and deferred outflows	<u>110,249,070</u>	<u>97,633,840</u>	<u>88,494,941</u>	<u>89,974,493</u>	<u>198,744,011</u>	<u>187,608,333</u>
<b>LIABILITIES</b>						
Current liabilities	10,653,388	6,731,401	6,548,095	4,471,396	17,201,483	11,202,797
Long-term liabilities	<u>51,812,212</u>	<u>42,867,494</u>	<u>25,251,431</u>	<u>26,001,751</u>	<u>77,063,643</u>	<u>68,869,245</u>
Total	62,465,600	49,598,895	31,799,526	30,473,147	94,265,126	80,072,042
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>861,713</u>	<u>744,918</u>	<u>125,262</u>	<u>130,630</u>	<u>986,975</u>	<u>875,548</u>
Total liabilities and deferred inflows	<u>63,327,313</u>	<u>50,343,813</u>	<u>31,924,788</u>	<u>30,603,777</u>	<u>95,252,101</u>	<u>80,947,590</u>
<b>NET POSITION</b>						
Net investment in capital assets	50,028,618	45,169,151	50,977,306	48,720,090	101,005,924	93,889,241
Restricted	11,861,204	4,406,657	1,058,078	876,387	12,919,282	5,283,044
Unrestricted (deficit)	<u>(14,968,065)</u>	<u>(2,285,781)</u>	<u>4,534,769</u>	<u>9,774,239</u>	<u>(10,433,296)</u>	<u>7,488,458</u>
Net position	<u>\$ 46,921,757</u>	<u>\$ 47,290,027</u>	<u>\$ 56,570,153</u>	<u>\$ 59,370,716</u>	<u>\$ 103,491,910</u>	<u>\$ 106,660,743</u>

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 \$103,491,910 as of June 30, 2019. The City's net position decreased by \$3,168,833 for the fiscal year ended June 30, 2019. The largest portion of net position (97.60%) 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.

**City of Goldsboro, North Carolina**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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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 (12.48%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$10,433,296 (-10.08%) is unrestricted. The deficit balance is primarily due to long-term liabilities owed to employees for pension benefits and OPEB. These benefits will be paid out as employees retire.

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 \$368,270. Key elements of this decrease are as follows:

- The City recognized an increase in current assets of \$5,249,043. The increase was primarily related to approximately \$6 million dollars in restricted cash for new debt issued during the year. There was also an increase in miscellaneous accounts receivable misclassified in the utility fund from prior years in the amount of approximately \$751 thousand dollars.
- There was an increase in capital assets of \$5,419,535 due to addition of construction in progress of the police and fire complex and street paving.
- There was a net increase of liabilities of \$12,866,705 due to the issuance of approximately \$11 million dollars in new debt and an increase in the pension and OPEB obligations of \$2.9 million dollars.
- Current year property tax collection dropped slightly by approximately 0.68% from 97.07% to 96.39%.
- Hurricane Florence caused approximately \$600 thousand dollars in storm debris damage and emergency response costs.

**Business-type activities:** Business-type activities decreased the City's net position by \$2,800,563. Key elements of this decrease are as follows:

- The City recognized a decrease in current assets of \$4,719,348. The decrease was primarily related to approximately \$2.2 million dollars in restricted cash spent on the AMI project completed during fiscal year 2019. There was a write down of inventory due to inaccurate valuation measurement of approximately \$1 million dollars. There was also a decrease in miscellaneous accounts receivable misclassified in the utility fund from prior years in the amount of approximately \$751 thousand dollars.
- There was an increase in capital assets of \$5.9 million dollars for construction in progress.
- There was a net increase of liabilities of \$1,326,379 due to the issuance of approximately \$2 million dollars in new debt and a decrease in current liabilities of approximately \$900 thousand dollars.
- Hurricane Florence caused approximately \$1.2 million dollars in sewer infrastructure damage.

**City of Goldsboro, North Carolina**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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

	2019			2018 (Restated)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 5,280,475	\$ 16,747,790	\$ 22,028,265	\$ 4,689,703	\$ 17,101,516	\$ 21,791,219
Operating grants and contributions	2,318,074	507,885	2,825,959	3,732,186	136,914	3,869,100
Capital grants and contributions	409,553	-	409,553	244,665	-	244,665
General revenues:						
Property taxes	15,664,078	-	15,664,078	16,052,594	-	16,052,594
Other taxes	1,416,068	-	1,416,068	1,287,326	-	1,287,326
Grants and contributions not restricted to specific programs	13,519,564	-	13,519,564	12,586,998	-	12,586,998
Unrestricted investment earnings	326,850	180,115	506,965	119,896	104,850	224,746
Miscellaneous	238,255	556,724	794,979	551,233	447,054	998,287
Total revenues	<u>39,172,917</u>	<u>17,992,514</u>	<u>57,165,431</u>	<u>39,264,601</u>	<u>17,790,334</u>	<u>57,054,935</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	3,261,068	-	3,261,068	4,164,439	-	4,164,439
Public safety	18,902,090	-	18,902,090	17,919,547	-	17,919,547
Transportation	4,590,846	-	4,590,846	6,693,599	-	6,693,599
Economic and physical development	2,945,596	-	2,945,596	2,941,441	-	2,941,441
Environmental protection	4,693,340	-	4,693,340	3,528,252	-	3,528,252
Cultural and recreation	5,948,219	-	5,948,219	5,030,394	-	5,030,394
Interest on long-term debt	973,293	-	973,293	917,168	-	917,168
Business-type activities:						
Utilities	-	17,895,448	17,895,448	-	17,248,002	17,248,002
Storm Water	-	1,124,364	1,124,364	-	372,144	372,144
Total expenses	<u>41,314,452</u>	<u>19,019,812</u>	<u>60,334,264</u>	<u>41,194,840</u>	<u>17,620,146</u>	<u>58,814,986</u>
<b>TRANSFERS</b>	<u>1,773,265</u>	<u>(1,773,265)</u>	<u>-</u>	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Net change	(368,270)	(2,800,563)	(3,168,833)	(2,180,239)	420,188	(1,760,051)
<b>NET POSITION</b>						
Beginning balances - as restated	<u>47,290,027</u>	<u>59,370,716</u>	<u>106,660,743</u>	<u>49,470,266</u>	<u>58,950,528</u>	<u>108,420,794</u>
Ending balances	<u>\$ 46,921,757</u>	<u>\$ 56,570,153</u>	<u>\$ 103,491,910</u>	<u>\$ 47,290,027</u>	<u>\$ 59,370,716</u>	<u>\$ 106,660,743</u>

**Governmental activities:** Governmental activities decreased the City's net position by \$368,270. There was a restatement of beginning balances from 2018 that attributed to the decrease. Also, recently implemented accounting standards for pension and OPEB benefits (GASB 68 and 75, respectively) continues to fluctuate year-over-year based on third party actuarial estimates. This year the City's obligations related to pension and OPEB decreased net position for governmental activities by \$954,564, net.

**Business-type activities:** Business-type activities decreased the City's net position by \$2,800,563. The decrease was primarily caused by a transfer of \$1.5 million dollars necessary to fund repairs of sewer infrastructure damage caused by Hurricane Florence. FEMA had not yet obligated the funds for the project and therefore the utility fund was required to finance the repairs until the federal obligation was approved. There was also a shortfall of budgeted revenues for charges for services of approximately \$1 million dollars and a shortfall of operating grant revenue of approximately \$575 thousand dollars expected for Hurricane Matthew reimbursement. However, recently implemented accounting standards for pension and OPEB benefits (GASB 68 and 75, respectively) continues to

**City of Goldsboro, North Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019**

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fluctuate year-over-year based on third part actuarial estimates. This year the City's obligations related to pension and OPEB decreased net position for business-type activities by \$510,791, net.

***Financial analysis of the City's funds***

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

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,132,854, while total fund balance reached \$10,787,621. 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 7.53% percent of total General Fund expenditures, while fund balance available for appropriation represents 11.03% of the same amount.

At June 30, 2019, the governmental funds of the City reported a combined fund balance of \$16,244,256, a 15.71% increase over last year, primarily due to new unexpended loan proceeds on capital project expenditures, increases in capital assets such as construction in progress, prior period correction for misclassified miscellaneous accounts receivable from the utility fund, and change in pension liability.

The Downtown District Fund had an increase in fund balance of \$28,238. The Occupancy Tax Fund decreased by \$171,208 due to occupancy tax revenues falling short of budgeted projections. The Community Development Fund had a decrease in fund balance of \$298,572.

***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.

There were multiple occasions the City revised its budget as noted below.

- The annual purchase order reappropriation from the prior fiscal year.
- Transfer of funds necessary to fund storm damage cleanup and emergency response for Hurricane Florence that struck September 2018.
- Transfer of funds necessary to create several capital project and special revenue funds in order to comply with grant requirements.
- Funding several workers' compensation settlements negotiated.

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

- Ad valorem taxes fell short of the budgeted amount by approximately \$279 thousand dollars.
- Local option sales and use taxes fell short of the budgeted amount by approximately \$177 thousand dollars.
- FEMA reimbursements fell short of the budgeted amounts by approximately \$697 thousand dollars.

- Other grants fell short of the budgeted amounts by approximately \$493 thousand dollars.
- 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 \$4,534,769. The total decrease in net position for the funds was \$2,800,563. 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, 2019, totals \$155,873,667 (net of accumulated depreciation). These assets include buildings, plant and distribution systems, streets, land, equipment, and vehicles.

The significant capital asset additions during the year were:

#### **Governmental Activities**

- Construction in progress increased \$7,304,522 for the 2018 Street Paving Project Police & Fire Complex Renovation project, TIGER VIII Streetscape project, computer technology purchases, additions to the Bryan Multi Sports Complex project, and the H.V. Brown Park shelter construction.
- Vehicles and motor equipment totaling \$878,734, with the more significant purchases as follows:
  - Building Maintenance division bucket truck \$106,956
  - Solid Waste division Peterbilt EZ Pack \$278,363
  - Police department 11 vehicles totaling \$267,241
  - Golf division 50 EZGO golf carts \$184,451
- Buildings and improvements totaling \$143,840 with the most significant cost being court improvements at Fairview, North End and HV Brown totaling \$111,145.
- Land acquired through foreclosure resulted in the City obtaining 11 parcels of land at \$19,985.
- Infrastructure improvements for the Glenwood storm drainage project funded by the Golden Leaf Foundation were placed in service at a cost of \$249,752.

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

- Construction in progress increased \$5,957,310 for the AMI project; Water Tank Painting project, Phase IV Sewer Rehabilitation, and several other small capital projects.
- Vehicles and motor equipment totaling \$205,490, with the more significant purchases as follows:
  - Distribution and Collections division dump truck \$139,491
  - Distribution and Collections division crew cab truck \$33,887
  - Stormwater division crew cab truck \$32,087
- Equipment totaling \$951,684, with the more significant purchases as follows:
  - Waste Treatment division turbo blowers \$499,898
  - Compost division wheel loader \$154,088
  - Compost division power screen \$236,944

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- Plant, buildings and improvements totaling \$155,022, with the more significant purchases as follows:
  - Water plant division hypo day tank \$87,177
  - Compost division rebuild agitator \$57,150

The City's capital assets are summarized in the following table:

**Table 3**  
**City of Goldsboro, North Carolina**  
**Condensed Statement of Capital Assets (net of depreciation)**  
**As of June 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
Assets not depreciated:						
Land	\$ 7,483,906	7,513,111	\$ 1,443,282	1,443,282	\$ 8,927,188	8,956,393
Construction-in-progress	14,541,881	7,025,895	10,654,726	4,698,789	25,196,607	11,724,684
Assets depreciated, net:						
Buildings	14,995,568	15,579,776	-	-	14,995,568	15,579,776
Plant and distribution systems	-	-	59,313,383	63,076,025	59,313,383	63,076,025
Furniture and equipment	877,921	733,568	1,486,310	624,021	2,364,231	1,357,589
Vehicles and motor equipment	5,378,202	5,468,917	1,966,407	2,089,516	7,344,609	7,558,433
Infrastructure	<u>37,732,081</u>	<u>39,268,757</u>	<u>-</u>	<u>-</u>	<u>37,732,081</u>	<u>39,268,757</u>
Total	<u>\$ 81,009,559</u>	<u>\$ 75,590,024</u>	<u>\$ 74,864,108</u>	<u>\$ 71,931,633</u>	<u>\$ 155,873,667</u>	<u>\$ 147,521,657</u>

Additional information on the City's capital assets can be found on pages 35-37 of this report.

**Long-term debt.** As of June 30, 2019, the City had total capital related debt outstanding of \$64,410,462. General obligation bonds in the amount of \$20,828,000 is backed by the full faith and credit of the City, while the remainder represents several notes payable and capitalized leases which are collateralized by various assets of the City.

**Table 4**  
**City of Goldsboro, North Carolina**  
**Condensed Statement of Long-Term Debt**  
**As of June 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
General obligation bonds	\$ 12,728,534	\$ 8,844,397	\$ 8,099,466	\$ 9,215,603	\$ 20,828,000	\$ 18,060,000
Premium on bonds	913,843	729,300	565,497	616,906	1,479,340	1,346,206
Capitalized leases	1,285,357	1,579,505	-	-	1,285,357	1,579,505
Notes payable	<u>23,947,101</u>	<u>20,603,028</u>	<u>16,870,664</u>	<u>16,378,522</u>	<u>40,817,765</u>	<u>36,981,550</u>
Total	<u>\$ 38,874,835</u>	<u>\$ 31,756,230</u>	<u>\$ 25,535,627</u>	<u>\$ 26,211,031</u>	<u>\$ 64,410,462</u>	<u>\$ 57,967,261</u>

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 \$232,474,499.

**City of Goldsboro, North Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019**

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Other long-term liabilities for various employee benefits are not included in this analysis. Additional information regarding the City's long-term debt can be found on pages 47-54 of this report.

***Economic factors and next year's budgets and rates***

The average unemployment rate for Goldsboro is currently 4.67 percent. The statewide and the national average unemployment rates for fiscal year 2019 is 3.8 percent.

***Budget highlights for the fiscal year ending June 30, 2020***

**Governmental activities:** The City's adopted budget for 2020 was a property tax revaluation year with only a slight increase in value for the City. Council adopted the existing rate of 65 cents per \$100 valuation. There was an appropriation of fund balance used to fund a portion of the City's match for the TIGER VIII streetscape project. The City contracted with Seymour Johnson Air Force Base to handle its commercial refuse.

**Business-type activities:** Water and sewer usage are expected to remain constant in FY 2019-2020. There was a 10 percent increase for industrial bulk monthly water customers in the FY 2019-20, and all other utility service rates and charges remained the same. The City continues to sell water to the County's water districts, which includes Fork Township this fiscal year. The additional revenues are expected to generate appropriately \$800 hundred thousand dollars 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.



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# Basic Financial Statements

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The basic financial statements for the City of Goldsboro consist of both government-wide and fund financial statements of the City of Goldsboro.

**City of Goldsboro**  
**Statement of Net Position**  
**June 30, 2019**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,667,770	\$ 7,038,086	\$ 15,705,856
Receivables, net	2,529,833	2,034,574	4,564,407
Due from other governments	4,205,752	137,520	4,343,272
Internal balances	(290,592)	290,592	-
Inventories and prepaids	187,925	488,576	676,501
Restricted assets:			
Cash and investments	7,730,620	2,389,077	10,119,697
Notes receivable	300,000	-	300,000
Capital assets, net:			
Assets not being depreciated	22,025,787	12,098,008	34,123,795
Other capital assets, net of depreciation	58,983,772	62,766,100	121,749,872
Total assets	104,340,867	87,242,533	191,583,400
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	5,908,203	1,252,408	7,160,611
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	4,244,327	2,313,197	6,557,524
Estimated claims payable	492,342	-	492,342
Accrued interest payable	397,614	126,583	524,197
Customer deposits	12,353	1,129,211	1,141,564
Unearned revenue	-	10,490	10,490
Long-term liabilities:			
Due within one year	5,506,752	2,968,614	8,475,366
Due in more than one year	51,812,212	25,251,431	77,063,643
Total liabilities	62,465,600	31,799,526	94,265,126
<b>DEFERRED INFLOWS OF RESOURCES</b>	861,713	125,262	986,975
<b>NET POSITION</b>			
Net investment in capital assets	50,028,618	50,977,306	101,005,924
Restricted for:			
Stabilization by State Statute	6,011,326	-	6,011,326
Public safety	1,733,289	-	1,733,289
Capital outlay	3,764,220	-	3,764,220
Cemetery maintenance	294,478	-	294,478
Receivables held in abeyance	57,891	1,058,078	1,115,969
Unrestricted	(14,968,065)	4,534,769	(10,433,296)
Total net position	\$ 46,921,757	\$ 56,570,153	\$ 103,491,910

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

**City of Goldsboro**  
**Statement of Activities**  
**Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 3,261,068	\$ 119,189	\$ 27,377	\$ -
Public safety	18,902,090	419,291	326,333	-
Transportation	4,590,846	218,045	1,055,851	272,160
Economic and physical development	2,945,596	25,410	546,205	-
Environmental protection	4,693,340	3,265,796	263,111	-
Cultural and recreation	5,948,219	1,232,744	99,197	137,393
Interest on long-term debt	973,293	-	-	-
Total governmental activities	41,314,452	5,280,475	2,318,074	409,553
<b>BUSINESS-TYPE ACTIVITIES</b>				
Utilities	17,895,448	15,236,176	507,885	-
Stormwater	1,124,364	1,511,614	-	-
Total business-type activities	19,019,812	16,747,790	507,885	-
Total primary government	\$ 60,334,264	\$ 22,028,265	\$ 2,825,959	\$ 409,553

**GENERAL REVENUES**

Taxes:

Property taxes, levied for general purpose

Other taxes and licenses

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues

**TRANSFERS**

Total general revenues and transfers

Change in net position

**NET POSITION**

Beginning balances - as restated

Ending balances

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

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,114,502)	\$ -	\$ (3,114,502)
(18,156,466)	-	(18,156,466)
(3,044,790)	-	(3,044,790)
(2,373,981)	-	(2,373,981)
(1,164,433)	-	(1,164,433)
(4,478,885)	-	(4,478,885)
(973,293)	-	(973,293)
(33,306,350)	-	(33,306,350)
-	(2,151,387)	(2,151,387)
-	387,250	387,250
-	(1,764,137)	(1,764,137)
(33,306,350)	(1,764,137)	(35,070,487)
15,664,078	-	15,664,078
1,416,068	-	1,416,068
13,519,564	-	13,519,564
326,850	180,115	506,965
238,255	556,724	794,979
31,164,815	736,839	31,901,654
1,773,265	(1,773,265)	-
32,938,080	(1,036,426)	31,901,654
(368,270)	(2,800,563)	(3,168,833)
47,290,027	59,370,716	106,660,743
\$ 46,921,757	\$ 56,570,153	\$ 103,491,910

**City of Goldsboro  
Balance Sheet  
Governmental Funds  
June 30, 2019**

**Exhibit 3  
Page 1 of 2**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Police/Fire Expansion Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 7,382,242	\$ 229,568	\$ 1,055,960	\$ 8,667,770
Receivables (net):				
Property taxes receivable	643,071	-	6,081	649,152
Accounts receivable	1,762,505	-	-	1,762,505
Interest receivable	-	-	36,000	36,000
Due from other governments	3,875,528	20,883	309,341	4,205,752
Inventories and prepaids	187,925	-	-	187,925
Restricted assets:				
Cash and investments	2,088,278	3,090,653	2,551,689	7,730,620
Notes receivable	-	-	300,000	300,000
Total assets	<u>\$ 15,939,549</u>	<u>\$ 3,341,104</u>	<u>\$ 4,259,071</u>	<u>\$ 23,539,724</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,346,195	\$ 1,615,665	\$ 175,439	\$ 3,137,299
Accrued compensation payable	1,096,673	-	10,355	1,107,028
Due to other funds	290,592	-	-	290,592
Customer deposits	12,353	-	-	12,353
Total liabilities	<u>2,745,813</u>	<u>1,615,665</u>	<u>185,794</u>	<u>4,547,272</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,406,115</u>	<u>-</u>	<u>342,081</u>	<u>2,748,196</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories and prepaids	187,925	-	-	187,925
Restricted:				
Stabilization by state statute	6,011,326	-	-	6,011,326
Public safety	7,850	1,725,439	-	1,733,289
Transportation	-	-	2,580,776	2,580,776
Cemetery maintenance	294,478	-	-	294,478
Economic and physical development	-	-	1,006,051	1,006,051
Cultural and recreational	-	-	177,393	177,393
Committed:				
Environmental protection	374,346	-	-	374,346
Assigned:				
Subsequent year's expenditures	778,842	-	24,000	802,842
Unassigned	3,132,854	-	(57,024)	3,075,830
Total fund balances	<u>10,787,621</u>	<u>1,725,439</u>	<u>3,731,196</u>	<u>16,244,256</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,939,549</u>	<u>\$ 3,341,104</u>	<u>\$ 4,259,071</u>	<u>\$ 23,539,724</u>

**City of Goldsboro, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

**Exhibit 3**  
**Page 2 of 2**

**Reconciliation of the governmental funds' Balance Sheet to the Statement of Net Position**

Total fund balances		\$ 16,244,256
Reconciliation of amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources; therefore, the assets are not reported in the funds:		
Historical cost or estimated fair value/acquisition value:		
Assets not subject to depreciation	22,025,787	
Assets subject to depreciation	<u>122,031,034</u>	
Total cost	144,056,821	
Less:		
Accumulated depreciation	<u>(63,047,262)</u>	
Capital assets, net of accumulated depreciation		81,009,559
Deferred outflows of resources are not financial resources; therefore, the amounts are not reported in the funds:		
Local Government Employees' Retirement System ("LGERS")		5,244,699
Law Enforcement Officers' Special Separation Allowance ("LEO")		343,307
Other post employment benefits ("OPEB")		155,620
Deferred loss on sale of refunding bonds		164,577
Certain assets are not available to pay for current period expenditures; therefore, the balances are deferred in the funds:		
Property taxes receivable		649,152
Other receivables that are not available		2,096,953
Accrued interest receivable on unpaid property taxes		82,176
Long-term liabilities are not due and payable in the current period; therefore, the liabilities are not recognized and accrued in the funds:		
Bonds payable		(12,728,534)
Premium on bonds payable		(913,843)
Capitalized leases payable		(1,285,357)
Notes payable		(23,947,101)
Compensated absences payable		(1,479,668)
Net pension liability - LGERS		(6,734,247)
Total pension liability - LEO		(3,126,017)
Total OPEB liability		(7,104,197)
Deferred inflows of resources do not require financial resources; therefore, the amounts are not reported in the funds:		
LGERS		(121,494)
LEO		(175,064)
OPEB		(563,064)
Other accrual adjustments that do not require current financial resources; therefore, the liabilities are not recognized and accrued in the funds:		
Estimated claims payable (incurred but not reported)		(492,342)
Interest payable		<u>(397,614)</u>
Net position of governmental activities		<u>\$ 46,921,757</u>

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

**City of Goldsboro**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

**Exhibit 4**  
**Page 1 of 2**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Police/Fire Expansion Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 15,859,079	\$ -	\$ 76,531	\$ 15,935,610
Other taxes and licenses	311,239	-	1,104,829	1,416,068
Unrestricted intergovernmental	12,632,314	-	-	12,632,314
Restricted intergovernmental	2,021,497	-	492,930	2,514,427
Permits and fees	415,087	-	-	415,087
Sales and services	4,652,779	-	13,354	4,666,133
Investment earnings	148,457	93,309	85,084	326,850
Donations and sponsorships	5,346	-	130,500	135,846
Miscellaneous	502,424	-	12,440	514,864
Total revenues	36,548,222	93,309	1,915,668	38,557,199
<b>EXPENDITURES</b>				
Current:				
General government	3,238,210	-	-	3,238,210
Public safety	18,828,377	3,958,270	-	22,786,647
Transportation	2,644,769	-	2,130,809	4,775,578
Economic and physical development	1,696,596	-	1,761,738	3,458,334
Environmental protection	4,748,127	-	-	4,748,127
Cultural and recreational	5,678,455	-	-	5,678,455
Debt service:				
Principal retirement	4,129,171	-	450,000	4,579,171
Interest and other charges	635,542	-	150,257	785,799
Total expenditures	41,599,247	3,958,270	4,492,804	50,050,321
Revenues under expenditures	(5,051,025)	(3,864,961)	(2,577,136)	(11,493,122)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from other funds	1,534,577	290,400	517,376	2,342,353
Transfer to other funds	(569,088)	-	-	(569,088)
Sale of capital assets	169,080	-	-	169,080
Issuance of debt	1,713,233	5,300,000	4,500,000	11,513,233
Premium on the issuance of debt	-	-	242,923	242,923
Other financing sources (uses), net	2,847,802	5,590,400	5,260,299	13,698,501
Net change in fund balances	(2,203,223)	1,725,439	2,683,163	2,205,379
<b>FUND BALANCES</b>				
Beginning balances - as restated	13,115,199	-	1,048,033	14,163,232
Change in reserve for inventories	(124,355)	-	-	(124,355)
Ending balances	\$ 10,787,621	\$ 1,725,439	\$ 3,731,196	\$ 16,244,256

**City of Goldsboro, North Carolina**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

**Exhibit 4**  
**Page 2 of 2**

**Reconciliation of the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities**

Net change in fund balances - total governmental funds		\$	2,205,379
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:			
Governmental funds report capital outlays as expenditures; however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.			
Capital outlay	\$	9,193,368	
Depreciation expense		(3,724,643)	5,468,725
Net book value of capitals assets sold			(49,190)
Inventories are a use of current financial resources and therefore reported as an expenditure in the governmental funds.			(124,355)
Deferred outflows of resources represents a consumption of net position that applies to a future period and so is not recognized as an expense in the current year.			
LGERS		1,959,516	
LEO		86,006	
OPEB		44,218	
Deferred loss on debt refunding		(18,733)	2,071,007
Revenues not recognized in the fund statements because they are not considered available and do not provide current financial resources.			
Net change in property taxes receivable		(353,708)	
Accrued interest on unpaid property taxes		82,176	
Net change in other deferred balances		887,250	615,718
Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			
Net change in compensated absences		323,547	
Net change in interest payable		(227,141)	
Net change in estimated claims payable		(492,342)	
Pension expense - LGERS		(2,267,194)	
Pension expense - LEO		(2,168)	
OPEB expense		(771,651)	(3,436,949)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.			
Long-term debt issued		(11,513,233)	
Premium on the issuance of debt		(242,923)	
Principal retirement		4,579,171	
Amortization of bond premiums		58,380	(7,118,605)
Total changes in net position of governmental activities			\$ (368,270)

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



**City of Goldsboro, North Carolina**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Exhibit 5**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 16,108,099	\$ 16,108,099	\$ 15,859,079	\$ (249,020)
Other taxes and licenses	302,550	302,550	311,239	8,689
Unrestricted intergovernmental	12,792,986	12,792,986	12,632,314	(160,672)
Restricted intergovernmental	2,167,330	3,813,649	1,923,113	(1,890,536)
Permits and fees	392,100	392,100	415,087	22,987
Sales and services	4,366,440	4,716,440	4,652,779	(63,661)
Investment earnings	38,500	38,500	148,432	109,932
Miscellaneous	431,500	793,950	397,424	(396,526)
Total revenues	36,599,505	38,958,274	36,339,467	(2,618,807)
EXPENDITURES				
Current:				
General government	2,382,498	3,537,249	3,238,210	299,039
Transportation	2,113,099	2,848,332	2,630,627	217,705
Economic and physical development	2,246,507	2,241,354	1,696,596	544,758
Public safety	18,360,559	19,717,645	18,146,406	1,571,239
Environmental protection	3,240,473	3,985,992	3,598,491	387,501
Cultural and recreational	4,738,684	6,314,469	5,678,455	636,014
Debt service:				
Principal retirement	4,474,045	4,667,045	4,129,171	537,874
Interest and other charges	455,860	457,360	635,542	(178,182)
Total expenditures	38,011,725	43,769,446	39,753,498	4,015,948
Revenues under expenditures	(1,412,220)	(4,811,172)	(3,414,031)	1,397,141
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	(1,827,038)	(1,051,088)	775,950
Sale of capital assets	100,000	100,000	163,979	63,979
Issuance of debt	412,220	1,253,320	1,263,233	9,913
Capital lease obligations issued	-	450,000	450,000	-
Other financing sources (uses), net	512,220	(23,718)	826,124	849,842
Fund balance appropriated	900,000	4,834,890	-	(4,834,890)
Net change in fund balance	\$ -	\$ -	(2,587,907)	\$ (2,587,907)
FUND BALANCE				
Beginning balance - as restated			13,115,199	
Change in reserve for inventories			(124,355)	
Ending balance			10,402,937	
LEGALLY BUDGETED FUNDS THAT ARE CONSOLIDATED INTO THE GENERAL FUND FOR REPORTING PURPOSES:				
Hurricane Florence FEMA 4393 DR-NC Grant Project:				
Revenues			129,740	
Expenditures			(1,771,971)	
Transfers from other funds			2,016,577	
Other public safety projects:				
Revenues			79,015	
Expenditures			(73,778)	
Sale of capital assets			5,101	
General Fund ending balance (Exhibit 4)			\$ 10,787,621	

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

**City of Goldsboro, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

**Exhibit 6**

	<b>Utility Fund</b>	<b>Storm Water Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 6,187,448	\$ 850,638	\$ 7,038,086
Accounts receivable, net	1,920,393	114,181	2,034,574
Due from other governments	137,520	-	137,520
Due from other funds	290,592	-	290,592
Inventories	488,576	-	488,576
Restricted assets:			
Cash and investments	2,389,077	-	2,389,077
Total current assets	<u>11,413,606</u>	<u>964,819</u>	<u>12,378,425</u>
Noncurrent assets:			
Capital assets:			
Land and construction-in-progress	12,098,008	-	12,098,008
Other capital assets, net	62,211,189	554,911	62,766,100
Total noncurrent assets	<u>74,309,197</u>	<u>554,911</u>	<u>74,864,108</u>
Total assets	<u>85,722,803</u>	<u>1,519,730</u>	<u>87,242,533</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,141,024</u>	<u>111,384</u>	<u>1,252,408</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,278,297	34,900	2,313,197
Accrued interest payable	122,277	4,306	126,583
Customer deposits	1,129,211	-	1,129,211
Unearned revenue	10,490	-	10,490
Current portion of:			
Compensated absences payable	99,500	9,500	109,000
Notes payable	1,588,111	112,060	1,700,171
Bonds payable	1,159,443	-	1,159,443
Total current liabilities	<u>6,387,329</u>	<u>160,766</u>	<u>6,548,095</u>
Noncurrent liabilities:			
Net pension liability	925,734	143,602	1,069,336
Total OPEB liability	1,177,381	159,645	1,337,026
Compensated absences payable	156,590	12,466	169,056
Notes payable	14,815,593	354,900	15,170,493
Bonds payable	7,505,520	-	7,505,520
Total noncurrent liabilities	<u>24,580,818</u>	<u>670,613</u>	<u>25,251,431</u>
Total liabilities	<u>30,968,147</u>	<u>831,379</u>	<u>31,799,526</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>110,018</u>	<u>15,244</u>	<u>125,262</u>
<b>NET POSITION</b>			
Net investment in capital assets	50,889,355	87,951	50,977,306
Restricted - accounts receivable held in abeyance	1,058,078	-	1,058,078
Unrestricted	3,838,229	696,540	4,534,769
Total net position	<u>\$ 55,785,662</u>	<u>\$ 784,491</u>	<u>\$ 56,570,153</u>

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

**City of Goldsboro, North Carolina**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

**Exhibit 7**

	<b>Utility Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for service	\$ 15,114,095	\$ 1,511,614	\$ 16,625,709
Assessments	7,277	-	7,277
Water and sewer taps	46,700	-	46,700
Other operating revenues	68,104	-	68,104
Total operating revenues	15,236,176	1,511,614	16,747,790
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	3,315,810	739,181	4,054,991
Operating expenses	9,395,508	303,598	9,699,106
Depreciation	4,397,466	68,228	4,465,694
Total operating expenses	17,108,784	1,111,007	18,219,791
Operating income (loss)	(1,872,608)	400,607	(1,472,001)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Restricted intergovernmental revenues	507,885	-	507,885
Other revenues	556,724	-	556,724
Investment earnings	179,413	702	180,115
Debt issuance costs	(178,114)	-	(178,114)
Interest expense	(608,550)	(13,357)	(621,907)
Nonoperating revenues (expenses), net	457,358	(12,655)	444,703
Net income (loss) before transfers	(1,415,250)	387,952	(1,027,298)
Transfers to other funds	(1,773,265)	-	(1,773,265)
Change in net position	(3,188,515)	387,952	(2,800,563)
<b>NET POSITION</b>			
Beginning balance - as restated	58,974,177	396,539	59,370,716
Ending balance	\$ 55,785,662	\$ 784,491	\$ 56,570,153

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

**City of Goldsboro**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

**Exhibit 8**  
**Page 1 of 2**

	<b>Utility Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 15,917,319	\$ 1,503,491	\$ 17,420,810
Cash paid for goods and services	(7,605,786)	(286,261)	(7,892,047)
Cash paid to employees for services	(3,669,928)	(514,975)	(4,184,903)
Other nonoperating revenue	556,724	-	556,724
Net cash provided by operating activities	5,198,329	702,255	5,900,584
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from governmental agencies	507,885	-	507,885
Transfers to other funds	(1,773,265)	-	(1,773,265)
Net cash used for noncapital financing activities	(1,265,380)	-	(1,265,380)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the issuance of long-term debt	2,018,174	-	2,018,174
Principal paid on long-term debt	(2,530,664)	(111,540)	(2,642,204)
Interest and fees paid on long-term debt	(619,241)	(11,722)	(630,963)
Debt issuance costs paid	(178,114)	-	(178,114)
Acquisition and construction of capital assets	(6,524,830)	(37,767)	(6,562,597)
Net cash used for capital and related financing activities	(7,834,675)	(161,029)	(7,995,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	179,413	702	180,115
Net increase (decrease) in cash and cash equivalents	(3,722,313)	541,928	(3,180,385)
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning balances	12,298,838	308,710	12,607,548
Ending balances	<u>\$ 8,576,525</u>	<u>\$ 850,638</u>	<u>\$ 9,427,163</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Unrestricted	\$ 6,187,448	\$ 850,638	\$ 7,038,086
Restricted	2,389,077	-	2,389,077
Total cash and cash equivalents	<u>\$ 8,576,525</u>	<u>\$ 850,638</u>	<u>\$ 9,427,163</u>

**City of Goldsboro  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2019**

**Exhibit 8  
Page 2 of 2**

	<b>Utility Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,872,608)	\$ 400,607	\$ (1,472,001)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	4,397,466	68,228	4,465,694
Other nonoperating revenue	556,724	-	556,724
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	677,140	(8,123)	669,017
Increase in due from other governments	(97,540)	-	(97,540)
Decrease in inventories	965,718	1,768	967,486
Decrease in:			
Deferred outflows of resources for pensions	(203,972)	-	(203,972)
Deferred outflows of resources for OPEB	(27,324)	(111,384)	(138,708)
Accounts payable and accrued liabilities	953,619	29,384	983,003
Increase in customer deposits	4,511	-	4,511
Decrease in unearned revenues	(507)	-	(507)
Increase (decrease) in compensated absences	(4,518)	3,284	(1,234)
Increase in net pension liability	328,323	143,602	471,925
Increase (decrease) in total OPEB liability	(468,999)	159,645	(309,354)
Increase (decrease) in:			
Deferred inflows of resources for pensions	(15,700)	2,591	(13,109)
Deferred inflows of resources for OPEB	5,996	12,653	18,649
Net cash provided by operating activities	<u>\$ 5,198,329</u>	<u>\$ 702,255</u>	<u>\$ 5,900,584</u>

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

## Notes to Financial Statements

### 1. 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 (the "City") is a municipal corporation that is governed by an elected mayor and a six-member council. The City is required to include, as part of the reporting entity, any entities that meet the definition of a component unit. A component unit is a legally separate entity for which the City is financial accountable. The City 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. The City has created funds and adopted ordinances for *Hurricane Florence FEMA 4393 DR-NC Grant Project*, *Edward Byrne Memorial Justice Assistance Grant Project* and *Police Other Restricted Revenue Project*. These funds are combined with the General Fund for financial statement purposes.

*Police/Fire Expansion Capital Project Fund.* This fund is established to account for and report financial resources that are restricted, committed, or assigned to be used for the construction of various capital facilities and other capital assets for the police and fire departments.

The City reports the following major proprietary enterprise funds:

*Utility Fund.* This fund is established to account for the City's water and sewer services provided to residents of the City. This fund also covers acquisition and/or construction of major water and sewer capital facilities and infrastructure which are accounted for in various capital projects funds and are combined with the Utility Fund for financial statement purposes. The current active projects include the *Phase IV Sewer Collection Rehabilitation Project* and the *2010A Sanitary Sewer Improvements Project*.

*Storm Water Fund.* This fund is established to account for the City's storm water sewer services provided to residents of the City. Technically this is a nonmajor fund but, the City has elected to report this fund as a major fund for financial statement purposes.

The City reports the following other governmental fund types:

*Nonmajor special revenue funds.* These funds account for and report proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City has the following nonmajor special revenue funds: *Community Development Fund*, *Downtown District Fund* and the *Occupancy Tax Fund*.

*Nonmajor capital project funds.* These funds account for financial resources that are restricted, committed or assigned to be used for the acquisition and/or construction of capital facilities and other capital assets (other than those finance by proprietary funds) that the City will own. The City has the following nonmajor capital project funds: *Parks and Recreation FY 2019-2014 Capital Projects Fund*, *Street Improvements Capital Projects Fund* and the *FY 2016 TIGER Discretionary Grant Capital Projects Fund*. The City has also adopted project ordinances for projects that have not started yet. Those projects are the *Herman Park Recreation Center Project* and *1919 LaFrance Fire Truck Restoration Project*.

### **C. Measurement focus and basis of accounting**

In accordance with North Carolina General Statutes ("NCGS" or "G.S."), 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, North Carolina (the "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 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 North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds, (excluding the Community Development Fund) and all enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Fund, capital project funds, and the funds combined with the General Fund. The enterprise fund projects are consolidated with their respective operating fund for financial statement purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The City's 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



**City of Goldsboro**  
**Notes to Financial Statements**

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office is in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

G.S. 159-30(c) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the NCCMT Term Portfolio has a duration of 0.11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

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

(2) Cash and cash equivalents

The City pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments with an original maturity date of three months or less are considered cash and cash equivalents.

(3) Restricted assets

Restricted assets include the unexpended portion of debt proceeds for which the debt was originally issued. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Certain other cash balances are restricted by purpose and source. The City's restricted assets are summarized as follows:

Governmental activities:			
Police/Fire Department	Unexpended debt proceeds	\$	3,090,653
AMI/Vehicles	Unexpended debt proceeds		909,559
Street bonds	Unexpended debt proceeds		2,551,689
US Bank Police HVAC	Unexpended debt proceeds		527,048
Suntrust IT Lease	Unexpended debt proceeds		64,376
Refuse Equipment	Unexpended debt proceeds		585,992
Law Enforcement Grant	Unexpended grant proceeds		<u>1,303</u>
Total governmental activities		\$	<u>7,730,620</u>
Business-type activities:			
Utility Fund			
NCCMT - sewer	Unexpended bond proceeds	\$	709,050
AMI/Vehicles	Unexpended loan proceeds		550,816
Customer deposits			<u>1,129,211</u>
Total business-type activities		\$	<u>2,389,077</u>

(4) Ad valorem taxes receivable

In accordance with 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, 2018.

**City of Goldsboro**  
**Notes to Financial Statements**

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(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 when purchased with adjustments made to inventory on hand at year end through a reserve for inventories. During the year the City changed its inventory policy to increase the dollar threshold for year-end inventory counts.

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Infrastructure	30 years
Improvements	10 to 20 years
Furniture and equipment	10 years
Vehicles	3 to 5 years
Computer software and equipment	3 to 5 years

(8) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net 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 2019 fiscal year and an unamortized loss on a bond defeasance for Water and Sewer Refunding bonds. In addition to liabilities, the Statement of Net 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, 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. Compensated absences are liquidated in the General Fund and each respective enterprise fund. The City has assumed a first-in, first-out ("FIFO") method of accounting for accumulated compensated time assuming employees are taking leave time as it is earned. The portion of the total balance 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 and prepaids - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaids, which are not expendable available resources.

*Restricted fund balance* - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for stabilization by State statute - G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted

funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Public safety - portion of fund balance that is restricted by grants and donations for certain law enforcement supplies.

Cemetery maintenance - portion of fund balance that is required to be retained in perpetuity for maintenance of the City's cemetery.

Other restrictions - portion of fund balances that are restricted by the restrictive nature of special revenue and capital project funds. These restrictions are classified by the functional nature of each fund (i.e. public safety, transportation, etc.).

*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 Environmental Protection - portion of fund balance designated by the Board for repairs resulting from Hurricane Florence.

*Assigned fund balance* - portion of fund balance the City 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 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.

(13) 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.

## **2. Stewardship, Compliance and Accountability**

### **A. Significant Violations of Finance-Related Legal and Contractual Provisions**

(1) Contractual Violations

Pursuant to the City's continuing disclosure undertakings with respect to its outstanding general obligation bonds, the City is obligated to make annual disclosure of certain financial and statistical data for each fiscal year, by filing such information with the Electronic Municipal Market Access ("EMMA") Service within seven months after the end of each fiscal year (January 31<sup>st</sup>). The City failed to file the requisite financial and statistical data for the fiscal year ended June 30, 2019 by January 31, 2020 which is a material event disclosed on EMMA. Such financial and statistical data was submitted on February 12, 2021. The delay was caused by a turnover of management in the City's finance department. The new Finance Director has established written procedures to ensure annual reporting requirements are completed in a timely manner.

### **B. Deficit in Fund Balance**

(1) Community Development Fund

The City's Community Development Fund (a nonmajor special revenue fund) had a deficit fund balance in the amount of \$57,024 at June 30, 2019. The deficit was caused by staff turnover and staff absences which resulted in a delay in the City's drawdown request from the federal government. The new Finance Director has established written procedures to ensure drawdowns are requested in a timely manner.

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

### **A. Assets**

(1) Deposits and Investments

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City'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 the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest-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.

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The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts 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.

The City's bank deposits had a carrying amount of \$13,119,980 and a bank balance of \$13,485,784 on June 30, 2019. The portion of the bank balance covered by federal depository insurance was \$820,198 and the remainder of the bank balance was covered by collateral held under the Pooling Method. The City's cash on hand was \$2,778 at June 30, 2019.

(2) Investments

The City's investment balances as of June 30, 2019 consist of the following:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Value</u>	<u>Less than 6 Months</u>	<u>6-12 Months</u>	<u>Rating</u>
NCCMT - Government Portfolio	Level 1	\$ 6,882,989	\$ 6,882,989	\$ -	AAAm
NCCMT - Term Portfolio	Level 1	<u>5,819,806</u>	<u>5,819,806</u>	<u>-</u>	Unrated
Total investments		<u>\$ 12,702,795</u>	<u>\$ 12,702,795</u>	<u>\$ -</u>	

\* *The NCCMT Term Portfolio has a weighted average maturity of less than 90 days; therefore, it is 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.

*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, it 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 NCCMT Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The City's investment in the NCCMT 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 G.S. 159-30 as amended.

(3) Receivables - allowances for doubtful accounts

The City's receivable balances as of June 30, 2019 were presented net of an estimate for doubtful accounts as follows:

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<b><u>Governmental Activities</u></b>	<b><u>General Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total</u></b>
Taxes receivable	\$ 790,044	\$ 6,081	\$ 796,125
Accounts receivable	2,435,179	-	2,435,179
Allowance for doubtful accounts	(819,647)	-	(819,647)
Net governmental activities	<u>\$ 2,405,576</u>	<u>\$ 6,081</u>	<u>\$ 2,411,657</u>

<b><u>Business-Type Activities</u></b>	<b><u>Utility Fund</u></b>	<b><u>Storm Water Fund</u></b>	<b><u>Total</u></b>
Accounts receivable	\$ 3,852,126	\$ 149,756	\$ 4,001,882
Allowance for uncollectible	(1,931,733)	(35,575)	(1,967,308)
Net business-type activities	<u>\$ 1,920,393</u>	<u>\$ 114,181</u>	<u>\$ 2,034,574</u>

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

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
North Carolina Department of Revenue:		
Local option sales tax	\$ 2,442,183	\$ -
Refund of sales and use taxes	561,235	49,614
Franchise and other taxes	680,806	-
North Carolina Department of Transportation:		
Grants	18,090	-
Federal government:		
Grants	272,160	-
Wayne County:		
Property taxes	215,881	-
Special Olympics participation	8,000	-
Occupancy taxes	7,397	-
Other	-	87,906
Total due from other governments	<u>\$ 4,205,752</u>	<u>\$ 137,520</u>

(4) **Capital assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b><u>Beginning Balance (Restated)</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,513,111	\$ 19,985	\$ 49,190	\$ 7,483,906
Construction-in-progress	7,025,895	7,515,986	-	14,541,881
Total	<u>14,539,006</u>	<u>7,535,971</u>	<u>49,190</u>	<u>22,025,787</u>
Capital assets being depreciated:				
Buildings	24,141,652	143,839	-	24,285,491
Equipment	3,338,998	385,071	-	3,724,069
Streets and improvements	77,195,417	249,753	-	77,445,170
Vehicles and motor equipment	16,348,092	878,734	650,522	16,576,304
Total	<u>121,024,159</u>	<u>1,657,397</u>	<u>650,522</u>	<u>122,031,034</u>

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	<b>Beginning Balance (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Less accumulated depreciation:				
Buildings	\$ 8,561,876	\$ 728,047	\$ -	\$ 9,289,923
Equipment	2,605,430	240,718	-	2,846,148
Streets and improvements	37,926,660	1,786,429	-	39,713,089
Vehicles and motor equipment	<u>10,879,175</u>	<u>969,449</u>	<u>650,522</u>	<u>11,198,102</u>
Total	<u>59,973,141</u>	<u>3,724,643</u>	<u>650,522</u>	<u>63,047,262</u>
Depreciable assets, net	<u>61,051,018</u>	<u>(2,067,246)</u>	<u>-</u>	<u>58,983,772</u>
Capital assets, net	<u>\$ 75,590,024</u>	<u>\$ 5,468,725</u>	<u>\$ 49,190</u>	<u>\$ 81,009,559</u>

A breakdown of depreciation expense by function at June 30, 2019 is as follows:

**Depreciation expense:**

General government	\$ 420,682
Public safety	729,168
Transportation	1,729,912
Economic and physical development	19,738
Environmental protection	219,857
Cultural and recreational	<u>605,286</u>
Total depreciation expense	<u>\$ 3,724,643</u>

	<b>Beginning Balance (Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Utility Fund:				
Capital assets not being depreciated:				
Land	\$ 1,443,282	\$ -	\$ -	\$ 1,443,282
Construction-in-progress	<u>4,698,789</u>	<u>5,955,937</u>	<u>-</u>	<u>10,654,726</u>
Total	<u>6,142,071</u>	<u>5,955,937</u>	<u>-</u>	<u>12,098,008</u>
Capital assets being depreciated:				
Plant and distribution systems	157,397,264	160,376	-	157,557,640
Furniture and maintenance equipment	1,750,841	1,038,600	-	2,789,441
Vehicles	<u>4,045,929</u>	<u>205,490</u>	<u>410,815</u>	<u>3,840,604</u>
Total	<u>139,689,406</u>	<u>1,404,466</u>	<u>410,815</u>	<u>164,187,685</u>
Less accumulated depreciation for:				
Plant and distribution systems	94,321,239	3,923,018	-	98,244,257
Furniture and maintenance equipment	1,126,820	176,311	-	1,303,131
Vehicles	<u>2,541,786</u>	<u>298,137</u>	<u>410,815</u>	<u>2,429,108</u>
Total	<u>97,989,845</u>	<u>4,397,466</u>	<u>410,815</u>	<u>101,976,496</u>
Depreciable assets, net	<u>65,204,191</u>	<u>(2,993,000)</u>	<u>-</u>	<u>62,211,189</u>
Utility Fund capital assets, net	<u>71,346,262</u>	<u>2,962,935</u>	<u>-</u>	<u>74,309,197</u>



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	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Storm Water Fund:</b>				
Capital assets being depreciated:				
Vehicles	\$ 596,887	\$ 37,767	\$ -	\$ 634,654
Total	<u>596,887</u>	<u>37,767</u>	<u>-</u>	<u>634,654</u>
Less accumulated depreciation for:				
Vehicles	<u>11,515</u>	<u>68,228</u>	<u>-</u>	<u>79,743</u>
Total	<u>11,515</u>	<u>68,228</u>	<u>-</u>	<u>79,743</u>
Storm Water Fund capital assets, net	<u>585,372</u>	<u>(30,461)</u>	<u>-</u>	<u>554,911</u>
Business-type capital assets, net	<u>\$ 71,931,633</u>	<u>\$ 2,932,475</u>	<u>\$ -</u>	<u>\$ 74,864,108</u>

(5) Construction commitments

The City has active construction projects as of June 30, 2019. The projects include various water and sewer system projects and the ongoing projects in the General Fund. At June 30, 2019, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<b>Governmental Activities:</b>		
Police/Fire Expansion Project	\$ 3,828,212	\$ 1,937,893
Street paving and resurfacing	<u>2,239,066</u>	<u>446,538</u>
Total governmental activities	<u>6,067,278</u>	<u>2,384,431</u>
<b>Business-Type Activities:</b>		
Phase IV Sewer Collection Rehabilitation Project	<u>3,198,402</u>	<u>5,475,715</u>
Total	<u>\$ 9,265,680</u>	<u>\$ 7,860,146</u>

**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 ("LEO") 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 ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("Report") for the State of North Carolina. The State's Report includes financial statements and required supplementary information for LGERS. The 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 [www.osc.nc.gov](http://www.osc.nc.gov).

**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-employment 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 G.S. 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, 2019, was 8.50% of compensation for law enforcement officers and 7.82% 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 \$1,669,815 for the year ended June 30, 2019.

**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***

The City reported a liability of \$7,803,583 for its proportionate share of the net pension liability at June 30, 2019. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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. The City's proportion at June 30, 2018 was 0.3289%, which was an increase of 0.0094% from its proportion measured as of June 30, 2017.

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The City recognized pension expense of \$2,096,260 for the year ended June 30, 2019. Deferred outflows of resources and deferred inflows of resources related to pensions were derived from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,203,907	\$ 40,397
Changes of assumptions	2,070,769	-
Net difference between projected and actual earnings on pension plan investments	1,071,199	-
Changes in proportion and differences between employee contributions and proportionate share of contributions	61,818	100,389
Employer contributions subsequent to the measurement date	<u>1,645,124</u>	<u>-</u>
Total	<u>\$ 6,052,817</u>	<u>\$ 140,786</u>

\$1,645,124 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending June 30:**

2020	\$ 2,036,603
2021	1,334,580
2022	265,175
2023	630,549
2024	<u>-</u>
	<u>\$ 4,266,907</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2017 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	7.00 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, 2017 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

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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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
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	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 7.00%. 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b><u>1% Decrease (6.00%)</u></b>	<b><u>Discount Rate (7.00%)</u></b>	<b><u>1% Increase (8.00%)</u></b>
City's proportionate share of the net pension liability (asset)	\$ 18,744,879	\$ 7,803,583	\$ (1,339,138)

**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 for the State of North Carolina.

**(b) Law Enforcement Officers' Special Separation Allowance**

**(1) Plan description**

The City 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

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completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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. The Separation Allowance's membership at December 31, 2017 consisted of:

Retirees receiving benefits	16
Active plan members	<u>98</u>
Total	<u><u>114</u></u>

A separate report was not issued for the plan.

*(2) Summary of significant accounting policies*

**Basis of Accounting.** The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 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 \$214,702 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***

The City reported a total pension liability of \$3,126,017 at June 30, 2019. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions.

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The City recognized pension expense of \$241,614 for the year ended June 30, 2019. Deferred outflows of resources and deferred inflows of resources related to the Separation Allowance were derived from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,676	\$ 34,992
Changes of assumptions	120,929	140,072
Benefit payments and plan administrative expense subsequent to the measurement date	<u>214,702</u>	<u>-</u>
Total	<u>\$ 343,307</u>	<u>\$ 175,064</u>

\$214,702 paid as benefits came due subsequent to the measurement date has 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:

<b>Year Ending June 30,</b>	
2020	\$ (8,645)
2021	(8,645)
2022	(8,645)
2023	(3,315)
2024	<u>(17,209)</u>
Total	<u>\$ (46,459)</u>

*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 3.64 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:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	<u>\$ 3,393,905</u>	<u>\$ 3,126,017</u>	<u>\$ 2,883,170</u>

	<b>2019</b>
<b>Changes in the Separation Allowance Total Liability</b>	
Beginning balance	\$ 3,206,564
Service cost	152,324
Interest on the total pension liability	97,935
Differences between expected and actual experience	9,252
Changes of assumptions or other inputs	(125,356)
Benefit payments	<u>(214,702)</u>
Ending balance	<u>\$ 3,126,017</u>

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.

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The actuarial assumptions used in the December 31, 2017 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 related to pensions***

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,096,260	\$ 241,614	\$ 2,337,874
Pension liability	7,803,583	3,126,017	10,929,600
Proportionate share of the net pension liability	0.3289%	N/A	N/A
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 1,203,907	\$ 7,676	\$ 1,211,583
Changes of assumptions	2,070,769	120,929	2,191,698
Net difference between projected and actual earnings on plan investments	1,071,199	-	1,071,199
Changes in proportion and differences between contributions and proportionate share of contributions	61,818	-	61,818
Benefit payments and administrative costs paid subsequent to the measurement date	<u>1,645,124</u>	<u>214,702</u>	<u>1,859,826</u>
	<u>\$ 6,052,817</u>	<u>\$ 343,307</u>	<u>\$ 6,396,124</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 40,397	\$ 34,992	\$ 75,389
Changes of assumptions	-	140,072	140,072
Changes in proportion and differences between contributions and proportionate share of contributions	<u>100,389</u>	<u>-</u>	<u>100,389</u>
	<u>\$ 140,786</u>	<u>\$ 175,064</u>	<u>\$ 315,850</u>

**(c) Supplemental Retirement Income Plan**

**Plan description.** The City contributes to the Supplemental Retirement Income Plan (the "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 ("Report") for the State of North Carolina. The State's Report 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 four 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 \$828,384 for the reporting year, which included \$262,576 for law enforcement officers and \$565,808 for general employees. Employee contributions to the plan were \$552,826. No amounts were forfeited.

**City of Goldsboro**  
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(2) Other Post-Employment Benefits (“OPEB”)

**a. Healthcare benefits**

*Plan description.* Under the terms of a City resolution, The City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). City Council 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.

The Plan provides post-employment 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 with the City or participated in the System and have 30 years of experience with the City at any age. The retiree pays the full cost of the blended rate group health insurance premium. Also, retirees can purchase coverage for their dependents at the City’s group rates if enrolled in dependent coverage at the time of retirement. Retirees coverages ends when the retiree becomes Medicare eligible. Dependent coverage continues after the retiree’s death. City Council 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, 2018, the date of the latest actuarial valuation:

	<u>2019</u>
Retirees and dependents receiving benefits	15
Active plan members	<u>408</u>
Total	<u><u>423</u></u>

**Total OPEB liability**

The City’s total OPEB liability of \$8,441,223 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases, including wage inflation	
General employees	3.50% to 7.75%
Firefighters	3.50% to 7.75%
Law enforcement officers	3.50% to 7.35%
Discount rate	3.89 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.



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	<u>2019</u>
<b>Changes in the Total OPEB Liability:</b>	
Beginning balance	\$ 8,195,020
Service cost	435,175
Interest on the total OPEB liability	289,035
Differences between expected and actual experience in the measurement of the total OPEB liability	(39,794)
Changes of assumptions or other inputs	(284,729)
Benefit payments	<u>(153,484)</u>
Ending balance	<u>\$ 8,441,223</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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, 2018 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 (2.89 percent) or 1 percentage-point higher (4.89 percent) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	<u>1% Decrease (2.89%)</u>	<u>Current Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB liability	<u>\$ 9,337,469</u>	<u>\$ 8,441,223</u>	<u>\$ 7,640,923</u>

*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:

	<u>Healthcare Cost Trend Rate Sensitivity</u>		
	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	<u>\$ 7,370,977</u>	<u>\$ 8,441,223</u>	<u>\$ 9,720,328</u>

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expense of \$634,520. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 44,266
Changes of assumptions or other inputs	-	624,768
Benefit payments and plan administrative expense subsequent to the measurement date	<u>210,951</u>	<u>-</u>
Total	<u>\$ 210,951</u>	<u>\$ 669,034</u>

\$210,951 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:

<b>Year Ending June 30,</b>	
2020	\$ (89,690)
2021	(89,690)
2022	(89,690)
2023	(89,690)
2024	(89,690)
Thereafter	<u>(220,584)</u>
	<u>\$ (669,034)</u>

**b. Death Benefits**

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. The City made contributions to the State for death benefits of \$11,283 for the year ended June 30, 2019. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.14% of covered payroll, respectively. The City considers these contributions to be immaterial.

**c. Additional Death Benefit**

The City has elected to provide an additional death benefit to employees through a group life insurance policy. All employees are added to the policy on their first day of employment. There is no waiting period. The amount of benefit is \$20,000 per employee. Total premiums paid for the year were \$17,678.

**(3) Deferred Outflows and Inflows of Resources**

The City has deferred outflows of resources and deferred inflows of resources at June 30, 2019 which consist of the following:

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	<u>Modified Accrual</u>	<u>Full Accrual</u>
<b>Deferred Outflows of Resources:</b>		
Governmental Activities:		
Pension - LGERS	\$ -	\$ 5,244,699
Pension - LEO Special Separation Allowance	-	343,307
OPEB - Healthcare benefits	-	155,620
Deferred loss on sale of refunding bonds	-	164,577
Total	<u>\$ -</u>	<u>\$ 5,908,203</u>
Business-Type Activities:		
Pension - LGERS	\$ -	\$ 808,118
OPEB - Healthcare benefits	-	55,331
Deferred loss on sale of refunding bonds	-	388,959
Total	<u>\$ -</u>	<u>\$ 1,252,408</u>
<b>Deferred Inflows of Resources:</b>		
Governmental Activities:		
Property taxes receivable, net	\$ 643,071	\$ -
Notes receivable and related interest	336,000	-
Refuse receivable	253,642	-
Special assessments receivable	94,718	-
Miscellaneous receivables	1,418,674	-
Prepaid assessments	2,091	2,091
Pension - LGERS	-	121,494
Pension - LEO Special Separation Allowance	-	175,064
Healthcare benefits - OPEB	-	563,064
Total	<u>\$ 2,748,196</u>	<u>\$ 861,713</u>
Business-Type Activities:		
Pension - LGERS	\$ -	\$ 19,292
Healthcare benefits - OPEB	-	105,970
Total	<u>\$ -</u>	<u>\$ 125,262</u>

(4) 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 outstanding lease balances are summarized as follows:

On March 15, 2016, the City entered into a lease purchase agreement for \$352,800 with SunTrust Equipment Finance & Leasing Corp. for the purchase of technology equipment. The lease agreement is collateralized by all the equipment. The terms of the agreement require four annual payments of \$94,127 including interest at 2.65% per annum. The balance outstanding at June 30, 2019 was \$91,694.

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 one annual payment of \$111,560 and four annual payments of 102,264 including interest at 3.04% per annum. The balance outstanding at June 30, 2019 was \$379,760.

**City of Goldsboro**  
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On September 28, 2018, the City entered into a lease purchase agreement for \$450,000 with SunTrust Equipment Finance & Leasing Corp. for the purchase of technology equipment. The lease agreement is collateralized by all the equipment. The terms of the agreement require five annual payments of \$98,593 including interest at 3.21% per annum. The balance outstanding at June 30, 2019 was \$450,000.

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, 2019 was \$363,903.

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, 2019.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computer equipment	\$ 352,408	\$ 181,120	\$ 171,288
Computer equipment	807,404	-	807,404
Lighting system	<u>515,000</u>	<u>-</u>	<u>515,000</u>
	<u>\$ 1,674,812</u>	<u>\$ 181,120</u>	<u>\$ 1,493,692</u>

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, 2019 were as follows:

**Year Ending June 30**

2020	\$ 405,606
2021	311,478
2022	311,479
2023	256,168
2024	<u>98,593</u>
Total minimum lease payments	1,383,324
Less: amount representing interest	<u>97,967</u>
Present value of the minimum lease payments	<u>\$ 1,285,357</u>

**b. General obligation bonds**

All general obligation bonds serviced by the City's governmental funds are collateralized by the full faith, credit, and taxing power of the City. The City 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, 2019 are comprised of the following individual issues:

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*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.	\$ 1,020,000
\$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.	146,800
\$829,590 2013 Refunding Serial Bonds (Street Portion) due in varying annual principal installments and varying semi-annual interest installments through June 2025, interest at 1.75 percent payable with each installment.	455,314
\$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.	4,950,000
\$1,691,900 2017 Refunding Bonds (Street Portion) due in varying annual principal installments through May 1, 2030 plus varying annual interest through May 1, 2030, interest at 3.00 to 4.00 percent payable with each installment.	1,656,420
\$4,500,000 2018 Street Improvement Bonds due in annual principal installments of \$225,000 through August 1, 2038 plus varying annual interest through August 1, 2038, interest at 3.00 to 5.00 percent payable with each installment.	<u>4,500,000</u>
Total bonds payable – governmental activities	<u>\$ 12,728,534</u>

*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 1, 2025, interest at 1.75 percent payable with each installment	\$ 1,358,686
\$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	545,000
\$2,320,800 2011 Refunding Serial Bonds (Sewer Portion) due in varying annual principal installments and varying semi-annual interest installments through June 1, 2022, interest at 2.67 percent payable with each installment	587,200
\$5,733,100 2017 Refunding Bonds (Sewer Portion) due in varying annual principal installments and varying annual interest installments through May 1, 2030, interest at 3.00 to 4.00 percent payable with each installment	<u>5,608,580</u>
Total bonds payable – business-type activities	<u>\$ 8,099,466</u>

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Annual debt service requirements to maturity for the City's outstanding bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 836,966	\$ 475,926	\$ 1,108,034	\$ 273,023
2021	958,920	437,853	976,080	240,388
2022	957,052	399,929	969,948	209,344
2023	916,415	361,598	803,585	178,358
2024	913,267	323,874	793,733	151,355
2025-2029	3,563,674	1,098,275	3,000,326	375,202
2030-2034	2,632,240	524,498	447,760	13,433
2035-2039	<u>1,950,000</u>	<u>144,469</u>	<u>-</u>	<u>-</u>
	12,728,534	<u>\$ 3,766,422</u>	8,099,466	<u>\$ 1,441,103</u>
Unamortized premium on general obligation bonds	<u>913,843</u>		<u>565,498</u>	
Total carrying amount of debt	<u>\$ 13,642,377</u>		<u>\$ 8,664,964</u>	

**c. Notes payable**

**Serviced by the General Fund**

On December 20, 2004, the City entered into a financing agreement for \$4,413,380 with RBC Centura for the construction of a new City Hall. 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, 2019 was \$523,090.

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, 2019 was \$610,616.

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, 2019 was \$921,910.

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, 2019 was \$96,511.

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 five annual payments of varying amounts plus interest at 1.27% per annum. The balance outstanding at June 30, 2019 was \$365,000.

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

**City of Goldsboro**  
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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, 2019 was \$3,420,000.

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, 2019 was \$5,338,000.

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 ten semi-annual installments of varying amounts plus interest at 1.96% per annum beginning October 1, 2012. The balance outstanding at June 30, 2019 was \$183,896.

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, 2019 was \$486,185.

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, 2019 was \$2,600,000.

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, 2019 was \$1,761,060.

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, 2019 was \$1,077,600.

On September 13, 2018, the City entered into a financing agreement for \$5,300,000 with AMFU II, Inc. for the "Police/Fire Expansion Capital Project". The installment agreement is secured by a deed of trust that places a lien on the property. The terms of the agreement require 15 annual payments of various amounts plus interest at 3.41% per annum. The balance outstanding at June 30, 2019 was \$5,300,000.

On December 18, 2018, the City entered into a financing agreement for \$1,190,000 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 2.98% per annum. The loan was split between the General Fund and the Utility Fund. The General Fund's balance outstanding at June 30, 2019 was \$667,233.

On June 1, 2019, the City entered into a financing agreement for \$596,000 with Zions Bank for the purchase of three garbage trucks. The installment agreement is collateralized by all the vehicles acquired with the loan. The terms of the agreement require 10 annual payments of various amounts plus interest at 2.68% per annum. The balance outstanding at June 30, 2019 was \$596,000.

**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, 2019 was \$149,815.

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, 2019 was \$221,488.

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, 2019 was \$12,418.

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, 2019 was \$4,367,573.

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, 2019 was \$2,059,305.

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, 2019 was \$4,307,940.

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, 2019 was \$3,025,537.

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 five annual payments of various amounts plus interest at 2.7893% per annum. The balance outstanding at June 30, 2019 was \$251,440.

On December 18, 2018, the City entered into a financing agreement for \$1,190,000 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 2.98% per annum. The loan was split between the General Fund and the Utility Fund. The Utility Fund's balance outstanding at June 30, 2019 was \$522,767.



**City of Goldsboro**  
**Notes to Financial Statements**

On October 15, 2018, the City adopted a project ordinance for Phase IV Sewer Collection Rehabilitation Project. The total project financing is estimated to be \$2,637,294 from the State Revolving Loan Fund. On June 18, 2019, the City was approved for loan assistance from the North Carolina Drinking Water State Revolving Fund for \$1,797,360. The terms and conditions will be established when the project is completed. The amount advanced at June 30, 2019 was \$1,485,421.

**Serviced by the 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 five annual payments of various amounts plus interest at 2.7893% per annum. The balance outstanding at June 30, 2019 was \$466,960.

Annual debt service requirements to maturity for the above financing agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,363,024	\$ 619,420	\$ 1,700,171	\$ 303,908
2021	2,762,521	571,863	1,701,746	274,910
2022	2,763,821	507,586	1,633,446	239,946
2023	1,963,568	433,429	1,258,699	206,097
2024	1,566,014	379,637	1,080,253	180,485
2025-2029	7,186,561	1,250,514	4,943,773	623,004
2030-2034	4,341,592	343,377	3,674,715	186,482
2035-2038	-	-	877,861	18,960
	<u>\$ 23,947,101</u>	<u>\$ 4,105,826</u>	<u>\$ 16,870,664</u>	<u>\$ 2,033,792</u>

**d. Advance Refunding**

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. The outstanding balance of the defeased debt at June 30, 2019 was \$5,930,000.

**e. Long-term Debt Summary**

	<u>Beginning Balances (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt	\$ 8,844,397	\$ 4,500,000	\$ 615,863	\$ 12,728,534	\$ 836,966
Premium on bonds	729,300	242,923	58,380	913,843	70,526
Capitalized leases	1,579,505	450,000	744,148	1,285,357	367,236
Notes payable	20,603,028	6,563,233	3,219,160	23,947,101	3,363,024
Net pension liability (LGERS)	4,285,039	2,449,208	-	6,734,247	-
Total pension liability (LEO)	3,206,564	-	80,547	3,126,017	-
Total OPEB liability	6,548,640	555,557	-	7,104,197	-
Compensated absences	1,803,215	544,951	868,498	1,479,668	869,000
Total governmental activities	<u>\$ 47,599,688</u>	<u>\$ 15,305,872</u>	<u>\$ 5,586,596</u>	<u>\$ 57,318,964</u>	<u>\$ 5,506,752</u>

**City of Goldsboro**  
**Notes to Financial Statements**

	<u>Beginning Balances (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<u>Utility Fund:</u>					
General obligation debt	\$ 9,215,603	\$ -	\$ 1,116,137	\$ 8,099,466	\$ 1,108,034
Premium on bonds	616,906	-	51,409	565,497	51,409
Notes payable	15,800,022	2,018,174	1,414,492	16,403,704	1,588,111
Net pension liability (LGERS)	597,411	328,323	-	925,734	-
Total OPEB liability	1,646,380	-	468,999	1,177,381	-
Compensated absences	260,608	94,962	99,480	256,090	99,500
Total Utility Fund	<u>28,136,930</u>	<u>2,441,459</u>	<u>3,150,517</u>	<u>27,427,872</u>	<u>2,847,054</u>
<u>Storm Water Fund:</u>					
Notes payable	\$ 578,500	\$ -	\$ 111,540	\$ 466,960	\$ 112,060
Net pension liability (LGERS)	-	143,602	-	143,602	-
Total OPEB liability	-	159,645	-	159,645	-
Compensated absences	18,682	12,431	9,147	21,966	9,500
Total Storm Water Fund	<u>597,182</u>	<u>315,678</u>	<u>120,687</u>	<u>792,173</u>	<u>121,560</u>
Total business-type activities	<u>\$ 28,734,112</u>	<u>\$ 2,757,137</u>	<u>\$ 3,271,204</u>	<u>\$ 28,220,045</u>	<u>\$ 2,968,614</u>

**f. Debt Margin**

The City is subject to the Local Government Bond Act of North Carolina which limits the amount of the amount of debt it can issue to 8 percent of the appraised value of property subject to taxation. The City's statutory debt limit at June 30, 2019 was approximately \$193,600,000 providing a legal debt margin of approximately \$232,474,000.

**C. Interfund balances and activity**

**(1) Interfund Receivables and Payables**

Several years ago, the City approved an internal loan in which the General Fund borrowed \$1,013,947 from the Utility Fund in settlement of a lawsuit in which the City was a defendant. The balance at June 30, 2019 was \$290,592 and there were no payments made during the year.

**(2) Transfers**

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. The City transferred the following amounts during the year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Major Capital Projects Fund	\$ 290,400
General Fund	Nonmajor capital projects funds	<u>278,688</u>
Total transfers from the General Fund		<u>\$ 569,088</u>
Utility Fund	General Fund	\$ 1,534,577
Utility Fund	Nonmajor capital projects funds	<u>238,688</u>
Total transfers from the Utility Fund		<u>\$ 1,773,265</u>

The transfers from the General Fund were made to finance a portion of the total costs of various capital projects. The General Fund also transferred \$482,000 to a sub-fund within the General Fund to pay for storm damage caused by Hurricane Florence. The transfers from the Utility Fund were made to pay for storm damage caused by Hurricane Florence and finance a portion of the TIGER project.

**City of Goldsboro**  
**Notes to Financial Statements**

(3) Internal Charges and Reimbursements

The “administrative chargeout” represents reimbursements to the General Fund for services provided to the Utility Fund and Storm Water Fund. The amount of “shared service fees” during the year ended June 30, 2019, consisted of the following:

<u>Paid From</u>	<u>Paid To</u>	<u>Amount</u>
Utility Fund	General Fund	\$ 2,869,532
Storm Water Fund	General Fund	45,000
Total administrative reimbursements		<u>\$ 2,914,532</u>

**D. Net Position/Fund Balances**

(1) Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 81,009,559	\$ 74,864,108
Less:		
General obligation bonds	(12,728,534)	(8,099,466)
Notes payable	(23,947,101)	(16,870,664)
Capitalized leases	(1,285,357)	-
Unamortized premium on bonds	(913,843)	(565,497)
Add:		
Deferred loss on bond refunding	164,577	388,959
Unexpended debt proceeds	<u>7,729,317</u>	<u>1,259,866</u>
Net investment in capital assets	<u>\$ 50,028,618</u>	<u>\$ 50,977,306</u>

(2) Receivables Held in Abeyance

The City has recognized revenue from special assessments on the full accrual basis of accounting. A portion of net position related to certain outstanding receivable balances has been restricted as receivables held in abeyance as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assessments receivable	\$ 160,019	\$ 1,186,322
Less:		
Unrestricted portion	<u>(102,128)</u>	<u>(128,244)</u>
Receivables held in abeyance	<u>\$ 57,891</u>	<u>\$ 1,058,078</u>

(3) Fund balance – General Fund

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	\$ 10,787,621
Less:	
Inventories and prepaids	(187,925)
Stabilization by state statute	<u>(6,011,326)</u>
Fund balance available for appropriation	<u>\$ 4,588,370</u>

**City of Goldsboro**  
**Notes to Financial Statements**

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The City 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 percent of the general fund operating budget; at no time shall the available fund balance fall below 10 percent of the General Fund's operating budget. 10 percent of the General Fund's operating budget for the current year was \$3,975,350.

(4) Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The City's outstanding encumbrances at June 30, 2019 were \$2,134,246 and \$172,636 in the General Fund and other governmental funds, respectively.

#### **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 coverages 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.

The City is self-insured for Worker's Compensation. The City retains out-of-pocket costs up to \$1,000,000 per event for workers compensation claims. Excess insurance with statutory limits is maintained for any claims exceeding the \$600,000 and \$500,000 self-insured retention for police/fire and all other classes, respectively.

The City records a liability for estimated claims incurred but not reported ("IBNR") as of the end of the year based on an analysis provided by a third-party administrator. The following table summarizes IBNR for the two-year period ending June 30, 2019:

	<u>2018</u>	<u>2019</u>
Beginning balance	\$ -	\$ -
Claims reported and IBNR	-	645,511
Less: claims paid	-	153,169
Ending balance	<u>\$ -</u>	<u>\$ 492,342</u>

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 on those buildings located within the 100-year flood area. The City has also purchased commercial flood insurance coverage of from \$6,800 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 per loss.

## **5. Joint Ventures**

The City, in conjunction with Wayne County, participates in the Goldsboro-Wayne Transportation Authority (the "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 \$259,717 to the Authority during fiscal year ended June 30, 2019. 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, 2019. 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, 2019. 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.

## **6. Related Organizations**

The seven-member board of the Goldsboro Housing Authority (the "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 is also disclosed as a related organization in the notes to the financial statements for the Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 700 N. Jefferson Avenue, Goldsboro, North Carolina 27530.

The Paramount Theatre Foundation (the "Foundation") was originally established in 2006 to help raise funds and coordinate the reconstruction of the Paramount Theatre (the "Theatre") after it was destroyed by fire in 2005. The Foundation continues to support the Theatre and City through annual fundraising efforts, equipment purchases and upgrades, and sponsorship of community-spirited programming targeted to cultural enrichment, diversity, and youth engagement. The Foundation is a not-for-profit organization exempt from federal taxation under IRC 501(C). Complete financial statements can be obtained from the Foundation's office at P.O. Box 2063, Goldsboro, NC 27533.

## **7. Summary Disclosure of Significant Commitments and Contingencies**

### **A. Federal and State Assistance 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.

**B. Claims and Litigation**

The City was a defendant to various lawsuits during the year. 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; therefore, no liability has been recorded at June 30, 2019.

**8. Subsequent Events**

The City has evaluated subsequent events through May 12, 2021, the date on which the financial statements were available to be issued. Accordingly, it has identified the following events:

**A. Hurricane Florence**

In September 2018, Hurricane Florence caused major flooding in many Towns and Counties in Eastern North Carolina, including Goldsboro. The President 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 estimated damage was approximately \$2,228,000. The City is covered by flood insurance as explained in Note 4 above.

**B. COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, services provided to its citizens, suppliers and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak at this time.

**C. Credit Rating**

On August 13, 2020, Moody's Investors Services withdrew its Aa2 rating from the City due to the late audit for fiscal year 2019. The City will seek reconsideration from Moody's to reinstate the bond rating upon completion of the audit.

**9. Restatements**

**A. Government-Wide Level**

Beginning net position for Governmental Activities and Business-type Activities have been restated as of July 1, 2018 to correct for misstatements that occurred in prior years. The net effect of these restatements is summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Net position:		
Beginning balances - as previously reported	\$ 45,243,910	\$ 58,094,974
Adjustments:		
Capital assets, net	1,268,260	1,108,594
Receivable and reserve adjustments	643,348	(40,543)
Notes receivable and accrued interest receivable	330,000	-
Notes payable allocation	(195,491)	207,691
Beginning balances - as restated	<u>\$ 47,290,027</u>	<u>\$ 59,370,716</u>

**City of Goldsboro**  
**Notes to Financial Statements**

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The net effect of the above restatements would have increased (decreased) the change in net position, for the year ended June 30, 2018, by approximately \$6,000 and (\$460,000) for governmental activities and business-type activities, respectively.

**B. Fund Level**

Beginning fund balances (governmental fund-types) and net position (propriety fund-types) have been restated as of July 1, 2018 to correct for misstatements that occurred in prior years. The net effect of these restatements are summarized as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Utility Fund</u>
Fund balances/Net Position:			
Beginning balances – as previously reported	\$ 12,274,765	\$ 1,245,119	\$ 57,698,435
Adjustments:			-
Due to/from	(100,000)	100,000	-
Capital project closure	297,086	(297,086)	-
Capital assets, net	-	-	1,108,594
Receivable and reserve adjustments	643,348	-	(40,543)
Notes payable allocation	-	-	207,691
Beginning balances - as restated	<u>\$ 13,115,199</u>	<u>\$ 1,048,033</u>	<u>\$ 58,974,177</u>

The net effect of the above restatements would have decreased the change in net position, for the year ended June 30, 2018, by approximately \$460,000 for depreciation expense in the Utility Fund.



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# **Required Supplementary Information**

Required Supplementary Information ("RSI") is not a required part of the basic financial statements but is information required by accounting principles generally accepted in the United States of America. This section includes the following RSI:

- Schedules of Changes in the Total OPEB Liability and Related Ratios
- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll

Management's Discussion and Analysis is also RSI. It is presented immediately before the basic financial statements.

**City of Goldsboro**  
**Other Post-Employment Benefits**  
**Required Supplementary Information**  
**Schedules of Changes in the Total OPEB Liability and Related Ratios**  
**Last Two Fiscal Years\***

**RSI-1**

	<b>2019</b>	<b>2018</b>
Service cost	\$ 435,175	\$ 470,816
Interest on the total pension liability	289,035	242,438
Differences between expected and actual experience in the measurement of the total pension liability	(39,794)	(11,376)
Changes of assumptions or other inputs	(284,729)	(476,696)
Benefit payments	(153,484)	(167,941)
Net change in total OPEB liability	246,203	57,241
<b>TOTAL OPEB LIABILITY</b>		
Beginning balance	8,195,020	8,137,779
Ending balance	<u>\$ 8,441,223</u>	<u>\$ 8,195,020</u>
Covered payroll	<u>\$ 18,731,050</u>	<u>\$ 18,731,050</u>
Total OPEB liability as a percentage of covered payroll	<u>45.07%</u>	<u>43.75%</u>

**NOTES TO THE REQUIRED SCHEDULES**

- The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.
- Benefit changes. There were no changes of benefit terms for the year ended June 30, 2019.
- The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

	<b>Rate</b>
Fiscal year 2019	3.89%
Fiscal year 2018	3.56%
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.

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

**City of Goldsboro**  
**Schedules of Proportionate Share of Net Pension Liability (Asset)**  
**and City Contributions**  
**Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Six Fiscal Years\***

**RSI-2**

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's proportion of the net pension liability (asset)	0.3289%	0.31959%	0.31496%	0.34461%	0.34955%	0.35980%
City's proportion of the net pension liability (asset) \$	7,803,582	\$ 4,882,450	\$ 6,684,506	\$ 1,546,596	\$ (2,061,457)	\$ 4,336,972
City's covered payroll \$	20,558,645	\$ 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 payroll	37.96%	24.45%	33.84%	8.24%	-10.99%	23.11%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

**Schedule of City Contributions**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution \$	1,645,124	\$ 1,577,402	\$ 1,482,481	\$ 1,282,111	\$ 1,361,251	\$ 1,336,240
Contributions in relation to the contractually required contribution	1,645,124	1,577,402	1,482,481	1,282,111	1,361,251	1,336,240
Contribution deficiency \$	-	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll \$	20,934,374	\$ 20,558,645	\$ 19,971,596	\$ 19,751,218	\$ 18,765,633	\$ 18,765,633
Contributions as a percentage of covered payroll	7.86%	7.67%	7.42%	6.49%	7.25%	7.12%

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

**City of Goldsboro**  
**Schedules of Changes in Total Pension Liability and**  
**Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Last Three Fiscal Years\***

**RSI-3**

**Schedule of Changes in Total Pension Liability**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>CHANGES</b>			
Service cost	\$ 152,324	\$ 119,831	\$ 130,775
Interest on the total pension liability	97,935	113,996	107,532
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	9,252	(53,754)	-
Changes of assumptions or other inputs	(125,356)	185,769	(71,786)
Benefit payments	(214,702)	(225,061)	(225,677)
Net change in total pension liability	(80,547)	140,781	(59,156)
<b>TOTAL PENSION LIABILITY</b>			
Beginning balance	3,206,564	3,065,783	3,124,939
Ending balance	<u>\$ 3,126,017</u>	<u>\$ 3,206,564</u>	<u>\$ 3,065,783</u>

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

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	<u>\$ 3,126,017</u>	<u>\$ 3,206,564</u>	<u>\$ 3,065,783</u>
Covered payroll	<u>\$ 4,847,317</u>	<u>\$ 4,422,007</u>	<u>\$ 4,659,564</u>
Total pension liability as a percentage of covered payroll	<u>64.49%</u>	<u>72.51%</u>	<u>65.80%</u>

**Notes to the Schedules:**

1. 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.*

# Supplemental Information

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Supplemental information ("SI") consists of combining and individual fund statements and schedules. Budgetary comparison schedules are included for every fund to demonstrate legal compliance for every fund required to adopt an annual budget or project ordinance. SI also contains certain other financial data.

Supplemental information is divided into the following sections:

Major Funds:

- General Fund
- Major capital project fund
- Major enterprise funds

Non-major Funds:

- Combining statements for other governmental funds
- Non-major special revenue funds combining and individual fund statements and schedules
- Non-major capital project funds combining and individual fund statements and schedules

Additional financial data:

- Property tax schedules

All supplemental information is prepared using the same underlying financial data used to prepare the basic financial statements.

# Major Governmental Funds

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

The City has elected to create additional funds to account for certain activities. Each fund has a legally adopted budget for which a separate budgetary schedule is presented. These funds do not meet the definition of a special revenue or capital project fund; therefore, they are combined with the General Fund.

This section contains budgetary schedules for the following:

*Combined General Fund:*

- General Fund
- Hurricane Florence FEMA 4393 DR-NC Grant Project
- Edward Byrne Memorial Justice Assistance Grant
- Police Other Restricted Revenue

Capital project funds are used to account for activities associated with significant purchase or construction of assets that will be owned by the City. The City has one major capital projects fund.

*Major Capital Projects Fund:*

- Police/Fire Expansion Capital Project Fund

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
**Page 1 of 6**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 16,038,099	\$ 15,759,007	\$ (279,092)
Penalties and interest	70,000	100,072	30,072
Total	16,108,099	15,859,079	(249,020)
Other taxes and licenses:			
Privilege licenses	2,500	3,026	526
Vehicle taxes - rental/leases	60,000	72,973	12,973
Vehicle tag fee	240,000	235,240	(4,760)
Penalties and interest	50	-	(50)
Total	302,550	311,239	8,689
Unrestricted intergovernmental:			
Local option sales taxes	9,200,876	9,023,624	(177,252)
Payment in lieu of taxes	128,500	103,193	(25,307)
Utility taxes	2,737,866	2,825,963	88,097
Cable franchise fees	250,000	216,091	(33,909)
Beer and wine tax	158,000	145,547	(12,453)
ABC revenues	85,000	116,533	31,533
Solid waste disposal tax	24,744	25,027	283
Appropriation from Wayne County	8,000	8,000	-
GWTA Garage reimbursement	200,000	168,336	(31,664)
Total	12,792,986	12,632,314	(160,672)
Restricted intergovernmental:			
Powell Bill allocation	944,444	918,925	(25,519)
Federal Emergency Management Agency	769,719	71,774	(697,945)
Controlled substance tax	12,037	11,594	(443)
DEA funds	176,292	-	(176,292)
Wayne County Schools Resource			
Officer reimbursement	148,600	148,634	34
PEG Channel support	28,000	27,027	(973)
Cherry Hospital reimbursement	75,000	76,724	1,724
Stream Debris Grant	61,597	61,597	-
Transportation Planning Grant	414,598	70,993	(343,605)
Main Street Solutions Grant	2,316	12,500	10,184
NCDOT signals reimbursement	215,000	129,624	(85,376)
PARTF Grant	11,550	25,000	13,450
Golden Leaf Foundation Grant	257,691	257,691	-
East Carolina Housing Grant	31,000	34,706	3,706
Governor's Crime Commission	96,417	-	(96,417)
Other grants	569,388	76,324	(493,064)
Total	3,813,649	1,923,113	(1,890,536)

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
**Page 2 of 6**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES (CONTINUED)</b>			
Permits and fees:			
Building and inspection permits	\$ 120,000	\$ 137,057	\$ 17,057
Mechanical permits	71,000	79,896	8,896
Plumbing, gas and electric inspections	90,000	81,532	(8,468)
Stormwater Management Fee	12,000	17,036	5,036
Miscellaneous permits	99,100	99,566	466
Total	392,100	415,087	22,987
Sales and services:			
Recreation fees	236,000	270,735	34,735
Golf course revenue	571,800	482,003	(89,797)
Paramount Theater	420,000	468,404	48,404
GWTA Rental	64,000	58,684	(5,316)
Recyclable materials sold	15,000	48,277	33,277
Cemetery services	35,000	58,537	23,537
Refuse services	3,360,300	3,248,760	(111,540)
Miscellaneous fees and services	14,340	17,379	3,039
Total	4,716,440	4,652,779	(63,661)
Investment earnings	38,500	148,432	109,932
Miscellaneous:			
Officers fees	21,500	16,236	(5,264)
Donations	75,300	101,594	26,294
Other miscellaneous	697,150	279,594	(417,556)
Total	793,950	397,424	(396,526)
Total revenues	38,958,274	36,339,467	(2,618,807)
<b>EXPENDITURES</b>			
Current:			
General government:			
Governing body:			
Salaries and employee benefits	100,842	86,407	14,435
Operating expenditures	315,633	306,750	8,883
Total	416,475	393,157	23,318
Administration:			
Salaries and employee benefits	1,193,128	1,232,657	(39,529)
Operating expenditures	1,133,373	1,106,238	27,135
Capital outlay	1,314,090	1,010,845	(303,245)
Total	3,640,591	3,349,740	290,851



**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
**Page 3 of 6**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>EXPENDITURES (CONTINUED)</b>			
Finance:			
Salaries and employee benefits	\$ 848,809	\$ 853,942	\$ (5,133)
Operating expenditures	465,729	492,895	(27,166)
Total	1,314,538	1,346,837	(32,299)
Human resources management:			
Salaries and employee benefits	420,447	428,032	(7,585)
Operating expenditures	182,327	173,156	9,171
Total	602,774	601,188	1,586
Public building and grounds:			
Salaries and employee benefits	271,589	276,084	(4,495)
Operating expenditures	205,814	185,736	20,078
Total	477,403	461,820	15,583
Administrative chargeout	(2,914,532)	(2,914,532)	-
<b>Total general government</b>	<b>3,537,249</b>	<b>3,238,210</b>	<b>299,039</b>
Transportation:			
Street and highways:			
Salaries and employee benefits	1,269,113	1,200,200	68,913
Street lights	518,000	503,021	14,979
Operating expenditures	287,073	417,937	(130,864)
Capital outlay	516,017	249,752	266,265
Total	2,590,203	2,370,910	219,293
Goldsboro/Wayne Transportation Authority	258,129	259,717	(1,588)
<b>Total transportation</b>	<b>2,848,332</b>	<b>2,630,627</b>	<b>217,705</b>
Economic and physical development:			
Planning and redevelopment:			
Salaries and employee benefits	727,917	531,309	196,608
Operating expenditures	684,996	398,788	286,208
Postage credits	(30,000)	(15,354)	(14,646)
Capital outlay	125,000	125,000	-
Total	1,507,913	1,039,743	468,170
Community affairs:			
Salaries and employee benefits	115,898	113,198	2,700
Operating expenditures	61,535	97,642	(36,107)
Total	177,433	210,840	(33,407)

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
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	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>EXPENDITURES (CONTINUED)</b>			
Downtown development:			
Salaries and employee benefits	\$ 268,468	\$ 278,891	\$ (10,423)
Operating expenditures	194,540	70,202	124,338
Total	463,008	349,093	113,915
Other appropriations:			
Community in Schools	15,000	15,000	-
Wayne County Schools - PEG Channel	28,000	27,027	973
WAGES	20,000	20,000	-
WATCH	20,000	20,000	-
WISH	10,000	10,000	-
Alta Foods	-	4,893	(4,893)
Total	93,000	96,920	(3,920)
<b>Total economic and physical development</b>	<b>2,241,354</b>	<b>1,696,596</b>	<b>544,758</b>
Public safety:			
Building and grounds:			
Salaries and employee benefits	500,246	494,267	5,979
Operating expenditures	155,623	143,863	11,760
Capital outlay	230,000	106,956	123,044
Total	885,869	745,086	140,783
Engineering:			
Salaries and employee benefits	868,962	789,093	79,869
Operating expenditures	135,695	115,830	19,865
Capital outlay	100	-	100
Total	1,004,757	904,923	99,834
Fire:			
Salaries and employee benefits	5,572,317	5,614,749	(42,432)
Operating expenditures	691,332	552,981	138,351
Capital outlay	175,664	155,968	19,696
Total	6,439,313	6,323,698	115,615
Police:			
Salaries and employee benefits	8,294,935	7,757,019	537,916
Operating expenditures	1,949,866	1,451,058	498,808
Capital outlay	304,328	305,617	(1,289)
Total	10,549,129	9,513,694	1,035,435

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
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	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>EXPENDITURES (CONTINUED)</b>			
Inspections:			
Salaries and employee benefits	\$ 561,326	\$ 580,063	\$ (18,737)
Operating expenditures	277,251	60,707	216,544
Total	838,577	640,770	197,807
Emergency Management:			
Storm Debris Cleanup	-	18,235	(18,235)
<b>Total public safety</b>	<b>19,717,645</b>	<b>18,146,406</b>	<b>1,571,239</b>
Environmental protection:			
Cemetery:			
Salaries and employee benefits	266,386	260,327	6,059
Operating expenditures	66,818	45,153	21,665
Total	333,204	305,480	27,724
Sanitation:			
Salaries and employee benefits	1,877,116	1,845,778	31,338
Operating expenditures	1,052,494	1,048,567	3,927
Capital outlay	723,178	398,666	324,512
Total	3,652,788	3,293,011	359,777
<b>Total environmental protection</b>	<b>3,985,992</b>	<b>3,598,491</b>	<b>387,501</b>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits	2,459,510	2,523,317	(63,807)
Operating expenditures	947,907	820,464	127,443
Multi-sports complex	134,800	53,708	81,092
Capital outlay	749,056	293,840	455,216
Total	4,291,273	3,691,329	599,944
Golf course:			
Salaries and employee benefits	304,399	308,383	(3,984)
Operating expenditures	531,494	451,974	79,520
Capital outlay	201,004	202,773	(1,769)
Total	1,036,897	963,130	73,767
Paramount Theatre:			
Salaries and employee benefits	258,781	264,833	(6,052)
Operating expenditures	501,764	548,597	(46,833)
Total	760,545	813,430	(52,885)

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

**Schedule A-1**  
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	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>EXPENDITURES (CONTINUED)</b>			
Goldsboro Event Center:			
Salaries and employee benefits	\$ 74,355	\$ 75,510	\$ (1,155)
Operating expenditures	91,399	75,056	16,343
Total	165,754	150,566	15,188
Assistance to:			
Museum	15,000	15,000	-
Waynesboro Park	20,000	20,000	-
Art Council	25,000	25,000	-
Total	60,000	60,000	-
<b>Total cultural and recreational</b>	<b>6,314,469</b>	<b>5,678,455</b>	<b>636,014</b>
Debt service:			
Principal retirement	4,667,045	4,129,171	537,874
Interest and other charges	457,360	635,542	(178,182)
Total	5,124,405	4,764,713	359,692
Total expenditures	43,769,446	39,753,498	4,015,948
Revenues under expenditures	(4,811,172)	(3,414,031)	1,397,141
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds:			
Capital projects funds	(1,106,350)	(330,400)	775,950
Special revenue funds	(720,688)	(720,688)	-
Sale of capital assets	100,000	163,979	63,979
Issuance of debt	1,253,320	1,263,233	9,913
Capital lease obligations issued	450,000	450,000	-
Other financing sources (uses), net	(23,718)	826,124	849,842
Fund balance appropriated	4,834,890	-	(4,834,890)
Net change in fund balance	\$ -	(2,587,907)	\$ (2,587,907)
<b>FUND BALANCE</b>			
Beginning balance - as previously reported		12,274,765	
Prior period adjustment		840,434	
Beginning balance - as restated		13,115,199	
Change in reserve for inventories		(124,355)	
Ending balance		\$ 10,402,937	

## Schedule of Revenues, Expenditures, and changes in Fund Balance

## Budget and Actual - Hurricane Florence FEMA 4393 DR-NC Grant Project

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 387,718	\$ -	\$ 29,982	\$ 29,982	\$ (357,736)
Miscellaneous	101,221	-	99,758	99,758	(1,463)
Total revenues	488,939	-	129,740	129,740	(359,199)
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Emergency response		-	146,646	146,646	
Storm debris cleanup		-	461,547	461,547	
Transportation:					
Roads and bridges repairs		-	14,142	14,142	
Environmental protection:					
Water and sewer repairs		-	1,145,614	1,145,614	
Cemetery repairs		-	4,022	4,022	
Total expenditures	2,652,484	-	1,771,971	1,771,971	880,513
Revenues under expenditures	(2,163,545)	-	(1,642,231)	(1,642,231)	521,314
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds:					
General Fund	447,577	-	482,000	482,000	34,423
Utility Fund	1,715,968	-	1,534,577	1,534,577	(181,391)
Total other financing sources	2,163,545	-	2,016,577	2,016,577	(146,968)
Net change in fund balance	\$ -	\$ -	374,346	\$ 374,346	\$ 374,346
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 374,346		

## Schedule of Revenues, Expenditures, and changes in Fund Balance

## Budget and Actual - Edward Byrne Memorial Justice Assistance Grant Fund

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 94,635	\$ -	\$ 68,402	\$ 68,402	\$ (26,233)
Investment earnings	25	-	25	25	-
Total revenues	94,660	-	68,427	68,427	(26,233)
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Capital Outlay	94,660	-	65,914	65,914	28,746
Total expenditures	94,660	-	65,914	65,914	28,746
Net change in fund balance	\$ -	\$ -	2,513	\$ 2,513	\$ 2,513
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 2,513		

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and changes in Fund Balance**  
**Budget and Actual - Police Other Restricted Revenue Fund**  
**From Inception and for the Year Ended June 30, 2019**

**Schedule A-4**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Donations and sponsorships	\$ 5,346	\$ -	\$ 5,346	\$ 5,346	\$ -
Miscellaneous	5,242	-	5,242	5,242	-
Total revenues	10,588	-	10,588	10,588	-
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Operating expenditures	15,689	-	7,864	7,864	7,825
Total expenditures	15,689	-	7,864	7,864	7,825
Revenues over (under) expenditures	(5,101)	-	2,724	2,724	7,825
<b>OTHER FINANCING SOURCES</b>					
Sale of capital assets	5,101	-	5,101	5,101	-
Total other financing sources	5,101	-	5,101	5,101	-
Net change in fund balance	\$ -	\$ -	7,825	\$ 7,825	\$ 7,825
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 7,825		

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and changes in Fund Balance**  
**Budget and Actual - Police/Fire Expansion Capital Project Fund**  
**From Inception and for the Year Ended June 30, 2019**

**Schedule A-5**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ 93,309	\$ 93,309	\$ 93,309
Total revenues	-	-	93,309	93,309	93,309
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Construction	5,210,000	-	3,958,270	3,958,270	1,251,730
Professional fees	380,400	-	130,058	130,058	250,342
Total expenditures	5,590,400	-	4,088,328	4,088,328	1,502,072
Revenues under expenditures	(5,590,400)	-	(3,995,019)	(3,995,019)	1,595,381
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	290,400	-	290,400	290,400	-
Issuance of debt	5,300,000	-	5,300,000	5,300,000	-
Total other financing sources	5,590,400	-	5,590,400	5,590,400	-
Net change in fund balance	\$ -	\$ -	1,595,381	\$ 1,595,381	\$ 1,595,381
<b>FUND BALANCE</b>					
			-		
Ending balance			\$ 1,595,381		



# Proprietary Funds

## Major Enterprise Funds

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Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services.

Each enterprise fund accounts for its activities using one main operating fund. This fund adopts an annual operating budget. Significant construction activity of an enterprise fund may be accounted for in a capital projects sub-fund. Each sub-fund adopts a project ordinance.

This section contains budgetary schedules for the following:

*Combined Utility Fund:*

- Utility Operating Fund
- Phase IV Sewer Collection Rehabilitation Capital Project
- 2010A Sanitary Sewer Improvements Project
- Water and Sewer Capital Projects (Closed)

The City uses an enterprise fund to account for its storm water charges. This fund does not meet the criteria to be a major fund. It is the only other enterprise fund of the City; as such, the City has elected to elevate it to major fund status.

*Storm Water Fund:*

- Storm Water Operating Fund

**City of Goldsboro**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**Utility Fund**  
**Year Ended June 30, 2019**

**Schedule B-1**  
**Page 1 of 3**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Operating revenues:			
Charges for services	\$ 16,614,000	\$ 15,795,239	\$ (818,761)
Assessments	5,700	7,277	1,577
Water and sewer taps	30,500	46,700	16,200
Miscellaneous fees and services	134,000	68,104	(65,896)
Nonoperating revenues:			
Other revenues	430,000	556,724	126,724
Restricted federal grants	1,925,765	507,885	(1,417,880)
Restricted state grants	708,000	-	(708,000)
Investment earnings	32,200	99,473	67,273
Total revenues	19,880,165	17,081,402	(2,798,763)
<b>EXPENDITURES</b>			
Maintenance:			
Salaries and employee benefits	1,493,375	1,522,884	(29,509)
Travel	5,000	4,162	838
Supplies	485,814	386,215	99,599
Insurance	12,538	12,521	17
Repairs and maintenance	86,041	60,243	25,798
Other expenditures	365,473	287,170	78,303
	2,448,241	2,273,195	175,046
Water Plant:			
Salaries and employee benefits	701,143	672,675	28,468
Travel	3,580	2,852	728
Supplies	926,699	821,930	104,769
Insurance	68,840	68,840	-
Utilities	256,000	334,009	(78,009)
Repairs and maintenance	810,346	653,516	156,830
Other expenditures	454,282	236,827	217,455
Shared service fee	1,434,765	1,437,836	(3,071)
	4,655,655	4,228,485	427,170
Waste Treatment Plant:			
Salaries and employee benefits	1,247,818	1,234,107	13,711
Travel	8,200	6,384	1,816
Supplies	293,065	255,191	37,874
Insurance	178,738	178,738	-
Utilities	501,815	667,753	(165,938)
Repairs and maintenance	928,259	756,430	171,829
Other expenditures	507,392	413,956	93,436
Shared service fee	1,434,766	1,434,766	-
	5,100,053	4,947,325	152,728

**City of Goldsboro**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**Utility Fund**  
**Year Ended June 30, 2019**

**Schedule B-1**  
**Page 2 of 3**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>			
Compost facility department:			
Salaries and employee benefits	\$ 271,012	\$ 272,338	\$ (1,326)
Supplies	27,525	21,886	5,639
Insurance	38,830	29,844	8,986
Repairs and maintenance	157,906	131,055	26,851
Other expenditures	174,107	146,636	27,471
	<u>669,380</u>	<u>601,759</u>	<u>67,621</u>
Other:			
General operating expenditures	<u>465,117</u>	<u>18,725</u>	<u>446,392</u>
Budgetary appropriations:			
Principal retirement - bonds payable	1,116,003	1,116,137	(134)
Principal retirement - notes payable	1,548,359	1,414,527	133,832
Interest and other charges	604,467	619,241	(14,774)
Capital outlay	<u>7,233,309</u>	<u>4,160,659</u>	<u>3,072,650</u>
Total expenditures	<u>23,840,584</u>	<u>19,380,053</u>	<u>4,460,531</u>
Revenues under expenditures	<u>(3,960,419)</u>	<u>(2,298,651)</u>	<u>1,661,768</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to Phase IV Sewer Rehabilitation			
Capital Project Fund	(178,114)	(178,114)	-
Transfer to other funds	(1,773,265)	(1,773,265)	-
Issuance of debt	<u>528,000</u>	<u>532,753</u>	<u>4,753</u>
Other financing sources (uses), net	<u>(1,423,379)</u>	<u>(1,418,626)</u>	<u>4,753</u>
Fund balance appropriated	<u>5,383,798</u>	<u>-</u>	<u>(5,383,798)</u>
Revenues and other financing sources (uses) under expenditures	<u>\$ -</u>	<u>\$ (3,717,277)</u>	<u>\$ (3,717,277)</u>

**City of Goldsboro**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**Utility Fund**  
**Year Ended June 30, 2019**

**Schedule B-1**  
**Page 3 of 3**

**Reconciliation from budgetary basis (modified accrual)**  
**to full accrual basis:**

Revenues and other financing sources	
(uses) under expenditures	\$ (3,717,277)
Reconciling items:	
Transfer from Utility Operating Fund	178,114
Debt issuance costs - Phase IV Sewer Collection	
Rehabilitation Capital Project	(178,114)
Investment earnings - 2010A Sanitary Sewer	
Improvements Capital Project	79,940
Capital asset additions	4,098,354
Depreciation expense	(4,397,466)
Decrease in accounts receivable	(677,140)
Decrease in inventories	(965,718)
Increase in deferred outflows of resources:	
Pensions	203,972
OPEB	27,324
Increase in accrued interest payable	(5,358)
Increase in customer deposits	(4,511)
Decrease in unearned revenue	507
Decrease in compensated absences	4,518
Increase in net pension liability	(328,323)
Decrease in total OPEB liability	468,999
Decrease (Increase) in deferred inflows resources:	
Pensions	15,700
OPEB	(5,996)
Issuance of debt	(532,753)
Principal retirement	2,530,664
Amortization of bond premium	51,409
Loss on bond refunding	(35,360)
Change in net position	<u><u>\$ (3,188,515)</u></u>

## Schedule of Revenues and Expenditures

## Budget and Actual - Phase IV Sewer Collection Rehabilitation Capital Project

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Waste Treatment Plant:					
Construction	8,905,676	-	3,020,288	3,020,288	5,885,388
Debt service:					
Interest and other charges	178,114	-	178,114	178,114	-
Total expenditures	9,083,790	-	3,198,402	3,198,402	5,885,388
Revenues under expenditures	(9,083,790)	-	(3,198,402)	(3,198,402)	5,885,388
<b>OTHER FINANCING SOURCES</b>					
Transfer from Utility Operating Fund	178,114	-	178,114	178,114	-
Issuance of debt - State Revolving Loan Fund	8,905,676	-	1,485,421	1,485,421	(7,420,255)
Total other financing sources	9,083,790	-	1,663,535	1,663,535	(7,420,255)
Revenues and other financing sources under expenditures	\$ -	\$ -	\$ (1,534,867)	\$ (1,534,867)	\$ (1,534,867)

**City of Goldsboro**
**Schedule B-3**
**Schedule of Revenues and Expenditures**
**Budget and Actual - 2010A Sanitary Sewer Improvements Capital Project  
From Inception and for the Year Ended June 30, 2019**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Investment earnings	\$ 79,163	\$ -	\$ 79,940	\$ 79,940	\$ 777
Miscellaneous	-	-	-	-	-
Total revenues	79,163	-	79,940	79,940	777
<b>EXPENDITURES</b>					
Water Plant:					
Construction - W1111	-	-	42,600	42,600	(42,600)
	-	-	42,600	42,600	(42,600)
Waste Water Plant:					
Construction - #001-E	8,684,163	-	164,605	164,605	8,519,558
Construction - S1103	-	-	34,556	34,556	-
	8,684,163	-	199,161	199,161	8,485,002
Total expenditures	8,684,163	-	241,761	241,761	8,442,402
Revenues under expenditures	(8,605,000)	-	(161,821)	(161,821)	8,443,179
<b>OTHER FINANCING SOURCES</b>					
Transfer from Utility Operating Fund	-	-	870,871	870,871	870,871
Issuance of debt	8,605,000	-	-	-	(8,605,000)
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ 709,050	\$ 709,050	\$ 709,050

**City of Goldsboro**
**Schedule B-4**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual - Water and Sewer Capital Projects**
**From Inception and for the Year Ended June 30, 2019**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Restricted intergovernmental revenue	\$ 3,000,000	\$ 2,823,363	\$ -	\$ 2,823,363	\$ (176,637)
Investment earnings	270,541	528,111	-	528,111	257,570
Miscellaneous	171,010	124,459	-	124,459	(46,551)
Total revenues	3,441,551	3,475,933	-	3,475,933	34,382
<b>EXPENDITURES</b>					
Water Plant:					
Construction	4,700,644	4,652,206	-	4,652,206	48,438
Waste Water Plant:					
Construction		27,021,210	-	27,021,210	
Legal and administrative		177,238	-	177,238	
	31,239,457	27,198,448	-	27,198,448	4,041,009
Total expenditures	35,940,101	31,850,654	-	31,850,654	4,089,447
Revenues under expenditures	(32,498,550)	(28,374,721)	-	(28,374,721)	4,123,829
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from Utility Operating Fund	-	400,000	-	400,000	400,000
Transfer to Utility Operating Fund	(3,634,377)	(3,634,377)	-	(3,634,377)	-
Issuance of debt	35,843,635	34,744,484	-	34,744,484	(1,099,151)
Fund balance appropriated	289,292	-	-	-	(289,292)
Other financing sources (uses), net	32,498,550	31,510,107	-	31,510,107	(988,443)
Net change in fund balance	\$ -	\$ 3,135,386	-	\$ 3,135,386	\$ 3,135,386
<b>FUND BALANCE</b>					
Beginning balance - as previously reported			3,135,386		
Prior period adjustment			(2,018,355)		
Beginning balance - as restated			1,117,031		
Closed out to Utility Operating Fund			(1,117,031)		
Ending balance			\$ -		

Note: This fund was closed out during the year.

**City of Goldsboro**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Storm Water Fund**  
**Year Ended June 30, 2019**

**Schedule B-5**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating revenues:			
Charges for services	\$ 1,504,000	\$ 1,511,614	\$ 7,614
Nonoperating revenues:			
Investment earnings	-	702	702
Restricted federal grants	8,900	-	(8,900)
Total revenues	<u>1,512,900</u>	<u>1,512,316</u>	<u>(584)</u>
<b>EXPENDITURES</b>			
Public Works - Storm Water:			
Salaries and employee benefits	558,430	528,790	29,640
Consultant Fees	22,255	10,100	12,155
Vehicle maintenance	67,107	70,748	(3,641)
Landfill tipping fees	44,427	44,427	-
Utility service fee	45,000	45,000	-
Other expenses	171,045	131,555	39,490
	<u>908,264</u>	<u>830,620</u>	<u>77,644</u>
Budgetary appropriations:			
Principal retirement	111,540	111,540	-
Interest and other charges	18,440	11,722	6,718
Storm Drainage Improvements	175,566	-	175,566
Capital outlay	138,350	37,767	100,583
Contingency	171,601	-	171,601
	<u>615,497</u>	<u>161,029</u>	<u>776,526</u>
Total expenditures	<u>1,523,761</u>	<u>991,649</u>	<u>2,515,410</u>
Revenues over (under) expenditures	(10,861)	520,667	531,528
Fund balance appropriated	10,861	-	(10,861)
Revenues over expenditures	<u>\$ -</u>	<u>520,667</u>	<u>\$ 520,667</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital outlay		37,767	
Depreciation expense		(68,228)	
Decrease in inventories		(1,768)	
Increase in deferred outflows of resources		111,384	
Increase in accrued interest payable		(1,635)	
Increase in compensated absences		(3,284)	
Increase in net pension liability		(143,602)	
Increase in OPEB liability		(159,645)	
Increase in deferred inflows resources - pensions		(2,591)	
Increase in deferred inflows resources - OPEB		(12,653)	
Principal retirement		111,540	
Change in net position		<u>\$ 387,952</u>	



# Nonmajor Governmental Funds

## Combining Statements and Schedules

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Nonmajor governmental funds are combined and presented in the aggregate as "other governmental funds" in the basic financial statements. The City's nonmajor governmental funds are as follows:

### *Other Governmental Funds:*

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### *Nonmajor Special Revenue Funds:*

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances
- Community Development Fund - Budget and Actual
- Community Development Fund - Budget and Actual
- Downtown District Fund - Budget and Actual
- Occupancy Tax Fund - Budget and Actual

### *Nonmajor Capital Project Funds:*

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Active

- Parks and Recreation FY 2019-2014 Capital Projects Fund - Budget and Actual
- Street Improvements Capital Projects Fund - Budget and Actual
- FY 2016 TIGER Discretionary Grant Capital Projects Fund - Budget and Actual

#### In-Active

- Herman Park Recreation Center Capital Projects Fund - Budget and Actual
- 1919 LaFrance Fire Truck Restoration Capital Project Fund - Budget and Actual
- Recreation Capital Project Fund - Budget and Actual (Closed)

**City of Goldsboro  
Combining Balance Sheet  
Other Governmental Funds  
June 30, 2019**

**Schedule C-1**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 784,191	\$ 271,769	\$ 1,055,960
Receivables (net):			
Property taxes receivable	6,081	-	6,081
Interest receivable	36,000	-	36,000
Due from other governments	8,094	301,247	309,341
Restricted assets:			
Cash and investments	-	2,551,689	2,551,689
Notes receivable	300,000	-	300,000
Total assets	<u>\$ 1,134,366</u>	<u>\$ 3,124,705</u>	<u>\$ 4,259,071</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 175,439	\$ -	\$ 175,439
Accrued compensation payable	10,355	-	10,355
Total liabilities	<u>185,794</u>	<u>-</u>	<u>185,794</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	6,081	-	6,081
Interest receivable	36,000	-	36,000
Notes receivable	300,000	-	300,000
Total deferred inflows of resources	<u>342,081</u>	<u>-</u>	<u>342,081</u>
<b>FUND BALANCES</b>			
Restricted:			
Transportation	-	2,580,776	2,580,776
Economic and physical development	639,515	366,536	1,006,051
Cultural and recreational	-	177,393	177,393
Assigned:			
Subsequent year's expenditures	24,000	-	24,000
Unassigned	(57,024)	-	(57,024)
Total fund balances	<u>606,491</u>	<u>3,124,705</u>	<u>3,731,196</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,134,366</u>	<u>\$ 3,124,705</u>	<u>\$ 4,259,071</u>

**City of Goldsboro**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Other Governmental Funds**  
**Year Ended June 30, 2019**

**Schedule C-2**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 76,531	\$ -	\$ 76,531
Other taxes and licenses	1,104,829	-	1,104,829
Restricted intergovernmental	213,877	279,053	492,930
Sales and services	13,354	-	13,354
Investment earnings	8,165	76,919	85,084
Donations and sponsorships	-	130,500	130,500
Miscellaneous	12,440	-	12,440
Total revenues	<u>1,429,196</u>	<u>486,472</u>	<u>1,915,668</u>
<b>EXPENDITURES</b>			
Current:			
Transportation	-	2,130,809	2,130,809
Economic and physical development	1,378,738	383,000	1,761,738
Debt service:			
Principal retirement	450,000	-	450,000
Interest and other charges	42,000	108,257	150,257
Total expenditures	<u>1,870,738</u>	<u>2,622,066</u>	<u>4,492,804</u>
Revenues under expenditures	<u>(441,542)</u>	<u>(2,135,594)</u>	<u>(2,577,136)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from other funds	-	517,376	517,376
Issuance of debt	-	4,500,000	4,500,000
Premium on the issuance of debt	-	242,923	242,923
Total other financing sources	<u>-</u>	<u>5,260,299</u>	<u>5,260,299</u>
Net change in fund balances	<u>(441,542)</u>	<u>3,124,705</u>	<u>2,683,163</u>
<b>FUND BALANCES</b>			
Beginning balances - as previously reported	948,033	297,086	1,245,119
Prior period adjustments	100,000	(297,086)	(197,086)
Beginning balance - as restated	<u>1,048,033</u>	<u>-</u>	<u>1,048,033</u>
Ending balances	<u>\$ 606,491</u>	<u>\$ 3,124,705</u>	<u>\$ 3,731,196</u>

**City of Goldsboro**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2019**

**Schedule D-1**

	<b>Community Development Fund</b>	<b>Downtown District Fund</b>	<b>Occupancy Tax Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 5,179	\$ 127,959	\$ 651,053	\$ 784,191
Receivables (net):				
Property taxes receivable	-	6,081	-	6,081
Interest receivable	36,000	-	-	36,000
Due from other governments	-	697	7,397	8,094
Notes receivable	300,000	-	-	300,000
Total assets	<u>\$ 341,179</u>	<u>\$ 134,737</u>	<u>\$ 658,450</u>	<u>\$ 1,134,366</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 58,650	\$ 5,107	\$ 111,682	\$ 175,439
Accrued compensation payable	3,553	-	6,802	10,355
Total liabilities	<u>62,203</u>	<u>5,107</u>	<u>118,484</u>	<u>185,794</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	-	6,081	-	6,081
Interest receivable	36,000	-	-	36,000
Notes receivable	300,000	-	-	300,000
Total deferred inflows of resources	<u>336,000</u>	<u>6,081</u>	<u>-</u>	<u>342,081</u>
<b>FUND BALANCES (DEFICIT)</b>				
Restricted:				
Economic and physical development	-	123,549	515,966	639,515
Assigned:				
Subsequent year's expenditures	-	-	24,000	24,000
Unassigned	(57,024)	-	-	(57,024)
Total fund balances (deficit)	<u>(57,024)</u>	<u>123,549</u>	<u>539,966</u>	<u>606,491</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 341,179</u>	<u>\$ 134,737</u>	<u>\$ 658,450</u>	<u>\$ 1,134,366</u>

**City of Goldsboro**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances (Deficit) - Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2019**

**Schedule D-2**

	<b>Community Development Fund</b>	<b>Downtown District Fund</b>	<b>Occupancy Tax Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ 76,531	\$ -	\$ 76,531
Other taxes and licenses	-	-	1,104,829	1,104,829
Restricted intergovernmental:				
Community Development				
Block Grant	133,317	-	-	133,317
Home Partnership Program	8,560	-	-	8,560
Urgent Repair Program	50,000	-	-	50,000
NCHFA ESFRLP - Disaster				
Recovery	22,000	-	-	22,000
Sales and services:				
Owner Income	13,354	-	-	13,354
Investment earnings	-	1,139	7,026	8,165
Miscellaneous	-	384	12,056	12,440
Total revenues	<u>227,231</u>	<u>78,054</u>	<u>1,123,911</u>	<u>1,429,196</u>
<b>EXPENDITURES</b>				
Current:				
Economic and physical development	375,803	49,816	953,119	1,378,738
Debt service:				
Principal retirement	150,000	-	300,000	450,000
Interest and other charges	-	-	42,000	42,000
Total expenditures	<u>525,803</u>	<u>49,816</u>	<u>1,295,119</u>	<u>1,870,738</u>
Net change in fund balances	<u>(298,572)</u>	<u>28,238</u>	<u>(171,208)</u>	<u>(441,542)</u>
<b>FUND BALANCES (DEFICIT)</b>				
Beginning balances - as previously reported	141,548	95,311	711,174	948,033
Prior period adjustment	100,000	-	-	100,000
Beginning balances - as restated	<u>241,548</u>	<u>95,311</u>	<u>711,174</u>	<u>1,048,033</u>
Ending balances	<u>\$ (57,024)</u>	<u>\$ 123,549</u>	<u>\$ 539,966</u>	<u>\$ 606,491</u>

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Community Development Fund**  
**From Inception and for the Year Ended June 30, 2019**

**Schedule D-3**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Restricted intergovernmental:					
CDBG FY10-FY19	\$ 4,015,279	\$ 3,743,208	\$ 133,317	\$ 3,876,525	\$ (138,754)
HOME FY10-FY19	1,990,805	2,304,305	8,560	2,312,865	322,060
Urgent Repair Program	337,000	262,400	50,000	312,400	(24,600)
Essential Single Family Rehab					
Loan Pool Program (ESFRLP)	150,000	-	22,000	22,000	(128,000)
Other Grants	106,965	-	-	-	(106,965)
Prior years FY1996-FY2009:					
CDBG	9,707,787	6,403,309	-	6,403,309	(3,304,478)
HOME	7,163,071	4,773,289	-	4,773,289	(2,389,782)
FEMA and other grants	47,622,877	29,476,219	-	29,476,219	(18,146,658)
Owner Income:					
CDBG	621,305	747,280	10,159	757,439	136,134
HOME	111,542	4,184	3,195	7,379	(104,163)
Miscellaneous	-	536,888	-	536,888	536,888
Total revenues	<u>71,826,631</u>	<u>48,251,082</u>	<u>227,231</u>	<u>48,478,313</u>	<u>(23,348,318)</u>
<b>EXPENDITURES</b>					
Current:					
Economic and physical development:					
CDBG:					
FY18-FY19	194,309	-	151,952	151,952	42,357
FY17-FY18	170,826	141,037	22,917	163,954	6,872
Prior years FY 96 - FY 17	15,761,828	12,181,647	-	12,181,647	3,580,181
HOME:					
FY18-FY19	317,616	-	20,284	20,284	297,332
FY17-FY18	90,980	88,311	-	88,311	2,669
Prior years FY 09 - FY 17	6,774,059	5,910,986	-	5,910,986	863,073
Urgent Repair Program	337,000	212,400	100,000	312,400	24,600
ESFRLP	150,000	-	80,650	80,650	69,350
Other Grants	106,965	-	-	-	106,965
FEMA and prior year grants	47,623,048	29,325,153	-	29,325,153	18,297,895
Debt service:					
Principal retirement	300,000	150,000	150,000	300,000	-
Total expenditures	<u>71,826,631</u>	<u>48,009,534</u>	<u>525,803</u>	<u>48,535,337</u>	<u>23,291,294</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 241,548</u>	<u>(298,572)</u>	<u>\$ (57,024)</u>	<u>\$ (57,024)</u>
<b>FUND BALANCE</b>					
Beginning balance - as previously reported			141,548		
Prior period adjustment			100,000		
Beginning balance - as restated			241,548		
Ending balance			<u>\$ (57,024)</u>		

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Downtown District Fund**  
**Year Ended June 30, 2019**

**Schedule D-4**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 71,755	\$ 75,358	\$ 3,603
Penalties and interest	400	1,173	773
Total	72,155	76,531	4,376
Investment earnings	315	1,139	824
Miscellaneous	-	384	384
Total revenues	72,470	78,054	5,584
<b>EXPENDITURES</b>			
Current:			
Economic and physical development:			
Downtown revitalization	67,586	49,816	17,770
Capital outlay	20,000	-	20,000
Contingency	20,250	-	20,250
Total expenditures	107,836	49,816	58,020
Revenue over (under) expenditures	(35,366)	28,238	63,604
Fund balance appropriated	35,366	-	(35,366)
Net change in fund balance	\$ -	28,238	\$ 28,238
<b>FUND BALANCE</b>			
Beginning balance		95,311	
Ending balance		\$ 123,549	

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Occupancy Tax Fund**  
**Year Ended June 30, 2019**

**Schedule D-5**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Other taxes and licenses	\$ 1,139,900	\$ 1,104,829	\$ (35,071)
Fitness Center Grant - Seymour Johnson	57,000	-	(57,000)
Investment earnings	4,100	7,026	2,926
Miscellaneous	9,158	12,056	2,898
Total revenues	1,210,158	1,123,911	(86,247)
<b>EXPENDITURES</b>			
Current:			
Economic and physical development:			
Salaries and employee benefits	157,381	153,091	4,290
Operating expenditures	215,950	200,571	15,379
Capital Outlay	132,061	128,912	3,149
Wayne County share of occupancy tax	449,900	470,545	(20,645)
	955,292	953,119	2,173
Debt Service:			
Principal retirement - notes	200,000	200,000	-
Principal retirement - bonds	100,000	100,000	-
Interest and other charges	42,000	42,000	-
	342,000	342,000	-
Contingency	2,000	-	2,000
Total expenditures	1,299,292	1,295,119	4,173
Revenues under expenditures	(89,134)	(171,208)	(82,074)
Fund balance appropriated	89,134	-	(89,134)
Net change in fund balance	\$ -	(171,208)	\$ (171,208)
<b>FUND BALANCE</b>			
Beginning balance		711,174	
Ending balance		\$ 539,966	



**City of Goldsboro**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2019**

**Schedule E-1**

	<b>Parks and Recreation FY 2019-2014 Capital Project Fund</b>	<b>Street Improvements Capital Project Fund</b>	<b>FY 2016 TIGER Discretionary Grant Capital Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 177,393	\$ -	\$ 94,376	\$ 271,769
Due from other governments	-	29,087	272,160	301,247
Restricted cash and investments	-	2,551,689	-	2,551,689
Total assets	<u>\$ 177,393</u>	<u>\$ 2,580,776</u>	<u>\$ 366,536</u>	<u>\$ 3,124,705</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted:				
Transportation	-	2,580,776	-	2,580,776
Economic and physical development	-	-	366,536	366,536
Cultural and recreational	177,393	-	-	177,393
Total fund balances	<u>177,393</u>	<u>2,580,776</u>	<u>366,536</u>	<u>3,124,705</u>
Total liabilities and fund balances	<u>\$ 177,393</u>	<u>\$ 2,580,776</u>	<u>\$ 366,536</u>	<u>\$ 3,124,705</u>

**City of Goldsboro**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2019**

**Schedule E-2**

	<b>Parks and Recreation FY 2019-2014 Capital Project Fund</b>	<b>Street Improvements Capital Project Fund</b>	<b>FY 2016 TIGER Discretionary Grant Capital Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>REVENUES</b>				
Restricted intergovernmental	\$ 6,893	\$ -	\$ 272,160	\$ 279,053
Donations and sponsorships	130,500	-	-	130,500
Investment earnings	-	76,919	-	76,919
Total revenues	<u>137,393</u>	<u>76,919</u>	<u>272,160</u>	<u>486,472</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	-	2,130,809	-	2,130,809
Economic and physical development	-	-	383,000	383,000
Debt service:				
Interest and other charges	-	108,257	-	108,257
Total expenditures	<u>-</u>	<u>2,239,066</u>	<u>383,000</u>	<u>2,622,066</u>
Revenues over (under) expenditures	<u>137,393</u>	<u>(2,162,147)</u>	<u>(110,840)</u>	<u>(2,135,594)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	40,000	-	477,376	517,376
Issuance of debt	-	4,500,000	-	4,500,000
Premium on the issuance of debt	-	242,923	-	242,923
Total other financing sources	<u>40,000</u>	<u>4,742,923</u>	<u>477,376</u>	<u>5,260,299</u>
Net change in fund balances	177,393	2,580,776	366,536	3,124,705
<b>FUND BALANCES</b>				
Beginning balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balances	<u>\$ 177,393</u>	<u>\$ 2,580,776</u>	<u>\$ 366,536</u>	<u>\$ 3,124,705</u>

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual - Parks and Recreation FY 2019-2014 Capital Projects Fund

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 56,893	\$ -	\$ 6,893	\$ 6,893	\$ (50,000)
Donations and sponsorships	330,500	-	130,500	130,500	(200,000)
Total revenues	387,393	-	137,393	137,393	250,000
<b>EXPENDITURES</b>					
Current:					
Cultural and recreational:					
Multi Sports Complex:					
Construction	330,500	-	-	-	330,500
GoWayneGo projects:					
Construction	96,893	-	-	-	96,893
Total expenditures	427,393	-	-	-	427,393
Revenues over (under) expenditures	(40,000)	-	137,393	137,393	177,393
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	40,000	-	40,000	40,000	-
Total other financing sources	40,000	-	40,000	40,000	-
Net change in fund balance	\$ -	\$ -	177,393	\$ 177,393	\$ 177,393
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 177,393		

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Street Improvements Capital Projects Fund**  
**From Inception and for the Year Ended June 30, 2019**

**Schedule E-4**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ 76,919	\$ 76,919	\$ 76,919
<b>EXPENDITURES</b>					
Current:					
Transportation:					
Street resurfacing	4,742,822	-	2,130,809	2,130,809	2,612,013
Debt Service:					
Interest and other charges	-		108,257	108,257	(108,257)
Total expenditures	4,742,822	-	2,239,066	2,239,066	2,503,756
Revenues under expenditures	(4,742,822)	-	(2,162,147)	(2,162,147)	2,580,675
<b>OTHER FINANCING SOURCES</b>					
Issuance of debt	4,500,000	-	4,500,000	4,500,000	-
Premium on the issuance of debt	242,822	-	242,923	242,923	101
Total other financing sources	4,742,822	-	4,742,923	4,742,923	101
Net change in fund balance	\$ -	\$ -	2,580,776	\$ 2,580,776	\$ 2,580,776
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 2,580,776		

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual - FY 2016 TIGER Discretionary Grant Capital Projects Fund

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 5,000,000	\$ -	\$ 272,160	\$ 272,160	\$ (4,727,840)
Investment earnings	-	-	-	-	-
Total revenues	5,000,000	-	272,160	272,160	(4,727,840)
<b>EXPENDITURES</b>					
Current:					
Economic and Physical					
Development:					
Phase 1 - design	477,376	-	378,000	378,000	99,376
Phase 2 - construction	6,755,751	-	5,000	5,000	6,750,751
Debt Service:					
Interest and other charges	20,000	-	-	-	20,000
Total expenditures	7,253,127	-	383,000	383,000	6,870,127
Revenues under expenditures	(2,253,127)	-	(110,840)	(110,840)	2,142,287
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	753,127	-	477,376	477,376	(275,751)
Issuance of debt	1,500,000	-	-	-	(1,500,000)
Total other financing sources	2,253,127	-	477,376	477,376	(1,775,751)
Net change in fund balance	\$ -	\$ -	366,536	\$ 366,536	\$ 366,536
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ 366,536		

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual - Herman Park Recreation Center Capital Project Fund

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Current:					
Cultural and recreational:					
Construction	11,013,000	-	-	-	11,013,000
Debt Service:					
Interest and other charges	137,000	-	-	-	137,000
Total expenditures	11,150,000	-	-	-	11,150,000
Revenues over expenditures	(11,150,000)	-	-	-	11,150,000
<b>OTHER FINANCING SOURCES</b>					
Issuance of debt	11,150,000	-	-	-	(11,150,000)
Total other financing sources	11,150,000	-	-	-	(11,150,000)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ -		

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual - 1919 LaFrance Fire Truck Restoration Capital Project Fund

## From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Donations	\$ 80,000	\$ -	\$ -	\$ -	\$ (80,000)
Total revenues	80,000	-	-	-	(80,000)
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Restoration	80,000	-	-	-	80,000
Total expenditures	80,000	-	-	-	80,000
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
<b>FUND BALANCE</b>					
Beginning balance			-		
Ending balance			\$ -		

**City of Goldsboro**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Recreation Capital Project Fund**  
**From Inception and for the Year Ended June 30, 2019**

**Schedule E-8**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 31,078	\$ -	\$ 31,078	\$ 31,078
Total revenues	-	31,078	-	31,078	31,078
<b>EXPENDITURES</b>					
Current:					
Cultural and Recreational:					
Construction	8,046,512	5,945,985	-	5,945,985	2,100,527
Debt Service:					
Interest and other charges	-	53,635	-	53,635	(53,635)
Total expenditures	8,046,512	5,999,620	-	5,999,620	2,046,892
Revenues under expenditures	(8,046,512)	(5,968,542)	-	(5,968,542)	2,077,970
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	2,546,512	-	-	-	(2,546,512)
Issuance of debt	5,500,000	6,265,628	-	6,265,628	765,628
Total other financing sources	8,046,512	6,265,628	-	6,265,628	(1,780,884)
Net change in fund balance	\$ -	\$ 297,086	-	\$ 297,086	\$ 297,086
<b>FUND BALANCE</b>					
Beginning balance - as previously reported			297,086		
Prior period adjustment			(297,086)		
Beginning balance - as restated			-		
Ending balance			\$ -		

Note: This fund was closed out during the year.



## Additional Financial Data

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The City's largest source of revenue is derived from the assessment and collection of property taxes. This section contains additional information on property taxes city-wide and the Downtown District.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**City of Goldsboro**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

**Schedule F-1**  
**Page 1 of 2**

**City-Wide Levy**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2018</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2019</b>
2018-2019	\$ -	\$ 15,738,224	\$ 15,485,233	\$ 252,991
2017-2018	257,860	38	144,899	112,999
2016-2017	170,226	-	103,495	66,731
2015-2016	88,024	-	38,097	49,927
2014-2015	58,920	-	16,110	42,810
2013-2014	65,300	-	11,616	53,684
2012-2013	62,889	-	7,602	55,287
2011-2012	56,726	-	4,290	52,436
2010-2011	54,231	-	3,211	51,020
2009-2010	53,559	-	1,400	52,159
Prior years	128,094	-	128,094	-
	<u>\$ 995,829</u>	<u>\$ 15,738,262</u>	<u>\$ 15,944,047</u>	790,044
Less: allowance for uncollectible accounts				<u>(146,973)</u>
Property taxes receivable, net				<u>\$ 643,071</u>
<b>Reconcilement with revenue:</b>				
Ad valorem taxes - General Fund				\$ 15,859,079
Reconciling items:				
Interest collected				(90,677)
Taxes written off				128,094
Other adjustments				<u>47,551</u>
Total collections and credits				<u>\$ 15,944,047</u>

**City of Goldsboro**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

**Schedule F-1**  
**Page 2 of 2**

**Downtown District Fund**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2018</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2019</b>
2018-2019	\$ -	\$ 74,409	\$ 71,721	\$ 2,688
2017-2018	2,084	-	1,292	792
2016-2017	1,759	-	1,038	721
2015-2016	1,246	-	525	721
2014-2015	443	-	129	314
2013-2014	424	-	185	239
2012-2013	271	-	132	139
2011-2012	96	-	-	96
2010-2011	127	-	63	64
2009-2010	370	-	63	307
Prior years	212	-	212	-
	<u>\$ 7,032</u>	<u>\$ 74,409</u>	<u>\$ 75,360</u>	6,081
Less: allowance for uncollectible accounts				-
Property taxes receivable, net				<u>\$ 6,081</u>
<b>Reconciliation with revenue:</b>				
Ad valorem taxes - Downtown District Fund				76,531
Reconciling items:				
Interest collected				(1,169)
Taxes written off				212
Other adjustments				(214)
Total collections and credits				<u>\$ 75,360</u>

**City of Goldsboro**  
**Analysis of Current Tax Levy**  
**Year ended June 30, 2019**

**Schedule F-2**

<u>Original levy</u>	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>City-Wide:</b>					
Property taxed at current year's rate	\$ 2,426,349,474	0.65	\$ 15,771,271	\$ 14,268,349	\$ 1,502,922
Penalties	-		8,252	8,252	-
Discoveries	4,642,743	0.65	30,178	30,178	-
Abatements	<u>(10,996,419)</u>	0.65	<u>(71,477)</u>	<u>(71,477)</u>	<u>-</u>
Total property valuation	<u>\$ 2,419,995,798</u>				
Net levy			15,738,224	14,235,302	1,502,922
Uncollected taxes at June 30, 2019			<u>(252,991)</u>	<u>(252,991)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 15,485,233</u>	<u>\$ 13,982,311</u>	<u>\$ 1,502,922</u>
Current levy collection percentage			<u>98.39%</u>	<u>98.22%</u>	<u>100.00%</u>
<b>Downtown District:</b>					
Property taxed at current year's rate	\$ 31,613,834	0.235	\$ 74,293	\$ 68,072	\$ 6,221
Penalties	-		116	116	-
Abatements	<u>(17)</u>	0.235	<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 31,613,817</u>				
Net levy			74,409	68,188	6,221
Uncollected taxes at June 30, 2019			<u>(2,688)</u>	<u>(2,688)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 71,721</u>	<u>\$ 65,500</u>	<u>\$ 6,221</u>
Current levy collection percentage			<u>96.39%</u>	<u>96.06%</u>	<u>100.00%</u>



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## ***STATISTICAL SECTION***

This section of the City of Goldsboro's (the "City") 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 say about the City's overall financial health.

### **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 ad valorem or 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, water system, and infrastructure data to help the reader understand how the information in the City's comprehensive annual 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 City's comprehensive annual financial reports for the relevant year.

**City of Goldsboro**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investments in capital assets	\$ 43,695,950	\$ 43,486,935	\$ 42,700,984	\$ 37,507,996
Restricted	-	4,240,257	5,253,355	3,578,328
Unrestricted	<u>11,842,223</u>	<u>6,121,406</u>	<u>8,087,596</u>	<u>5,367,859</u>
Total governmental activities	<u>\$ 55,538,173</u>	<u>\$ 53,848,598</u>	<u>\$ 56,041,935</u>	<u>\$ 46,454,183</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investments in capital assets	\$ 41,557,490	\$ 40,962,133	\$ 40,370,922	\$ 41,216,430
Restricted	-	-	-	-
Unrestricted	<u>8,904,625</u>	<u>10,748,545</u>	<u>12,206,203</u>	<u>12,022,767</u>
Total business-type activities	<u>\$ 50,462,115</u>	<u>\$ 51,710,678</u>	<u>\$ 52,577,125</u>	<u>\$ 53,239,197</u>
<b>TOTAL PRIMARY GOVERNMENT</b>				
Net investments in capital assets	\$ 85,253,440	\$ 84,449,068	\$ 83,071,906	\$ 78,724,426
Restricted	-	4,240,257	5,253,355	3,578,328
Unrestricted	<u>20,746,848</u>	<u>16,869,951</u>	<u>20,293,799</u>	<u>17,390,626</u>
Total primary government	<u>\$ 106,000,288</u>	<u>\$ 105,559,276</u>	<u>\$ 108,619,060</u>	<u>\$ 99,693,380</u>

Note: Financial information was prepared on the accrual basis of accounting.

**Table 1**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 38,335,957	\$ 42,803,884	\$ 44,410,030	\$ 46,326,181	\$ 45,169,151	\$ 50,028,618
3,937,395	8,952,468	3,045,504	3,797,767	4,406,657	11,861,204
804,941	(2,315,163)	5,329,663	(653,682)	(2,285,781)	(14,968,065)
<u>\$ 43,078,293</u>	<u>\$ 49,441,189</u>	<u>\$ 52,785,197</u>	<u>\$ 49,470,266</u>	<u>\$ 47,290,027</u>	<u>\$ 46,921,757</u>
\$ 43,218,439	\$ 45,635,607	\$ 47,525,121	\$ 48,098,769	\$ 48,720,090	\$ 50,977,306
-	-	-	6,506,387	876,387	1,058,078
11,720,607	10,943,475	10,326,236	4,345,372	9,774,239	4,534,769
<u>\$ 54,939,046</u>	<u>\$ 56,579,082</u>	<u>\$ 57,851,357</u>	<u>\$ 58,950,528</u>	<u>\$ 59,370,716</u>	<u>\$ 56,570,153</u>
\$ 81,554,396	\$ 88,439,491	\$ 91,935,151	\$ 94,424,950	\$ 93,889,241	\$ 101,005,924
3,937,395	8,952,468	3,045,504	10,304,154	5,283,044	12,919,282
12,525,548	8,628,312	15,655,899	3,691,690	7,488,458	(10,433,296)
<u>\$ 98,017,339</u>	<u>\$ 106,020,271</u>	<u>\$ 110,636,554</u>	<u>\$ 108,420,794</u>	<u>\$ 106,660,743</u>	<u>\$ 103,491,910</u>



**City of Goldsboro**  
**Change in Net Position**  
**Last Ten Fiscal Years**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,945,434	\$ 2,947,130	\$ 2,822,577	\$ 3,570,115
Public safety	15,031,290	15,954,680	15,513,297	17,432,563
Transportation	4,256,885	4,835,713	2,395,299	9,176,022
Economic and physical development	3,915,549	3,221,967	5,048,592	5,502,759
Environmental protection	2,797,958	3,307,854	3,293,159	3,369,229
Cultural and recreational	3,062,944	2,370,322	2,208,649	2,958,211
Interest on long-term debt	724,351	690,706	724,774	671,960
Total expenses - governmental activities	<u>32,734,411</u>	<u>33,328,372</u>	<u>32,006,347</u>	<u>42,680,859</u>
Business-type activities:				
Utilities	12,927,789	13,135,400	13,606,323	14,598,647
Storm Water	-	-	-	-
Total expenses - business-type activities	<u>12,927,789</u>	<u>13,135,400</u>	<u>13,606,323</u>	<u>14,598,647</u>
Total expenses - primary government	<u>45,662,200</u>	<u>46,463,772</u>	<u>45,612,670</u>	<u>57,279,506</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	409,691	380,695	371,656	354,205
Public safety	361,261	449,256	411,691	435,183
Transportation	-	-	409,430	316,779
Economic and physical development	-	-	-	-
Environmental protection	2,910,753	3,120,888	3,261,733	3,197,586
Cultural and recreational	829,781	750,577	616,498	562,576
Operating grants and contributions:				
General government	2,771,467	2,899,883	2,742,032	3,159,698
Public safety	94,866	863,878	650,740	372,695
Transportation	1,435,682	1,494,860	1,257,218	1,179,871
Economic and physical development	32,266	31,770	31,812	33,139
Environmental protection	-	-	534,600	32,356
Cultural and recreational	1,296,977	709,238	1,123,879	527,157
Capital grants and contributions:				
General government	-	-	-	-
Transportation	-	-	-	-
Economic and physical development	-	-	-	-
Cultural and recreational	-	-	-	-
Total program revenues - governmental activities	<u>10,142,744</u>	<u>10,701,045</u>	<u>11,411,289</u>	<u>10,171,245</u>

**Table 2**  
**Page 1 of 2**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 3,564,525	\$ 4,184,415	\$ 3,547,629	\$ 3,257,540	\$ 4,164,439	\$ 3,261,068
19,435,147	15,715,097	15,793,509	17,209,532	17,919,547	18,902,090
3,656,128	4,235,342	4,618,881	4,428,701	6,693,599	4,590,846
3,696,955	3,724,636	2,241,469	4,060,385	2,941,441	2,945,596
3,656,775	3,620,474	3,371,917	3,561,080	3,528,252	4,693,340
3,137,048	3,213,278	3,374,173	4,103,845	5,030,394	5,948,219
489,199	505,575	647,356	365,594	917,168	973,293
<b>37,635,777</b>	<b>35,198,817</b>	<b>33,594,934</b>	<b>36,986,677</b>	<b>41,194,840</b>	<b>41,314,452</b>
14,121,802	13,662,335	14,916,454	15,494,774	17,248,002	17,895,448
-	-	-	-	372,144	1,124,364
<b>14,121,802</b>	<b>13,662,335</b>	<b>14,916,454</b>	<b>15,494,774</b>	<b>17,620,146</b>	<b>19,019,812</b>
<b>51,757,579</b>	<b>48,861,152</b>	<b>48,511,388</b>	<b>52,481,451</b>	<b>58,814,986</b>	<b>60,334,264</b>
347,680	302,688	309,090	421,844	83,897	119,189
358,876	381,999	423,512	557,288	386,306	419,291
485,833	1,219,735	139,597	152,081	-	218,045
-	-	-	7,955	15,402	25,410
3,382,985	3,244,483	3,250,079	3,308,449	3,253,077	3,265,796
727,498	1,831,393	743,631	733,313	951,021	1,232,744
3,151,217	3,735,555	3,905,483	-	27,031	27,377
276,439	193,725	184,025	258,484	1,108,563	326,333
1,406,886	1,389,397	1,320,074	1,933,703	1,467,623	1,055,851
31,685	31,739	31,253	743,600	688,955	546,205
166,913	-	-	1,259,527	440,014	263,111
343,778	854,358	448,774	-	-	99,197
-	-	-	-	105,852	-
-	-	-	-	-	272,160
-	7,137,148	3,317,775	-	-	-
-	-	-	-	138,813	137,393
<b>10,679,790</b>	<b>20,322,220</b>	<b>14,073,293</b>	<b>9,376,244</b>	<b>8,666,554</b>	<b>8,008,102</b>

**City of Goldsboro**  
**Change in Net Position**  
**Last Ten Fiscal Years**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>PROGRAM REVENUES</b>				
Business-type activities:				
Charges for services	\$ 13,756,931	\$ 14,362,215	\$ 15,957,295	\$ 14,952,610
Operating grants and contributions	-	-	-	-
Capital grants and contributions	502,904	-	235,203	291,331
Total program revenues - business-type activities	14,259,835	14,362,215	16,192,498	15,243,941
Total program revenues - primary government	24,402,579	25,063,260	27,603,787	25,415,186
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	(22,591,667)	(22,627,327)	(20,595,058)	(32,509,614)
Business-type activities	1,332,046	1,226,815	2,586,175	645,294
Total primary government	(21,259,621)	(21,400,512)	(18,008,883)	(31,864,320)
<b>GENERAL REVENUES AND TRANSFERS</b>				
Governmental activities:				
Ad valorem taxes	13,782,127	13,554,554	14,726,183	14,501,826
Other taxes	921,930	1,056,807	1,266,059	1,230,159
Unrestricted intergovernmental	5,479,518	5,743,051	6,350,223	6,466,342
Investment earnings	37,793	23,079	12,661	20,605
Miscellaneous revenue	329,222	560,261	433,269	702,929
Special item	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	20,550,590	20,937,752	22,788,395	22,921,861
Business-type activities:				
Investment earnings	57,687	21,748	14,654	16,778
Miscellaneous revenue	-	-	-	-
Extraordinary item	-	-	(1,734,382)	-
Transfers	-	-	-	-
Total business-type activities	57,687	21,748	(1,719,728)	16,778
Total primary government	20,608,277	20,959,500	21,068,667	22,938,639
<b>CHANGE IN NET POSITION</b>				
Governmental activities	(2,041,077)	(1,689,575)	2,193,337	(9,587,753)
Business-type activities	1,389,733	1,248,563	866,447	662,072
Total primary government	\$ (651,344)	\$ (441,012)	\$ 3,059,784	\$ (8,925,681)

Note: Financial information was prepared on the accrual basis of accounting.

**Table 2**  
**Page 2 of 2**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 15,813,626	\$ 15,691,832	\$ 16,175,654	\$ 15,965,714	\$ 17,101,516	\$ 16,747,790
-	-	-	-	136,914	507,885
-	-	-	-	-	-
<u>15,813,626</u>	<u>15,691,832</u>	<u>16,175,654</u>	<u>15,965,714</u>	<u>17,238,430</u>	<u>17,255,675</u>
<u>26,493,416</u>	<u>36,014,052</u>	<u>30,248,947</u>	<u>25,341,958</u>	<u>25,904,984</u>	<u>25,263,777</u>
(26,955,987)	(14,876,597)	(19,521,641)	(27,610,433)	(32,528,286)	(33,306,350)
<u>1,691,824</u>	<u>2,029,497</u>	<u>1,259,200</u>	<u>470,940</u>	<u>(381,716)</u>	<u>(1,764,137)</u>
<u>(25,264,163)</u>	<u>(12,847,100)</u>	<u>(18,262,441)</u>	<u>(27,139,493)</u>	<u>(32,910,002)</u>	<u>(35,070,487)</u>
15,194,387	15,420,547	15,056,921	15,679,927	16,052,594	15,664,078
1,261,863	785,616	889,751	966,303	1,287,326	1,416,068
6,484,745	7,214,633	7,625,338	11,712,038	12,586,998	13,519,564
5,323	6,848	28,027	46,006	119,896	326,850
633,779	416,502	745,492	624,985	551,233	238,255
-	-	(1,479,880)	-	-	-
-	-	-	-	(250,000)	1,773,265
<u>23,580,097</u>	<u>23,844,146</u>	<u>22,865,649</u>	<u>29,029,259</u>	<u>30,348,047</u>	<u>32,938,080</u>
8,025	6,612	13,075	44,115	104,850	180,115
-	-	-	480,802	447,054	556,724
-	-	-	-	-	-
-	-	-	-	250,000	(1,773,265)
<u>8,025</u>	<u>6,612</u>	<u>13,075</u>	<u>524,917</u>	<u>801,904</u>	<u>(1,036,426)</u>
<u>23,588,122</u>	<u>23,850,758</u>	<u>22,878,724</u>	<u>29,554,176</u>	<u>31,149,951</u>	<u>31,901,654</u>
(3,375,890)	8,967,549	3,344,008	1,418,826	(2,180,239)	(368,270)
<u>1,699,849</u>	<u>2,036,109</u>	<u>1,272,275</u>	<u>995,857</u>	<u>420,188</u>	<u>(2,800,563)</u>
<u>\$ (1,676,041)</u>	<u>\$ 11,003,658</u>	<u>\$ 4,616,283</u>	<u>\$ 2,414,683</u>	<u>\$ (1,760,051)</u>	<u>\$ (3,168,833)</u>

**City of Goldsboro**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>GENERAL FUND</b>				
Reserved	\$ 5,141,907	N/A	N/A	N/A
Designated	43,179	N/A	N/A	N/A
Unreserved, undesignated	5,304,810	N/A	N/A	N/A
Nonspendable	N/A	\$ 185,985	\$ 258,178	\$ 214,187
Restricted	N/A	4,240,257	2,353,408	3,151,398
Committed	-	-	-	-
Assigned	N/A	-	67,869	-
Unassigned	N/A	4,246,716	6,902,667	4,710,346
Total General Fund	<u>\$ 10,489,896</u>	<u>\$ 8,672,958</u>	<u>\$ 9,582,122</u>	<u>\$ 8,075,931</u>
<b>OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ -	N/A	N/A	N/A
Unreserved, reported in:				
Special revenue funds	2,838,276	N/A	N/A	N/A
Capital projects funds	3,560,600	N/A	N/A	N/A
Nonspendable	N/A	-	\$ -	\$ -
Restricted	N/A	3,206,228	2,899,947	426,930
Committed:				
Downtown Development	N/A	112,727	133,293	108,793
Economic Development	N/A	2,105,108	1,356,549	1,022,456
Cultural and Recreational	N/A	-	-	-
Assigned:				
Subsequent year's expenditures	N/A	262,421	276,892	346,828
Unassigned	N/A	-	-	-
Total other governmental funds	<u>\$ 6,398,876</u>	<u>\$ 5,686,484</u>	<u>\$ 4,666,681</u>	<u>\$ 1,905,007</u>

Note: Financial information was prepared on the modified accrual basis of accounting.

N/A - The presentation of fund balance changed in 2011 with the implementation of GASB 54.  
As such, N/A marks the categories of fund balance that are no longer applicable.

**Table 3**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ 337,269	\$ 651,278	\$ 589,493	\$ 564,291	\$ 606,124	\$ 187,925
4,572,888	8,952,468	2,808,546	5,270,374	4,998,215	6,313,654
-	-	-	-	-	374,346
-	-	-	-	-	778,842
645,905	6,625,432	7,587,797	7,811,928	6,670,426	3,132,854
<u>\$ 5,556,062</u>	<u>\$ 16,229,178</u>	<u>\$ 10,985,836</u>	<u>\$ 13,646,593</u>	<u>\$ 12,274,765</u>	<u>\$ 10,787,621</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	236,958	2,690,689	234,493	5,489,659
131,647	130,665	66,512	82,896	95,311	-
593,611	1,976,464	1,921,156	1,357,357	852,722	-
-	-	-	5,885,915	62,593	-
180,485	24,850	-	-	-	24,000
-	-	-	-	-	(57,024)
<u>\$ 905,743</u>	<u>\$ 2,131,979</u>	<u>\$ 2,224,626</u>	<u>\$ 10,016,857</u>	<u>\$ 1,245,119</u>	<u>\$ 5,456,635</u>

**City of Goldsboro**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 13,943,980	\$ 13,566,023	\$ 15,031,078	\$ 14,686,221
Other taxes and licenses	819,891	966,446	1,169,941	1,132,323
Unrestricted intergovernmental	8,290,231	8,698,740	9,649,152	10,023,938
Restricted intergovernmental	2,820,545	3,043,940	3,445,825	2,064,100
Permits and fees	334,980	417,718	384,271	409,622
Sales and services	4,164,426	4,265,434	4,255,076	4,124,519
Investment earnings	37,793	23,079	17,619	20,605
Miscellaneous	341,302	578,525	455,499	718,339
Total revenues	<u>30,753,148</u>	<u>31,559,905</u>	<u>34,408,461</u>	<u>33,179,667</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,543,212	2,547,526	2,890,900	2,883,603
Public safety	14,503,471	15,491,380	15,395,376	16,701,484
Transportation	2,613,336	3,199,589	3,317,544	2,741,812
Economic and physical development	3,847,055	3,327,523	4,986,741	5,447,114
Environmental protection	2,730,378	3,243,693	3,231,770	3,308,479
Cultural and recreational	2,740,237	2,362,242	2,624,684	2,900,990
Capital outlay	2,185,934	1,603,788	1,254,821	1,724,736
Debt service:				
Principal	1,619,070	1,688,055	1,597,654	1,817,581
Interest and other charges	724,351	690,706	724,774	671,960
Total expenditures	<u>33,507,044</u>	<u>34,154,502</u>	<u>36,024,264</u>	<u>38,197,759</u>
Revenues under expenditures	<u>(2,753,896)</u>	<u>(2,594,597)</u>	<u>(1,615,803)</u>	<u>(5,018,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Issuance of debt	2,454,376	-	4,762,365	1,539,819
Premium on the issuance of debt	-	-	-	-
Debt refundings	-	-	(3,216,667)	(745,600)
Other financing sources (uses), net	<u>2,454,376</u>	<u>-</u>	<u>1,545,698</u>	<u>794,219</u>
Net change in fund balances	<u>\$ (299,520)</u>	<u>\$ (2,594,597)</u>	<u>\$ (70,105)</u>	<u>\$ (4,223,873)</u>
Debt service as a percentage of noncapital expenditures	<u>7.48%</u>	<u>7.31%</u>	<u>6.68%</u>	<u>6.83%</u>

Note: Financial information was prepared on the modified accrual basis of accounting.

**Table 4**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 15,491,073	\$ 15,483,368	\$ 15,373,561	\$ 15,679,928	\$ 15,747,628	\$ 15,935,610
1,157,562	785,616	889,751	1,056,487	1,287,326	1,416,068
10,245,080	11,172,014	11,854,168	11,712,038	12,586,998	12,632,314
2,102,416	10,256,791	5,387,555	4,354,537	3,976,851	2,514,427
343,392	359,599	420,115	525,738	386,306	415,087
4,421,279	4,243,671	4,296,235	4,273,510	4,303,397	4,666,133
5,323	6,848	28,027	46,006	119,896	326,850
686,147	1,944,958	-	750,571	551,233	650,710
<u>34,452,272</u>	<u>44,252,865</u>	<u>38,249,412</u>	<u>38,398,815</u>	<u>38,959,635</u>	<u>38,557,199</u>
3,252,104	3,790,187	3,180,045	3,481,672	3,554,876	3,238,210
18,682,381	15,524,494	15,704,769	16,910,403	19,047,197	22,786,647
3,129,332	3,164,379	3,102,998	3,261,299	6,054,853	2,644,769
3,675,907	3,712,003	1,385,332	4,402,069	2,927,772	3,075,334
3,383,876	3,322,699	2,743,280	3,179,650	3,158,528	4,748,127
3,049,440	3,014,588	2,797,524	4,181,318	11,195,202	5,678,455
442,064	12,975,831	12,975,831	-	-	2,513,809
1,990,185	2,552,236	3,362,270	3,409,903	4,237,705	4,579,171
489,199	406,507	665,728	655,308	859,103	785,799
<u>38,094,488</u>	<u>48,462,924</u>	<u>45,917,777</u>	<u>39,481,622</u>	<u>51,035,236</u>	<u>50,050,321</u>
<u>(3,642,216)</u>	<u>(4,210,059)</u>	<u>(7,668,365)</u>	<u>(1,082,807)</u>	<u>(12,075,601)</u>	<u>(11,493,122)</u>
-	-	-	-	7,342	2,342,353
-	-	-	-	(257,342)	(569,088)
-	-	-	110,040	252,509	169,080
-	20,686,842	2,106,326	12,608,664	2,328,000	11,513,233
-	-	-	684,211	-	242,923
-	(4,551,214)	-	(1,885,664)	-	-
<u>-</u>	<u>16,135,628</u>	<u>2,106,326</u>	<u>11,517,251</u>	<u>2,330,509</u>	<u>13,698,501</u>
<u>\$ (3,642,216)</u>	<u>\$ 11,925,569</u>	<u>\$ (5,562,039)</u>	<u>\$ 10,434,444</u>	<u>\$ (9,745,092)</u>	<u>\$ 2,205,379</u>
<u>6.58%</u>	<u>8.34%</u>	<u>12.23%</u>	<u>10.30%</u>	<u>12.32%</u>	<u>11.29%</u>



**City of Goldsboro**  
**Tax Revenues by Source - Governmental Activities**  
**Last Ten Fiscal Years**

**Table 5**

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Occupancy Tax</b>	<b>Privilege License Tax</b>	<b>Other</b>	<b>Total</b>
2010	\$ 13,782,127	\$ 456,205	\$ 302,847	\$ 34,712	\$ 14,575,891
2011	13,406,434	548,007	348,402	44,290	14,347,133
2012	14,862,383	656,984	435,399	52,294	16,007,060
2013	14,517,335	594,404	470,191	45,120	15,627,050
2014	15,311,560	559,596	526,390	51,542	16,449,088
2015	15,409,895	608,514	93,101	61,361	16,172,871
2016	15,056,921	743,626	25,593	60,362	15,886,502
2017	15,679,927	964,375	1,823	66,737	16,712,862
2018	16,052,594	993,506	2,210	59,960	17,108,270
2019	15,664,078	1,104,829	3,026	72,973	16,844,906

Note: Financial information was prepared on the accrual basis of accounting.

**City of Goldsboro**  
**Tax Revenues by Source - Governmental Funds**  
**Last Ten Fiscal Years**

**Table 6**

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Occupancy Tax</b>	<b>Privilege License Tax</b>	<b>Other</b>	<b>Total</b>
2010	\$ 13,841,941	\$ 456,205	\$ 302,847	\$ 34,712	\$ 14,635,705
2011	13,475,662	548,007	348,402	44,290	14,416,361
2012	14,934,960	656,984	435,399	52,294	16,079,637
2013	14,588,386	594,404	470,191	45,120	15,698,101
2014	15,386,772	559,596	526,390	51,542	16,524,300
2015	15,486,368	608,514	93,101	61,361	16,249,344
2016	15,373,561	743,626	25,593	60,362	16,203,142
2017	15,679,928	964,375	1,823	66,737	16,712,863
2018	15,747,628	993,506	2,210	59,960	16,803,304
2019	15,935,610	1,104,829	3,026	72,973	17,116,438

**City of Goldsboro**  
**Assessed Values of Taxable Property**  
**Last Ten Fiscal Years**

**Table 7**

<b>Fiscal Year</b>	<b>(1) Real Property</b>	<b>(1) Personal Property</b>	<b>(1) Corporate Excess</b>	<b>(1) Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate per \$100</b>
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
2019	1,871,422,440	473,053,814	75,519,544	2,419,995,798	0.65

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.

(1) Source - Wayne County Tax Administrator/Collector.

**City of Goldsboro**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

**Table 8**

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates	Total Direct and Overlapping Rates
	General Fund Rate	Total Direct Rate	Downtown Service District Rate	(1) County Rate	
2010	\$ 0.650	\$ 0.650	\$ 0.250	\$ 0.7640	\$ 1.6640
2011	0.650	0.650	0.250	0.7640	1.6640
2012	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
2019	0.650	0.650	0.235	0.6635	1.5485

Note: There is a NC 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.

Note: Tax rates are established on a per \$100 of assessed value.

(1) Wayne County Comprehensive Annual Financial Report.

**City of Goldsboro**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

(1) Taxpayer	(1) Type of Business	Fiscal Year 2019		
		(1) Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress Inc	Public Utility	\$ 25,347,611	1	1.05%
Wal-Mart Stores	Retail Department Store	23,642,912	2	0.98%
Franklin Baking Co.	Bread Manufacturing	22,931,778	3	0.95%
Berkeley Mall LLC	Mall Shopping Center	22,625,900	4	0.93%
Goldsboro Apartments Investors LLC	Real Estate	20,839,858	5	0.86%
Piedmont Natural Gas Company Inc	Public Utility	19,830,856	6	0.82%
Time Warner Cable Southeast LLC	Public Utility	18,617,884	7	0.77%
Berkeley Place Apartments LLC	Real Estate	18,536,651	8	0.77%
Gruma Corporation	Real Estate	14,679,997	9	0.61%
Berkeley Realty Associates LLC	Real Estate	13,320,210	10	0.55%
BRC Goldsboro LLC	Real Estate	-		-
BellSouth Telephone Company	Public Utility	-		-
Cooper Standard, Inc.	Rubber & Plastic Auto Parts	-		-
Dixie Trail, LCC	Real Estate	-		-
Totals		<u>\$ 200,373,657</u>		<u>8.28%</u>
Total assessed valuation		<u>\$ 2,419,995,798</u>		<u>100.00%</u>

(1) Source - Wayne County Tax Administrator/Collector.

**Table 9**

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Fiscal Year 2010		
(1) Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
\$ 22,182,102	3	1.03%
36,952,772	1	1.71%
17,051,854	5	0.79%
22,597,120	2	1.05%
15,135,101	7	0.70%
16,808,340	6	0.78%
17,333,890	4	0.80%
13,067,512	8	0.60%
12,356,249	9	0.57%
11,236,930	10	0.52%
<u>\$ 184,721,870</u>		<u>8.03%</u>

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

Fiscal Year	(1) Taxes Levied for the		(1) Total Adjusted Levy	Collected within the	
	Fiscal Year (Original Levy)	(1) Adjustments		Fiscal Year of the Levy	
				Amount	Percentage of Original Levy
2010	\$ 14,043,576	\$ 1,997	\$ 14,045,573	\$ 13,390,703	95.34%
2011	13,668,297	(131,863)	13,536,434	13,443,427	99.31%
2012	15,307,418	(223,957)	15,083,461	14,446,765	95.78%
2013	14,958,097	(328,503)	14,629,594	14,003,582	95.72%
2014	14,270,650	(199,560)	14,071,090	13,728,356	97.56%
2015	13,651,130	(54,376)	13,596,754	13,375,305	98.37%
2016	13,364,789	430,577	13,795,366	13,493,702	97.81%
2017	14,115,765	(4,256)	14,111,509	13,780,916	97.66%
2018	15,109,733	432,096	15,541,829	15,283,969	98.34%
2019	15,809,701	(71,477)	15,738,224	15,485,233	97.95%

(1) Source - Wayne County Tax Collector.

**Table 10**

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Adjusted Levy
\$ 602,711	\$ 13,993,414	99.63%
41,988	13,485,415	99.62%
584,260	15,031,025	99.65%
570,725	14,574,307	99.62%
289,050	14,017,406	99.62%
178,639	13,553,944	99.69%
251,737	13,745,439	99.64%
216,282	13,997,198	99.19%
140,724	15,424,693	99.25%
-	15,485,233	98.39%



**City of Goldsboro**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		<b>Total Primary Government</b>
	<b>General Obligation Bonds</b>	<b>Installment Loans</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>	<b>Installment Loans</b>	
2010	\$ 5,186,392	\$ 12,483,544	\$ 88,547	\$ 23,307,760	\$ 18,597,417	\$ 59,663,660
2011	4,783,535	11,286,892	-	21,372,849	17,094,643	54,537,919
2012	4,414,177	11,045,130	559,165	19,162,643	18,820,517	54,001,632
2013	4,130,120	9,927,456	937,534	17,633,879	16,941,884	49,570,873
2014	3,754,297	11,215,108	735,521	15,445,703	14,927,446	46,078,075
2015	5,135,723	21,154,145	529,330	13,628,277	12,922,295	53,369,770
2016	4,644,007	19,790,472	1,128,775	11,921,993	11,278,198	48,763,445
2017	10,389,178	22,035,072	1,104,573	10,729,816	17,818,945	62,077,584
2018	9,573,697	20,603,028	1,579,505	9,832,509	16,586,250	58,174,989
2019	13,642,377	23,947,101	1,285,357	8,664,963	16,870,664	64,410,462

**Table 11**

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	<b>Per Capita</b>	<b>Percentage of Actual Property Values</b>	<b>Percentage of Personal Income</b>
\$	1,557	2.76%	1.623%
	1,497	2.62%	1.459%
	1,510	2.33%	1.414%
	1,392	2.20%	1.242%
	1,298	1.98%	1.094%
	1,506	2.28%	1.267%
	1,395	2.08%	1.114%
	1,784	2.59%	1.353%
	1,727	2.44%	1.262%
	1,915	2.66%	1.358%

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

**Table 12**

<b>Fiscal Year</b>	<b>(1) General Obligation Bonds</b>	<b>(2) Assessed Value</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>(3) Population</b>	<b>(4) Per Capita</b>
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	19,406,206	2,386,900,615	0.81%	33,685	576
2019	22,307,340	2,419,995,798	0.92%	33,636	663

- (1) Source - Debt amortization schedules for the City of Goldsboro.  
(2) Source - Wayne County Tax Administrator/Collector.  
(3) Source - U.S. Department of Commerce, Bureau of Economic Analysis.  
(4) Source - Employment Security Commission of North Carolina.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit (8% of assessed value)	\$ 172,868,585	\$ 166,602,265	\$ 185,642,597	\$ 180,056,849
Total debt applicable to limit	<u>17,758,483</u>	<u>16,070,427</u>	<u>16,018,472</u>	<u>14,995,110</u>
Legal debt margin	<u>\$ 155,110,102</u>	<u>\$ 150,531,838</u>	<u>\$ 169,624,125</u>	<u>\$ 165,061,739</u>
Total debt applicable to limit as a percentage of debt limit	<u>11.45%</u>	<u>10.68%</u>	<u>9.44%</u>	<u>9.08%</u>

Note: North Carolina General Statute 159-55 limits the City's outstanding debt to 8% of the appraised value of property subject to taxation. 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.

**Table 13**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 186,266,228	\$ 187,273,813	\$ 187,715,479	\$ 191,901,679	\$ 190,952,049	\$ 193,599,664
15,704,926	26,819,198	25,563,254	33,528,823	31,756,230	38,874,835
<u>\$ 170,561,302</u>	<u>\$ 160,454,615</u>	<u>\$ 162,152,225</u>	<u>\$ 158,372,856</u>	<u>\$ 159,195,819</u>	<u>\$ 154,724,829</u>
<u>9.21%</u>	<u>16.71%</u>	<u>15.76%</u>	<u>21.17%</u>	<u>19.95%</u>	<u>25.13%</u>

**Legal Debt Margin Calculation  
for Fiscal Year 2019**

Assessed value	<u>\$ 2,419,995,798</u>
Debt limit (8% of assessed value)	193,599,664
Debt applicable to limit:	
General obligation bonds	13,642,377
Other debt	<u>25,232,458</u>
Legal debt margin	<u>\$ 232,474,499</u>

**City of Goldsboro**  
**Direct and Overlapping Debt - Governmental Activities**  
**June 30, 2019**

**Table 14**

<b>Governmental Unit</b>	<b>(1) Debt Outstanding</b>	<b>(2) Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Debt repaid with property taxes:			
Wayne County General Obligation Debt	\$ 20,555,000	28.80%	\$ 5,919,840
Other debt:			
Wayne County Installment Purchase Loans	46,126,469	28.80%	13,284,423
Subtotal, overlapping debt			\$ 19,204,263
Total direct debt			38,874,835
Total direct and overlapping debt			<u>\$ 58,079,098</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. 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) Source - Wayne County Comprehensive Annual Financial Report.

(2) 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**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal Income (000's)</b>	<b>(2) Per Capita Personal Income</b>	<b>(1) Median Age</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate Percentage</b>
2010	38,313	\$ 3,676,875	\$ 31,673	36.3	19,608	8.70%
2011	36,437	3,738,982	31,673	36.1	20,407	9.10%
2012	35,768	3,818,391	29,893	36.8	19,458	8.60%
2013	35,609	3,992,263	31,245	36.7	19,355	8.00%
2014	35,489	4,210,623	33,620	37.6	19,256	7.30%
2015	35,436	4,212,734	33,815	36.0	19,444	6.40%
2016	34,959	4,378,472	35,181	34.4	19,221	5.60%
2017	34,793	4,587,326	36,950	33.3	19,249	5.10%
2018	33,685	4,610,060	37,126	33.0	18,955	3.80%
2019	33,636	4,741,631	38,472	38.0	17,374	4.67%

Note: 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.

- (1) Source - North Carolina Office of State Planning - State Demographer
- (2) Source - U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Source - Wayne County Board of Education
- (4) Source - Employment Security Commission of North Carolina

**City of Goldsboro  
Principal Employers  
Current Year and Nine Years Ago**

**Table 16**

Employer	2019			2010		
	Employees	Rank	(1) Percentage of Total MSA Employment	Employees	Rank	(1) Percentage of Total MSA Employment
Seymour Johnson Air Force Base	7,456	1	14.32%	6,578	1	12.41%
Wayne County Board of Education	3,064	2	5.89%	2,966	2	5.60%
Wayne UNC Healthcare	1,606	3	3.09%			
Wal-Mart	1,182	4	2.28%	636	8	1.20%
Wayne County	1,150	5	2.21%	1,016	6	1.92%
Case Farms	1,100	6	2.11%	2,500	3	4.72%
Cherry Hospital	1,076	7	2.07%	845	7	1.59%
Goldsboro Milling	875	8	1.68%			
O'Berry Center	649	9	1.25%	1,100	5	2.08%
City of Goldsboro	596	10	1.15%	519	9	0.98%
Cooper Standard Automotive				443	10	0.84%
Franklin Baking Company, LLC						
Wayne Memorial Hospital				1,800	4	3.40%
Total	18,754		36.05%	18,403		34.74%

(1) Source - Employment Security Commission of North Carolina for the Goldsboro Metropolitan Statistical Area.



**City of Goldsboro**  
**Full-Time Equivalent City Employees by Function/Program (1)**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	30.0	30.0	32.0	32.0
Transportation:				
Streets and highways	27.0	27.0	27.0	24.0
Garage	12.0	12.0	12.0	11.0
Economic and physical development	19.0	19.0	19.0	18.0
Public safety:				
Police:				
Officers	115.0	115.0	115.0	112.0
Civilians	10.0	10.0	10.0	10.0
Fire:				
Firefighters and officers	82.0	82.0	82.0	82.0
Civilians	1.0	1.0	1.0	1.0
Other	32.0	32.0	33.0	33.0
Environmental protection	56.0	56.0	55.0	53.0
Cultural and recreational	39.0	39.0	39.0	37.0
Stormwater	-	-	-	-
Maintenance	25.0	25.0	25.0	26.0
Water	11.0	11.0	11.0	11.0
Sewer	24.0	24.0	24.0	24.0
<b>Total</b>	<b>483.0</b>	<b>483.0</b>	<b>485.0</b>	<b>474.0</b>

(1) Source - City of Goldsboro's Budget Document

Table 17

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
32.0	33.0	34.0	35.0	36.0	36.0
21.0	21.0	24.0	24.0	22.0	12.5
10.0	10.0	10.0	10.0	11.0	11.0
16.0	15.0	14.0	15.0	14.0	15.0
108.0	110.0	110.0	110.0	110.0	110.0
10.0	10.0	11.0	10.0	11.0	11.0
81.0	81.0	81.0	81.0	81.0	82.0
1.0	1.0	1.0	1.0	2.0	2.0
29.0	30.0	29.0	29.0	29.0	33.0
48.0	47.0	39.0	39.0	39.0	39.0
35.0	37.0	35.0	40.0	44.0	45.0
-	-	-	-	4.0	10.5
24.0	24.0	26.0	28.0	28.0	28.0
11.0	11.0	11.0	11.0	11.0	11.0
24.0	24.0	24.0	24.0	24.0	25.0
<b>450.0</b>	<b>454.0</b>	<b>449.0</b>	<b>457.0</b>	<b>466.0</b>	<b>471.0</b>

**City of Goldsboro**  
**Operating Indicators by Function (1)**  
**Last Ten Fiscal Years**

Function/Program	2010	2011	2012	2013
Police:				
Physical arrests	3,186	3,137	3,406	3,212
Traffic violations	13,037	13,201	9,916	8,636
Fire:				
Number of calls answered	2,222	2,210	2,083	2,026
Inspections:	806	744	364	944
Building inspections				
New construction permits	147	117	120	107
Highways and streets:				
Street resurfacing (miles)	-	-	-	3.30
Potholes repaired	929	874	258	540
Sanitation:				
Refuse collected (tons per day)	44.60	46.50	68.10	57.01
Recyclables collected (tons per day)	5.70	3.90	5.49	5.45
Cultural and recreational:				
Athletic field permits issued	5	8	9	14
Community center admissions	87,608	119,114	136,480	106,513
Water:				
New connections	23	27	28	29
Water mains breaks	47	26	26	20
Average daily consumption				
(millions of gallons)	4.7	5.3	5.4	5.4
Number of customers	13,875	13,590	13,793	13,606
Waste water:				
New connections	35	42	53	32
Average daily sewage treatment				
(millions of gallons)	7.8	8.3	7.0	7.0
Number of customers	11,665	11,670	10,755	11,572

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

(1) Sources - Various departments of the City of Goldsboro.

**Table 18**


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<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
2,962	2,833	2,657	2,462	2,193	2,070
7,205	7,964	6,367	4,959	3,690	5,581
2,040	2,475	2,767	2,827	2,387	2,623
1,213	1,161	1,005	901	995	1,228
96	77	58	67	73	58
3.18	3.06	3.30	-	10.90	9.60
622	488	835	654	601	452
50.30	55.00	54.00	51.20	49.73	53.09
5.60	6.03	5.60	5.30	5.28	3.60
10	68	85	203	432	434
132,364	128,073	144,414	116,316	168,525	358,062
17	60	17	28	33	27
40	29	68	56	71	359
5.2	4.7	4.8	5.1	5.9	6.5
13,755	13,556	13,626	13,530	13,651	13,836
35	37	29	41	31	37
8.8	9.5	9.6	9.4	8.3	11.5
10,640	10,611	10,750	10,755	10,685	11,214

**City of Goldsboro**  
**Capital Asset Statistics by Function (1)**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	59	62	65	62
Fire stations	5	5	5	5
Sanitation:				
Collection trucks	12	11	11	11
Highways and streets:				
Streets (miles)	169	166	169	163
Streetlights	3,057	3,035	3,036	2,915
Cultural and recreational:				
Parks acreage	339	402	402	403
Parks	13	13	13	13
Swimming pools	2	2	2	2
Tennis courts	18	18	18	18
Community centers	2	2	2	2
Water:				
Water mains (miles)	270	270	270	298
Maximum daily capacity (millions of gallons)	12.0	12.0	12.0	12.0
Sewer:				
Sanitary sewers (miles)	239	239	239	239
Maximum daily treatment capacity (millions of gallons)	14.2	14.2	14.2	14.2

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

(1) Sources - Various departments of the City of Goldsboro.

Table 19

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1	1	1	1	1	1
59	59	70	60	64	64
5	5	5	5	5	5
11	7	8	8	8	8
163	163	163	163	163	163
2,926	2,805	2,836	2,905	2,924	2,924
403	403	403	403	403	403
13	13	13	13	13	13
2	2	2	2	2	2
18	18	18	18	18	18
2	2	2	2	2	2
270	270	270	274	274	274
12.0	12.0	12.0	12.0	12.0	12.0
241	241	241	243	243	243
14.2	14.2	14.2	14.2	14.2	14.2

## ***COMPLIANCE SECTION***

This section of the City of Goldsboro's (the "City") comprehensive annual financial report presents various schedules in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Information Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *State Single Audit Implementation Act*. It also contains the independent auditors' reports on compliance and controls as required by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the independent auditors' reports on compliance and controls as required by the Uniform Guidance, and the independent auditors' reports on compliance and controls as required by the *State Single Audit Implementation Act*.

## **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 (the "City"), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprises the City's basic financial statements, and have issued our report thereon dated May 12, 2021.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City'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'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 City's 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. We have identified deficiencies in internal control over financial reporting that we consider to be material weaknesses. The material weaknesses are identified in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001 and Finding 2019-002.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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 an instance of material noncompliance that is identified in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-002. This instance of material noncompliance is also disclosed in the notes to the financial statements.

***The City's Response to the Findings***

The City's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
May 12, 2021**

## **Independent Auditors' Report on Compliance for Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

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

### **Report on Compliance for the Major Federal Program**

We have audited the City of Goldsboro's (the "City") 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's major federal programs for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditors' 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 the City's major federal program 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; 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-003. Our opinion on the major program is not modified with respect to this matter.

The City's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control over Compliance**

Management of the 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 with the City's 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did identify a deficiency in internal control over compliance that we consider to be a material weakness. The material weakness is identified in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-003.

The City's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
May 12, 2021**

## **Independent Auditors' Report on Compliance for Each Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Uniform Guidance and the State Single Audit Implementation Act**

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

### **Report on Compliance for the Major State Program**

We have audited the City of Goldsboro's (the "City") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* ("State"), 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, 2019. The City's major State program is identified in the summary of auditors' 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 programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City's major state program 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; 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, applicable sections of 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 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 the City's major State program. However, our audit does not provide a legal determination on the City's compliance.

### **Opinion on the Major State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2019.

### **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 applicable sections of the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. 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 in the applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina  
May 12, 2021**

## Schedule of Findings and Questioned Costs

### I. Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?

  X   Yes        No

#### Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported
- Noncompliance material to federal awards?   X   Yes        No

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

  X   Yes        No

Identification of major federal programs:

#### CFDA Numbers

#### Names of Federal Program or Cluster

66.458

Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000

Auditee qualified as low-risk auditee?

       Yes   X   No

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State Awards

Internal control over major state programs:

- Material weaknesses identified?                      \_\_\_\_\_ Yes        X   No
- Significant deficiencies identified that are not  
  considered to be material weaknesses?                      \_\_\_\_\_ Yes        X   None reported
- Noncompliance material to state awards?                      \_\_\_\_\_ Yes        X   No

Type of auditors' report issued on compliance for  
major state programs:

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the State Single  
Audit Implementation Act?

\_\_\_\_\_ Yes        X   No

Identification of major state programs:

Program Names

Powell Bill

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## II. Financial Statement Findings

### *Finding 2019-001: Internal Controls over Financial Reporting*

#### MATERIAL WEAKNESS

Criteria:	The objective of effective internal controls over financial reporting is to detect and correct material misstatements (caused by error or fraud) in a timely manner and permit the timely preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").
Condition:	During the audit for the year ended June 30, 2019, multiple errors were identified from prior years requiring restatement. In addition, the financial and compliance audits for the year ended June 30, 2019 were not completed until April 2021.
Effect:	<p>Correction of the errors resulted in restatement of beginning net position and fund balance as follows: Governmental Activities - \$2,046,117, Business-type Activities/Utility Fund - \$1,275,742, General Fund - \$840,434, and Other Governmental Funds - (\$197,086).</p> <p>The financial and compliance audits for the year ended June 30, 2019 were not completed until April 2021 causing the City to miss several deadlines for financial information.</p>
Cause:	During the year, the City experienced turnover in the finance director position which significantly impaired the City's internal controls over financial reporting. In addition, Hurricane Florence caused a disruption in the City's services.
Repeat finding:	This is not a repeat finding.
Context:	The new finance director had to perform extensive account analysis and make numerous adjusting journal entries after fieldwork for the audit began. The completion of the audit was further delayed due scheduling conflicts.
Recommendation:	The new Finance Director has established written procedures to ensure annual reporting requirements are completed in a timely manner. In addition, we recommend the City consider implementing a cross training plan where certain qualified individuals are trained to perform key functions in the event members of management become incapacitated and are unable to perform their duties. In addition, cross-training strengthens existing controls by having other individuals fill in for a person while they are on vacation or out of the office for an extended period of time.
Management Response:	Management agrees with this finding. See Corrective Action Plan.



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***Finding 2019-002 Contractual Violation***

MATERIAL WEAKNESS

MATERIAL NON-COMPLIANCE

Criteria:	Pursuant to the City's continuing disclosure undertakings with respect to its outstanding general obligation bonds, the City is obligated to make annual disclosure of certain financial and statistical data for each fiscal year, by filing such information with the Electronic Municipal Market Access ("EMMA") system within seven months after the end of each fiscal year (January 31 <sup>st</sup> ).
Condition:	The City failed to file the requisite financial and statistical data for the fiscal year ended June 30, 2019 by January 31, 2020 which is a material event disclosed on EMMA.
Effect:	The City is noncompliant with Rule 15c2-12 (the "Rule") of the Securities Exchange Act of 1934 which is considered a material event requiring disclosure for five years.
Cause:	During the year, the City experienced turnover in the finance director position which significantly impaired the City's internal controls over financial reporting. In addition, Hurricane Florence caused a disruption in the City's services.
Repeat finding:	This is not a repeat finding.
Context:	The filing deadline for the fiscal year ended June 30, 2019 was January 31, 2020. The financial and statistical data were submitted on February 12, 2021.
Recommendation:	The new Finance Director has established written procedures to ensure annual reporting requirements are completed in a timely manner. In addition, we recommend the City consider incorporating sample policy guidance published by the Government Finance Officers Association ("GFOA").
Management Response:	Management agrees with this finding. See Corrective Action Plan.

**III. Federal Awards Findings and Questioned Costs**

***Finding 2019-003: Compliance Reporting***

MATERIAL WEAKNESS

MATERIAL NON-COMPLIANCE

Criteria:	Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ("Uniform Guidance"), section 200.512 requires the audit to be completed and the related reporting package submitted to the federal government within the earlier of 30 days after the receipt of the auditors' report or nine months after the end of the entity's fiscal year end.
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### III. Federal Awards Findings and Questioned Costs

#### *Finding 2019-003: Compliance Reporting (Continued)*

On March 19, 2020, the Office of Management and Budget (“OMB”) issued memorandum M-20-17, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (“COVID-19”)*. The memorandum provides temporary relief for federal award recipients and subrecipients impacted by the COVID-19 pandemic. The memorandum summarizes 13 areas of administrative relief including an extension of time to submit financial reporting packages to the Federal Audit Clearinghouse in accordance with the Uniform Guidance.

Condition: The financial and compliance audits for the year ended June 30, 2019 were not completed within the extended deadline.

Effect: The federal government could impose sanctions under 2 CFR 200.505.

Cause: During the year, the City experienced turnover in the finance director position which significantly impaired the City’s internal controls over financial reporting. In addition, Hurricane Florence caused a disruption in the City’s services.

Repeat finding: This is not a repeat finding.

Context: The filing deadline for the fiscal year ended June 30, 2019 was March 31, 2020 and extended to June 30, 2020 by OMB Memorandum M-20-17. The financial reporting package is expected to be uploaded on the Federal Audit Clearinghouse’s website before May 15, 2021.

Recommendation: The new Finance Director has established written procedures to ensure annual reporting requirements are completed in a timely manner. In addition, we recommend the City consider implementing a cross training plan where certain qualified individuals are trained to perform key functions in the event members of management become incapacitated and are unable to perform their duties. In addition, cross-training strengthens existing controls by having other individuals fill in for a person while they are on vacation or out of the office for an extended period of time.

Management Response: Management agrees with this finding. See Corrective Action Plan.

### IV. State Awards Findings and Questioned Costs

None reported.



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## Corrective Action Plan

### ***Finding 2019-001: Internal Control over Financial Reporting***

**Name of Contact Person:** Catherine Gwynn, Finance Director

**Corrective Action:** The lateness of the financial audit was caused by a number of factors being the retirement of two key management personnel in the Finance Department (director and deputy director), deficiency in succession planning, lack of sufficient staffing in the Finance department, insufficient delegation of duties, lack of cross training, and inadequate written procedures. A contributing factor was also Hurricane Florence in September 2018, and Coronavirus Pandemic in March 2020 to present which further strained finance personnel resources. The issues were handled as follows:

Staffing - City management hired an experienced and credentialed professional to help bridge the gap between the retiring finance director. The new director hired an experienced professional to serve as the deputy director. Upon assessment of the financial accounting system, structure and processes, the director began implementing critical improvements to the system to ensure accountability and adherence to federal, state and local laws, policy and procedures. Training and counseling continues to be an ongoing process with all City staff related to finance matters. Director requested and was granted the use of contract professional accounting assistance to help with recreating and reconciling the fiscal 2018 books to determine the various errors and misstatements, and reconciling the 2019 records. Director requested and was granted one full time position in fiscal year 2020, which was filled in fiscal year 2021. Director requested four full time positions in fiscal year 2021 for the critical functions of purchasing and inventory, accounts receivable and accounts payable, and only 2 positions for purchasing and inventory were approved. Director requested and was granted part-time staff to assist with providing backups to critical functions such as payroll and accounts payable in fiscal 2021, and these positions were filled mid-year fiscal 2021. Director has requested part-time staff to assist with providing backups to the critical function of accounts receivable and records management in fiscal 2022, and the outcome of which is yet to be determined.

Delegation of duties - With the addition of personnel, it is possible now to have at least one backup for the critical functions of payroll, accounts payable, purchasing and inventory. It is now possible for the director and deputy director to delegate those inherited tasks that are more suitable for subordinate staff. With the addition of staffing it allows director and deputy director to provide direction and oversight, as well as cross train on duties so that there is sufficient coverage to meet critical deadlines.

Written procedures - Director has implemented written procedures to assist staff in performing their tasks to include proper review and approval of transactions. Director has required staff to provide sufficient data backup and authorization for all transactions entered into the City's accounting system.

**Proposed Completion Date:** Due to the number of reconciling issues encountered, the above measures were taken from July 2019 through April 2021. Staffing has not been completed for several of the part time positions and will be necessary in order to correct the finding. The audit for fiscal year 2020 was delayed due to resolving the issues with fiscal year 2018 and 2019 and has not been completed as of April 18, 2021. Management expects to have the audit for fiscal year 2020 completed no later than October 1, 2021.



City of Goldsboro  
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### ***Finding 2019-002: Contractual Violation***

**Name of Contact Person:** Catherine Gwynn, Finance Director

**Corrective Action:** The new director was not given proper training on disclosure requirements. Upon immediate discovery of the deficiency, the director sought assistance from the City's bond counsel and financial advisors, as well as researching and studying the requirements. The director has created written documentation and reminders to ensure compliance with the required financial requirement.

**Proposed Completion Date:** The deficiency for filing the fiscal year 2019 was corrected on January 30, 2021. Written instructions were completed February 12, 2021. The filing for fiscal year 2020 was completed timely on January 30, 2021.

### ***Finding 2019-003: Compliance Reporting***

**Name of Contact Person:** Catherine Gwynn, Finance Director

**Corrective Action:** The lateness of the financial audit was caused by a number of factors being the retirement of two key management personnel in the Finance Department (director and deputy director), deficiency in succession planning, lack of sufficient staffing in the Finance department, insufficient delegation of duties, lack of cross training, and inadequate written procedures. A contributing factor was also Hurricane Florence in September 2018, and Coronavirus Pandemic in March, 2020 to present which further strained finance personnel resources. The issues were handled as follows:

Staffing - City management hired an experienced and credentialed professional to help bridge the gap between the retiring finance director. The new director hired an experienced professional to serve as the deputy director. Upon assessment of the financial accounting system, structure and processes, the director began implementing critical improvements to the system to ensure accountability and adherence to federal, state and local laws, policy and procedures. Training and counseling continues to be an ongoing process with all City staff related to finance matters. Director requested and was granted the use of contract professional accounting assistance to help with recreating and reconciling the fiscal 2018 books to determine the various errors and misstatements, and reconciling the 2019 records. Director requested and was granted one full time position in fiscal year 2020, which was filled in fiscal year 2021. Director requested four full time positions in fiscal year 2021 for the critical functions of purchasing and inventory, accounts receivable and accounts payable, and only 2 positions for purchasing and inventory were approved. Director requested and was granted part-time staff to assist with providing backups to critical functions such as payroll and accounts payable in fiscal 2021, and these positions were filled mid-year fiscal 2021. Director has requested part-time staff to assist with providing backups to the critical function of accounts receivable and records management in fiscal 2022, and the outcome of which is yet to be determined.

Delegation of duties - With the addition of personnel, it is possible now to have at least one backup for the critical functions of payroll, accounts payable, purchasing and inventory. It is now possible for the director and deputy director to delegate those inherited tasks that are more suitable for subordinate staff. With the addition of staffing it allows director and deputy director to provide direction and oversight, as well as cross train on duties so that there is sufficient coverage to meet critical deadlines.



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***Finding 2019-003: Compliance Reporting (Continued)***

Written procedures - Director has implemented written procedures to assist staff in performing their tasks to include proper review and approval of transactions. Director has required staff to provide sufficient data backup and authorization for all transactions entered into the City's accounting system.

**Proposed Completion Date:** Due to the number of reconciling issues encountered, the above measures were taken from July 2019 through April 2021. Staffing has not been completed for several of the part time positions, and will be necessary in order to correct the finding. The audit for fiscal year 2020 was delayed due to resolving the issues with fiscal year 2018 and 2019 and has not been completed as of April 18, 2021. Management expects to have the audit for fiscal year 2020 completed no later than October 1, 2021.



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## Summary Schedule of Prior Audit Findings

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

Status: Corrected.

***Finding 2018-002 expenditures in excess of budget appropriations***

Status: Corrected.

There were no findings reported in 2017.

**City of Goldsboro**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal awards:</b>				
<b>Cash programs</b>				
<u>U.S. Department of Housing and Urban Development ("HUD")</u>				
Passed through N.C. Department of Environ- mental Quality:				
Community Development Block Grant - State's Program:				
FY18- FY19	14.228	B-18-MC-37-0019	\$ 301,952	\$ -
FY17- FY18	14.228	B-17-MC-37-0019	22,917	-
Passed through N.C. Department of Commerce:				
Home Investment Partnership Program				
FY18- FY19	14.239	M-18-C-37-0209	20,284	-
Total HUD			345,153	-
<u>U.S. Department of Justice ("DOJ")</u>				
Passed through NC Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program:				
FY18- FY19	16.738	2018-DJ-BX-0075	23,460	-
FY17- FY18	16.738	2017-DJ-BX-0075	42,454	-
Federal Drug Forfeiture Program	16.922	NC0960100	2,975	-
Total DOJ			68,889	-
<u>U.S. Department of Transportation ("DOT")</u>				
Direct:				
Federal Transit Administration:				
FY 2016 TIGER VIII	20-933	7244-2017-1	378,000	-
Passed through NC Department of Transportation:				
Highway Planning and Construction ("HPC") Cluster:				
Union Station Roof	20.205-3	42538.1.1	16,231	3,907
104(f) Funds	20.205-5	48269 1.8	13,296	-
104(f) Funds	20.205-5	47615 1.9	25,274	-
5303 Funds	20-205	36230.13.18.6	30,736	3,842
Total HPC Cluster			85,537	7,749
Total DOT			463,537	7,749

See accompanying notes.

**City of Goldsboro**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2019**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Federal (Direct and Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>U.S. Environmental Protection Agency ("EPA")</u>				
Passed through N.C. Department of Environmental Quality:				
Division of Water Infrastructure:				
Capitalization Grants for Clean Water State Revolving Funds:				
Phase 4 Sewer Collection Rehabilitation Project	66.458	E-SRF-T-17-0453	\$ 3,198,402	\$ -
Total EPA			<u>3,198,402</u>	<u>-</u>
<u>U.S. Department of Homeland Security ("DHS")</u>				
Federal Emergency Management Agency:				
Passed through NC Department of Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4393-DR-NC	1,328,978	442,993
Total DHS			<u>1,328,978</u>	<u>442,993</u>
<b>State awards:</b>				
<b>Cash programs:</b>				
<u>N.C. Department of Transportation ("NCDOT")</u>				
Powell Bill	N/A	DOT-4	-	931,463
State Maintenance Assistance for Urban and Small Urban Program:				
Union Station Roof	N/A	DOT-18	-	91,590
Total NCDOT			<u>-</u>	<u>1,023,053</u>
<u>N.C. Housing Finance Agency ("NCHFA"):</u>				
Urgent Repair Program	N/A	URP17	-	100,000
Essential Single Family Rehab Loan Pool Program	N/A	ESFRLPDR 01	-	80,650
Total NCHFA			<u>-</u>	<u>180,650</u>
<u>N.C. Department of Agriculture and Consumer Services</u>				
Division of Soil and Water Conservation:				
Stream Debris	N/A	17-175-4041	-	61,597
<b>Total expenditures of federal and state awards</b>			<u><u>\$ 5,404,959</u></u>	<u><u>\$ 1,716,042</u></u>

See accompanying notes.



## 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 (the "City") under the programs of the federal government and the State of North Carolina (the "State") for the year ended June 30, 2019. The information in 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* (the "Uniform Guidance") and the State Single Audit Implementation Act. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

## 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## 3. Indirect Costs

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

## 4. Loan and Loan Guarantee Balances Outstanding

The City has outstanding loan balances at June 30, 2019 relating to the Clean Water State Revolving Fund. The State has not imposed continuing compliance requirements other than repayment of the loan. As prescribed by the Uniform Guidance, the City shall consider current year amounts expended under this loan for inclusion within the SEFSA. Therefore, the amount reported on the SEFSA represents current year expenditures whereas the following table consists of the loans outstanding at June 30, 2019:

<u>Loan Description</u>	<u>CFDA Number</u>	<u>Loan Balance</u>
Clean Water State Revolving Loan - CS370482-06	66.458	\$ 3,025,537
Clean Water State Revolving Loan - CS370482-07	66.458	<u>1,485,421</u>
Total outstanding loan balances		<u>\$ 4,510,958</u>

## 5. Program Clusters

Federal programs 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 Highway Planning and Construction Cluster is separately identified in the SEFSA as a program cluster.

## **6. Sub-recipients**

The City did not pass through any federal or State funds to sub-recipients during the year ended June 30, 2019.

## **7. Contingencies**

Grant moneys 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 SEFSA.

## **8. Subsequent Events**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 19, 2020, the Office of Management and Budget ("OMB") issued memorandum M-20-17, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly impacted by the Novel Coronavirus* ("COVID-19"). The memorandum provides temporary relief for federal award recipients and subrecipients impacted by the COVID-19 pandemic. The memorandum summarizes 13 areas of administrative relief including an extension of time to submit financial reporting packages to the Federal Audit Clearinghouse in accordance with the Uniform Guidance.

As noted in Finding 2019-003, the City failed to submit the financial reporting package by the extended deadline. The City has addressed the finding with a Corrective Action Plan that will be included with the financial reporting package.